

GREAT PACIFIC INTERNATIONAL INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

The following Management Discussion and Analysis dated July 19, 2008 should be read in conjunction with the Company's audited consolidated financial statements for the year ended March 31, 2008, the Company's Form 51-101F1 dated July 19, 2008, as well as the reference to forward-looking statements within this report.

The fiscal years ended March 31, 2008 and 2007 are referred to as "FY-2008" and "FY-2007", respectively. The three month periods ended March 31, 2008 and 2007 are referred to as "Q4-2008" and "Q4-2007", respectively. The period from April 1, 2008 and up to July 19, 2008 is referred to herein as "YTD 2009".

CORPORATE OVERVIEW

Great Pacific International Inc. (also referred to as "Great Pacific", "our" or "we") is a development stage junior public oil and gas company. The fiscal year ended March 31, 2008 was Great Pacific's first full year of operations in the petroleum industry. We discontinued our prior operations as a development-stage loyalty points program business in FY-2007.

Great Pacific's oil and gas operations are primarily located in Alberta, Canada.

Great Pacific is a publicly-traded Canadian corporation. The common shares of Great Pacific trade on the TSX Venture Exchange ("TSX-V").

The accounts of Great Pacific at March 31, 2008 include the accounts of Great Pacific International Inc. and its wholly-owned subsidiary, GPI Oil and Gas Inc. GPI Oil and Gas Inc. holds certain of the Alberta oil and gas property interests presented below. GPI Oil and Gas Inc. was incorporated in British Columbia, and extra-provincially registered in Alberta, in FY-2008. The Midland Basin prospect area rights presented below are held by GPI Petroleum Inc., a wholly-owned subsidiary of Great Pacific. GPI Petroleum Inc. was incorporated in Texas, USA, in May 2008. Great Pacific and its subsidiaries are collectively referred to herein as "the Company".

In this MD & A the following acronyms are used:

bbls	Barrels of oil
mcf	Thousand cubic feet
boe	Barrels of oil equivalent
P & NG	Petroleum and natural gas
/d	Per day
Ha	hectare

Please note that oil equivalency measures are expressed based on energy equivalence, estimated at 6 mcf natural gas = 1 bbl oil = 1 boe. Energy equivalence values differ materially from market value equivalency measures.

Per diem production (expressed in terms of bbls/d, mcf/d or boe/d) is expressed on the basis of total production volumes in a specified period, divided by total number of calendar days within that period.

OVERVIEW OF OPERATIONS – Fiscal year ended March 31, 2008

The operations of the Company are presented by the following functional areas:

- 1.) Petroleum operations – Canada
- 2.) Petroleum operations – USA
- 3.) Financing
- 4.) Net income

These are presented as follows:

1. Petroleum operations: Canada

The Canadian petroleum operations of the Company for the twelve and three month periods ended March 31, 2008 and for YTD-2009 are discussed below. The Company's Canadian petroleum operations are presented by property grouping, as follows:

Canada

- Mistahiya-group properties
- Farm-in rights
- Crown Leases
- Well re-works
- Manitoba petroleum leases

Mistahiya-group properties

In the fourth quarter of fiscal 2007, the Company obtained its initial oil and gas assets by way of a block acquisition from Mistahiya Resources Ltd. ("Mistahiya"). These assets, the "Mistahiya group properties", comprise the following:

- 36% net revenue interests in 6 producing oil wells near Red Earth Village and Peerless Lake, north-central Alberta
- 36% net revenue interest in 1 suspended well holding proved developed producing reserves, near Peerless Lake, Alberta ("Keg River KK well")
- 12-36% net revenue interests in 5 suspended oil wells with no reserves assigned
- 7% – 18% net revenue interests in 3 properties with probable undeveloped oil reserves near Peerless Lake, Rainbow Lake, and south-central Alberta, respectively.
- 9% net revenue interest in 1 property with probable undeveloped gas reserves, near Redwater, Alberta
- 3.8% net revenue interest in 1 property with a producing gas well, in south-central Alberta

The Mistahiya-group properties were acquired pursuant to an agreement dated October 27, 2006, made effective March 9, 2007. The Company started participating in oil and gas production from the Mistahiya-group properties on April 1, 2007, the start of the first quarter of fiscal 2008 ("Q1-2008").

All the Company's Canadian production is from the Mistahiya properties.

Revenue from the Mistahiya properties was higher than anticipated due to the increase in commodity prices and temporary increases in working interests, offsetting production decreases due to the suspension of several wells.

As noted, production in the period reflected enhanced volumes due to Great Pacific earning a temporary increase in our working interest in two of the six wells. This increased interest (the "re-work penalty") accrued to Great Pacific upon Great Pacific funding a joint partner's proportionate share of certain re-work expenditures. As compensation for funding the joint participant's share of the re-work costs, Great Pacific was entitled to receive 100% of net revenue (revenue less operating, land, lifting and royalty costs) from the re-worked wells until that time when net revenue received from those re-worked wells totalled 125% of the total re-work costs funded. As of March, 2008 the

Company's interest in those wells reverted to 36% upon the lapsing of the re-work penalty. As a result of the reversion of the re-work penalty in March 2008, our share of oil production from the Mistahiya-group properties has been from 1.2 fewer net wells in YTD-2009.

Net production to Great Pacific's interest (net of royalties) from the 6 producing Mistahiya-group oil wells and the Mistahiya-group natural gas well interest in FY-2008 and Q4-2008 (on a per-calendar basis) was as follows:

	<u>Q4-2008</u>	<u>YTD-2008</u>
Oil (bbls)	28 bbls/d	13 bbls/d
Gas (mcf)	5 mcf/d	4 mcf/d
Total (boe,6:1)	29 boe/d	14 boe/d

Oil production, on a normalized 36% basis excluding the excess production attributable to the re-work penalties, was 21bbls/d and 9.5bbls/d to Great Pacific for Q4-2008 and FY-2008, respectively.

On the normalized 36% basis, overall production volumes were lower than expected. Reduced volumes reflected several adverse factors, including the delayed start-up of two wells requiring re-working in July, the on-going suspension of the Keg River KK well, and the temporary suspension of a third well, again due to bottom-hole equipment failure.

Reported production amounts for Q4-2008 and FY-2008 reflected the seasonality inherent in our Alberta oil production. Our Red Earth/Peerless Lake assets are not tied into a gathering system, and thus all product is shipped from the well-site by truck. Accordingly these wells do not produce in our first quarter as spring break-up makes transport prohibitive. Further, two of the six producing wells only produce during the winter months, as access requires frozen ground.

The Company's interests in the Mistahiya properties are non-operated. As a non-operated interest holder, we participate in the production volumes only to the extent of our net revenue interest in each producing well. Accordingly, figures for oil and natural gas sales revenue and operating expenses presented are stated net of Crown and freehold royalties.

The Mistahiya-group properties are located throughout Alberta, but predominantly in the area near Peerless Lake and Red Earth Village, Alberta ("Peerless Lake Area of Interest"). Further details on the leases comprising the Mistahiya-group properties are presented below, by geographic operating area.

Peerless Lake Area Of Interest, Alberta Canada

All our oil-producing Mistahiya-group properties are located in the Peerless Lake Area of Interest. These properties include producing and suspended oil and gas wells in the area of Peerless Lake – Red Earth village of north-central Alberta. The Peerless Lake Area of Interest assets forming part of the Mistahiya-group properties are summarized as follows:

- 2.2 net producing oil wells
- 18% interest in the "Kidney E/33 prospect"
- 36% interest in the suspended "Keg River KK" well, assigned proven reserves but inactive due to bottom-hole equipment failure
- 12-36% interests in 5 suspended wells inactive due to reserve exhaustion or marginal re-work potential

Our exploration and development activities in the Peerless Lake Area of Interest in FY-2008 are summarized below:

- Trade seismic acquisition and interpretation
- Re-work three producing wells
- Pre-drill evaluation and site surveying on the Kidney E/33 prospect

In YTD-2008, the Company entered into advanced negotiations to acquire the outstanding 64% interest in the Mistahiya-group properties in the Peerless Lake Area of Interest. However, the Company did not proceed with the purchase of that interest and is longer in negotiations in respect of that interest.

Other: The “other” Mistahiya-group properties are summarized as follows:

“Grand Forks”	7.2% working interest in 32 hectare oil re-entry target
“Rainbow Lake”	18% working interest in 256 ha oil re-entry target
“Redwater”	9% working interest in 240 ha natural gas target, at the productive edge of the Redwater field
“Empress/Acadia”	3.28% working interest in a producing 256 ha gas lease, having minor amounts of remaining reserves assigned.

The Grand Forks, Rainbow Lake and Redwater leases are undeveloped, and have been assigned “probable undeveloped” reserves in our NI51-101-compliant reserves evaluation, dated June 4, 2008. The Empress/Acadia is a mature gas well, with only minor remaining gas reserves.

Our ability to develop the Grand Forks, Rainbow Lake, Redwater and Kidney E/33 targets may require, among other factors, the participation of one or more joint participants. In general, as we have a minority interest in all of the Mistahiya-group properties, our ability to further develop these properties, whether through drilling, workover or other investments, may be effected by the participation of our joint interest-holders.

Farm-in rights

At March 31, 2008 we held farm-in rights to a 2-D seismic indicated new pool wildcat oil target in the Red Earth area and to two natural gas development targets in the area of the Chinchaga river, northwest Alberta. These option lands are unearned as at July 19, 2008, and management does not expect to drill the earn-in wells until December, 2008. These option lands are referred to herein as the “RLE Red Earth Lands” and the “Haro East Project”, respectively.

In FY-2008, we also participated in the “3-20” and “Devon/Paramount seismic option” earn-in agreements, and by March 31, 2008 we had completed all required work pursuant to those agreements. We held no further option rights pursuant to these earn-in agreements at March 31, 2008.

Details of property option rights held at March 31, 2008 and July 19, 2008, and details of the completed 3-20 and Devon/Paramount seismic option agreement are presented below.

RLE Red Earth Lands (RLE farm-in)

The Company acquired drilling option rights to 1,280 gross acres near Red Earth Alberta in the quarter ended June 30, 2007 ("Q1-2008"). These rights were acquired pursuant to a farm-in agreement with Rocky Layman Energy Inc. ("Rocky Layman") a private company. The RLE Red Earth lands farm-in agreement was originally announced April 26, 2007, and was amended at October 10, 2007 and again at December 31, 2007.

The significant terms of the Rocky Layman farm-in agreement, reflecting the initial terms as amended at October 10, 2007 and December 31, 2007 are as follows:

- Drilling an earn-in well (the "11-89 Red Earth test well") will earn Great Pacific a 100% working interest in that test well (subject to a 5-15% lessor royalty convertible to a 40% working interest), and a 50% interest in 1,240 gross acres of petroleum and natural gas ("P & NG") leases.
- The deadline to drill the test well is December 1, 2008.
- The penalty for failing to drill the test well by December 1, 2008 is forfeiture of a \$100,000 drilling deposit placed in trust by the Company with the optionor as an advance against drilling costs on this project.
- The Company will lose its option rights to the Red Earth lands rights should it fail to satisfy the terms of the Haro East project farm-in (below).

The remaining cost to drill the Red Earth 11-89 test well on the new farmout lands to depth is estimated to be \$840,000.

Haro East project

In Q3-2008, as announced in a news release dated January 11, 2008 and as referenced above, Great Pacific also acquired farm-in rights to two natural gas drill targets near existing known natural gas production. These targets are referred to herein as the "Haro East project".

Our farm-in interest in the Haro East project was acquired pursuant to the above-described amended farm-out agreement with Rocky Layman Energy Inc., dated December 31, 2007. Pursuant to this agreement, Great Pacific acquired the right to drill two option wells to test the Banff formation. The wells are primarily targeting the Bluesky formation, which is considered prospective for natural gas in the area.

By drilling each of these wells, the Company will earn a 100% working interest in each well drilled (subject to a 15% lessor over-riding royalty convertible at payout to a 50% working interest), plus a 50% working interest in two additional adjacent sections of P & NG leases.

Under the terms of the farm-out agreement, the Company was to drill these wells on or before the earlier of March 1, 2008 or that first date that the well-site is accessible (reasonably considering such factors as viable weather conditions, rig availability and regulatory approvals). The agreement stipulates that if Great Pacific was unable to drill one or both of these option wells prior to March 1, 2008 due to adverse conditions, Great Pacific has the right to defer without penalty the drilling of the option well(s) until that time that the prohibitive condition no longer persists. It was agreed by Great Pacific and the optionor that the well-sites were not suitably accessible at March 1, 2008, and thus the Company has, by agreement with the optionor, deferred the drilling of the two Haro East wells. Based on ground conditions, normal climatic patterns, and regulatory restrictions on site access certain times of the year, Great Pacific does not expect to be able to drill these leases prior to December 1, 2008.

If the Company does not drill the Haro East wells at the first possible opportunity, the Company will forfeit all rights to the Haro East property and the Red Earth lands, and will also forfeit the drilling deposit of \$100,000 placed in trust with the optionor.

The estimated remaining cost to drill these wells to depth is \$335,000 per well. The cost to equip and tie-in these wells to third-party marketing infrastructure is estimated at a further \$100,000. We will require additional financing to fund the entire cost of this program.

3-20 project & Devon/Paramount seismic option

In Q1-2008 the Company acquired, by assignment, certain leasehold and seismic option interests, referred to herein as the “3-20 project and the “Devon/Paramount seismic option”, respectively. At March 31, 2008 and July 19, 2008 the Company held no further option rights in respect of this agreement, but retained certain leasehold working interests acquired through this agreement, being:

- A 37.5% working interest (32-36% net revenue interest) in the “3-20” well (shut-in)
- A 75% working interest (subject to a 5-15% lessor over-riding royalty convertible at payout) in 176 hectares of P & NG leases adjoining the 3-20 well (the “3-20 lands”)

The working interests acquired were purchased for cash consideration totalling approximately \$309,000. By making that cash payment, we acquired the rights to participate in the FY-2008 production testing of two Devonian formations in the 3-20 well. These formations were considered prospective for light oil. Unfortunately, this production testing indicated these reservoirs were sub-economic, due to excessive water-cut.

We also acquired a 75% interest in the “Devon/Paramount seismic option”, granting us the right to participate, to a 75% interest, in a 2-D seismic program (totalling 6.4km) on 5 sections of P & NG leases held by Devon ARL Corporation and Paramount Resources Ltd. We participated in that seismic in Q4-2008, which earned us drilling rights on the seismic option lands. However, after reviewing the interpreted seismic data, we elected to not exercise our drilling option, and as a result all such drilling rights to those seismic option lands had lapsed by March 31, 2008.

The operator of the 3-20 project and the earned-lands is Mistahiya Resources Ltd. At the time of our participation in the 3-20 production testing and the 2-D seismic survey, Great Pacific had an officer in common with Mistahiya.

Leases acquired by Crown Auction

In FY-2008 and YTD-2009, the Company acquired 100% working interests in certain Crown P & NG leases. These leases were obtained by participation in Crown lease auctions. At July 19, 2008, the Company held a 100% interest in approximately 3,400 ha of such leases, and a 25% working interest in a further 256 ha of Crown P & NG leases.

Great Pacific has commenced a program of trade seismic acquisition and geological evaluation on these leases.

Manitoba

We acquired 50-100% working interests (43.8 – 100% net revenue interests) in a number of freehold and Crown petroleum and natural gas leases in south-western Manitoba. This property had significant natural gas shows in the past, and management believes it may be prospective for additional natural gas targets. The property was acquired for nominal cash consideration, plus the assumption of asset retirement obligations arising from past development on the property, the present value of which management estimates to be approximately \$26,500.

At March 31, 2008, we held 1,500 net hectares (1,750 gross hectares) of Manitoba leases. At June 23, 2008 our Manitoba land holdings totalled 750 net hectares (820 gross hectares). These leases expire in the year ended March 31, 2009.

We have no plans to develop this property in the immediate future.

PETROLEUM OPERATIONS: UNITED STATES

In FY-2008, our petroleum operations in the United States were very limited, comprising only 2% of total oil and gas revenue and having a book value totalling only 1% of the carrying amount of total oil and gas assets. These operations consisted of participating as a non-operating minority working interest-holder in a natural gas well in the Arkoma Basin area, Arkansas.

However, in YTD-2009, our petroleum operations in the United States expanded considerably upon the acquisition of participation rights to an 8.25 mile prospect area in the Midland Basin of west-central Texas by GPI Petroleum Inc, a wholly-owned subsidiary of Great Pacific. GPI Petroleum was incorporated in YTD-2009. We expect to commence participating in the drilling of this property by August, 2008. We anticipate participating in 2 wells on this test area, with additional participation possible on another 3-5 drill targets based on the results of the first 2 wells.

Our United States petroleum operations at July 19, 2008 are presented below:

Logan County, Arkansas, USA

We acquired a non-operated interest in a gas well in Logan County, Arkansas in May, 2007 at a cost of approximately \$32,000. The well interest was purchased by cash payment. We hold 40 net hectares of this 1,280 gross hectare property, subject to a 30% gross-overriding royalty.

Our production from this well since acquisition at May 1, 2007 is as follows:

	11 months ended March 31, 2008	3 months ended March 31, 2008
Production (mcf/day)	5.7	5.98
Price (USD \$/mcf)	\$5.36	\$6.08
Operating cost (USD \$/mcf)	\$0.26	\$0.30

Midland Basin prospect area, Texas, USA

As described in our press releases dated May 26, 2008 and June 25, 2008, the Company is participating, to a 9.75% net revenue interest, in a 8.25 square mile oil prospect area in the Midland Basin, Texas. This prospect area is adjacent to significant oil production. Our participation rights to this prospect, held by our wholly-owned subsidiary GPI Petroleum Inc., are to a 13% working interest, subject to GPI Petroleum funding 17.3% of the costs of drilling the initial test well to casing-point. GPI Petroleum acquired these participation rights through the cash payment of \$104,000, being our proportionate 13% share of total seismic and land acquisition costs incurred by the project operator.

We have elected to participate in the drilling of the initial test well on this property. This drilling is slated to occur at the end of July, 2008. We expect to participate in the drilling of two wells on this property in Q2-2009; with participation in additional targets subject to satisfactory results from the first two drill-holes. Our geophysical and geological consultants have identified 5-7 drilling targets within this prospect area.

We expect that our share of costs to casing point on the initial well will be approximately \$130,000, with estimated costs to our interest of a further \$55,000 (approximate) for completion of a successful well to production and tie-in.

Financing

As a development stage company, we require external financing to fund our corporate activities and our business development objectives. Thus, achieving our business objectives requires the Company to acquire adequate financing on acceptable terms.

The Company's major external sources of working capital in FY-2008 were the issuance of common shares, through private placement, warrant and option exercise, the receipt of share subscriptions; and also related party advances. We also received funds from our oil and gas production (revenues less operating costs) of approximately \$232,000 in FY-2008.

YTD-2009 private placement

In Q4-2008, the Company announced a private placement offering of common shares and share purchase warrants. This private placement was completed subsequent to March 31, 2008. This financing raised \$1,500,000 through the issuance of 2,000,000 equity units at \$0.75 per equity unit. Each equity unit consisted of 1 common share and 1 share purchase warrant. Each warrant entitles the holder to purchase an additional common share for \$1.00 per share, for a period of 2 years subject to an acceleration provision should the share price remain above \$2.00 per share for 20 consecutive trading days (see *Outstanding Share Data*).

At March 31, 2008 the Company had received share subscriptions pursuant to this offering totalling \$845,700 for the purchase of 1,127,600 such units. This offering was fully subscribed and closed in YTD-2009.

The Company paid finders' fees totalling approximately \$81,000 in respect of this offering, for net proceeds of \$1,419,000.

Q1-2008 and Q2-2008 cancelled private placements

In Q2-2008 we announced the cancellation of the private placement equity offering that we had first announced April 18, 2007 and revised July 25, 2007 (please see press releases on www.Sedar.com).

The private placement was first announced in Q1-2008 as a fully brokered, best-efforts equity offering seeking to raise up to \$25,000,000. The terms of the offering were revised on July 25, 2007, amended to become a \$15,000,000 brokered, best-efforts financing and a \$10,000,000 non-brokered, best-efforts financing.

We were offering non-flow and flow-through units at the prices of \$0.95 and \$1.05 per unit, respectively. Funds raised were to finance an aggressive drilling program on the newly acquired farm-in lands as well as the drilling and re-working of targets on the Mistahiya-group properties.

We significantly scaled back our exploration and development plans for the remainder of FY-2008 due to the cancellation of our Q1-2008 and Q2-2008 private placement financings. Our current exploration and development plans forecast a substantially lower level of investment, commensurate with a significant decrease in expected financing.

Net income

In FY-2008, the Company recorded a net loss of \$867,784 (FY-2007: \$735,513) on oil and natural gas sales of \$517,413 (FY-2007: \$ nil). In Q4-2008, the Company recorded a net loss of \$349,366 (Q4-2007: \$389,586) on oil and natural gas sales of \$245,193 (Q4-2007: \$ nil).

Further details of our financial performance in FY-2008 and Q4-2008 are presented elsewhere in this document.

SELECTED ANNUAL INFORMATION

	Fiscal year ended March 31,		
	2008	2007	2006
	\$	\$	\$
Sales	517,413	-	-
Net loss from continuing operations	867,784	569,481	583,856
Net loss from continuing operations, per share	\$0.05	\$0.04	\$0.06
Net loss from discontinued operations	-	166,032	62,073
Net loss from discontinued operations, per share	-	\$0.01	\$0.00
Total assets	2,555,406	1,346,615	362,918
Total long-term financial liabilities	-	-	-

There were no sales recorded in FY-2008 and FY-2007 as we were not in the oil and gas business at that time.

The increase in net loss from continuing operations in FY-2008 over the prior years reflected the growth in corporate size, activities and staffing levels necessitated by the development stage oil and gas operations commenced in Q4-2007. Net loss from continuing operations in FY-2008 included the effect of a loss on oil and gas operations, owing to the depletion charges recorded in that period.

The increased loss from discontinued operations in FY-2007 was due to the write-off in business development costs related to our discontinued business operations. These capitalized business development costs were charged to operations in the fourth quarter of FY-2007 upon the discontinuation of our loyalty points program business.

The increase in asset size in the quarters stated was due a growth in our equity capital, offsetting our growth in deficit due to accumulated losses.

The composition of our assets and liabilities in each of the years presented differed significantly:

- At March 31, 2008, \$1,677,474 of the total assets (65% of total assets) consisted of oil and gas properties;
- At March 31, 2007, \$777,055 of the total assets (58% of total assets) consisted of oil and gas properties; and
- At March 31, 2006, \$ nil of total assets consisted of oil and gas properties.

At March 31, 2006, the company's assets included \$117,493 of deferred business development costs related to the Company's discontinued operations, whereas at March 31, 2008 the Company had no assets related to those discontinued operations (March 31, 2007: \$2,000).

The Company had no financial liabilities related to debt issuances at March 31, 2008 (excepting trade payables). The company had no long-term debt outstanding at any of the balance sheet dates presented. A summary of debt outstanding (other than long-term debt) at each balance sheet date presented is as follows:

	March 31, 2008	March 31, 2007	March 31, 2006
	\$	\$	\$
Long-term debt	-	-	-
Loans payable	-	-	18,549
Convertible debentures and accrued interest	-	-	116,753
Total debt outstanding (excluding payables)	-	-	135,302

FUTURE PLANS

Management believes that the land position we are accumulating (including both leasehold interests held at July 19, 2008 and acreage we expect to earn by drilling farm-in locations) provides a number of potentially attractive drilling targets. Our future plans involve the exploration and development of these lands, in addition to the acquisition of new oil and gas land rights.

Details on our planned exploration, development and acquisition goals are as follows:

- Participation in the Scurry County, TX oil prospect area (acquired in YTD-2009) to our 13% working interest. We expect to participate in 2 exploratory wells in the year ended March 31, 2009 ("FY-2009"), with 3-5 step-out targets to follow should exploratory drilling prove successful;
- Drilling the two Haro East gas wells;
- Drilling the RLE Red Earth 11-89 test well;
- Proceeding with the development of the Kidney property, including drilling if warranted. Our interests on the Kidney property range from 18% to 100% in 600 net hectares. Exploration and development of the 18% jointly-owned Kidney acreage will require the participation of the joint interest-holders;
- Continued evaluation of 3-4 additional Great Pacific owned property interests, with drilling of one or more as may be merited;
- Participating in the re-work and re-activation of one or more suspended Peerless Lake-area Mistahiya-group wells
- Continued acquisition of western Canadian P & NG leases
- Possible acquisitions of producing assets in regional areas of interest; and
- Continued evaluation of international lease acquisition opportunities. Please see our news release dated June 25, 2008 in respect of these matters.

The extent to which we can complete these future plans will depend on our ability to obtain sufficient equity financing. Furthermore, actual capital allocations and capital expenditures will be modified throughout the fiscal period based on earlier-stage results, and may be materially modified should alternative oil and gas business opportunities be identified in the interim.

In addition, our ability to carry out the oil and gas exploration programs, as with other aspects of our business plan, is subject to a number of risk factors. These include, but are not limited, to such risks as geological conditions, both in terms of realized hydrocarbon reserves and the amenability of lease lands to drilling; the demand for drilling rigs, and the resultant availability and cost of drilling resources; environmental conditions, such as climate and landscape, and the effect of such factors on well site accessibility and the cost of site maintenance and reclamation. Our ability to execute our exploration and development plans is also subject to such economic risks as commodity price risk, capital market conditions and interest and inflation rates, and overall economic conditions. These factors may determine our ability to raise adequate financing and obtain adequate resources. *Please see our Form 51-101 report as at March 31, 2008 for a more detailed discussion of risk factors.*

FY-2008 OVERALL PERFORMANCE

FY-2008 represented our first full year in the petroleum industry. Accordingly, we worked to establish our oil and gas operations through the identification and acquisition of suitable oil and gas assets. Towards that end, we grew our asset base by acquiring certain petroleum leases, and through farm-in agreements. We furthermore developed and sustained our previously acquired oil and gas assets, being the Mistahiya-group leases, through several workovers, and we built our human resources through the hiring of additional officers, staff and consulting professionals.

Nevertheless, our overall performance in FY-2008 reflected a level of capital spending that was significantly reduced from the levels anticipated at the start of the year, due to the cancellation of the aggressive Q1-2008 and Q2-2008 private placements. The capital projects we did complete were commensurate with our lower capitalization – for example, minority participation in oil development (the 3-20 project), and the acquisition of lower capital-cost natural gas targets rather than the drilling of higher-risk oil targets. A significant portion of our capital budget (approximately \$170,000) was invested in re-working existing assets, with further investments required to re-activate our Keg River KK well. Overall, our lower than anticipated levels of capital, and the allocation of capital towards re-work projects, reduced our corporate and reserve growth.

Much of management time has been spent on the sourcing and vetting of possible asset acquisitions, as we felt that the acquisition of a balanced asset group – including productive assets, lower risk targets and higher risk targets – is an appropriate base for growth given our reduced capital budget. Management continues to evaluate such acquisition opportunities, and has recently made international opportunities a focus of this search.

Capital spending

Capital spending in FY-2008 and YTD-2009 was allocated as follows:

- Target evaluation, and pre-approval and licensing-stage development on the Rocky Layman Red Earth 11-89 test well site and the Haro East locations;
- Production testing on the 3-20 project
- A 2-D seismic survey on adjoining Devon/Paramount seismic option lands
- Participated in the re-work of 3 gross oil wells in the Mistahiya-group properties
- Site survey and pre-drill engineering and geological evaluation of the Kidney E/33 Lease.
- Trade seismic acquisition on certain Peerless Lake area properties.
- Acquisition of participation rights, Midland Basin, Texas, and prospect evaluation (YTD-2009)
- Acquisition of certain petroleum leases in Alberta, and Manitoba, Canada, and Arkansas, USA.

We were disappointed with the results of our 3-20 re-entry, which failed to encounter economic reservoir. However, from an operational stand-point, we were satisfied that the reworking of the 3 Mistahiya-group oil wells, the re-entry of the Keg River formation on the 3-20 well-bore, and the site surveying and pre-approval and licensing stage activities on the Haro East targets came in on budget.

Subsequent Performance

Great Pacific undertook the following significant endeavours subsequent to March 31, 2008:

- Completed a \$1,500,000 (gross) private placement
- Acquired participation rights to a 13% interest in an 8.25mile² prospect area in the Midland Basin, Texas, and completed a geophysical and geological evaluation of same.
- Acquired approximately 2,800ha of petroleum and natural gas rights in Alberta, Canada, and commenced geological evaluation and a trade seismic acquisition program in respect of those leases.
- Relinquished approximately 1,500ha of petroleum rights in Manitoba, Canada
- Undertook negotiations in respect of several oil and gas asset acquisition opportunities, both in Canada and abroad.
 - We entered advanced negotiations in respect of acquiring the outstanding interest in our Red Earth/Peerless Lake area oil leases, but we did not proceed with the acquisition
 - Other evaluations and negotiations, in respect of oil and gas exploration opportunities domestically and abroad, are on-going.

Results of Operations for the 3 months ended March 31, 2008 compared to the three months ended March 31, 2007,

	Three Months Ended March 31		
	2008	2007	Variance
	\$	\$	\$
Oil and natural gas sales	245,193	-	245,193
Costs of oil and gas operations	(323,174)	-	(323,174)
Net loss on oil and gas production	(77,981)	-	(77,981)
General and administrative expenses			
Remuneration and staffing	73,986	40,919	(33,067)
Accounting, audit and professional fees	90,759	45,813	(44,946)
Finance fee	1,022	87	935
Regulatory and transfer agent	16,235	16,392	(157)
Corporate communications, shareholder Communications, travel and entertainment	24,780	70,156	(45,376)
Office, rent and miscellaneous	35,087	22,277	12,810
Change of business costs	-	31,389	31,389
Impairment of long-term investment	29,516	-	29,516
Net loss from continuing operations	349,366	227,033	(122,333)
Net loss from discontinued operations	-	162,555	162,555
Net loss for the period	349,366	389,588	40,222

Significant Changes in Operating Items (3 months ended March 31, 2008 and 2007)

Significant changes in operating items for the three months ended March 31, 2008 compared to the three months ended March 31, 2007 include the following

Oil and natural gas sales

The increase in oil and natural gas sales in Q4-2008 over Q4-2007 simply reflected the fact that we were not in the oil and gas business in the earlier comparative period. Q4-2008 petroleum sales comprised 53% of the total sales revenue achieved in FY-2008. This was consistent with our expectations regarding the seasonality of our Peerless Lake area assets.

A relative increase in Q4-2008 production compared to the prior quarters reflected the impact of production from two wells which came on production in January, 2008, which offset the temporary loss of production from 1 well that suffered bottom-hole failure. This well was re-activated in February 2008.

Costs of oil and gas production for Q4-2008 were significantly higher on a per-unit of production (boe) basis than they were for FY-2008 as a whole. These costs are presented below on a per-boe basis:

	Q4-2008	Nine months ended December 31, 2007	FY-2008 (total)
Realized revenue	\$92.75	\$89.96	\$91.26
Operating costs ("cash costs")	(\$22.70)	(\$38.31)	(\$31.03)
Depletion and accretion	(\$99.55)	(\$41.38)	(\$68.51)

Realized revenue per barrel was higher in Q4-2008 compared to FY-2008 as a whole because of the rise in commodity prices in the latter part of the fiscal year. If sustained, the significant increase in commodity prices in YTD-2009 are expected to further increase the realized revenue per barrel, though overall production (and revenue) is expected to decrease due to normal reservoir depletion and the diminishment of well interest upon loss of the re-work penalty in March 2008.

The significant increase in per-unit depletion charges in Q4-2008 was due to the addition of certain development costs from the 3-20 project and capitalized asset retirement obligations becoming subject to depletion in that period. The reclassification of the 3-20 capitalized costs was made upon the failure of the Q4-2008 Keg River testing to find economic oil reserves. The per-unit charge for depletion was furthermore negatively impacted by the impairment charge to depletion necessitated by the 3-20 "dry-hole" and the material increase in recorded future asset retirement obligations.

Remuneration and staffing

Amounts classified in this MD & A as "Remuneration and staffing expenses" include:

- management fees to five officers;
- payroll and consulting fees paid to several part-time staff members; and
- stock-based compensation expense for incentive stock options granted to directors, officers, staff and consultants.

The increase in remuneration and staffing costs in Q4-2008 compared to Q4-2007 was primarily due to an increase in management and part-time staffing levels at Great Pacific. There was an increase in staffing levels in Q4-2008 compared to Q4-2007, resulting in a higher quarterly expense. These additional staffing positions reflected the increase in the size of the Company, and the increased scope of operations versus the comparative period. As we intend to increase the level of our oil and gas investments in the coming periods, we do not anticipate a material decrease in this spending category.

Certain consulting fees noted above were paid in respect of an office services and business services consultancy agreement entered into in Q2-2008 (the "2007 Office services consulting agreement"). These fees were paid to several part-time consultants for such services as accounting, administration, financial report preparation, land management services and business analysis services. The 2007 Office services consulting agreement, entered into in July 2007, pays \$23,000 per month for office services, including rent, office supplies, and administrative staff services. This agreement expired on July 15, 2008, and was re-negotiated at that time. Pursuant to the re-negotiated agreement, consulting fees are charged at approximately \$27,000 per month through July, 2009, terminable on 30 days notice.

Remuneration and staffing expenses for Q4-2008 also include \$7,859 (Q4-2007: \$ nil) in stock-based compensation, reflecting a grant made in Q4-2008.

Major expenditures of remuneration and staffing fees were incurred in respect of on-going overhead items, reflecting time incurred for such services as management, administration and financial reporting, land management, and investor relations services. We do not expect to see significant variation in these items, by their recurring nature. However, a significant component of this expense category also reflects non-recurring expenditures, predominately related to due diligence and analysis of potential oil and gas investments and acquisitions evaluated. Significant variation is expected in respect of these items in the coming fiscal year, based on the level of oil and gas investment activity undertaken.

Accounting, audit and professional fees

Increases in accounting, audit and professional fees were due to increases in audit costs, internal accounting costs, legal costs, and reserves reporting expenses. These increased expenses arose due to the higher level of corporate activity and more complex reporting requirements inherent in our development stage oil and gas activities.

Sources of increase in these expenditures for the 3 month periods included:

- An increase in recorded and accrued audit fees of \$17,000
- An increase in staff accounting fees of approximately \$15,200
- An increase in recorded and accrued reserves evaluation expenses of \$11,000.

Increases in audit, accounting and legal fees reflected the higher level of corporate activity, and thus are not expected to decrease materially in subsequent periods. Legal fees in Q4-2008 primarily related to matters regarding joint operations of the Mistahiya-group properties. In the first period of YTD-2008, legal fee spending increased due to costs associated with both advanced stage negotiations for an oil and gas asset purchase not proceeded with, and on-going joint operating matters on the Mistahiya-group properties.

The staff accounting fees charged in Q4-2008 were billed under the 2007 office services consulting agreement, and the increase was commensurate with the hiring of an additional consultant on a part-time basis, increased transaction volume due to corporate growth over FY-2007, and greater financial reporting complexity.

Reserves reporting expenses related to preparation of reserves assessment reports as required under securities law. These expenditures are not expected to materially differ in subsequent periods.

Corporate communications, shareholder communications, travel and entertainment

Corporate communications, shareholder communications, travel and entertainment were significantly lower in Q4-2008 compared to Q4-2007. Higher spending on these items in the comparative fourth quarter of 2007 was driven by shareholder communication and financing activities warranted by our change of business into oil and gas.

Going forward, we do not expect a significant decrease in corporate communications and shareholder communication costs relative to Q4-2008, as such expenditures are made in the course of on-going financing activities. We require a significant level of financing in the coming periods in order to fund our capital investing plans. Management feels that the level of corporate communications and shareholder communication costs seen in Q4-2008 is commensurate with on-going requirements.

Travel costs and entertainment costs are generally incurred in the course investing, financing and operating activities. Travel conducted pursuant to normal course investing and operating activities is required for managing and administering our Alberta-based assets and operations, and for due diligence activities. We do not expect a significant decrease in these costs over Q4-2008, due to the on-going travel requirements of operating, investing and promotional activities.

There has been a relative increase in spending on this cost category in YTD-2009. Increased travel costs were incurred in the evaluation of several potential acquisition opportunities, and in the course of our on-going evaluation of a prospective international oil and gas investment opportunity (please see our June 25 news release).

Office, rent and miscellaneous expenses

The increases in office, rent and miscellaneous expenses in Q4-2008 over Q4-2007 paralleled the increase in corporate activity and staffing levels we experienced. The growth of corporate operations, and more spending on investment and investment evaluation necessitated a period-over-period growth in these items. Significant components of the variation in office, rent and miscellaneous expenses in Q4-2008 over Q4-2007 included:

- An increase in spending on office supplies and services, telephone and fax costs, and courier services of approximately \$4,750 to \$26,943 for Q4-2008. It is expected that these costs will not materially differ from Q4-2008 levels.
- An increase in insurance costs for all forms of insurance carried to \$4,121 for Q4-2008, with the coverage obtained warranted by the increase in corporate activities.

Change in business costs

The change in business costs recorded in Q4-2008 related to Great Pacific commencing operations as a junior public oil and gas company. These costs included spending on due diligence, and spending on regulatory compliance requirements applicable to public companies. These costs are, by their nature, non-recurring.

Gain on settlement of debt and payables:

In Q4-2007, Great Pacific recorded a one-time gain on settlement of its convertible debentures of \$36,623. This amount is, by its nature, non-recurring.

Loss on impairment of available-for-sale securities:

The Company recorded a loss on the impairment of its investment in OG International Inc. ("OG International"). OG International informed the Company that it has suspended operations, and thus there is substantially no likelihood that Great Pacific will be able to recover its investment in OG, and

there is no significant likelihood that this loss will be other than permanent. Accordingly, in Q4-2008 that investment was written down by an impairment charge of \$29,516.

Loss on discontinued operations

In Q4-2007, Great Pacific commenced operations as a junior public oil and gas company, and abandoned its discontinued "GPI Rewards" loyalty points program operations. At that time, the Company wrote-down the net value of its discontinued assets and liabilities to their realizable market value of \$2,000. This write-down was recorded as a loss on discontinued operations in Q4-2008. Assets written-down primarily comprised intangible business development expenses. Substantially all of the loss from discontinued operations recorded in Q4-2007 related to this write-down.

As all operations of the discontinued business component were abandoned by Q4-2007 there were no further gain or loss items related to discontinued operations in FY-2008.

Results of Operations for the 12 months ended March 31, 2008 compared with the 12 months ended 2007.

	Fiscal years Ended March 31,		
	2008	2007	Variance
	\$	\$	\$
Oil and natural gas sales	517,413	-	517,413
Production expenses	(564,308)	-	(564,308)
Net loss on oil and gas production	(46,895)	-	(46,895)
General and administrative expenses			
Remuneration and staffing	268,479	232,992	(35,487)
Accounting, audit and professional fees	210,809	81,821	(128,988)
Finance fee	27,499	7,250	(20,249)
Regulatory and transfer agent	37,635	31,057	(6,578)
Corporate communications, shareholder communications, travel and entertainment	129,085	137,770	8,685
Office, rent and miscellaneous	117,866	71,368	(46,498)
Change of business costs	-	46,167	46,167
Gain on settlement of debt and payables	-	(38,944)	(38,944)
Loss on impairment of available for sale securities	29,516	-	(29,516)
	820,889	569,481	(251,408)
Net loss from continuing operations	-	569,481	(298,303)
Net loss from discontinued operations	867,784	166,032	166,032
Net loss for the year	867,784	735,513	132,271

Significant Changes in Operating Items (12 months ended March 31, 2008 and 2007)

Significant changes in operating items in the fiscal years ended March 31, 2008 and 2007 were largely attributable to the business factors and transactions that drove changes in those operating items in the comparative three month periods ended March 31, 2008 and 2007. Increases in general and administrative expense items, as in the comparable Q4-periods, were driven by increased corporate activity, asset size, and staffing levels.

A summary of significant sources of variation in net income in FY-2008 compared to FY-2007 are as follows:

Oil and natural gas sales

In FY-2007, we did not participate in oil and gas production, and accordingly had neither revenue nor operating costs. We began participating in oil and gas production from our Mistahiya-group assets effective April 1, 2007.

Remuneration and staffing

Remuneration and staffing costs comprised the following expenditures, with the variation in total remuneration and staffing costs attributable to each expense item provided:

	FY-2008	FY-2007	Variation
	\$	\$	\$
Fees to senior managers	142,330	60,000	82,330
Staff and consultants	118,290	85,992	32,298
Stock-based compensation	7,859	87,000	(79,141)
	268,479	232,992	35,487

The increase in fees to senior managers was due to the hiring of three additional officers in FY-2008. These fees are not expected to decrease in subsequent periods.

The increase in spending on staff and consultants was due to Great Pacific retaining part-time consultants for several administrative positions where possible, under a pooled staffing arrangement (see the "2007 Office services consulting agreement"). This arrangement gave the Company access to certain staff members on a part-time, as needed basis, under a flat-monthly billing arrangement.

The significant decrease in stock-based compensation arose despite the fact that several times more options (900,000 versus 200,000) were issued in FY-2008 compared to FY-2007. In FY-2008, the Board granted stock options that were significantly "out of the money" at the grant-date— i.e. they had exercise prices ranging from \$1.25 to \$1.87 per stock when GPI shares were trading at \$0.92 per share. Moreover, stock options granted in 2008 vested as to 20% per year over 5 years, with exercise prices escalating at approximately 10% per year. As a result of these features, the options granted had a low grant date fair value, and thus a low expense.

Remuneration and staffing expenses are not expected to decrease materially from FY-2008 levels in coming periods.

Accounting, audit and professional fees

The increase in accounting, audit and professional fees comprised increases in the following items:

- Increase in staff accounting costs of \$65,650 to \$88,950.
- Increase in audit fees accrued and recorded of \$10,050 to \$52,000. Audit fees for the fiscal year ended March 31, 2008 are estimated at \$45,000.
- Increase in legal fees of \$28,750 to \$45,300
- Increase in reserves evaluation expenses accrued and recorded of \$24,550 to \$24,550.

As with the period over period increase in accounting, audit and professional fees for the fourth quarter ended March 31, 2008, the increase in such expenses over the fiscal years presented was attributable to the increase in corporate size and business activity across the periods presented.

Legal fees incurred related to a number of matters which the Company did not face in FY-2007, prior to our commencing operations as an oil and gas company. These included legal fees regarding closing matters on several oil and gas farm-in agreements and matters in respect of joint operatorship and account settlement regarding our Mistahiya-group properties,

Amounts paid for staff accounting costs were primarily paid pursuant to the 2007 office services consulting agreement. These fees were paid to part-time consultants for book-keeping and financial report preparation. The increase in this expenditure was driven by increases in staffing hours and rates, and was necessitated by the greater complexity of financial reporting associated with our oil and gas activities.

Reserves evaluation expenses consisted of the cost of annual independent reserves assessments prepared effective March 31, 2007 and 2008, as mandated by securities legislation.

Finance fee

In FY-2007 amounts classified as finance fees comprised interest costs on the convertible debentures that were settled on December 31, 2006.

In FY-2008, the finance fee primarily comprised bank charges and a \$25,000 break-up fee payable to our investment banker upon the cancellation of our private placement in Q2-2008.

These particular finance fees are, by themselves non-recurring transactions; however, we nevertheless expect to incur a significant level of financing fees in coming periods. Typically, financing fees, to the extent that they relate to equity offerings, are recorded as share issuance costs and therefore do not appear in the statement of operations as a component of net income. In YTD-2009, we paid approximately \$81,000 of finance fees that were charged to share issuance costs (for private placement finders' fees). At March 31, 2008, approximately \$32,000 of these finders' fees were accrued.

Office, rent and miscellaneous

The increase in office, rent and miscellaneous expenses in FY-2008 was a result of the growth in corporate size and activity levels. The factors that contributed to this growth are substantially as discussed in the analysis of the results of operations in Q3-2008.

These expenditures are not expected to decrease materially in FY-2009.

Other operating items

Expenses incurred, and variations therein, in respect of change of business costs, and irregular gain and loss items arising from debt and payables settled, impairment losses, and loss on discontinued operations, are substantially as described in the 3-months operating analysis presented above.

EIGHT QUARTER REVIEW

	March 31, 2008 \$	Dec. 31 2007 \$	Sept. 30 2007 \$	June 30, 2007 \$
Sales	245,193	177,659	91,489	3,072
Loss from continuing operations	349,366	113,472	237,200	167,746
Loss from discontinued operations	-	-	-	-
Net loss for the quarter	349,366	113,472	237,200	167,746
<u>Loss per share data</u>				
Loss per share – continuing operations	\$0.02	\$0.01	\$0.01	\$0.01
Loss per share – discontinued operations	-	-	-	-
Net loss per share	\$0.02	\$0.01	\$0.01	\$0.01

	March 31, 2007 \$	Dec. 31, 2006 \$	Sept. 30 2006 \$	June 30, 2006 \$
Sales	-	-	-	-
Loss from continuing operations	227,033	82,870	182,816	76,764
Loss from discontinued operations	162,555	1,209	1,035	1,231
Net loss for the quarter	389,588	84,079	183,851	77,995
<u>Loss per share data</u>				
Loss per share – continuing operations	\$0.02	\$0.01	\$0.01	\$0.01
Loss per share – discontinued operations	0.01	0.00	0.00	0.00
Net loss per share	\$0.03	\$0.01	\$0.01	\$0.01

The trends inherent in this data reflect the economic and operational factors that drove the annual trends over the same periods. It should be noted that the Company did not commence oil and gas operations until the interim period ended March 31, 2007; and results presented for periods before that time relate to Great Pacific's discontinued operations in our former loyalty points program business component.

Several notable transactions that substantially contributed to the variation in quarterly losses are as follows:

- The increase in quarterly loss in Q4-2008 compared to prior quarters was due to such factors as:
 - A significant increase in depletion and additional depletion charges, on a per-unit basis, resulting from the addition of the 3-20 re-entry costs, capitalized asset retirement costs of approximately \$295,000, and additional depletion charges of approximately \$66,000 to the depletion cost pool.
 - Increased corporate overhead and management spending associated with the administration of our oil and gas business model,

- In Q1-2008 to Q3-2008, the Company recorded a gain on oil and gas production that partially offset spending on general and administrative items, and thus served to reduce net loss for each of those periods, all else held equal. This offsetting gain on oil and gas production was not achieved in Q4-2008, as the increased depletion charges contributed to a loss on oil and gas production.
 - Those additional factors discussed in the sections “Results of operations” for the 3-month and 12-month periods ended March 31, 2008 and 2007
2. Costs associated with the cancelled 2008 private placements increased quarterly losses in Q1-2008 and Q2-2008 over historical levels. Change of business costs had a similar effect in the quarter ended March 31, 2007.
 3. The substantial increase in loss from continued operations in the quarter ended March 31, 2007 was significantly attributable to costs associated with our change of business, including costs of raising capital, due diligence and legal costs, regulatory compliance costs and increased office and administrative costs.
 4. Results for the quarter ended December 31, 2006 were significantly impacted by the gain on the settlement of convertible debentures which reduced the net loss for that period. In the prior quarter, ended September 30, 2006, the relatively higher loss was significantly impacted by the recording of stock-based compensation in that period, totalling \$87,000.
 5. By the fourth quarter of fiscal 2007, the company was fully engaged in its development stage oil and gas business operations, and had ceased operating a development stage loyalty points program business. With this change in industry and business model, the nature of continuing operations were significantly different after Q4-2007 as compared to earlier quarters. Comparative analysis between the current fiscal year and previous periods should be made in the context of that change of business.
 6. Commencing in Q1-2008, our operating results have been, and will continue to be, impacted by the seasonal influence of our oil and gas production, which occurs primarily in the third and fourth quarter of each year.
 7. The expense item “loss on discontinued operations” is in respect of the development-stage loyalty points program business we previously operated. Expenses so classified related to the development of a number of strategies connected to our loyalty program business, including the creation of our own private label program and strategies connected to enhancing the mature rewards points programs of third parties. Significant components of the losses recognized with respect to the loyalty points program business model comprised website, software and database development expenses. The loyalty points program business model could not be commercialized and the Company decided to discontinue further work in late fiscal 2007. Subsequently, the Company disposed of its subsidiary companies involved in the loyalty program business, GPI Rewards (Canada) Inc. and GPI Rewards (U.S.A.) Inc., for nominal consideration in Q1-2008. The Company retains no assets related to the discontinued projects at this date.

LIQUIDITY AND CAPITAL RESOURCES

Great Pacific’s major source of liquidity is the issuance of equity capital. Our development stage oil and gas assets do not generate sufficient cash to finance our development-stage business model and to fund corporate overhead activities.

The Company obtains equity capital from private placement offerings of shares and share purchase warrants, and the exercise of share purchase warrants and stock options. The Company pursues private placement equity financings from time-to-time, based on cash flow needs and subject to investor interest.

In YTD-2009, the Company completed a \$1.41 million (net) financing, pursuant to the issuance of 2,000,000 common shares and 2-year warrants for the purchase of an additional 2,000,000 shares at \$1.00 per share.

In order to maintain petroleum operations and carry out oil and gas activities in FY-2009, we expect to require additional equity financing of up to \$3,000,000. Capital spending plans for YTD-2009 are focused primarily on northern Alberta light oil and natural gas drilling opportunities, including the drilling of our Haro East property and 11-89 Red Earth property, the exploration of our Kidney properties and for re-work and seismic expenditures. Furthermore, our wholly-owned subsidiary, GPI Petroleum Inc., intends to participate in the drilling of two wells in the Midland Basin prospect in summer 2008. Anticipated sources of financing for these work programs include private placement equity offerings, and the exercise of existing warrants and options. We may also raise funds by offering joint venture participation in our projects, with a resultant reduction in capital assets.

The Company's cash flow from operations is expected to be negative for the balance of fiscal 2009. Therefore, we will require external equity financing to both cover the operating shortfall, and to fund the exploration and development program we plan for the coming months. There is no assurance that we will be successful in obtaining such financing.

We anticipate that over the coming months, general and administrative expenditures will average \$55,000 per month.

There is a seasonal element to our expected funds flow from operations that will bear on our liquidity position going forward. As the bulk of our proven and producing oil and gas reserves are located in the muskeg landscape of north-central Alberta, exploration, development and production is largely limited to the winter months, when the ground is frozen sufficiently solid to permit truck and rig access to the well site. Therefore, we did not achieve production from several producing wells until January, 2008, and there will be a significant reduction in sales revenues upon spring break-up (the seasonal melting of ground frost), expected to occur by the end of March. Should our Haro East natural gas and Midland Basin prospect areas prove economic and be successfully completed to production, the relative seasonality in our production is expected to be significantly reduced.

Unless we are successful in obtaining new financing in a timely manner, we will not be able to carry out our normal operations, discharge our liabilities in the normal course of business, or carry out our development stage activities. There is no guarantee that we will be able to obtain adequate financing (if any) to meet our operating costs or to fund capital spending. Further, as is typical of many development stage enterprises, we do not expect to obtain significant levels of debt financing, and we expect that substantially all external financing will need to be provided by the sale of common shares.

Our interests in certain of our oil and gas interests are sensitive to our liquidity, as failing to jointly participate in the development of non-operated, jointly-owned properties (such as the jointly-owned Kidney acreage) may result in a dilution or loss of interest.

Our ability to obtain financing is sensitive to economic factors beyond the control of management. Declines in the Canadian-dollar price of oil and gas, changes in interest rates and economic recession or disruption could significantly and plausibly affect our ability to obtain adequate private placement financing. Being a development stage oil and gas company reliant on external financing, an economic recession resulting in a reduction of available capital could prevent us from carrying out our business development plans.

The company had no long-term debt or financial liabilities outstanding at July 19, 2008 or March 31, 2008.

The only significant non-cash financial assets that Great Pacific held at either July 19, 2008 or March 31, 2008 and 2007 were investments in 2,500,000 common shares of OG International Inc., having a nominal carrying value of \$1. As there is no active market for the exchange of these securities, management considers them to be significantly illiquid, and of negligible realizable value.

CONTRACTUAL OBLIGATIONS

Material contractual obligations are as follows:

1. The Company is required to drill a well of up to 1,430 metres pursuant to the RLE farm-in agreement (the 11-89 Red Earth test well). Failure to drill this well will result in the loss of all rights to the Red Earth lands, plus loss of the \$100,000 trust deposit, with no further liability.

Drilling must commence on or before December 1, 2008. Management expects the remaining cost of drilling and casing this well will be approximately \$840,000. This is a performance liability - our obligation is to drill to depth. Should the market for drilling resources experience a supply shortage, or should drilling or climatic conditions encountered prove more adverse than expected, the cost of the well could materially differ from the forecasted level.

2. The Company is required to drill the two Haro East gas wells as soon after March 1, 2008 as surface access to the site is available, which we expect to be winter 2008. The cost to drill these wells to the required bottom hole depth is estimated at \$350,000 per well. Should we fail to drill these wells upon surface access becoming viable, we will lose all interests in these lands, and we will additionally lose all option rights in the Rocky Layman Red Earth lands, and also lose the \$100,000 Trust Deposit (see *Overview of Operations*).
3. The Company is required to pay its proportionate share of gross asset retirement costs having a future value estimated by management to be approximately \$631,000 over the next fifteen years. The present value of Great Pacific's share of these costs is estimated at approximately \$476,000. This is a non-financial commitment, and our obligation is performance-based (i.e. we must reclaim and remediate well sites to the satisfaction of regulatory, statutory and contractual standards).
4. Pursuant to an election made subsequent to March 31, 2008, the Company is obliged to participate in a test well in the Midland Basin prospect area. Expected costs to the Company's interest are approximately \$130,000 to participate in the drilling of this well to casing point.
5. The company has a consulting agreement for the services of the President paying \$5,000 per month. The contract expires in September, 2009, and is terminable on twelve months notice.
6. At March 31, 2008, the company had a consulting agreement with a private company providing office services, administrative and accounting staff services, and office premises. This agreement pays \$23,000 per month for a term of 12 months, terminable on 30 days notice. This agreement expires in July 2008. The Company expects that fees under that agreement will increase to \$27,000 per month in FY-2009.
7. The Company has on-going, monthly lease payments (to both the Crown and several private leaseholders) for P & NG property rights. While these lease payments are individually immaterial, failure by the Company (or the Company's operator, in the case of non-operated property interests) to pay these fees in a timely manner would result in a loss of property rights.

Under the terms of the Company's oil and gas property interests, Great Pacific faces dilution of its interest in its oil and gas properties should it fail to pay its share of expenditures authorized by the project operator and the other joint interest participants. Great Pacific is contractually bound to make such payments as they arise if we are to maintain our oil and gas property interests.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

Fair value of financial instruments

The Company's financial instruments consist of cash, accounts receivable, long-term investment, and accounts payable and accrued liabilities. It is management's opinion that, subject to materiality, the fair value of these financial instruments corresponds to their carrying value due to their short-term nature.

Concentration of credit risk

The Company is subject to material credit risk in respect of its trade accounts receivables with Mistahiya Resources Ltd. ("Mistahiya"), the operator of its Mistahiya-group properties. At March 31, 2008, the Company was owed approximately \$96,000 (July 19, 2008: \$66,000). 76% of accounts receivable and prepaid expenses at March 31, 2008 are owed from that single party.

Interest rate risk

The Company has no short or long term interest bearing debt.

Foreign exchange rate risk

Oil and gas is typically denominated in US dollars, whereas our development and operating costs are almost entirely incurred in Canadian dollars. The Company is therefore subject to risk due to fluctuations in currency exchange rates. The Company does not use derivative instruments to manage its exposure to foreign exchange rate risk.

The company has also acquired a 3.05% net revenue interest (2.8% after payout) in a natural gas well in Arkansas, U.S. This well interest is an additional source of foreign exchange risk, as the Canadian dollar value of the asset and the realized, Canadian dollar revenue and operating expenses of that well are exposed to Canadian/U.S. dollar exchange rate volatility. YTD-2009 investments in the Midland Basin prospect area may increase our exposure to exchange rate risk.

RELATED PARTY TRANSACTIONS

Related party transactions and balances entered into during the year ended March 31, 2008 and not disclosed elsewhere in this MD & A are as follows:

- a) In the year ended March 31, 2008 the Company paid or accrued management fees to senior officers of \$139,250 (2007: \$60,000).

- b) The Company paid professional and consulting fees to related parties (or to private companies controlled by related parties, or parties affiliated with related parties) in the years ended March 31, 2008 and 2007 as follows

Related party	Service	2008 \$	2007 \$
Director	Professional geological consulting	9,775	-
Officer	Petroleum engineering consulting	980	-
Director	Investor relations	16,500	38,000
Spouse of a director	Management consulting	12,250	42,000
Former director	Petroleum engineering consulting	1,500	-
		<u>41,005</u>	<u>80,000</u>

- c) In YTD-2009 the Company paid \$75,000 in finders' fees pursuant to the 2,000,000 unit private placement to a party related to a Director of the Company.
- d) Accounts payable and accrued liabilities include \$89,158 (2007: \$24,425) owing to officers, directors (or to persons related to them or companies controlled by them) for services as noted in a) and b), and for expense reimbursements.
- e) In the year ended March 31, 2008 the Company granted 795,000 employee stock options to directors and officers of the Company having exercise prices escalating from \$1.25 per share to \$1.83 per share, expiring February 18, 2013 (2007: granted 200,000 employee stock options to a director having an exercise price of \$0.45 per share, expiring September 8, 2011).

OUTSTANDING SHARE DATA

Common shares (22,243,433)

At July 19, 2008 there are 22,243,433 common shares of Great Pacific issued and outstanding.

Details of share issuances between March 31, 2008 and July 19, 2008 are as follows:

	Shares issued and outstanding
Opening balance, March 31, 2008	20,243,433
Private placement offering	2,000,000
Common shares issued and outstanding, June 19, 2008	22,243,433

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

Preferred shares (nil)

At July 19, 2008 there are nil preferred shares of Great Pacific issued and outstanding. The company is authorized to issue an unlimited number of preferred shares without par value.

The company has no additional equity securities authorized, issued or outstanding.

Debt securities (nil)

At March 31, 2008 and July 19, 2008 the company had no debt securities outstanding.

Share purchase instruments

Outstanding share purchase instruments comprise share purchase warrants and incentive stock options. Details of outstanding share purchase warrants and employee stock options as at July 19, 2008 are as follows:

Warrants

	Number of underlying shares	Exercise Price	Expiry Date
FY-2007 grant	1,996,000	\$0.60	March 9, 2009
FY-2009 grant	2,000,000	\$1.00	April 14, 2010
<i>Weighted average totals</i>	<u>3,996,000</u>	<u>\$0.80</u>	<i>1.19 years remaining</i>
Exercisable at July 19, 2008	<u>3,996,000</u>		

Incentive stock options

	Number of underlying shares	Exercise Price	Expiry Date
FY-2005 grant	235,000	\$0.35	May 21, 2009
FY-2006 grant	481,000	\$0.35	October 3, 2010
FY-2007 grant	200,000	\$0.45	Sept 8, 2011
FY-2008 grant*	890,000	\$1.67	February 18 2013
FY-2009 grant*	390,000	\$2.01	April 14 2013
<i>Weighted average totals</i>	<u>2,196,000</u>	<u>\$1.19</u>	<i>3.56 years remaining</i>
Exercisable at July 19, 2009	<u>916,000</u>		

The weighted average exercise price for the FY-2008 and FY-2009 grants reflect the graduated exercise prices and straight-line, semi-annual vesting, wherein the exercise prices increase from \$1.25 to \$1.83 and \$1.50 to \$2.20, respectively, with vesting as to 10% every six months commencing six months after the grant-date. In the current fiscal year, 178,000 FY-2008 options become exercisable at \$1.25 per share commencing in the second quarter of FY-2009 and 39,000 FY-2009 options become exercisable at \$1.50 per share, commencing in the third quarter of FY-2009.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

The Company did not change any accounting policies nor did it adopt new policies in the year ended March 31, 2008. Accounting policies adopted at April 1, 2008 are as follows:

Assessing going concern (Canadian Institute of Chartered Accountants Handbook ("CICA Handbook") Section 1400

The Accounting Standards Board (AcSB) amended section 1400 to include requirements for management to assess an entity's ability to continue as a going concern and to disclose material uncertainties related to events or conditions that may cast doubt upon the entity's ability to continue as a going concern.

The Company's current assessment and disclosure practices meet the requirements of new Section 1400 amendments requiring disclosure of events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, accordingly the Company does not believe that the adoption of this pronouncement on April 1, 2008 will have a material impact on its financial reporting and disclosures.

Capital disclosures – CICA Handbook section 1535

This new pronouncement establishes standards for disclosing information about an entity's capital and how it is managed. Section 1535 also requires the disclosure of any externally-imposed capital requirements, whether the entity has complied with them, and if not, the consequences.

Inventories – CICA Handbook section 3031

The AcSB issued section 3031 (superseding section 3030) establishing new standards for the measurement and disclosure of inventories. The main features of new Section 3031 are to provide guidelines on the allocation of overheads and other costs to inventory, specific identification of individual costs to inventories that are not ordinarily interchangeable, consistent use of the first in-first out or weighted cost formulae for other inventories, and the reversal of previous write downs to net realizable value for subsequent increases in value. The Company does not believe that the adoption of this new CICA Section 3031 on April 1, 2008 will have a material impact on its financial reporting and disclosures.

Financial instruments – CICA Handbook section 3862 and 3863 – disclosures and presentation

These new sections, 3862 (on disclosures) and 3863 (on presentation), replace section 3861, revising and enhancing the disclosure requirements, and carrying forward unchanged its presentation requirements. Section 3862 complements the principles for recognizing, measuring and presenting financial assets and financial liabilities in Financial Instruments. Section 3863 deals with the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and the circumstances in which financial assets and liabilities are offset.

The Company is evaluating the impact of these new accounting standards on its consolidated financial statements.

International Financial Reporting Standards (“IFRS”)

The Canadian Accounting Standards Board (“AcSB”) has published a strategic plan that calls for the convergence of Canadian GAAP (Generally Accepted Accounting Principles) over an expected five year transitional period commencing 2006. In February 2008, the AcSB announced that 2011 is the changeover date for publicly listed companies to use IFRS, replacing Canada's own GAAP. For the Company this will require all interim and financial statements commencing April 1, 2011 to be based upon IFRS. The Company will monitor and assess the impact of these convergence initiatives on its financial reporting and disclosure.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses for the periods reported. Significant estimates are required, for example, in the determination of the fair value of future asset retirement obligations, depletion costs per unit of production, stock-based compensation expense and in measuring the recoverability of amounts shown for oil and gas properties. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Similarly, references herein to oil and gas reserves, future value of oil and gas production, estimates of future production, and estimates of future petroleum exploration, development and decommissioning costs are subject to estimates by management and our independent reserves evaluator. These estimates are made in accordance with the terms of National Instrument 51-101, and are made on a best efforts' basis, however, they are subject to variance and actual results may differ materially from expected outcomes.

LEGAL PROCEEDINGS

Ordinary course business proceedings

The Company is subject from time to time to various legal proceedings and claims that arise in the ordinary course of business. Management is of the opinion that such claims are not likely to have a material adverse effect on the Company's future operations or financial position. The Company is not subject to any material claims at this time.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS

Disclosure Control Risks

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the Company is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure. The Company's management has concluded, based on their evaluation of the effectiveness of the Company's disclosure controls and procedures as of March 31, 2008 that disclosure controls and procedures provide reasonable assurance that material information is made known to them by others within the Company subject to the reportable weakness identified below regarding segregation of duties. However, a control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Internal Control Risks

Management is responsible for certifying the design of the Company's internal control over financial reporting ("ICFR") as required by Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers Annual and Interim Filings". Our ICFR is intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principals (GAAP). ICFR includes those policies and procedures that establish the following:

- maintenance of records in reasonable detail, that accurately and fairly reflect the transactions and disposition of our assets;
- reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP;
- receipts and expenditures only being made in accordance with authorizations of management and the Board of Directors; and
- reasonable assurance regarding prevention or timely detection of unauthorized collection, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, ICFR may not prevent or detect misstatements. Also, the effectiveness of ICFR is subject to the risk that controls may become inadequate because of changes in condition, or that the degree of compliance with the policies or procedures may deteriorate. Management carried out the design of the Company's internal controls over financial reporting and concluded, subject to the inherent limitations noted above, the Company has sufficient controls to meet the requirements as stated above and that one reportable weakness existed at March 31, 2008 as detailed below.

Segregation of Duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to limited resources, a complete segregation of duties within the Company's operating and accounting groups can not be fully achieved. The result is that the Company is highly reliant on the qualifications, experience and integrity of its staff and on the performance of mitigating procedures during its financial close processes in order to ensure the financial statements are presented fairly in all material respects. Any changes in the current control process will be dependant upon the growth of the Company's operations and the number of its staff to allow further segregation of duties. Management will continue to review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

OTHER MATTERS

Stock Exchange

The shares of the Company trade in Canada on the TSX-Venture Exchange under the trading symbol "GPI-V".

Corporate Governance

Management believes that quality corporate governance is essential to ensuring effective management of our Company. The Company's corporate governance policy is substantially aligned with the guidelines set out in the report of The Toronto Stock Exchange Committee on Corporate Governance in Canada.

Oil and gas production estimates

Oil and gas reserves and expected production information disclosed herein reflect the reserves attributed to particular properties as disclosed in our Form 51-101 report. This document is to be read in conjunction with that report, dated July 19, 2008, and available at www.sedar.com. The reader is cautioned that the estimates of reserves (and, by extension, estimates of well life and production rates derived from reserves estimates) and future net revenue for individual properties may not reflect the same confidence level as estimates of reserves and future net revenue for all properties, due to the effects of aggregation.

Note Regarding Forward-Looking Statements

Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements. Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements and the Company's oil and gas reserves. Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of oil and gas properties, oil and gas industry conditions, the Company's ability to generate sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company. Additional information on factors that may affect the business and financial results of the Company can be found in filings of the Company with the British Columbia Securities Commissions on www.sedar.com

On behalf of the Board of Directors

Thal S. Poonian, President