

United Hunter Oil & Gas Corp.
(formerly Vesta Capital Corp.)
Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") of the financial position of United Hunter Oil & Gas Corp. (the "Company") should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2010. The information provided is as of May 2, 2011. These documents, and additional information about the Company, are available at www.sedar.com. Unless otherwise noted, dollar amounts are expressed in US dollars. References to C\$ means Canadian dollars.

Description of Business

Vesta Capital Corp. ("Vesta") was incorporated under the Business Corporations Act (Ontario) on February 22, 2008 and was classified as a capital pool company as defined in Policy 2.4 of TSX Venture Exchange Inc. ("TSX-V"). The common shares of Vesta were listed on the TSX-V under the symbol "VES.P" on July 29, 2008.

On April 23, 2010, Vesta Capital Corp. ("Vesta"), a capital pool company, completed its qualifying transaction by way of an amalgamation among United Hydrocarbon Corporation ("UHC"), a wholly-owned subsidiary of Vesta and Vesta ("Amalgamation"). Vesta issued 1.7754 common shares for each UHC common share outstanding and issued 1.33 common shares for each UHC Class A common share outstanding.

On August 18, 2010, the name of the company was changed to United Hunter Oil & Gas Corp. and on September 1, 2010, the Company's shares commenced trading on the TSX Venture Exchange under the new symbol UHO.

The results in this Management's Discussion and Analysis are those of United Hunter.

Joint venture interest in Excelaron LLC

On January 1, 2009, UHC acquired a 21% Membership Interest in Excelaron from a shareholder of the Company, in exchange for a 5% assignable gross overriding royalty with a net fair value of \$1,200,000. The royalty is payable on all amounts received directly or indirectly by UHC that can be attributed to its Membership Interest in Excelaron.

On April 23, 2010, UHC increased its Membership Interest in Excelaron from 21% to 65%. UHC acquired an additional 4% Membership Interest in Excelaron in exchange for 2,253,001 common shares valued at C\$0.163 per common share for total consideration of \$367,570 (C\$367,239). UHC acquired an additional 40% Membership Interest in Excelaron for cash of \$1,000,900 (C\$1,000,000), a capital contribution to Excelaron of US\$1,075,000 and a commitment to pay US\$800,000 at such time as Excelaron secures its conditional use permits for its planned operations on its oil and gas properties. In the event that Excelaron does not secure such permits or UHC does not pay the US\$800,000, the 40% Membership Interest will be reduced to a 15% Membership Interest in Excelaron.

As a result of the Amalgamation, the Company holds an indirect 65% Membership Interest in Excelaron, which holds a 100% interest in an oil and natural gas property consisting of 260 acres on the western edge of the Huasna Basin, an existing California Department of Oil, Gas and Geothermal Resources designated oilfield within the Meridian Anticline located in Arroyo Grande, California. The Company will carry out exploration and development of oil and gas properties held by Excelaron pursuant to the terms of a joint operating agreement. Our joint venture partner in Excelaron is Australia Oil Company.

Private placement

Concurrent with the closing of the Amalgamation, UHC completed a private placement of 45,000,000 common share units at a price of C\$0.20 per unit for gross proceeds of \$9,008,100 (C\$9,000,000) (“Private Placement”). Each unit consisted of one Class A common share and one-half of one warrant, with each whole warrant entitling the holder to purchase one Class A common share at a price of C\$0.40 per Class A share until April 23, 2012 (“UHC Warrant”). In the event that the UHC Class A common shares trade at or above C\$0.80 for more than 20 consecutive days, the warrants must be exercised after written notice is provided by UHC or they will expire. In respect of the Private Placement, UHC issued 3,600,000 broker compensation warrants entitling the holder to purchase one Class A common share at a price of C\$0.20 per Class A common share until April 23, 2012 (“UHC Compensation Warrants”); issued 5,746,999 common shares with a value of \$937,604 in respect of a corporate finance fee, of which, 4,310,249 common shares were issued to a company controlled by a director of the Company; paid \$683,307 for the agent’s commissions, legal fees and out-of-pocket expenses.

Huasna Property

The Company holds a 65% indirect interest in Excelaron, which holds a 100% interest in an oil and natural gas property consisting of 260 acres on the western edge of the Huasna Basin, an existing California Department of Oil, Gas and Geothermal Resources designated oilfield within the Meridian Anticline located in Arroyo Grande, California.

Geology Description

The onshore portion of the Santa Maria Basin is a triangular shaped structural basin located north of Los Angeles in the state of California and bounded by the Santa Ynez Mountains to the south and the San Rafael Mountains to the north.

The basin contains Cenozoic Miocene to Quaternary strata that pinch out against the older strata of the mountain ranges to the south and north. An unconformity at the top of the Mesozoic strata indicates a period of widespread emergence and erosion during the middle Tertiary period. Sedimentation commenced again when Lower Miocene strata were deposited during a period of regional crustal extension. During much of the ensuing Miocene time the Monterey Formation was deposited, the major reservoir zone and only source rock in the basin. The Monterey Formation ranges in thickness from 1,000 to 4,000 feet and consists primarily of organic rich clastic poor strata, more calcareous in the lower section and increasingly cherty and siliceous in the upper section. These are deeper water deposits as sea level was high at this time.

Much of the oil in the Santa Maria Basin is trapped in west-northwest trending faulted anticlines. In the Monterey Formation, the reservoirs are very thick fractured sections of chert, siliceous shale and dolomite. The oil is usually heavy and typically ranges from 10° to 20° API. Matrix porosity is typically about 10% to 35% but the permeability within the matrix is negligible. The recoverable oil is predominantly located in the fracture system for which the porosity ranges from 1% to 2% or less, but permeability can be very large.

The Huasna Field is located in the northern portion of the Santa Maria Basin and is a mapped surface anticlinal feature with tar sealed Monterey Formation as the outcropping formation. Structural closure is 450 acres and the first well drilled into the structure, Scherer-Dickes #1, was perforated from 900 to 2200 feet in the Monterey Formation.

Resource Estimates

The following information is contained in Evaluation of Contingent Resources for the Huasna Field, San Luis Obispo County, California, USA dated October 27, 2010 that was prepared by Gaffney Cline & Associates Inc. (“GCA Report”). The GCA Report was prepared in accordance with National Instrument 51-101 and is available at www.sedar.com

The oil gravity in the Monterey shale accumulation is presumed to be 13° API and its exploitation will be facilitated by application of an enhanced recovery scheme by hot water injection. Under Excelaron's scheme concept hot water would be injected to raise the reservoir temperature and increase oil mobility, plus provide a displacement mechanism for the oil.

GCA made volumetric estimates of the Discovered Petroleum Initially-In-Place “PIIP” using the existing well information and references appropriate field analogs. GCA gives expected recoveries at Huasna of 4-6% of the Discovered PIIP for the hot water stimulation process that UHO plans to test and implement at Huasna. According to GCA’s estimates, the P50 Discovered PIIP is 96 MMBbl with net UHO recoverable of 2.7 MMBbl; the P90 Discovered PIIP is 44.6 MMBbl with net UHO recoverable of 1.2 MMBbl, and the P10 Discovered PIIP is 174 MMBbl with net UHO recoverable of 5.1MMBbl. The Discovered PIIP estimates are for the entire field area. Net UHO recoverable volumes are based on the assumption that UHO’s 65% interest in the 160 acre project area will apply to the remainder of the Huasna field. The volumes have been reduced for royalties. Recoverable volumes are classified by GCA as Contingent Resources as of July 31st 2010 and estimated in accordance with the reserve and resource definitions set out in the Canadian Oil and Gas Evaluation Handbook COGEH, which also forms part of Canadian National Instrument 51-101. Total Petroleum Initially-In-Place (PIIP) is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations, prior to production, plus those estimated quantities in accumulations yet to be discovered (equivalent to “total resources”). Discovered Petroleum Initially-In-Place (equivalent to discovered resources) is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

As indicated above, the Project contains contingent resources, the main contingencies are:

- Establishing production in commercial quantities using primary or secondary methods;
- Securing the necessary permits to develop the field;
- Securing funds and services in order to drill and complete new wells;
- Constructing processing and transportation facilities; and

- Securing sales contracts for the oil that can be produced.

Development Plan

The Company plans to drill 12 new wells within the next 5 years. The first Phase is a 4 well pilot program consisting of up to four vertical producers that will be drilled and operated with a rental boiler/treater generator for about six months to examine the potential for commercial production. After the completion of the well pilot program a full analysis of the field's commercial potential will be conducted. The Pilot Program will be used to obtain new subsurface information and to initiate production using intermittent hot water injection. In this approach, hot water will be injected in each well for intermittent periods followed by periods of production. These first 4 wells will be drilled and completed as vertical or near vertical, and will be logged using appropriate modern logs. Fresh cores and fluid samples will be taken and analyzed. The Company plans to use reservoir modeling that will involve construction of a geological model and reservoir simulation using thermal and dual permeability formulations to assess the recovery potential and to optimize vertical and horizontal spacing in conjunction with injection rates and schedule.

The next development phase consists of an additional 8 wells (plus a water disposal well) and a permanent facility. The Company will adopt a maximum recovery by the least possible surface impact principle. In practice, vertical and directional wells will be drilled from central locations that at subsurface will project an optimal spacing pattern. Hot water injection will be applied at about 2,400 bbl/day rates. The hot water will be injected in each well sequentially allowing wells to alternate through injection and production cycles. Recent fluid sampling has shown that increasing the temperature of the fluid by modest amounts reduces oil viscosity. Applied at intervals no thicker than 300-400 feet is typically accomplished by injecting at the deepest interval first and then plugging and later completing upwards at shallower depths.

The major obstacle in carrying out this development concept is securing the necessary permits from the regulatory authorities, which requires environmental impact compliance and approval. The Company anticipates that the Draft Environmental Impact Report (DEIR) will be issued by the San Luis Obispo County in May. Once the DEIR is distributed, the California Environmental Quality Act Guidelines requires a 45-day public review period. Interested parties can provide comments on the environmental document that will then be addressed by the County's consultant, Marine Research Specialists, in the Final EIR. The Final EIR will then have the first public hearing in front of the Planning Commission. The Final EIR will then be presented to the San Luis Obispo Board of Supervisors for the final ruling on the Project Permit in approximately October 2011.

Atlee Buffalo Property

On May 31, 2010, the Company acquired a 47.5% working interest in a portion of the suspended Alberta Mannville G oil field ("Atlee Buffalo") for C\$54,648 from 868218 Alberta Ltd. ("868228 Alberta"), a company controlled by an officer of the Company. On September 15, 2010, the Company acquired an additional 47.5% working interest in Atlee Buffalo for C\$54,648 from 868228 Alberta. The Atlee Buffalo Mannville G pool was discovered in 1980 and is currently suspended. The suspended wells associated with the property will allow the Company the opportunity to re-enter and re-complete the wells within the Mannville G pool. This first acquisition in Alberta is part of the Company's overall mandate and growth strategy for Alberta to re-enter suspended vertical wells in low risk oil prospects. During November 2010, the first well was re-completed and during March 2011, a single well battery site was constructed and the well tied in, with the intent to do a long term production test. A second well will be re-completed and tested during May 2011; weather and equipment permitting.

Woodbend Leduc Property

On November 1, 2010, the Company entered into a farm-in agreement with MEC Operating Company ULC to earn PN&G right within the Wabamum Formation under 4 sections of land (2,560 acres) at the Leduc Woodbend area of Alberta. The terms of this farm-in agreement allows the Company to earn 71.8% by paying 71.8% subject to a 10% GORR payable to MEC. Alternatively, the company will pay 71.8% to earn 50% if MEC converts its GORR to a 30% working interest after re-completion. This farm-in agreement is again part of the Company's overall mandate and growth strategy for Alberta to re-enter suspended vertical wells in low risk oil projects. During December 2010, the first well was re-completed and swabbed oil and water. This well will be tied into existing facilities in May 2011, weather and equipment permitting. At the same time in May 2011, a second well on this land will be re-completed and tied in and tested.

Porter Ranch Property

On January 31, 2011, the Company formed a new Joint Venture with Australia Oil Company called Alamo Creek LLC, of which, the Company owns 45% and leased 4,068 acres (Porter Ranch) within the Huasna Basin, adjacent to Santa Maria Basin in California. The company has contributed \$50,000 to Alamo to cover its portion of incorporation and other legal expenses plus leases. The leases were briefly explored in the 1980's by Phillips Petroleum Company ("PPC") who drilled one well and completed extensive roadwork and wells pads for two additional well locations prior to abandoning the project due to depressed oil prices. There has been no subsequent exploration since that time. The only well PPC drilled in 1984 tested oil from 3 separate zones and then abandoned and plugged this well. Adjacent wells have tested oil ranging from light (30 API) to heavy (15 – 18 API), some with associated gas and numerous surface oil seeps. Within the leased area there are currently 2 anticlinal structures which have been only tested at their extremities. The forward work program includes acquiring all historical well and seismic data prior to the possible acquisition of new seismic data over the anticlines. Based on this information, up to 3 exploration wells may be drilled. In addition, the Company is in advanced negotiations to lease an additional adjacent 4,982 acres.

Risks and Uncertainties

The risks and uncertainties below are not the only ones facing the Company. For an overview of certain of the risks and uncertainties which may affect the Company and its business and operations, readers are referred to the section entitled "Forward-looking Statements and Information". Additional risks and uncertainties not presently known to the Company or that the Company currently considers immaterial may also impair the business and operations of the Company and cause the price of the securities of the Company to decline. If any of these risks actually occur, the Company's business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the shares could decline and shareholders may lose all or part of their investment. Prospective investors should review the risks with their legal and financial advisors and should consider, in addition to the matters set forth elsewhere in this prospectus, the following risks of purchasing shares.

An investment in the securities of the Company is suitable only for purchasers who are aware of such risks and who have the ability and willingness to accept the risk of total loss of their invested capital.

As stated above and as discussed in the Company's continuous disclosure documents, certain risks and uncertainties that could cause the Company's actual results to materially differ from our current expectations include, but are not limited to:

- The Company's business is at a similar stage to that of a recently formed company with no operating history, which makes it difficult to evaluate its business prospects;
- The Company cannot be certain that it will continuously meet all requirements to maintain and achieve the licenses required;
- The Company cannot be certain that current expected expenditures and completion/testing programs will be realized;
- The Company will have substantial capital requirements that, if not met, may hinder its growth and operations;
- The Company might not be able to determine reserve potential, identify liabilities associated with the properties or obtain protection from sellers against them, which could cause the Company to incur losses;
- Resource estimates depend on many assumptions that may turn out to be inconclusive, subject to varying interpretations, or inaccurate;
- The value of the Common Shares might be affected by matters not related to the Company's own operating performance for reasons that include the following:
 - general economic conditions in Canada, the United States and globally;
 - industry conditions, including fluctuations in the price of petroleum and natural gas;
 - governmental regulation of the petroleum and natural gas industry, including environmental regulation;
 - fluctuation in foreign exchange or interest rates;
 - liabilities inherent in petroleum and natural gas operations;
 - geological, technical, drilling and processing problems;
 - unanticipated operating events which can reduce production or cause production to be shut-in or delayed;
 - failure to obtain third party consents and approvals, when required;
 - stock market volatility and market valuations;
 - competition for, among other things, capital, acquisition of reserves, undeveloped land and skilled personnel;
 - the need to obtain required approvals from regulatory authorities;
 - investor perception of the petroleum and natural gas industry;
 - limited trading volume of Common Shares;
 - change in environmental and other governmental regulations;
 - the Company's liquidity; and
 - the Company's ability to raise additional funds.
- The Company might not be able to obtain necessary approvals from one or more government agencies, surface owners, or other third parties;
- Drilling for and producing petroleum and natural gas are high-risk activities with many uncertainties that could adversely affect the Company's business, financial condition or results of operations;

- Competition in the petroleum and natural gas industry is intense, and many of the Company's competitors have greater financial, technological and other resources than the Company does, which may adversely affect its ability to compete;
- A substantial or extended decline in petroleum and natural gas prices may adversely affect the Company's ability to meet its capital expenditure obligations and financial commitments;
- The Company may enter into currency hedging agreements but may not be able to hedge against all such risks;
- The Company is subject to complex laws and regulations, including environmental regulations, which can have a material adverse effect on the cost, manner or feasibility of doing business;
- The loss of the Company's chief executive officer or other of the Company's key management and technical personnel or its inability to attract and retain experienced technical personnel could adversely affect the Company's ability to operate;
- The Company does not insure against all potential operating risks. It might incur substantial losses and be subject to substantial liability claims of its petroleum and natural gas operations; and
- To the extent that the Company establishes petroleum and natural gas reserves, it will be required to replace, maintain or expand its petroleum and natural gas reserves in order to prevent its reserves and production from declining, which would adversely affect cash flows and income.

Should one or more of these risks materialize, or should the Company's underlying assumptions prove incorrect, the Company's actual results may materially differ from the Company's current expectations. Therefore, in evaluating forward-looking statements, readers should specifically consider the various factors that could cause the Company's actual results to materially differ from such forward-looking statements.

Summary Annual Information

The Amalgamation was completed on April 23, 2010 and the consolidated results of operations for the Company include the results for UHC for the year ended December 31, 2010 and for Vesta and the Company's proportionate share in Excelaron from the closing date of the Amalgamation, April 23, 2010 to December 31, 2010. The comparative figures presented are those of UHC, which was inactive until the closing of the Amalgamation.

	2010	2009	2008
	\$	\$	\$
Net loss			
Total	2,796,659	49,145	—
Per share (basic and diluted)	0.03	0.00	—
Total assets	9,302,008	1,856,455	—

Results of Operations

Years ended December

	3 months ended December 31,		Years ended December 31,	
	2010	2009	2010	2009
	\$	\$	\$	\$
Expenses				
Professional fees	101,739	—	101,739	—
Management fees	5,000	—	70,000	—
Salaries and wages	133,841	—	276,600	—
Consulting fees	90,339	—	565,879	—
Stock-based compensation	159,172	—	253,370	—
Premises	29,406	—	51,000	—
General and administrative	(17,198)	—	31,617	—
Public company costs	8,866	—	24,879	—
Investor relations	89,473	—	141,006	—
Travel	39,776	—	77,386	—
Permitting	4,740	—	25,630	—
Transaction costs	1,226,384	—	1,226,384	—
Interest income	(19,366)	—	(19,366)	—
Foreign exchange loss	12,494	—	68,751	—
	1,864,665	—	2,894,876	—
Loss and comprehensive loss before income taxes	(1,864,665)	—	(2,894,876)	—
Future income tax reduction	—	—	98,217	—
Loss	(1,864,665)	—	(2,796,659)	—

Summary of Quarterly Results

The summary of quarterly results has been prepared in accordance with Canadian generally accepted accounting principles.

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2009	2009	2009	2009	2010	2010	2010	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Loss	-	-	-	-	-	-	-	-
- Total	-	-	-	75,000	-	348,749	581,462	2,246,169
- Per share	-	-	-	-	-	-	0.01	0.02

Liquidity & Capital Resources

As at December 31, 2010, the Company had working capital of \$3,048,569, which included cash of \$3,641,755, cash flow used in operating activities of \$1,810,392, net loss of \$2,796,658, and accumulated deficit of \$3,118,979. While the Company has sufficient funds to meet its current liabilities, the Company will require additional funding to fund its operations and the exploration of its oil and gas properties. Without additional funding, there is substantial doubt as to the Company's ability to continue as a going concern. Within the next 12 months, the Company will be seeking to raise the necessary capital to meet its funding requirements. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available. These funds will be required to finance capital and operating expenditures in Huasna if the development permits are approved.

Huasna Capital Expenditures

It has been estimated that the initial pilot scheme for the development plan, consisting of four vertical hot water injector/producers, plus surface equipment, would cost \$1,875,000, of which, \$800,000 will be paid by the Company, with all costs for the development of the development plan thereafter being paid 65% by the Company and 35% by its joint venture partner. The Project will be subject to a 12.5% basic overriding royalty plus an additional 5% of net revenue after energy-related lifting costs.

For the expanded development plan it has been estimated that a vertical hot water injection well will cost \$300,000 to drill and the hot water boiler and associated facilities will cost \$1,000,000.

Total capital expenditures for a fully exploited Project as described would be \$14,175,000 (\$9,870,000 net to the Company), comprised of the following:

- (a) the well pilot program, consisting of four vertical hot water injector/oil producers which would be drilled and operated with a rental boiler/treater generator for about six months to examine the potential for commercial production, potentially a water disposal well will also be drilled if there is a requirement to dispose of produced formation water; and
- (b) phase 2, consisting of 8 vertical, inclined or horizontal wells and a disposal well (if not drilled during the pilot program), building of water boiler/treater facilities.

Total abandonment and restoration liabilities have been estimated at \$350,000 (\$227,500 net to the Company).

Of the first \$1,875,000 required for the development plan, the Company has already advanced \$1,075,000 and the remaining \$800,000 will be advanced at such time as Excelaron secures its conditional use permits for its planned operations on its oil and natural gas properties. In the event that Excelaron does not secure such permits or the Company does not pay the \$800,000, the 40% Membership Interest will be reduced to a 15% Membership Interest in Excelaron. The Company has also agreed to pay a shareholder of UHC a 5% assignable gross overriding royalty on all amounts received, directly or indirectly, by the Company that can be attributed to its 65% Membership Interest in Excelaron.

Related Party Transactions

	Years ended December 31,	
	2010	2009
	\$	\$
Atlee Buffalo acquisition costs		
Acquired a 95% working interest from 868218 Alberta Ltd, a company controlled by Peter Rudakis, an officer	105,140	–
Consulting fees		
Paid to Arthur Halleran, a director and officer, in his capacity as President	67,778	–
Paid to Impel Corporation (“Impel”), a company controlled by Peter Rudakis, an officer, in his capacity as Vice President	12,865	–
Paid in respect to Impel for geological consulting services	13,600	–
Rent		
Paid in respect of rent for office premises in Toronto to GM Partners, a company controlled by Bradley Griffiths, a director	36,457	–
Paid in respect of rent for office premises in Calgary to Impel	15,009	–
Office		
Paid in respect of office administration services to Shirley Mejia de Halleran, spouse of Arthur Halleran	7,075	–
Paid respect of office services to Impel	2,269	–
Transaction costs		
Issued 4,310,249 common shares in respect of a corporate finance fee to Griffith Energy and Resources Inc., a company controlled by Bradley Griffiths	703,203	–
Acquisition of 21% interest in Excelaron		
Acquisition of 21% interest in Excelaron in exchange for a 5% overriding royalty	–	1,854,203

These transactions were in the normal course of business and are recorded at exchange values which were equal to fair market value and were established and agreed upon by the related parties.

Changes in Accounting Policies Including Initial Adoption

International Financial Reporting Standards ("IFRS")

On February 13, 2008 the CICA Accounting Standards Board announced that Canadian public reporting issuers will be required to report under International Financial Reporting Standards ("IFRS"), which will replace current Canadian generally accepted accounting principles ("Canadian GAAP") for years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require restatement for comparative purposes, of the Company's opening balance sheet as at January 1, 2010, all interim quarterly periods in 2010 and for the year ended December 31, 2010. The objective of the adoption of IFRS is to improve financial reporting by having one single set of accounting standards that are comparable with other entities on an international basis.

Management is responsible to manage the transition to IFRS and to ensure successful implementation within the required time frame. Management has attended IFRS seminars and industry specific seminars.

The Company completed high level analyses to determine the areas impacted by the conversion and is finalizing the financial reporting impacts on the adoption of IFRS. The assessment concluded that the most significant areas of differences between Canadian GAAP and IFRS applicable to the Company include the treatment of exploration and evaluation costs, depreciation and depletion of property, plant and equipment, farm-in/out transactions, business combinations and impairment of assets, as well as more extensive presentation and disclosure requirements under IFRS.

The Company's in-depth reviews have been concentrated on cash generating units, accounting policy choices for exploration and evaluation costs, decommissioning liabilities, share-based payments and a preliminary analysis of the impact on the Company's data gathering and reporting systems. The Company is still assessing the impact of IFRS and has not finalized all of its accounting policy choices and IFRS 1 exemptions. Throughout 2010 and to date, efforts are underway to fully quantify the impact of IFRS on the Company's January 1, 2010 transition date balance sheet and the future financial position and results of operations.

First-time adoption of IFRS

IFRS 1 - "First-time Adoption of International Financial Reporting Standards" is the standard that governs mandatory exceptions and optional exemptions that an entity may elect for its transition to IFRS in order to assist the entity with the transition process. This standard is only applicable to the opening balance sheet of the entity on the transition date of January 1, 2010.

The following are IFRS 1 exemptions that the Company currently anticipates electing on transition date.

Share based payments

The Company has elected to apply IFRS 2, Share-based Payments only to outstanding unvested equity instruments at the transition date of January 1, 2010.

Business Combinations

The Company has elected to not apply IFRS 3, Business Combinations, retrospectively to business combinations that occurred prior to the transition date of January 1, 2010.

Impact of Adopting IFRS on the Company's Financial Statements - Transition

The adoption of IFRS will result in some changes to the Company's accounting policies that are applied in the recognition, measurement and disclosure of balances and transactions in its financial statements. The following provides a summary of the Company's evaluation to date of potential changes to accounting policies in key areas based on the current standards and guidance within IFRS. This is not intended to be a complete list of areas where the adoption of IFRS will require a change in accounting policies, but to highlight the areas that the Company has identified as having the most potential for a significant change. Other differences may exist between amounts reported by the Company under Canadian GAAP compared to IFRS. The International Accounting Standards Board has a number of ongoing projects, the outcome of which may have an effect on the changes required to the Company's accounting policies on adoption of IFRS. Depending on the outcome of the Joint Venture project, the Company may have to change its accounting for its Membership Interest in Excelaron from proportionate consolidation to equity method accounting.

Exploration and Evaluation Expenditures

IFRS currently allows an entity to retain its existing accounting policies related to the exploration for and evaluation of mineral properties, subject to some restrictions. The Company expects to retain its current policy of deferring exploration and evaluation expenditures until such time as the properties are commercially viable and technically feasible, sold, determined not to be economically viable or abandoned. Therefore, the Company expects that the oil and gas properties disclosed on the balance sheet will be reclassified to exploration and evaluation assets on transition.

Impairment of Non-financial Assets

IFRS, like Canadian GAAP, requires an assessment at each reporting date as to whether there are indicators of impairment of exploration and evaluation costs. The factors considered under IFRS are quite similar to Canadian GAAP, but there are some differences. IFRS requires a write down of assets if the higher of the fair market value and the value in use of a group of assets is less than its carrying value. Value in use is determined using discounted estimated future cash flows. Current Canadian GAAP requires a write down to estimated fair value only if the undiscounted estimated future cash flows of a group of assets are less than its carrying value.

The Company's accounting policies related to impairment of deferred exploration costs will be changed to reflect these differences; however, the Company does not expect this change will have an immediate impact to the carrying value of its assets. The Company will perform impairment assessments as at the Transition Date in accordance with IFRS.

Share-based Payments

In certain circumstances, IFRS requires a different measurement of stock-based compensation related to stock options than current Canadian GAAP. IFRS 2 - "Share-based Payments," requires the Company to estimate the number of options expected to vest when a grant of equity instruments do not vest immediately. An estimate of the option's life is also required for the estimation of the fair value of the instruments. IFRS 2 does not allow the recognition of the expense on a straight-line basis and requires each installment to be treated as a separate arrangement. Currently, the Company accounts for forfeitures as they occur and considers the estimated life of the options to be consistent with their expiry date. Share-based compensation expense is accounted for using the graded method which is required under IFRS. As a result of applying IFRS 2, the Company anticipates a change in the stock based compensation expense recorded.

Impact of Adopting IFRS on the Company's Financial Statements – Subsequent to transition

Asset Retirement Obligations (Decommissioning Liabilities)

IFRS requires the recognition of a decommissioning liability for legal or constructive obligations, while current Canadian GAAP only requires the recognition of such liabilities for legal obligations. A constructive obligation exists when an entity has created reasonable expectations that it will take certain actions. The Company has not yet determined whether they will apply a risk free rate or a credit adjusted risk free rate to asset retirement obligations incurred.

Reverse Takeover transaction

Accounting for reverse takeover transactions that do not meet the definition of a business differ between Canadian GAAP and IFRS. Under IFRS, this type of transaction would be within the scope of IFRS 2, Share-based payments since United Hunter would have issued shares in exchange for the stock exchange listing. The Company is assessing the adjustments that will be made in 2010 under IFRS.

Non-monetary transactions

Under IFRS, non-monetary transactions such as property swaps, or farm in/farm out transactions are generally considered to be disposals of oil and gas properties, potentially resulting in a gain or loss on disposition. Under Canadian GAAP, no gain or loss is recorded on these or other dispositions where the change in consolidated depletion is less than 20 percent. There is no equivalent exemption in IFRS. As a result, it is expected that the Company will record gains or losses on non-monetary transactions and other disposition transactions under IFRS. The significance of these gains or losses will be dependent on the details of specific transactions.

Business Combinations

The Company did not early adopt CICA Handbook 1582 "Business Combinations" and therefore the Company will restate the acquisition equation of its 44% Membership Interest in Excelaron. Under IFRS, the contingent consideration of \$0.8 million will be recognized in the equation.

As the review of accounting policies is completed, appropriate changes to ensure the integrity of internal control over financial reporting and disclosure controls and procedures will be made. For example, any changes in accounting policies could result in additional controls or procedures being required to address reporting of first time adoption as well as ongoing IFRS reporting requirements. The Company has identified resource requirements to establish appropriate IFRS financial reporting expertise at all levels of the business.

Information technology and data systems

The Company is still in the process of testing the requirements and amending system modifications. Based on the test environment set up, minor modifications are needed.

Financial Instruments and Other Instruments

Fair value

Fair value represents the amount at which a financial instrument could be exchanged between willing parties, based on current markets for instruments with the same risk, principal and remaining maturity. Fair value estimates are based on quoted market values and other valuation methods.

The carrying value of cash and cash equivalents, accounts receivables, due from joint venture partner and accounts payable and accrued liabilities approximates fair value due to the short-term nature of these financial instruments.

Risk management

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk and interest rate risk.

Currency risk

The Company's expenditures are denominated in both US and Canadian dollars. As at December 31, 2010, the Company had the following monetary assets and liabilities denominated in Canadian dollars:

	C\$
Assets	
Cash and cash equivalents	3,614,073
Accounts receivable	81,725
Due from joint venture partner	128,209
	<hr/> 3,824,007
Liabilities	
Accounts payable and accrued liabilities	745,332
	<hr/> 3,078,675

As at December 31, 2010, a 5% change in the exchange rate between the US dollar and Canadian dollar would have resulted in an impact on operations of \$153,933.

Credit risk

Credit risk is the risk of a loss if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is attributable to cash and cash equivalents, accounts receivable and due from joint venture partner.

Cash and cash equivalents of \$3,641,755 are held in deposits with high credit quality Canadian financial institutions. Accounts receivable of \$84,952 represents refunds claimed for Harmonized Sales Tax and due from joint venture partner is in good standing.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages its liquidity risk through the management of its capital structure. Accounts payable are all due within the next year.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk due to the short-term nature of its financial instruments.

Disclosure of Outstanding Share Data (as at May 2, 2011)

Shares

Authorized:

Unlimited number of common shares, no par value.

Unlimited number of preference shares, issuable in series. The preference shares are issuable in series and may be issued in one or more series, from time to time, by the directors of the Company. The directors of the Company are authorized to fix, among other things, the designation, preferences, rights and restrictions attaching to each series of preference shares, in addition to the entitlement of each series of preference shares to receive the assets of the Company available on a liquidation, dissolution or winding-up of the Company. The preference shares are entitled to preference over the common shares and any other shares ranking junior to the such preference shares with respect to, among other things, payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Company. Unless the rights attaching to the preference shares state otherwise, each preference share carries one vote at all meetings of shareholders, other than at meetings of the holders of the common shares meeting separately as a class.

Outstanding:

120,302,722 common shares.

Escrow:

26,606,116 common shares are subject to escrow agreements, of which, 25% of the escrowed common shares have been released and an additional 15% will be released on each of May 6, 2011, November 6, 2011, May 6, 2012, November 6, 2012 and May 6, 2013

24,541,106 common shares are subject to escrow agreements, under which, 10% of the escrowed common shares have been released, and 10% will be released on each of May 6, 2011 and November 6, 2011, 15% will be released May 6, 2012 and November 6, 2012 and 40% will be released on May 6, 2013.

Warrants

The following warrants are outstanding:

Exercise price	Number of warrants	Expiry date
C\$0.20	200,000	July 29, 2010
C\$0.40	22,500,000	April 23, 2012
C\$0.20	3,600,000	April 23, 2012
	<hr/> 26,300,000 <hr/>	

In the event that the Company's common shares trade at or above C\$0.80 for more than 20 consecutive days, the 22,500,000 warrants must be exercised after written notice is provided by the Company or the warrants will expire.

Stock options

Authorized:

The Company may grant options to its directors, officers, employees and consultants to acquire up to 10% of the issued and outstanding common shares at the time of the grant.

Outstanding:

Exercise price	Number of options	Expiry date
C\$0.15	8,350,000	May 12, 2015
C\$0.15	1,000,000	July 20, 2015
C\$0.15	425,000	August 31, 2015
	9,775,000	

Forward-looking Statements

Forward-looking statements include, but are not limited to, statements with respect to: the focus of capital expenditures; the sale, farming in, farming out or development of certain exploration properties using third party resources; the impact of changes in petroleum and natural gas prices on cash flow; drilling plans; processing capacity; operating and other costs; the existence, operation and strategy of the commodity price risk management program; the approximate and maximum amount of forward sales; the Company's acquisition strategy, the criteria to be considered in connection therewith and the benefits to be derived therefrom; the Company's goal to sustain or grow production and reserves through prudent management and acquisitions; the emergence of accretive growth opportunities; the Company's ability to benefit from the combination of growth opportunities and the ability to grow through the capital markets; development costs and the source of funding thereof; the quantity of petroleum and natural gas resources or reserves; treatment under governmental regulatory regimes and tax laws; liquidity and financial capital; the impact of potential acquisitions and the timing for achieving such impact; expectations regarding the ability to raise capital and continually add to reserves through acquisition and development; the performance characteristics of the Company's petroleum and natural gas properties; and realization of the anticipated benefits of acquisitions and dispositions. The Company undertakes no obligation to update such forward-looking statements or information if circumstances or management's estimates or opinions should change, unless required by law.

Some of the risks and other factors, which could cause results to differ materially from those expressed in the forward-looking statements include, but are not limited to: general economic conditions in Canada, the United States of America and globally; supply and demand for petroleum and natural gas; industry conditions, including fluctuations in the price of petroleum and natural gas; governmental regulation of the petroleum and natural gas industry, including income tax, environmental and regulatory matters; fluctuation in foreign exchange or interest rates; risks and liabilities inherent in petroleum and natural gas operations, including exploration, development, exploitation, marketing and transportation risks; geological, technical, drilling and processing problems; unanticipated operating events which can reduce production or cause

production to be shut-in or delayed; the ability of our industry partners to pay their proportionate share of joint interest billings; failure to obtain industry partner and other third party consents and approvals, when required; stock market volatility and market valuations; competition for, among other things, capital, acquisition of reserves, processing and transportation capacity, undeveloped land and skilled personnel; the need to obtain required approvals from regulatory authorities; and the other factors considered under “Risk Factors” in the AIF.

In addition, other factors not currently viewed as material could cause actual results to differ materially from those described in the forward-looking statements.

Readers should be aware that historical results are not necessarily indicative of future performance. No assurance can be given that any events anticipated by the forward looking statements or information will transpire or occur, or if any of them do, what benefits the Company may derive therefrom.

Statements relating to "resources" are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the described resources exist in the quantities predicted or estimated, and can be profitably produced in the future. There is no certainty that it will be commercially viable to produce any portion of the resources described in this MD&A.