

GREAT PACIFIC INTERNATIONAL INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD & A") dated August 24, 2009 should be read in conjunction with the Company's interim unaudited consolidated financial statements at June 30, 2009 and 2008, its audited consolidated financial statements at March 31, 2009, the Company's Form 51-101F1 at March 31, 2009 and the reference to forward-looking statements within this report. These documents are available at www.gpicanada.net.

The three month fiscal periods ended June 30, 2009 and 2008 are referred to as "Q1-2010" and "Q1-2009", respectively. The fiscal years ended March 31, 2010 and 2009 are referred to as "FY-2010" and "FY-2009", respectively. The period from April 1, 2009 and up to August 24, 2009 is referred to herein as "YTD-2010".

This interim MD & A updates the annual MD & A for the period ended March 31, 2009. The operations and business of the Company are as discussed in that document, except as updated herein. The FY-2009 annual MD & A should be read in conjunction with this interim MD & A, and is available at www.Sedar.com.

CORPORATE OVERVIEW

Great Pacific International Inc. is a development stage junior public oil and gas company, with properties in Canada and the United States.

Great Pacific and its wholly owned subsidiaries, are referred to herein collectively as "the Company", "Great Pacific", "our" or "we".

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

OIL AND GAS OPERATIONS – Q1-2010

Canadian oil production

Canadian oil production and revenue in Q1-2010 came from our Red Earth wells. Our Red Earth wells form a part of our Mistahiya-group properties, which were acquired pursuant to a block acquisition in fiscal 2007.

Our "Red Earth wells" consist of working interests in certain producing and suspended oil wells in the area of Peerless Lake – Red Earth village of north-central Alberta (Twp 86-89, Rg 5-10W5). The Red Earth wells are summarized as follows:

- 2.2 net (6 gross) producing oil wells assigned proven reserves
- 18% interest in the undrilled Kidney E/33 prospect, which holds two developmental locations prospective principally for Devonian oil (the "Kidney E/33 prospect")
- 12% – 36% interests in 3 suspended oil wells with possible re-work potential, having no reserves assigned
- 36% interest in 3 suspended oil wells requiring abandonment due to reserve exhaustion

A summary of our Canadian oil production in the periods presented is as follows:

	Q1-2010	Q1-2009	Variance
Production (bbls/d)	3	7	- 55%
Realized revenue per barrel	\$64	\$123	- 48%
Operating cost per barrel	\$54	\$44	-35%

The reduction in production over the periods presented was primarily attributable to the following factors:

- Natural reservoir decline
- Normal variation in site conditions
 - Our Red Earth wells are not tied into a pipeline or gathering system, and accordingly marketing is by tanker truck. Our ability to produce and market oil is subject to site access, which requires dry lease roads. Accordingly, our leases cannot produce during spring break-up. In general, variation in climate and lease conditions materially affects our production volumes, particularly in the first quarter, which encompasses spring break-up.
 - Of our 6 proved producing wells in the Red Earth area, 2 only produce in winter, as access requires frozen lease roads. The Company recorded 25 barrels production from those wells in the early part of Q1-2010 (Q1-2009: 46 bbls) prior to spring break-up.
 - The first quarter is our lowest production quarter as a result of these diminished access factors, and thus production in the first quarter is below our current annualized rate of approximately 10 bpd.
- Well suspension due to equipment failure
 - In Q1-2010, the Company did not produce from the "11-23" well, which contributed 1.3 bpd production in Q1-2009, due to pump failure on that well. The well will require a workover in order to restart production, and the Company is awaiting a work program from the operator in respect of that.

Aside from normal period-over-period variance in operating requirements, the per-barrel increase in operating costs also reflects the impact of a decreasing production base on our fixed operating costs. For this reason, per barrel operating costs are expected to increase with time should we be unable to add additional production in our Red Earth operating area.

Natural gas production

In both periods presented, the Company participated in minor natural gas production from two wells.

Our Acadia gas well (3.28% working interest), located in south-central Alberta, produced 39 mcf to our interest in Q1-2010 (Q1-2009: 229 mcf), and is not expected to generate economic production in coming quarters. The Acadia property, with no further reserves assigned, will require abandonment in future periods.

Our Logan County gas well (6.6% working interest), located in Arkansas, U.S.A. produced 335 mcf for realized revenue of \$2.11/mcf (Q1-2009: 360 mcf for realized revenue of \$7.32/mcf).

Alberta crown leases

We hold a number of 100%-owned undeveloped petroleum and natural gas leases throughout north-central Alberta.

The Company expanded these holdings in August 2009 by acquiring a 128 ha lease (100% working interest) adjacent to a suspended Red Earth-area well in which we hold a working interest.

Our Alberta crown leases are exploration-grade properties, and in the coming months, the Company intends to commence trade seismic acquisition on those lands.

The Alberta crown leases expire between the fiscal years ended 2012 and 2014 unless sooner held by production.

FUTURE PLANS

The Company's future plans for FY-2010 consist of development of its minority-held development targets and prospect identification on its 100% owned oil and gas leases in north-central Alberta. However, as the Company's first order exploration and development targets are minority interests, carrying out our FY-2010 plans remain conditional on securing joint interest participation.

Consistent with those goals, the Company may participate in the perforation testing of the Muskeg formation on its Rainbow Lake property in winter, FY-2010, and the drilling of an initial development well on its "Kidney E/33" property in the coming 12 month period.

The Company holds minority non-operated working interests in the Rainbow Lake and Kidney E/33 prospects, and thus these programs will be subject to the participation of the joint venturers. As the Company has not obtained proposed work programs from the operator in respect of these targets, uncertainty exists as to whether such programs will be undertaken prior to lease expiry, in fiscal 2010 and 2011, respectively.

Additionally, the Company has recently been notified by the operator of the Red Earth wells that the operator intends to propose a number of workover and re-equipping programs on certain of those wells. These informally proposed work programs have the objective of enhancing production and/or lowering operating costs on the producing wells, and testing the remaining productive potential of certain of the suspended wellbores through a series of workovers. The abandonment of one to two suspended wells have also been proposed as part of this larger asset enhancement program. Should the operator provide Great Pacific formal "Authorization for Expenditure" notification of this program, Great Pacific will assess such proposals, and may participate in FY-2010.

Great Pacific also expects to participate in the necessary workovers in FY-2010 required to re-start production from 2 of the Company's Red Earth wells. These 2 wells (0.7 net wells) ceased production due to equipment failure in April 2009 and re-works will be required to re-start production.

The Company may also participate, to its working interest, in a follow-up test-well location on its Midland Basin prospect area (Texas) should the operator of that prospect block commence such an operation. Geophysical and geological assessment of this prospect block, utilizing proprietary 3-D seismic, has identified an additional "first-order" prospect, which represents a compelling follow-up to the oil-bearing Strawn formations encountered in our October 2008 test well. No drill program has been proposed by the joint participants to date, however, and accordingly, uncertainty exists as to the timing of such a program.

The Company also plans to undertake prospect identification and evaluation on our 100% owned petroleum leases in north-central Alberta, through trade seismic evaluation and geological assessment.

Our future plans are subject to new financing, as we currently do not have the funds to undertake these programs. In YTD-2010, our business development has been substantially limited by our working capital deficiency. Recently, our target acquisition and exploration and development plans have been deferred from FY-2009 on account of the working capital deficiency, and we in general will be unable to

substantially proceed with our future plans until we conduct a significant equity financing in excess of our corporate working capital needs.

In general, our ability to carry out oil and gas exploration projects in future periods, 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 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 conduct our business is also subject to such economic risks as commodity price risk, capital market conditions and interest and inflation rates, and overall economic factors. These factors may impact our ability to raise adequate financing and obtain adequate resources. *Please see our Form 51-101 report as at March 31, 2009 for a more detailed discussion of risk factors.*

CAPITAL SPENDING:

In Q1-2010, capital expenditures were incurred in respect of lease rental payments of \$15,619. Also, the Company acquired an additional 22.5% working interest (bringing our total interest to 60%) in the "3-20 wellbore", upon the default by a joint participant. The Company advanced the operator \$8,629, being our proportionate share of the amount in default. The Company also recovered \$663 on the sale of certain surface equipment on our "Acadia" natural gas well interest.

The Company did not incur any exploration and development expenditures in Q1-2010.

In the comparative period Q1-2009, the Company undertook a significantly higher level of capital investment, incurring expenditures of \$110,938 for participation right and 3-D seismic acquisition and evaluation on our Midland Basin prospect area, \$28,934 for acquisition of Canadian oil and gas leases, and \$27,204 for exploration and development expenditures on our Canadian oil and gas properties.

RESULTS OF OPERATIONS

	Q1-2010	Q1-2009	Variance
	\$	\$	\$
Oil and natural gas sales, net of royalties	(21,787)	(81,921)	60,134
Costs of oil and gas operations	41,912	91,224	(49,312)
Loss on oil and gas operations	20,125	9,303	10,822
General and administrative expenses			
Remuneration and staffing	126,069	113,761	12,308
Accounting, audit and professional fees	34,185	46,955	(12,770)
Regulatory and transfer agent	4,459	3,257	1,202
Prospect evaluation and due diligence	1,116	28,096	(26,980)
Insurance	6,601	7,767	(1,166)
Corporate and shareholder communications, travel and entertainment	19,140	42,821	(23,681)
Office services and supplies and premises rent	32,058	25,997	6,061
Amortization and other gain (loss) items	9,271	616	8,655
Net loss for the period	(253,024)	(278,573)	(25,549)

Significant Variances in Operating Items (3 months ended June 30, 2009 and 2008)

Significant variances in operating items for the three months ended June 30, 2009 compared to the three months ended June 30, 2008 include the following:

Production and revenue

Declines in oil and natural gas sales, net of royalties of \$60,134 reflected both a 48% decrease in oil prices, and a 55% decrease in crude oil production. Gas, a minor constituent of our total production, also contributed to the decrease, with sales volumes decreasing from 6.5 mcf/d to 4.1 mcf/day and revenues falling from \$8.30/mcf to \$2.22/mcf.

Overall, falling commodity prices accounted for approximately 1/2 of the fall in revenue, whereas declines in production accounted for the balance.

Further information on oil and natural gas production and sales in the quarter is provided in the section of this document *Oil and gas operations – Q1-2010*.

Costs of oil and gas operations

The balances comprising costs of oil and gas operations are set forth in the accompanying interim consolidated financial statements.

Field operating costs fell in absolute terms by approximately 50% from \$29,112 to \$19,118; however, on a per-unit basis they increased from \$44/boe to \$54/boe. As discussed in the section of this document titled "*Oil and gas operations – Q1-2010*" a significant cause for this increase is the impact of fixed operating costs coupled with declining production. While operating costs will fluctuate with production levels and normal operating variances, in general, until we are able to increase production within our operating area through either drilling or synergistic acquisitions, operating costs on a per-unit basis are expected to increase over time.

Depletion expense, a component of costs of oil and gas operations, decreased on a per unit basis from \$73/boe to \$44/boe. The higher depletion charges in Q1-2009 arose primarily because depletion expense at June 30, 2008 included certain non-recurring impairment write-off charges which were not recorded in the latter period.

Remuneration and staffing

Increases in overall spending on remuneration and staffing expenses reflected the following variances:

	Q1-2010	Q1-2009	Variance
Consulting and staffing	37,707	32,459	5,248
Management fees	45,000	30,000	15,000
Stock-based compensation	43,362	51,302	(7,940)
	126,069	113,761	13,808

Consulting and staffing includes \$31,050 (Q1-2009: \$25,500) in consulting fees paid pursuant to our "Office Management Agreement" (please see *Contractual Obligations*). These fees increased in FY-2009 to reflect higher consultancy rates.

In Q1-2010, management fees were incurred as to \$10,000 per month paid to the President of the Company, and \$5,000 per month accrued to two other officers of the Company.

Stock-based compensation ("SBC") expense incurred in Q1-2009 was recorded in respect of options granted to directors, officers and consultants in prior periods, and vested and earned in the periods

presented. The variation in stock-based compensation expense reflects the cancellation of 25,000 unvested options subsequent to Q1-2009, and the decrease in the underlying stock price of certain non-employee stock options which are measured and recorded at their performance completion date fair value each reporting period. The fall in the stock price of Great Pacific over the periods presented resulted in a decrease in SBC expense on non-employee granted options from \$10,759 in Q1-2009 to \$827 in Q1-2010.

Accounting, audit and professional fees

Decreases in overall spending on accounting, audit and professional fees reflected the following variances:

	Q1-2010	Q1-2009	Variance
Accounting and audit	29,250	24,720	4,530
Professional fees	4,935	22,235	(17,300)
	<u>34,185</u>	<u>46,955</u>	<u>(12,770)</u>

Accounting fees in each period presented were paid or accrued as to \$9,750 per month (Q1-2009: \$8,000 per month) pursuant to our Office Management Agreement for staff accounting time. In Q1-2009, accounting and audit fees also included \$720 for fiscal 2008 audit fees.

Professional fees comprised legal fees of \$4,935 (Q1-2009: \$24,307). Legal fees in both periods included charges for general corporate counsel matters. The higher level of spending in Q1-2009 reflected litigation fees in respect of our operatorship dispute (see *Legal Proceedings*).

Prospect evaluation and due diligence

In Q1-2009, property evaluation expenses involved due diligence on several Canadian asset acquisition opportunities considered, but not proceeded with. This item included engineering evaluation, legal fees and management travel costs.

Corporate and shareholder communications, travel and entertainment

Decreases in overall spending on corporate communications, shareholder communications, travel and entertainment were a result of the following variances:

	Q1-2010	Q1-2009	Variance
Shareholder and corporate communications	1,554	22,763	(21,209)
Travel and entertainment	17,586	20,058	(2,472)
	<u>19,140</u>	<u>42,821</u>	<u>(23,681)</u>

Office services and supplies and premises rent

Increases in overall spending on office services and supplies and premises rent were a result of the following variances:

	Q1-2010	Q1-2009	Variance
Office and miscellaneous	14,928	13,997	931
Bank charges and interest	2,580	104	2,476
Rent	14,550	12,000	2,550
	<u>32,058</u>	<u>25,997</u>	<u>6,061</u>

Office and miscellaneous charges includes \$9,150 in office services and supplies fees charged pursuant to our "Office Management Agreement" (Q1-2009: \$7,500).

The increase in "Bank charges and interest" reflects interest charges on trade credit payable incurred by the Company; the increase is a result of the higher balance of payables in the current period.

Spending on this item is expected to continue at Q1-2010 levels in coming periods.

Net loss

The decrease in net loss is primarily attributable to the aggregate impact of the items discussed above. Smaller variations in spending in other general and administrative expense items were primarily attributable to our year-over-year growth in corporate size and activity.

EIGHT QUARTER REVIEW

	June 30, 2009 \$	March 31, 2009 \$	Dec 31, 2008 \$	Sept 30, 2008 \$
Sales, net of royalties	21,787	84,133	68,701	64,843
Net loss for the quarter	253,024	327,170	712,144	667,679
Net loss per share	\$0.01	\$0.01	\$0.03	\$0.03
Total assets, end of period	1,404,914	1,504,804	1,677,491	2,213,106
Deficit, end of period	9,700,992	9,447,968	9,120,798	8,408,654
	June 30, 2008 \$	March 31, 2008 \$	Dec. 31, 2007 \$	Sept 30, 2007 \$
Sales, net of royalties	81,921	245,193	177,659	91,489
Net loss for the quarter	278,573	349,366	113,472	237,200
Net loss per share	\$0.01	\$0.02	\$0.01	\$0.01
Total assets, end of period	2,866,060	2,555,406	1,646,210	2,237,979
Deficit, end of period	7,740,975	7,462,402	7,113,034	6,999,564

The trends inherent in this data reflect the economic and operational factors that drove the annual trends over the same periods. For a discussion of annual results for these periods, please see our FY-2009 MD & A, available on www.Sedar.com.

Results over the eight quarters presented were significantly impacted by the following events, transactions and business trends:

- A significant increase in depletion charges since Q4-2008 (March 31, 2008). These depletion charges, which include impairment provisions recorded on the Canadian and U.S. oil and gas cost centres, largely account for the decrease in asset size subsequent to Q1-2009 and much of the increase in net loss.

- Year over year increases in corporate overhead, administration, and management expenses.
- The private placement equity financing conducted through Q4-2008 and Q1-2009 significantly increased asset size over prior quarters, as did the warrant and option exercises for proceeds of \$100,000 in FY-2009 and \$861,590 in FY-2008.
- In Q4-2008, the Company's assets increased by approximately \$295,000 due to the capitalization of certain asset retirement obligations to our Canadian oil and gas properties. The Company's assets increased by an additional \$26,729 in Q1-2010 upon the capitalization of the fair value of certain additional asset retirement obligations in that period.
- Those additional factors discussed in the sections "Results of operations" for the 3-month periods ended June 30, 2009 and 2008.

LIQUIDITY AND CAPITAL RESOURCES

Great Pacific's major source of liquidity has been the issuance of equity capital. The Company obtains equity capital financing from private placement offerings of shares and share purchase warrants, and the exercise of share purchase warrants and stock options. The Company conducts private placement equity financings from time-to-time, based on cash flow needs and subject to investor interest. Our oil and gas assets have not generated sufficient cash to finance our development-stage business model and to fund corporate overhead activities.

In FY-2009, the Company completed a \$1.41 million (net) equity financing in Q1-2009, pursuant to the issuance of 2,000,000 equity units at \$0.75 per unit, with each unit consisting of one common share and one 2-year, \$1 warrant. We also obtained equity financing in FY-2009 through the exercise of 48,000 warrants and 120,000 options, for total proceeds of \$100,000. No financings have been conducted in YTD-2010.

In order to continue as a going concern and meet our commitments and current obligations, we will require additional net equity financing of at least \$1,100,000 in the coming twelve months. At August 24, 2009, our working capital deficiency is approximately \$620,000

Furthermore, additional equity financing will be required in order to carry out the exploration and development necessary to achieve a self-sustaining level of production and oil reserves, and achieve our oil and gas business goals. We expect that additional financing – in the order of \$1.5 - \$5 million dollars – will be required to carry out a drilling program sufficient to attain a self-sustaining level of revenue and to carry out our Future Plans. There is no assurance that we will be successful in obtaining such financing. We expect that substantially all external financing will need to be provided by the sale of common shares.

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 or continued economic recession or disruption could significantly affect our ability to obtain adequate private placement financing. Being a development stage oil and gas company reliant on external financing, a sustained economic recession resulting in a continued reduction of available capital would materially harm Great Pacific. Current financial market conditions and the deterioration of oil prices have exposed Great Pacific, as with many junior resource sector peers, to material liquidity risk, as available equity capital has significantly decreased below recent levels, and the cost of such capital has simultaneously increased.

The Company had no long-term debt or financial liabilities outstanding at August 24, 2009 or June 30, 2009.

CONTRACTUAL OBLIGATIONS

Material contractual obligations not disclosed elsewhere in this MD & A are as follows:

1. The Company is required to pay its proportionate share of gross asset retirement costs having a future value, estimated by management to be approximately \$798,000, over the next fifteen years. The present value of Great Pacific's share of these costs is estimated at approximately \$453,000. 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). The Company expects that approximately \$169,000 of this amount will be incurred in FY-2010, less expected salvage value of \$19,000.
2. Under the terms of the Company's oil and gas property interests, Great Pacific may face dilution or complete loss of certain oil and gas property interests should it fail to pay its share of expenditures authorized by the project operator and the other joint interest participants. At the present, there are no authorized work programs planned on the Company's jointly owned properties (please see *Future Plans*).
3. The Company is required to participate in the re-work of two of the proved producing properties in which it holds 36% working interests in order to fully participate in production revenue from those wells. The re-works are required to recommence production as a result of well equipment failure in April 2009.
4. The company has a consulting agreement for the services of the President paying \$10,000 per month. The contract expires in September, 2009. The Company also has a contract with an office and administration services management company paying \$28,000 per month, for office rent, office services and supplies, and administration staffing services (the "Office Management Agreement"). This contract is on a month-to-month basis.
5. The Company has on-going 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. These lease payments total approximately \$20,000 per annum.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material off-balance sheet arrangements.

FINANCIAL INSTRUMENTS

The Company's financial instruments at June 30, 2009 consist of:

- Cash
- Accounts receivable
- Amounts due from related parties
- Accounts payable
- Amounts due to related parties

Details on the Company's significant financial instruments are as follows:

The carrying values of cash, accounts receivable, and accounts payable approximate their fair values due to their relatively short periods to maturity. The carrying values of amounts due from related parties and amounts due to related parties approximate their fair values as these instruments have no fixed terms of repayment.

The maximum amount of credit risk the Company is exposed to at June 30, 2009 is \$137,113 which consists of the face value of cash, accounts receivable and amounts due from related parties.

Financial instrument risk

Significant sources of financial instrument risk are detailed as follows:

Concentration of credit risk

Cash

Cash is held in demand accounts at a Canadian chartered bank. The Company does not believe it is subject to any significant counterparty risk with respect to cash as amounts do not exceed federally insured limits.

Accounts receivable

The Company is exposed to on-going concentration of credit risk because its Canadian oil and gas assets, representing approximately 97% of its gross revenue, are operated by a single counterparty. Accordingly, our dealings with that party account for the bulk of our cash in-flows from operating activities, and a significant amount of our accounts receivable are regularly owing from that one party. At June 30, 2009 amounts owing from that party comprised 61% of the carrying value of accounts receivable (March 31, 2009: 71%).

Accounts receivables typically arise from normal joint operating arrangements governing the Company's producing oil and gas properties, and from cost-recovery billings. Credit valuations are performed on a regular basis and the financial statements take into account any requirement for an allowance for bad debts. The Company has recorded a provision for impairment to reduce the carrying value of accounts receivable to its estimated fair value.

Amounts due from related parties

At June 30, 2009 related party advances consist of interest-bearing expense advances and vehicle rental revenue receivable. These amounts are due on demand, and have no fixed terms. The interest bearing advances accrue interest at a rate of prime plus 1%.

The expense advance to a director was settled subsequent to June 30, 2009 by the offset of management fees accruing to the President and by the application of out-of-pocket expenses incurred by that person on the Company's behalf from time to time.

The amounts due from related parties at June 30, 2009 are due from two parties, and default by either party would constitute a material loss.

Interest rate risk

The Company is exposed to interest rate risk, as amounts owing to the operator of its Midland Basin Prospect area having a principal balance of approximately \$36,000 accrue interest at a variable rate of prime (Texas) + 1%. However, as the Company has no debt instruments outstanding, besides trade credit as provided from time to time, the Company does not believe its overall exposure to interest rate risk is significant.

Currency risk

The Company generates approximately 3% of its gross revenue from a natural gas well in the United States, and holds petroleum land interests in the United States having a book value of \$68,872. Accordingly, changes in the U.S. denominated value of the Canadian dollar will impact the Canadian

dollar cost of meeting any future obligations under that prospect area and will affect the Canadian dollar-denominated value of natural gas production.

As at June 30, 2009, the Company does not believe its overall exposure to currency risk for its obligations denominated in United States dollars is significant.

Commodity price risk

The Company is exposed to material oil and gas commodity price risk. A relative decrease in the price of oil and gas would reduce the Company's cash flows, reduce the realizable market value of the Company's oil and gas assets, reduce the Company's economic reserves, and make it more difficult for the Company to raise the equity capital required to meet its commitments and carry out its development-stage business plans. Management has assessed that the Company's degree of exposure to commodity price risk is material, but consistent with our development stage oil and gas business operations. The Company has not entered into any arrangements to mitigate this risk.

Liquidity risk

The Company faces material liquidity risk in that it has a significant working capital deficiency in excess of the servicing capacity of the Company's producing oil and gas assets, and additional material commitments coming due in the current period. The Company has insufficient cash and liquid resources on hand to satisfy its accounts payable and accrued liabilities should those debts be demanded on notice. The Company is seeking equity financing in order to obtain additional liquidity to mitigate this risk.

RELATED PARTY TRANSACTIONS

Fees paid to related parties

In Q1-2010, the Company paid or accrued management fees to three officers totalling \$45,000 (Q1-2009: \$30,000).

In YTD-2010, these fees have accrued at a total rate of \$15,000 per month. Fees paid to the President of Great Pacific, totalling \$10,000 per month since Q3-2009 (Q1-2009: \$5,000 per month) are paid pursuant to a Management Services Agreement expiring September 2009. The balance of the fees are accrued on month-to-month basis.

Additionally, in Q1-2010, the Company paid corporate communication fees to a director totalling \$1,500 (Q1-2009: \$1500)

Amounts due to and from related parties

At June 30, 2009, the Company is indebted to related parties in the amount of \$53,794 (March 31, 2009: \$38,054).

At June 30, 2009, a director, and a private company controlled by a director, were indebted to the Company in the amount of \$64,571 (March 31, 2009: \$123,182).

OUTSTANDING SHARE DATA

Common shares (22,411,433)

At August 24, 2009 there are 22,411,433 common shares of Great Pacific issued and outstanding. There were no shares issued in the three month period ended June 30, 2009 or subsequent.

Share purchase instruments

Outstanding share purchase instruments consist of share purchase warrants and incentive stock options. Details of warrants and incentive stock options outstanding at August 24, 2009 are as follows:

Warrants

	Number of underlying shares	Exercise Price	Expiry Date
FY-2009 grant	1,952,000	\$1.00	April 14, 2010

Incentive stock options

	Number of underlying shares	Exercise Price	Expiry Date
FY-2006 grant	481,000	\$0.35	October 3, 2010
FY-2008 grant	865,000	\$1.38	February 18 2013
FY-2009 grant	390,000	\$1.65	April 14 2013
<i>Weighted average totals</i>	<i>1,736,000</i>	<i>\$1.16</i>	<i>2.95 years remaining</i>
Exercisable at August 24, 2009	732,000	\$0.73	1.94 years remaining

The weighted average exercise price for the FY-2008 and FY-2009 grants reflect graduated exercise prices and straight-line, semi-annual vesting, wherein the exercise prices increase on each anniversary date from \$1.25 to \$1.83 and \$1.50 to \$2.20, respectively, with vesting as to 10% every six months.

CHANGES IN ACCOUNTING POLICIES INCLUDING INITIAL ADOPTION

New accounting policy

Effective April 1, 2009 the Company adopted CICA Handbook Section 3064 "Goodwill and intangible assets" as an accounting policy of the Company.

This new pronouncement replaces the former CICA Handbook Section 3062, Goodwill and Intangible Assets and Section 3450 Research and Development Costs. It establishes enhanced standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The Company does not expect the adoption of this new Section to have a material effect on its financial statements.

Future changes in accounting policies

In future periods, the Company will adopt the following recent Canadian accounting pronouncements that have been announced but are not yet effective:

Business Combinations - CICA Handbook Section 1582

In January 2009, the CICA issued Section 1582, "Business Combinations" to replace Section 1581. Prospective application of the standard is effective January 1, 2011, with early adoption permitted. This new standard effectively harmonizes the business combinations standard under Canadian GAAP with International Financial Reporting Standards ("IFRS"). The new standard revises guidance on the determination of the carrying amount of the assets acquired and liabilities assumed, goodwill and accounting for non-controlling interests at the time of a business combination.

Consolidated Financial Statements and Non-Controlling Interests – CICA Handbook Sections 1601 and 1602

In January 2009, the CICA issued Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace Section 1600 "Consolidated Financial Statements." Section

1601 provides revised guidance on the preparation of consolidated financial statements and Section 1602 addresses accounting for non-controlling interests in consolidated financial statements subsequent to a business combination. These standards are effective January 1, 2011, unless they are early adopted at the same time as Section 1582 "Business Combinations." The adoption of this standard is not expected to have a material effect on the Company's 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 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 is monitoring the impact of these convergence initiatives on its financial reporting and disclosure. At present, significant differences from the Company's Canadian GAAP financial reporting and disclosure are expected to be with respect to the carrying value and impairment testing of its oil and gas assets. The International Accounting Standards Board is undertaking a project on the extractive industries, however this project is not anticipated to be complete by the time of Canada's changeover to IFRS.

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 in the determination of the recoverability or valuation of accounts receivable, the fair value of future asset retirement obligations, depletion costs per unit of production, stock-based compensation expense, determining the fair value of financial instruments, measuring impairment losses, measuring the recoverability of amounts shown for oil and gas properties, and the utilization of future income tax assets and tax rates. These critical estimates are reviewed periodically, and, as adjustments become necessary, they are reported in operations in the period in which they become known.

Any amounts recorded for depletion of oil and gas properties and any provision for future site restoration and abandonment costs are based on estimates. The ceiling test is based on estimates of proven reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be material

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, excepting the operatorship dispute, below.

Operatorship dispute

In the fiscal year ended March 31, 2009, the Company filed a Statement of Claim in the Court of Queen's Bench of Alberta in the Judicial District of Calgary, against the operator of the Company's Mistahiyah group properties.

The Statement of Claim is in respect of certain operatorship issues and seeks a judicial resolution of disputed revenue with-holdings, the assertion of our take-in-kind rights to oil revenue, and other issues. A trial date has not yet been set.

In the interim the Company has obtained an Order in the Court of Queen's Bench of Alberta, Judicial District of Calgary requiring that the operator pay Great Pacific its proportional 36% share of the gross revenue and provide a statement of expenses arising out of the joint venture operations on our Red Earth wells within 50 days of the end of each production month. Upon receipt of the revenue, Great Pacific is to pay the Operator its share of proper expenses, with any disputed expenses to be paid into Court with an explanation as to the nature of the dispute.

The operator has filed a Statement of Defense in respect of this matter, and has also filed a counter-claim against the Company. The counter-claim is seeking unspecified punitive and compensatory damages against the Company in respect of alleged interference with an oil marketing contract formerly held in respect of the jointly owned wells. Management believes the counter-claim to be completely without merit, and the Company intends to vigorously defend itself against these allegations.

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, 2009 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 principles (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, 2009 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 cannot 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

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, as at March 31, 2009 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.

Quantities and conversions: In this MD & A the following acronyms are used:

ac	Acres	P & NG	Petroleum and natural gas
bbls	Barrels of oil	/d	Per day
Boe	Barrels of oil equivalent	Ha	Hectare

Please note that oil equivalency measures are expressed based on energy equivalence, assumed 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 volumes produced in a specified period, divided by the total number of calendar days within that period.

As per our revenue recognition policy, production revenue is recognized when measurable, upon the passage of title, and when collectability can be reasonably assured. Accordingly, production volumes stated herein reflect volumes sold, and thus may not directly relate to flow-rates.

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"

Thal S. Poonian, President