ARCHER PETROLEUM CORP.

(Formerly Agrotech Greenhouses Inc.)

(An Exploration Stage Company)

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED NOVEMBER 30, 2010 AND 2009

BDO

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Auditor's Report

To the Shareholders of
Archer Petroleum Corp. (formerly Agrotech Greenhouses Inc.)

We have audited the consolidated balance sheet of Archer Petroleum Corp. (formerly Agrotech Greenhouses Inc.) as at November 30, 2010 and 2009 and the consolidated statements of operations, comprehensive loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at November 30, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(signed) "BDO Canada LLP"

Chartered Accountants

Vancouver, Canada
March 28, 2011

ARCHER PETROLEUM CORP.
(Formerly Agrotech Greenhouses Inc.)
(An Exploration Stage Company)
CONSOLIDATED BALANCE SHEETS
As at November 30, 2010 and 2009

ASSETS

	2010	2009
Current		
Cash	**$ 380,925**	$ 19,000
GST/HST recoverable and other receivables	**23,388**	1,175
Other assets	**3,278**	600
Property and equipment held-for-sale – Note 5	**500,462**	-
	908,053	20,775
Deposits	**18,500**	-
Property and equipment – Note 5	**100,352**	-
	$ 1,026,905	$ 20,775

LIABILITIES

	2010	2009
Current		
Accounts payable and accrued liabilities – Note 9	**$ 164,450**	$ 84,958
Loan – Note 6	**589,400**	1,024,872
	753,850	1,109,830

SHAREHOLDERS' EQUITY (DEFICIENCY)

	2010	2009
Share capital – Note 7	**13,319,868**	5,735,466
Contributed surplus – Note 7	**2,463,400**	-
Deficit	**(15,510,213)**	(6,824,521)
	273,055	(1,089,055)
	$ 1,026,905	$ 20,775

Nature of Operations and Ability to Continue as a Going Concern - Note 1
Commitments – Notes 5 and 7
Subsequent Events – Notes 7 and 15

APPROVED BY THE DIRECTORS

"Robert McMorran" Director — Robert McMorran

"Colin Bowkett" Director — Colin Bowkett

ARCHER PETROLEUM CORP.
(Formerly Agrotech Greenhouses Inc.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
For the years ended November 30, 2010 and 2009

	2010	2009
Revenues		
Oil and gas revenues – Note 5	$ 93,462	$ -
Royalties	(23,365)	-
Interest income	99	-
	70,196	-
Expenses		
Operating and production	42,581	-
General and administrative – Note 9	764,888	252,436
Stock-based compensation – Note 7(e)	1,143,874	-
Depletion – Note 5	106,647	-
Accretion – Note 6	86,952	55,508
Foreign exchange (gain) loss	(8,416)	7
	2,136,526	307,951
Loss before other items	(2,066,330)	(307,951)
Other items		
(Loss) gain on modification of loans – Note 6	(133,576)	368,718
Gain on sale of subsidiaries	-	24,491
Write-off / write-down of property and equipment – Note 5	(3,346,805)	-
Write-off of receivable – Note 5	-	(39,700)
Net and comprehensive (loss) income for the year	(5,546,711)	45,558
Deficit, beginning of the year	(6,824,521)	(6,870,079)
Charge to deficit on acquisition of PrivateCo – Note 3	(3,138,981)	-
Deficit, end of the year	$ (15,510,213)	$ (6,824,521)
Basic and diluted net and comprehensive (loss) earnings per share	$ (0.22)	$ 0.01
Weighted average number of shares outstanding	25,709,343	8,322,497

ARCHER PETROLEUM CORP.
(Formerly Agrotech Greenhouses Inc.)
(An Exploration Stage Company)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended November 30, 2010 and 2009

	2010	2009
Cash provided by (used in)		
Operating Activities		
Net (loss) income for the year	**$ (5,546,711)**	$ 45,558
Add (deduct) items not involving cash:		
Accretion expense	**86,952**	55,508
Depletion expense	**106,647**	-
Loss (gain) on modification of loans	**133,576**	(368,718)
Gain on sale of subsidiaries	**-**	(24,491)
Interest expense capitalized to loans	**-**	73,593
Stock-based compensation	**1,143,874**	-
Write-off / write-down of property and equipment	**3,346,805**	-
Write-off of receivables	**-**	39,700
	(728,857)	(178,850)
Changes in non-cash working capital items related to operations:		
GST/HST recoverable and other receivables	**6,253**	42,629
Other assets	**(2,678)**	(600)
Accounts payable and accrued liabilities	**41,673**	116,695
	(683,609)	(20,126)
Investing Activities		
Expenditures on oil and gas property and equipment	**(2,100,308)**	-
Deposits	**(18,500)**	-
Cash acquired on acquisition of PrivateCo – Note 3	**733,114**	-
Proceeds on sale of subsidiaries	**-**	1
Disposition of cash held by subsidiaries	**-**	(27,139)
	(1,385,694)	(27,138)
Financing Activities		
Issuance of securities, net of costs	**3,087,228**	882,466
Repayment of loan	**(656,000)**	(833,250)
	2,431,228	49,216
Increase in cash during the year	**361,925**	1,952
Cash, beginning of the year	**19,000**	17,048
Cash, end of the year	**$ 380,925**	$ 19,000
Cash paid for interest	**$ -**	$ -
Cash paid for income taxes	**$ -**	$ -

Non-cash transactions – Note 13

Note 1 Nature of Operations and Ability to Continue as a Going Concern

Archer Petroleum Corp. (formerly Agrotech Greenhouses Inc.) (or the "Company") is in the business of acquiring, exploring and evaluating oil and gas properties, and either joint venturing or developing these properties further or disposing of them when the evaluation is completed. The Company is listed for trading on the TSX Venture Exchange ("TSXV") under the symbol "ARK" And the OTCQX under the symbol "TASFF."

On April 29, 2010, the Company acquired all of the issued and outstanding common shares of 0856348 B.C. Ltd., a private British Columbia Company ("PrivateCo") and its wholly-owned subsidiaries, Contact Oil & Gas Holdings Inc. and Contact Oil & Gas USA Inc. ("Contact O&G") (See Note 3). These consolidated financial statements include the results of operations of PrivateCo from April 30, 2010.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for the next year. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At November 30, 2010, the Company had not yet achieved profitable operations, and had accumulated losses of $15,510,213 since inception. The Company does not have sufficient working capital to sustain operations over the next twelve months and expects to incur further losses in the development of its business, all of which casts doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due.

Note 2 Significant Accounting Policies

These consolidated financial statements have been prepared by the Company in accordance with Canadian GAAP and are stated in Canadian dollars. Because a precise determination of many assets and liabilities are dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates, which have been made using careful judgement. Actual results may differ from these estimates.

The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and reflect the following adoption of new accounting standards and significant accounting policies.

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries 0856348 B.C. Ltd, Contact Oil & Gas Holdings Inc. and Contact Oil & Gas USA Inc.

Note 2 Significant Accounting Policies – (cont'd)

These consolidated financial statements also include the accounts of Agrotech Growers Inc. and Agrotech Growers Inc.'s wholly-owned subsidiary, Hazelmere Greenhouses Ltd. The Company sold these subsidiaries on June 9, 2009 (Note 4) and accordingly the operations of the subsidiaries are included to that date. All significant inter-company accounts and transactions have been eliminated.

Financial instruments

All financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments and derivatives are measured on the trade date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recorded in net income. Available-for-sale financial assets are measured at fair value, with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded in the balance sheet at fair value unless they qualify for the normal sales and purchases exemption. Changes in the fair value of derivatives that are not exempt are recorded in the statement of operations. Transaction costs on the acquisition of financial assets and liabilities that are classified as other than held-for-trading are expensed.

Future income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities as well as for the benefit of losses available to be carried forward to future years for tax purposes only if it is more likely than not that they can be realized.

Oil and gas properties

The Company follows the full cost method of accounting for its petroleum and natural gas operations within a Canadian and a US cost centre. 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, expenditures to drill both producing and non-producing wells, as well as the costs of production facilities and future asset retirement costs.

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, other than major turnaround costs, are

Note 2 Significant Accounting Policies – (cont'd)

expensed as incurred. Major turnaround costs are included in property and equipment when incurred and charged to depletion and depreciation in the consolidated statements of operations and deficit over the estimated period of time to the next scheduled turnaround.

Impairment of long-lived assets

A long-lived asset is tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of a long-lived asset exceeds its fair value. For purposes of recognition and measurement of an impairment loss, a long-lived asset is grouped with other assets and liabilities to form an asset group, at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Estimates of future cash flows used to test recoverability of a long-lived asset include only the future cash flows that are directly associated with, and that are expected to arise as a direct result of, its use and eventual disposition.

The carrying amounts of oil and gas properties are assessed to be recoverable when the sum of the undiscounted cash flows expected from the production of proved reserves plus the lower of cost and market of unproved properties exceeds the carrying amount of the cost centre. When the carrying amount is not assessed to be recoverable, an impairment loss is recognized to the extent that the carrying amount of the cost centre exceeds the sum of the discounted cash flows expected from the production of proved and probable reserves and the lower of cost and market of unproved properties that contain no probable reserves. The cash flows are estimated using expected future product prices and costs and are discounted using a risk-free interest rate. Unproved properties are evaluated separately for impairment.

Asset retirement obligations ("ARO")

The Company records a liability for the fair value of the statutory, contractual or legal asset retirement obligations associated with the retirement and reclamation of tangible long-lived assets when it is incurred and when a reasonable estimate of fair value can be made with a corresponding increase to the carrying amount of the related assets. This corresponding increase to capitalized costs is amortized to earnings on a basis consistent with depreciation, depletion, and amortization of the underlying assets.

Subsequent changes in the estimated fair value of the ARO are capitalized and amortized over the remaining useful life of the underlying asset. The ARO liabilities are carried on the consolidated balance sheet at their discounted present value and are accreted over time for the change in their present value, with this accretion charge included as an operating item in the consolidated statements of operations and deficit.

As at November 30, 2010, the Company determined that its ARO liability was not significant and accordingly, has not recorded a provision for ARO.

Note 2 Significant Accounting Policies – (cont'd)

Revenue recognition

Revenue associated with the production and sale of crude oil, natural gas, and natural gas liquids owned by the Company is recognized when title passes to the customer and delivery has taken place. Revenue recorded, if any, represents the Company's share and is presented before royalty payments to governments and other mineral interest owners.

Depletion, depreciation and amortization

Depletion and depreciation of oil and gas property and equipment is provided using the unit-of-production method based upon estimated proved petroleum and natural gas reserves. The costs of significant 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 and estimated salvage values are excluded from 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.

The Company records its acquisition of equipment at cost. Amortization of equipment is provided for on a declining balance basis using a rate of 20% per year.

Stock-based compensation

The Company has a stock-based compensation plan as disclosed in Note 7, whereby stock options are granted in accordance with the policies of regulatory authorities. The fair value of all share purchase options is charged to the statement of operations over their vesting period with a corresponding increase to contributed surplus. Upon exercise of share purchase options, the consideration paid by the option holder, together with the amount previously recognized in contributed surplus, is recorded as an increase to share capital. The Company uses the Black-Scholes option valuation model to calculate the fair value of share purchase options at the date of grant. Option valuation models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate.

Foreign currency translation

Monetary items denominated in a foreign currency, other than Canadian dollars, are translated into Canadian dollars at exchange rates prevailing at the balance sheet date and non-monetary items are translated at exchange rates prevailing when the assets are acquired or obligations incurred. Foreign currency denominated revenue and expense items are translated at exchange rates prevailing at the transaction dates. Gains or losses arising from the translations are recognized in the current period.

Note 2 Significant Accounting Policies – (cont'd)

Broker warrants and warrants

Warrants issued to agents or brokers in connection with a financing are recorded at fair value and charged to issue costs associated with the offering with an offsetting credit to contributed surplus in shareholders' equity.

Warrants included in units offered to subscribers in connection with financings are recorded at their fair value, as agreed upon by the subscribers, in contributed surplus in shareholders' equity with an offsetting reduction in the value ascribed to the shares issued in the units.
Proceeds of the exercise of warrants are credited to share capital together with the corresponding amount, if any, of the original warrant charge included in contributed surplus.

Comprehensive income

Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP. Cumulative changes in "other comprehensive income" are included in Accumulated Other Comprehensive Income which is presented as a separate category of shareholders' equity on the balance sheet. The Company had no "other comprehensive income" during the years ended November 30, 2010 and 2009.

Flow-through shares

The Company will reduce share capital and recognize a temporary future income tax liability for the amount of tax reduction renounced to the shareholders. In instances where the Company has sufficient available tax loss carry forwards or other deductible temporary differences available to offset the renounced tax deduction and is more likely-than-not able to utilize these tax losses before expiring, the realization of the deductible temporary differences will be credited to income in the period of renunciation.

Basic and diluted loss per share

Basic loss per share is computed by dividing the net loss available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the potential dilution of securities that could share in earnings of an entity. In a loss year, potentially dilutive common shares are excluded from the loss per share calculation as the effect would be anti-dilutive. Basic and diluted loss per share are the same for the years presented.

For the years ended November 30, 2010 and 2009, potentially dilutive common shares (relating to share purchase options and warrants outstanding) totalling 9,560,690 (2009 - nil) were not included in the computation of loss per share because their effect was anti-dilutive.

Note 2 Significant Accounting Policies – (cont'd)

Recently Adopted Accounting Pronouncements

Business combinations, consolidated financial statements and non-controlling interest

Effective December 1, 2009, the Company elected to early adopt CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests". These sections replace the former CICA Handbook Section 1581, "Business Combinations" and Section 1600, "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA Handbook Section 1582 establishes standards for the accounting for a business combination and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "Business Combinations" (January 2008).

CICA Handbook Section 1601 establishes standards for the preparation of consolidated financial statements.

CICA Handbook Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, "Consolidated and Separate Financial Statements" (January 2008).

To date there has been no impact on the Company's financial statements as a result of the adoption of these sections.

Recent Accounting Pronouncements

International Financial Reporting Standards ("IFRS")

In 2006, AcSB published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of December 1, 2010 will require the restatement for comparative purposes of amounts reported by the Company for the year ended November 30, 2011. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Note 3 Acquisition of PrivateCo

By an agreement dated July 23, 2009, effectively closed on April 29, 2010, the Company acquired 100% of the issued and outstanding shares of PrivateCo in consideration for the issuance of 10,306,000 common shares of the Company (the "Acquisition"). In addition, the Company agreed to issue 5,000,000 share purchase warrants at an exercise price of $0.45 per share up to October 2, 2011 to replace warrants previously held by PrivateCo shareholders.

The transaction has been accounted for using the purchase method of accounting as an acquisition of assets by the Company. As PrivateCo is a related party of the Company by virtue of common directors and management, the transaction has been measured at the carrying amount. The allocation of the purchase price is based on the assets acquired, measured at the carrying values at the date of the Acquisition. The allocation of the purchase price to the assets acquired is as follows:

Cash	$	733,114
GST recoverable		523
Other receivables		27,943
Advances		296,769
Property and equipment		1,619,370
Carrying value of assets acquired	$	2,677,719
Consideration paid:		
Value of shares issued	$	4,637,700
Value of warrants issued		1,179,000
Total consideration paid	$	5,816,700

The difference between the fair value of the consideration paid and the carrying value of assets acquired, $3,138,981, has been charged to deficit.

The value of the warrants issued pursuant to the Acquisition were measured using the Black-Scholes option pricing model with the following: risk-free interest rate – 1.43%; expected life – 1.4 years; expected volatility – 100%; and expected dividends – nil.

Transactions undertaken by PrivateCo are included in the consolidated financial statements from April 30, 2010.

Note 4 Sale of Subsidiaries – Note 9

By an agreement dated June 9, 2009, the Company sold the shares of its wholly-owned subsidiary, Agrotech Growers Inc. to a former director of the Company. The sale included the wholly-owned subsidiary of Agrotech Growers Inc., Hazelmere Greenhouses Ltd. The Company received proceeds of $1, resulting in a gain on disposition of $24,491. The net assets disposed of were as follows:

Assets	
Cash	$ 27,139
Accounts receivable	11
	27,150
Liabilities	
Accounts payable	51,640
Net assets	(24,490)
Proceeds on disposition	1
Gain on disposition	$ 24,491

Note 5 Property and Equipment

Interests in petroleum and natural gas proven and unproven properties include the following acquisition, exploration and development costs:

	Alberta, Canada	Texas, USA	North Dakota, USA	Total
November 30, 2009	$ -	$ -	$ -	$ -
Pursuant to the acquisition of PrivateCo - Note 3	-	780,068	839,302	1,619,370
Acquisition costs	1,478,865	3,345	862	1,483,072
Exploration costs	708,491	77,528	-	786,018
Development costs	-	165,806	-	165,806
Depletion	-	(106,647)	-	(106,647)
	2,187,356	140,031	862	2,328,249
Write-off / write-down of property and equipment	(2,187,356)	(819,747)	(339,702)	(3,346,805)
Held-for-sale	-	-	(500,462)	(500,462)
November 30, 2010	$ -	$ 100,352	$ -	$ 100,352

Note 5 Property and Equipment – (cont'd)

Texas, USA

The Greater Jo Mill Project

The Company acquired the Greater Jo Mill Project by way of the acquisition of PrivateCo (Note 3). The value attributed to the Greater Jo Mill Project at the date of acquisition of PrivateCo was $780,068.

Contact O&G entered into a Participation Agreement dated January 7, 2010 with a private oil and gas company operating in the Permian Basin of West Texas (the "Participation Agreement"). Under the terms of the Participation Agreement, Contact O&G acquired a 25% net working interest in approximately 4,700 of the seller's net mineral acres within the project area (the "Greater Jo Mill Project") by committing to pay for its proportionate share of the drilling cost of the first four (4) wells and paying for its share of the associated mineral leases and existing salt water disposal ("SWD") well. Additionally, Contact O&G had the right to acquire an interest in up to 5,700 additional mineral acres under option. During the year ended November 30, 2010, management determined that the Greater Jo Mill Project no longer met the Company's strategic objectives and accordingly, renegotiated the terms of the Participation Agreement. Under the renegotiated terms, the Company has relinquished all rights and interests it had in additional mineral acres under option, except for the 328 mineral acres immediately surrounding the Hull #1 well, in exchange for its release from any and all obligations that existed with respect to participating in additional wells in the Greater Jo Mill Project.

Contact O&G's share of the mineral acres are subject to a 1% over-riding royalty interest, held by ABL Energy Partners LLC, a related party. The royalty is null and void so long as the Company is listed on the TSXV.

During the year ended November 30, 2010, the Company had $93,462 (2009 - $nil) of oil and gas revenues from the Greater Jo Mill Project.

During the year ended November 30, 2010, the Company performed a ceiling test on the Greater Jo Mill Project and determined that the Project was impaired. The Company wrote-down $819,747 to the statement of operations and comprehensive loss during the year ended November 30, 2010 (2009 - $nil). At November 30, 2010, the Company had not yet made a determination to sell the Greater Jo Mill Project. Subsequent to November 30, 2010, the Company decided to sell the Greater Jo Mill Project and completed the sale (Note 15).

Prices used in the evaluation of the carrying value of the Company's reserves for the purposes of impairment test were $7.36 per MCF of Natural Gas and $73.98 per BBL of West Texas Intermediary Crude Oil. The prices used in the evaluation were assumed to be the same in all future years.

Note 5 Property and Equipment – (cont'd)

North Dakota, USA

Bakken Shale Acreage

The Company acquired the Bakken Shale Acreage by way of the acquisition of PrivateCo (Note 3). The value attributed to the Bakken Shale Acreage at the date of acquisition of PrivateCo was $839,302.

Contact O&G entered into a letter agreement dated February 1, 2010 (the "Bakken Acreage Agreement"), pursuant to which it acquired a 50% working interest in 1,475 gross mineral acres located in Burke County, North Dakota in the area of the Bakken Shale Play (the "Bakken Shale Acreage").

Contact O&G's share of the mineral acres is subject to a 3% over-riding royalty interest in the Bakken Shale Acreage, held by ABL Energy Partners Inc, a related party. The royalty is null and void so long as the Company is listed on the TSXV.

During the year ended November 30, 2010, the Company determined not to proceed with exploration of the Bakken Shale Acreage and the Company decided to sell the property. The Company has estimated the proceeds from sale to be $500,462, net of transaction costs. Accordingly, the Company wrote-down $339,702 to the statement of operations and comprehensive loss during the year ended November 30, 2010 (2009 - $nil) and re-classified the book value of $500,462 as a current asset held-for-sale. Subsequent to November 30, 2010, the Company completed the sale of the Bakken Shale Acreage (Note 15).

Alberta, Canada

Elnora and Radway

The Company entered into two Participation Agreements dated April 16, 2010 with a privately funded oil and gas company based in Houston, Texas to explore two oil exploration projects in the Western Canadian Sedimentary Basin of Alberta ("Elnora" and "Radway").

Under terms of the agreements, the Company has paid an aggregate US$1,312,500 (Cdn$1,374,555), which includes project fees and reimbursement of 46.67% of expenses incurred to evaluate and develop one of the drilling prospects. The Company was responsible for 46.67% of the minimum costs of the initial well drilled on Elnora. The Company's working interest is equal to 35% and covers an aggregate of approximately 13,400 acres of leasehold in Elnora and Radway located in Alberta.

During the year ended November 30, 2010, the Company paid a finders' fee of $103,296 to an arm's length third party in connection with these acquisitions.

Note 5 Property and Equipment – (cont'd)

During the year ended November 30, 2010, the Company determined not to proceed with the Elnora or Radway projects. Accordingly, the Company wrote-off $2,187,356 of deferred costs relating to the projects.

Land, Building, Production Equipment and Other Equipment

During the year ended November 30, 2008, the Company sold all of its land, building, production equipment and other equipment to an unrelated third party for gross proceeds of $2,800,000. The Company paid $94,973 in closing costs which included legal fees and agent's commissions and the purchaser paid $83,515 in repairs to the building, reducing cash received. The $83,515 repairs claimed by the Company from insurance made up the receivable as at November 30, 2008. During the year ended November 30, 2009, the Company collected $43,815 of the insurance claim and wrote-off the remaining balance of the receivable, $39,700.

Note 6 Loan

	November 30, 2010	November 30, 2009
Loan bearing interest at prime + 1% due December 1, 2011	**$ 589,400**	$ 1,024,872

By two agreements each dated June 9, 2009, the Company accepted the assignment of $1,456,241 of loans and $709,080 of accrued interest from its former subsidiaries, Agrotech Growers Inc. and Hazelmere Greenhouses Ltd. During the year ended November 30, 2010, the Company repaid $656,000 of the loan (2009 - $833,250). The outstanding principle balance of the loan as at November 30, 2010 was $676,071 (2009 - $1,332,071).

By an agreement dated July 27, 2009, effective June 9, 2009, the lender agreed to modified terms on the loans such that the loans would be due on December 1, 2011. No interest was charged on the loans until completion of the Company's reactivation which occurred on April 29, 2010. Interest on the balance of the loan from April 30, 2010 is charged at an interest rate of prime plus one percent. During the year ended November 30, 2009, the Company recorded a gain of $368,718 on modification of the terms of the loans based on the fair value of the modified loans assuming a discount rate of 18% and interest accruing from February 1, 2010.

As a result of the partial repayment of the loan during the year ended November 30, 2010, the Company recorded a loss on modification of the terms of the loans based on the fair value of the modified loan of $133,576 based on the net present value calculated assuming a discount rate of 14% and an interest rate of 3.25%.

During the year ended November 30, 2010, the Company recorded accretion expense of $86,952 (2009 - $55,508) and interest expense of $14,774 (2009 - $67,582)

Note 7 Share Capital

a) Authorized:

Unlimited number of Class A voting common shares without par value
Unlimited number of Class B preferred shares without par value

b) Common Shares Issued and Outstanding and Contributed Surplus:

	Number	Share Capital Amount	Contributed Surplus
Balance, November 30, 2008	2,283,047	$ 4,853,001	$ -
Issued during the year			
For cash pursuant to private placement of shares	12,000,000	900,000	-
Finder's shares issued	1,200,000	90,000	-
Less: Issue costs			
- cash	-	(17,535)	-
- finder's shares	-	(90,000)	-
Balance, November 30, 2009	15,483,047	5,735,466	-
Issue during the year			
For cash pursuant to private placements of securities	8,429,000	3,355,690	15,620
Less: Issue costs			
- cash	-	(284,082)	-
- finders' warrants	-	(124,906)	124,906
Pursuant to acquisition of PrivateCo – Note 3	10,306,000	4,637,700	1,179,000
Stock-based compensation	-	-	1,143,874
Balance, November 30, 2010	34,218,047	$ 13,319,868	$ 2,463,400

c) Financings:

During the year ended November 30, 2010, the Company completed the following financings:

i) On November 16, 2010, the Company completed a private placement of 1,562,000 flow-through units at $0.18 per flow-through unit for gross proceeds of $281,160. Each flow-through unit is comprised of one flow-through common share with the fair value of $0.17 per share and one-half of one non-flow-through share purchase warrant with the fair value of $0.01 per half non-flow-through share purchase warrant. The fair value of the warrants is the amount agreed upon by the subscribers.

The Company incurred legal and other out-of-pocket expenses in the amount of $24,835 in connection with the private placement.

Note 7 Share Capital – (cont'd)

ii) On April 29, 2010, the Company completed a private placement of 6,867,000 common shares at $0.45 per share for gross proceeds of $3,090,150.

The Company incurred legal and other out-of-pocket expenses in the amount of $259,247 in connection with the private placement. In addition, the Company issued 480,690 finders' warrants. Each finders warrant entitles the holder thereof the right to purchase one common share at $0.50 per share until April 29, 2012. The fair value of $124,906 for the finders' warrants was estimated using the Black-Scholes option pricing model and was charged to share issue costs and credited to contributed surplus. The assumptions used in the option pricing model were as follows: risk-free interest rate – 1.48%; expected life – 2.0 years; expected volatility – 100%; and expected dividends – nil.

During the year ended November 30, 2009, the Company completed the following financings:

i) On June 17, 2009, the Company closed a non-brokered private placement of 12,000,000 common shares at $0.075 per share for gross proceeds of $900,000.

In conjunction with the private placement, the Company issued 1,200,000 common shares valued at $90,000 as a finder's fee and incurred $17,535 in legal costs. The value of the shares was determined by the share price of the private placement.

d) Share Consolidation:

Effective April 29, 2010, the Company consolidated its common shares on the basis of one new common share for every three old common shares issued and outstanding at that time. All references to share and per share amounts have been retroactively restated to reflect the share consolidation.

e) Commitments:

Stock-based Compensation Plan

The Company has a stock option plan whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. The maximum number of common shares reserved for issue to any one person under the plan cannot exceed 5% of the issued and outstanding number of common shares at the date of the grant and the maximum number of common shares reserved for issue to a consultant or a person engaged in investor relations activities cannot exceed 2% of the issued and outstanding number of common shares at the date of the grant. The exercise price of each option granted under the plan may not be less than the Discounted Market Price (as that term is defined in the policies of the TSXV).

Note 7 Share Capital – (cont'd)

Options may be granted for a maximum term of ten years from the date of the grant, are non-transferable and expire within 90 days of termination of employment or holding office as a director or officer of the Company and, in the case of death, expire within one year thereafter. Upon death, the options may be exercised by legal representation or designated beneficiaries of the holder of the option. All options vest when granted unless otherwise noted.

A summary of the status of the stock option plan as of November 30, 2010 and 2009 and changes during the years then ended is presented below.

	Number of Options	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2009 and 2008	-	$ -	-
Granted	3,299,000	$ 0.32	
Outstanding and exercisable, November 30, 2010	3,299,000	$ 0.32	4.47

At November 30, 2010, the following share purchase options were outstanding entitling the holder thereof to acquire one share for each option held:

Number of Options	Exercise Price	Expiry Date
1,948,300	$ 0.30	April 29, 2015
600,000	$ 0.34	April 29, 2015
271,700	$ 0.45	April 29, 2015
125,000	$ 0.48	April 29, 2015
354,000	$ 0.20	October 27, 2015
3,299,000		

During the year ended November 30, 2010, stock-based compensation expense of $1,143,874 (2009 - $nil) was recorded based on the weighted average fair value of share purchase options granted of $0.35 (2009 - $nil) per option as estimated using the Black-Scholes option valuation model with the following assumptions:

	Years ended November 30, 2010	2009
Risk-free interest rate	**1.98%**	N/A
Expected life	**4 years**	N/A
Expected volatility	**100%**	N/A
Expected dividends	**Nil**	N/A

Note 7 Share Capital – (cont'd)

Warrants

A summary of warrants outstanding as of November 30, 2010 and 2009 and changes during the years then ended is presented below:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Life (Years)
Outstanding, November 30, 2009 and 2008	-	$ -	-
Issued – Note 3	5,000,000	$ 0.45	
Issued – Note 7(c)	1,261,690	$ 0.35	
Outstanding, November 30, 2010	6,261,690	$ 0.40	0.96

At November 30, 2010, the following share purchase warrants were outstanding entitling the holder thereof the right to purchase one common share for each warrant held:

Number of Warrants	Exercise Price	Expiry Date
5,000,000	$ 0.45	October 2, 2011
480,690	$ 0.50	April 29, 2012
781,000	$ 0.25	May 16, 2012
6,261,690		

f) Escrow Shares:

Pursuant to the acquisition of PrivateCo on April 29, 2010 (Note 3), 6,310,833 common shares of the Company were placed in escrow. In addition, 2,548,300 share purchase options were placed in escrow for an aggregate of 8,859,133 securities placed in escrow (the "escrowed securities").

The escrowed securities will be released as to ten percent (10%) on April 29, 2010 (released) and an additional fifteen percent (15%) at six month intervals thereafter over a 36-month period with the final tranche being released on April 29, 2013. As at November 30, 2010, 6,644,350 (2009 - nil) escrowed securities remained in escrow.

Note 7 Share Capital – (cont'd)

g) Flow-through Shares:

During November 2010, the Company issued 1,562,000 flow-through shares at $0.17 per flow-through share for gross proceeds of $265,540. In connection with this, the Company must incur eligible Canadian Exploration Expenditures of $265,540 on or before December 31, 2011. Subsequent to November 30, 2010, the Company renounced $265,540 to the subscribers. The amount will not be available to the Company for future deduction from taxable income.

Note 8 Income Taxes

A reconciliation between the Company's income tax provision computed at statutory rates to the reported income tax provision for the years ended November 30, 2010 and 2009 is as follows:

	2010	2009
Statutory tax rate	**28.63%**	30.04%
Net (loss) income for the year	**$ (5,546,711)**	$ 45,558
Expected income tax recovery (expense)	**$ 1,588,000**	$ (14,000)
Effect of foreign income taxed at other than Canadian rate	**86,000**	-
Permanent differences	**(396,000)**	100,000
Effect of change in tax rate	**(102,000)**	(15,000)
Share issuance costs and other	**20,000**	26,000
Adjustment for disposal of subsidiaries	**-**	(359,000)
Change in valuation allowance	**(1,196,000)**	262,000
Future income tax recovery	**$ -**	$ -

The significant components of the Company's net future income tax assets and liabilities at November 30, 2010 and 2009 are as follows:

	2010	2009
Future income tax assets		
Non-capital losses carried forward	**$ 250,000**	$ 86,000
Capital losses carried forward	**5,000**	5,000
Undeducted share issuance costs	**73,000**	21,000
Oil and gas properties	**976,000**	-
Capital assets	**5,000**	1,000
	1,309,000	113,000
Valuation allowance for future income tax assets	**(1,309,000)**	(113,000)
Future income tax assets	**$ -**	$ -

Note 8 Income Taxes – (cont'd)

The Company recorded a valuation allowance against its future income tax assets based on the extent to which it is more-likely-than-not that sufficient taxable income will not be realized during the carry-forward periods to utilize all the future tax assets.

Non-capital losses that reduce future income for tax purposes totalling $831,000 expire by November 30, 2030.

Note 9 Related Party Transactions

The Company incurred the following expenditures during the years ended November 30, 2010 and 2009 that were charged by directors and officers of the Company, or former directors and officers of the Company, and / or companies they owned or were significant shareholders of:

	2010	2009
Accounting and audit fees	**$ 50,480**	$ 13,649
Management fees	**158,285**	15,524
Office and miscellaneous	**112,500**	17,534
	$ 321,265	$ 46,707

These expenditures were measured by the exchange amount which is the amount agreed upon by the transacting parties.

On June 9, 2009, the Company sold the shares of its wholly-owned subsidiary, Agrotech Growers Inc., and its wholly-owned subsidiary, Hazelmere Greenhouses Ltd., to a former director of the Company.

Included in accounts payable and accrued liabilities as at November 30, 2010 is $44,728 (2009 - $13,088) due to companies controlled by directors of the Company and to directors and officer of the Company.

Note 10 Segment Information

The Company's operations are limited to a single industry segment, being oil and gas exploration and development. Geographic segment information of the Company's assets as at November 30, 2010 and 2009 is as follows:

		2010		2009
Canada	**$**	**179,517**	$	20,775
United States		**847,388**		-
Total assets	**$**	**1,026,905**	$	20,775

Geographic segmentation of the Company's (loss) income during the years ended November 30, 2010 and 2009 is as follows:

		2010		2009
Canada	**$**	**(4,310,416)**	$	45,558
United States		**(1,236,295)**		-
Total (loss) income	**$**	**(5,546,711)**	$	45,558

Note 11 Financial Instruments

Fair Value of Financial Instruments

The Company's financial instruments consist of cash, other receivables, loan, and accounts payable and accrued liabilities. The Company designated its cash as held-for-trading which are measured at fair value. Other receivables are designated as loans and receivables, which are measured at amortized costs. Loan as other financial liabilities, which is measured at amortized costs. Loan and accounts payable and accrued liabilities are designated as other financial liabilities, with are measured at amortized cost. The fair value of these financial instruments approximates their carrying value due to the immediate or short term maturity of these items, except for the loan. The fair value of the loan is described in Note 5.

During 2009, CICA Handbook Section 3862, "Financial Instruments – Disclosures", was amended to require disclosures about the inputs to fair value assessments, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. These amendments require a three-level hierarchy that reflects the significant inputs used in making the fair value measurements. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measured. As at November 30, 2010, the Company's financial instrument which is measured at fair value on a recurring basis is cash. This financial instrument has been classified as a "Level 1" financial instrument.

Note 11 Financial Instruments – (cont'd)

Foreign Exchange Risk

A portion of the Company's financial assets and liabilities are denominated in US dollars giving rise to risks from changes in the foreign exchange rate. The Company is exposed to currency exchange rate risk to the extent of its activities in the USA. The Company's currency risk is presently limited to $205,075 of net financial assets denominated in US dollars. Based on this exposure as at November 30, 2010, a 5% change in the exchange rate would give rise to a change in net loss and comprehensive loss of approximately $10,254. The Company does not use derivative financial instruments to reduce its foreign exchange exposure.

The currencies of the Company's financial instruments, based on notional amounts, as at November 30, 2010 were as follows:

	Canadian dollars	US dollars
Cash	$ 112,984	$ 260,999
Accounts payable and accrued liabilities	(92,265)	(55,924)
Loan	(676,071)	-
Gross balance sheet exposure	$ (655,352)	$ 205,075

Future changes in exchange rates could have a material effect on the Company's business, financial condition and results of operations. All financial instruments were in Canadian dollars at November 30, 2009.

Credit Risk

Credit risk arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The majority of the Company's cash is held through a major Canadian chartered bank and a major US bank and accordingly, the Company's exposure to credit risk is considered to be limited.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The loan (Note 6) bears interest at the rate of prime plus one percent and accordingly, the Company is exposed to fluctuations in the rate of prime until the loan is repaid. A 0.5% change in the rate of prime would give rise to an annual change in loan interest of $3,380.

Note 11 Financial Instruments – (cont'd)

Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash balances to enable settlement of transactions on the due date. Accounts payable and accrued liabilities are all current.

Note 12 Management of Capital

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern to pursue the development of its oil and gas properties and to maintain a flexible capital structure which optimizes the cost of capital within a framework of acceptable risk. In the management of capital, the Company includes the components of shareholders' equity, the loan, as well as cash.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash.

The Company is dependent on the capital markets as its sole source of operating capital and the Company's capital resources are largely determined by the strength of the junior resource markets and by the status of the Company's projects in relation to these markets, and its ability to compete for investor support of its projects.

The Company is not subject to any capital requirements.

Note 13 Non-cash Transactions

Investing and financing activities that do not have a direct impact on current cash flows are excluded from the consolidated statements of cash flow. During the year ended November 30, 2010, the following transactions were excluded from the consolidated statements of cash flows:

- the Company acquired all of the issued and outstanding common shares of PrivateCo in exchange for 10,306,000 common shares of the Company and the issuance of 5,000,000 share purchase warrants (Note 3).

- the Company issued 480,690 finders' warrants at the fair value of $124,906 in connection with a private placement financing;

- the Company incurred $37,819 of oil and gas property and equipment expenditures that were included in accounts payable as at November 30, 2010.

During the year ended November 30, 2009, the following transactions were excluded from the consolidated statements of cash flows:

Note 13 Non-cash Transactions – (cont'd)

- pursuant to a private placement of common shares, the Company issued 1,200,000 common shares as a finder's fee at the fair value of $90,000.

Note 14 Comparative Figures

Certain comparative figures have been restated to conform to the current year's consolidated financial statement presentation.

Note 15 Subsequent Events

Sale of Greater Jo Mill Property

On March 4, 2011, effective February 1, 2011, the Company sold the Greater Jo Mill Project to a third party for gross proceeds of US$105,000 (CDN$107,793). The Company paid a commission of US$10,500 (CDN$10,779) in connection with the sale.

Sale of Bakken Shale Acreage

On February 23, 2011, the Company sold the Bakken Shale Acreage for gross proceeds of US$552,975 (CDN$537,105). The Company paid a commission of US$55,297 (CDN$54,307) in connection with the sale.

Acquisition of Matagorda Bay Prospect

On March 8, 2011, the Company entered into a definitive participation agreement (the "Participation Agreement") with Arbol Energy ("Arbol"), a private Houston based oil and gas company, with respect to Arbol's Matagorda Bay, Texas prospect.

Under the terms of the Participation Agreement, the Company will pay 23% of lease acquisition, geological and geophysical costs and 23% of any costs associated with re-completion of the existing well bores. The Company's portion of initial acquisition costs is US$149,500 (CDN$153,477).