Drift Lake Exploration & Production

NORTHBROOK ENERGY, LLC
(WHOLLY-OWNED SUBSIDIARY OF DLR)

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THREE MONTHS ENDING MARCH 31, 2011
(DISCUSSION DATED JUNE 24, 2011)

Trading Symbol: DLA.V
Toronto Stock Exchange

Introduction

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations of Northbrook Energy, LLC ("Northbrook" or the "Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the three months ended March 31, 2011. This MD&A has been prepared in compliance with the requirements of National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the audited annual consolidated financial statements of the Company for the year ended December 31, 2010, as well as the unaudited condensed interim consolidated financial statements for the three months ended March 31, 2011, together with the notes thereto. Results are reported in United States dollars, unless otherwise noted. In the opinion of management, all adjustments (which consist only of normal recurring adjustments) considered necessary for a fair presentation have been included. The results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period. Information contained herein is presented as at June 24, 2011, unless otherwise indicated.

On January 1, 2011, the Company adopted International Financial Reporting Standards ("IFRS"). The unaudited condensed interim consolidated financial statements for the three months ended March 31, 2011, have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, using accounting policies consistent with IFRS. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). Readers of this MD&A should refer to "Changes in Accounting Policies" below for a discussion of IFRS and its effect on the Company's financial presentation.

The comparative financial information for 2010 in this MDA has been restated to conform to IFRS, unless otherwise stated.

Further information about the Company and its operations is at the Company's offices or available on SEDAR at **www.sedar.com**.

(Note – all references to "C$" mean Canadian dollars)

Cautionary Note Regarding Forward-Looking Information

This MD&A contains forward-looking information. Often, but not always, forward-looking information can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "estimates", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases, or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Northbrook to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information.

Examples of such statements include: Northbrook's proposed exploration and development activities and method for funding thereof, timing of development of reserves, expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development, treatment under governmental regulatory regimes and tax laws, availability of governmental and regulatory appraisals, capital expenditure programs and the timing and method of financing thereof and proposed acquisitions by Northbrook, the development plans and status of assets, future growth and performance.

Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this MD&A. Such forward-looking information is based on a number of assumptions that may prove to be incorrect, including, but not limited to: the ability of Northbrook to obtain necessary financing, manage risks, the economy generally, and current and future stock prices, results of operations and exploration, development, and exploitation activities, fluctuations in oil and natural gas prices and market conditions, the extent of reserves and future growth and performance, the regulatory and foreign environment, future capital and other expenditures (including the amount, nature and sources of funding thereof), uncertainty of reserve estimates, the availability of necessary exploration and development equipment, competitive advantages, fluctuations in foreign currency exchange rates, property title and investments, business prospects and opportunities, transportation and construction delays, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes and other risks of the oil and natural gas industry, political instability, arbitrary changes in law, delays in obtaining governmental approvals or the lack of availability thereof and anticipated and unanticipated costs. The factors identified above are not intended to represent a complete list of the factors that could affect Northbrook. Additional risk factors are noted under the heading "Risk Factors".

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking information prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These risk factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to Northbrook herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. Northbrook does not undertake any obligation to release publicly any revisions to this forward-looking information to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

Description of Business

Northbrook was organized as a limited liability company under the Texas Business Organizations Code on June 9, 2008, and remains a development stage company at March 31, 2011. On April 27, 2011, Northbrook merged with Drift Lake Texas Inc. to form Northbrook Energy, Inc., a Texas corporation (See "Business Combination and Related Financing", below). Since its inception, Northbrook has been engaged in the acquisition, exploration and development of oil and natural gas properties in Texas and Peru, and is also seeking to acquire additional exploration opportunities in Latin America.

The initial focus of proposed exploration and development opportunities in Latin America will be in Peru, Colombia and Paraguay.

In Paraguay, negotiations around two blocks in the Pirity Basin on the border with Argentina are progressing. There are a number of oil and natural gas fields directly across the border in Argentina.

In addition, the Company is in negotiations concerning a number of concessions in Colombia.

Business Combination and Related Financing

Pursuant to a non-binding letter of intent dated November 4, 2010 (as amended by letter dated December 1, 2010), Drift Lake Resources Inc. ("DLR" or "Drift Lake") and Northbrook agreed to complete a business combination of the two companies (the "Northbrook Business Combination").

On January 26, 2011, DLR, Northbrook, Drift Lake Texas Inc., a wholly-owned subsidiary of DLR ("Subco") and 2267582 Ontario Inc. ("FinanceCo") entered into a definitive Master Agreement (the "Master Agreement") dated January 17, 2011, to complete the Northbrook Business Combination by way of a three-cornered amalgamation, pursuant to which Subco would amalgamate with Northbrook and all of the issued and outstanding securities of Northbrook would be acquired by DLR from the existing holders thereof in consideration for the issuance of an aggregate of 27,000,000 common shares of DLR (each, a "DLR Share") and the payment of C$330,000 to the existing shareholders of Northbrook. The consideration for the DLR Shares to be issued in connection with the Northbrook Business Combination was calculated based upon a deemed price of C$0.50 per DLR Share. Northbrook and DLR were arm's length parties.

Also on January 26, 2011, DLR completed the first tranche of the private placement in connection with the Northbrook Business Combination, pursuant to which an aggregate of 32,430,000 subscription receipts ("Subscription Receipts") were issued at a price of C$0.50 per Subscription Receipt to raise aggregate gross proceeds of C$16,215,000 (the "Financing"), which amount was held in escrow as at February 28, 2011. Of this total, an aggregate of 2,830,000 Subscription Receipts were issued by DLR directly (the "DLR Subscription Receipts") and an aggregate of 29,600,000 Subscription Receipts (the "FinanceCo Subscription Receipts") were issued by FinanceCo. Each DLR Subscription Receipt was convertible upon the satisfaction of certain release conditions for no additional consideration into units ("DLR Units"), each DLR Unit consisting of one common share of DLR (each, a "DLR Share") and one-half of one common share purchase warrant (each whole such warrant, a "DLR Warrant"), with each DLR Warrant entitling the holder thereof to acquire one additional DLR Share at an exercise price of C$0.75 for a period of 18 months (subject to accelerated expiry in the event that the closing price of the DLR Shares exceeds C$1.25 for 20 consecutive trading days). Each FinanceCo Subscription Receipt was convertible upon the satisfaction of certain release conditions for no additional consideration into units ("FinanceCo Units"), each FinanceCo Unit consisting of one common share of FinanceCo (each, a "FinanceCo Share") and one-half of one common share purchase warrant (each whole such warrant, a "FinanceCo Warrant"), with each FinanceCo Warrant entitling the holder thereof to acquire one additional FinanceCo Share at an exercise price of C$0.75 for a period of 18 months (subject to accelerated expiry in the event that the closing price of the DLR Shares exceeds C$1.25 for 20 consecutive trading days).

On February 3, 2011, the second tranche of the Financing was completed pursuant to which an aggregate of 6,030,000 Subscription Receipts were issued by FinanceCo at a price of C$0.50 per Subscription Receipt to raise aggregate gross proceeds of C$3,015,000, which amount was held in escrow as at February 28, 2011. Each Subscription Receipt was convertible upon the satisfaction of certain release conditions for no additional consideration into one FinanceCo Unit.

Concurrently with the execution of the Master Agreement, DLR also entered into an amalgamation agreement with a wholly owned subsidiary of DLR ("Newco") and FinanceCo (the "Amalgamation Agreement") pursuant to which DLR and FinanceCo agreed to effect a business combination (the "FinanceCo Business Combination", and together with the Northbrook Business Combination, the "Business Combination") concurrently with the Northbrook Business Combination, which was structured in the form of a three-cornered amalgamation pursuant to which FinanceCo would amalgamate with Newco and all of the issued and outstanding securities of FinanceCo (including all outstanding FinanceCo Shares and FinanceCo Warrants) would be acquired by DLR from the existing holders thereof in consideration of the issuance of equivalent securities of DLR to each of the holders of FinanceCo Shares and FinanceCo Warrants.

On February 24 and March 11, 2011, the final two tranches of the Financing were completed, with an aggregate of 3,700,000 Subscription Receipts being issued by FinanceCo at a price C$0.50 per Subscription Receipt to raise additional aggregate gross proceeds of C$1,850,000. Each Subscription Receipt is convertible upon the satisfaction of certain release conditions for no additional consideration into one FinanceCo Unit. As a result of the closing of the final tranche, an aggregate of 42,160,000 Subscription Receipts were issued by FinanceCo and DLR pursuant to the Financing in total, to raise aggregate gross proceeds of C$21,080,000. The gross proceeds raised pursuant to the Financing (the "Escrowed Funds") were deposited with Olympia Transfer Services Inc. to be held in escrow pending the satisfaction of certain release conditions relating to the Business Combination, including the receipt of the requisite approval of the Business Combination by shareholders of DLR, and the conditional approval of the Business Combination by the TSX Venture Exchange.

An aggregate of 41,160,000 of the Subscription Receipts issued pursuant to the Financing were issued on a brokered basis by co-lead agents Jones Gable & Company Limited and PowerOne Capital Markets Limited, with a syndicate that included Clarus Securities Inc., Salman Partners Inc. and Primary Capital Inc. (collectively, the "Agents"), while an aggregate of 1,000,000 Subscription Receipts were issued on a non-brokered basis. An aggregate of 2,366,700 broker warrants (the "Broker Warrants") were issued to the Agents as partial consideration for their services in connection with the Financing, each such Broker Warrant entitling the holder thereof to acquire one DLR Share at an exercise price of C$0.50 until the date which is 18 months following the release of the Escrowed Funds. In addition, aggregate fees in the amount of C$1,440,600 were paid to the Agents and certain other advisers assisting in the Financing, upon release of the Escrowed Funds.

On April 13, 2011, in connection with the Business Combination, DLR prepared and filed a filing statement (the "Filing Statement") in accordance with the regulations of the TSX Venture Exchange summarizing the terms of the proposed Business Combination and related matters.

On April 27, 2011, DLR closed the Business Combination with Northbrook and FinanceCo, pursuant to the Master Agreement and Amalgamation Agreement. Each of Northbrook and FinanceCo amalgamated with wholly-owned subsidiaries of DLR, the Subscription Receipts converted into DLR Units and FinanceCo Units, as applicable, in accordance with the terms thereof, and all of the issued and outstanding securities of each of Northbrook and FinanceCo were subsequently acquired by DLR from the existing holders thereof in consideration of the issuance of an aggregate of 78,160,001 DLR Shares and an aggregate cash payment of C$330,000. Also in connection with the Business Combination, an aggregate of 19,665,000 FinanceCo Warrants were exchanged for DLR Warrants on a 1:1 basis.

Following the closing of the Business Combination, (i) an aggregate of 27,000,000 DLR Shares were issued to former shareholders of Northbrook in consideration of the acquisition by DLR of all such issued and outstanding Northbrook shares; and (ii) an aggregate of 51,160,001 DLR Shares were issued to subscribers in the Financing and existing holders of FinanceCo shares. In addition, all directors and officers of DLR resigned with the exception of Bruno Maruzzo and Carmelo Marrelli, and the Board of Directors of DLR was reconstituted and new management associated with Northbrook was appointed, including Doug Manner as Chief Executive Officer, Keith Spickelmier as Executive Chairman and David Cherry as President and Chief Operating Officer. Carmelo Marrelli remained as Chief Financial Officer.

Overall Performance

As at March 31, 2011, the Company had assets of $2,006,272 and a net partners' deficit position of $643,835. This compares with assets of $110,722 and a net partners' deficit position of $344,428 at

December 31, 2010. The Company had $2,650,107 of liabilities. For the three months ended March 31, 2011, the Company spent $34,299 on its oil and gas property interests.

At March 31, 2011, the Company had a working capital deficit of $643,835 (December 31, 2010 – working capital deficit of $344,428). The Company had cash of $6,272 at March 31, 2011 (December 31, 2010 - $10,500). The increase in working capital deficit of $299,407 and decrease in cash of $4,228 from December 31, 2010, to March 31, 2011, is primarily due to exploration and evaluation expenditures of $34,299, general and administrative of $154,576, foreign exchange loss of $62,200 and finance interest of $48,332.

The Company has sufficient cash on hand to fund its working capital needs at the current level and as currently proposed for the twelve-month period ending March 31, 2012, due to the closing of the Business Combination on April 27, 2011. See "Liquidity and Financial Position", below.

See "Mineral Property Interests" below.

See "Petroleum and Natural Gas Prospects" below.

Trends

After giving effect to the Business Combination, DLR will focus on crude oil and other natural resources.

There are significant uncertainties regarding the price of crude oil and other natural resources and the availability of equity financing for the purposes of exploration and development. The future performance of DLR is largely tied to the development of its current oil and natural gas properties and the overall financial markets. Financial markets are likely to be volatile, reflecting ongoing concerns about the stability of the global economy and weakening global growth prospects. Unprecedented uncertainty in the credit markets has also led to increased difficulties in borrowing and raising funds. Companies worldwide have been affected particularly negatively by these trends. As a result, DLR may have difficulties raising equity financing for the purposes of oil and natural gas exploration and development, particularly without excessively diluting the interests of existing shareholders. These trends may limit the ability of DLR to develop and/or further explore its current oil and gas and mineral exploration properties and any other property interests that may be acquired in the future.

Selected Quarterly Information

Three Months Ended	Net Revenues ($)	Net (Loss) Income		Total Assets ($)
		Total ($)	Per Share ($) (3)	
2011-March 31	nil	(299,407) (1)	n/a	2,006,272
2010-December 31	nil	196,865 (2)	n/a	110,722

Notes:

(1) Net loss of $299,407 consisted primarily of: exploration and evaluation expenditures of $34,299; general and administrative of $154,576; foreign exchange loss of $62,200; and finance interest of $48,332.
(2) Net income of $196,865 consisted primarily of: general and administrative of $3,409; legal fees of $36,722; professional fees of $153,685; and travel and entertainment of $24,045.

These amounts were offset by a recovery of exploration and evaluation expenditures of $414,726.

(3) Not applicable as Northbrook was a limited liability company as at December 31, 2010 and March 31, 2011.

Overall Objective

The primary business objective of DLR is to build a significant oil and natural gas exploration and development company based upon its current holdings in Texas and Latin America. In furtherance of this objective, DLR, after completion of the Business Combination, established the following business strategy:

- complete recommended exploration and development programs on acquired property interests with a view to establishing oil and natural gas reserves; and
- capitalize on management's technical expertise and ability to identify, evaluate and acquire exploration and development properties.

Off-Balance-Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on its results of operations or financial condition, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be considered material to investors.

Proposed Transactions

There are no proposed transactions of a material nature being considered by the Company, DLR or Northbrook at the date of this MD&A other than as set forth below.

- DLR intends to sell or relinquish its interest in its Rossmere property in calendar 2011;
- DLR intends to farm out 100% of the economic risk of drilling and completing the exploration wells on the Old Oak and Rock Hill prospects while retaining the right to proportionately participate in the subsequent development; and
- DLR continues to evaluate properties and corporate opportunities to advance its exploration, development and objectives.

Mineral Property Interests

DLR's exploration activities are at an early stage, and it has not yet been determined whether its Rossmere property contains an economic mineral reserve. There are no known deposits of minerals on any of DLR's exploration properties and any activities of DLR thereon will constitute exploratory searches for minerals. See "Risk Factors" below.

Rossmere Property

DLR is engaged in the exploration for gold on the Rossmere property, which is located in the north central part of the Shebandowan greenstone belt of northern Ontario. Pursuant to a property option assignment agreement dated September 14, 2006, as amended by agreements dated June 27, 2007, November 7, 2007, May 6, 2008, January 14, 2009 and November 24, 2009, DLR acquired the option to acquire up to a 60% interest in the Rossmere property in consideration for the issuance of 1,000,000 common shares in the capital stock of DLR. In order to acquire a 50% interest, DLR needs to spend C$300,000 on the property by February 25, 2012, and, for a further 10%, DLR needs to spend a further C$500,000 on the property by February 15, 2018. The Rossmere property is subject to a 2% net smelter return ("NSR") in favour of the prospector who staked the property, of which a 1% NSR may be purchased for C$1,000,000 by subsequent optionees, who will also retain a right of first refusal on the remaining 1% NSR. DLR, upon fulfillment of its option in full, will have a 60% interest in the aforementioned purchase rights relating to the 2% NSR. As of March 31, 2011, DLR has spent C$240,473 on the Rossmere property option. DLR has completed a 49 km Induced Polarization ("IP") survey and a 57.8 km magnetic-Very Low Frequency Electromagnetic ("magnetic-VLF EM") survey and some trenching work on the Rossmere property and has identified several new potential drill targets to the west and northwest of the Bandore gold deposit. Previous geological mapping had been carried out and all of the new IP anomalies lie within shallow overburden cover along projected shear structures typical of the geological setting for gold deposits in the area. In July 2009, DLR announced the completion of an C$81,000 exploration program on the Rossmere property that included a four-hole drill program of 365 metres (1,200 feet). The drill program was designed to intersect shear zones that are the controlling structures for gold mineralization in the area as well as carbonate altered and porphyry zones. IP zones consisting of strongly sheared sulphide-bearing volcanics and metasediments were identified in drilling but no significant gold values were intersected. In March 2010, DLR announced the completion of a C$46,500 exploration program on the Rossmere property that included a two-hole drill program of approximately 276 metres (900 feet). The drill program was designed to intersect shear zones that are the controlling structures for gold in the area. IP zones consisting of strongly sheared sulphide bearing sediments and sericitic volcanic with numerous quartz reins were identified in drilling but no significant gold values were intersected.

DLR relies principally on Robert S. Middleton, P.Eng., as the Qualified Person as defined under National Instrument 43-101. Mr. Middleton has read and approved the technical and scientific information relating to the Rossmere property contained in this MD&A.

Project Expenditures

The following table sets forth a breakdown of material components of expenditures incurred at the Rossmere property.

Exploration expenditures	**Total expenditures to March 31, 2011 C $**
Acquisition costs	100
IP Surveys	102,971
Trenching	4,340
Geologists/Technicians	11,758
Reports/Maps/Other	9,991
Drilling	111,313
Ending balance	**240,473**

Petroleum and Natural Gas Prospects

As of March 31, 2011, Northbrook's petroleum and natural gas prospects included:

- the Bayovar prospect ;
- the Big Cypress prospect;
- the Old Oak prospect; and
- the Rock Hill prospect.

Big Cypress Prospect

On May 9, 2011, DLR announced that its US subsidiary has entered into a farmout agreement with an arm's-length party for its ownership interests in several leases located in Marion County, Texas, known as the Big Cypress prospect. The US subsidiary will receive a cash payment of $400,000 upon closing and will retain a 15% working interest in the initial test well after payout and a 15% working interest in all future development wells. In addition, the US subsidiary will receive an overriding royalty interest, ranging up to 2% depending on the lease, in all oil and gas produced. The transaction closed on June 20, 2011.

Old Oak and Rock Hill Prospects

The Old Oak and Rock Hill prospects are currently being marketed and DLR seeks to retain a 15% to 20% reversionary working interest in each one.

Bayovar Prospect

The Bayovar prospect consists of an undivided 25% interest in the Licence Contract for Exploration and Exploitation of Hydrocarbons dated April 15, 2009 (the "Bayovar Licence") and a 25% working interest in Exploration Permit XXVII ("EP XXVII"), comprising approximately 175,000 acres (70,820 hectares) in the Sechura Basin, in the Province of Sechura, Peru.

DLR has entered into an agreement (the "Assignment Agreement") with Douglas Manner, Keith Spickelmier and David Cherry, (collectively the "Manner Group") pursuant to which all rights and obligations of the Manner Group under the Exploration and Production Participation Agreement dated February 4, 2011, between the Manner Group, Faulkner Exploration, Inc., Faulkner Exploration, Inc. S.A. ("Faulkner") and Faulkner Exploration and Production Inc. (the "Bayovar Agreement") with respect to the property known as the Bayovar prospect were assigned to Northbrook Oil & Gas LLC (a wholly-owned subsidiary of Northbrook) for no additional consideration. Pursuant to the terms of the Assignment Agreement and the Bayovar Agreement, Northbrook has agreed to acquire the Bayovar prospect in consideration of (i) a cash payment in the aggregate amount of $2,000,000 (paid); and (ii) the issuance of 5,489,143 DLR Shares at C$0.525 per share.

Faulkner is the operator of the permits under the Bayovar Agreement.

Proposed Budget

The initial ten drilling locations in the DLR work program with respect to the Bayovar prospect are located on the eastern, upthrown side of the fault, analogous to the current offshore fields. The large Bayovar uplift is located in the middle of EP XXVII and provides for much shallower penetration of the primary targets compared to the offshore fields. In addition, the uplift should add natural fracturing to that created by the Illescas fault in the Cretaceous reservoir, which should enhance the productivity. DLR's proposed work program covers an 18-month period from the first quarter of 2011 to the second quarter of 2012 inclusive. It proposes a geologic study including the integration of a geochemical analysis to detect biomarkers on the block. In addition, it proposes the acquisition of 500 kilometres of gravimetric and magnetics data followed by the drilling of three exploration wells. The wells are to be drilled to a vertical depth of 1,100 metres or to penetrate 100 metres into the Paleozoic, whichever occurs first. The primary reservoir targets are the Verdun and the Paleozoic. There are additional prospective shallow gas reservoirs also expected.

Faulkner has advised DLR that it intends to use state of the art drilling technology to drill, complete and test the wells. The first location will be drilled between two wells drilled in the 1920s that had shallow gas shows on the drilling reports.

DLR's proposed work program and budget for the Bayovar prospect covers an 18-month period from the first quarter of 2011 to the second quarter of 2012, inclusive. The budget estimates total gross expenditures of $5,818,179 (net to DLR, $1,600,000).

DLR's budget estimates total gross expenditures of $5,818,179 (net to DLR, $1,600,000) for the proposed 2011-2012, 18- month work program.

Work Program and Budget 1st Quarter 2011 to 2nd Quarter 2012
Timing of Expenditures

Exploration Activity	DLR Share of Costs (1)	1st Quarter 2011		2nd Quarter 2011		3rd Quarter 2011		4th Quarter 2011		1st Quarter 2012		2nd Quarter 2012		Total Expenditures	
		Gross Cost	DLR Net Cost	Gross Cost	DLR Net Cost	Gross Cost	DLR Net Cost	Gross Cost	DLR Net Cost	Gross Cost	DLR Net Cost	Gross Cost	DLR Net Cost	Gross Cost	DLR Net Cost
Block XXVII: Drill Location 1	27.5%	-	-	1,939,393	533,333	-	-			-	-			1,939,393	533,333
Block XXVII: Drill Location 2	27.5%	-	-			-	-	1,939,393	533,333	-	-			1,939,393	533,333
Block XXVII: Drill Location 3	27.5%	-	-			-	-			-	-	1,939,393	533,334	1,939,393	533,334
Total Budget Expend-itures		-	-	1,939,393	533,333	-	-	1,939,393	533,333	-	-	1,939,393	533,334	5,818,179	1,600,000

Notes:
(1) DLR's working interest in all of the operations in the Block is 25% except for the additional payment of 2.5% on gross drilling and completion costs for the first five wells, then 1.5% for the second five wells, and 1% for all future original drilling costs.

Results of Operations

Three months ended March 31, 2011, compared with three months ended March 31, 2010

Northbrook's net loss totalled $299,407 for the three months ended March 31, 2011. This compares with a net loss of $82,187 for the three months ended March 31, 2010. The increase of $217,220 in net loss was principally because:

- Exploration and evaluation expenditures decreased by $31,640 as work slowed down due to the Company's concentration on completing the Business Combination, which closed on April 27, 2011. See "Petroleum and Natural Gas Prospects" and "Mineral Property Interests" above for a description of current exploration activities.

- General and administrative increased by $138,328. General and administrative totalled $154,576 for the three months ended March 31, 2011 (three months ended March 31, 2010 - $16,248) and consisted of administrative and general of $476 (three months ended March 31, 2011 - $4,626), professional fees of $88,577 (three months ended March 31, 2010 - $3,076) and business development of $65,523 (three months ended March 31, 2010 - $8,546).

  - Administrative and general consisted of expenses such as rent, telephone, postage, bank charges, and dues and subscriptions. The decrease in administrative and general can be attributed to cash saving initiatives to preserve cash until the Business Combination was completed.

  - The Company incurred an increase in professional fees of $85,501 for the three months ended March 31, 2011, compared to the three months ended March 31, 2010. The increase can be attributed to the hiring of accounting professionals to assist Northbrook meet its regulatory filing commitments, including its IFRS conversion.

  - The Company incurred an increase in business development of $56,977 for the three months ended March 31, 2011, compared to the three months ended March 31, 2010. The increase can be attributed to business development and travel charges incurred to raise Northbrook's investor profile, including developing new project opportunities in Latin America.

- The Company incurred a foreign exchange loss of $62,200 due to a mark to market adjustment of its promissory note of C$2 million to its US$ equivalent. The Company also incurred finance interest on the promissory note in the amount of $48,332.

Liquidity and Financial Position

On April 27, 2011, FinanceCo closed the Business Combination with Northbrook and DLR, pursuant to the Master Agreement and Amalgamation Agreement discussed above. As a result of the closing, net proceeds of C$19,206,518 were released from escrow and will be used to fund DLR's oil and gas exploration activities. Going forward, DLR will have to continue to rely on equity or debt financings for its working capital. There is no guarantee that DLR will be able to successfully complete such financings, as market conditions may dictate availability and interest. See "Risk Factors".

The primary purposes of the Business Combination were to obtain additional equity capital, create a public market for the Northbrook partners, diversify the asset holdings of DLR and facilitate future access by DLR to financing opportunities. The management of DLR expects to use the total funds available to it following the Business Combination for the purposes described below:

Use of Funds	Amount
Evaluation and acquisition of additional oil and natural gas properties in Latin America	C$5,000,000
Drilling activities to be undertaken in respect of the Bayovar prospect	C$1,600,000
Estimated general and administrative expenses of DLR for the 18 months following the Effective Date	C$2,900,000
General corporate expenses and working capital	C$10,653,780
Total	**C$20,153,780**

Based on current projections, DLR's working capital available for funding ongoing operations is expected to meet its expenses for a minimum period of 18 months commencing immediately after the completion of the Business Combination.

Notwithstanding the proposed uses of available funds discussed above, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary. It is difficult, at this time, to definitively project the total funds necessary to effect the planned activities of DLR. For these reasons, management of DLR considers it to be in the best interests of DLR and its shareholders to afford management a reasonable degree of flexibility as to how the funds are employed among the uses identified above, or for other purposes, as the need arises. Further, the above uses of available funds should be considered estimates. See "Cautionary Note Regarding Forward-Looking Information" above.

In addition, in order to earn its option on the Rossmere property, DLR must perform and record accepted exploration work on the Rossmere property as follows:

For a 50% interest:

(i) C$100,000 by February 25, 2008 (completed); and
(ii) a further C$200,000 by February 25, 2012.

DLR may acquire a further 10% interest (for a total 60% interest) by paying for an additional C$500,000 work on the property as follows:

(iii) a further C$200,000 by February 25, 2014;
(iv) a further C$200,000 by February 25, 2016; and
(v) a further C$100,000 by February 25, 2018.

As of March 31, 2011, C$240,473 has been expended by DLR towards its work commitments on the Rossmere property option.

DLR intends to sell or relinquish its interest in the Rossmere property in calendar 2011.

DLR is required to spend approximately C$60,000 during its next exploration program on the Rossmere property in order to meet its February 25, 2012, exploration commitment. Management has not yet determined how this budget allocation will be spent.

On February 24, 2009, Northbrook's wholly owned subsidiary entered into a $50,000,000 Senior First Lien Secured Credit Agreement (the "Credit Facility") with Macquarie Bank Limited ("Macquarie"). To date, Northbrook has not drawn down any borrowings under the Credit Facility. The purpose of the Credit Facility is to drill development wells, finance future property acquisitions and to fund interest payments and other working capital needs. The interest rate is LIBOR (London inter-bank offered rate) plus 750 basis points or prime plus 550 bps at Northbrook's option. Macquarie also is to receive a net profits interest of 25% of Northbrook's working interest in each prospect, which will be reduced to 15% when Macquarie has received a 25% Internal Rate of Return. The Credit Facility is available for 24 months following the first drawdown. Any advances are secured by a first lien on the assets of Northbrook and a guarantee by Northbrook. The Credit Facility matures on February 24, 2013. To date Northbrook has not used any of this funding.

The Credit Facility was established to provide a funding mechanism in the event Northbrook and Macquarie agreed to fund acquisitions that fit within Macquarie's lending guidelines. No such acquisitions have been found to date. Northbrook will require continued additional funding in order to execute on its business strategy.

After giving effect to the Business Combination, DLR's future capital requirements will depend on many factors, including, among others, cash flow from operations. To the extent that existing resources are insufficient to fund DLR's losses until profitability is reached, DLR may need to raise additional funds through debt or equity financing. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to DLR. If adequate funds are not available, DLR may be required to delay possible expansion plans or acquisitions.

Changes in the capital markets, including a decline in the prices of natural gas and oil, could materially and adversely impact DLR's ability to complete further equity financings, with the result that DLR may be forced to scale back its operational activities.

Related Party Transactions

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. Related party transactions conducted in the normal course of operations are measured at the exchange value (the amount established and agreed to by the related parties).

Northbrook entered into the following transactions with related parties:

The Company reimburses the Partners (Petroven, Inc., Douglas Manner and Keith Spickelmier) for expenses paid by the Partners related to Company business. At March 31, 2011, related party payable included $327,154 (December 31, 2010 - $261,631 and January 1, 2010 - $249,616) for these costs. Transactions with related parties are recorded at the exchange amount, being the price agreed to between the parties.

At March 31, 2011, Marrelli CFO Outsource Syndicate Inc. ("Marrelli") was owed $20,000 (December 31, 2010 - $20,000) for the services of Carmelo Marrelli to act as Chief Financial Officer of the Company. Carmelo Marrelli beneficially owns Marrelli. This amount was included in related party payable.

Critical Accounting Estimates

The preparation of the unaudited condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The unaudited condensed interim consolidated financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the unaudited condensed interim consolidated financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- Categorization of financial assets and liabilities is an accounting policy that requires management to make judgments or assessments.

Changes in Accounting Policies

Impact of Adopting IFRS on the Company's Accounting Policies

Effective the first quarter of 2011, the Company began preparing its financial statements in accordance with IFRS. Reconciliations, descriptions and explanations of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company are provided in Note 14, "Conversion to IFRS" of the unaudited condensed consolidated interim financial statements. This note also includes reconciliations of equity and comprehensive loss for comparative periods reported under Canadian GAAP with amounts reported for those periods under IFRS.

The Company has changed certain accounting policies to be consistent with IFRS as it is expected to be effective or available on December 31, 2011, the Company's first annual IFRS reporting date. The changes to its accounting policies have resulted in certain changes to the recognition and measurement of assets, liabilities, equity, revenue and expenses within its financial statements.

The following summarizes the significant changes to the Company's accounting policies on adoption of IFRS.

(a) Impairment of (non-financial) assets

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 non-financial assets have been changed to reflect these differences. There was no impact on the unaudited condensed interim consolidated financial statements.

(b) Decommissioning Liabilities (Asset Retirement Obligations)

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's accounting policies related to decommissioning liabilities have been changed to reflect these differences. There is no impact on the unaudited condensed interim consolidated financial statements.

(c) Exploration and evaluation

On transition to IFRS, the Company elected to expense exploration and evaluation expenditures as incurred. Previously, the Company's Canadian GAAP policy was to capitalize exploration and evaluation expenditures as incurred.

The Company has chosen to expense its exploration and evaluation expenditures as incurred instead of capitalizing these costs to the consolidated statement of financial position. The Company has chosen this policy because management has not yet determined that there will be a future benefit for its exploration properties.

Recent Accounting Pronouncements

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods after December 31, 2010. Many are not applicable or do not have a significant impact on the Company and so have been excluded from the list below. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

(i) IFRS 9 Financial instruments ("IFRS 9") was issued by the IASB in October 2010 and will replace IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2013.

(ii) IFRS 10 'Financial Statements' – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of financial statements when an entity controls one or more other entities.

(iii) IFRS 11 Joint arrangements ("IFRS 11") was issued by the IASB in May 2011 and will replace IAS 31 Interests in Joint ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers. IFRS 11 is effective for annual periods beginning on or after January 1, 2013.

(iv) IFRS 12 'Disclosure of Interests in Other Entities' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

(v) IFRS 13 'Fair Value Measurement' - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair value hierarchy.

Financial Instruments

Financial risk

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest and foreign exchange risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors.

(i) Credit risk
Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash. All the Company's cash is held with well known and established financial institutions. As such, management considers credit risk related to these financial assets to be minimal.

(ii) Liquidity risk
Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered, whether as a result of a downturn in stock market conditions generally or matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at March 31, 2011, the Company had cash of $6,272 (December 31, 2010 - $10,500 and January 1, 2010 - $1,003,162) to settle current liabilities of $2,650,107 (December 31, 2010 - $455,150 and January 1, 2010 - $1,410,158). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms. The Company regularly evaluates its cash position to ensure preservation and security of capital as well as liquidity. The Company is not exposed to any liquidity risk, and has sufficient funds to meet its ongoing obligations for 12 months due to the closing of the merger on April 27, 2011.

(iii) Market risk
Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk
The Company has cash balances and fixed interest-bearing debt. The Company's current policy is to invest excess cash in guaranteed investment certificates or interest-bearing accounts of major Canadian chartered banks. The Company regularly monitors compliance to its cash management policy.

(b) Foreign currency risk
The Company's functional and reporting currency is the United States dollar and major purchases are transacted in United States dollars. As a result, the Company's exposure to foreign currency risk is minimal.

Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are reasonably possible over a three month period:

(i) The Company has minimal cash balances. The Company has a promissory note in the amount of C$2,000,000 with a fixed interest rate that was paid in April 2011. As such, the Company does not have significant interest rate risk.

(ii) The Company has a promissory note in the amount of C$2,000,000 that was paid in April 2011 and the Company does not hold significant balances in foreign currencies. As such, the Company does not have significant foreign exchange rate risk.

Capital Management

The Company considers its capital to be partners' capital.

Northbrook manages its capital to ensure that funds are available or are scheduled to be raised to provide adequate funds to carry out the Company's defined exploration programs and to meet its ongoing administrative costs. This is achieved by the Board of Directors' review and acceptance of exploration budgets that are achievable within existing resources and the timely matching and release of the next stage of expenditures with the resources made available from private placements or other fund raisings.

In order to carry out the planned exploration and pay for administrative costs, the Company will raise additional amounts as needed. On April 27, 2011, the Company completed a merger, which provided it with additional funds.

The Company is not subject to any material externally imposed capital requirements or covenants.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is appropriate.

There were no changes in the Company's approach to capital management during the three months ended March 31, 2011.

Outlook

For 2011, pursuant to the Business Combination, DLR, Northbrook and FinanceCo will combine their business operations and continue to operate in the oil and gas and resource sector. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required.

Environmental Contingency

The Company's mining and exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of the date of this MD&A, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Share Capital

As of the date of this MD&A, Drift Lake had 113,564,369 common shares outstanding, 21,080,000 DLR Warrants with an exercise price of C$0.75 until October 27, 2012 (subject to accelerated expiry in the event the closing price of the common shares exceeds C$1.25 for 20 consecutive days), 2,366,700 broker warrants, each such broker warrant entitling the holder thereof to acquire one DLR Share at an exercise price of C$0.50 until October 27, 2012, and 3,300,000 stock options (50,000 with an exercise price of C$0.10 until November 13, 2012; 50,000 with an exercise price of C$0.10 until September 30, 2013; 100,000 with an exercise price of C$0.135 until August 18, 2015; and 3,100,000 with an exercise price of C$0.49 until May 11, 2016).

Subsequent Events

See "Business Combination and Related Financing" above.

In addition, DLR has the following subsequent events:

(a) On April 14, 2011, the following DLR stock options were exercised:

- 300,000 with an exercise price of C$0.10 until November 13, 2012; and
- 250,000 with an exercise price of C$0.135 until August 18, 2015

(b) On May 9, 2011, DLR announced that its US subsidiary has entered into a farmout agreement with an arm's-length party for its ownership interests in several leases located in Marion County, Texas, known as the Big Cypress prospect. The US subsidiary will receive a cash payment of $400,000 upon closing and will retain a 15% working interest in the initial test well after payout and a 15% working interest in all future development wells. In addition, the US subsidiary will receive an overriding royalty interest, ranging up to 2% depending on the lease, in all oil and gas produced. The transaction closed on June 20, 2011.

(c) On May 16, 2011, DLR completed its acquisition of a 25% interest in the Faulkner-operated Bayovar prospect in Peru. An initial $2.0 million cash payment was made to Faulkner on the closing of the acquisition transaction in February 2011. This second and final payment for the interest consisted of the issuance of 5,489,143 DLR Shares at C$0.525 per share, representing a market value of $3.0 million, based on the weighted average closing price of DLR's common shares on the TSX Venture Exchange for the first ten trading days after the completion of the Business Combination.

(d) At a Board of Directors meeting held on May 11, 2011, the directors unanimously approved a rolling 10% stock option plan and granted a total of 3.1 million stock options to five staff members who recently joined DLR, one officer and a director, all subject to shareholder approval of the new stock option plan. The awarded options will be exercisable at C$0.49 per share, the closing price on May 11, 2011, and will vest from time to time over two years.

Risk Factors

Investment in Drift Lake must be considered highly speculative due to the nature of Drift Lake's business, its formative stage of development, its current financial position and its lack of an earnings record. An investment in any securities of Drift Lake should only be considered by those persons who can afford a total loss of their investment.

ONGOING NEED FOR FINANCING
As Drift Lake will have limited revenue, its ability to continue exploration, development, acquisition and divestiture efforts will be largely reliant on its continued attractiveness to equity investors. Drift Lake will incur operating losses as it continues to expend funds to explore and develop its properties and possibly other properties. Even if its financial resources are sufficient to fund its current exploration and development programs, there is no guarantee that Drift Lake will be able to develop any of its properties to commercial production. Additionally, should Drift Lake require additional capital to continue exploration and development, failure to raise such capital could result in Drift Lake going out of business. From time to time, Drift Lake may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed wholly or partially with debt, which may temporarily increase Drift Lake's debt levels above industry standards.

CRUDE OIL AND NATURAL GAS DEVELOPMENT
No reserves have been assigned in connection with Drift Lake's property interests to date, given their early stage of development. The future value of Drift Lake is therefore dependent on the success or otherwise of Drift Lake's activities, which are principally directed toward the further exploration, appraisal and development of its assets in Texas and Latin America. Exploration, appraisal and development of crude oil reserves are speculative and involve a significant degree of risk. There is no guarantee that exploration or appraisal of the property interests of Drift Lake will lead to a commercial discovery or, if there is commercial discovery, that Drift Lake will be able to realize such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage Drift Lake is precluded from pursuing its exploration or development programs, or such programs are otherwise not continued, Drift Lake's business, financial condition and/or results of operations and, accordingly, the trading price of DLR Shares, are likely to be materially adversely affected.

Crude oil exploration involves a high degree of risk and there is no assurance that expenditures made on future exploration or development activities by Drift Lake will result in discoveries of crude oil, condensate or natural gas that are commercially or economically possible. It is difficult to project the costs of implementing any exploratory drilling program due to the inherent uncertainties of drilling in unknown formations, the costs associated with encountering various drilling conditions such as over pressured zones and tools lost in the hole, and changes in drilling plans and locations as a result of prior exploratory wells or additional seismic data and interpretations thereof.

OIL AND NATURAL GAS RESERVES
All evaluations of future net revenues are calculated before consideration of indirect costs such as administrative overhead, other miscellaneous expenses and income taxes. The future net revenues may not be representative of the fair market value of the reserves. There are numerous uncertainties inherent in estimating quantities of proved, probable and possible reserves, including many factors beyond the control of Drift Lake.

In general, estimates of economically recoverable oil reserves and the future net revenues obtained therefrom are based on a number of variable factors and assumptions such as commodity prices, the assumed effects of regulation by governmental agencies and future operating costs, each of which may vary considerably from actual results. Estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. Accordingly, any reserve estimates assigned to any of Drift Lake's properties may be materially different from the quantities and values ultimately realized.

VOLATILE STOCK PRICE
The stock price of Drift Lake is expected to be highly volatile and will be drastically affected by exploration and development results. Drift Lake cannot predict the results of its exploration and development activities expected to take place in the future. The results of these activities will inevitably affect Drift Lake's decisions related to further exploration and development at any of the properties that it may hold in the future, and will likely trigger major changes in the trading price of DLR Shares.

POTENTIAL CONFLICTS OF INTEREST
Some of the individuals who will be appointed as directors or officers of Drift Lake are also directors, officers and/or promoters of other reporting and non-reporting issuers. As of the date of this MD&A, and to the knowledge of the directors and officers of Drift Lake, there are no existing conflicts of interest between Drift Lake and any of the individuals who are directors or officers of DLR. Situations may arise where the directors and/or officers of Drift Lake may be in competition with Drift Lake. Any conflicts will be subject to and governed by the law applicable to directors' and officers' conflicts of interest. In the event that such a conflict of interest arises at a meeting of Drift Lake's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of Drift Lake are required to act honestly, in good faith and in the best interests of Drift Lake.

NO HISTORY OF PRODUCTION
Drift Lake's properties are exploration stage only. Drift Lake has never had any interest in crude oil producing properties. There is no assurance that commercial quantities of crude oil will be discovered at any of the properties of Drift Lake or any future properties, nor is there any assurance that the exploration or development programs of Drift Lake thereon will yield any positive results. Even if commercial quantities of crude oil are discovered, there can be no assurance that any property of Drift Lake will ever be brought to a stage where oil and/or natural gas can profitably be produced thereon. Factors that may limit the ability of Drift Lake to produce oil and/or natural gas from its properties include, but are not limited to, the price of crude oil, availability of additional capital and financing and the nature of any crude oil deposits.

MARKET FOR DRIFT LAKE SHARES
An active public market for Drift Lake's shares may not be sustained. If an active public market is not sustained, the liquidity of DLR Shares may be limited, and the price of Drift Lake's shares may decline below the purchase price of DLR Shares and/or FinanceCo Shares obtained in each of their most recent private placements.

RELIANCE ON LIMITED NUMBER OF PROPERTIES

The principal property interest of Drift Lake is currently the Bayovar prospect. As a result, unless Drift Lake acquires additional property interests, any adverse developments affecting the Bayovar prospect could have a material adverse effect upon Drift Lake and would materially and adversely affect the potential production, profitability, financial performance and results of operations of Drift Lake.

FUTURE SALES OF DRIFT LAKE SHARES BY EXISTING SHAREHOLDERS

Sales of a large number of Drift Lake's shares in the public markets, or the potential for such sales, could decrease the trading price of Drift Lake's shares and could impair Drift Lake's ability to raise capital through future sales of Drift Lake's shares. Drift Lake may from time to time have previously issued securities at an effective price per share that was lower than the then current market price of the DLR Shares. Accordingly, certain shareholders of Drift Lake may have an investment profit in the DLR Shares that they may seek to liquidate at some point.

MARKET PRICE OF DRIFT LAKE SHARES

There can be no assurance that an active market for the DLR Shares will be sustained. If an active public market for the common shares of Drift Lake is not sustained, the liquidity of an investment therein may be limited and the share price may decline. Securities of micro-cap and small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the common shares of Drift Lake is also likely to be significantly affected by short-term changes in oil and natural gas prices or in DLR's financial condition or results of operations as reflected in its quarterly earnings reports. Other factors unrelated to DLR's performance that may have an effect on the price of the common shares of Drift Lake include the following: the extent of analytical coverage available to investors concerning DLR's business may be limited if investment banks with research capabilities do not follow DLR's securities; lessening in trading volume and general market interest in DLR's securities may affect an investor's ability to trade significant numbers of common shares; the size of DLR's public float may limit the ability of some institutions to invest in DLR's securities; and a substantial decline in the price of the common shares that persists for a significant period of time could cause DLR's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity.

As a result of any of these factors, the market price of the common shares of Drift Lake at any given point in time may not accurately reflect DLR's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. DLR may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

ENVIRONMENTAL REGULATION AND RISKS

All phases of Drift Lake's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Drift Lake's operations. Environmental hazards may exist on the properties in which Drift Lake holds interests that are unknown to Drift Lake at present and which have been caused by previous or existing owners or operators of the properties.

Government approvals, approval of aboriginal people and permits are currently and may in the future be required in connection with Drift Lake's direct and indirect operations. To the extent such approvals are required and not obtained, Drift Lake may be curtailed or prohibited from continuing its oil and gas and/or mineral exploration operations or from proceeding with planned exploration or development of its properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in the exploration or development of natural resource properties may be required to compensate those suffering loss or damage by reason of the exploration and development activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of oil and natural gas and mineral exploration companies, or more stringent implementation thereof, could have a material adverse impact on Drift Lake and cause increases in exploration expenses, capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new properties.

REQUIREMENT FOR PERMITS AND LICENCES
The operations of Drift Lake require it to obtain licences for operating, permits, and in some cases, renewals of existing licences and permits from the authorities in Texas and Latin America. Drift Lake believes that it currently holds or has applied for all necessary licences and permits to carry on the activities it is currently conducting under applicable laws and regulations on its properties, and also believes that it is complying in all material respects with the terms of such licences and permits. However, the ability of Drift Lake to obtain, sustain or renew any such licences and permits on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions.

REQUIREMENT TO INVEST TO RETAIN RIGHTS
Most of the leases and other operating rights that Drift Lake has and will acquire granting it the right to explore for and exploit oil and natural gas resources require, within defined lengths of time, Drift Lake to drill wells to maintain those rights. There can be no assurance that Drift Lake will have the resources necessary to drill the required wells within the required time periods. In addition, Drift Lake will prioritize its drilling to pursue its best prospects, thus running the risk that certain of its rights may expire. If Drift Lake does not perform the required drilling within the defined time periods, its rights to explore may lapse, which could have a material adverse effect on Drift Lake.

ATTRACTION AND RETENTION OF KEY PERSONNEL INCLUDING DIRECTORS
Drift Lake has a small management team and the loss of a key individual or inability to attract suitably qualified staff could have a material adverse impact on its business. Drift Lake may also encounter difficulties in obtaining and maintaining suitably qualified staff in certain of the jurisdictions in which it conducts business. Drift Lake has sought to and will continue to ensure that directors and any key employees are provided with appropriate incentives; however, their services cannot be guaranteed.

EXPLORATION, DEVELOPMENT AND OPERATING RISKS
Exploration and development operations generally involve a high degree of risk. The operations of Drift Lake are subject to all the hazards and risks normally encountered in the exploration, development and production of oil and natural gas, including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, producing facilities, damage to life or property, environmental damage and possible legal liability. Although adequate precautions to minimize risk will be

taken, operations are subject to hazards that may result in environmental pollution and consequent liability.

INSURANCE AND UNINSURED RISKS

Drift Lake's business is subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to oil and natural gas properties or production facilities, personal injury or death, environmental damage to the properties of Drift Lake, or the properties of others, delays in exploration and development activities, monetary losses and possible legal liability.

Although Drift Lake maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with an oil and natural gas company's operations. Drift Lake may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Drift Lake or to other companies in the oil and natural gas industry on acceptable terms. Drift Lake might also become subject to liability for pollution or other hazards that may not be insured against or which Drift Lake may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Drift Lake to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

INFRASTRUCTURE

Oil and natural gas development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important determinants that affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the operations, financial condition and results of operations of Drift Lake.

LAND TITLE

No assurances can be given that there are no title defects affecting any properties of Drift Lake. Title insurance generally is not available, and the ability of Drift Lake to ensure that it has obtained secure claim to individual properties or concessions may be severely constrained. Furthermore, Drift Lake has not conducted surveys of the properties in which it currently holds direct or indirect interests and, therefore, the precise area and location of such properties may be in doubt. Accordingly, such properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. In addition, Drift Lake may be unable to operate its properties as permitted or to enforce its rights with respect to its properties.

COMPETITION

The mining and oil and natural gas industries are competitive in all of their phases. Drift Lake faces strong competition from other companies in connection with the acquisition of properties producing, or capable of producing, oil and natural gas, and precious and base metals. Many of these companies have greater financial resources, operational experience and technical capabilities than Drift Lake. As a result of this competition, Drift Lake may be unable to maintain or acquire attractive properties on terms it considers acceptable or at all. Consequently, the revenues, operations and financial condition of Drift Lake could be materially adversely affected.

ADDITIONAL CAPITAL

The development and exploration of the properties of Drift Lake will require substantial additional financing. Failure to obtain sufficient financing may result in the delay or indefinite postponement of exploration, development or production on any or all of such properties or even a loss of property interest. The primary source of funding available to Drift Lake consists of equity financing. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, the terms of such financing will be favourable to Drift Lake.

COMMODITY PRICES

The price of Drift Lake's shares, its financial results and its exploration, development and production activities, if any, may in the future be significantly adversely affected by declines in the price of crude oil. The price of crude oil fluctuates widely and is affected by numerous factors beyond DLR's control, such as the sale or purchase of commodities by various central banks and financial institutions, interest rates, exchange rates, inflation or deflation, fluctuation in the value of the United States dollar and foreign currencies, global and regional supply and demand, the political and economic conditions of major oil-producing countries throughout the world, and the cost of substitutes, inventory levels and carrying charges. Future serious price declines in the market value of crude oil could cause continued development of and commercial production from its properties to be impracticable. Depending on the price of crude oil, cash flow from any potential future operations may not be sufficient. Drift Lake could be forced to discontinue production and may lose its interest in, or be forced to sell, some of its properties. Potential future production from DLR's properties, if any, is dependent upon the price of crude oil being adequate to make these properties economic.

In addition to adversely affecting DLR's financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or interrupt operations until the reassessment can be completed.

GOVERNMENT REGULATION

DLR's development and exploration activities will be subject to various laws governing prospecting, development, production, taxes, labour standards and occupational health, oil and natural gas safety, toxic substances, land use, water use, land claims of local people and other matters. Although DLR's operations and exploration and development activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development. Amendments to current laws and regulations governing oil and natural gas operations or mining or milling activities, or more stringent implementation thereof, could have a substantial adverse impact on Drift Lake.

KEY EXECUTIVES

Drift Lake is dependent on the services of key executives, including its directors and a small number of highly skilled and experienced executives and personnel. Due to DLR's relatively small size, the loss of these persons or DLR's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

GLOBAL FINANCIAL CONDITIONS

Current global financial conditions have been subject to increased volatility following the 2008 financial crisis in which numerous financial institutions either went into bankruptcy or had to be rescued by governmental authorities. The sub-prime mortgage meltdown and the liquidity crisis affecting the asset-backed commercial paper market severely curbed access to public financing. More recently, threats of renewed economic slowdown and the simmering sovereign debt problems in Europe have added to the uncertainty. These factors may hamper the ability of Drift Lake to obtain equity or debt financing in the future or, if obtained, on terms favourable to it. If these increased levels of volatility and market turmoil continue, the operations of Drift Lake could be hurt and the value and the price of DLR Shares and other securities could be affected.

DIVIDEND POLICY
No dividends on any of the DLR Shares have been paid to date. Payment of any future dividends, if any, will be at the discretion of the Board of Directors after taking into account many factors, including Drift Lake's operating results, financial condition, and current and anticipated cash needs.

Disclosure of Internal Controls

Management has established processes to provide it with sufficient knowledge to support representations that it has exercised reasonable diligence to ensure that (i) the unaudited condensed interim consolidated financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the unaudited condensed interim consolidated financial statements, and (ii) the unaudited condensed interim consolidated financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

(i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

(ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.