

2008 THIRD QUARTER REPORT TO SHAREHOLDERS

TSX: 'IOG'

For Three and Nine Months ended September 30, 2008



Ironhorse Oil & Gas Inc. ("Ironhorse or the "Company") is pleased to report its financial and operating results for the three and nine month periods ended September 30, 2008.

Several significant accomplishments were achieved during the period:

- » Production for the three months ended September 30 2008 increased 49% to 1,111 boe per day as compared to 748 boe per day for the corresponding period in 2007.
 - » Funds from operations for the three months ended September 30, 2008 increased 102% to \$1.8 million or \$0.09 per diluted share from \$0.9 million or \$0.04 per share for the same period in 2007.
 - » Completed seismic interpretation and identified our first drilling location on newly acquired lands in NE British Columbia.
 - » During the third quarter higher gas prices, combined with increased gas production, significantly increased our revenues, funds from operations and net income.
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PRESIDENT'S MESSAGE TO THE SHAREHOLDERS

An overview of the highlights is set forth below:

HIGHLIGHTS	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
	2008	2007	% change	2008	2007	% change
<i>(thousands except per share amounts)</i>						
Financial						
Revenue	\$ 4,355	\$ 2,169	101%	\$ 14,538	\$ 6,814	113%
Royalties	1,558	743	110%	5,785	2,758	124%
Funds from operations	1,806	894	102%	6,476	2,792	132%
Per share - diluted	0.09	0.04	125%	0.32	0.14	129%
Net income (loss)	227	(253)	(190)%	1,458	(550)	(365)%
Per share - diluted	0.01	(0.01)	(200)%	0.07	(0.03)	(333)%
Capital expenditures	366	590	(38)%	7,724	10,917	(29)%
Working capital deficiency	\$ 8,645	\$ 7,231	20%	\$ 8,645	\$ 7,231	20%
Weighted average shares outstanding	20,489	20,112	2%	20,224	19,959	1%
Operations						
Production						
Gas - mcf/d	6,624	4,428	50%	6,752	3,991	69%
Oil & ngl's - bbl/d	7	10	(30)%	7	7	0%
Total - boe/d	1,111	748	49%	1,133	672	69%
Average sales price						
Gas - \$/mcf	6.99	5.34	31%	7.74	5.16	50%
Oil & Ngl's - \$/bbl	114.82	73.44	56%	107.66	73.68	46%
Operating expenses - \$/boe	2.42	2.49	(3)%	2.07	3.00	(31)%
Field Netback - \$/boe	24.95	18.24	37%	26.13	20.05	30%
General & administrative expenses - \$/boe	3.31	3.66	(10)%	3.06	3.64	(16)%

Subsequent to September 30, 2008 Ironhorse completed a private placement of 1.7 million flow through shares at a price of \$2.08 per share for gross proceeds of \$3.5 million.

The board of directors has approved a capital expenditure program for the 2008/9 winter drilling season of up to \$15 million. Key aspects of this program include:

- » Drilling, completing and placing on production 32 (16 net) wells in the Shackleton area.
- » Drilling our 9-5 Nisku prospect at Pembina and with success the follow on location at 14-5.
- » Drilling our NE British Columbia prospect and shooting 3D seismic on our lands.

For additional information about Ironhorse Oil & Gas Inc. please go to the Company's web site at www.ihorse.ca.

Respectfully submitted on behalf of the Board of Directors,

Larry Parks
President & CEO



MANAGEMENT'S DISCUSSION AND ANALYSIS

ADVISORIES

This Management's discussion and analysis ("MD&A"), prepared effective November 12, 2008 should be read in conjunction with the Ironhorse Oil & Gas Inc. ("Ironhorse" or the "Company") unaudited financial statements for the nine months ended September 30, 2008 and the audited financial statements for the year ended December 31, 2007.

Basis of Presentation - The financial data presented has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The reporting and measurement currency in the financial statements and in this discussion and analysis is the Canadian dollar, unless otherwise stated.

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

Funds from operations - Is detailed on the Statements of Cash Flows and may not be comparable to other companies. Ironhorse calculates funds from operations as cash flow prior to changes in non-cash working capital and per share amounts using the same method and 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 Canadian GAAP and therefore may not be comparable with the calculation of similar measures by other companies. Field netback is determined by deducting royalties and operating expenses from petroleum and natural gas sales revenue.

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 GAAP.

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Internal Controls over Financial Reporting

The President and CEO and the Chief Financial Officer of the Company are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP. The President and CEO and the Chief Financial Officer have assessed the design of the Company's internal control over financial reporting and during this process they have identified certain weaknesses in internal controls over financial reporting which are as follows:

- » Due to the limited number of staff at the Company, it is not possible to achieve complete segregation of duties; and
- » Due to the size of the Company and the limited number of staff, the Company does not have the technical accounting expertise and knowledge to address all complex and non-routine accounting transactions that may arise.

Management and the board of directors work to mitigate the risk of material misstatement in financial reporting. In addition, when complex accounting and technical issues arise during preparation of the quarterly financial statements outside consulting expertise is engaged. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement.

Disclosure Controls

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this MD&A, management evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, management has concluded that, as of the end of the period covered by this MD&A, the disclosure controls and procedures, subject to certain limitations indicated below, were effective to provide reasonable assurance that information required to be disclosed in the Corporation's annual filings and interim filings (as such terms are defined under Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management as appropriate to allow timely decisions regarding required disclosure.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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. Many 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 internal cash flow, debt and/or equity financing. 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.

Business Strategy

The business plan of the Company is to create profitable per share growth in the exploration for, and the development and production of, natural gas and crude oil in western Canada. Ironhorse pursues a growth strategy involving exploratory and development drilling augmented by strategic acquisitions of properties and companies where exploitation, development and exploration opportunities exist. The Company's current areas of focus are in the western Canada corridor trending from northeast British Columbia to southwest Saskatchewan.

Ironhorse's strategy involves acquiring crown, freehold and first nation mineral rights where our management and technical team have expertise. We believe this creates a competitive advantage for the Company.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Month Overview

For the three months ended September 30, 2008, production averaged 1,111 boe per day, a 49% increase from the 748 boe per day in the corresponding period of 2007. Year over year production increases resulted from the first quarter drilling program at Shackleton. Production from our Shackleton property declined in the third quarter and is expected to continue to decline in fourth quarter due to natural declines.

The increased production and higher gas prices during the quarter ended September 30, 2008 resulted in cash flow of \$1.8 million versus capital expenditures of \$0.4 million. As a result net debt decreased by \$1.4 million to \$8.6 million. Our capital spending during the quarter was focused on preparations for the upcoming winter drilling program.

Outlook

The Company will continue to develop its Shackleton property. Plans are underway to drill an additional 32 (16 net) wells this coming winter. Lease, access roads and pipelines will be surveyed and constructed in the fourth quarter in preparation for drilling to commence in the first quarter of 2009. Ironhorse will be completing two or more zones in each well bore in order to evaluate some potential new gas zones on the Shackleton property including the Colorado shale formation.

The Company expects to drill its seismically defined Nisku prospect at the 9-5 Pembina location in the fourth quarter. If successful a follow-up offsetting location at 14-5 Pembina has been identified through seismic interpretation. Both the 9-5 and 14-5 drilling applications have been submitted for approval.

The Company has interpreted seismic over its recently acquired NE British Columbia lands and has licensed a well (0.5 net) which we expect to drill before the end of 2008 to evaluate the Bluesky, Gething and Montney formations.

Ironhorse remains committed to its strategy of exploring for and developing new focus areas through a combination of grass roots exploration and by evaluating asset and corporate acquisition candidates.



MANAGEMENT'S DISCUSSION AND ANALYSIS

OPERATIONS

Sales Volumes

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
Daily sales volumes							
Natural gas	<i>mcf/d</i>	6,624	4,428	50%	6,752	3,991	69%
Light oil & ngls	<i>bbls/d</i>	7	10	(30%)	7	7	0%
Total	<i>boe/d</i>	1,111	748	49%	1,133	672	69%

Sales volumes for the three months ended September 30, 2008 averaged 1,111 boe per day, an increase of 49% from the 748 boe per day during the corresponding period in 2007. Natural gas volumes increased to 6,624 mcf per day, a 50% increase from the corresponding 2007 period volume of 4,428 mcf per day. The increase in gas production is the result of the first quarter drilling program which resulted in an additional 32 (16 net) gas wells being placed on production in the Shackleton area bringing the total number of producing wells to 68 (34 net). The Company experienced natural declines in its gas production during the third quarter which resulted in an exit rate of approximately 1,050 boe per day at the end of September 2008.

For the nine months of 2008 natural gas production increased 69% to 6,752 mcf per day compared to 3,991 mcf per day in the corresponding period in 2007. On a boe basis production increased 69% in 2008 to 1,133 boe per day from 672 boe per day in 2007.

Sales volumes at the Shackleton property are expected to trend downwards during the fourth quarter due to natural declines. The 2008/9 winter drilling program at Shackleton will increase sales volumes in the Shackleton area in the first and second quarters of 2009. Drilling success at Pembina or NE British Columbia will further increase Ironhorse's production sales volumes.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Marketing and Revenue

Commodity pricing	Three Months Ended Sept. 30			Nine Months Ended Sept. 30			
	2008	2007	Change	2008	2007	Change	
Benchmark							
Alberta Spot –							
Natural Gas	\$/mcf	7.79	5.22	49%	8.65	6.57	32%
West Texas							
Intermediate - Oil	US\$/bbl	118.17	75.33	57%	112.78	66.25	70%
Edmonton Par - Oil	\$/bbl	122.90	80.26	53%	115.40	73.27	57%
Company Prices							
Natural gas price	\$/mcf	6.99	5.16	35%	7.74	6.13	26%
Light oil & ngl price	\$/bbl	114.82	73.68	56%	107.66	67.71	59%
Revenue							
Natural gas	\$m	4,265	2,102	103%	14,320	6,677	114%
Light oil & ngl	\$m	87	67	30%	209	129	62%
Other	\$m	3	–	–	9	8	13%
Total	\$m	4,355	2,169	101%	14,538	6,814	113%

The Company markets its Shackleton gas through the marketing arm of a large international oil and gas company. Ironhorse's gas receives the Alberta gas spot price plus \$0.02 per gigajoule ("GJ") less a transportation charge of approximately \$0.13 per GJ. Alberta spot gas prices are based on Natural Gas Exchange prices at the AECO Hub. During the third quarter of 2008 approximately 70% of Ironhorse's natural gas production was sold on the spot market and 30% was sold at a fixed price of \$7.05 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. Alberta spot natural gas prices increased 49% in the third quarter of 2008 compared to 2007. The Company's natural gas receives a price which is lower than the average benchmark price due to the lower heat content per mcf of Shackleton natural gas.

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 funds from operations resulting from changes in commodity prices, thereby ensuring our ability to complete the planned capital investment program.

Management has entered into the following natural gas sales contracts:

- » For the period April 1, 2008 to October 31, 2008, the Company has entered into a fixed price natural gas sales contract for 2000 GJ per day at \$7.05 per GJ.
- » For the coming winter's heating season covering November 1, 2008 to March 31, 2009, Ironhorse has entered into two "costless collar" physical natural gas sales contracts. One contract is for 1,000 GJ per day based on a floor price of \$7.75 per GJ and a ceiling price of \$9.45 per GJ. The other contract is for 500 GJ per day with a floor price of \$8.00 per GJ and a ceiling price of \$10.00 per GJ.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Revenues for the three months ended September 30, 2008 were reduced by \$0.5 million as a result of the fixed price gas contract. If all of these contracts had been closed out on September 30, 2008 the Company would have realized a gain of approximately \$326,000.

Sales revenues for the three months ended September 30, 2008 increased 101% to \$4.2 million from \$2.2 million in 2007 as a result of the increase in production volumes and higher natural gas prices. The sales revenues for the nine months ended September 30, 2008 were \$14.5 million, an increase of 113% over the \$6.8 million in the corresponding period in 2007.

Royalties

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
Royalties	\$m	1,558	743	110%	5,785	2,578	124%
Royalties per boe	\$	15.24	10.80	41%	18.63	14.05	33%
Royalty rate	%	35.8	34.3	4%	39.8	37.9	5%

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 and a gross overriding royalty. The lessor royalty is equivalent to Saskatchewan crown royalty and the gross overriding royalty is a sliding scale minimum 15%. Royalty rates vary based on a number of factors including commodity and reference pricing, and production rates.

Royalties for the third quarter of 2008 totalled \$1.6 million (\$15.24 per boe) compared to \$0.7 million (\$10.80 per boe) for 2007. The royalty rate during the quarter was 35.8% of sales compared to 34.3% in the same period of 2007. The increase in royalties paid during the quarter was due to increased production and higher natural gas prices.

The increase in royalties per boe and as a percentage of revenue was due to higher gas prices and the negative impact of the fixed gas price contract as royalties are calculated using the current month spot price.

For the nine months of 2008, royalties were \$5.8 million (\$18.63 per boe) compared \$2.6 million (\$14.05 per boe) in 2007. The increase in royalties for the period is attributable to increased natural gas production and higher natural gas prices.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
Operating expenses	\$m	247	172	44%	642	550	17%
per boe	\$	2.42	2.49	(3)%	2.07	3.00	(31)%

Operating expenses were \$0.3 million, or \$2.42 per boe, for the quarter ended September 30, 2008, compared to \$0.2 million or \$2.49 per boe, during the comparable period of 2007. The increase in operating expenses is attributable to increased production.

Operating expenses for the nine months ended September 30, 2007 increased 17% to \$0.6 million (\$2.07 per boe) from \$0.5 million (\$3.00 per boe) during the corresponding period in 2007. The lower cost per boe is attributable to improved economies of scale from increased production.

Operating expenses are expected to remain at these levels for the balance of the year.

Field Netback

\$ per boe	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
	2008	2007	Change	2008	2007	Change
Sales price	42.61	31.53	35%	46.83	37.10	26%
Less: Royalties	15.24	10.80	41%	18.63	14.05	33%
Operating	2.42	2.49	(3)%	2.07	3.00	(31)%
Field netback	24.95	18.24	37%	26.13	20.05	30%

Ironhorse's field netback per boe for the three months ended September 30, 2008 increased 37% to \$24.95 from \$18.24 per boe for the corresponding 2007 period. For the nine months ended September 30 the field netback increased 30% from \$20.05 in 2007 to \$26.13 in 2008. The higher field netback was a result of higher natural gas prices and lower operating expenses which were offset by increasing royalties.

General and Administrative Expense ("G&A") and Stock Based Compensation ("SBC")

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
G&A	\$m	338	252	34%	951	667	43%
SBC	\$m	328	108	204%	428	301	42%
Per boe:							
G&A	\$	3.31	3.66	(10)%	3.06	3.64	(16)%
SBC	\$	3.21	0.94	241%	1.38	1.64	(16)%



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the quarter ended September 30, 2008, G&A increased 34% from \$0.25 million to \$0.34 million due to higher management fees. The management fees are based on Ironhorse's production and capital expenditures. Effective April 1 2008 the management fee per producing boe per day was increased to \$2.35 from \$1.75 and the fee charged on capital expenditures was increased to 4% of from 3%. These increases were consistent with inflationary trends and the hiring of additional staff. The G&A per producing boe decreased 10% as the fixed G&A expenses were apportioned to a higher production base.

For the nine months ended September 30, 2008 G&A increased 43% to \$0.95 million from \$0.67 million in the same period last year.

G&A is expected to remain at current levels for the balance of 2008.

SBC increased by 204% in the current quarter as compared to the corresponding quarter in 2007 with an increase overall of 42% for the nine months ended September 30, 2008 as compared with 2007. The increase in SBC was the result of option holders exercising their options pursuant to the "cashless exercise" alternative wherein the option holder receives a cash payment equal to the difference between the exercise price and the market price times the number of options in lieu of purchasing shares at the exercise price. This alternative reduces the dilutive effect of issuing additional shares.

Interest Expense

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
Interest expense	\$m	156	65	140%	417	201	107%
per boe	\$	1.53	1.57	(3)%	1.34	1.09	23%

Interest expense for the three months ended September 30, 2008 was \$0.16 million compared to \$0.07 million for 2007. Interest expense for the nine months ended September 30, 2008 was \$0.42 million compared to \$0.20 million for 2007. The increase in interest expense is due to an increase in bank debt as a result of our ongoing drilling programs in 2007 and the first quarter of 2008.

Interest expense is expected to decrease as the Company has reduced its bank debt in the fourth quarter as a result of the \$3.5 million private placement which closed in October 2008.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Depletion, Depreciation and Accretion

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
Depletion, depreciation and accretion	\$m	1,394	1,222	14%	4,101	3,279	25%
per boe	\$	13.64	17.76	(23)%	13.21	17.87	(26)%

For the three months ended September 30, 2007, depletion, depreciation and accretion per boe decreased 23% from \$17.76 to \$13.64 per boe. The depletion, depreciation and accretion provision for the nine months ended September 30, 2008 increased 25% from \$3.3 million to \$4.1 million as sales volumes increased during the period. The lower depletion rates are due to reduced pro rata capital expenditures related to the reserve additions in 2008.

Income Taxes

Future income taxes for the three months ended September 30, 2008 were \$0.11 million versus a tax reduction of \$0.14 million for 2007 as the Company has generated earnings in 2008 as compared to a loss in 2007.

At September 30, 2008, the Company had estimated resource tax pools of \$25 million. Ironhorse expects to be taxable in one to two years depending on the amount of capital expenditures the Company incurs and commodity prices realized during that period. As at September 30, 2008 Ironhorse had \$0.17 million of Canadian exploration expenditures and \$0.32 million of Canadian development expenditures to incur pursuant to flow through share offerings completed in 2007 and 2008. Subsequent to September 30, 2008, the Company closed a \$3.5 million private placement of flow through shares which requires Ironhorse to incur \$3.5 million of Canadian exploration expenditures before December 31, 2009.

Funds from Operations and Earnings (Loss)

		Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
		2008	2007	Change	2008	2007	Change
Funds from operations	\$m	1,806	894	102%	6,476	2,792	132%
Basic per share	\$	0.09	0.05	80%	0.33	0.14	136%
Diluted per share	\$	0.09	0.04	125%	0.32	0.14	129%
Income (loss)	\$m	227	(253)	(190)%	1,458	(550)	(365)%
Basic and diluted per share	\$	0.01	(0.01)	(200)%	0.07	(0.03)	(333)%
Weighted average shares outstanding							
Basic	m	20,111	19,557	3%	19,847	19,385	2%
Diluted	m	20,489	20,112	2%	20,224	19,959	1%



MANAGEMENT'S DISCUSSION AND ANALYSIS

Funds from operations for the three months ended September 30, 2008 increased 102% to \$1.8 million from \$0.9 million in 2007. Funds from operations for the nine months ended September 30, 2008 increased 132% to \$6.5 million from \$2.8 million in 2007. The increase in funds from operations for the period ended September 30, 2008 was due to increased natural gas production and higher natural gas prices.

Capital Expenditures

Expenditure category \$m	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
	2008	2007	Change	2008	2007	Change
Land	13	206	(94)%	1,204	2,042	(41)%
Seismic	41	5	720%	95	135	(30)%
Drilling and completions	263	(37)	811%	5,251	7,273	(28)%
Facilities, pipelines and equipment	49	416	(88)%	1,174	1,467	(20)%
	366	590	(38)%	7,724	10,917	(29)%

Area \$m	Three Months Ended Sept. 30			Nine Months Ended Sept. 30		
	2008	2007	Change	2008	2007	Change
Shackleton	290	583	(50)%	7,265	9,154	(21)%
NE British Columbia	49	(5)	1,080%	345	1,699	(80)%
Pembina	27	12	125%	114	64	78%
	366	590	(38)%	7,724	10,917	(29)%

Capital expenditures decreased 38% from \$0.6 million in 2007 to \$0.4 million in the three months ended September 30, 2008 primarily as a result of the Company being less active in the Shackleton area.

Capital expenditures decreased 29% from \$10.9 million to \$7.7 million for the nine months ended September 30, 2008 as the Company was able to reduce the cost to drill and complete its wells this year due to price competition from its service providers and the 2007 drilling and completions included \$1.7 million of expenditures with respect to drilling a well in NE British Columbia.

Drilling Activity

For the nine months ended September 30, 2008, Ironhorse drilled 31 (15.1 net) wells with a net success rate of 100%. All of the wells were drilled in the Shackleton area. For the nine months ended September 30, 2007 the Company drilled 31 (15.4 net) wells including one (0.4 net) dry well in NE British Columbia.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$9.7 million against its \$12 million credit facility at September 30, 2008. The Company's credit facility, renewable annually, is with a Canadian chartered bank in the form of a revolving loan and bears interest at the bank's prime lending rate plus 0.25 percent. The loan is secured by all of the Company's assets. Principal repayments are required only if the borrowing base is exceeded. At present, the Company has a commitment with the bank to increase the credit facility to \$14.5 million. Ironhorse plans to fund its current 2008/9 capital program from funds from operations, its available unutilized credit facility and proceeds from the \$3.5 million private placement which closed October 23, 2008.

Ironhorse has 20,110,909 common shares and 1,686,834 stock options with a weighted average exercise price of \$1.55 per share outstanding as at September 30, 2008 and 21,827,243 common shares and 1,663,500 stock options as at November 12, 2008.

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 2007 and 2008. Pursuant to the terms of the financings, the Company is obligated to spend the gross proceeds on qualifying Canadian exploration and development expenditures. As at September 30, 2008 Ironhorse had obligations to incur \$0.17 million of Canadian exploration expenditures and \$0.32 million of Canadian development expenditures to fulfill all of its flow-through financing obligations. Subsequent to September 30, 2008, the Company closed a \$3.5 million private placement of flow-through shares which requires Ironhorse to incur \$3.5 million of Canadian exploration expenditures before December 31, 2009.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Selected Quarterly Information

(unaudited)	Unit	2008			2007				2006
		Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Financial									
Revenue	\$m	4,355	6,120	4,063	2,227	2,169	3,121	1,523	976
Funds from operations	\$m	1,806	2,939	1,731	738	894	1,325	572	523
Per share – basic	\$	0.09	0.15	0.09	0.04	0.05	0.08	0.03	0.03
Per share – diluted	\$	0.09	0.14	0.09	0.04	0.04	0.07	0.03	0.03
Income (loss)	\$m	227	919	312	(263)	(253)	(115)	(181)	(208)
Per share – basic	\$	0.01	0.05	0.02	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Per share – diluted	\$	0.01	0.05	0.02	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Capital expenditures	\$m	366	1,416	5,942	1,836	244	369	9,957	3,658
Working capital deficiency including bank debt	\$m	8,645	10,023	12,205	7,983	7,231	7,333	7,966	4,337
Operational									
Production									
Natural gas	mcfd	6,624	7,600	6,034	3,935	4,428	5,030	2,494	1,409
Light oil & ngl	bbls/d	7	7	6	8	10	6	5	7
Total sales	boe/d	1,111	1,143	1,012	664	748	844	421	242
Average price									
Natural gas	\$/mcf	6.99	8.74	7.86	6.11	5.16	6.74	6.64	7.22
Light oil & ngl	\$/bbl	114.82	103.61	102.39	74.11	73.68	68.84	58.54	58.46
Boe	\$/boe	42.61	52.80	47.41	36.47	31.53	40.62	40.06	43.78
Field Netback	\$/boe	24.95	9.28	23.50	18.56	18.24	22.11	19.16	19.15
Weighted average shares outstanding									
Basic	m	20,111	19,979	19,500	19,488	19,557	19,705	18,886	17,065
Diluted	m	20,489	20,376	19,509	20,013	20,112	20,316	19,548	17,852

Ironhorse's third quarter growth in revenue, funds from operations and net income is primarily attributable to the successful first quarter drilling program and higher natural gas prices. Fourth quarter operating results are expected to be tempered by declining production and lower natural gas prices. During the fourth quarter the Company plans to commence preparations for drilling its 2008/9 Shackleton wells and drill wells at Pembina, Alberta and NE British Columbia.

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.



BALANCE SHEETS

<i>(unaudited)</i>		September 30	December 31
<i>(Thousands of dollars)</i>		2008	2007
Assets			
Current assets			
Cash		\$ —	\$ 44
Accounts receivable		1,858	834
Prepaid expenses		17	48
		1,875	926
Petroleum and natural gas properties	<i>(note 4)</i>	29,195	24,917
		\$ 31,070	\$ 25,843
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		\$ 823	\$ 2,015
Bank loan	<i>(note 5)</i>	9,697	6,894
		10,520	8,909
Asset retirement obligations	<i>(note 6)</i>	1,303	666
Future income taxes	<i>(note 7)</i>	1,949	1,193
		13,772	10,768
Shareholders' equity			
Share capital	<i>(note 8)</i>	19,576	18,888
Contributed surplus	<i>(note 9)</i>	1,071	994
Deficit		(3,349)	(4,807)
		17,298	15,075
		\$ 31,070	\$ 25,843
Subsequent event	<i>(note 8)</i>		

See accompanying notes to interim financial statements.



STATEMENTS OF OPERATIONS AND DEFICIT

<i>(unaudited)</i>	Three months ended		Nine months ended	
	September 30		September 30	
<i>(Thousands of dollars except per share amounts)</i>	2008	2007	2008	2007
Revenue				
Petroleum and natural gas sales	\$ 4,355	\$ 2,169	\$ 14,538	\$ 6,814
Royalties	(1,558)	(743)	(5,785)	(2,578)
	2,797	1,426	8,753	4,236
Expenses				
Operating	247	172	642	550
General and administrative	338	252	951	667
Stock based compensation	328	108	428	301
Interest	156	65	417	201
Depletion, depreciation and accretion	1,394	1,222	4,101	3,279
	2,463	1,819	6,539	4,998
Income (loss) before income taxes				
	334	(393)	2,214	(762)
Future income taxes (reduction) (note 7)				
	107	(140)	756	(212)
Income (loss) and comprehensive income (loss)				
	227	(253)	1,458	(550)
Deficit, beginning of period	(3,576)	(4,291)	(4,807)	(3,994)
Deficit, end of period	\$ (3,349)	\$ (4,544)	\$ (3,349)	\$ (4,544)
Income (loss) per share				
Basic and diluted (note 8)	\$.01	\$ (.01)	\$.07	\$ (0.03)

See accompanying notes to interim financial statements.



STATEMENTS OF CASH FLOW

<i>(unaudited)</i>	Three months ended		Nine months ended	
	September 30		September 30	
<i>(Thousands of dollars)</i>	2008	2007	2008	2007
Cash provided by (used in)				
Operating activities				
Net income (loss) for the period	\$ 227	\$ (253)	\$ 1,458	\$ (550)
Items not affecting cash				
Depletion, depreciation and accretion	1,394	1,222	4,101	3,279
Stock-based compensation	78	65	178	301
Future income taxes (reduction)	107	(140)	756	(212)
Abandonment costs incurred	–	–	(17)	(26)
Funds from operations	1,806	894	6,476	2,792
Changes in non-cash working capital	(453)	(41)	(3,005)	(99)
	1,353	853	3,471	2,693
Financing activities				
Issuance of common shares for cash, net of share issue costs	–	–	615	5,753
Bank loan	(925)	994	2,803	5,008
Exercise of stock options	(62)	11	6	15
Repurchase of common shares	–	(214)	(34)	(538)
	(987)	791	3,390	10,238
Investing activities				
Petroleum and natural gas properties	(366)	(590)	(7,724)	(10,917)
Changes in non-cash working capital	–	(1,098)	819	(1,986)
	(366)	(1,688)	(6,905)	(12,903)
Change in cash	–	(44)	(44)	28
Cash, beginning of period	–	81	44	9
Cash, end of period	\$ –	\$ 37	\$ –	\$ 37
Supplemental Information				
Cash interest paid	\$ 87	\$ 71	\$ 321	\$ 184

See accompanying notes to interim financial statements.



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2008 and 2007

(Tabular amounts are expressed in thousands of dollars except share and per share numbers)

1. DESCRIPTION OF BUSINESS

Ironhorse Oil & Gas Inc. ("Ironhorse" or the "Company") is engaged in the exploration, development and production of petroleum and natural gas in western Canada.

2. SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The unaudited interim financial statements of the Company have been prepared by management in accordance with the accounting principles generally accepted in Canada. The unaudited interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the fiscal year ended December 31, 2007 except for the accounting policy changes described below. The unaudited interim financial statement note disclosures do not include all of those required by Canadian generally accepted accounting principles ("GAAP") applicable for annual financial statements. Accordingly, the interim financial statements should be read in conjunction with the audited financial statements and the notes thereto for the year ended December 31, 2007.

3. CHANGES IN ACCOUNTING POLICIES

a) Capital Disclosures

On January 1, 2008, the Company adopted the new standards for Capital Disclosures which require disclosures about the Company's objectives, policies, and processes for managing capital. These disclosures include a description of what the Company manages as capital, the nature of externally imposed capital requirements, how the requirements are incorporated into the Company's management of capital, whether the requirements have been complied with, or consequences of non-compliance and an explanation of how the Company is meeting its objectives for managing capital. In addition, quantitative data about capital and whether the Company has complied with all capital requirements are also required (see note 11).

b) Financial Instruments – Disclosures and Presentation

On January 1, 2008, the Company adopted the new standards relating to "Financial Instruments – Disclosures" and "Financial Instruments – Presentation", which replaced the previous standard "Financial Instruments – Disclosure and Presentation". The new disclosure standard outlines the disclosure requirements for financial instruments and non-financial derivatives. The guidance prescribes an increased importance on risk disclosures associated with recognized and unrecognized financial instruments and how such risks are managed. Specifically, it requires disclosure of the significance of financial instruments for a company's financial position. In addition, the guidance outlines revised requirements for the disclosure of qualitative and quantitative information regarding exposure to risks arising from financial instruments. The new presentation standard requirements are relatively unchanged from the previous presentation requirements (see note 12).



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

4. PETROLEUM AND NATURAL GAS PROPERTIES

	Property Plant and Equipment	Accumulated depletion and depreciation	Net Book Value
Balance, December 31, 2007	30,732	5,815	24,917
Balance, September 30, 2008	\$ 39,069	\$ 9,874	\$ 29,195

During the period ended September 30, 2008, the Company capitalized \$125 thousand (September 30, 2007- \$141 thousand) of general and administrative expenses. In calculating the depletion and depreciation provision for the period ended September 30, 2008, \$2.0 million (September 30, 2007 - \$2.5 million) of costs relating to the undeveloped land, seismic and other costs were excluded from costs subject to depletion and depreciation. Estimated future development costs of \$7.7 million (September 30 2007 – \$9.8 million) were included in the calculation of depletion and depreciation for the period ended September 30, 2008.

5. BANK LOAN

At September 30, 2008, the Company had a \$12 million revolving production loan credit facility with a Canadian chartered bank, of which \$9.7 million was drawn. Currently, the Company has a commitment with the bank to increase the credit facility to \$14.5 million.

6. ASSET RETIREMENT OBLIGATIONS

Balance, December 31, 2006	\$	323
Liabilities incurred		315
Abandonment costs incurred		(26)
Accretion expense		54
Balance, December 31, 2007		666
Liabilities incurred		613
Abandonment costs incurred		(17)
Accretion expense		41
Balance, September 30, 2008	\$	1,303

The Company's asset retirement obligations are based on the net ownership interests in wells and facilities. Management estimates the costs to abandon and reclaim the wells and facilities and the estimated time period during which these costs will be incurred in the future. These costs are expected to be incurred over the next 17 years with the majority of the costs being incurred between 2023 and 2025. The undiscounted amount of the estimated costs at September 30, 2008 was \$2.2 million (2007 - \$1.8 million). The estimated costs have been discounted at a credit adjusted risk free rate of 7.0% and an inflation rate of 3.5%.



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

7. FUTURE INCOME TAXES

Future income taxes differs from the amount that would be computed by applying the basic combined federal and provincial statutory income tax rate of 30.5% (2007 – 35.6%) to income before taxes. The reasons for the differences are as follows:

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Statutory tax rate	30.5%	35.6%	30.5%	35.6%
Expected income tax expense (reduction)	\$ 101	\$ (143)	\$ 675	\$ (271)
Add (deduct)				
Non-deductible stock-based compensation	23	38	54	107
Effect of reduction in future tax rate	–	(35)	2	(48)
Other	(17)	–	25	–
Future income taxes (reduction)	\$ 107	\$ (140)	\$ 756	\$ (212)

The tax effects of temporary differences that give rise to the future income tax liability are as follows:

	Sept. 30, 2008	Dec. 31, 2007
Tax liabilities		
Petroleum and natural gas properties	\$ (2,386)	\$ (1,483)
Tax assets		
Share issue costs	11	21
Non-capital losses	28	66
Asset retirement obligations	398	203
Net future income tax liability	\$ (1,949)	\$ (1,193)



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

8. SHARE CAPITAL

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

a) Common shares

	Number of Shares		Amount
Balance, December 31, 2006	17,067,392	\$	14,094
Issue of common shares for cash	1,812,500		3,625
Issue of flow-through common shares for cash	906,250		2,175
Issue of shares on exercise of stock options	31,667		21
Repurchase of shares pursuant to normal course issuer bid	(341,000)		(344)
Tax effect of flow-through share renouncements	–		(663)
Share issue costs, net of future income taxes of \$9	–		(20)
Balance, December 31, 2007	19,476,809		18,888
Issue of common shares for cash	200,000		300
Issue of flow-through common shares for cash	200,000		320
Options exercised	260,000		68
Shares repurchased under normal course issuer bid	(25,900)		(26)
Transfer from contributed surplus	–		31
Share issue costs, net of future income taxes of \$nil	–		(5)
Balance, September 30, 2008	20,110,909	\$	19,576

On May 12, 2008, the Company completed a private placement of 200,000 flow-through common shares at a price of \$1.60 and 200,000 common shares at a price of \$1.50 per share for gross proceeds of \$620,000. The Company is obligated to incur \$320,000 of qualifying Canadian development expenditures prior to December 31, 2009.

On October 23, 2008, the Company completed a private placement of 1,683,000 flow-through common shares at a price of \$2.08 per share for gross proceeds of \$3.5 million. The Company is obligated to incur \$3.5 million of qualifying Canadian exploration expenditures prior to December 31, 2009. The Company also has an obligation to incur qualifying Canadian exploration expenditures of \$0.17 million by December 31, 2008 with respect to its 2007 private placement of flow-through shares.



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

b) Options

The Company has a stock option plan under terms of which it will grant options to acquire common shares to certain officers, directors, employees and consultants. Under terms of the plan, options totaling up to 10% of the common shares outstanding from time to time are issuable, and no more than 5% of the outstanding options may be issued to any one person as defined by the plan.

	Number of options	Weighted average exercise price	Weighted average remaining term (years)
Balance, December 31, 2006	1,651,666	\$ 1.26	3.1
Granted	210,500	1.47	
Exercised	(31,667)	0.33	
Forfeited	(222,999)	1.08	
Balance, December 31, 2007	1,607,500	1.23	2.4
Granted	725,000	1.45	
Exercised	(260,000)	0.26	
Exercised for cash	(230,000)	0.48	
Forfeited	(145,666)	1.86	
Balance, September 30, 2008	1,696,834	1.55	3.1

The options outstanding have exercise prices ranging from \$0.37 to \$2.95 per share with a weighted average exercise price of \$1.55 per share. At September 30, 2008, 773,006 options were exercisable, with an average exercise price of \$1.54 per share.

c) Per share amounts

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

	Three months ended September 30		Nine months ended September 30	
	2008	2007	2008	2007
Basic	20,110,909	19,557,369	19,846,753	19,385,448
Diluted	20,488,582	20,112,365	20,224,426	19,958,640



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

9. CONTRIBUTED SURPLUS

	Amount
Balance, December 31, 2006	\$ 854
Stock-based compensation expense	357
Reversal of amortized portion of the option value on the exercise of option holder's right to a cash payment	(4)
Normal course issuer bid purchase price excess over carrying value	(202)
Transfer to share capital on exercise of options	(11)
Balance, December 31, 2007	994
Stock-based compensation expense	178
Reversal of amortized portion of the option value on the exercise of option holder's right to a cash payment	(62)
Normal course issuer bid purchase price excess over carrying value	(7)
Transfer to share capital on exercise of options	(32)
Balance, September 30, 2008	\$ 1,071

The stock-based compensation expense is calculated based on the fair value of the stock options and warrants on the date of grant using the Black-Scholes option pricing model. The following assumptions were applied by the Company in this calculation for options granted in the period.

	September 30, 2008	December 31, 2007
Weighted average fair value per option	\$ 0.57	\$ 0.52
Dividend yield	nil	nil
Volatility	35%	29%
Risk-free rates	3.5%	4.0%
Expected life - years	5	5

10. RELATED PARTY TRANSACTIONS

The Company is party to a management services contract with Grizzly Resources Ltd. ("Grizzly"), a company related by virtue of common management. Grizzly is also a significant joint operations partner in the Company's operating areas. These transactions are in the normal course of business and are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties. Management fees were paid as follows:

	Three months ended		Nine months ended	
	September 30		September 30	
	2008	2007	2008	2007
Management fees	251	99	677	408
Amounts capitalized	(37)	(1)	(130)	(141)
Management fees expensed	214	98	547	267



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

11. MANAGEMENT OF CAPITAL STRUCTURE

The Company manages its capital structure with the objective of maximizing shareholder returns while at the same time maintaining its ability to execute the Company's future exploration and development program. In order to achieve this objective the Company monitors and maintains appropriate proportions of equity and debt. The Company's commitment is to establish and maintain a capital base which will enable the Company to access the equity and debt markets when deemed advisable. The Company continually monitors its capital base relative to the risk reward profile of its exploration and development projects and the economic indicators in the market including commodity prices, interest rates and foreign exchange rates. It then determines its capital budget for the year and reviews the budget periodically during the year.

The Company considers shareholders' equity, bank debt and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares, through bank borrowings, which are based on petroleum and natural gas reserves values, and by building cash reserves by modifying the extent and timing of its capital expenditure program.

The Company monitors its capital based primarily by tracking its net debt to annualized cash flow ratio. Net debt includes bank debt and working capital. Annualized cash flow is calculated as cash flow from operations before changes in non-cash working capital from the Company's annualized calculation of its most recent quarter. The Company's strategy is to maintain this ratio at less than 1.5:1 with a long term target of 1:1. This ratio may temporarily exceed targets depending on the timing and nature of the Company's activities. To facilitate the management and control of this ratio, the Company prepares an annual operating and capital expenditure budget. The budget is updated when critical factors change. These factors include economic factors such as the state of equity markets, changes to commodity prices, interest rates and foreign exchange rates and non-economic factors such as the Company's drilling results and its production profile. The Company's board of directors approves the budget and changes thereto.

At September 30, 2008, the Company's debt to cash flow ratio was 1.2:1 which is within the target range of 1:1 to 1.5:1.

The Company's share capital is not subject to external restrictions but the Company does have financial covenants in regards to its credit facility. The credit facility requires the Company to maintain a ratio of "Funded Debt to Cash Flow", calculated on a historical rolling four quarter basis, equal to or less than 3:1. Funded Debt is defined as all short term and long-term interest bearing debt, capital leases and other obligations. Ironhorse has complied and expects to continue to comply with this bank covenant requirement.



NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company has identified the following risks which are significant to its operations:

a) Fair values

The fair values of accounts receivable, accounts payable and bank debt approximate their carry values due to their short terms to maturity. The fair value of derivative financial instruments is determined by calculating the difference between the contracted price and published forward price curves at the balance sheet date, using the remaining contracted crude oil and natural gas volumes. Currently, there are no outstanding derivative instruments.

b) Commodity price

The Company produces petroleum and natural gas which have historically been subject to large fluctuations in price. Ironhorse has entered into several commodity price contracts to manage its exposure to price fluctuations. These are comprised of a fixed price physical natural gas contract for the period April 1, 2008 to October 31, 2008 for 2000 GJ per day at \$7.05 per GJ, as well as two costless collar physical natural gas contracts from November 1, 2008 to March 31, 2009. One contract is for 1,000 GJ per day based on a floor price of \$7.75 per GJ and a ceiling price of \$9.45 per GJ and the other contract is for 500 GJ per day based on a floor price of \$8.00 per GJ and a ceiling price of \$10.00 per GJ. If the Company had closed these contracts on September 30, 2008 it would have resulted in a gain of \$326,000.

c) Credit risk

Credit risk is the potential financial loss to the Company if a customer or joint venture partner is unable to meet its contractual obligations and arises principally from the Company's accounts receivable with respect to the sale of petroleum and natural gas. The Company's petroleum and natural gas is marketed through Grizzly under standard industry terms. In order to mitigate credit risk, Grizzly markets its petroleum and natural gas to established credit worthy purchasers.

d) Liquidity risk

Liquidity risk is the potential for the Company to have difficulty in meeting its obligations associated with financial liabilities as they become due. Ironhorse financial liabilities consist of accounts payable, financial instruments, and bank debt. All of the Company's financial liabilities have contractual maturities of less than one year and accounts payable are processed within normal payment terms. Ironhorse prepares an annual budget which is monitored and updated through out the year. Occasionally the Company enters into fixed price contracts with respect the sale of a portion of its production to protect its cash flow from commodity price declines. Management believes future cash flow from operations, together with existing bank lines, is sufficient to support the current financial liabilities.

e) Interest rate risk

The Company bank lines bear interest at the prime rate plus up to 1.25 percent. Fluctuations in the prime rate will result in changes to our monthly interest expense. Assuming an average bank loan balance of \$10 million, a change in the interest rate of 0.05% will result in a \$50,000 change in the interest expense.



CORPORATE INFORMATION

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Chairman

Jeff Lawson

James K. Wilson

Gerry C. Quinn

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Larry J. Parks
President
& Chief Executive Officer

Rob Solinger
Vice President, Finance
& Chief Financial Officer

Bill Manley
Vice President,
Engineering & Operations

Cam Weston
Vice President, Land

Al Williams
Vice President, Exploration

James K. Wilson
Vice President
& Corporate Secretary

LEGAL COUNSEL

Burnett, Duckworth & Palmer LLP
Calgary, AB

AUDITORS

**Kenway Mack Slusarchuk
Stewart LLP**
Calgary, AB

BANKERS

Scotiabank
Calgary, AB

QUALIFIED INDEPENDENT EVALUATION ENGINEERS

GLJ Petroleum Consultants Ltd.
Calgary, AB

REGISTRAR AND TRANSFER AGENT

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LISTING INFORMATION

Toronto Stock Exchange (TSX)
Symbol: 'IOG'