

## MANAGEMENT'S DISCUSSION and ANALYSIS

### ADVISORIES

Management's discussion and analysis ("MD&A"), prepared effective June 23, 2011 should be read in conjunction with the Ironhorse Oil & Gas Inc. ("Ironhorse" or the "Company") unaudited interim condensed financial statements for the three months ended March 31, 2011 and the audited financial statements for the year ended December 31, 2010.

**Basis of presentation** – As at January 1, 2010, the Company prepares its financial statements in accordance with the International Accounting Standards Board ("IASB") most current International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS"). The adoption of IFRS does not impact the underlying economics of the Company's operations or its cash flows. Previously, the Company's financial statements were prepared in accordance with Canadian generally accepted accounting principles ("CGAAP"). Reconciliations between CGAAP and IFRS financial information can be found in Note 15 to the interim financial statements for the period ended March 31, 2011.

The interim financial statement note disclosures do not include all of those required by IFRS applicable to annual financial statements; however the interim financial statements do meet the requirements of IAS 34 regarding interim reporting.

The reporting and measurement currency in the financial statements and in this MD&A is the Canadian dollar, unless otherwise stated.

**Non-IFRS measures** - Ironhorse evaluates performance based on net income, funds from operations, funds from operations per share, net debt and field netback. Funds from operations, funds from operations per share, net debt and field netback are not measurements defined by IFRS, but are financial terms commonly used in the oil and gas industry.

**Funds from operations** - are labelled on the Statements of Cash Flow and may not be comparable to other companies. Ironhorse calculates funds from operations as cash flow from operating activities prior to changes in non-cash working capital and settlement of decommissioning liabilities. Funds from operations per share are determined using the same method and common shares outstanding, which are used in the determination of net earnings per share. The Company considers it a key measure as it demonstrates the ability of the Company to generate the funds necessary to finance future capital investments.

**Field netback** - Ironhorse also uses field netback as a key performance indicator. Field netback does not have a standardized meaning prescribed by IFRS and therefore may not be comparable with the calculation of similar measures by other companies. Field netback is determined by deducting royalties and operating and transportation expenses from petroleum and natural gas sales revenue. The Company considers field netback a key measure in assessing the efficiency of its oil and gas assets.

**Net debt** - Ironhorse also uses net debt as a key performance indicator. Net debt is calculated as current liabilities minus flow-through obligation less current assets before assets held for sale.

Funds from operations and field netback are not intended to represent operating profits, nor should they be viewed as an alternative to other measures of financial performance calculated in accordance with IFRS.

**Boe conversion** - Certain natural gas volumes have been converted to barrels of oil equivalent ("boe"), whereby six thousand cubic feet ("mcf") of natural gas is equal to one barrel ("bbl") of oil, unless otherwise stated. This

conversion ratio is based on an energy equivalent conversion applicable at the burner tip and does not represent a value equivalency at the wellhead.

**Forward-looking information** - Certain information regarding Ironhorse set forth in this document, including management's assessment of the Company's future plans and operations, contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond Ironhorse's control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, the lack of or availability of qualified technical personnel or management, stock market volatility and ability to access capital from internal and external sources.

Ironhorse's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact it would have on Ironhorse. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management.

Examples of forward-looking statements in this MD&A include, but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on assumptions which may prove to be incorrect:

The expectations that:

- The two (0.4 net) Pembina oil wells will be placed on production on or before the first quarter of 2012. These wells are expected to increase our net production by 600 boe per day when producing to their full capabilities. Regulatory approvals and/or operational delays could negatively impact the timing and production increases from this project.
- Sale proceeds from the disposition of petroleum and natural gas properties will be sufficient to fund a capital program of \$10.5 million.

## **Risk factors**

Additional risk factors can be found under "Risk Factors" in the Company's Annual Information Form, which can be found on [www.sedar.com](http://www.sedar.com). Some risks are discussed below, but these risk factors should not be construed as exhaustive. There are numerous factors, both known and unknown, that could cause actual results or events to differ materially from forecast results.

Oil and natural gas operations involve many risks that even a combination of experience and knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Company may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Company's reserves will depend not only on the Company's ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that further commercial quantities of oil and natural gas will be discovered or acquired by the Company.

The Company's principal risks include finding and developing economic hydrocarbon reserves efficiently and being able to fund the capital program. The Corporation's need for capital is both short-term and long-term in nature. Short-term working capital will be required to finance accounts receivable, drilling deposits and other similar short-term

assets, while the acquisition and development of oil and natural gas properties requires large amounts of long-term capital. The Company anticipates that future capital requirements will be funded through a combination of cash flow from operations, debt, equity financing and/or the sale of oil and natural gas properties. There is no assurance that debt and equity financing will be available on terms acceptable to the Company to meet its capital requirements. If any components of the Company's business plan are missing, the Company may not be able to execute the entire business plan.

Although the Company has no set policy concerning derivative financial instruments, the management of the Company may use derivative financial instruments to reduce corporate risk in certain situations.

## **Overview**

Ironhorse is a Canadian-based oil and gas company whose shares trade on the TSX Venture Exchange under the symbol "IOG". Ironhorse's business plan is value creation through a combination of low risk development drilling and high impact exploration. The Company's principal oil and gas properties are listed below.

### Shackleton, Saskatchewan

The Company has a 50% working interest in 100 (50 net) gas wells which produced an average of 7,180 (3,590 net) mcf per day or 1,196 (598 net) boe per day in the first quarter of 2011 representing approximately 72% of the Company's production on a boe basis. Ironhorse is using the funds generated by this property to fund exploration and development activities on other properties. The Company is currently marketing the property and plans to use the net sale proceeds to pay down its credit facilities.

### Pembina, Alberta

In 2009 the Company participated in drilling 2 (0.4 net) oil wells in Pembina, Alberta which resulted in a significant Nisku oil discovery. These two oil wells are expected to increase Ironhorse's net production by 600 boe per day in 2012. The Pembina oil wells require construction of facilities to transport and process the associated sour natural gas that will be produced with the oil before the two wells can be placed on production. Recently, the Company entered into an agreement that provides for the construction of a pipeline from the two oil wells to an oil battery that is approximately 3 miles away where the oil will be treated and the sour gas can be blended with sweet gas and transported to an existing gas plant. In order to produce the oil wells at optimal rates a pressure maintenance scheme is required which would include the drilling of one water injection well. Ironhorse and its partners have identified other seismic anomalies on Company lands in the area that could be drilled once the infrastructure noted above is installed in the Pembina area. Current plans are to place the oil wells on production prior to January 2012 at a restricted rate of 1,350 (200 net) boe per day and increase the rate over time to an optimal rate of 4,000 (600 net) boe per day.

### Dawson, Alberta

The Company spudded its first exploration well in the Dawson, Alberta area in December 2009 and a second well was drilled in February of 2010 both wells were placed on production at the end of March 2010. These two oil wells are currently producing 135 (75 net) bbl of oil per day. The Company has no further development plans for the area and is using funds generated by the property to fund exploration and development activities on other properties.

### Leon Lake, Saskatchewan

In 2010, Ironhorse drilled, completed and placed on production one (0.8 net) horizontal oil well and one (1.0 net) vertical well targeting the Upper Shaunavon formation at the Leon Lake, Saskatchewan. The two oil wells are

currently producing 32 (25 net) bbl of oil per day. The wells were temporarily shut in during the month of April as the wells were inaccessible due to spring weather conditions. The Company plans to drill additional wells targeting both the Upper and Lower Shaunavon oil bearing formations.

Hamilton Lake, Alberta

On February 9, 2011, the Company acquired 100% working interest in four and a quarter sections in Central, Alberta which are prospective for Viking oil. On March 9, 2011, Copper Island Resources Ltd. a related company acquired a 100% working interest in 19.25 sections of land adjacent to Ironhorse's lands. Ironhorse has the option to equalize into all of the lands such that it would have a 50% working interest in the 24 sections of land subject to making a \$1.7 million payment prior to July 9, 2011. Development plans for the area include drilling, completing and equipping two or more horizontal wells in the Upper Viking this year at a gross cost of \$1.6 million per well.

## Outlook

Priorities for the balance of this year include paying down the Company's debt through the sale of the Shackleton gas property, drilling oil wells at Hamilton Lake, Alberta and Leon Lake, Saskatchewan and placing the Pembina oil wells on production.

Subsequent to the sale of the Shackleton property Ironhorse will have a production base of approximately 125 bbls per day of oil.

## First quarter 2011 overview

SELECTED INFORMATION	Three months ended		
	March 31, 2011	December 31, 2010	March 31, 2010
<i>Thousands except per share amounts</i>			
<b>Financial</b>			
Revenue	\$2,915	\$2,788	\$2,838
Royalties	991	684	649
Funds from operations	803	554	1,345
- per share basic and diluted	0.03	0.02	0.06
Income/(Loss)	7	(73)	(2,889)
- per share basic and diluted	0.00	0.00	(0.12)
Total assets	43,489	44,291	39,761
Capital expenditures	604	140	7,470
Shares outstanding basic and diluted weighted average	27,876	26,839	24,214
<b>Operations</b>			
Production			
Gas – mcf/d	3,635	3,947	5,044
Oil – bbl/d	229	223	105
Total – boe/d	835	881	946
Average sales price			
Gas - \$/mcf	3.58	3.37	4.64
Oil - \$/bbl	83.93	76.24	77.61
Boe - \$/boe	38.78	34.41	33.34
Royalty - \$/boe	13.18	8.44	7.63
Operating expenses - \$/boe	7.60	8.38	4.10
Field Netback - \$/boe	18.00	17.59	21.61
General & administrative expenses - \$/boe	4.15	8.10	3.94

## OPERATIONS

Our current operations are focused in Southwest Saskatchewan and Central Alberta. In addition to the properties currently being developed, we are constantly evaluating new areas which have the potential to become focus areas.

### Sales volumes

		Three months ended March 31		
		2011	2010	% change
Daily sales volumes				
Natural gas	<i>mcf/d</i>	3,635	5,044	(28)
Light oil & ngls	<i>bbls/d</i>	229	105	119
Total	<i>boe/d</i>	835	946	(12)

Sales volumes for the period ended March 31, 2011 averaged 835 boe per day, a decrease of 12% from the 946 boe per day during the corresponding period in 2010. The decrease in natural gas production is due to natural declining production in the Shackleton area. The Dawson and Leon Lake oil wells placed on production in March 2010 account for the increase in oil production.

Ironhorse is currently marketing its Shackleton property and expects the sale process to be completed in July. If the Company sells its interest in the Shackleton property the production profile for the third quarter of 2011 is expect to average 100 to 125 bbl per day.

### Marketing and Revenue

		Three months ended March 31		
		2011	2010	% change
<b>Benchmark</b>				
Alberta Spot – Natural gas	\$/mcf	3.76	4.92	(27)
West Texas Intermediate - Oil	US\$/bbl	93.95	78.70	19
Edmonton Par - Oil	\$/bbl	98.90	82.54	20
<b>Company Prices</b>				
Natural gas price	\$/mcf	3.58	4.64	(23)
Light oil price	\$/bbl	83.93	77.61	8
Boe	\$/boe	38.78	33.34	16
<b>Revenue</b>				
Natural gas	\$m	1,171	2,105	(44)
Light oil & ngls	\$m	1,733	732	137
Other	\$m	11	1	1,000
Total	\$m	2,915	2,838	3

The Company's Shackleton gas production is marketed through the marketing arm of a large international oil and gas company. The Shackleton gas receives the Alberta gas spot price at the AECO Hub adjusted for heating content, plus \$0.80 per gigajoule ("GJ") less a transportation charge of approximately \$0.16 per GJ. Natural gas pricing tends to be volatile and is affected by supply and demand, storage levels, weather conditions and fuel switching to alternative sources of energy. Natural gas prices peaked in the second quarter of 2008 and have generally drifted down for the past two years and prices remain at historically low levels as North American supply increased primarily due to the development of "shale gas reserves" in the United States while commercial and industrial demand declined in the response to the economic downturn. During the first quarter all of Ironhorse's

natural gas production was sold on the spot market. Crude oil is marketed on 30 day evergreen contracts at prevailing market prices.

The Company monitors the impact of commodity price exposure and from time to time, enters into structured sales contracts such as swaps, options or collars for fixed periods of time to mitigate commodity price risk. The objective of this strategy is to reduce the Company's risk exposure to changes in cash flow from operations resulting from changes in commodity prices, thereby ensuring our ability to complete the planned capital investment program.

Sales revenues for the first quarter were 3% higher than the same period in the prior year. The small increase in revenues was the result of increases in oil production and revenues off set by lower natural gas revenues due to decreases in volumes and prices.

Sales revenues in 2011 are expected to be significantly lower if the Company sells its Shackleton gas property.

## Royalties

		Three months ended March 31		
		2011	2010	% change
Royalties	\$m	991	649	53
Per boe	\$	13.18	7.63	73
Royalty rate	%	34.0	22.9	48

Ironhorse's producing wells are subject to crown, First Nation and overriding royalties which are payable to the owners of the mineral rights. The mineral rights for Company's Shackleton property are owned by the Carry the Kettle First Nation and are subject to a lessor royalty, which is equivalent to Saskatchewan crown royalty, plus a minimum 15% gross overriding royalty. Royalty rates vary based on a number of factors including commodity pricing and production rates. Royalties are calculated on sales revenues based on daily spot prices and without reference to contracted gas price differences. In 2010, the new oil production was eligible for various royalty holiday programs.

For the period ended March 31, 2011 royalties increased 53% to \$1.0 million (\$13.18 per boe) compared to \$0.7 million (\$7.63 per boe) in 2010. The increase in royalties and higher royalty rate as a percentage of revenue for the period is attributable to royalty holiday programs applicable to the new oil production at Dawson expiring in late 2010 and the overall increase in oil production for the period.

Royalties as a percentage of revenue for the balance of 2010 are expected to be approximately 25%, depending on commodity prices and the production rates.

## Operating and transportation expenses

		Three months ended March 31		
		2011	2010	% change
Operating and transportation expenses	\$m	571	349	64
Per boe	\$	7.60	4.10	85

Operating and transportation expenses were \$0.6 million, or \$7.60 per boe, for the quarter ended March 31, 2011 compared to \$0.4 million or \$4.10 per boe, during the comparable period of 2010. The increase in operating and transportation expenses and the higher rate per boe is attributable to transportation charges associated with the new oil production and fixed costs associated with the gas production being allocated to a lower production base.

Operating and transportation expenditures per boe for the balance of 2011 are expected to trend higher if the Company sells its Shackleton gas production.

### General and administrative expense (“G&A”) and Stock based compensation (“SBC”)

		Three months ended March 31		
		2011	2010	% change
G&A	\$m	312	335	(7)
SBC	\$m	72	180	(60)
Per boe				
G&A	\$	4.15	3.94	5
SBC	\$	0.96	2.11	(55)

For the quarter ended March 31, 2011, G&A decreased slightly as the Company negotiated a lower management fee with Grizzly Resources Ltd. For additional information on management fees refer to the related party section of this MD&A.

Under Canadian GAAP, the Company recognized an expense related to the issuance of stock options on a straight line basis over the life of the stock option. Upon transition to IFRS Ironhorse determined its SBC for each tranche of the stock options separately resulting in a slightly higher SBC charge in 2010.

### Interest expense

		Three months ended March 31		
		2011	2010	% change
Interest expense	\$m	238	160	49
Per boe	\$	3.17	1.88	68

Interest expense for the three months ended March 31, 2011 increased 49% due to higher debt levels, interest rates and stand by fees.

The Company expects interest expense in 2011 will be significantly lower if the Shackleton property is sold and net proceeds are used to reduce outstanding debt levels.

### Decommissioning liabilities and accretion

		Three months ended March 31		
		2011	2010	% change
Accretion	\$m	13	23	(43)

Under Canadian GAAP the Company discounted its decommissioning liabilities using a credit adjusted risk free rate of 7% to 8%, upon transition to IFRS the Ironhorse utilized a risk free rate of 4% resulting in an increase of \$0.9 million in the carrying value of the liability at January 1, 2010. At March 31, 2011, the Company revised its cost estimates to reclaim the Shackleton gas wells as a result of gaining all season access to the existing gas wells. This resulted in a \$1.2 million reduction in the carrying value of the liability.

Accretion expense of \$13 thousand for the three months ended March 31, 2011 is consistent with the reduction in the decommissioning liability and the risk free rate of 4%.

## Depletion and depreciation (“D&D”)

		Three months ended March 31		
		2011	2010	% change
D&D	\$m	726	579	25
Per boe	\$	9.66	6.80	42

Under Canadian GAAP, the Company the Company amortized the total carrying value of its petroleum and natural gas properties on a unit-of-production basis using proven reserves. Upon transition to IFRS Ironhorse adopted a policy of amortizing significant petroleum and natural gas properties separately on a unit-of-production basis using proven and probable reserves. This change resulted in a \$1.2 million reduction in the 2010 depletion and depreciation charge as proven plus probable reserves are higher than proven reserves and costs associated with the Pembina oil wells will now be depleted when the wells commence production.

The D&D provision for the three months ended March 31, 2011 increased 25% from \$0.6 million to \$0.7 million. The increase is due to a higher depletion rate per boe in 2011. On a boe basis, the D&D ratio increased by 42% in 2010 due to higher pro-rata capital expenditures at Leon Lake and Dawson relative to the reserves additions.

The D&D rate per boe for the balance of 2011 will vary with drilling results and property dispositions during the year.

## Impairment of Property and equipment

		Three months ended March 31		
		2011	2010	% change
Impairment	\$m	-	4,000	(100)

Under Canadian GAAP, impairment of petroleum and natural gas properties was assessed on the basis of the estimated undiscounted future cash flows compared to the carrying amount of the aggregate amount on a full cost basis.

Under IFRS, impairment is assessed based on discounted cash flows compared with the asset’s carrying amount to determine the recoverable amount and measure the amount of the impairment. The impairment test is performed at the cash generating unit “CGU” level.

At March 31, 2010, the Company assessed the carrying value of its Jedney, British Columbia CGU and determined that an impairment charge of \$4 million should be recorded based on its estimated recoverable amount.

## Deferred income taxes

		Three months ended March 31		
		2011	2010	% change
Deferred income tax reduction	\$m	15	549	(97)

The deferred income tax reduction is lower in 2011 due to the lower loss before taxes recorded in 2011 versus the same period in 2010. A reduction in the future rates has contributed to the current period tax recovery.

Ironhorse is currently not taxable; the Company has approximately \$30 million in tax pools to shelter taxable income in the future.

### Field netback

\$ Per boe	Three months ended March 31		
	2011	2010	% change
Revenue	38.78	33.34	16
Less: Royalties	13.18	7.63	73
Operating expenses	7.60	4.10	85
Field netback	18.00	21.61	(17)

Ironhorse's field netback per boe for the period ended March 31, 2011 decreased 17% to \$18.00 from \$21.61 per boe for the corresponding 2010 period. The slight decrease is attributable to increases in oil volumes which receive a higher price per boe than gas volumes which were offset by higher royalties and operating costs associated with oil volumes.

Field netbacks per boe in 2011 are expected to trend higher as the company's increases the oil weighting of its production.

### Funds from operations and Income/(loss)

		Three months ended March 31		
		2011	2010	% change
Funds from operations	\$m	803	1,345	(40)
Basic and diluted per share	\$	0.03	0.06	(50)
Income/(loss)	\$m	7	(2,889)	(100)
Basic and diluted per share	\$	0.00	(0.12)	(100)
Shares outstanding - weighted average				
Basic and diluted per share	m	27,876	24,214	15

Funds from operations for the period ended March 31, 2011 decreased 40% to \$0.8 million from \$1.3 million in 2010.

The decrease in funds from operations was primarily due to lower natural gas volumes and prices.

### Capital expenditures

Type	Three months ended March 31		
	2011	2010	% change
\$m			
Land	597	91	556
Seismic	45	368	(88)
Drilling and completions	(38)	6,767	(1005)
G&A	-	244	(100)
	604	7,470	(92)

Area	Three months ended March 31			
	\$m	2011	2010	% change
Saskatchewan		(54)	1,974	(1,027)
NE British Columbia		-	4,168	(100)
Alberta		658	1,084	(38)
G&A		-	244	(100)
		604	7,470	(92)

Capital expenditures decreased 92% from \$7.5 million in 2010 to \$0.6 million in 2011 as a result of the Company not drilling any wells in the first quarter of 2011. The majority of the capital expenditures in 2011 relate to the purchase of 4.25 sections of land at Hamilton Lake which are prospective for Viking oil.

Ironhorse plans to undertake up to a \$10.5 million capital spending program in 2011 which will be financed through a combination of funds from operations and proceeds from selling petroleum and natural gas properties. The planned capital expenditures include equalizing into the 19.75 sections of land and drilling two (1 net) horizontal wells at Hamilton Lake; shooting 3D seismic and drilling two (2 net) horizontal wells at Leon Lake and placing the two Pembina oil wells on production.

### Related Party Transactions

Ironhorse is party to a management services agreement with Grizzly Resources Ltd. ("Grizzly") a company related by virtue of common management. Pursuant to the terms of the agreement Grizzly provides technical and administrative services typically required in operating an oil and gas company. This arrangement has provided Ironhorse with the benefits of accessing a larger more comprehensive pool of technical and administrative services than it could otherwise afford during its early stage of development. Commencing January 1, 2011, Grizzly charged Ironhorse a fee of \$50,000 per month plus a portion of the salaries paid to senior officers of the Company by Grizzly based on their time spent on Company activities. All of the 2011 management fees were charged to G&A. In 2010, the management contract charged Ironhorse a fee based on units of production and a percentage of capital expenditures. The 2010 production fee was charged to G&A and is calculated on a producing boe basis of \$2.43. The 2010 production fee is reduced by all "monthly well operating overhead" charged through joint interest billings. The 2010 fee on capital expenditures was capitalized to property and equipment. The 2010 capital fee was 4.13 percent. The amount of the 2010 capital fee was reduced by all capital overhead charges which are otherwise charged through joint interest billings.

The Company has entered into an agreement with Copper Island Resources Ltd. ("CRL") to acquire a 50% working interest in 19.75 sections of land in Central Alberta which is prospective for Viking formation oil. Ironhorse and CRL have agreed to pool their respective land holdings, on the basis of initial acquisition cost, in order to complete the pooling agreement Ironhorse must make a payment of \$1.7 million prior to July 9, 2011.

		Three months ended March 31		
		2011	2010	% change
Fees charged to G&A	\$m	312	161	94
Fees capitalized	\$m	-	244	(100)
Management fees	\$m	312	405	(23)

### **Normal course issuer bid (“NCIB”)**

On February 9, 2011, the Company continued its program to purchase for cancellation its common shares from time to time in accordance with the normal course issuer bid procedures under Canadian securities law.

Pursuant to the terms of the normal course issuer bid, Ironhorse may purchase for cancellation, as Ironhorse considers advisable, up to a maximum of 2,343,216 common shares during the 12 month period commencing February 9, 2011. The purchases are to be made on the open market through the TSX Venture Exchange. PI International Corp. is the brokerage firm conducting the normal course issuer bid on behalf of the Company.

Ironhorse believes that the purchase of its common shares will create shareholder value as market prices for its common shares do not always reflect the underlying value of its oil and gas reserves. To the extent that the Company is able to purchase shares on the open market for cancellation there is a proportionate increase in the value attributable to remaining outstanding common shares.

During the period ended March 31, 2011, the Company acquired no common shares; subsequent to March 31, 2011 the Company has acquired 5,000 common shares at an average cost of \$0.37 per share.

### **Liquidity and capital resources**

Oil and gas exploration and development is a capital intensive business. Periodic infusions of additional capital may be required to accelerate the rate of the Company's growth. Ironhorse chooses to finance its ongoing capital expenditure program through a combination of reinvesting funds from operations, bank borrowing and additional share equity.

The Company had drawn \$15.9 million against its \$17 million credit facility at March 31, 2011. The Company's credit facility, reviewable annually, is with a Canadian financial institution. Draws against the credit facilities are made by way of direct advances or guaranteed notes. Direct advances bear interest at the financial institution's prime lending rate plus 2.25%. The monthly unused portion of the credit facility is subject to an annualized fee of 0.80%. The loan is secured by all of the Company's assets. Principal repayments are required only if the borrowing base is exceeded. Ironhorse expects to receive a favourable annual review of its credit facility.

The Company is currently marketing its interest in the Shackleton, Saskatchewan gas property. If the property is sold net sale proceeds will be used to pay down the credit facility.

### **Contractual obligations**

Ironhorse has various contractual obligations and commitments arising in the normal course of operations and financing activities. These obligations and commitments have been considered when assessing the cash requirements in the above discussion of future liquidity.

The Company issued flow-through common shares in 2010. Pursuant to the terms of the financing, Ironhorse is obligated to spend the gross proceeds on qualifying Canadian exploration expenditures. As at March 31, 2011, Ironhorse had incurred \$1.5 million of qualifying expenditures and is required to incur an additional \$3.7 million of qualifying Canadian exploration expenses prior to December 31, 2011.

## Selected quarterly information

	<i>Unit</i>	<u>2011</u>		<u>2010</u>			<u>2009</u>		
		<i>Q1</i>	<i>Q4</i>	<i>Q3</i>	<i>Q2</i>	<i>Q1</i>	<i>Q4</i>	<i>Q3</i>	<i>Q2</i>
<b>Financial</b>									
Revenue	\$m	2,915	2,788	2,628	2,682	2838	2,183	1,858	2,299
Funds from operations	\$m	803	554	840	1,153	1,345	653	798	881
Per share – basic	\$	0.03	0.02	0.03	0.04	0.06	0.03	0.04	0.04
Per share – diluted	\$	0.03	0.02	0.03	0.04	0.06	0.03	0.04	0.04
Capital expenditures	\$m	604	140	1,260	4,691	7,470	2,609	384	1,017
<b>Operational</b>									
Production									
Natural gas	mcf/d	3,635	3,947	4,298	4,633	5,044	5,560	6,252	7,153
Light oil & Ngls	bbls/d	229	223	203	179	105	10	8	19
Total	boe/d	835	881	919	951	946	937	1,051	1,211
<b>Average price</b>									
Natural gas	\$/mcf	3.58	3.37	3.31	3.61	4.64	4.15	3.15	3.37
Light oil & Ngls	\$/bbl	83.93	76.24	72.24	71.08	77.61	66.91	57.24	59.95
Boe	\$/boe	38.78	34.41	31.41	30.99	33.34	25.35	19.22	20.85
<b>Field Netback</b>	\$/boe	18.00	17.59	18.66	21.91	21.61	14.15	12.20	12.49
<b>Shares outstanding weighted average</b>									
Basic and Diluted	m	27,876	27,876	27,885	27,331	24,214	22,859	21,663	21,751

In the first quarter of 2010 and 2009 the Company drilled oil and gas wells which resulted in production increasing in the second quarter of each year, no additional wells were drilled in the first quarter of 2011.

## ADDITIONAL INFORMATION

Additional information regarding Ironhorse Oil & Gas Inc., including the Company's Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.ihorse.ca](http://www.ihorse.ca).