



CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2009
(Unaudited)

Interim Financial Statements

(Expressed in Canadian Dollars)
(Prepared in accordance with Canadian GAAP)

Three months ended March 31, 2009

The accompanying unaudited interim financial statements of Greentree Gas & Oil Ltd. for the three months ended March 31, 2009 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. There has been no review of these statements by the Company's external auditors.

INDEX

	<u>Page</u>
Consolidated Balance Sheets	2
Consolidated Statements of Operations and Deficit	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5



CONSOLIDATED BALANCE SHEETS

	March 31, 2009	December 31, 2008
ASSETS		
Current		
Accounts receivable	173,964	183,236
Prepaid expenses and other receivables	87,934	93,302
Current portion of future income taxes	35,483	35,483
	<u>297,381</u>	<u>312,021</u>
Property, plant and equipment (Note 4)	11,132,745	10,925,063
Asset retirement trust fund (Note 5)	73,743	73,743
	<u>11,503,869</u>	<u>11,310,827</u>
LIABILITIES		
Current		
Bank indebtedness (Note 6)	1,724,357	1,429,274
Accounts payable and accrued liabilities	787,279	522,072
Notes and other payables	15,000	15,000
Current portion of income and other taxes payable (Note 8)	182,941	182,347
Current portion of long-term debt (Note 7)	88,170	86,440
	<u>2,797,747</u>	<u>2,235,133</u>
Long-term debt (Note 7)	380,419	403,173
Income and other taxes payable (Note 8)	368,774	403,677
Asset retirement obligations (Note 9)	987,844	967,972
Future income taxes (Note 10)	1,894,635	1,894,635
	<u>6,429,419</u>	<u>5,904,590</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 11)	16,262,861	16,262,861
Warrants (Note 11)	195,508	195,508
Contributed surplus (Note 12)	1,402,952	1,402,952
Deficit	(12,786,871)	(12,455,084)
	<u>5,074,450</u>	<u>5,406,237</u>
	<u>11,503,869</u>	<u>11,310,827</u>

Signed on behalf of the Board:

"Duncan Hamilton"	Director
"Gary Bean"	Director

See accompanying notes to the consolidated financial statements



CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

For the period ending	Three months ended March 31, (unaudited)	
	2009	2008
Revenue		
Gas sales	288,586	377,330
Oil sales	61,044	121,124
Other	1,209	2,362
	<u>350,839</u>	<u>500,816</u>
Royalties	40,097	57,429
	<u>310,742</u>	<u>443,387</u>
Expenses		
Operations	247,140	211,633
Transportation	2,741	3,389
Depletion and depreciation	237,098	261,697
General and administrative	89,629	162,588
Interest expense	34,740	54,824
Other taxes and related interest	11,309	15,371
Accretion of asset retirement obligations	19,872	21,888
	<u>642,529</u>	<u>731,390</u>
Loss before income taxes	(331,787)	(288,003)
(Provision) Recovery of future income taxes (Note 10)	-	68,010
Net loss	(331,787)	(219,993)
Deficit, beginning of year	(12,455,084)	(12,231,640)
Deficit, end of year	(12,786,871)	(12,451,633)
Net loss per share		
Basic and diluted (Note 11)	\$ (0.01)	-

See accompanying notes to the consolidated financial statements



CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ending	Three months ended March 31, (unaudited)	
	2009	2008
Operating activities		
Net loss	(331,787)	(219,993)
Items not affecting cash:		
Depletion and depreciation	237,098	261,697
Gain on disposal of assets	(6,190)	-
Accretion of asset retirement obligations	19,872	21,888
Stock-based compensation	-	54,322
Future income taxes	-	(68,010)
Asset retirement costs	-	(2,242)
	<u>(81,007)</u>	<u>47,662</u>
Net change in non-cash working capital		
Accounts receivable	18,300	(6,674)
Prepaid expenses and other receivables	5,368	8,781
Accounts payable and accrued liabilities	70,090	(87,247)
Income and other taxes payable	(34,309)	15,370
	<u>(21,558)</u>	<u>(22,108)</u>
Financing activities		
Increase (decrease) in bank indebtedness	295,083	(35,380)
Repayment of long-term debt	(21,024)	(2,987)
Share issuance costs on shares-for-debt settlement	-	-
Change in non-cash working capital relating to issuance of common shares	-	1,194
	<u>274,059</u>	<u>(37,173)</u>
Investing activities		
Acquisition of property, plant and equipment	(444,780)	(44,773)
Change in non-cash working capital relating to acquisition of property, plant and equipment	186,089	104,308
Proceeds from sale of assets	6,190	-
Asset retirement trust fund	-	(254)
	<u>(252,501)</u>	<u>59,281</u>
Decrease in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of period	-	-
Cash and cash equivalents, end of period	-	-

See accompanying notes to the consolidated financial statements



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2009

1. GOING CONCERN

These consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles applicable to a going concern which assumes that the Company will realize the carrying value of its assets and satisfy its obligations as they become due in the normal course of operations. For the three-month period ended March 31, 2009, the Company had a net loss of \$331,787 (net loss of \$219,993 for the three-month period ended March 31, 2008) and negative cash flow from operating activities of \$21,558 (negative cash flow from operating activities of \$22,108 for the three-month period ended March 31, 2008). As a result of recurring losses over the Company's history, the Company has a deficit of \$12.79 million as at March 31, 2009 (\$12.45 million as at March 31, 2008) and has a net working capital deficiency of \$2.50 million at that date (\$3.42 million as at March 31, 2008).

The ability of the Company to continue as a going concern will depend on raising additional capital and achieving profitable operations sufficient to meet its obligations:

- Funds raised in private placements during 2008 allowed the Company to complete a drilling program of 10 development wells in the Rodney Unit #3 pool and one unsuccessful exploration well on the Company's Rodney North prospect. New oil production was realized in the fourth quarter of 2008 from two new producers placed online. Additional new production is expected in Q2-2009 from two wells placed online late in Q1-2009 and, the remaining six wells are anticipated to be on-stream by the end of the 2nd quarter. Production proceeds from the new wells are expected to contribute towards achieving profitable operations;
- The Company's operating facility agreement (see Note 6) requires that the Company meet certain covenants including one relating to an adjusted working capital ratio. As at March 31, 2009, the Company is in violation of the working capital ratio covenant. The bank has not provided a continuing waiver of the non-compliance and,
- On June 27, 2008, the Company and the Canada Revenue Agency agreed to an instalment repayment of not less than \$15,000 per month towards arrears commencing in July 2008. During the nine months ended March 31, 2009, all payments were made in accordance with this agreement. In April 2009, the Canada Revenue Agency agreed to a reduced monthly instalment of \$5,000 per month for a three-month period ending June 30, 2009.

Although in the opinion of Management, the use of the going concern assumption is appropriate, there can be no assurance that any steps Management is taking will be successful. As noted above, Management continues to deploy available cash resources to lower risk opportunities in an effort to yield increased field level income, maintain a strong and respectful relationship with key financial partners and, continue a diligent effort to contain and reduce cash costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements do not reflect adjustments in the carrying values of the assets and liabilities, expenses, and the balance sheet classifications that would be used if the going concern assumption were not appropriate. Such adjustments could be material.

2. INTERIM FINANCIAL INFORMATION

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and use the same accounting policies and methods used in the preparation of the company's most recent consolidated financial statements, except as disclosed. However, all disclosures required for annual financial statements have not been included in these financial statements. These interim consolidated financial statements should therefore be read in conjunction with the company's most recent annual consolidated financial statements. The Company is engaged in the exploration for and production of natural gas and petroleum reserves in southwestern Ontario.

3. CHANGE IN ACCOUNTING POLICIES

The CICA has issued the following new and amended Handbook Sections that became effective for the Company on January 1, 2008:

- Amended CICA Handbook Section 1400, "General Standards of Financial Presentation"
- CICA Handbook Section 1535, "Capital Disclosures"
- CICA Handbook Section 3862, "Financial Instruments – Disclosures"
- CICA Handbook Section 3863, "Financial Instruments – Presentation"

The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. Refer to Note 1 for Going Concern disclosures.

CICA Handbook Section 1535 establishes standards for disclosing information about an entity's capital and how it is managed. The entity's disclosure should include information about its objectives, policies and processes for managing capital and disclose whether or not it has complied with any capital requirements to which it is subject and the consequences of non-compliance. Refer to note 16 for additional disclosures.

CICA Handbook Section 3862 modifies the disclosure requirements for CICA Handbook Section 3861, "Financial Instruments – Disclosure and Presentation", including required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. CICA Handbook Section 3863 carries forward

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

the presentation requirements of CICA Handbook Section 3861. Refer to note 15 for additional disclosures.

Future accounting pronouncements

The CICA has issued the following new Standards that will become effective for the Company:

- CICA Handbook Section 3064, Goodwill and Intangible Assets; and
- Adoption of International Financial Reporting Standards.

In February 2008, the CICA issued new CICA 3064, Goodwill and Intangible Assets, replacing CICA 3062, Goodwill and Other Intangible Assets, and CICA 3450, Research and Development Costs. New Section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The CICA also issued amendments to Section 1000, Financial Statement Concepts, and Accounting Guideline AcG-11, Enterprises in the Development Stage. EIC-27, Revenues and Expenditures during the Pre-operating Period, will not apply to entities that have adopted section 3064. The objectives of the changes are to reinforce a principle-based approach to the recognition of costs as assets and to clarify the application of the concept of matching revenues and expenses in CICA 1000. Collectively, these changes bring Canadian practice closer to International Financial Reporting Standards ("IFRS") and U.S. GAAP by eliminating the practice of recognizing as assets a variety of start-up, pre-production and similar costs that do not meet the definition and recognition criteria of an asset. Consequently, such costs will be expensed as incurred. The effective date of adopting this new standard for the Company is January 1, 2009. This standard will have no effect on the Company's financial statements.

The CICA's Accounting Standards Board has announced that Canadian publicly accountable enterprises will adopt IFRS as issued by the International Accounting Standards Board effective January 1, 2011 and therefore will commence in the first quarter of the Company's 2011 fiscal year with comparative figures. The Company will be developing a plan for the implementation of IFRS and will assess the impact of the differences in accounting standards on the Company's consolidated financial statements. It is not practically possible at this time to quantify the impact of these differences. The Company expects to make changes to processes and systems before the 2011 fiscal year, in time to enable the Company to record transactions under IFRS for comparative purposes in the 2011 financial year reporting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2009		
	Cost	Accumulated Depletion and Depreciation	Net Book Value
	(\$)	(\$)	(\$)
Petroleum and natural gas properties and equipment	23,572,026	12,704,779	10,867,247
Production equipment under capital lease	220,000	83,816	136,184
Furniture and equipment	368,936	239,622	129,314
	24,160,962	13,028,217	11,132,745

Petroleum and natural gas properties and equipment included costs of \$4,402,943 related to unproved properties, which have been excluded from the calculation of depletion.

Future asset retirement costs of \$595,965 have been capitalized as part of the cost of petroleum and natural gas properties.

5. ASSET RETIREMENT TRUST FUND

In respect of future abandonment commitments, the Company is required by statute to establish a bond in favour of the Ontario Ministry of Natural Resources. As at March 31, 2009, sufficient funds were on deposit with a Trustee related to a Trust Agreement showing the Ontario Ministry of Natural Resources as beneficiary.

6. BANK INDEBTEDNESS

On October 30, 2008, the Company renewed its loan facility. The renewed facility provides the Company with a \$1,925,000 revolving demand loan bearing interest payable monthly at the bank's prime lending rate plus 3.00%. As at March 31, 2009, the bank's prime lending rate is 2.50% and the entire facility is subject to the bank's further review on or before May 31, 2009.

The Company's operating facility agreement requires that the Company meet certain covenants including one relating to an adjusted working capital ratio. As at March 31, 2009, the Company is in violation of the working capital ratio covenant. The bank has not provided a continuing waiver of the non-compliance.

The loan is collateralized by a \$10 million debenture with a floating charge over all assets of the Company with a negative pledge and undertaking to provide fixed charges on the Company's major producing petroleum and natural gas reserves at the request of the lender, a general assignment of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

book debts, insurance assignment showing the lender as first loss payee, an assignment of revenues and monies under material contracts, and a guarantee from Southwest Petroleum Explorations Inc., supported by debenture security.

7. LONG TERM DEBT

	March 31, 2009
	(\$)
Convertible debentures	260,000
Obligation under capital lease	100,904
Vehicle loans	107,685
	468,589
Less current portion:	
obligation under capital lease	-43,209
vehicle loans	-44,961
	380,419

On September 28, 2007, a non-brokered private placement of convertible debentures was closed. The debentures will bear interest at 12% per annum, payable quarterly and will mature on July 1, 2012. The debentures are convertible at the option of the holder into common shares of Greentree at \$0.24 per share during the first two years, \$0.27 per share during the third year, \$0.30 per share during the fourth year and \$0.33 per share in the last year before maturity. The Company may redeem the debentures on thirty (30) days' notice provided that its common shares have traded at prices not less than \$0.50 per share in the 30 days immediately preceding the date of such notice if notice is given before July 1, 2009, at \$0.55 per share if notice is given in the third year, \$0.60 per share if notice is given in the fourth year, and \$0.65 per share if notice is given in the last year before maturity.

The estimated fair value of the equity conversion feature embedded in the convertible debentures was attributed a value of \$nil. This is based upon management's assessment that the 12% interest rate attached to the convertible debentures at the date of issue approximated the market value at that date for similar debentures without a conversion feature.

On June 24, 2008, the Company exercised its option to renew and extend a capital lease due on September 15, 2008. Under the renewed terms of the capital lease, 7 blended payments of \$7,461 are payable monthly commencing June 30, 2008 followed by 29 blended payments of \$4,451 payable monthly commencing January 31, 2009. Interest remains unchanged at 12.5% per annum.

On July 15, 2008, the Company purchased four (4) vehicles for use in its field operations. The total amount of \$136,717 was financed over 36 months with blended monthly payments of principal and interest that total \$4,030. Payments commence on August 14th, 2008 and carry a rate of interest ranging from .99% per annum to 4.99% per annum. The loans are collateralized with these vehicles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the principal amount due for the long term debt commitments of the Company:

(\$)	2009 (9 mos.)	2010	2011	2012	2013
12% Convertible Debenture				260,000	-
Obligations under capital lease	31,868	47,453	21,583		-
Vehicle financing	33,548	46,290	27,847		-
	<u>65,416</u>	<u>93,743</u>	<u>49,430</u>	<u>260,000</u>	<u>-</u>

8. INCOME AND OTHER TAXES PAYABLE

	March 31, 2009 (\$)
Capital taxes payable	114
Current portion	
Other taxes payable – current year	2,827
Other taxes payable – prior years	180,000
	<u>182,941</u>
Long term portion	
Other taxes payable – prior years	368,774
	<u>551,715</u>

During the second quarter of 2006, the Company negotiated long-term payment terms with respect to special taxes and interest owing pursuant to an income tax matter relating to the 1996 through 2001 taxation years. During 2007, the Company was unable to comply with the agreed upon monthly instalments and only one monthly instalment was made pursuant to the long-term repayment negotiation. Interest on the outstanding debt continues to accrue and will vary based on the prescribed rates released on a quarterly basis by the Canada Revenue Agency. On June 27, 2008, the Company and the Canada Revenue Agency agreed to an instalment repayment of not less than \$15,000 per month towards arrears commencing in July 2008. During the nine months ended March 31, 2009, all payments were made in accordance with the agreement. This arrangement is subject to a periodic review.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Asset Retirement Obligations

The undiscounted amount of expected cash flows required to settle the asset retirement obligations is estimated at \$1,841,671 (2008 - \$1,816,720) which has been discounted using a credit-adjusted risk-free rate of 8.5% and includes a 2.0% inflation factor.

	2009
	(\$)
Asset retirement obligations, beginning of the period	967,972
Liabilities incurred	-
Accretion expense	19,872
Revisions in estimated cash flows	-
Asset retirement obligations, end of the period	987,844

Costs attributable to these commitments and contingencies are expected to occur over an extended period of time and are to be funded from the Company's cash provided by operating activities and resources at the time of retirement and removal. Over the next 5 years, the Company anticipates that approximately 40% of the costs will be incurred and the remainder will likely occur from 2014 to 2042.

10. INCOME TAXES

The Company follows the liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available to be carried forward for future years for tax purposes that are more likely than not to be realized. Future assets and liabilities are measured using the substantively enacted tax rates and laws that are expected to be in effect when the temporary differences are expected to reverse.

For the three months ended March 31, 2009 no provision for the benefit of losses available to be carried forward for future years for tax purposes has been made since they are more likely to expire before being utilized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. SHARE CAPITAL**Authorized**

Unlimited common voting shares without par value.

Issued and outstanding

Common shares	2009	
	Shares	Amount (\$)
	54,038,463	16,262,861

Stock Options:

The following table outlines information related to the outstanding and vested stock options at March 31, 2009:

Exercise Price (\$)	Number of options outstanding	Weighted average remaining contractual life (yrs)
0.35	575,000	2.03
0.30	50,000	2.59
0.25	525,000	2.84
0.18	125,000	3.33
0.12	450,000	3.95
0.14	1,000,000	4.24
	2,725,000	3.38

Under the terms of the Plan, the Board of Directors may authorize the granting of options to purchase up to 3,868,424 common shares, provided that no individual may be granted options exceeding 5% of the issued and outstanding common shares of the Company. The option price per common share granted under the plan may not be less than the closing market price on the date the option is granted less allowable discounts as permitted under the policies of the TSX Venture Exchange. The maximum term of any option is five years from the date the option is granted. Options are immediately exercisable upon granting.

There were no stock options granted by the Company during the three months ended March 31, 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Warrants:

The following table outlines information related to the outstanding common stock purchase warrants at March 31, 2009:

Exercise Price (\$)	Number of warrants outstanding	Fair Value of warrants outstanding (\$)	Weighted average remaining contractual life (yrs)
0.18	500,000	46,461	.33
0.15	762,500	37,267	.53
0.20	2,500	208	.64
0.15	360,000	13,643	.64
0.12	67,000	2,966	.64
0.16	484,849	22,313	1.24
0.20	937,500	72,573	1.27
	3,114,349	195,431	0.85

There were no common share purchase warrants issued by the Company during the three months ended March 31, 2009.

Basic and diluted share amounts

In calculating diluted earnings per common share for the three months ended March 31, 2009, the Company excluded 2,725,000 options as the exercise price was greater than the average market price of its common shares in those months. In the case of a loss, the effect of stock options potentially exercisable on diluted net loss per share is anti-dilutive. Therefore basic and diluted net loss per share are the same.

12. CONTRIBUTED SURPLUS

	2009
	(\$)
Balance, end of period	1,402,952

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2009, the following transactions occurred in the normal course of business between the Company and a law firm of which a partner is a director and shareholder of the Company.

<i>Transactions during the period:</i>	2009 (\$)
Balance due to related party, beginning of period	107,651
Administrative expenses incurred	6,650
Directors' fees incurred	5,775
Payments made during the period	-
Balance due to related party, end of period	120,076

During the three months ended March 31, 2009, the following transactions occurred in the normal course of business between the Company and non-management directors of the Company, excluding those noted above.

<i>Transactions during the period:</i>	2009 (\$)
Directors' fees due to non-management directors, beginning of period	20,250
Directors' fees recorded	5,250
Due to non-management directors	25,500

These transactions were recorded at the exchange amount, which is the amount agreed to by the transacting parties. The balances are included in accounts payable and accrued liabilities in the consolidated balance sheets.

14. COMMITMENTS
Flow through share commitments

Pursuant to the terms of private placements that closed during the year ended December 31, 2008, the Company has remaining obligation as at March 31, 2009 to incur \$214,987 in qualified exploration and/or development expenditures by December 31, 2009.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Office lease commitments

Pursuant to an operating lease agreement, the Company is obligated to make future minimum lease payments of \$1,191 per month (excluding additional rent for operating cost recoveries) until August 1, 2010.

15. FINANCIAL INSTRUMENTS

Classification and fair values

The Company has classified all financial instruments as one of; held-for trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. Subsequent measurement of changes in the value of financial instruments depends on their initial classification.

Financial assets and liabilities held-for-trading are measured at fair value with changes in those fair values recognized in net income. Derivatives are classified as held for trading and recorded at fair value.

Available-for-sale financial assets are measured at fair value. Revaluation gains and losses are included in other comprehensive income until the assets are removed from the balance sheet.

Financial assets held-to-maturity, loans and receivables and other financial liabilities are measured at fair value and subsequently measured at amortized costs using the effective interest method. Investments in equity instruments classified as available-for-sale that do not have quoted market prices in an active market are measured at cost. The Company has implemented the following classifications:

Accounts receivable and other receivables are classified as loans and receivables. Bank indebtedness, accounts payable and accrued liabilities, the convertible debentures and the note payable, are classified as other financial liabilities and are measured at amortized cost using the effective interest method.

Commodity price risk

The Company is exposed to risks related to fluctuations in the market price for the sale of natural gas and crude oil. During the year, the Company did not attempt to manage this risk with the acquisition of any derivative financial instruments.

Foreign currency risk

The Company is exposed to fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar. Natural gas and crude oil prices are based upon reference prices that are denominated in

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

U.S. dollars. During the year, the Company did not attempt to manage this risk with the acquisition of any derivative financial instruments.

Interest rate risk

The Company is exposed to interest rate risk arising from fluctuations in interest rates on its operating facility. The floating rate debt is based on the bank's prime lending rate plus 3%. As at March 31, 2009, the resulting increase or decrease in net earnings for each 1% change on floating rate debt is approximately \$17,000 annually. The related disclosures regarding this debt instrument are included in Note 6 of these financial statements.

Credit risk

The Company is exposed to financial risk that arises from the credit quality of the entities to which it provides its natural gas, crude oil, other by-products and services. Credit risk arises from the possibility that the entities to which the Company provides these commodities and services may experience financial difficulty and be unable to fulfill their obligations. Substantially all of the Company's oil revenues are from one customer and all of the Company's gas revenues are from one other customer. Approximately 80% of accounts receivable are from these two customers. All of the accounts receivable balances are unsecured and as such, the entire balance in accounts receivable represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk represents the risk that the Company will not be in a position to meet its financial obligations as they come due. As at March 31, 2009, the Company had \$200,643 available from its revolving credit facility. The Company's accounts payable and accrued liabilities will come due within 90 days of the balance sheet date. Given the available liquid resources, management anticipates having sufficient funds to meet the Company's short term commitments. In respect of the maturity profile of all the Company's financial instruments, the bank loan is due on demand while accounts payable and accrued liabilities generally mature within 3 months of the balance sheet date.

16. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- To maintain an industry credit rating that the Company considers appropriate for its circumstances.
- To strengthen its financial position including, the exceeding of specific lending covenants relative to its banking relationship.
- To provide an appropriate return to shareholders relative to the risk of the Company's underlying assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Company monitors capital on a basis consistent with others in the industry based on total debt to shareholders' equity. Capital is defined as shareholders' equity as presented on the balance sheet and total debt is defined as the sum of the interest-bearing debt. The Company reviews its capital structure quarterly and, based upon economic conditions and planned requirements, makes necessary adjustments accordingly. The Company is not subject to any external capital requirements.

A summary of the key components as defined above are as follows:

Item	Amount (\$)
Shareholders' Equity	5,074,450
Interest bearing debt	
Bank indebtedness	1,724,357
Notes payable	15,000
Income and other taxes payable	551,715
Long term debt	468,589
	2,519,911