



March 31, 2010
Unaudited Financial Statements

Management's Report

The accompanying unaudited interim consolidated financial statements of Petro Uno Resources Ltd. for the three months ended March 31, 2010 have been prepared by management and approved by the Board of Directors of the Company. These financial statements have not been reviewed by the Company's external auditors.

Dated May 28, 2010

On behalf of Petro Uno Resources Ltd.

"signed"

William Ambrose
President and CEO

"signed"

Dwight Fieseler
Vice President, Finance & CFO

Petro Uno Resources Ltd.
Consolidated Balance Sheet
As at March 31, 2010 and December 31, 2009
(Unaudited)

	March 31 2010	December 31 2009
Assets		
Current assets		
Cash	\$ 2,734,015	\$ 4,943,522
Accounts receivable	771,556	241,181
Prepaid expenses and refundable deposits	310,413	142,089
	<u>3,815,984</u>	<u>5,326,792</u>
Property, plant and equipment (Note 3)	10,662,797	5,345,335
	<u>\$ 14,478,781</u>	<u>\$ 10,672,127</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,670,905	\$ 2,097,811
Taxes payable	73,877	-
	<u>3,744,782</u>	<u>2,097,811</u>
Asset retirement obligations (Note 5)	277,638	250,609
Future income tax (Note 6)	1,504,405	281,827
Shareholders' equity		
Share Capital (Note 7)	7,967,309	6,866,636
Warrants (Note 7)	1,347,257	1,549,436
Contributed surplus (Note 7)	548,651	365,796
Retained earnings	(911,261)	(739,988)
	<u>8,951,956</u>	<u>8,041,880</u>
Commitments (Note 8)		
	<u>\$ 14,478,781</u>	<u>\$ 10,672,127</u>

See accompanying notes to consolidated financial statements.

PETRO UNO RESOURCES LTD.

Consolidated Statement of Operations and Comprehensive Loss and Deficit For the three months ended March 31, 2010 & 2009

(Unaudited)

	Three months ended March 31,	
	2010	2009
Revenue		
Oil and natural gas sales	\$ 573,977	\$ 135,850
Crown royalties	(17,320)	(9,155)
Other royalties	(40,953)	(2,845)
Other income		
Interest and other income	1,845	182
	517,549	124,032
Expenses		
Operating	109,962	82,197
Transportation	14,553	-
General and administrative	233,089	87,114
Stock-based compensation	44,000	3,836
Interest	1,849	8,233
Depletion, depreciation and accretion	298,736	90,649
	702,189	272,029
Foreign exchange (gains) & losses	4,770	-
Loss before taxes	(189,410)	(147,997)
Taxes		
Current income tax expense	73,877	-
Future income taxes (recovery) (Note 6)	(92,015)	(25,171)
	(18,138)	(25,171)
Loss for the period	(171,272)	(122,826)
Deficit, beginning of period,	(739,989)	(245,707)
Deficit, end of period	\$ (911,261)	\$ (368,533)
Loss per share		
basic and diluted	\$ (0.01)	\$ (0.01)

See accompanying notes to consolidated financial statements.

PETRO UNO RESOURCES LTD.
Consolidated Statement of Cash Flows
For the three months ended March 31, 2010 & 2009
(Unaudited)

	Three months ended March 31,	
	2010	2009
Cash provided by (used in):		
Operations		
Loss for the period	\$ (171,272)	\$ (122,826)
Items not affecting cash:		
Depletion, depreciation and accretion	298,736	90,649
Stock-based compensation	44,000	3,836
Future income taxes	(92,015)	(25,171)
Funds from operations	79,449	(53,511)
Changes in non-cash working capital	1,167,784	(139,926)
	1,247,233	(193,437)
Financing		
Cost of issuing shares	(6,000)	-
Exercise of stock options	73,476	-
Exercise of warrants	30,500	-
Changes in non-cash financing capital	-	-
	97,976	-
Investments		
Corporate acquisition, including transaction costs (Note 2)	(3,139,001)	-
Property, plant and equipment additions	(1,660,904)	-
Property, plant and equipment dispositions	269,001	-
Other additions/dispositions	(4,300)	-
Changes in non-cash working capital	980,488	4,732
	(3,554,716)	4,732
Increase (decrease) in cash	(2,209,507)	(188,705)
Cash, beginning of period	4,943,522	200,226
Cash, end of period	\$ 2,734,015	\$ 11,521
Supplemental Information		
Interest paid	\$ 1,849	\$ 8,233
Interest received	\$ 1,845	\$ 182

See accompanying notes to consolidated financial statements.

PETRO UNO RESOURCES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2010 and 2009

1. *Nature of business and basis of presentation*

Petro Uno Resources Ltd. ("Petro Uno" or "the Company") is a public company in the business of exploration, development and production of crude oil, natural gas and natural gas liquids.

These consolidated financial statements are stated in Canadian dollars and have been prepared by management on a going concern basis and in accordance with Canadian generally accepted accounting principles following the accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2009. These interim consolidated financial statements do not conform in all respects to the requirements of generally accepted accounting principles for annual financial statements and should be read in conjunction with the consolidated financial statements and notes thereto in the Company's annual report for the year ended December 31, 2009.

2. *Corporate acquisition*

Pursuant to the Fieldpoint Holdings Corp. ("Fieldpoint") acquisition which closed on March 1, 2010, Petro Uno and Renegade Petroleum Ltd. ("Renegade") each acquired a 50 percent ownership of all the issued and outstanding shares of Fieldpoint. Petro Uno's purchase price was \$3.2 million, consisting of 2,000,000 common shares at \$0.60 per share in capital, transaction costs of \$50,000 and \$1.9 million payable to Renegade.

The acquisition is accounted for by the purchase method, with assets and liabilities recorded at their fair value as follows:

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Net assets acquired:	
Property, plant and equipment	\$ 4,317,967
Asset retirement obligations (ARO)	(125,000)
Future tax liability	(1,053,966)
<hr/>	
Total Consideration	<hr/> <hr/>
	\$ 3,139,001
<hr/>	
Consideration given:	
Common shares (2,000,000 shares at \$0.60 per share)	\$ 1,200,000
Transaction costs	50,000
Payable to Renegade	1,889,001
<hr/>	
Total Consideration	<hr/> <hr/>
	\$ 3,139,001

The above amounts are estimates made by management based on currently available information. Amendments may be made to the purchase allocation as cost estimates and balances are finalized.

Immediately following the acquisition, all of the net assets acquired and their associated liabilities, aside from the undeveloped land, were subsequently disposed of to the original owners for net proceeds to Petro Uno of \$269,001.

3. *Property, plant and equipment*

March 31, 2010	Cost	Accumulated Depletion and Depreciation	Net Book Value
Petroleum and natural gas properties	\$ 11,570,074	\$ (914,556)	\$ 10,655,518
Office equipment	7,937	(658)	7,279
	\$ 11,578,011	\$ (915,214)	\$ 10,662,797

December 31, 2009	Cost	Accumulated Depletion and Depreciation	Net Book Value
Petroleum and natural gas properties	\$ 5,963,252	\$ (621,555)	\$ 5,341,697
Office equipment	3,638	-	3,638
	\$ 5,966,890	\$ (621,555)	\$ 5,345,335

Depletion is calculated based on the percentage of proved reserves produced during the period multiplied by the adjusted full cost pool. The adjusted full cost pool includes future development costs and excludes the cost of undeveloped lands and salvage value of equipment. At March 31, 2010 undeveloped land costs and salvage values excluded from depletion were \$4,117,966 (December 31, 2009 – \$69,000) and future development costs included in depletion were nil (December 31, 2009 - \$360,000). No general and administrative costs are capitalized.

4. *Bank Debt*

At March 31, 2010, the Company had a revolving credit facility in the amount of \$1,250,000 (2009 - \$1,250,000) with a Canadian financial institution. Subsequent to March 31, 2010 the Company's revolving credit facility was increased to \$3,000,000. The interest rate charged on the bank facility is the bank's prime plus 1.50% and is dependent on the Company's working capital ratio greater than 1:1. Working capital ratio defined for this calculation purposes is: the ratio of current assets plus any undrawn availability under the credit facility to current liabilities and amount drawn under the credit facility. This facility is secured by the assets of the Company. As at March 31, 2010 nil (December 31, 2009 - nil) was drawn against the credit facility.

5. *Asset retirement obligation*

The total future asset retirement obligations were estimated by management based on the Company's net ownership in wells and facilities, estimated costs to reclaim and abandon the wells and facilities, and the estimated timing of the costs to be incurred in future periods. The Company estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations at March 31, 2010 to be \$659,848 (March 31, 2009 - \$513,000), which will be incurred at various times between 2010 and 2014. The fair value of the asset retirement obligations incurred in the period ended March 31, 2010 was calculated using an average credit-adjusted risk free rate of 7% (2008 – 7%) and an average inflation factor of 2% (2008 – 2%). Settlement of the obligations will be funded from general corporate funds at the time of retirement or removal. As at March 31, 2010 no funds have been set aside to settle these obligations.

A reconciliation of the asset retirement obligations is provided below:

	March 31, 2010	December 31, 2009
Obligation, beginning of period	\$ 250,609	\$ 171,517
Liabilities incurred	21,951	75,804
Liabilities acquired	125,000	-
Liabilities disposed	(125,000)	-
Liabilities settled	-	(17,618)
Accretion	5,078	20,906
Obligation, end of period	\$ 277,638	\$ 250,609

6. Future income taxes

Future income tax expense differs from the amount that would be computed by applying the basic combined federal and provincial statutory income tax rate of 28.0% (March 2009 – 29.0%) to earnings before taxes. The reasons for the differences are as follows:

	Three months ended March 31,	
	2010	2009
Loss before taxes	\$ (189,410)	\$ (147,997)
Statutory tax rate:	28.0%	29.0%
Expected income tax expense	\$ (53,035)	\$ (42,919)
Add (deduct):		
Non-deductible stock-based compensation	12,320	1,112
Effect of reduction in tax provision rate	(51,623)	12,289
Other	323	4,347
Future income tax (recovery)	\$ (92,015)	\$ (25,171)
Current income tax expense	73,877	-
Future income tax (recovery)	\$ (18,138)	\$ (25,171)

At March 31, 2010, the Company has approximately \$1,013,707 (December 31, 2009 - \$1,013,707) in non-capital losses available for application against future taxable income expiring between 2027 and 2029.

The tax effects of temporary differences that give rise to the future tax liabilities at March 31, 2010 and December 31, 2009 are as follows:

	March 31	December 31
	2010	2009
Tax liabilities:		
Property, Plant and equipment	\$ (2,054,023)	\$ (867,834)
Tax assets:		
Non capital losses	261,030	283,838
Share issue costs	219,178	239,517
Asset retirement obligation	69,410	62,652
Net future tax asset (liability)	\$ (1,504,405)	\$ (281,827)

7. Share capital

The Company has authorized an unlimited number of common shares and preferred shares. The outstanding share capital is as follows:

a) Common shares, issued and outstanding

	Number of Shares	Amount
Balance, December 31, 2008	9,835,750	\$ 1,939,001
Issue of common shares for cash	14,285,714	3,638,311
Issue of flow-through common shares for cash	4,000,000	2,000,000
Share issue costs, net of future income taxes of \$252,561		(710,676)
Balance, December 31, 2009	28,121,464	\$ 6,866,636
Issue of common shares on exercise of options	197,254	122,368
Issue of common shares on exercise of warrants	76,250	44,932
Issue of common shares for acquisition	2,000,000	1,200,000
Tax effect of flow-through share renunciations		(262,200)
Share issue costs, net of future income taxes of \$1,573		(4,427)
Balance, March 31, 2010	30,394,968	\$ 7,967,309

On October 15 & 29, 2009, the Company completed private placements issuing 14,285,714 Units at a price of \$0.35 per unit for gross proceeds of \$5,000,000. Each Unit was comprised of one common share and one-half of one common share purchase warrant, with each whole common share purchase warrant entitling the holder thereof to acquire one common share of the company at a price of \$0.40 per share, expiring 12 months from the date of grant. All securities issued pursuant to the Financing were also subject to a four month hold period expiring on February 16, 2010 and March 2, 2010 respectively for the first and second tranche of the Financing.

The agent for the financing, in consideration for their efforts, received a cash commission of \$365,745 and 1,000,001 compensation options that will entitle them to acquire an equal number of Petro Uno common shares at a price of \$0.35 per share for a period of 12 months from the date of grant. These agent's options were valued at \$0.1668 per option or \$166,807 as determined by the Black-Scholes model and were accounted for as a charge to share issuance costs and a credit to contributed surplus. Assumptions used in the Black-Scholes model were a risk free interest rate of 2.0%, a 12-month life, a volatility of 126% and no dividends.

On December 1, 2009 the Company completed a private placement, issuing 4,000,000 flow-through shares at a price of \$0.50 per flow-through share for gross proceeds of \$2,000,000. The Company is committed to spending \$2,000,000 on qualifying exploration and development expenditures prior to December 31, 2010.

Pursuant to the terms of the flow-through arrangement, the Company renounced \$1,000,000 of Canadian development expense deductions and recorded the future tax adjustment associated with this renunciation on February 4, 2010.

At March 31, 2010, the Company had expended all funds received pursuant to the 2009 flow-through agreements with renunciation of flow-through completed in May 2010.

The agent for the financing, in consideration for their efforts, received a cash commission of \$140,000 and 280,000 compensation options that will entitle them to acquire an equal number of Petro Uno common shares at a price of \$0.50 per share for a period of 12 months from the date of grant. These agent's options were valued at \$0.2383 per option or \$66,723 as determined by the Black-Scholes model and were accounted for as a charge to share issuance costs and a

credit to contributed surplus. Assumptions used in the Black-Scholes model were a risk free interest rate of 2.0%, a 12-month life, a volatility of 126% and no dividends.

During the first quarter of 2010, the Company issued 197,254 common shares upon exercise of options for cash value of \$73,476 and an amount of \$48,892 was transferred to share capital from contributed surplus.

During the first quarter of 2010, the Company issued 76,250 common shares upon exercise of warrants for cash value of \$30,500 and an amount of \$14,432 was transferred to share capital from share purchase warrants.

On March 1, 2010, the Company, together with Renegade Petroleum Ltd. ("Renegade") acquired all of the issued and outstanding shares of a private Saskatchewan company Fieldpoint Holdings Corp. ("Fieldpoint") from its shareholders for total consideration of \$5.7 million. The Company issued 2,000,000 common shares at \$0.60 per share in the capital of Petro Uno and Renegade paid \$4.5 million in cash.

b) Contributed surplus

Balance, December 31, 2008	\$ 60,717
Stock-based compensation	71,549
Transfer of carrying value of warrants expired	187,747
Carrying value of share issue expense related to equity issue	233,530
Balance, December 31, 2009	\$ 553,543
Stock-based compensation	44,000
Fair value of options exercised	(48,892)
Balance, March 31, 2010	\$ 548,651

c) Common share purchase warrants

	Number of warrants	Amount
Balance, December 31, 2008	1,767,875	\$ 187,747
Warrants expired	(1,767,875)	(187,747)
Issued pursuant to a private placement	7,142,857	1,361,689
Balance, December 31, 2009	7,142,857	\$ 1,361,689
Exercise of warrants	(76,250)	(14,432)
Balance, March 31, 2010	7,066,607	\$ 1,347,257

As part of the 2008 financing, the Company issued to subscribers 1,767,875 share purchase warrants, exercisable into one common share at a price of \$0.40 for one year from the date of issue. These warrants were valued at \$0.1062 per unit as determined by the Black-Scholes model. The value of the 1,767,875 warrants granted was \$187,747. Assumptions used in the Black-Scholes model were a risk free interest rate of 4.25%, an 18-month life, a volatility of 50% and no dividends. These warrants expired unexercised in September 2009.

As part of the 2009 financing (Note 6a), the Company issued to subscribers 7,142,857 share purchase warrants, exercisable at \$0.40 for 12 months from the initial closing date of October 15 and 29, 2009. These warrants were valued at \$0.1906 per unit or \$1,361,689 as determined by the Black-Scholes model. Assumptions used in the Black-Scholes model were a risk free interest rate of 2.0%, a 12-month life, a volatility of 126% and no dividends.

d) *Stock options*

The Company has issued options to purchase common shares to directors, officers and employees. Each stock option vests equally over three years and expires at the end of a five year term.

The following table summarizes the change in the outstanding stock options.

	Number of Options	Weighted average exercise price
Balance, December 31, 2008	700,000	\$ 0.26
Granted	1,933,000	\$ 0.36
Expired	(200,000)	\$ 0.40
Balance, December 31, 2009	2,433,000	\$ 0.33
Granted	200,000	\$ 0.55
Exercised	(100,000)	\$ 0.395
Forfeited	(200,000)	\$ 0.40
Balance, March 31, 2010	2,333,000	\$ 0.34
Exercisable, March 31, 2010	500,000	\$ 0.20

On August 18th of 2009, 383,000 options were granted to employees and consultants of the Company. The options are to acquire common shares of the Company at an exercise price of \$0.30 per share. The options, fair valued at \$94,065, will vest over 3 years and expire five years from the date of grant. Assumptions used to determine fair value in the Black-Scholes model were a risk free interest rate of 2.00, a 3 year life and a volatility of 117% based on the trading patterns of the Corporation's shares in the public market. A stock based compensation expense will be recognized over the vesting period with a corresponding adjustment to contributed surplus.

On September 8th of 2009, 100,000 options were granted to an officer of the Company. The options are to acquire common shares of the Company at an exercise price of \$0.395 per share. The options with a fair value of \$32,618 will vest immediately and will expire five years from the date of grant. Assumptions used in the Black-Scholes model to determine fair value were a risk free interest rate of 2.00, and a volatility of 117% based on the trading patterns of the Company's shares in the public market. A stock based compensation expense of \$32,618 was recognized in the current period ended September 30, 2009.

On October 29th of 2009, 1,450,000 options were granted to directors, employees and consultants of the Company. The options are to acquire common shares of the Company at an exercise price of \$0.38 per share. The options, fair valued at \$467,803, will vest over 3 years and expire five years from the date of grant. Assumptions used to determine fair value in the Black-Scholes model were a risk free interest rate of 2.00, a 3 year life and a volatility of 126% based on the trading patterns of the Company's shares in the public market. A stock based compensation expense will be recognized over the vesting period with a corresponding adjustment to contributed surplus.

In May of 2008 the Company granted stock options to the president of a third party consulting company in Colombia as part of its joint agreement with them to explore in the Republic of Colombia. The option is to acquire up to 200,000 common shares of the Company at an exercise price of \$0.40 per share. The options, with a fair value of \$38,825, will vest over 3 years and expire five years from the date of grant. Assumptions used in the Black-Scholes model were a risk free interest rate of 4.25%, an 18-month life, a volatility of 50% and no dividends.

In 2009, as a result of the economic downturn and a change in the Company's business strategy, the joint agreement with the third party consulting company in Colombia was terminated and the options issued were cancelled.

In February 2010, 100,000 options that were issued September 8, 2009, to the former Chief Financial Officer were exercised for a cash value of \$39,500 and an amount of \$32,670 was transferred to share capital from contributed surplus.

In February 2010, 200,000 options that were issued October 29, 2009, to the former Chief Financial Officer were forfeited.

On March 3, 2010, 200,000 options were granted to an officer of the Company. The options are to acquire common shares of the Company at an exercise price of \$0.55 per share. The options, fair valued at \$95,554, will vest over 3 years and expire five years from the date of grant. Assumptions used to determine fair value in the Black-Scholes model were a risk free interest rate of 2.50, a 3 year life and a volatility of 132% based on the trading patterns of the Company's shares in the public market. A stock based compensation expense will be recognized over the vesting period with a corresponding adjustment to contributed surplus.

On March 31, 2010, options for the purchase of 2,333,000 common shares were outstanding with an exercise price of \$0.34 and a weighted-average remaining life of 4.09 years.

e) *Stock-based compensation*

The Company accounts for its stock options granted to employees, officers, and directors using the fair value method. In accordance with the Company's incentive stock plan, these options have an exercise price equal to the fair value of the security at the date of grant. The compensation cost that has been charged against earnings for the stock options was \$44,000 for the three months ended March 31, 2010 (March 31, 2009 - \$3,837). The fair value of the options granted in 2010 was \$0.48 per stock option.

The fair market value of each option granted was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2010	2009
Weighted average fair value per option	\$ 0.48	\$ 0.31
Dividend yield	zero	zero
Volatility	132%	126%
Risk-free rates	2.5%	2.0%
Expected life (years)	5	5

f) *Per share amounts*

The weighted average numbers of shares outstanding for the determination of basic and diluted per share amounts are as follows:

	March 31, 2010	March 31, 2009
Basic	28,893,004	9,835,750
Diluted	32,492,138	10,335,750

8. Commitments

Pursuant to the terms of the flow-through arrangement (Note 6a), the Company renounced \$1,000,000 of Canadian development expense deductions and recorded the future tax adjustment associated with this renouncement on February 4, 2010.

At March 31, 2010, the Company had expended all funds received pursuant to the 2009 flow-through agreements with renunciation of flow-through to be completed in May 2010.

In early October, Petro Uno entered into a Farm-in Agreement ("Agreement") with a privately owned oil company located in Saskatchewan encompassing 1,000 net acres of land prospective for horizontal well development targeting the Viking Light Oil formation. The Company is to drill a minimum of one horizontal well on the lands every six months.

9. Related party transactions

At March 31, 2010, the Company owed \$43,000 (March 31, 2009 - \$6,000) to Renegade Oil & Gas Ltd. (purchased by Legacy Oil & Gas Inc. in 2009), a former related party with common directors and officers. These fees relate to general and administrative expenses for the purposes of sharing the same office space and equipment.

A director of the Company is a partner at a law firm that provides legal services to the Company. For the quarter ended March 31, 2010, fees of nil (March 31, 2009 - nil) were charged for fees and services provided from the firm. Included in accounts payable and accrued liabilities at March 31, 2010 is \$127,489 (March 31, 2009 - nil) owing to the law firm.

All related party transactions are conducted in the normal course of business operations and are measured at the exchange amount, which is established and agreed to based on standard rates, time spent and costs incurred.

10. Capital disclosures

The Company's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying petroleum and natural gas assets. The Company's objective is met by retaining adequate equity to guard against the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements. The Company considers its capital structure to include cash, cash equivalents and working capital. In order to maintain or adjust the capital structure, the Company may from time to time issue shares and adjust its capital spending to manage current and projected debt levels. To assess capital and operating efficiency and financial strength, the Company continually monitors its net cash and working capital which is calculated as follows:

	As at March 31, 2010	As at December 31, 2009
Cash	\$ 2,734,015	\$ 4,943,522
Current assets	1,081,969	383,270
Current liabilities	(3,744,782)	(2,097,811)
Net cash and working capital	\$ 71,202	\$ 3,228,981

The Company is required to maintain a working capital ratio greater than 1:1 to remain in compliance with its Credit Facility. Working capital ratio defined for this calculation purposes is: the ratio of current assets plus any undrawn availability under the credit facility to current liabilities and amount drawn under the credit facility. At March 31, 2010, the Company had a working capital of 1.35:1, which is greater than the minimum ratio required. The Company has not entertained any off balance sheet transaction to achieve its capital structure.

11. Financial instruments

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

Fair Value of Financial Instruments

The carrying value of financial instruments, which include accounts receivable, deposits, derivative financial instruments, accounts payable and accrued liabilities, and the bank credit facility, approximates amounts at which these instruments could be exchanged in a transaction between knowledgeable and willing parties. The fair value of accounts receivable, deposits, accounts payable and accrued liabilities, and the bank credit facility approximates their carrying amounts due to their short term nature. The fair value of derivative financial instruments is determined by calculating the difference between the contracted price and published forward price curves as at the balance sheet date, and then multiplying this price differential by contracted commodity volumes. Petro Uno's bank debt bears interest at a floating market rate and accordingly the fair market value approximates the carrying value.

The carrying and fair values of the Company's financial instruments as at March 31, 2010 were as follows:

	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<u>Financial Assets</u>				
Held-for-trading:				
Cash	2,734,015	2,734,015	4,943,522	4,943,522
Receivables:				
Accounts receivable	771,556	771,556	241,181	241,181
Prepaid expenses and deposits	310,413	310,413	142,089	142,089
<u>Financial Liabilities</u>				
Other financial liabilities:				
Accounts payable and accrued liabilities	3,670,905	3,670,905	2,097,811	2,097,811

As at each reporting period the Company will assess whether a financial asset, other than those classified as held-for-trading is impaired. Any impairment loss will be included in earnings for the period.

The Company has evaluated the financial instruments fair values in accordance with CICA Handbook sections 3862. The Company's financial instruments that are carried at market were evaluated against the sections' fair value hierarchy criteria. The Company has concluded that all the financial instruments are level 3 as defined in the Handbook section 3862, as the inputs to determine the market value are not based on observable market data.

Credit risk

Credit risk is the risk of a financial loss to the Company if a customer or joint venture partner is unable to meet its contractual obligations and arises principally from the Company's accounts receivable with respect to the sale of petroleum and natural gas. Wherever possible, the Company requires cash calls from its partners on capital projects before they commence. Receivables related to the sale of the Company's petroleum and natural gas production are mainly from major marketing companies who have adequate asset backing that secure the revenues. These revenues are normally collected on the 25th day of the month following delivery. The Company has not experienced any credit loss in the collection of its accounts receivable and has no allowance for doubtful accounts.

The carrying amount of accounts receivable represents the maximum credit exposure. As at March 31, 2010 and 2009, the Company's receivables were aged as follows:

Ageing	March 31, 2010	December 31, 2009
Not past due (less than 90 days)	\$ 767,565	\$ 238,695
Past due (90 days to one year)	3,991	2,486
	\$ 771,556	\$ 241,181

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 has established a standard of ensuring that it has enough resources available to withstand any downturn in the industry. As our industry is very capital intensive, the majority of our spending is related to our capital programs. The Company prepares periodic capital expenditure budgets, which are regularly monitored and updated as considered necessary. Further, the Company utilizes authorizations for expenditures on both operated and non-operated projects to further manage capital expenditures. See Note 10 for disclosure related to the management of Petro Uno's capital program. The Company's goal is to prudently spend its capital while maintaining its credit reputation amongst its suppliers. The Company also mitigates liquidity risk by maintaining an insurance program to minimize exposure to insurable losses.

Market risk

Market risk is the risk that changes in foreign exchange rates, commodity prices, and interest rates will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

From time the time, the Company may use both financial derivatives and physical delivery sales contracts to manage market risks. Any such transactions would be approved by the Board of Directors.

Commodity price risk

The Company is exposed to fluctuations in commodity prices for petroleum and natural gas. Commodity prices are affected by many factors including supply and demand. There were no financial instruments in place to manage commodity prices during the quarter ended March 31, 2010.

Foreign currency

While substantially all of the Company's sales are denominated in Canadian dollars, the market prices in Canada for petroleum and natural gas are impacted by changes in the exchange rate between the Canadian and United States dollar. The Company had no forward exchange rate contracts in place as at or during the quarter ended March 31, 2010.

Interest rate risk

The Company's revolving demand loan facility is subject to floating rates and is therefore exposed to fluctuations in the market rate of interest. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in the market rates. The Company has no interest rate swaps or financial contracts in place at March 31, 2010.

12. Subsequent events

On April 26, 2010, Petro Uno entered into a joint venture ("Joint Venture") with Renegade Petroleum Ltd. ("Renegade"). Under the Joint Venture, the Company will participate on a 50/50 basis with Renegade in the development of the Viking Pool in the Kindersley area of Saskatchewan with the

object of drilling short horizontal multi stage fractured wells into the Viking zone. The Company has entered into 8 farm-in agreements covering 6.75 sections in the area. Renegade will also have the option to participate in any further farm-in agreements that the Company may negotiate in the region on a 50/50 basis. The independent directors of Petro Uno have independently considered and unanimously approved the entry into the Joint Venture.