Amended and Restated

"Notice to the Reader"

The attached "amended and restated" Management Discussion and Analysis has been revised to provide additional disclosure in the following areas:

- the Company's history
- the Company's working interests in the Belmont Lake Field
- the Company's related party transactions
- the risk disclosures
- the production analysis

There have been no material changes in any of the financial numbers.

The Company has had oil and gas operations since 2006 and while all required filings have been made from inception to the present and therefore provide all required information, this revised MD&A attempts to provide a summary of the most material events in the Company's evolution.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with our audited consolidated financial statements and the related notes that appear elsewhere in this annual report. The following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward looking statements. Factors that could cause or contribute to such differences include, but are not limited to; those discussed below and elsewhere in this annual report, particularly risk factorsin this annual report.

We were incorporated in the State of Nevada on December 9, 2004. We are an exploration and development oil and gas company currently engaged in the exploration for and development of petroleum and natural gas in North America. We maintain our registered agent's office and our U.S. business office at Nevada Agency and Transfer Company, 50 West Liberty, Suite 880, Reno, Nevada 89501. Our telephone number is (755) 322-0626.

The address of our principal executive office is Suite 950, 1130 West Pender Street, Vancouver, British Columbia V6E 4A4. Our telephone number is (604) 602-1675. We have an additional office located in Kelowna. British Columbia.

Our common stock is quoted on the OTC Bulletin Board under the symbol "LXRP" and on the Canadian National Stock Exchange under the symbol "LXX"

Our company is currently generating revenues from our business operations in Mississippi. Our company's business plan is to focus on development of the Belmont Lake oil field, in which we have working interests, in order to maximize cash flow and then use excess cash flow to pay debt and conduct additional development well drilling. Eventually, if cash flows are strong enough, our company will once again be able to explore for additional oil and gas by way of our existing 60% interest option to drill 38 exploratory wells. To accomplish this, our company intends to focus on development drilling first. Eventually our company will seek a balance between exploration, development and exploitation drilling. To achieve sustainable and profitable growth, our company intends to control the timing and costs of our projects wherever possible. Our company is not currently the operator of any of our properties and will consider becoming the operator only when financial conditions have improved sufficiently.

Since we began operations in 2005, we have been focused exclusively on the exploration for and development of oil and gas assets located in North America. We participated in the drilling of a single well in Strachan Hills Alberta and eventually wrote down the value of that well to $nil. We participated in the drilling of wells in Oklahoma where we successfully produced and sold oil and gas prior to selling our interest in the Oklahoma properties. We have participated in the drilling of oil and gas wells in Mississippi and remain focused there as our key area of interest with all our current assets within Amite and Wilkinson Counties, Mississippi.

Since inception, the Company has completed a number of financings and other material transactions - at times with related parties - in order to advance the exploration and development of its oil and gas interests. These transactions are related immediately below, in chronological order up to but not including the current fiscal year, to provide a history. Additional material transactions for the current fiscal year are located further below in a single section.

SECTION I
History Prior to Current Fiscal Year

On December 21, 2005, our company agreed to purchase a 20% gross working and revenue interest in a 10 well drilling program in Palmetto Point, Mississippi owned by Griffin & Griffin Exploration for cash payments of $700,000, comprised of $220,000 paid upon entering the Agreement and the remaining balance of $480,000 paid on January 17, 2006. Our company applied the full cost method to account for our oil and gas properties and as of July 31, 2009, seven wells were found to be proved wells, and three wells were found impaired. One of the wells was impaired due to uneconomic life, and the other two wells were abandoned due to no apparent gas or oil shows present. The costs of impaired properties were added to the capitalized cost in determination of the depletion expense. Palmetto Point is approximately 150 miles southwest of Jackson, Mississippi and approximately 50 miles north/northwest of Baton Rouge, Louisiana. It is 30 miles west of Woodville, Mississippi off of State Highway 33 and is entirely within Wilkinson County.

There were no further costs to our company in earning our interest in the 10 well drilling program, including well development costs or pipeline connections. Griffin has agreed that the leases held by it covering any mineral estate underlying the applicable well site acreage shall not provide for more than twenty-five (25%) percent royalty and overriding royalty interest. Our company's net interest in any oil and gas produced is calculated by subtracting the applicable royalties from its 20% gross interest. Consequently, its original net working interest in the drilling program was a minimum fifteen (15%) percent net working interest. Griffin conducted the Drilling Program in its capacity as Operator and receives a 15% carried interest.

One of these original 10 wells was the PP F-12-1 well, which was the discovery well of an oil field now known as the Belmont Lake field. All of these original 10 wells were targeting the Frio geological formation of the Cenozoic era and Oligocene series, which is characterized in this region as a generally shallow, sandstone-rich layer. In this area of Mississippi, the Frio geologic formation is generally found between 2,000 and 4,500 foot depth from surface.

On August 3, 2006, we entered into a Phase II agreement with Griffin, to acquire a working interest in multiple zones of potential oil and gas production in Mississippi and Louisiana, significantly expanding the geographical area on which those wells could be drilled. This is the **Mississippi and Louisiana Frio Project**. This agreement contemplates up to a 50 well drill program, which are exclusive to the participants, for Wilcox and Frio wells, at our company's option, within the defined Area of Mutual Interest ("**AMI**"). From these 50 prospects, Griffin and the participants will select all drill locations with the expectation that the wells will be drilled to depths sufficient to test prospectively for producible hydrocarbons from the top of the Frio Formation to the bottom of the Wilcox Formation.

These 50 wells are in addition to all wells drilled under the original 10-well agreement and also in addition to any development wells to be drilled at the Belmont Lake oil field discovery. The AMI originally included over 200,000 gross acres (since revised to a smaller area of 130,000 – 140,000 acres) located non-contiguously between Southwest Mississippi and North East Louisiana which include the approximately 32,000 acres of the Palmetto Point area but also include other areas.

Our company had contracted to assume a 40% gross interest in this AMI, meaning we were obligated to pay 40% of costs related to licensing, permitting, drilling, completion and all other related costs. Upon payment of 40% of the costs, we earned a net 32% of all production from all producible zones to the base of the Frio formation (Frio Targets); and, 30% of all production to the base of the Wilcox formation (Wilcox Targets). All working interests are to be registered in the name of our company. This 50-well AMI was intended to be drilled in several stages.

On September 22, 2006, our company elected to participate in an additional two-well program in Palmetto Point, Mississippi owned by Griffin by paying an additional $140,000 (paid). Our company earned the same 20% gross interest in the two (2) additional wells (12 wells total and all drilled) and subsequently increased our gross interest to 32% in these 12 wells, or a net revenue interest of 20.802815%. As of July 31, 2009, the two wells were found to be proved wells.

On **June 21, 2007**, we acquired an assignment of a 10% gross working interest in the Area of Mutual Interest (AMI) formerly held by Brinx Resources Ltd, a non-related company, in up to 50 oil & gas wells to be drilled, and any future development prospects thereof associated, located in Mississippi, USA on lands of some 140,000 gross acres. Interests in seven wells previously drilled under the conditions of the AMI remain the property of Brinx Resources Ltd. and we are not a party to Brinx's interest in these wells, while the right to assume the 10% gross working interest in the remaining 43 wells and any future development prospects thereof thereafter belongs to our company. Because we already had a 40% gross working interest in this AMI, as a result of this transaction, we increased to a 50% gross working interest in the AMI. The AMI lands do NOT include the Belmont Lake oil field. On **June 23, 2007**, we acquired an assignment of a 10% gross working interest in 12 previously drilled oil & gas wells and any future development prospects thereof, formerly held by 0743868 BC Ltd., a non-related company. Since we had a 20% gross working interest in these same 12 oil and gas wells and development prospects, as a result of this transaction we then had a 30% gross working interest in the 12 oil & gas wells and development prospects. We were obligated to make cash payments of US$520,000 over approximately a one-year period to complete this transaction ($200,000 paid as of October 31, 2007). Our company had made total of $350,000 repayment and accrued $18,016 interest expense since June 23, 2007 with ending balance of $169,938 as at April 30, 2008. The $520,000 loan was valued at a Net Present Value of $501,922, which is the capitalized amount. Our company calculated the net present value of the secured loan payable by applying 8% interest rate, which was based on a T-bill rate of 4.28% plus a risk premium.

On October 4, 2007, our company elected to participate in the drilling of the PP F-12-3 well in Palmetto Point, Mississippi which was conducted by Griffin. This well was the second well drilled in the Belmont Lake oil field. Our company had a 30% gross working interest and paid $266,348. On July 31, 2008, our company accrued and paid an additional cost of $127,707 for the workovers of wells PP F-12 and PP F-12-3. PP F-12 has had intermittent production from October 2007, and PP F-12-3 has had intermittent production from November 2007.

As of **October 31 2007**, we had placed $1,600,000 in trust to completely fund the initial commitment of the AMI program. During the drill program, an unrelated third party participant elected not to continue their participation in the program, and we assumed our pro-rata portion of their 10% gross working interest as our own, at no additional cost, bringing our total gross working interest in these seven (7) drilled wells and their leases, to 45%.

On **May 13, 2008** our company entered into an Assignment of Debt between 0743868 BC Ltd. (the "Assignor") and our president and shareholder of our company (collectively the "Assignees"). The Assignor agreed to accept US$46,000 from our company in satisfaction of the outstanding amount and agreed to assign the Assignees all of the Assignor's right, title and interest in and to the US$124,000 balance of the outstanding amount. As a result, the Assignor no longer has any claim against our company as a result of the June 23, 2007 original transaction.

On **May 14, 2008** our company entered into an unsecured Loan Agreement with each of our president and a shareholder of our company for $62,000. The purpose of this Loan Agreement was to set out terms of the arrangement by which our company agreed to make a Loan of US$124,000 at an interest rate of 16.8% and no set principal payments for one year available to our company. The purpose of the Loan Agreement was to provide our company with capital funds for oil and gas exploration and/or general corporate purposes. Subsequently, on October 27, 2008, the loan from the President in the amount of US$62,000 was terminated in favour of an updated debt agreement.

On **August 29, 2008**, our company sold all of our working interests in our Owl Creek Project, located in Garvin County, Oklahoma, to an unrelated third party for net proceeds of $206,021. The property sold included our company's 7.5% working interest in a well known as Isbill #2.

On **October 27, 2008**, our company entered into a Purchase Agreement with CAB Financial Services Ltd., Chris Bunka, and another shareholder of our company ("Purchasers") for an aggregate amount of nine hundred thousand dollars (CAD $900,000). The Purchasers agreed to purchase an 18% interest bearing Promissory Note of our company subject to and upon the terms and conditions of the Purchase Agreement.

Our company's obligations to repay the Promissory Note are secured by certain specified assets of our company pursuant to a Security Agreement. Also, as long as the Promissory Note is outstanding, the Purchasers may voluntarily convert the Promissory Note to shares of common stock of our company at the conversion price of $0.45 per share. Additionally, in consideration for the Purchasers agreeing to purchase the Promissory Notes, our company agreed to issue Warrants to the Purchasers.

Each Warrant entitles the Purchaser to acquire shares of common stock of our company, and the number of Series A and B Warrants issuable shall be determined by the Purchase Amount divided by $0.45, which Warrants had the following terms:

1. each Series A Warrant entitling the holder to purchase one-half of one Warrant Share for a term of one year from issuance and an exercise price of US $0.45 per whole Warrant Share (the exercise price is subject to adjustment pursuant to the loan agreement);

2. each Series B Warrant entitling the holder to purchase one-half of one Warrant Share for a term of two years from issuance and exercise price of US $0.90 per whole Warrant Share (the exercise price is subject to adjustment pursuant to the loan agreement); and

3. Mandatory conversion of the Warrants at the option of the Company upon the Company's Common Stock closing at 200% of the applicable exercise price for twenty consecutive Trading Days.

4. Two whole Warrants and the exercise price are required to purchase one share of the Company.

On **April 3, 2009**, our company entered into an Asset Purchase Agreement with Delta Oil & Gas, Inc. and The Stallion Group to acquire additional interests in its existing core producing Mississippi oil and gas properties. Our company paid $40,073.39 to acquire an additional two percent (2%) working interest in the proven Belmont Lake oil and gas field and an additional 10% working interest in the AMI referred to abo ve, bringing our total gross working interest in the Belmont Lake oil and gas field to 32% and bringing our total gross working interest to 60% in the 38 wells that remain to be drilled of this original 50-well option with Griffin & Griffin Exploration in ~140,000 acres surrounding Belmont Lake in all directions.

Effective **June 23, 2009**, we amended our Articles of Incorporation to effect a one (1) for four (4) share consolidation of our authorized and issued and outstanding common stock. As a result, our company's authorized capital decreased from 75,000,000 shares of common stock with a par value of $0.001 to 18,750,000 shares of common stock with a par value of $0.001 and our issued and outstanding shares decreased from 24,369,500 shares of common stock to 6,092,370 shares of common stock.

Our company had a short-lived opportunity to acquire additional fractional interests in the upcoming Belmont Lake 12-4 well which was expected to be a horizontal well. An unrelated third party did not participate in its right to participate in the 12-4 well, and therefore a share of its interest (a "non consent" interest) was made available to the other participating parties including our company. **On August 28, 2009** and effective on September 1, 2009, to take best advantage of this opportunity, our company entered into four separate assignment agreements, three of which were with people or companies with related management. Our company received from these four parties proceeds of $371,608.57 to fund additional interests in this well. As a result, our company has a 25.84% perpetual gross interest in the well (18.0% net revenue interest); as well as a 5.2% net revenue interest in the non-consent interest. The non-consent interest remains valid until such time as the well produces 500% of all costs and expenses back to the participants in the form of revenue, at which time the non-consent interest ends. Enertopia, a company with related management, had acquired from our company a 6.16% perpetual gross interest in the 12-4 well; David DeMartini, a director of our company, had acquired from our company a 5% gross interest in the non-consent interest in the 12-4 well; and 0743608 BC Ltd. a company owned by the President of our company, had acquired from our company a 11.60% gross interest in the non-consent interest in the 12-4 well.

Effective at the opening of trading on **October 28, 2009**, our shares of common stock began trading on Canadian National Stock Exchange under the trading symbol “LXX”.

On November 13, 2009, our company announced that our Operator in Mississippi, Griffin & Griffin Exploration LLC, had declared force majeure on the Belmont Lake offset wells due to flooding of the Mississippi River which prevented us from accessing the oil field to conduct field operations.

On December 21, 2009, our board of directors amended and restated our bylaws. The purpose of the amendment and restatement of the bylaws was for, among other things, removing certain outdated and redundant provisions that existed in our prior bylaws with respect to corporate governance, shareholder and director meeting procedures, and indemnification procedures. The changes to our prior bylaws include: (i) expanding certain provisions with respect to shareholders’ meetings including change of quorum requirements; (ii) amending certain provisions respecting appointment of directors, corporate governance and committees, and directors’ meetings; (iii) expanding certain provisions with respect to officers and their duties; (iv) changing certain provisions with respect to share certificates; and (vi) adding certain indemnification provisions.

On March 17, 2010, we increased our authorized share capital from 18,750,000 common shares to 200,000,000 common shares.

On May 31, 2010, our company signed a Settlement Agreement valued at $59,987.24 with Enertopia Corp. – a company with related management and directors - whereby our company issued 499,893 units at $0.12 per unit. Each unit consists of one restricted share of our common stock and one share purchase warrant exercisable at $0.20 per share for a period of two years in exchange for the working interest initially assigned on August 28, 2009.

On **June 16, 2010**, we signed a Settlement Agreement with a third party (Murrayfield Ltd.), that had originally participated in the August 28, 2009 opportunity in the non-consent interest for Belmont Lake 12-4. We returned $144,063.46 to the third party and cancelled its participation.

On **July 29, 2010**, we agreed with our operators at Belmont Lake not to proceed to drill a horizontal 12-4 well for technical and budget reasons. Rather, two of the three proposed vertical wells 12-2, 12-4, or 12-5 were proposed to be drilled in August 2010. To take best advantage of this opportunity, our company cancelled all previous agreements relating to August 28, 2009 with respect to Belmont Lake horizontal well 12-4 and instead entered into three separate assignment agreements, of which all three were with people or companies with related management. Our company received total proceeds of $324,677.12 to fund additional interests in these wells. As a result, our company has a 32% perpetual gross interest in the wells (24.0% net revenue interest); as well as a 8% gross interest (6% net revenue interest) in the non-consent interest. The non-consent interest remains valid until such time as the well produces 500% of all costs and expenses back to the participants in the form of revenue, at which time the non-consent interest ends. Emerald Atlantic LLC, a company owned by a director of our company, has acquired from our company a 8.74% gross interest in the non-consent interest in two of the three vertical wells; and 0743608 BC Ltd. a company owned by our president, has acquired from our company a 20.79% gross interest in the non-consent interest in the two of the three vertical wells; an advisor to our company has acquired from our company 2.46% gross interest in the non-consent interest in two of the three vertical wells. These agreements were subsequently cancelled in favour of the agreements signed on September 13, 2010, below.

On **September 13, 2010**, we entered into three separate assignment agreements to replace all July 29, 2010 agreements, with 0743608 BC Ltd, a company solely owned by a director of our company, Emerald Atlantic LLC, a company solely owned by a director of our company, and our Senior VP Business Development. (the “Assignees”), whereby the Assignees have paid a fee of US$408,116 to earn a 24% share of our company’s gross non-perpetual 32% interest in the three oil wells being drilled in Wilkinson County, Mississippi. This agreement replaces the one signed on

August 28, 2009. As a result of the three assignment agreements, we receive at no cost to our company, a carried interest of 8% in these same rights and benefits. Our company assigns, transfers and sets over to the Assignees, all proportionate rights, interest and benefits in the Assigned Non Perpetual Interest held by or granted to the Assignor in and to the Participation Agreement between our company and Griffin but limited to a gross 500% revenue payout based on the total amount paid under the Initial Consideration and the Subsequent Consideration after which all rights, interests and benefits cease.

On **October 21, 2010**, we settled a portion of the debt in the amount of $1,625 with CAB Financial Services by converting 65,000 warrants into 32,500 shares of common stock of our company pursuant to a Purchase Agreement dated October 27, 2008 at a price of $0.05 per share.

On **October 21, 2010**, we settled a portion of the debt, in th amount of $2,166.65 with Christopher Bunka, our President, by converting 86,667 warrants into 43,333 shares of common stock of our company pursuant to a Purchase Agreement dated October 27, 2008 at a price of $0.05 per share.

In **September and October, 2010**, new wells 12-2; 12-4 and 12-5 were drilled at the Belmont Lake oil field. Well 12-2 encountered only gas and was abandoned. Wells 12-4 and 12-5 each encountered oil and were put into production.

SUMMARY OF WORKING INTERESTS FOR EACH WELL

Well	**W.I. Before Completion**	**W.I. After Completion[3]**	**Net Revenue Interest**
F-12-1	42%	35.7%	27.3036947%
F-12-3	42%	35.7%	27.3036947%
F-12-4	42%	35.7%	27.3036947%
F-12-4 Nonconsent[1]	8%	6.8%	5.2007038%
F-12-5	42%	35.7%	27.3036947%
F-12-5 Nonconsent [2]	8%	6.8%	5.2007038%
F-12-6	42%	35.7%	27.3036947%
F-12-7	42%	35.7%	27.3036947%
F-12-8	42%	35.7%	27.3036947%
F-12-9	42%	35.7%	27.3036947%
F-39	42%	35.7%	27.3036947%

1 F-12-4 interest reverts to original owner after a 500% penalty ($216,976 effective 10/31/11) is recouped by Lexaria.
2 F-12-5 interest reverts to original owner after a 500% penalty ($188,052 effective 10/31/11) is recouped by Lexaria.
3 Working Interest after completion is reduced by 15% which goes to the Operator.

SECTION II
Risk Factors

Our business operations are subject to a number of risks and uncertainties, including, but not limited to those set forth below:

We have a limited operating history and as a result there is no assurance we can operate on a profitable basis.

We have a limited operating history. Our company's operations will be subject to all the uncertainties arising from the absence of a significant operating history. Potential investors should be aware of the difficulties normally encountered by resource exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the properties that we plan to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration, and additional costs and expenses that may exceed current estimates. The expenditures to be made by us in the exploration of our properties may not result in the discovery of reserves. Problems such as unusual or unexpected formations of rock or land and other conditions are involved in resource exploration and often result in unsuccessful exploration efforts. If the results of our exploration do not reveal viable commercial reserves, we may decide to abandon our claims and acquire new claims for new exploration or cease operations. The acquisition of additional claims will be dependent upon us possessing capital resources at the time in order to purchase such claims. If no funding is available, we may be forced to abandon our operations. There can be no assurance that we will be able to operate on a profitable basis.

If we do not obtain additional financing, our business will fail and our investors could lose their investment.

We had cash in the amount of $31,201 and working capital deficiency of $814,355 as of our year ended October 31, 2011. Any direct acquisition of a claim under lease or option is subject to our ability to obtain the financing necessary for us to fund and carry out exploration programs on potential properties. The requirements are substantial. Obtaining additional financing would be subject to a number of factors, including market prices for resources, investor acceptance of our properties and investor sentiment. These factors may negatively affect the timing, amount, terms or conditions of any additional financing available to us. The most likely source of future funds presently available to us is through the sale of equity capital and loans. Any sale of share capital will result in dilution to existing shareholders.

Because there is no assurance that we will generate material revenues, we face a high risk of business failure.

For the fiscal year 2011, we have earned revenues of $1,133,766. We currently have only modest oil or gas reserves that are deemed proved, probable or possible pursuant to American standards of disclosure for oil and gas activities. All of our existing wells are in Mississippi, USA.

There can be no assurance that our current or future drilling activities will be successful, and we cannot be sure that our overall drilling success rate or our production operations within a particular area will ever come to fruition, and if they do, will not decline over time. We may not recover all or any portion of our capital investment in the wells or the underlying leaseholds. Unsuccessful drilling activities would have a material adverse effect upon our results of operations and financial condition. The cost of drilling, completing and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations, including: (i) unexpected drilling conditions; (ii) pressure or irregularities in geological formation; (iii) equipment failures or accidents; (iv) adverse weather conditions; and (v) shortages or delays in the availability of drilling rigs and the delivery of equipment.

In addition, our exploration and development plans may be curtailed, delayed or cancelled as a result of lack of adequate capital and other factors, such as weather, compliance with governmental regulations, current and forecasted prices for oil and changes in the estimates of costs to complete the projects. We will continue to gather information about our exploration projects, and it is possible that additional information may cause our company to alter our schedule or determine that a project should not be pursued at all. You should understand that our plans regarding our projects are subject to change.

We recognize that if we are unable to generate significant revenues from our activities, we will not be able to earn profits or continue operations. We cannot guarantee that we will be successful in raising capital to fund these operating losses or generate revenues in the future. We can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations. If we are unsuccessful in addressing these risks, our business will most likely fail and our investors could lose their investment.

Business Risk and Liquidity

The Company is subject to several categories of risk associated with its operating activities. Natural gas and oil exploration and production is a speculative business and involves a high degree of risk. Among the factors that have a direct bearing on the Company's financial information are uncertainties inherent in estimating natural gas and oil reserves, future hydrocarbon production and cash flows, particularly with respect to wells that have not been fully tested and with wells having limited production histories; access and cost of services and equipment; and the presence of competitors with greater financial resources and capacity.

The oil and natural gas industry is highly competitive and there is no assurance that we will be successful in acquiring leases.

The oil and natural gas industry is intensely competitive. Although we do not compete with other oil and gas companies for the sale of any oil and gas that we may produce, as there is sufficient demand in the world market for these products, we compete with numerous individuals and companies, including many major oil and natural gas companies which have substantially greater technical, financial and operational resources and staff. Accordingly, there is a high degree of competition for desirable oil and natural gas leases, suitable properties for drilling operations and necessary drilling equipment, as well as for access to funds. We cannot predict if the necessary funds can be raised or that any projected work will be completed.

There can be no assurance that we will discover oil or natural gas in any commercial quantity on our properties.

Exploration for economic reserves of oil and natural gas is subject to a number of risks. There is competition for the acquisition of available oil and natural gas properties. Few properties that are explored are ultimately developed into producing oil and/or natural gas wells. If we cannot discover oil or natural gas in any commercial quantity thereon, our business will fail.

Even if we acquire an oil and natural gas exploration property and establish that it contains oil or natural gas in commercially exploitable quantities, the potential profitability of oil and natural gas ventures depends upon factors beyond the control of our company.

The potential profitability of oil and natural gas properties is dependent upon many factors beyond our control. For instance, world prices and markets for oil and natural gas are unpredictable, highly volatile, potentially subject to governmental fixing, pegging, controls or any combination of these and other factors, and respond to changes in domestic, international, political, social and economic environments. Additionally, due to worldwide economic uncertainty, the availability and cost of funds for production and other expenses have become increasingly difficult, if not impossible, to project. In addition, adverse weather conditions can hinder drilling operations. These changes and events may materially affect our future financial performance. These factors cannot be accurately predicted and the combination of these factors may result in our company not receiving an adequate return on invested capital.

In addition, a productive well may become uneconomic in the event water or other deleterious substances are encountered which impair or prevent the production of oil and/or natural gas from the well. Production from any well may be unmarketable if it is impregnated with water or other deleterious substances. Also, the marketability of oil and natural gas which may be acquired or discovered will be affected by numerous related factors, including the proximity and capacity of oil and natural gas pipelines and processing equipment, market fluctuations of prices, taxes, royalties, land tenure, allowable production and environmental protection, all of which could result in greater expenses than revenue generated by the well.

The marketability of natural resources will be affected by numerous factors beyond our control which may result in us not receiving an adequate return on invested capital to be profitable or viable.

The marketability of natural resources which may be acquired or discovered by us will be affected by numerous factors beyond our control. These factors include market fluctuations in oil and natural gas pricing and demand, the proximity and capacity of natural resource markets and processing equipment, governmental regulations, land tenure, land use, regulation concerning the importing and exporting of oil and natural gas and environmental protection regulations. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in us not receiving an adequate return on invested capital to be profitable or viable.

Oil and natural gas operations are subject to comprehensive regulation which may cause substantial delays or require capital outlays in excess of those anticipated causing an adverse effect on our company.

Oil and natural gas operations are subject to federal, state, and local laws relating to the protection of the environment, including laws regulating removal of natural resources from the ground and the discharge of materials into the environment. Oil and natural gas operations are also subject to federal, state, and local laws and regulations which seek to maintain health and safety standards by regulating the design and use of drilling methods and equipment. Various permits from government bodies are required for drilling operations to be conducted; no assurance can be given that standards imposed by federal, provincial, or local authorities may be changed and any such changes may have material adverse effects on our activities. Moreover, compliance with such laws may cause substantial delays or require capital outlays in excess of those anticipated, thus causing an adverse effect on us. Additionally, we may be subject to liability for pollution or other environmental damages. To date, we have not been required to spend any material amount on compliance with environmental regulations. However, we may be required to do so in the future and this may affect our ability to expand or maintain our operations.

Exploration and production activities are subject to certain environmental regulations which may prevent or delay the commencement or continuation of our operations.

In general, our exploration and production activities are subject to certain federal, state and local laws and regulations relating to environmental quality and pollution control. Such laws and regulations increase the costs of these activities and may prevent or delay the commencement or continuation of a given operation. Specifically, we may be subject to legislation regarding emissions into the environment, water discharges and storage and disposition of hazardous wastes. In addition, legislation has been enacted which requires well and facility sites to be abandoned and reclaimed to the satisfaction of state authorities. However, such laws and regulations are frequently changed and we are unable to predict the ultimate cost of compliance. Generally, environmental requirements do not appear to affect us any differently or to any greater or lesser extent than other companies in the industry.

Exploratory drilling involves many risks and we may become liable for pollution or other liabilities which may have an adverse effect on our financial position.

Drilling operations generally involve a high degree of risk. Hazards such as unusual or unexpected geological formations, power outages, labor disruptions, blow-outs, sour natural gas leakage, fire, inability to obtain suitable or adequate machinery, equipment or labor, and other risks are involved. We may become subject to liability for pollution or hazards against which it cannot adequately insure or which it may elect not to insure. Incurring any such liability may have a material adverse effect on our financial position and operations.

Any change to government regulation/administrative practices may have a negative impact on our ability to operate and our profitability.

The business of oil and natural gas exploration and development is subject to substantial regulation under various countries laws relating to the exploration for, and the development, upgrading, marketing, pricing, taxation, and transportation of oil and natural gas and related products and other matters. Amendments to current laws and regulations governing operations and activities of oil and natural gas exploration and development operations could have a material adverse impact on our business. In addition, there can be no assurance that income tax laws, royalty regulations and government incentive programs related to the properties subject to our farm-out agreements and the oil and natural gas industry generally will not be changed in a manner which may adversely affect our progress and cause delays, inability to explore and develop or abandonment of these interests.

Permits, leases, licenses, and approvals are required from a variety of regulatory authorities at various stages of exploration and development. There can be no assurance that the various government permits, leases, licenses and approvals sought will be granted in respect of our activities or, if granted, will not be cancelled or will be renewed upon expiry. There is no assurance that such permits, leases, licenses, and approvals will not contain terms and provisions which may adversely affect our exploration and development activities.

If we are unable to hire and retain key personnel, we may not be able to implement our business plan.

Our success is largely dependent on our ability to hire highly qualified personnel. This is particularly true in highly technical businesses such as resource exploration. These individuals are in high demand and we may not be able to attract the personnel we need. In addition, we may not be able to afford the high salaries and fees demanded by qualified personnel, or may lose such employees after they are hired. Failure to hire key personnel when needed, or on acceptable terms, would have a significant negative effect on our business.

We are not the "operator" of any of our oil and gas exploration interests, and so we are exposed to the risks of our third-party operators.

We rely on the expertise of our contracted third-party oil and gas exploration and development operators and third-party consultants for their judgment, experience and advice. We can give no assurance that these third party operators or consultants will always act in our best interests, and we are exposed as a third party to their operations and actions and advice in those properties and activities in which we are contractually bound.

Our management has limited experience and training in the oil and gas industry and could make uninformed decisions that negatively impact our oil and gas operations.

Because our management has limited experience and training in the oil and gas industry, we may not have sufficient expertise to make informed best practices decisions regarding oil and gas operations. We do not have a petroleum engineer on staff to provide internal oversight. It is possible that, due to our limited knowledge, we might elect to complete a well and incur financial burdens that a more experienced petroleum team might elect not to complete. Our ability to internally evaluate oil and gas operations and opportunities could be less thorough than that of a more highly trained management team.

Our independent certified public accounting firm, in the notes to the audited financial statements for the year ended October 31, 2011 states that there is a substantial doubt that we will be able to continue as a going concern.

As at October 31, 2011, we have experienced significant losses since inception. Failure to arrange adequate financing on acceptable terms and to achieve profitability would have an adverse effect on our financial position, results of operations, cash flows and prospects. Accordingly, there is substantial doubt that we will be able to continue as a going concern.

Risks Associated with Our Common Stock

Trading on the OTC Bulletin Board may be volatile and sporadic, which could depress the market price of our common stock and make it difficult for our stockholders to resell their shares.

Our common stock is quoted on the OTC Bulletin Board service of the Financial Industry Regulatory Authority. Trading in stock quoted on the OTC Bulletin Board is often thin and characterized by wide fluctuations in trading prices, due to many factors that may have little to do with our operations or business prospects. This volatility could depress the market price of our common stock for reasons unrelated to operating performance. Moreover, the OTC Bulletin Board is not a stock exchange, and trading of securities on the OTC Bulletin Board is often more sporadic than the trading of securities listed on a quotation system like Nasdaq or a stock exchange like Amex. Accordingly, shareholders may have difficulty reselling any of the shares.

Penny stock rules will limit the ability of our stockholders to sell their stock.

The Securities and Exchange Commission has adopted regulations which generally define “penny stock” to be any equity security that has a market price (as defined) less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exceptions. Our securities are covered by the penny stock rules, which impose additional sales practice requirements on broker-dealers who sell to persons other than established customers and “accredited investors”. The term “accredited investor” refers generally to institutions with assets in excess of $5,000,000 or individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000 or $300,000 jointly with their spouse. The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from the rules, to deliver a standardized risk disclosure document in a form prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer also must provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson in the transaction and monthly account statements showing the market value of each penny stock held in the customer’s account. The bid and offer quotations, and the broker-dealer and salesperson compensation information, must be given to the customer orally or in writing prior to effecting the transaction and must be given to the customer in writing before or with the customer’s confirmation. In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from these rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser’s written agreement to the transaction. These disclosure requirements may have the effect of reducing the level of trading activity in the secondary market for the stock that is subject to these penny stock rules. Consequently, these penny stock rules may affect the ability of broker-dealers to trade our securities. We believe that the penny stock rules discourage investor interest in and limit the marketability of our common stock.

The Financial Industry Regulatory Authority, or FINRA, has adopted sales practice requirements which may also limit a shareholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, FINRA has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for its shares.

Other Risks

Because some of our officers and directors are located in non-Canadian. jurisdictions, you may have no effective recourse against them for misconduct and you may not be able to enforce judgment and civil liabilities against our officers, directors, experts and agents.

One officer and one director of our Company are nationals and/or residents of countries other than Canada and all or a substantial portion of their assets are located outside of Canada. As a result, it may be difficult for investors to enforce within Canada any judgments obtained against our officers or directors, including judgments predicated upon the civil liability provisions of the securities laws of Canada or any Province thereof.

Trends, Risks and Uncertainties

We have sought to identify what we believe to be the most significant risks to our business, but we cannot predict whether, or to what extent, any such risks may be realized; nor can we guarantee that we have identified all possible risks that might arise. Investors should carefully consider all of such risk factors before making an investment decision with respect to our common stock.

As at October 31, 2011, our company currently owns a 42% gross working interest in 11 wells; a 50% working interest in 2 wells (PP F-12-4 and PP F-12-5); a 45% gross working interest in 7 wells; and a 60% gross working interest in 43 wells (of which 38 remain to be drilled); all located in Mississippi under various agreements with Griffin and Griffin Exploration, L.L.C.

The most significant of these wells are the producing oil wells PP F-12-1, PP F-12-3, PP F-12-4, and PP F-12-5 located within the Belmont Lake oil field which is itself located in the Palmetto Point region. The Belmont Lake oil field is onshore, as are all of our company's wells, but located in a flood plain of the Mississippi River which forces seasonal constraints on certain field activities. We have suffered repeated delays in the development of this oil field due to the seasonal flooding, and we could experience additional development delays in the future.

Because the Belmont Lake oil field is subject to seasonal flooding we have installed a gas-lift system that permits 12-month oil production. In addition to consuming natural gas to operate this system which could lead to higher operating costs, the gas lift system introduces additional production complexities which can negatively impact our ability to produce oil at certain times.

Our company has an interest in one producing gas well, the PP F-29, but because the gas from this well is consumed by field operations it is deemed to be of no commercial value. Except for this and the four oil wells noted immediately above, OUR COMPANY HAS NO OTHER PRODUCING WELLS. Most of the other wells in which we have interests but no current production, are shut-in and/or abandoned gas wells that are not currently economic. We may plug and abandon any of these shut-in wells at any time in the future.Additional details of these interests are noted below (not all of these wells were successful).

SECTION III

2011 Fiscal year Summary.

All of our current oil and gas assets are located in Wilkinson and Amite counties, Mississippi, where we have between 42% - 50% gross working interest in certain wells already drilled, and 60% gross working interests in in up to 38 exploration wells yet to be drilled. Our Belmont Lake oil field discovered in December 2006 is located within the Palmetto Point area of Wilkinson county, Mississippi.

During the past fiscal year we experienced the following significant corporate developments:

1. On **November 16, 2010**, we settled the debt incurred as a result of a consulting agreement, in the amount of $9,376, to Mr. Tom Ihrke by issuing 40,761 restricted shares of common stock of our company at a price of $0.23 per share.

2. On **November 30, 2010**, we closed the first tranche of a private placement offering of convertible debentures in the aggregate amount of $450,000. The convertible debentures mature on November 30, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at $0.35 per unit. Each unit is comprised of one share of our common stock and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share of common stock at a price of $0.40 per share from the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by certain of our assets.

3. On **December 16, 2010**, we closed the second tranche of a private placement offering of convertible debentures in the aggregate amount of $170,000. The convertible debentures mature on November 30, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at $0.35 per unit. Each unit is comprised of one share of our common stock and one share purchase warrant. Each warrant

entitles the holder thereof to purchase one share of common stock at a price of $0.40 per share from the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured by certain of our assets.

On **December 16, 2010**, we entered into an assignment agreement with Emerald Atlantic LLC, a company solely owned by a director of our company (the Assignee"), whereby the Assignee has paid a fee of $30,076 to earn 18% of a 4.423% share of our company's net revenue interest after field operating expenses for a Tuscaloosa well to be drilled in Wilkinson County. This well is not part of the Belmont Lake oil field nor is it part of the AMI.

4. On **January 4, 2011**, 132,600 warrants were exercised and we issued 66,300 shares of common stock of our company at an exercise price of CAD$0.22 per share for total proceeds of CAD$14,586. Of the 132,600 warrants exercised, 100,000 warrants were exercised by a director of our company.

5. On **March 6, 2011**, we accepted and received gross proceeds of $21,250 for the exercise of 106,250 stock options by a director of our company at an exercise price of $0.20 per stock option into 106,250 shares of our common stock.

6. On **June 8, 2011**, 1,500,000 warrants were exercised and we issued 1,500,000 shares of our common stock at an exercise price of $0.20 per share for total proceeds of $300,000. The warrants were exercised by a director of our company.

7. On **June 28, 2011**, 500,000 warrants were exercised and we issued 500,000 shares of our common stock at an exercise price of $0.20 per share for total proceeds of $100,000. The warrants were exercised by a director of our company.

8. On October 27, 2008, we made a secured loan agreement in the amount of CAD$300,000 with CAB Financial. On July 10, 2009, $40,000 of the debt was converted to equity. On October 21, 2010, we settled a portion of the debt in the amount of CAD $1,625 with CAB Financial by converting 65,000 warrants into 32,500 shares of our common stock pursuant to a Purchase Agreement dated October 27, 2008 at a price of CAD$0.05 per share. On **June 28, 2011**, we paid down CAD$100,000 of this debt.

9. On **July 11, 2011**, we granted 700,000 stock options to directors and officers of our company at an exercise price of $0.35 per share, which options vest immediately and expire on July 11, 2016.

10. On **July 13, 2011**, 173,043 warrants were exercised and we issued 173,043 shares of our common stock at a price of $0.20 per share for total proceeds of $34,608.

11. On **July 13, 2011**, we completed an equity financing and issued 200,000 units at $0.35 per unit, for gross proceeds of $70,000. Each unit consists of one share of common stock and one share purchase warrant which entitles a holder to purchase an additional share of common stock at an exercise price of $0.50 per share for a period of two years. All shares and warrants issued were restricted under applicable securities rules.

12. On **July 15, 2011**, we accepted and received gross proceeds of $23,750 for the exercise of 118,750 stock options at an exercise price of $0.20 per stock option and issued 118,750 shares of common stock of our company. All of the stock options were exercised by directors and/or officers of our company.

13. We entered into a Asset Purchase Agreement dated **August 12, 2011**, with Brinx Resources Ltd. to acquire 100% of its 10% gross working interest in the oil and gas interests located in Mississippi, USA. By acquiring the additional 10% working interest in Belmont Lake oil and gas field, we now have a 42% working interest in Belmont Lake and retains our existing 60% working interest in the exploration wells on approximately 130,000 acres surrounding Belmont Lake in all directions. We agreed to pay a total of $400,000 and issue 800,000 shares of our common stock at a deemed price of at $0.30 per share. Subsequent to the fiscal year ending October 31, 2011, we paid in full all remaining obligations of this transaction.

Our company plans to continue our current business of acquiring interests in potentially high-impact oil properties. i. We will endeavor to try to choose North American properties where, if drilling is successful, the wells could be quickly connected to infrastructure and thus, with success, brought into production and able to generate cash flow as quickly as possible.

Our business plan does not anticipate that we will hire a large number of employees or that we will require extensive office space. Our company has, to date, and plans to continue to acquire most of the industry and geological expertise we require through third party contractual relationships with consulting experts and with operating companies which will act as operators of our company's various interests. Although this exposes our company to certain risks on behalf of those operators, it also allows our company to participate in the often unique experience and knowledge that local persons have related to certain properties. This strategy allows our company to participate in a wider variety of oil and gas opportunities than if all of our geological expertise were in-house and confined to a single geographical area. From a business operations perspective, this strategy also enables our company to minimize our ongoing fixed in-house costs for geological or geophysical analytical expenses while still allowing it to contract for that expertise when and as needed. This business strategy has been successful during a time of declining oil and gas prices, when many companies with high internal overheads and cost structures due to large numbers of highly expensive in-house professionals cannot be sustained due to declining revenues. Our company will hire third-party consulting geophysicists and geologists on an as-needed basis to evaluate oil and gas properties that may be of interest, and to reinforce and double-check the technical work and abilities of its third-party operators. This provides our company with the required expertise we need, when its needed, whilst avoiding high fixed long-term costs.

Our company relies on the business experience of our existing management, on the technical abilities of consulting experts, and on the technical and operational abilities of its operating partner companies to evaluate business opportunities.

Competition

We are in the business of acquisition and exploration of oil and gas properties. The petroleum industry is competitive in all its phases. We compete with numerous other participants in the search for and the acquisition of oil and natural gas properties, and in the marketing of oil and natural gas. Our competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than ours. Our ability to obtain or increase reserves in the future will depend not only on our ability to explore and develop our present properties, but also on our ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

Compliance with Government Regulation

The exploration and development of oil and gas properties is subject to various United States federal, state and local and foreign governmental regulations. We may from time to time, be required to obtain licenses and permits from various governmental authorities in regards to the exploration of our property interests.

Employees

We primarily use the services of sub-contractors and consultants for manual labour exploration work and drilling on our properties. Our Director, Mr. David DeMartini is our technical advisor.

On November 27, 2008, we entered into a consulting agreement with CAB Financial Services Ltd., a British Columbia company. The consulting services provided by CAB Financial are on a continuing basis for a consideration of CAD$8,000 per month plus applicable taxes. CAB Financial is a consulting company controlled by our president.

On May 12, 2009, we entered into a six month consulting agreement with BKB Management Ltd., a British Columbia company for a consideration of CAD$4,500 per month plus applicable taxes. Effective January 1, 2011, the consideration was increased to CAD$5,500 plus applicable taxes. BKB Management is a consulting company controlled by our chief financial officer.

On August 5, 2010 we entered into a three-month Management agreement with Tom Irkhe, whereby Mr. Irkhe will act as the Senior Vice-President, Business Development for our company for consideration of $3,125 per month and has signed a revised agreement to continue the Management relationship on a continuing month to month basis. Compensation has subsequently been reduced to $10 per month effective January 15, 2012.

Research and Development

We have incurred $Nil in research and development expenditures over the last two fiscal years.

Properties

Total working interest for Belmont Lake as of October 31, 2011 is 42%, with the exception of a 50% interest in wells PP F-12-4 and PP F-12-5; and total working interest in the exploration wells on approximately 140,000 acres surrounding Belmont Lake in all directions as of October 31, 2011, is 60%.

As of October 31, 2011, there were additional well interest changes or workovers pending of wells PP F-12, PP F12-3, PP F12-4, PP F12-5 and PP F-29 in the amount of $340,549.

As of January 11, 2012, the status of the Palmetto Point, Mississippi wells is as follows (only wells 12-1; 12-3; 12-4; and 12-5 are within the Belmont Lake oil field: all others are historic wells in the area in which we have interests):

Well Name	Spud/Start	Complete	Results	Depth	Status
PP F-40	May 11/06	May 16/06	Frio Gas; 12 ft.	3850	Shut-in
PP F-118	May 18/06	May 22/06	Frio Gas; 14 ft.	3808	Shut-in
PP F-39	June 10/06	June 16/06	Frio Gas/Oil; 12 ft.	3900	Shut-in
PP F-42	June 18/06	June 21/06	Frio Gas/Oil; 10 ft.	3170	Shut-in
PP F-36-2	June 23/06	July 2/06	Frio Gas; 8 ft.	3450	Shut-in
PP F- 29*	Nov 11/06	Nov. 14/06	Frio Gas; 37 ft.	4100	Producing
PP F-12-1	Dec 18/06	Dec. 24/06	Frio Gas; 3 ft. Frio Oil, 26 ft.	4016	Producing
PP F-6B		July 27/06	Frio Gas		Shut-in
PP F-52A		July 27/06	Frio Gas		Shut-in
PP F-12-3	Oct/07	Oct/07	Frio Oil	3150	Producing
PP F-12-4	Aug/10	Oct/10	Frio Oil	3150	Producing
PP F-12-5	Sep 12/10	Nov 23/10	Frio Oil	3150	Producing

*Well PP F-29 gas production is used for the existing oil well operations and is not for sale to third parties.

We successfully drilled and completed seven (7) wells under the AMI program. Certain wells were placed into production but subsequently plugged and abandoned. Other wells remain shut-in and may be plugged and abandoned if natural gas prices do not return to levels that justify economic production.

Those wells that remain shut in are noted below:

Well Name	Spud/Start	Complete	Results	Depth	Status
CMR-USA-39- 14 RB F-3	Sept. 8/06	Sept. 12/06	Frio Gas 14 ft.	3,200	Shut-in
Faust #1, TEC F-1	Feb. 05/07	Feb. 11/07	Frio Gas 9 ft	5,350	Shut-in
CMR/BR F-24	Feb. 20/07	Feb. 24/07	Frio Gas	3,250	Shut-in (Well assigned to another operator)
RB F-1 Red Bug #2	May 08/07	May 13/07	Frio Gas 10 ft	3,180	Shut-in
BR F-33	May 20/07	May 24/07	Frio Gas 12 ft	3,837	Shut-in

Proved undeveloped reserves make up over 50% of the Company's total proved reserves. We have suffered delays in the development of Belmont Lake field due to the complexities of oil field development in a flood-plain of the Mississippi River, and weather conditions primarily in 2009, 2010, and 2011 that were historically unusual. As a result our independent reserve engineer presently has four wells at Belmont Lake classified as Proved Undeveloped. With our current working interest of 42%, our expected pro-rata development costs are approximately $273,000 per well. One of these wells (the 12-7) currently has a development permit and will be drilled as early in 2012 as possible.The other three of these wells require permits and consents and are scheduled for drilling late in 2012 or in 2013. All well drilling will require us to produce or raise sufficient funds to participate as to our 42% working interest.

Production and Prices

The following table sets forth information regarding net production of oil and natural gas, and certain price and cost information for fiscal years ended October 31, 2011, 2010 and 2009.

	For the fiscal year ended October 31, 2011	For the fiscal year ended October 31, 2010	For the fiscal year ended October 31, 2009
Production Data:			
Natural gas (Mcf)	0	360	13,138
Oil (Bbls)	11,506	4,641	7,461
Average Prices:			
Natural gas (per Mcf)	$4.20	$4.50	$3.77
Oil (per Bbl)	$108.74	$81.47	$50.00
Production Costs:			
Natural gas (per Mcf)	$Nil	$15.72	$9.43
Oil (per Bbl)	$17.21	$17.43	$11.00

Productive Wells

The following table summarizes information at October 31, 2011, relating to the productive wells in which we owned a working interest as of that date. Productive wells consist of producing wells and wells capable of production, but specifically exclude wells drilled and cased during the fiscal year that have yet to be tested for completion Gross wells are the total number of producing wells in which we have an interest, and net wells are the sum of our fractional working interests in the gross wells.

	Gross			Net		
Mississippi	**Oil**	**Gas**	**Total**	**Oil**	**Gas**	**Total**
Producing	4	0	4	1.56	0	1.56
Non Producing	4	1	5	1.43	0.36	1.79
Total	8	1	9	2.99	0.36	3.35

Unaudited Oil and Gas Reserve Quantities (The reserve and production numbers used below are in compliance with the US Securities and Exchange Commission and may not precisely match the equivalent Canadian disclosed figures)

The unaudited reserve estimates for Mississippi, as of October 31, 2011, were prepared by Veazey & Associates, an independent petroleum engineering firm.

The reserves are based on forecast price assumptions. The estimated proved reserves prepared by Veazy and Associates are summarized in the tables herein, in accordance with definitions and pricing requirements as prescribed by the Securities and Exchange Commission (the"SEC"). Prices paid for oil and natural gas vary widely depending upon the quality suchas as Btu content of the natural gas, gravity of the oil, sulfur content and location of the production related to the refinery or pipelines.

There are many uncertainties inherent in estimating proved reserve quantities and in projecting future production rates and the timing of development expenditures. In addition, reserve estimates of new discoveries that have little production history are more imprecise than those of properties with more production history. Accordingly, these estimates are expected to change as future information becomes available.

Proved oil and gas reserves are the estimated quantities of crude oil and natural gas which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

Proved developed oil and gas reserves are those reserves expected to be recovered through existing wells with existing equipment and operating methods.

Unaudited net quantities of proved developed and undeveloped reserves of crude oil and natural gas (all located within United States) are as follows:

The standardized measure of discounted future net cash flows relating to proved natural gas and oil reserves is as follow

	USD$
Future cash inflows	16,940,866
Future production costs	(4,409,690)
Future development costs	(1,070,698)
Future net cash flows - undiscounted	11,460,478
10% annual discount for estimated timing of cash flows	(3,388,906)
Standardized measure of discounted future net cash flows	8,071,572

Year-end price per Mcf of natural gas used in making standardized measure determinations as of October 31, 2011 was $4.20. Year-end price per Bbl of oil used in making these same calculations was $108.74.

Estimated Net quantities of Natural Gas and Oil Reserves:

The following table sets forth our proved reserves, including changes, and proved developed reserves at the end of October 31, 2011.

	Crude Oil (MBbls)	Natural Gas (MMcf)	Crude Oil Equivalents (MBbls)
Proved reserves:			
Beginning of the year reserve	125.64	-	125.64
Adjustments of reserves in place	41.65	3.22	42.19
Production	(11.54)	(3.22)	(12.04)
End of year reserves	155.79	-	155.79
Proved developed reserves:			
Beginning of the year reserve	57.33	-	57.33
End of year reserves	68.07	-	68.07

Oil and Gas Acreage

The following table sets forth the undeveloped and developed acreage, by area, held by us as of October 31, 2011. Undeveloped acres are acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas, regardless of whether or not such acreage contains proved reserves. Developed acres are acres, which are spaced or assignable to productive wells. Gross acres are the total number of acres in which we have a working interest. Net acreage is obtained by multiplying gross acreage by our working interest percentage in the properties. The table does not include acreage in which we have a contractual right to acquire or to earn through drilling projects, or any other acreage for which we have not yet received leasehold assignments.

	Undeveloped Acres			Developed Acres	
	Gross	Net		Gross	Net
Mississippi	220	132		1,160	316.72
Total	220	132		1,160	316.72

Drilling Activity

The following table sets forth our drilling activity during the years ended October 31, 2011, 2010 and 2009.

	2011		2010		2009	
	Gross	Net	Gross	Net	Gross	Net
Exploratory wells:						
Productive						
Dry	1	.04			2	.72
Development wells:						
Productive			2	1.28		
Dry			1	.64		
Total wells			3	1.92	2	.72

The reservoir was discovered in 2006 an at that time contained no infrastructure. It is located adjacent to the Mississippi River where water levels fluctuate seasonally, and flood three years out of four. Flooding of the Mississippi River in 2008-2011 was more extensive than usual and allowed for very limited access to the oil field for development purposes. This culminated in the flooding of the Mississippi River in 2011 that was extreme and was documented in various news reports. Record-high water levels (in some cases breaking 200 year-old levels were recorded. These unforseeable weather conditions have caused repeated delays in the development of the oil reservoir. Additional flooding in the future could cause additional delays in the planned development of the oil field.

The Company and its Operator realized, after trying to produce the field and develp it through two seasons, that a "12-month" production solution needed to be found. The production solution (compressed gas-lift system that replaces traditional pumps) required time to initiate, test, and implement, but has been successfully deployed and operational since October, 2008.

Our audited financial statements are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles.

Results of Operations for our Years Ended October 31, 2011 and 2010

Our net loss and comprehensive loss for the year ended October 31, 2011, for the year ended October 31, 2010 and the changes between those periods for the respective items are summarized as follows:

		Year Ended October 31, 2011 $		**Year Ended October 31, 2010 $**		**Change Between Year Ended October 31, 2011 and Year Ended October 31, 2010 $**
Revenue	$	1,133,766	$	362,471	$	771,295
Other (income)expenses		Nil		Nil		Nil
General and administrative		1,004,137		641,318		362,819
Interest expense		223,673		167,322		56,351
Write down in carrying value of oil and gas properties		Nil		1		(1)
Consulting fees		262,134		168,512		93,622
Oil and gas operating expenses		297,656		152,479		145,177
Professional Fees		90,448		50,562		39,886
Net Income (loss)		(538,226)		(552,462)		14,236

Revenue

Our revenue increased by $771,295 during the year ended October 31, 2011. The increase in our oil and gas revenues for our year ended October 31, 2011 was largely due to increased production volumes for oil wells PP F-

12-1 and PP F-12-3 along with the addition of two new wells 12-4 and 12-5. The revenue for the fiscal year 2011 is net of the revenue interests that were assigned to the related parties of the Company. The assigned revenue interests, their related cost of revenue and payout of net revenue were included as a part of the Company's operations for the Company's financial statements of first three quarters in fiscal year 2011, which have been reclassified in the yearend financial statements. As the amount of revenue recorded was not significantly material and there was no net impact on the net profit of the Company's operations for the financial statements of its first three quarters of 2011, the revenue and cost of revenue of the first three quarter financial statements of fiscal year 2011 have not been reclassified.

General and Administrative

Our general and administrative expenses increased by $362,819 during the year ended October 31, 2011. The increase in our general and administrative expenses for our year ended October 31, 2011 was due to increased stock based compensation by $19,000, consulting fees by $94,000, professional fees by $40,000, foreign exchange by $30,000, filing fees by $10,000, interest expense by $57,000, travel by $44,000, investor relations by $28,000 and advertising by $40,000.

Professional Fees

Our professional fees increased by $39,886 during the year ended October 31, 2011. There was an increase in accounting, audit and legal fees for our year ended October 31, 2011 in connection with the preparation and filing of a Form S-8 and Form S-1.

Interest Expense

Interest expense increased by $56,351 during the year ended October 31, 2011. The increase in interest expense for our year ended October 31, 2011 is due to the convertible debt financing made to the Company.

Oil and Gas Operating Expenses

Oil and gas operating expenses increased to $145,177 during the year ended October 31, 2011. The increase in oil and gas operating expenses for our year ended October 31, 2011 was due to the increased production volumes for oil and gas and the addition of two new wells 12-4 and 12-5. An average price of $103.53 per barrel was received during the 2011 fiscal year compared to an average of $76.64 per barrel for fiscal year 2010. Our net interests in the wells of Belmont Lake, had production volumes for the fiscal year ending October 31, 2011 were approximately 12,044 barrels; of which 5,757 came from the new wells 12-4 and 12-5: compared to production volumes for the year ending October 31, 2010 which were approximately 4,701; of which 672 came from the 12-4 well. In each year, the remaining oil production was from the 12-1 and 12-3 wells. The operating cost per barrel for October 31, 2011 was approximately $24.71 and the cost per barrel for October 31, 2010 was approximately $32.43.

Liquidity and Financial Condition

Working Capital	At October 31, 2011	At October 31, 2010
Current assets	$ 264,228	$ 140,206
Current liabilities	1,078,583	1,049,647
Working capital (deficiency)	$ (814,355)	$ (909,441)

The Company has a working capital deficiency of $814,355 as of October 31, 2011. Historically the Company has funded operations from debt or equity financings and will attempt to do the same going forward, No assurances can be provided that the company will be successful in raising additional funds. Our oilfield operations (excluding G&A and other corporate expenses) generated $1,133,766 in revenue in the year to Oct 31, 2011 while our field operating costs were $297,656, generating positive oil field cash flow of $836,110 prior to depletion and G&A expenses. The Company will need to refinance or renegotiate its debt obligations; operating requirements; and capital expenditures to whatever extent its oil field operations are unable to do so.

Cash Flows

	Year Ended	
	October 31, 2011	October 31 2010
Cash flows from (used in) operating activities	$ (195,103)	(330,336)
Cash flows (used in) investing activities	(697,690)	(285,242)
Cash flows from (used in) financing activities	861,005	348,400
Net increase (decrease) in cash during year	$ (31,788)	(267,178)

Operating Activities

Net cash used in operating activities was $195,103 for our year ended October 31, 2011 compared with cash used in operating activities of $330,336 in the same period in 2010. This difference was largely due to an increase in accounts payable of which $200,000 is for the payable for the increased working interest in Belmont Lake contracted for during fiscal 2011.

Investing Activities

Net cash used in investing activities was $697,690 for our year ended October 31, 2011 compared to net cash used in investing activities of $285,242 in the same period in 2010 was mainly attributable to the two new wells at Belmont Lake.

Financing Activities

Net cash provided in financing activities was $861,005 for our year ended October 31, 2011 compared to net cash provided of $348,400 in the same period in 2010. This was largely from the proceeds of a convertible debt financing and conversion of stock options and warrants in 2011.

Contractual Obligations

As a "smaller reporting company", we are not required to provide tabular disclosure obligations.

Going Concern

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. Our company has a net loss of $538,226 for the year ended October 31, 2011 [2010 – net loss of $552,462] and at October 31, 2011 had a deficit accumulated during the exploration stage of $4,462,618 [2010 – $3,924,392]. Our company has a working capital deficiency of $814,355 as at October 31, 2011 [2010 - $909,441]. Our company requires additional funds to maintain our existing operations and to acquire new business assets. These conditions raise substantial doubt about our company's ability to continue as a going concern. Management's plans in this regard are to raise equity and debt financing as required, but there is no certainty that such financing will be available or that we will be available at acceptable terms. The outcome of these matters cannot be predicted at this time.

These financial statements do not include any adjustments to reflect the future effects on the recoverability and classification of assets or the amounts and classification of liabilities that might result from the outcome of this uncertainty.

At this time, we cannot provide investors with any assurance that we will be able to raise sufficient funding from the sale of our common stock or through a loan from our directors to meet our obligations over the next twelve months. We do not have any arrangements in place for any future debt or equity financing.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to stockholders.

Critical Accounting Policies

The discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with the accounting principles generally accepted in the United States of America. Preparing financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses. These estimates and assumptions are affected by management's application of accounting policies. We believe that understanding the basis and nature of the estimates and assumptions involved with the following aspects of our financial statements are critical to an understanding of our financial statements.

Recent Accounting Pronouncements

In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income, which is effective for annual reporting periods beginning after December 15, 2011. ASU 2011-05 will become effective for the Company on January 1, 2012. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. In addition, items of other comprehensive income that are reclassified to profit or loss are required to be presented separately on the face of the financial statements. This guidance is intended to increase the prominence of other comprehensive income in financial statements by requiring that such amounts be presented either in a single continuous statement of income and comprehensive income or separately in consecutive statements of income and comprehensive income. The adoption of ASU 2011-05 is not expected to have a material impact on the Company's financial position or results of operations.

In May 2011, the FASB issued ASU 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs", which is effective for annual reporting periods beginning after December 15, 2011. This guidance amends certain accounting and disclosure requirements related to fair value measurements. Additional disclosure requirements in the update include: (1) for Level 3 fair value measurements, quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements to changes in the unobservable inputs; (2) for an entity's use of a nonfinancial asset that is different from the asset's highest and best use, the reason for the difference; (3) for financial instruments not measured at fair value but for which disclosure of fair value is required, the fair value hierarchy level in which the fair value measurements were determined; and (4) the disclosure of all transfers between Level 1 and Level 2 of the fair value hierarchy. The Company is currently evaluating the impact of the adoption.

Related Party Transactions

(a) For the year ended October 31, 2011, the Company paid / accrued $96,000 to CAB (2010: $97,200), Tom Ihrke, the VP of business development, $34,375 (2010: $8,557), and BKB Management Ltd. ("BKB") CAD$64,000 (2010: CAD$54,900) for management, consulting and accounting services. CAB is owned by the president of the Company and BKB is owned by the CFO of the Company.

(b) The related party transactions are recorded at the exchange amount established and agreed to between the related parties.

(c) On October 27, 2008 the Company entered a secured loan agreement in the amount of CAD$300,000 with CAB. (See Note 7a). On July 10, 2009 $40,000 of the debt was converted to equity. On October 21, 2010, the Company settled a portion of the debt, namely US$1,625 with CAB by converting 65,000 warrants into 32,500 common shares of the Company as per Purchase Agreement dated October 27, 2008 at a price of $0.05 per share. On June 28, 2011, the Company paid down CAD $100,000 of the debt. For the year ended, October 31, 2011, the Company accrued and paid interest expenses of CAD $41,509 (2010: CAD$51,025)

(d) On October 27, 2008 the Company entered a secured loan agreement in the amount of CAD$400,000 with Christopher Bunka. (See Note 7a). On October 21, 2010, the Company settled a portion of the debt, namely $2,166.65 with Christopher Bunka by converting 86,667 warrants into 43,333 common shares of the Company as per Purchase Agreement dated October 27, 2008 at a price of $0.05 per share. For the year ended, October 31, 2011, the Company accrued and paid interest expenses of CAD $71,610 (2010: CAD$80,874).

(e) Additional information in financial statement notes 4, 5, 6, and 7.

(f) On April 1, 2010, the Company entered a non-secured loan agreement in the amount of US$75,000 with CAB. For the year ended October 31, 2011, the Company accrued and paid interest expenses of $13,500 (2010: $7,875).

(g) On September 13, 2010, the Company entered a demand loan agreement in the amount of US$90,000 with CAB. The Company accrued interest of $3,884 and paid interest of $3,150. On January 31, 2011, the Company paid back the loan in full.

(h) Included in accounts payable, $94,696 (October 31, 2010: $90,027) was payable to companies controlled by the president, key management personnel and directors of the Company.

(i) For the year ended October 31, 2011, the Company has paid/accrued $153,563 (2010: $Nil) to 0743608 BC Ltd., $64,553 (2010:$Nil) to Emerald Atlantic LLC, and $18,196 to Tom Ihrke (2010: $Nil) for their respective Non-consent Interests in Belmont Lake. . With respect to the assignment agreements that the Company entered into on September 13, 2010, with 0743608 BC Ltd, a company solely owned by a director of our company, Emerald Atlantic LLC, a company solely owned by a director of our company, and our Senior VP Business Development. (the "Assignees"), whereby the Assignees have paid a fee of US$408,116 to earn a 24% share of our company's gross non-perpetual 32% interest in the three oil wells being drilled in Wilkinson County, Mississippi. As a result of the three assignment agreements, we receive at no cost to our company, a carried interest of 8% in these same rights and benefits. Our company assigns, transfers and sets over to the Assignees, all proportionate rights, interest and benefits in the Assigned Non Perpetual Interest held by or granted to the Assignor in and to the Participation Agreement between our company and Griffin but limited to a gross 500% revenue payout based on the total amount paid under the Initial Consideration and the Subsequent Consideration after which all rights, interests and benefits cease.

The table below explains the additional 32% known as the non-consent interest that Lexaria participated in. The 32% non-consent was then shared with the three parties mentioned in this paragraph with the funds they provided in wells 12-4 and 12-5 as mentioned in Section I. The non-consent interest from the third parties is netted against Revenue in the Statement of Operations.

	Non-consent 32%	**Ratio Net 10 for 7.5**	**Gross 32% Ownership**	**Net 32% Ownership**
Lexaria % of 32 % penalty				25.0%
Ihrke % of 32% penalty	2.46399%	1.84799%	7.69996%	5.77497%
BC % of 32% penalty	20.79469%	15.59602%	64.98341%	48.73756%
DeMartini of 32% penalty	8.74132%	6.55599%	27.31663%	20.48747%
	32.00000%	24.00000%*		

***The difference of 32% less 24% is gross 8% working interest for Lexaria for wells 12-4 and 12-5**

Commitments, Significant Contracts and Contingencies

On November 27, 2008, the Company entered into a Consulting Agreement with CAB Financial Services Ltd. for consulting services of CAB on a continuing basis for a consideration of US$8,000 per month plus GST.

On May 12, 2009 the Company entered into a consulting agreement with BKB Management Ltd. to act as the Chief Financial Officer and a Director for an initial period of six months for consideration of CAD $4,500 per month plus GST. This agreement replaces the September 1, 2008, Controller Agreement with CAB Financial Services Ltd. Subsequent to October 31, 2010, effective January 1, 2011, the consideration was increased to CAD$5,500 per month plus GST/HST.

On August 5, 2010 we entered into a three-month Management agreement with Tom Ihrke, whereby Mr. Ihrke will act as the Senior Vice-President, Business Development for the Company for consideration of $3,125 per month. On December 2, 2010, the Company entered into a month to month management agreement with Tom Ihrke, where by Mr. Ihrke will continue to act as the Senior Vice-President Business Development for the Company. On October 3, 2011 Mr. Ihrke and the Company amended the agreement whereby his title changed to Manager, Business Development. The Company will pay a monthly consulting fee of $3,125.

As of October 31, 2011, there is one pending lawsuit against the Company. While the ultimate outcome of this matter is not presently determinable, it is the opinion of our management that the resolution of this outstanding claim will not have a material adverse effect on our financial position or results of operations. As of October 31, 2011, the Company has not recorded any loss in terms of this lawsuit.

Subsequent Events

On December 1, 2011 we closed a private placement offering of convertible debentures in the aggregate amount of $200,000. The convertible debentures mature on December 1, 2012, subject to forced conversion as set out in the convertible debenture certificate. The convertible debentures pay an interest rate of 12% per annum (on a simple basis) and are convertible at $0.35 per unit. Each unit is comprised of one share of our common stock and one share purchase warrant. Each warrant entitles the holder thereof to purchase one share at a price of $0.40 per share from the earlier of the maturity date of the convertible debenture or one year from conversion of the convertible debenture. We also entered into a general security agreement with the subscribers, whereby the obligations to repay the convertible debenture are secured specifically by the Company's working interest and production in the PP F-12-7 well to be drilled in the field known as and located at Belmont Lake, Mississippi. The Notes are secured secondarily by the Issuer's working interest and production in the PP F-12-4 and PP F-12-5 wells, subordinate to all other debt claims existing against the PP F-12-4 and PP F-12-5 wells as of December 1, 2011. Other Company assets are ***not*** offered as security of the Notes, with carrying value of $1M for the $620,000 private placement offering on November 30, 2010 and December 16, 2010 (see note 7(b)). The convertible debenture was entered into by two directors of the Company, David DeMartini and CAB Financial Services Ltd, solely owned by a director.

Controls and Procedures

Management's Report on Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the *Securities Exchange Act of 1934*, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our president and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer) to allow for timely decisions regarding required disclosure.

As of October 31, 2011, the end of our fiscal year covered by this report, we carried out an evaluation, under the supervision and with the participation of our president and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer), of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our president and chief executive officer (also our principal executive officer) and our chief financial officer (also our principal financial and accounting officer) concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of internal control include providing management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States. Our management assessed the effectiveness of our internal control over financial reporting as of October 31, 2011. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in *Internal Control-Integrated Framework*. Our management has concluded that, as of October 31, 2011, our internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with US generally accepted accounting principles. Our management reviewed the results of their assessment with our Board of Directors.

This annual report does not include an attestation report of our company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit our Company to provide only management's report in this annual report.

Inherent limitations on effectiveness of controls

Internal control over financial reporting has inherent limitations which include but is not limited to the use of independent professionals for advice and guidance, interpretation of existing and/or changing rules and principles, segregation of management duties, scale of organization, and personnel factors. Internal control over financial reporting is a process which involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper management override. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements on a timely basis, however these inherent limitations are known features of the financial reporting process and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting that occurred during the year ended October 31, 2011 that have materially or are reasonably likely to materially affect, our internal controls over financial reporting.