



## **PRESIDENT'S MESSAGE**

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August 25, 2011

As President, I am pleased to report operating and financial results for Marauder Resources East Coast Inc. ("Marauder" or the "Company")

In July 2009, the Company announced the sale of its interest in certain zones in Production Licence 2901, offshore Nova Scotia, to EnCana Corporation, the operator and developer of the Deep Panuke natural gas field. Under the agreement, Marauder received cash consideration and a stepped, gross overriding royalty with respect to the proceeds of any future production from currently non-producing exploration licences offshore Greenland where preliminary exploration work had been conducted.

Marauder then entered into another agreement with EnCana for the purchase of their 47.5% interest in the Greenland Lady Franklin license. During the 4<sup>th</sup> quarter of 2010, despite the Company's efforts to secure approval from the Government of Greenland for the transaction, approval was not issued which the Company suspects was primarily due to the BP blowout in the Gulf Coast. Because approval for the transaction was never issued, the royalties obtained by Marauder were disputed by EnCana's partner in the license. The Company is reviewing its legal position regarding the ownership of these royalties.

The Company retains a 50% interest in all zones above the base of the Cretaceous in Production License 2901 and a 50% interest in all zones above the top of the Mississauga Formation in Production License 2902 offshore Nova Scotia. Oil production from these Licenses was shut-in Dec 1999 due to low oil prices. With escalating oil prices, the Company is reviewing the economics of re-activating field production.

Marauder is actively seeking opportunities in other jurisdictions, primarily in Pakistan and Central Africa, and is in early stages of negotiating for a large exploration concession.

On behalf of the Board of Directors,

*"Robert V. Shields"*

Robert V. Shields  
President  
Marauder Resources East Coast Inc.



# MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

The June 30, 2011 Management Discussion & Analysis ("MD&A") for Marauder Resources East Coast Inc. ("Marauder" or the "Company") should be read in conjunction with the unaudited interim consolidated financial statements as at and for the three and six months ended June 30, 2011 and 2010 and the audited consolidated financial statements and Management Discussion and Analysis for the year ended December 31, 2010. The financial data presented has been prepared in accordance with International Financial Reporting Standards ("IFRS"). The reporting currency in the consolidated financial statements and in this MD&A is in Canadian dollars, unless otherwise stated.

Additional information on Marauder is available for review on SEDAR at [www.sedar.com](http://www.sedar.com). The Company's shares trade on the TSX Venture Exchange under the trading symbol "MES".

This MD&A is dated August 25, 2011.

**Special Note Regarding Non-IFRS Measures** – This MD&A includes references to financial measures commonly used in the oil and gas industry. The Company uses these measures to evaluate its performance and feels that their inclusion enables the Company and current and potential investors to compare the financial measures against other companies in the oil and gas industry. The term "funds from (used in) operations", defined as the net loss for the period adjusted for non-cash items in the statement of operations, before the change in non-cash working capital, should not be considered an alternative to, or more meaningful than, cash flow from operating activities or net loss as determined in accordance with IFRS as an indicator of performance. The Company's determination of funds from (used in) operations may not be comparable to that reported by other companies. The reconciliation between net loss and funds from (used in) operations can be found in the Statements of Cash Flows included in the financial statements noted above.

## OVERVIEW

In July 2009, the Company sold its interest in certain zones in Production License 2901, offshore Nova Scotia, to EnCana Corporation, the operator and developer of the Deep Panuke natural gas field. The Company received \$3.5 million of cash consideration and a stepped, gross overriding royalty on future production from two currently non-producing exploration licenses offshore Greenland where preliminary exploration work has been conducted. The Company incurred \$134,000 of costs related to the disposition.

During the fourth quarter of 2010, the Company's efforts to secure approval from the Government of Greenland to undertake exploration activities on the offshore Greenland licenses were not approved. As a result, the Company has written off \$1,424,727 related to the acquired gross overriding royalties. This amount was included in depletion expense in 2010. The Company is reviewing its legal position regarding the ownership of the royalties, which were an integral part of the Company's July 2009 disposition.



# MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

## SELECTED COMPARATIVE FINANCIAL INFORMATION

	Three months ended June 30		
	2011	2010	2009
<b>Statement of Operations and Deficit (\$)</b>			
General and administrative expenses	207,951	179,991	496,775
Net loss for the period	(160,834)	(136,209)	(403,151)
Net loss per share – basic and diluted	(0.00)	(0.00)	(0.01)
<b>Statement of Cash Flows (\$)</b>			
Funds used in operating activities	(212,514)	(179,991)	(510,127)
Cash flow used in operating activities	(224,911)	(226,404)	(49,856)
Net capital expenditures	-	4,727	-
<b>Weighted average number of shares</b>			
- basic and diluted	63,814,501	53,989,501	53,989,501
	Six months ended June 30		
	2011	2010	2009
<b>Statement of Operations and Deficit (\$)</b>			
General and administrative expenses	380,796	397,069	574,219
Net loss for the period	(505,784)	(299,630)	(436,569)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.01)
<b>Statement of Cash Flows (\$)</b>			
Funds used in operating activities	(385,434)	(397,069)	(553,995)
Cash flow used in operating activities	(352,637)	(382,173)	(122,048)
Net capital expenditures	-	4,727	-
<b>Weighted average number of shares</b>			
- basic and diluted	63,372,512	53,989,501	53,989,501
	As at June 30		
	2011	2010	2009
<b>Balance Sheet (\$)</b>			
Property and equipment	30,728,097	30,730,232	35,307,135
Total assets	31,448,056	34,325,455	35,360,010

The Company's IFRS transition date was January 1, 2010, therefore 2009 comparative information has been presented in accordance with Canadian GAAP and has not been restated to IFRS.



# MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

## RESULTS OF OPERATIONS

### General and administrative expenses

General and administrative expenses for the three and six months ended June 30, 2011 were \$207,951 and \$380,796, respectively, as compared to \$179,991 and \$397,069, respectively, in the 2010 comparative periods. The decrease in 2011 year to date expenses was primarily related to management and consulting fees rent and travel costs.

### Interest

During the three and six months ended June 30, 2011, the Company earned interest of nil and \$1,425, respectively, compared to nil in the three and six months ended June 30, 2010.

### Depletion and depreciation and ceiling test impairment

During the three and six months ended June 30, 2011, the Company recognized depreciation of office furniture and equipment of \$427 and \$853, respectively, compared to \$641 and \$1,283, respectively, recorded during the comparative periods of 2010.

The reserve report from December 31, 2010 continues to support the reported value of the Company's remaining offshore Nova Scotia petroleum assets and therefore an impairment charge was not recorded on these assets in 2011 or 2010.

### Share based compensation

During the six months ended June 30, 2011, 5,450,000 stock options were granted to directors and officers of the Company. The Company recognized share based compensation expense of \$214,710 on the options based on the Black-Scholes option-pricing model. No stock based compensation was recognized during the first half of 2010.

### Net loss and funds used in operations

During the three and six months ended June 30, 2011, the Company incurred net losses of \$160,834 and \$505,784 which are net of deferred tax reductions of \$52,107 and \$95,213, respectively. Comparative net losses for the 2010 periods were \$136,209 and \$299,630, net of deferred tax reductions of \$44,423 and \$98,722, respectively. The increased losses in the 2011 periods reflect recognition of share based compensation costs on options granted during the first half of 2011.

Funds used in operations during the three and six months ended June 30, 2011 were \$212,514 and \$385,434, respectively, compared to \$179,991 and \$397,069, for the three and six months ended June 30, 2010. Cash flow used in operating activities during the three and six months ended June 30, 2011 was \$224,911 and \$352,637, respectively, compared to \$226,404 and \$382,173 for the three and six months ended June 30, 2010.



# MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

## SELECTED HISTORICAL QUARTERLY INFORMATION (\$)

	For the quarters ended			
	JUN 2011	MAR 2011	DEC 2010	SEP 2010
Interest and other expense (income)	-	(1,425)	(4,247)	-
General and administrative expenses	207,951	172,845	420,728	185,503
Net loss	(160,834)	(344,950)	(1,052,022)	(163,117)
Net loss per share	(0.00)	(0.01)	(0.02)	(0.00)
Funds used in operating activities	(212,514)	(172,920)	(172,738)	(235,503)
Cash flow used in operating activities	(224,911)	(127,726)	(134,868)	(879,027)

  

	JUN 2010	MAR 2010	DEC 2009	SEP 2009
Interest and other expense (income)	-	-	-	2,544
General and administrative expenses	179,991	217,078	241,368	76,411
Net loss	(136,209)	(163,421)	(466,114)	(64,044)
Net loss per share	(0.00)	(0.00)	(0.01)	(0.00)
Funds used in operating activities	(179,991)	(217,078)	(218,030)	(78,955)
Cash flow used in operating activities	(226,404)	(155,769)	(107,585)	(636,248)

*The Company's IFRS transition date was January 1, 2010, therefore 2009 comparative information has been presented in accordance with Canadian GAAP and has not been restated to IFRS.*

Quarterly general and administrative expense variances reflect year-end audit, accounting and reserve evaluation costs incurred in the fourth quarters of 2010 and 2009 in addition to \$100,000 of past service consulting costs recognized in the fourth quarter of 2010.

## CAPITAL EXPENDITURES

During the three and six months ended June 30, 2011, the Company incurred no capital expenditures. Capital expenditures of \$4,727 were incurred in the three and six months ended June 30, 2010.

## LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2010 the Company had a working capital surplus of \$599,377. During the first half of 2011, the Company utilized \$380,796 for general and administrative expenses, \$6,063 for business development and earned \$1,425 of interest, resulting in a working capital surplus of \$213,943 as at June 30, 2011. The Company's short-term liquidity is dependent upon officers and directors of the Company not demanding repayment of \$458,438 included in current liabilities (see Related Party Transactions) at June 30, 2011.

As the Company has no established revenue, its principle source of funds is from the issuance of common shares. The Company's ability to raise future capital is subject to uncertainty and the inability to raise such capital may impact the Company's ability to continue as a going concern.



# MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

## RELATED PARTY TRANSACTIONS

During the three and six months ended June 30, 2011 and 2010, the Company had the following related party transactions:

- The Company was charged \$15,484 and \$53,644 (June 30, 2010 – \$38,399 and \$73,358) for office rent by a corporation controlled by an officer and director of the Company.
- The Company recognized \$44,250 and \$88,500 (June 30, 2010 – \$44,250 and \$88,500) of management fees, and \$39,583 and \$89,583 (June 30, 2010 - \$50,000 and \$100,000) of consulting fees for current service due to officers and directors of the Company.

Included in current liabilities at June 30, 2011 is \$458,438 (December 31, 2010 – \$392,828) and in shares to be issued is nil (December 31, 2010 – \$250,000) in respect of related party transactions. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- In December 2010, directors and officers of the Company exercised a total of 4,825,000 stock options at \$0.10 per common share, drawing \$482,500 on shareholder loans granted by the Company for the purpose of exercising stock options. The loans have a ten year term, are non-interest bearing and are secured by the 4,825,000 shares issued on exercise of the stock options.

## SHARE CAPITAL

As at December 31, 2010, 58,814,501 common shares were outstanding. During the first six months of 2011, 5,000,000 shares were issued in settlement of past services provided by officers and directors of the Company. As at June 30, 2011, and as at the date of this MD&A, 63,814,501 common shares were outstanding.

As at December 31, 2010 there were 125,000 stock options outstanding and exercisable. During the six months ended June 30, 2011, 5,450,000 stock options were granted to directors and officers of the Company. As at June 30, 2011, and as at the date of this MD&A, 5,575,000 stock options were outstanding and exercisable. At the Company's Annual and Special Meeting of the Shareholders in August 2011, the Company and the shareholders agreed to grant shareholder loans to directors and officers of the Company for the purpose of exercising 5,450,000 of the outstanding stock options, and subsequent to the exercise of these options, to grant 5,850,000 options to directors and officers of the Company, subject to approval of the TSX Venture Exchange.

## OUTLOOK

In July 2009, the Company sold its interest in certain zones in Production Licence 2901 in the Deep Panuke natural gas field offshore Nova Scotia to EnCana Corporation, the operator of the field. In addition to gross cash consideration of \$3.5 million, Marauder received a gross overriding royalty on future production from two non-producing exploration licences offshore Greenland. The funds received were added to the working capital to discharge its liabilities and provide funds for the Company to continue its pursuit of opportunities both domestically and internationally.

The Company entered into an agreement with EnCana for the purchase of their 47.5% interest in the Greenland Lady Franklin license, however, approval for the transaction was not granted by the



# MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

Government of Greenland. The royalties acquired by the Company were disputed by EnCana's partner in the license. The Company is reviewing its legal position regarding the ownership of these royalties.

The Company retains a 50% interest in certain zones in Production Licenses 2901 and 2902, offshore Nova Scotia. Oil production from these licenses was shut-in December 1999 due to low oil prices however, with escalating oil prices the Company is reviewing the economics of re-activating field production.

The Company is also actively seeking opportunities in other jurisdictions, primarily Pakistan and Central Africa.

## OFF BALANCE SHEET ARRANGEMENTS

Marauder does not have any special purpose entities nor is it a party to any off-balance sheet arrangements.

## BUSINESS RISKS AND UNCERTAINTIES

Marauder is exposed to several operational risks inherent in exploring, developing, producing and marketing crude oil and natural gas. These inherent risks include: economic risk of finding and producing reserves at a reasonable cost; financial risk of marketing reserves at an acceptable price given current market conditions; cost of capital risk associated with securing the needed capital to carry out Marauder's operations; risk of environmental impact, including the potential impact of environmental initiatives or agreements, credit risk of non-payment for sales contracts and joint venture partners, and the potential impact of royalty rate revisions or other legislative changes on future production.

In order to mitigate these risks, Marauder maintains an insurance program to reduce risk to an acceptable level and to protect it against significant losses.

## DISCLOSURE CONTROLS AND PROCEDURES

The Company's certifying officers will file a Venture Issuer Basic Certificate with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a 'Notice to Reader' stating that the certifying officers do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

## NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain information regarding the Company set forth in this report, 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. Forward-looking statements included in this MD&A include, but are not limited to, statements with respect to: realization of the anticipated benefits of



# MANAGEMENT DISCUSSION AND ANALYSIS

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proposed development and production activities to be undertaken by the Company and its joint interest partners; ability to meet current and future obligations; and the estimated future performance characteristics of the Company's assets.

With respect to forward-looking statements contained in this MD&A, the Company has made assumptions regarding: future exchange rates; the price of oil and natural gas; the impact of increasing competition; conditions in general economic and financial markets; availability of equipment; availability of skilled labour; cash flow; commodity prices; production rates; timing and amount of capital expenditures; marketability of oil and natural gas; royalty rates; effects of regulation by governmental agencies; future operating costs and the Company's ability to obtain financing on acceptable terms.

Some of the risks and uncertainties involved, many of which are beyond the Company's control, include the impact on both the Company and its joint interest partners of general economic conditions and specific industry conditions; volatility of commodity prices; currency fluctuations; imprecision of reserve estimates; environmental risks; competition from other producers and other projects; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; the lack of available qualified personnel or management; stock market volatility; and ability to access sufficient capital from internal and external sources.

The Company's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits the Company can derive from such events, or at what point in the future such events might occur.

## CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are prepared in accordance with IFRS. A comprehensive discussion of the Company's significant accounting policies is contained in Note 3 to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2011 and 2010. Readers are cautioned that the preliminary statement of financial position prepared for adoption of IFRS as at January 1, 2010 has not been audited at this time and may still be subject to change.

The Company's significant accounting policies are subject to estimates and key judgments about future events, many of which are beyond management's control.

### Use of estimates

The Company's assessment of impairment is based on estimates of gross reserves, production rates, oil and gas prices, future costs and other relevant assumptions. Amounts related to the fair value of stock options and warrants are based on estimates of share price volatility, risk-free interest rate and expected lives of options and warrants. Future income tax assets and liabilities are reported based on estimates of future income tax rates. By their nature, these estimates are subject to uncertainty and the impact on the financial statements of changes in such estimates in future periods could be material.



# MANAGEMENT DISCUSSION AND ANALYSIS

June 30, 2011

## NEW AND PENDING ACCOUNTING PRONOUNCEMENTS

IFRS 9 *Financial Instruments* was issued in November 2009 and addresses the classification and measurement of financial assets. This new standard reduces the number of categories and measurement options for financial assets. This new standard also amends the measurement of equity instruments whereas these instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. This standard must be applied for years beginning January 1, 2013, with early adoption permitted.

IFRS 10 *Consolidated Financial Statements* was issued in June 2011, replacing the consolidation requirements in SIC-12 "Consolidation – Special Purpose Entities" and IAS 27 "Consolidated and Separate Financial Statements". IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 will become effective on January 1, 2013, with early adoption permitted.

IFRS 11 *Joint Arrangements* was issued in June 2011, replacing IAS 31, "Interest in Joint Ventures". The new standard redefines joint operations and joint ventures and requires joint operations to be proportionately consolidated and joint ventures to be equity accounted. Under IAS 31, joint ventures could be proportionately accounted. This standard is required to be applied to accounting periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 12 *Disclosure of Interest in Other Entities* was issued in May 2011. IFRS 12 was issued in June 2011 and outlines the required disclosures for interests in subsidiaries and joint arrangements. The new disclosures require information that will assist financial statement users to evaluate the nature, risks and financial effects associated with an entity's interests in subsidiaries and joint arrangements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13 *Fair Value Measurements* was issued in June 2011 and provides a common definition of fair value, establishes a framework for measuring fair value under IFRS and enhances the disclosures required for fair value measurements. The standard applies where fair value measurements are required and does not require new fair value measurements. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 27 *Separate Financial Statements (revised 2011)* was issued in May 2011 and was revised to eliminate the principles of consolidation from IAS 27 and focus on the requirements related to disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with IFRS 9 *Financial Instruments*. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted.

IAS 28 *Investments In Associates and Joint Ventures (revised 2011)* was issued in May 2011 and prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with early adoption permitted.



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June 30, 2011

The Corporation intends to adopt these new IFRS standards prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of these new IFRS standards has not yet been determined.

## INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

Effective January 1, 2011, the Company adopted IFRS for publicly accountable enterprises as required by the Accounting Standards Board of Canada, and will report interim and annual periods beginning on January 1, 2011 under IFRS. The Company’s transition date to IFRS was January 1, 2010 therefore the comparative periods for 2010 are restated to IFRS. The 2009 financial information within this MD&A is reported in accordance with Canadian GAAP, and has not been restated to IFRS.

Information on adjustments recognized by the Company upon adoption of IFRS follows. Additional disclosure regarding the Company’s accounting policies and transition from Canadian GAAP to IFRS is presented in notes 2, 3 and 11 to the unaudited interim consolidated financial statements for the three and six months ended June 30, 2011 and 2010.

### Exploration and evaluation assets

Exploration and evaluation (“E&E”) assets are the accumulated expenditures in an area where technical feasibility and commercial viability has not yet been determined. E&E assets are tested for impairment when sufficient data exists to determine technical feasibility and commercial viability, or when indicators suggest that the carrying amount exceeds the recoverable amount.

On transition to IFRS on January 1, 2010, the Company completed an impairment review which indicated that no impairment existed as at the date of transition. The Company then reclassified \$1,210,000 from property and equipment to E&E assets relating to the two non-producing exploration licenses offshore Greenland. Under Canadian GAAP, these licenses are included with property and equipment whereas IFRS 6 *Exploration for and Evaluation of Mineral Resources* requires that assets which do not meet the technical feasibility and commercial viability criteria be presented separately. In the fourth quarter of 2010, the offshore licenses were written off under Canadian GAAP and IFRS.

### Property and equipment

The carrying amounts of property and equipment are grouped into CGU’s based on separately identifiable and largely independent cash flows, and are reviewed quarterly for indications of impairment which suggest that the carrying amount of the CGU may not be recoverable. If the carrying amount of the CGU exceeds the recoverable amount, the CGU is written down and the impairment is recognized in income. Impairments of property and equipment are reversed, to the extent of what the carrying amount would have been without recognition of impairment, when there is a subsequent increase in the recoverable amount. No impairment charge was recorded on transition to IFRS on January 1, 2010. The Company’s cash generating unit is comprised of the offshore Nova Scotia assets.

### Share capital

In prior years, the Company had issued a number of flow-through common shares. Under Canadian GAAP, an amount would be recorded in cash and share capital based on the number of flow-through



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common shares and the price per share. Upon renouncement, future income tax would be recorded resulting in an adjustment to share capital. Under IFRS, the price of the flow-through common share is compared to the price of a common share and any difference is recorded as a share premium liability. The share premium liability is reversed in conjunction with recognizing the deferred liability as the qualifying expenditures are incurred. This results in a difference in the amount recorded for share capital and the deficit between Canadian GAAP and IFRS for flow-through shares issued prior to the January 1, 2010 conversion date. As a result of this difference, an adjustment for \$3,631,721 was recognized in retained earnings at January 1, 2010. At the date of transition, all flow-through common share expenditures had been incurred.

Retained earnings (deficit):

The effect of the adjustments to convert from Canadian GAAP to IFRS is summarized as follows:

	Three months to June 30, 2010	Cumulative to June 30, 2010
Property, plant, and equipment	\$ (4,727)	\$ (1,214,727)
Exploration and evaluation assets	4,727	1,214,727
Deferred income tax	-	-
Share capital	-	(3,631,721)
Shareholder loans	-	-
Deficit	\$ -	\$ (3,631,721)

Shareholder loans

Under Canadian GAAP, shareholder loans were recorded at their estimated fair value and subsequently recorded at amortized cost. The loans were accreted up to their face value using an estimated imputed interest rate over the term of the loans.

Under IFRS, shareholder loans are not recorded initially at fair value. Therefore the shareholder loan expense and accretion related to the difference between fair value and present value of the loans is reversed from income, creating a deferred tax effect under IFRS.