

MANAGEMENT'S DISCUSSION and ANALYSIS

ADVISORIES

Management's discussion and analysis ("MD&A"), prepared effective November 24, 2011 should be read in conjunction with the Ironhorse Oil & Gas Inc. ("Ironhorse" or the "Company") unaudited condensed interim financial statements for the nine months ended September 30, 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 19 to the interim financial statements for the period ended September 30, 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 by August 2012. These wells are expected to initially increase our net production by 310 boepd and ultimately 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 oil and natural gas properties, funds from operations and available credit facilities will be sufficient to meet the Companies near term working capital needs.

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. 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 the sale of oil and natural gas properties.

There is no assurance that debt, equity financing or sale proceeds on the disposition of assets 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 current business plan is to sell its interests at Pembina, Alberta and Jedney, British Columbia and distribute the net proceeds to shareholders in the form of a dividend.

The Company's principal oil and gas properties are listed below.

Shackleton, Saskatchewan

The Company had a 50% working interest in 100 (50 net) gas wells which produced an average of (net) mcf per day or (net) boe per day in the first nine months of 2011 representing approximately 85% of the Company's production on a boe basis. Ironhorse was using the funds generated by this property to finance exploration and development activities on other properties. On October 26, 2011, the Company closed the sale of the Shackleton property for net proceeds of \$9.5 million. The proceeds were used to reduce Ironhorse's outstanding bank debt.

Pembina, Alberta

In 2009 the Company participated in the drilling of 2 (0.4 net) oil wells in Pembina, Alberta which resulted in a significant Nisku oil discovery. These two oil wells are capable of producing at rates in excess of 4,000 (600 net) boepd. The Pembina oil wells require the construction of pipelines and facilities to transport and process the oil and associated sour gas. In May of this year, the Company entered into a Production Sharing Agreement (the "Agreement") that provides for the construction of pipelines from the two oil wells to an oil battery, which is approximately three miles away. The Company and its partners are submitting an application to bring readily available sweet gas from the oil battery back to the oil wells where the sweet gas will be mixed with the sour gas. Mixing the sweet and sour gas at the oil wells will significantly reduce the H₂S content of the gas that will in turn be transported back to the oil battery. The terms of the Agreement are such that in exchange for Ironhorse reducing its working interest in the oil wells from 18.75% to 15.625% and receiving a cash equalization payment of \$0.3 million the other party will provide Ironhorse and its partner with access to the oil battery and incur all the capital costs with respect to constructing the pipelines and installing the equipment upgrades at the battery. Ironhorse is responsible for its share of the capital costs with respect to drilling a water injector well and one proposed additional producing oil well. These

well. These future capital costs are estimated at \$1 million net to the Company. In the third quarter Ironhorse and its partners successfully drilled the water injector well. The water injector well encountered significant Nisku oil pay and will be completed in the fourth quarter. An application to drill the third proposed producing oil well was submitted in November of 2011. The oil wells are expected to be placed on production by August of 2012 at an initial restricted rate of 2,000 (310 net) boepd. Once the wells are on production, the Company and its partners will make application for the Nisku oil pool to receive Good Production Practice ("GPP") approval from the ERCB. GPP approval will allow production rates from the Nisku oil pool to be increased to an estimated 4,000 (600 net) boepd.

Jedney, British Columbia

Ironhorse has 6,230 (5,260 net) acres of land in the Jedney area. In the winter of 2009/2010 the Company drilled a vertical well to evaluate a variety of prospective natural gas zones. The vertical well established gas reserves in the Montney, Doig and Halfway zones. The Company plans to place the gas well on production in the future when natural gas prices are at higher levels and additional drilling activity in the area creates synergies and economies of scale for the required infrastructure.

Recently, mineral rights directly adjacent to the Company's lands have been auctioned by the British Columbia government at prices ranging from \$200 to \$1,150 per acre. Also the greater Jedney area has seen increased drilling activity as various operators have drilled both vertical and horizontal wells to evaluate and exploit the Montney and other zones which are prospective for natural gas. Given the current level of interest in the Jedney area for lands which are prospective for Montney gas Ironhorse has decided to initiate a process to market its lands.

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 90 (50 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 finance 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 oil well targeting the Upper Shaunavon formation at the Leon Lake, Saskatchewan. The two oil wells are currently producing 30 (25 net) bbl of oil per day. In October of this year, the Company drilled two (1.5 net) additional vertical wells to evaluate both the Upper and Lower Shaunavon oil bearing formations. The Upper Shaunavon was not capable of economic oil production and the Lower Shaunavon will be developed utilizing horizontal drilling and multi-stage fracture stimulations, therefore the Company plans to abandon the two vertical wells drilled in October. Ironhorse is currently shooting a three dimensional seismic program over the balance of its lands in the area to identify additional Upper and Lower Shaunavon drilling anomalies.

Hamilton Lake, Alberta

On February 9, 2011, the Company acquired a 100% working interest in four and a quarter sections in Central, Alberta which are prospective for Viking oil at a cost of \$0.5 million. On March 9, 2011, Copper Island Resources Ltd. ("CIRL") a related company acquired a 100% working interest in 19.25 sections of land adjacent to Ironhorse's lands at a cost of \$4.5 million. Ironhorse had 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 \$2.0 million payment prior to July 9, 2011. Ironhorse did not exercise its

did not exercise its option prior to July 9, 2011. The Company negotiated an extension of the option to October 31, 2011 in exchange for transferring its rights in the initial four sections to CIRL for a dollar. CIRL drilled, completed and equipped a horizontal oil well in the third quarter of 2011 at a gross cost of \$2.5 million. In order for Ironhorse to exercise its option to equalize it had to make a cash payment of \$3.5 million prior to October 31, 2011. The Company did not exercise its option to equalize prior to October 31, 2011 as it did not have sufficient funds to do so, therefore the option has expired and Ironhorse no longer has a working interest in the Hamilton Lake area.

Outlook

Priorities for the fourth quarter and early 2012 include paying down the Company's debt through the sale of the Shackleton gas property and the disposition of other properties; drilling of the two vertical Shaunavon oil wells at Leon Lake, discussed above, placing the Pembina oil wells on production and participating in other exploration projects.

Subsequent to the sale of the Shackleton property Ironhorse will have a production base of approximately 70 bbls of oil per day until such time as it places the Pembina oil wells on production or drills new wells.

Third quarter 2011 overview

SELECTED INFORMATION	Three months ended		
	September 30 2011	June 30 2011	September 30 2010
<i>Thousands \$ except per share amounts</i>			
Financial			
Revenue	1,671	2,380	2,628
Royalties	431	787	474
Funds from operations	258	577	840
- per share basic and diluted	0.01	0.02	0.03
Income/(Loss)	(1,644)	454	(134)
- per share basic and diluted	(0.06)	0.02	(0.01)
Total assets	42,234	43,581	44,049
Capital expenditures	626	169	1,260
Net debt	14,245	13,851	15,233
Shares outstanding weighted average	27,867	27,873	27,885
Operations			
Production			
Gas – mcf/d	3,139	3,413	4,298
Oil – bbl/d	89	143	203
Total – boe/d	612	711	919
Average sales price			
Gas - \$/mcf	3.41	3.54	3.31
Oil - \$/bbl	84.28	99.55	72.24
Boe - \$/boe	29.69	36.93	31.41
Royalty - \$/boe	7.65	12.15	5.67
Operating expenses - \$/boe	8.79	5.80	7.08
Field Netback - \$/boe	13.25	18.98	18.66
General & administrative expenses - \$/boe	3.99	5.74	6.36

OPERATIONS

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

Sales volumes

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
Daily sales volumes							
Natural gas	<i>mcf/a</i>	3,139	4,298		3,394	4,640	
Light oil & ngls	<i>bbls/a</i>	89	203		153	162	(6)
Total	<i>boe/a</i>	612	919	(33)	719	935	

Sales volumes for the three months ended September 30, 2011 averaged 612 boe per day, a decrease of 33% from the 919 boe per day during the corresponding period in 2010. The decrease in natural gas and oil production is due to natural declines in the production. Production volumes are expected to decrease to 70 boe per day in the fourth quarter when the sale of the Shackleton property closes. Increases in oil production are expected to occur when the Pembina oil wells are placed on production in 2012.

Marketing and Revenue

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
Benchmark							
Alberta Spot – Natural gas	\$/mcf	3.67	3.56	3	3.77	3.59	5
West Texas Intermediate - Oil	US\$/bbl	89.61	76.00	18	95.35	75.31	27
Edmonton Par - Oil	\$/bbl	99.17	77.36	28	104.06	74.54	40
Company Prices							
Natural gas price	\$/mcf	3.41	3.31	3	3.51	3.89	(10)
Oil price	\$/bbl	84.28	72.24	17	88.85	72.96	22
Boe	\$/boe	29.69	31.41	(5)	35.51	31.91	11
Revenue							
Natural gas	\$m	984	1,293	(24)	3,255	4,921	(34)
Oil & ngls	\$m	686	1,335	(49)	3,711	3,226	15
Total	\$m	1,671	2,628	(36)	6,966	8,148	(15)

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 \$0.08 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 2008 and have generally drifted down and remain at historically low levels as North American supply increased 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 nine months ended September 30, 2011 all of Ironhorse's natural gas production was sold on the spot market.

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 nine months ended September 30, 2011 were 15% lower than the same period in the prior year. The decrease in revenues was the result of lower natural gas sales volumes and prices which were offset in part by higher oil prices.

Sales revenues in 2011 are expected to be significantly lower as the Company closed the sale of its Shackleton gas property in October of this year.

Royalties

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
Royalties	\$m				2,208	1,619	
Per boe	\$	7.65	5.67		11.26	6.34	
Royalty rate	%	25.8	18.0		31.7	19.9	

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 oil production from the new oil wells was eligible for various royalty holiday programs.

Royalties increased 36% for the nine months September 30, 2011 to \$2.2 million (\$31.7 per boe) compared to \$1.6 million (\$6.34 per boe) in 2010. The increase in royalties, higher royalty rate per boe and percentage of revenue for the period is attributable to royalty holiday programs applicable to the new oil production at Dawson which expired in late 2010.

Royalties as a percentage of revenue for the balance of 2011 are expected to be approximately 25%.

Operating and transportation expenses ("O&T")

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
O&T	\$m	495	592	(16)	1,441	1,231	17
Per boe	\$	8.79	7.08	24	7.34	4.82	52

Operating and transportation expenses were \$1.4 million, or \$7.34 per boe, for the period ended September 30, 2011 compared to \$1.2 million or \$4.82 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 incurred with the new oil production and allocating the fixed costs associated with the gas production being over a lower production base together with some repair charges at the Shackleton property.

Operating and transportation expenditures per boe for the balance of 2011 are expected to trend higher when the sale of the Shackleton gas property closes.

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

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
G&A	\$m	225	532	(58)	909	1,449	(37)
SBC	\$m	1	76	(99)	126	341	(63)
Per boe							
G&A	\$	3.99	6.36	(37)	4.63	5.67	(18)
SBC	\$	0.01	0.91	(99)	0.64	1.34	(52)

For the nine months ended September 30, 2011, G&A decreased 37 percent 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.

Ironhorse is negotiating a reduction in management fees which will reduce the Company’s G&A.

SBC for the nine months ended September 30, 2011 decreased 63 percent as stock option forfeitures have been greater than stock options issued during the period.

Finance expense

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
Interest expense	\$m	250	188	33	750	509	47
Per boe	\$	3.86	2.25	72	3.82	1.99	92
Accretion	\$m	12	24	(49)	36	71	(49)
Per boe	\$	0.22	0.29	(24)	0.19	0.28	(33)

Interest expense for the three months and nine months ended September 30, 2011 increased due to higher debt levels, interest rates and fees. The Company expects interest expense in 2011 will be significantly lower when the Shackleton property is sold and net proceeds are used to reduce outstanding debt levels.

Accretion expense represents the change in the carrying value of the decommissioning liability with the passage of time.

Depletion and depreciation (“D&D”)

		Three months ended September			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
DD&A	\$m	164	763	(79)	1,142	2,059	(45)
Per boe	\$	2.91	9.12	(68)	5.82	8.06	(28)

The D&D provision for the three months ended September 30, 2011 decreased 79% from \$0.8 million to \$0.2 million. The decrease in D&D is due to the transfer of the Shackleton property to “Assets held for sale” in the first quarter of 2011. D&D per boe for the three months ended September 30, 2011 calculated exclusive of the Shackleton production was \$20 per boe an increase of 119% from the same period in the prior year. The increase is due to a higher depletion rate associated with the remaining producing properties due to their shorter reserve life.

The D&D rate per boe for the balance of 2011 is expected to be higher when the Shackleton property is sold.

Impairment

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
PP&E	\$m	1,539	-	-	1,539	-	-
E&E		564	-	-	564	4,300	(87)
Impairment	\$m	2,103	-	-	2,103	4,300	(51)

In the third quarter of 2011, the Company recorded an impairment charge of \$2.1 million comprised of a \$0.6 million charge at Hamilton Lake and \$1.5 million charge at Shackleton. The carrying value of its Hamilton Lake lands were impaired as ownership of the lands acquired in the first quarter of 2011 were transferred at a nominal value pursuant to an option agreement which the Company will not be exercising due to a lack of funds. The Shackleton gas property was impaired as the purchase offers received during the third quarter were less than the properties’ carrying amount.

In 2010, the Company assessed the carrying value of its Jedney, British Columbia property and determined that an impairment charge of \$4.3 million should be recorded based on the estimated recoverable value of the natural gas reserves discovered as compared to the costs incurred to drill and complete the Jedney gas well.

Deferred income taxes

		Three months ended September			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
Deferred income tax (reduction)	\$m						(47)

The deferred income tax reduction for the nine months ended September 30, 2011 was 47% lower than 2010 as the loss before tax was proportionately lower.

Ironhorse is currently not taxable and has approximately \$30 million in tax pools prior to the sale of Shackleton to shelter taxable income and property dispositions.

Field netback

\$ Per boe	Three months ended September			Nine months ended September 30		
	2011	2010	% Change	2011	2010	% Change
Revenue	29.69	31.41	(5	35.51	31.91	11
Less: Royalties	7.65	5.67	35	11.26	6.34	78
Operating expenses	8.79	7.08	24	7.34	4.82	52
Field netback	13.25	18.66	(29	16.91	20.75	(19)

Ironhorse's field netback per boe for the three months ended September 30, 2011 decreased 29% to \$13.25 from \$18.66 per boe for the corresponding 2010 period. The decrease is attributable to higher royalty rates on oil production as various royalty holidays expired in late 2010 and increases in operating expenses.

Field netbacks per boe in 2011 are expected to trend higher when the Shackleton gas property is sold as this will increase the oil weighting of the Company's production.

Funds from operations and Net Income/(loss)

		Three months ended September 30			Nine months ended September 30		
		2011	2010	% Change	2011	2010	% Change
Funds from operations	\$m	258	840	(69)	1,638	3,338	
Basic and diluted per share	\$	0.0	0.03	(67)	0.06	0.13	
Net Income (loss)	\$m	(1,644	(134	1,126	(1	(3,092)	
Basic and diluted per share	\$	(0.06	(0.01	500	(0.04)	(0.12)	
Weighted average shares							
Basic and diluted	m	27,867	27,885	-	27,872	25,781	

Funds from operations for the nine months ended September 30, 2011 decreased 51% to \$1.6 million from \$3.3 million in 2010. The decrease in funds from operations was due to lower revenues and higher royalties and increases in operating and interest expenses. Funds from operations are expected to be negative when the Shackleton property is sold as the field netbacks generated by the remaining producing properties will be less than the Company's general and administrative and interest expenses. Funds from operations are expected to increase when the Pembina oil wells are placed on production and when the Company realizes sufficient proceeds from the sale of properties to further pay down its bank debt.

Net loss of \$1.2 million in 2011 as compared to a net loss of \$3.3 million in 2010 is the result of recording a gain on the sale of a property; no longer recording depletion and depreciation with respect to the Shackleton property which was transferred to asset held for sale and lower impairment charges being recorded in the current year with respect to the carrying values of the properties.

The increase in weighted average shares outstanding reflects the issuance of flow through shares in April 2010.

Capital expenditures

Expenditure category	Three months ended September 30			Nine months ended September 30		
	2011	2010	% Change	2011	2010	% Change
\$m						
Land	45	250	(82)	634	3,125	(80)
Seismic	297	60	395	361	416	(13)
Drilling, completions and tie-in	175	54	224	162	9,253	(98)
G&A	109	20	445	242	626	(62)
	626	384	63	1,399	13,420	(90)

Area	Three months ended September 30			Nine months ended September 30		
	2011	2010	% Change	2011	2010	% Change
\$m						
Saskatchewan	761	133	472	796	5,467	(85)
NE British Columbia	9	-	-	26	5,059	(99)
Alberta	(253)	231	(210)	335	2,268	(85)
G&A	109	20	445	242	626	(62)
	626	384	63	1,399	13,420	(90)

Capital expenditures decreased 90% from \$13.4 million in 2010 to \$1.4 million in 2011. Activities in to date in 2011 include one well at Leon Lake, the purchase of 4.25 sections of land at Hamilton Lake and the commencement of a seismic program at Leon Lake.

Ironhorse plans to undertake up to a \$5.0 million capital spending program in 2011 which will be financed through a combination of funds from operations, proceeds from selling oil and natural gas properties and bank facilities. The planned capital expenditures for the balance of this year include completing the seismic program, drilling vertical wells at Leon Lake and placing the two (0.4 net) 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 benefit 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 charges Ironhorse a fee of \$50,000 per month plus a portion of the salaries paid to staff and key consultants of Grizzly based on their time spent on Company activities. In 2010, the management contract charged Ironhorse a fee based on units of production and a percentage of capital expenditures up until April and then a flat fee of \$243,000 per month.

Management fees		Three months ended September 30			Nine months ended September 30		
		2011	2010	%Change	2011	2010	%Change
Charged to G&A	\$m	155	600	(74)	567	1,231	(54)
Capitalized	\$m	130	124	5	242	626	(61)
	\$m	285	724	(61)	809	1,857	(56)

The Company and Copper Island Resources Ltd (“CIRL”) a company related by virtue of common management entered into an agreement to pool their respective lands in the Hamilton Lake area on the basis of acquisition costs. Ironhorse acquired a 100% interest in four sections of land in February 2011 at a cost of \$0.5 million and CIRL acquired a 100% working interest in 19.75 sections of land in March 2011 at a cost of \$4.5 million. The Company had the option to equalize into all of the lands prior to July 9, 2011 in exchange for a cash payment of \$2.0 million; the option was not exercised prior to the deadline. Ironhorse and CIRL negotiated an extension of the equalization option to October 31, 2011 in exchange for the Company transferring its 100% interest in the four sections of land to CIRL for a dollar. In addition to equalizing on land costs CIRL incurred costs of approximately \$2.5 million to drill, complete, equip and tie-in a horizontal oil well. In order for Ironhorse to exercise the equalization option a payment of \$3.5 million was to be made prior to October 31, 2011. Ironhorse did not exercise its equalization option and as a result CIRL retains a 100% interest in the four sections. Ironhorse no longer has any interests in the Hamilton Lake property.

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 nine months ended September 30, 2011, the Company acquired 15,000 common shares at an average cost of \$0.30 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, issuing additional share equity and proceeds from the sale of assets.

The Company had drawn \$15.4 million against its \$17 million credit facility at September 30, 2011 comprised of a \$12.9 million operating loan facility and a \$4.1 million bulge loan facility. Draws against the operating loan facility are made by way of direct advances or guaranteed notes with interest rates varying on a sliding scale based on the Company’s debt to cash flow ratio; currently direct advances bear interest at the financial institution’s prime lending rate plus 2.25% and guaranteed note advances bear interest at a base rate of 3.75% plus an applicable fee. Draws against the bulge loan facility are made by way of direct advances and currently bear interest at the financial institution’s prime lending rate plus 4.25%. The bulge facility is available to the Company until March 30, 2012 to fund its capital expenditures at Leon Lake and Pembina.

The credit facility is subject to the following conditions the Company is required to: sell Shackleton prior to November 30, 2011; construct oil flow lines from the existing Pembina oil wells to an oil battery on or before February 28, 2012; obtain ERCB approval for an increase in the oil battery's sour gas rating prior to December 30, 2011 and either sell its interest in the Pembina oil wells or seek a redetermination of the borrowing base prior to March 30, 2012.

The Shackleton property was sold in October and net proceeds of \$9.5 million were used to pay down the operating loan facility. Subsequent to the sale of the Shackleton property the amount available to the Company on its credit facility was reduced from \$17 million to \$10.2 million, comprised of an operating loan facility of \$6.1 million and the \$4.1 million bulge loan facility.

Ironhorse is currently marketing its interest in the Jedney property and expects to realise sufficient proceeds from the sale to repay any amounts drawn on the bulge loan facility and further pay down its operating loan. The Company is also marketing its interest in the Pembina property and expects to have cash on hand subsequent to the sale of the property.

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 completed a \$5.2 million flow-through financing in 2010. Pursuant to the terms of the financing, Ironhorse is obligated to spend the gross proceeds on qualifying Canadian exploration expenditures. As at September 30, 2011, Ironhorse had incurred \$2.4 million of qualifying expenditures and is required to incur an additional \$2.8 million of qualifying Canadian exploration expenses prior to December 31, 2011. Since the end of the third quarter, the Company has drilled two exploratory wells and shot seismic at Leon Lake, Saskatchewan. Ironhorse plans to participate in other drilling and seismic operations prior to the end of the year to satisfy the remaining expenditure commitments. The Company could incur penalties if it does not incur all of the \$5.2 million in qualifying expenditures prior to December 31, 2011.

Selected quarterly information

	Units	<u>2011 IFRS</u>			<u>2010 CDN GAAP</u>				<u>2009</u> <u>CDN</u> <u>GAAP</u>
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial									
Revenue	\$m	1,671	2,380	2,915	2,788	2,628	2,682	2,838	2,183
Funds from operations	\$m	258	577	803	554	840	1,153	1,345	653
Per share basic & diluted	\$	0.01	0.02	0.03	0.02	0.03	0.04	0.06	0.03
Income/(loss)	\$m	(1,644)	454	7	(680)	(416)	(231)	(228)	(313)
Per share basic & diluted	\$	(0.06)	0.02	0.00	(0.01)	(0.02)	(0.01)	(0.01)	(0.01)
Capital expenditures	\$m	626	169	604	140	1,260	4,691	7,470	2,609
Net Debt	\$m	14,245	13,851	14,650	14,849	15,233	14,799	16,041	9,909
Total Assets	\$m	42,234	43,581	43,489	45,783	46,010	46,355	42,483	36,491
Operational									
Production									
Natural gas	mcf/d	3,139	3,413	3,635	3,947	4,298	4,633	5,044	5,560
Oil & Ngl's	bbls/d	89	143	229	223	203	179	105	10
Total	boe/d	612	711	835	881	919	951	946	937
Average price									
Natural gas	\$/mcf	3.41	3.54	3.58	3.37	3.31	3.61	4.64	4.15
Oil & Ngl's	\$/bbl	84.28	99.55	83.93	76.24	72.24	71.08	77.61	66.91
Boe	\$/boe	29.69	36.93	38.78	34.41	31.41	30.99	33.34	25.35
Field Netback	\$/boe	13.25	18.98	18.00	17.59	18.66	21.91	21.61	14.15
Shares outstanding weighted average	m	27,867	27,873	27,876	27,876	27,885	27,331	24,214	22,859

Ironhorse completed the primary development of its Shackleton gas property in February of 2009 when it drilled the last of the 100 (50 net) producing gas wells. Since then natural gas sales volumes have decreased each quarter due to natural declines. In the first quarter of 2010 the Company drilled oil wells at Dawson, Alberta and Leon Lake, Saskatchewan which resulted in oil production increasing through out 2010 and the first quarter of 2011. The increases in oil production were able to offset declining gas production until 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 or on the Company's website at www.ihorse.ca.