Siksika Resource Developments limited
2009-2010 Annual Report

MESSAGE FROM THE PRESIDENT / CEO

LaVerna McMaster
Chief Executive Officer & President

As a company, SRDL experienced an unprecedented year filled with challenges and opportunities. The uncertainty of the global economy continued to impact our local economy. It also highlighted the importance of diversifying and building on our existing foundations for long-term stability and growth.

SRDL's ability to respond to these challenges has been apparent across our group of companies. In Budget 2009, each of the companies was called upon to reduce costs and cost containment measures were put in place. Each company responded by organizing staff, aligning resources and adjusting quickly to its new environment.

We were successful is reducing costs in a number of areas and will now focus on implementing our regular business activities. This includes the improvements on our existing structures, proceeding with our MOU with Blackfoot Crossing and moving to the finalization of the negotiations for Hidden valley golf resort.

Through our flexible and responsive approach, SRDL will work to support each of the companies' strategic outcomes that are developed through our four core objectives: Achieve Economic Growth, Expand and Improve Community Investment, Sustain Current Economic Ventures and Community Investment and Ensure Fiduciary Responsibility. Our efforts will be focused on pursuing six initiatives outlined in our Business Plan: Assist in the Industrial Park Implementation, Improvement, growth and acquisition of Real Estate Property, Vacation Resort Lease, Oil and Gas expansion, Agribusiness expansion and Energy and Natural resource developments (aggregate, utilities).

In 2010-2011, the Alberta economy will continue to face poor productivity growth, real estate decline as well as oil and gas decline. It is clear that much remains to be done in order to meet our strategic outcomes and it is more important than ever to think critically about where to invest.

I would like to thank everyone for their valuable contribution to SRDL and its group of companies.

Thank you for your continued support.

Siksika Resource Developments Ltd.

LaVerna McMaster

SRDL President & CEO

SRDL CORPORATE GOVERNANCE

In April 1997, Siksika Chief and Council established Siksika Resource Developments (SRDL) to coordinate and implement goals and objectives identified within the overall Siksika Nation investment Strategy.

As a holding corporation, SRDL performs a wide range of management duties on behalf of its subsidiary corporations and costs related to these duties are include in the operating budget of each subsidiary.

SRDL operates under the direction of a Chief Executive Officer/President who participates as an ex-officio member of a Board of Directors. The Board was established in 1997 at the time of incorporation of Siksika Resource Developments. Each Board member is selected through an application process to the Shareholders and is based on background expertise which will enhance SRDL operations.

The SRDL Board of Directors are directly accountable to the SRDL Shareholders: Chief and Council and assemble quarterly and during the Annual General Meeting held annually in July of each year.

The corporate governance of SRDL activities is based on its founding Articles of Association and are further outlined in the Siksika Resource Developments Limited Corporate Governance Documents, SRDL Financial Policy and the Siksika Resource Developments Employee Policies and Procedures.

CORPORATE PROFILE

"Srdl WAS INCORPORATED IN 1997 . Chief and Council invested an initial $7 million dollars."

Siksika Resource Developments Limited (SRDL) is 100% owned by its shareholders, Chief and Council of the Siksika Nation and functions as the investment/ business arm of the Siksika Nation. It is responsible for managing investments made by the Siksika Nation in the Developments of both renewable and non-renewable resources.

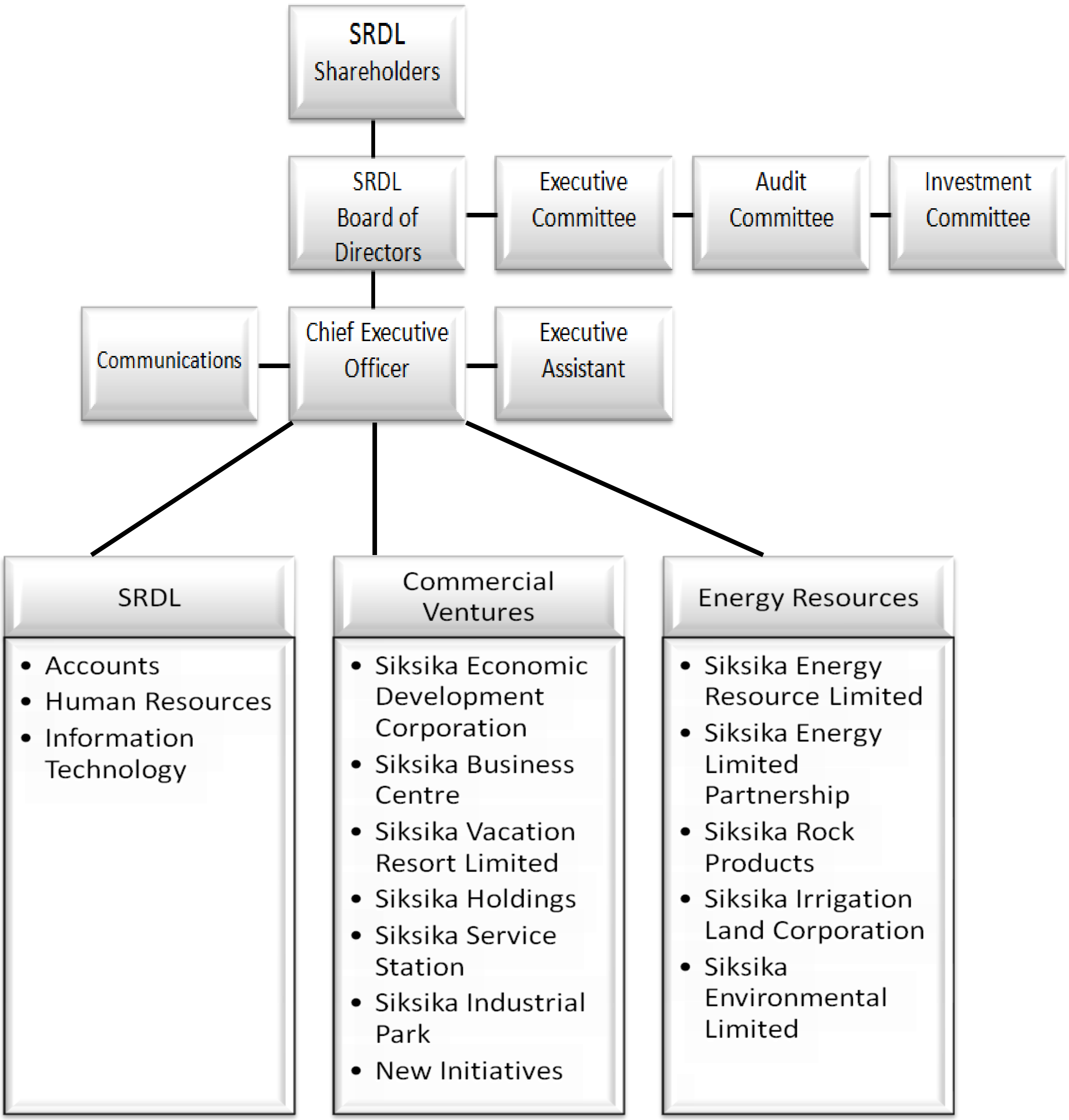
VISION: To establish and manage capital assets which are capable of generating revenues necessary to support Siksika Nation Government

MANDATE: To plan, finance, start up, develop, construct, own, buy, sell, hold, manage, administer, operate, and promote economic ventures of whatever nature of kind either itself or on behalf of council or on behalf of the members of the Siksika Nation either individually or collectively

MISSION: Siksika Resource Developments Ltd. is committed to establishing long term prosperity for the Siksika Nation by maximizing revenues generated from the management and development of renewable and non-renewable resources and by providing Siksika Nation as shareholders with a viable return on all future investments.

SRDL CORPORATE STRUCTURE

Siksika Resource Developments Limited is the business arm of the Siksika Nation and underwent a corporate re-structure in 2007 which aligned subsidiaries into two main branches based on property management and natural resource Developments: Commercial Ventures and Energy Resources.



SRDL SHAREHOLDERS / CHIEF & COUNCIL

Chief and Council (Term 2007-2010)

Back Row (l-r): Hector Winnipeg, Roy Bear Chief, Vincent Yellow Old Woman, Barry Yellow Fly, Morris Running Rabbit, Herman Yellow Old Woman, Kendall Panther Bone, Carlon Big Snake

Front Row (l-r): Reynold Medicine Traveller, Lena Running Rabbit, Chief Leroy Good Eagle, Ruth Scalplock, Scotty Many Guns

SRDL CHAIRMAN OF THE BOARD

CLARENCE WOLF LEG SR.
SRDL Chairman

SRDL continues to work diligently on several key initiatives that are improving business processes and strengthening our capacity as First Nation Industry leaders in Oil and Gas, Agribusiness and Property Management.

With the economy in Alberta making its recovery, Siksika Resource Developments Limited faced a challenging year operating when both external and internal markets to the Nation are dealing with low commodity pricing.

The residual impacts to the economic downturn are reflective in the Energy Resources Sector. SRDL responded by exploring expanded services to have greater control on services.

In this tight economic climate, the Commercial Ventures sector was aggressive in its property management strategies to ensure lease agreements in place, revenue streams continuous and asset improvements underway.

While SRDL continued to improve its business practices, much progress has occurred in supporting the future vision of the Siksika Nation through its Siksika Economic Master Plan. The future direction of SRDL overall corporate vision is to align with the overall Nation Investment Strategy.

SRDL Board of Directors continue to work with our Management team to progress the company forward.

Board of Directors are selected annually at the shareholders annual general meeting held each year.

SRDL BOARD OF DIRECTORS

The SRDL Board of Directors are selected through a application process.

A call for applicants is issued on an annual basis in June and selections are made at the SRDL Shareholders Annual General Meeting.

For the 2009-2010 fiscal year, the Siksika Resource Developments Board was comprised of the following members:

Clarence Wolf Leg Sr. Chairperson
Siksika Member /Governance

Kathleen McHugh
Siksika Member / Governance

Alfred Many Heads
Siksika Member / Oil & Gas

Shaun Breaker
Siksika Member / Youth

Barry Baim
Industry Rep / Marketing

Doug Clovechok
Industry Rep: / Tourism

Dave Gregory
Industry Rep / Finance

Dr. Lyle Olberg
Industry Rep / Government

COMMERCIAL VENTURES OVERVIEW

Tracy McHugh
Commercial Ventures Manager

All Capital assets managed by Commercial Ventures are performing in accordance with approved business plans and operating budgets.

Siksika Economic Developments Corporation

Siksika Business Centre

Siksika Holdings

Siksika Service Station

Siksika Vacation Resort

SIKSIKA ECONOMIC DEVELOPMENTS CORPORATION (SEDCO)

"SEDCO COMPLETED A FACILITY INSPECTION OF THE MALL COMPLEX TO IDENTIFY MAJOR RENOVATIONS & IMPROVEMENTS"

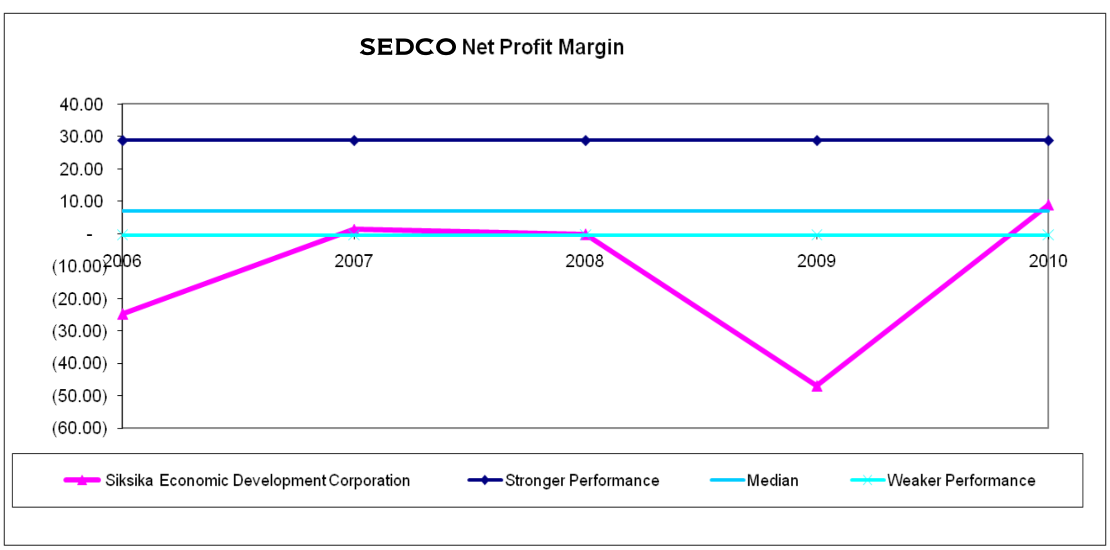
Under its management, SEDCO operates and maintains the commercial complex, associated equipment and services including safety, security, maintenance management programs.

The commercial complex is primarily office use and is occupied by the Siksika Tribal Administration with other commercial tenants including Siksika Postal Outlet, Bank of Montreal and the Siksika Service Station Limited.

In 2009-2010, SEDCo, generated revenues of $867,599, against expenses of $794,783. Revenues increased $55,000 and expenses decreased by $34,000. SEDCO is negotiating a sublease agreement with the Tribal Administration.

SEDCo's operations plan included a facility inspection assessment to determine the current state of the facility and identify required improvements and repairs. The building and infrastructure was assessed and the cost implementation of those recommendations is estimated at $1.5 million dollars.

Renovations to the mall area commenced in late spring and will be completed by August 2010.



One of SEDCO's focuses for 2009-2010 was to ensure that all SEDCO service employees attained industry standard certification associated with their duties.

OUTLOOK 2010-11

To address exterior renovations, SEDCO will pursue third party funding to address the recommendations as set out in the assessment report

SIKSIKA BUSINESS CENTRE (SBC)

SBC comprised of a Conference Centre consisting of six meeting rooms, an executive board room, commercial kitchen (8,937 square feet) and office space consisting of three board rooms, offices, common areas, and reception area (13,563 square feet).

In 2009-2010, SBC achieved 100% occupancy of office space consisting of SRDL subsidiaries, Council Initiatives groups, Blaine Law and AFOA. In the conference centre, SBC operated under an on-going agreement with the Tribal Administration for meeting use. 2009-2010 SBC revenues were $299,383 with annual expenses of $225,372 for net earnings of $ $74,011 .

A focus for this year was to analyze existing operations to improve efficiencies and improvements to vendor supply, and outsourced services were considered.

SBC was the official venue for the first annual Siksika Showcase Conference and TradeFair which featured indoor conferences and an outdoor tradefair.

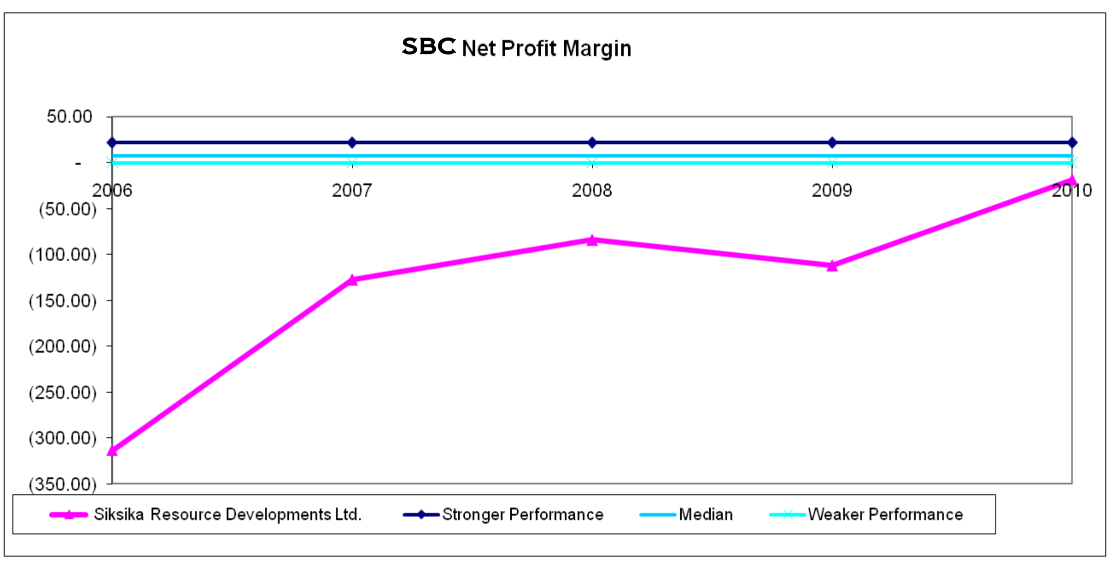
OUTLOOK 2010-11

SBC negotiated an occupancy lease for with a local Siksika entrepreneur for the kitchen space for purposes of a catering service which will be operational prior to summer.

SBC operational activities will include completion of renovation projects, and ensuring industry standard certification for SBC employees.

To increase the use of the conference centre, SBC will focus on the expansion of service opportunities and diversified use .

" In 2009-2010, SBC achieved 100% occupancy of office space."



SIKSIKA HOLDINGS INCORPORATED (SHI)

In 2007, SRDL assumed management responsibilities of the Siksika Holding properties which include the Siksika Calgary Office, 16 Applewood Condominiums, 22X Property and the Kelowna, BC property.

SRDL receives $ 400,500 annually to manage the Holdings properties. In 2009-2010, operating expenses were $588,438 with net earnings of $142,706.

Operating expenses decreased by $33,775.

In the 2008-2009 Fiscal year, Holding's main focus was to ensure that the Holdings properties were managed in a tax efficient manner and to evaluate the current conditions of all properties, implement an action plan to implement improvements and renovations.

At the Applewood Property, SRDL has strived to ensure 100% occupancy and achieve 95% and above regular rental collections and participates in regular meetings of the Condominium Association.

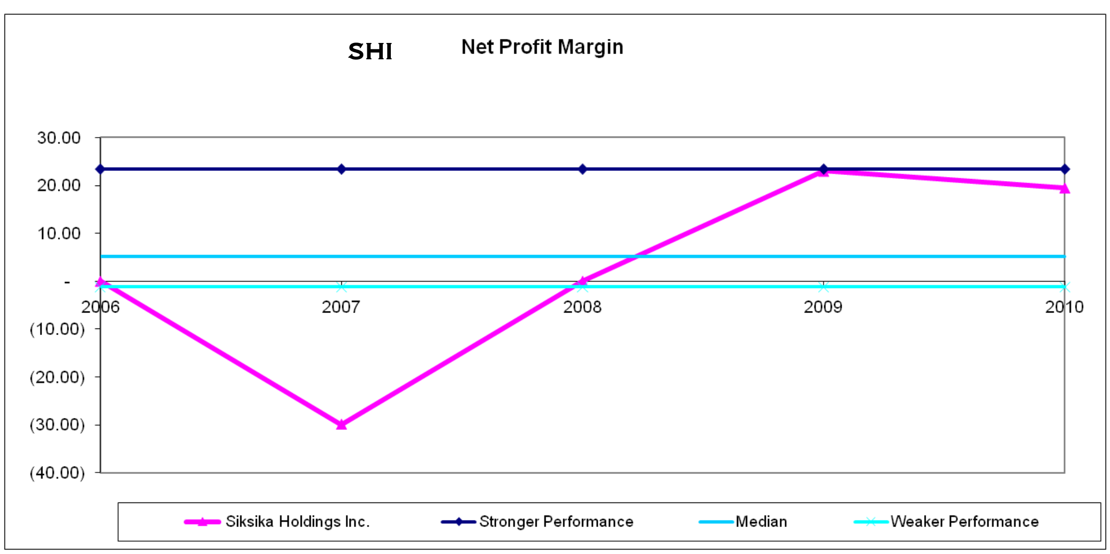
"SHI HAS STRIVED TO ENSURE 100% OCCUPANCY AND ACHIEVE 95% AND ABOVE REGULAR RENTAL COLLECTIONS."

OUTLOOK 2010-11

Holdings plans for this fiscal year include completing an asset review and assess property use and value and present forward plans for property Developments and implement the plan for property upgrades.

The Calgary Office will undergo renovations to both the main floor and upper office space to upgrade walls and flooring replacement and is expected to be completed in the first quarter.

Holdings will also implement monthly Health and Safety inspections and upgrade facilities to ensure occupant and public health, safety and enjoyment.



SIKSIKA SERVICE STATION LTD. (SSSL)

The service station is in its fourth year of operation and through implementation of inventory tracking systems and controls, had a positive net cash flow at year ending. During the 2009-2010 fiscal year, SSSL generated sales of $2,031,179 against expenses of $2,115,366 for net loss of $84,187. Cigarette sales and gas purchases are predominately the largest demand items followed by convenience items. SSSL has a 100% Siksika employment ratio and includes 4 fulltime and 7 part-time employees.

Although the audit outcome shows that the Siksika Service Station still runs a deficit for this fiscal year, the trend clearly shows that the Siksika Service Station has made major strides towards revenue increase.

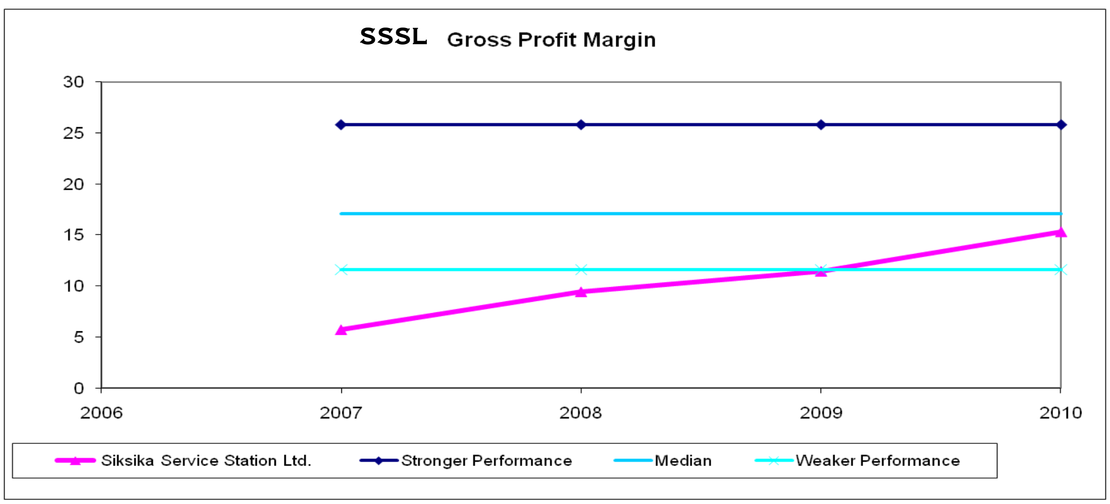
OUTLOOK 2010-11

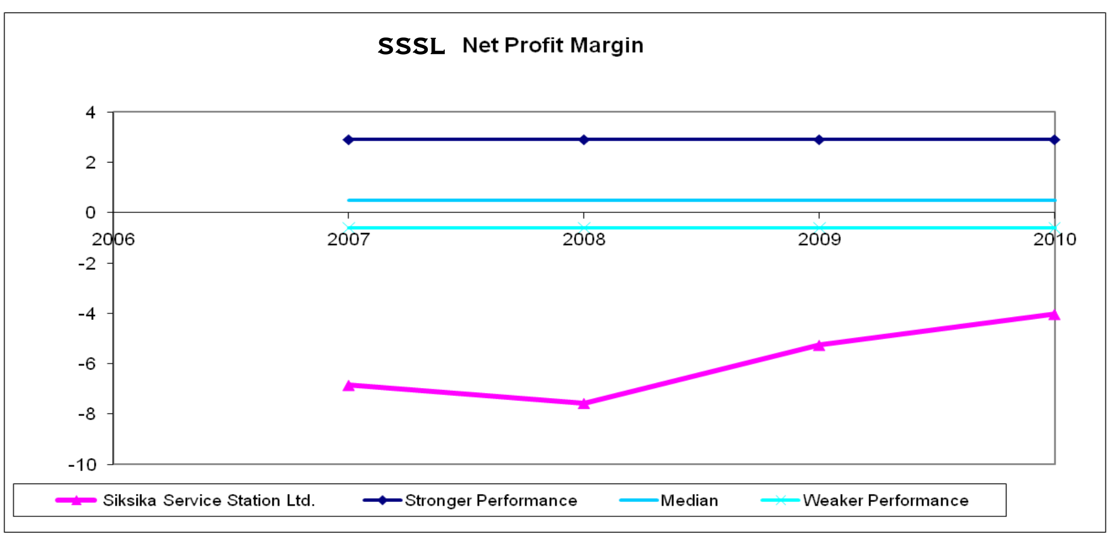
Further evaluation of vendor's listings will be completed to ensure accounting accuracy.

To ensure consistent revenue stream, the service station will focus on acquiring an increased number of Tribal Administration Fleet accounts.

Upgrades will be made to the interior layout and design to provide for better inventory control consistent with the security camera configuration.

"Cigarette sales and gas purchases are predominately the largest demand items"





SIKSIKA VACATION RESORT LTD. (SVRL)

This 340 cottage lot and private golf course is one of the longest operational subsidiaries under the SRDL portfolio and has been in operation since the early 1970's.

Annually, the Nation receives revenues of $150,000 Rights Payment plus a cumulative Consumer Price Index adjustment of 2.5% annually approximating $45,000 in fiscal 2010.

To address the 2005 flood damage to the riverbanks, golf greens and roads, SVRL received disaster funds, Provincially & Federally to restore only to existing conditions and the project was completed in the spring of 2010. As part of the criteria for Federal funding, a 10% Siksika contribution was required and the annual Rights Payment was authorized by the Shareholders for retention for that purpose.

"Community Consultation will commence to discuss the details of a headlease and viable options"

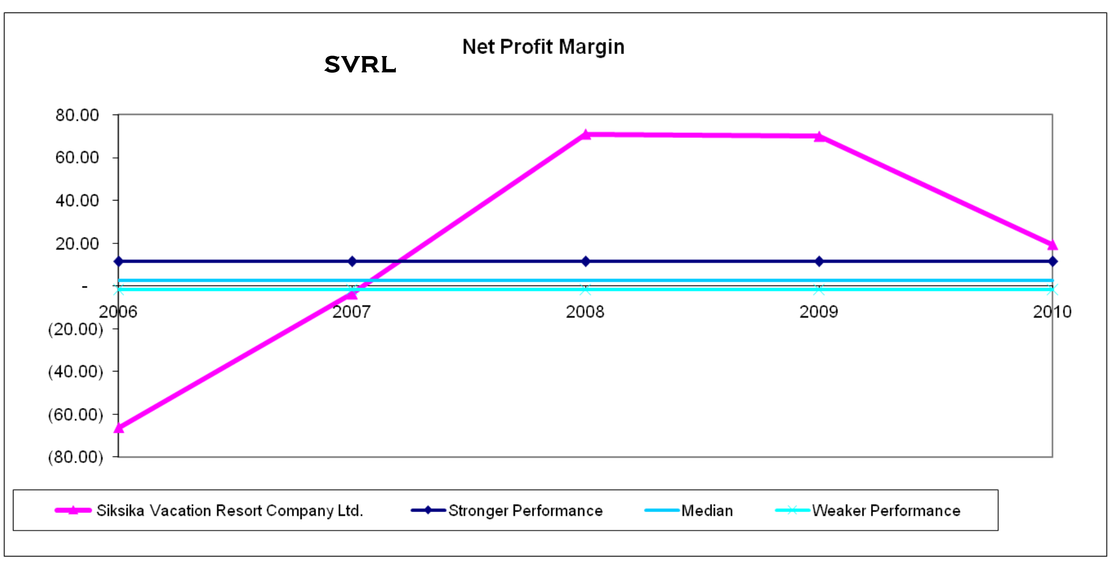
In anticipation of the impending headlease expiry in 2013, SVRL's focus will be to develop a new Headlease and to evaluate viable options that would provide the highest Return on Investment to complement the Nation's future economic goals. As part of that consideration, the SVRL needs to evaluate the environmental compliance, required infrastructure upgrades and future flood mitigation protection.

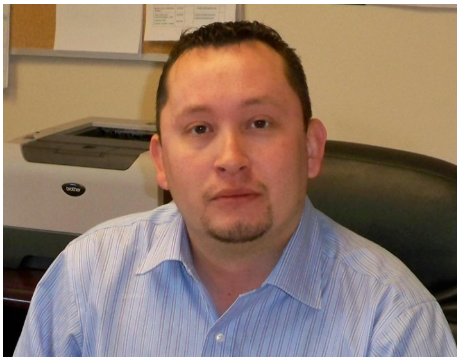
OUTLOOK 2010-11

n 2010-2011, SVRL targets are to commence community consultation regarding the details of a Headlease and viable options.

A Phase 2 Environmental Assessment will be undertaken to evaluate the current environmental liabilities and will also provide technical recommendations to address wastewater issues and riverbank mitigation.

To move forward with the Headlease planning, SVRL will hire a Coordinator to facilitate and carryout the activities leading up to a community referendum .





Thomas Many Heads
Energy Resource Manager

Siksika Energy Resource Corporation

Siksika Energy Limited Partnership

Siksika Rock Products

Siksika Irrigation Land Corporation

SIKSIKA ENERGY LIMITED PARTNERSHIP (SELP/SERC)

Oil & Gas Operations

Continued declines in Siksika Energy's natural gas production volumes, low Natural Gas prices resulted in decreased revenues and cash flows for the Siksika Energy LP for the year ended March 31, 2010. In addition, as part of the annual audit and hydrocarbon reserves review processes, a 'writedown' of Siksika Energy oil & gas reserves value was adjusted for the 2009/10 fiscal year.

As a result, the partnership recorded a net loss for the fiscal year of $5.7 Million compared to a net loss of $626,600 for the 2008/9 fiscal year.

Production Revenues

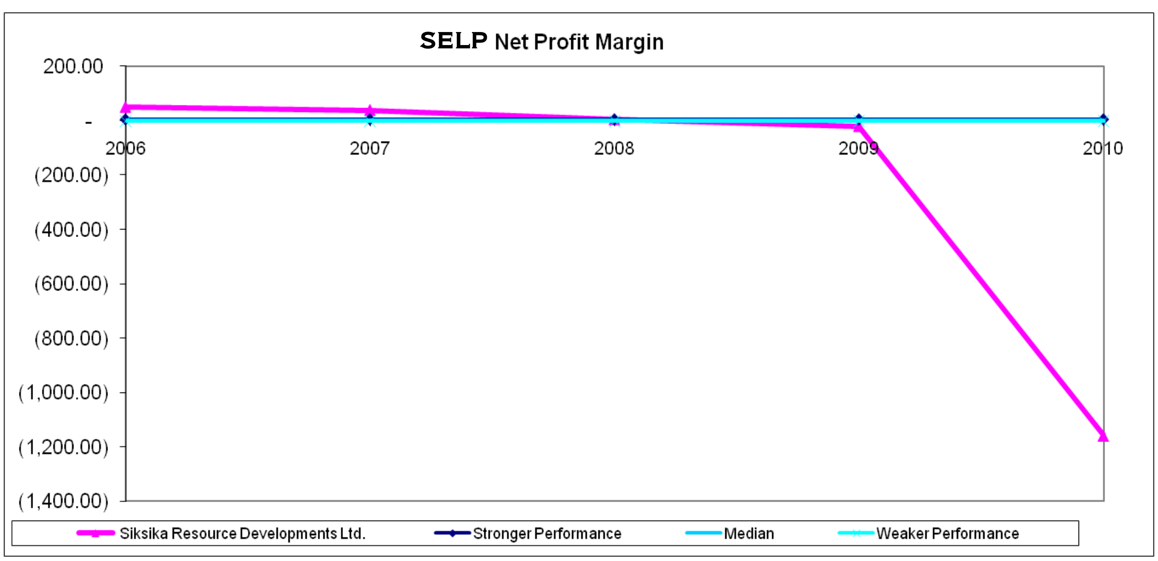
Production revenues for the year decreased by 56% to $2.58 million for the year. The principal contributors to the decrease in revenues were a 16% decline in natural gas production volumes to 607 million cubic feet, which was compounded by a 49% decrease in the average natural gas price to $3.58 per mcf received during the year.

Natural gas production declined from all of the Partnership's properties during the year as a result of no significant drilling during the year. The 2009 year end Sproule independent reserve report projects an outlook of continued production decline through fiscal 2010/11. Lower expected gas prices in the next two years are anticipated to limit drilling expenditures by Siksika Energy's principal operating partners in fiscal 2010 and production from new wells is not projected until 2011.

Oil and Gas Production

The partnership's average daily production in 2009/10 was 192 barrels of oil equivalent per day (BOEPD), down 52% from 341 BOEPD in 2008/09. Natural gas production accounted

"Average daily production in 2009/10 was 192 barrels of oil equivalent per day (BOEDP)"



for 329 BOEPD during the year or 96% of production volumes on an oil equivalent basis for the year. Oil and natural gas liquids volumes decreased as a proportion of the production mix due to increased dry gas production from shallower wells.

The outlook for gas production is continued decline in volumes from all properties in fiscal 2010, with little if any drilling forecast due to low prices and a continuation of non-drilling activities on Siksika Nation lands.

Natural Gas Prices

Oil and gas prices decreased to record levels during 2009, which resulted in an average realized price of $3.58 per Mcf for the fiscal year (49% lower than the $6.97 realized in fiscal 2008/9). Sproule anticipates an average gas price of $5.19 for 2011, with moderate increases in 2012 and 2013 as economic recovery increases gas demand.

Gas prices are expected to remain soft until growth in the U.S. economy increases industrial demand, offsetting increases in unconventional (shale gas) U.S. production. Siksika Energy will need to control capital expenditures on gas projects until the eventual recovery in natural gas prices, and look to growth in revenues from new oil Developments projects or economical natural gas asset acquisitions.

Royalties

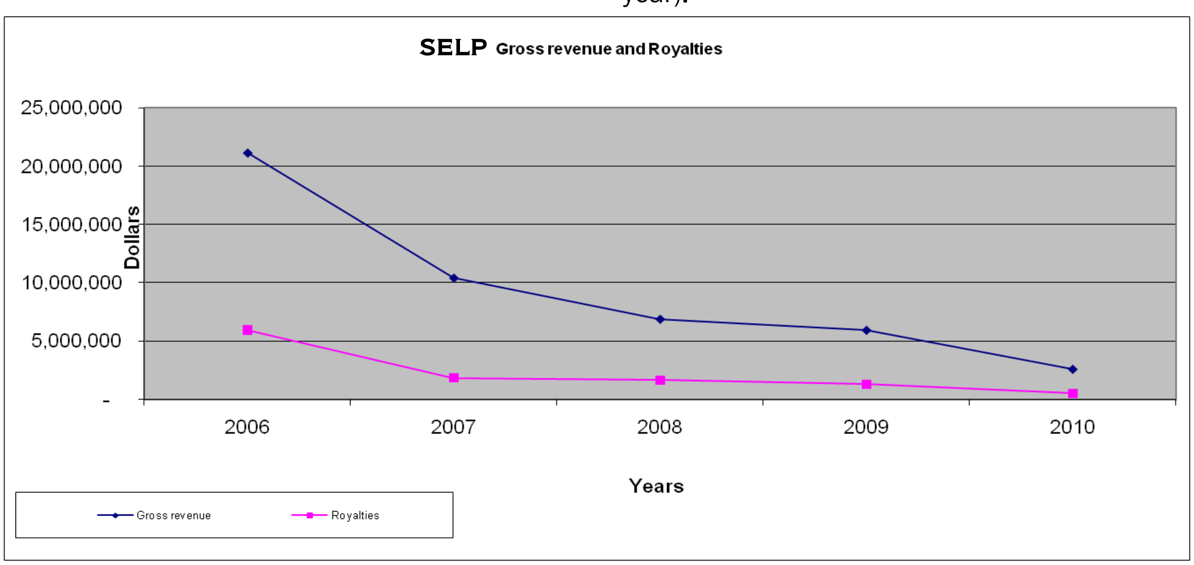
Oil and gas royalties paid during the year were $519,643, an average rate of 20%. In 2008/9, royalties of $1,296,023 represented an average rate of 22% of production. The average royalty rate decreased as a result of lower production and revenues from the mature Hunt Lathom and Response Stobart Lake properties in 2009 (both high royalty rate properties under their specific lease terms) and lower per well productivity from shallow gas wells in the Petrobank Jumpbush property.

Siksika Energy LP paid $487,702.95 in IOGC royalties on its share of production during the year which was credited to the accounts of the Siksika Nation.

Operating Costs

Operating costs for the fiscal year amounted to $1,564,139; gathering and processing costs incurred during the year were $259,079.03 and other operating costs were $1,305,059.57. In 2008/9, operating costs were $1,706,964, with $319,000 in gathering and processing costs and $1,388,000 in other operating expenses.

Many of these costs are fixed in relation to the Partnership's mineral and surface lease costs, and gas well production costs (decreased volumes did not lead to a substantial reduction in the number of operating gas wells from year to year).



SIKSIKA ENERGY LIMITED PARTNERSHIP (SELP/SERC)

Other Expenses

Cash general and administrative expenses reported in the partnership financial statements (excluding amortization, depletion and accretion) were $1,599,756, including $808,906 in indirect overhead charges levied by SRDL. The net direct overhead costs of $869,459 were $133,459 (18%) higher than the $736,000 recorded in the fiscal year ended March 31, 2009.

Amortization, depletion and accretion expense of $2,441,904 represents an increase of 17% from the $2,088,000 recorded in 2008/9. The average depletion rate for 2009/10 was $23.42 per BOE, an increase over the 2008/9 rate of $15.67 per BOE.

Indirect overhead charges by SRDL were $730,297, down $169,040 (19%) from $899,337charged during 2008/9. These charges result from the SRDL budgeting process and do not reflect Siksika Energy's production levels or cash flows.

Working capital provided from operations (cash flow) for the year recorded a negative of $1,616,971, a $3,378,678 decrease from $1,761,707 for fiscal 2008/9. Cash flows were not sufficient to fund the partnership's capital expenditure program during the year and cash reserves were used to offset negative working capital.

Capital Expenditures

Capital expenditures by the partnership amounted to $107,394 in 2009/10, down from $465,885 in 2009. Categories of expenditure were as follows:

Drilling and completions	$531.65
Tangibles (well equipment, gathering and facilities)	$76,899.06
Intangibles	$29,962.88
Total Capital Expenditures	$107,394

SIKSIKA ENERGY OUTLOOK 2010-11

Siksika Energy continues to face challenging times; declining production from a maturing production base and low natural gas prices continues to reduce cash flows and working capital in the immediate future.

Siksika Energy's current position is largely a result of the Siksika Nation drilling moratorium and subsequent declines in commodity prices, which has stifled sufficient capital investment (ie. developmental drilling activities) to maintain and/or increase production volumes at a profitable level.

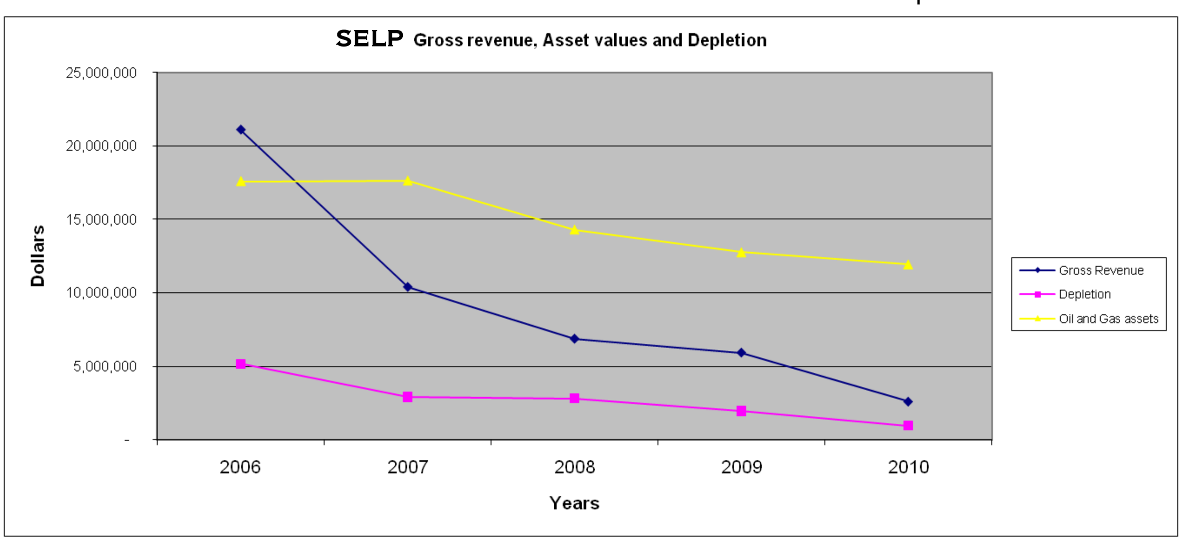
On the upside, Siksika Energy participates in various operations throughout most of the Nation and has developed sufficient experience to actively acquire additional interests in current production at temporarily low gas price levels.

As part of an overall growth strategy, Siksika Energy has identified 5 core objectives as our Business Strategy going forward:

1. Capital Infusion $
2. Property Acquisitions
3. Becoming an Operator
4. Expand & Develop Capacity
5. Exploit, Develop & Explore (full cycle oil/gas exploration)

As a result, Siksika Energy has been actively engaging its current partners in all existing properties for potential acquisitions of controlling working interests with an immediate need to replenish Siksika Energy production back to sustainable and profitable levels.

"SERC participates in various operations throughout most of the Nation and has developed sufficient experience to actively acquire additional interests"



SIKSIKA ROCK PRODUCTS

Siksika Rock Products had a challenging year in 2009/10. As a result of the economic recession which affected many industries throughout Alberta and Canada, the Aggregate supply industry was no exception. As a result, SRP had very limited success in attaining aggregate supply contracts throughout the 2009/10 fiscal year in comparison to the 2008/9 year when SRP hit a highpoint in revenues of $689,000.

In 2009/10, SRP submitted several bids to various project contractors potentially worth a maximum allowable extraction volume of up to 160,000 tonnes, including the Inland Grain Terminal Project; Rockyford highway Project; Federated Cooperatives-Carseland Fuel Depot Project and several others. However, lower costs of competitive gravel pits due to proximity and haul distances savings, SRP's submitted bids were passed over.

Siksika Rock Products operates in a highly competitive market area largely due to the number of local gravel pits closely located to larger contract activities. As a result of this and to remain sustainable, SRP has conducted several internal pricing revisions throughout the year.

"In addition to aggregate sales, SRP provides opportunities for employment, contracts and royalties to the Nation."

On a more positive note, in the 2009 fiscal year, SRP acquired a major asset: a Kawasaki Front End Loader to assume a greater portion of the scope of work entailed in supply contracts and is developing a community/market notice of 'new' loader & gravel supply services.

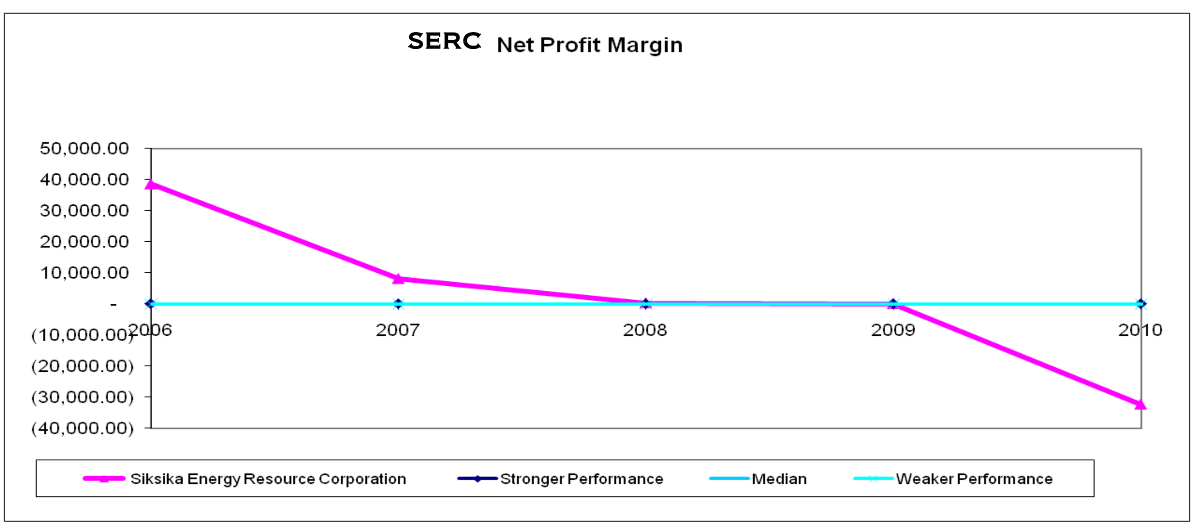
OUTLOOK 2010-11

At present, SRP is working on several projects, one major project which may potentially provide the total aggregate supply to the Stoney Trail Southeast Ring Road, Calgary. This project is slated to break ground in fall of 2010.

SRP's focus for the 2010-2011 Fiscal year will continue with the following priorities:

- Increase extraction volumes of existing North Camp Gravel Pit establishing a long term (3-5 year) aggregate supply contract.
- Expand equipment inventory to include gravel hauling truck(s) to augment commercial/retail services offered.
- Negotiate annual supply contracts with Nation entities, oil companies and regional projects.

Concurrently, for the sections of the North Camp pit previously extracted by SRP, a Reclamation Fund was established by setting aside a percentage of aggregate sales. Reclamation of this area to put back to a natural state is planned for completion by 2011.



SIKSIKA IRRIGATION LAND CORPORATION (SILC)

Siksika Irrigation Land Corporation leases irrigated lands from the Siksika Nation (Head Lease) for a fifteen year period expiring March 31, 2011. The Head Lease comprises 5, 269 acres of irrigated land and 1, 103 acres of dry land for a total of 6,372.5 acres.

In the 2009-2010, SILC subleased irrigated lands and pivot systems comprised of 33 irrigation pivots, equipment and associated infrastructure to four tenants. Additional buildings and equipment leased to land tenants as value added investment include two hay storage buildings, hay processing facility, min processing facility and twelve grain bins.

In 2008-2009, SILC acquired the services of an in-house maintenance Coordinator to reduce the number of outsourced service calls and to build capacity internal to its operations.

In 2009-2010, SILC generated revenues of $865,165, expenses of $475,730 and net earnings of $99,272.

Lease renewal negotiations commenced to ensure that the leasing process is completed prior to expiry of March 31, 2011.

In addition, to further expand its operations, SILC evaluated an agribusiness operation for grain production. A formal business plan was approved by the SRDL Board of Directors and an additional 4,000 acre of dryland agricultural lands were applied to through the Siksika Land Management Department. In late June of 2009, SILC received authorization to lease only 488 acres. SILC revised the business plan to reflect a phased approached to dryland farming over a three year period for expansion to a fully operational agribusiness by 2013.

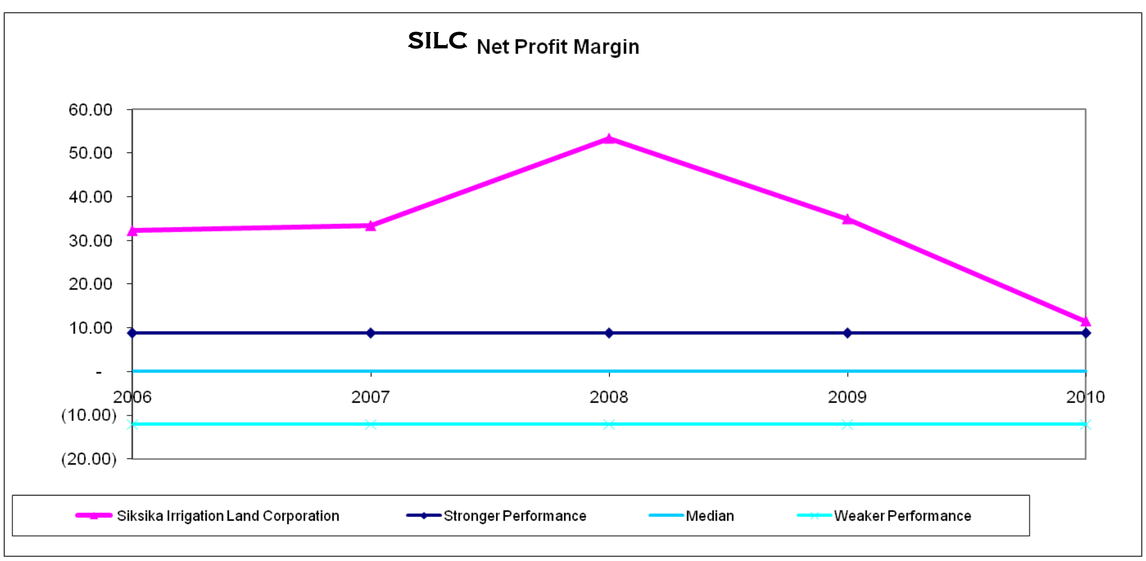
Field operations activities in 2009-2010 included routine and capital maintenance activities supervised by the Irrigation Coordinator. Further, SILC, conducted thorough internal evaluation of the status of all irrigation equipment and facilities and incorporated regular maintenance schedules as well as an equipment replacement plan as the Pivots begin to wear down over time.

OUTLOOK 2010-11

SILC's main focus for the upcoming fiscal year will be to finalize the SILC headlease and to define subleases with the existing tenants with the emphasis of exploring 'go forward' opportunities for agricultural based ventures.

As a component of the SILC 5-year business plan, SILC will develop and ratify a long term integrated Agribusiness Action Plan for implementation for 2011-13 which will focus on dryland farming operations, irrigation infrastructure expansion and long term agri-based production & processing opportunities.

"Future plans include a long-term integrated agribusiness action plan"



FINANCIAL OVERVIEW

Robin Mitchell
Chief Finance Manager

During the year, the Corporate, partnership and trust tax returns that were outstanding for fiscal years ended 2006 – 2009 were completed and filed; and GST returns that were outstanding were also completed and filed. As a result of both sets of returns being caught up, significant GST refunds that have been receivable for more than one year were collected from Canada Revenue Agency (CRA). As at the date of the audit report, there remains approximately $40,000 of additional GST receivable in various entities. Through discussions with CRA it is expected that these refunds will be received prior to March 31, 2011.

"SRDL was able to realize a 10.4% decrease in total overhead costs"

For the third year in a row, management of SRDL focused on a reduction of overhead costs through the allocation of entity-specific expenses, paid by SRDL, to the appropriate entities, as well as a reduction of general expenses. As a result, SRDL was able to realize a 10.4% decrease in total overhead costs from $1.75 million to $1.57 million and a decrease of 16.7% in the allocation of those overhead expenses, from $1.25 million to $1.02 million, to the respective subsidiaries.

Also, management placed significant focus on the collection and turnover of receivables during the year. As a result, management was able to collect receivable balances that were outstanding for more than one year for each of SBC, SHI, SEDCo, SSSL and SEL as well as increase the turnover rate in each of SBC, SHI, SEDCo and SSSL throughout the year.

SRDL received a recovery of deferred project costs related to the legal fees for the Industrial Park Headlease negotiations from Siksika Nation of $40,000.

Siksika Service Station (SSSL) focused on the improvement of overall gross margins. As a result of that effort, the margin for confectionary increased from 2.46% to 9.27%, margin for tobacco increased from 19.9% to 35.6% and overall gross margin increased from 11.4% to 15.3%. Also, due to a decrease in the vendors used for inventory purchase and focus on controlling costs, costs of sales were decreased by approximately $100,000.

During the year additional funds were allocated to the Siksika Nation from the Funding Transfer Agreement and SEDCo became eligible to receive an additional $75,000 as a result of allocation of the additional funds by the Treasury Board.

During 2010, SVRL incurred infrastructure costs of $130,098 (2009 - $425,503) and received funding of $nil (2009 - $502,132). The funding was received from the Hidden Valley Golf Association, the management company of the golf course. Management's opinion is that the Government will not require repayment of the overfunding as the overfunded amount will be used to cover future costs to complete the restoration of the infrastructure as per the original funding application.

During the year, it was determined that Siksika Holdings Inc. is a Bare Trust, holding properties and operations "in trust" for Siksika Nation ("the beneficiary"), and therefore should have recognized a distribution payable to the beneficiary at the end of each fiscal year. The correction of this error has been retroactively applied thereby eliminating the accumulated beneficiary's equity as previously stated and increasing the note payable to beneficiary as at April 1, 2009 by $3,385,453. Earnings distributable to the beneficiary for 2010 were $142,706 (2009 - $160,316).

SILC reviews the useful life of its fixed assets on an ongoing basis considering events or changes in circumstances. As a result, effective April 1, 2009, the amortization rate of irrigation equipment has been revised from a 4% declining balance method to straight line over 20 years to better reflect the assets' expected useful life. This change has been applied prospectively with no restatement of prior year amounts. The impact of this change in estimate resulted in an additional $286,040 in amortization expense for the 2010 year end.

SELP performs an impairment test on its petroleum and natural gas properties at least annually in accordance with the CICA full cost accounting guidelines. Under this guideline, the carrying value of the Company's petroleum and natural gas properties are limited to the amount calculated under the impairment test at the balance sheet date. At March 31, 2010, the calculation indicated the carrying value of the Company's petroleum and natural gas properties was in excess of the amount calculated under the impairment test. Accordingly, an impairment in the amount of $2,215,298 was recorded (2009 -$nil). This impairment is primarily the result of downward revisions in the Company's petroleum and natural gas reserves, as estimated by independent engineers as at March 31, 2010. The impairment test calculation was based on benchmark reference prices adjusted for the Company's quality and price differentials discounted at an interest rate of 5% over the estimated reserve life.

During 2010, management re-evaluated the asset retirement obligation for SERC and increased the total future asset retirement obligation. This change was made to better reflect the period over which gravel may be extracted and to recognize future costs associated with fully reclaiming the site. The total revised undiscounted amount of estimated cash flows required to settle the Company's obligation is $632,708 (2009 - $281,000).

During the year, in the normal course of operations, SRDL and it subsidiaries incurred the following transactions with the Nation. The transactions are measured at their exchange amount which is the amount of consideration established and agreed to by the related parties.

i. SVRL is required, per its land-use agreement, to pay Siksika Nation ("the Nation") $150,000 per year for use of the land that the golf course resides on. A Band Council Resolution was passed in fiscal 2007 by Chief and Council of the Nation to forgive payment of these fees for fiscal years 2007, 2008 and 2009 totaling $450,000. As the Band Council Resolution expired in 2009, the $150,000 was paid to the Nation. This amount has been recognized in management fees in these financial statements.

ii. Included in building rental revenue is $576,001 (2009 - $599,001) for rental fees charged to the Nation and its departments.

iii. Included in general and administrative expenses is an insurance allocation from the Nation for SRDL's portion of a blanket insurance policy covering environmental, contents, crime (general), liability, business interruption, vehicle, building and irrigation of $55,698 (2009 - $nil).

iv. Included in Siksika Service Station Ltd. accounts receivable is $22,679 (2009 - $25,517) charged by Siksika Nation administration employees on account for Siksika Nation Administration.

As a result of the above transactions, the accumulated related party balances outstanding at year-end are included in the following accounts:

Accounts receivable:

2010	143,410
2009	395,744

Due from Siksika Nation :

2010	34,302
2009	240,000

"Management re-evaluated the asset retirement obligation for SERC and increased total future asset retirement obligation"

FINANCIAL OVERVIEW CONTINUED

Recent accounting pronouncements International Financial Reporting Standards ("IFRS")

The Accounting Standards Board has confirmed the convergence of Canadian GAAP with IFRS. The Company will be required to adopt IFRS for the year beginning April 1, 2011. The Company is currently assessing the impact of the convergence of Canadian GAAP with IFRS on the Company's results of operations, financial position and disclosures.

Business combinations

CICA Handbook Section 1582 Business Combinations replaces corresponding Section 1581 and establishes new standards for the accounting for business combinations. The new standard requires that the acquisition method (formerly, the purchase method) continue to be applied to business combinations, the acquirer recognize and measure the acquiree as a whole, and the assets and liabilities assumed be recognized and measured at their fair values as of the acquisition date.

This standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. The Company does not expect the standard to have a significant impact on its financial statements.

"SRDL will be required to adopt International Financial Reporting Standards by April 1, 2011"

SRDL BUSINESS MIXER JUNE 2009

MANAGEMENT RESPONSIBLITY

Siksika Resource Developments Ltd.

Post. Office Box 1520
Siksika, Alberta T0J 3W0
Telephone (403) 734-5244 Fax (403) 734-5342 • Calgary Direct Line (403) 264-7250

To the Directors of Siksika. Resource Developments Ltd.:

Management is responsible for the preparation and presentation of the accompanying combined financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the combined financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Company. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities. The Board has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Company's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Directors to audit the combined financial statements and report directly to them; their report follows. The external auditors have full and free access to and meet periodically and separately with both the Board and management to discuss their audit findings.

June 11, 2010

Robin Mitchell, Chief Financial Manager

LaVerna McMaster, Chief Executive Officer

AUDITOR'S REPORT

To the Directors of Siksika Resource Developments Ltd.:

We have audited the combined balance sheet of Siksika Resource Developments Ltd. as at March 31, 2010 and the combined statements of earnings (loss) and comprehensive earnings (loss), retained earnings and accumulated comprehensive earningsand cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these combined financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyers Norris Penny LLP

Calgary, Alberta
June 11, 2010

Chartered Accountants

Suite 300, 622 - 5th Avenue S. W., Calgary, Alberta, T2P 0M6, Phone: (403) 263-3385, 1-877-500-0792

Siksika Resource Developments Ltd.

Combined Balance Sheet

As at March 31, 2010

	2010	2009
Assets		
Current		
Cash	**7,724,217**	8,492,601
Accounts receivable *(Note 5)*	**1,222,294**	1,999,143
Inventory *(Note 6)*	**26,117**	54,747
Prepaid expenses and deposits	**8,414**	9,709
Due from Siksika Holdings Inc. *(Note 22)*	**19,366**	6,839
Due from Siksika Nation *(Note 7), (Note 22)*	**34,302**	240,000
	9,034,710	10,803,039
Property and equipment *(Note 8)*	**17,728,441**	22,440,923
Investment *(Note 9)*	**1**	1
Deferred project costs *(Note 10)*	**208,818**	242,842
	26,971,970	33,486,805

Continued on next page

Siksika Resource Developments Ltd.
Combined Balance Sheet

	As at March 31, 2010	
	2010	2009
Liabilities		
Current		
Accounts payable and accrued liabilities *(Note 11)*	**765,181**	1,395,217
Customer deposits	**5,000**	-
Deferred revenue *(Note 12)*	**140,681**	227,261
Deferred infrastructure funding *(Note 13)*	**224,446**	354,544
Current portion of term loans due on demand *(Note 14)*	**-**	74,309
Current portion of capital lease obligation *(Note 16)*	**29,760**	25,483
	1,165,068	2,076,814
Note payable to beneficiary of Siksika Energy Resource Trust *(Note 15)*	**3,085,830**	8,451,115
	4,250,898	10,527,929
Deferred Hidden Valley lease revenue *(Note 12)*	**84,956**	169,911
Capital lease obligation *(Note 16)*	**16,688**	46,447
Asset retirement obligations *(Note 17)*	**2,480,812**	2,150,918
	6,833,354	12,895,205
Commitment *(Note 25)*		
Contingencies *(Note 26)*		
Shareholder's Equity		
Share capital *(Note 18)*	**13**	13
Retained earnings and accumulated comprehensive earnings	**13,024,956**	13,477,940
Contributed surplus *(Note 19)*	**7,113,647**	7,113,647
	20,138,616	20,591,600
	26,971,970	33,486,805

Approved on behalf of the Board

Kathleen McHugh

Director

Director

Siksika Resource Developments Ltd.
Combined Statement of Earnings (Loss) and Comprehensive Earnings (Loss)
For the year ended March 31, 2010

	2010	2009
Revenue		
Oil and gas production	**2,580,467**	5,925,018
Royalties	**(519,643)**	(1,296,023)
Oil and gas operating costs	**(1,564,139)**	(1,705,754)
	496,685	2,923,241
Building rental	**633,304**	654,159
Gravel revenues	**1,260**	689,627
Interest and other income	**2,811**	120,405
Land rental	**771,571**	737,797
Procurement and environmental	**-**	44,609
Resort fees	**291,196**	289,636
Siksika Business Centre	**208,125**	185,538
Siksika Nation capital trust monies	**301,804**	226,363
Siksika Service Station Ltd.	**2,031,089**	2,062,051
	4,241,160	5,010,185
	4,737,845	7,933,426
Expenses		
Advertising and promotion	**(600)**	17,088
Amortization, depletion and accretion	**2,986,177**	2,701,633
Bad debts (recovery)	**40,059**	(109,306)
Business Centre cost of providing services	**12,659**	18,972
Consulting fees	**53,655**	64,430
Directors' fees	**59,715**	59,360
Equipment rental	**29,977**	26,298
General and administrative costs	**423,392**	449,551
Gravel costs	**40,449**	39,604
Gravel royalties	**149**	74,573
Interest and bank charges	**72,967**	89,528
Interest on term loans due on demand	**180**	7,382
Management fees	**150,000**	-
Professional development	**22,638**	59,990
Professional fees	**402,216**	431,292
Repairs and maintenance	**217,348**	137,220
Salaries, wages and benefits	**1,764,739**	1,889,442
Service Station cost of sales	**1,720,036**	1,826,239
Telephone, fax and internet	**2,980**	2,557
Travel	**51,917**	59,812
	8,050,653	7,845,665
Earnings (loss) from operations	**(3,312,808)**	87,761

Continued on next page

Siksika Resource Developments Ltd.
Combined Statement of Earnings (Loss) and Comprehensive Earning (Loss)

	For the year ended March 31, 2010	
	2010	*2009*
Earnings (loss) from operations *(Continued from previous page)*	**(3,312,808)**	87,761
Other income (expense)		
Impairment of property and equipment *(Note 8)*	**(2,215,298)**	-
Amortization due to change in estimate *(Note 4)*	**(286,040)**	-
Loss on disposal of property and equipment	**(4,123)**	-
Deferred gain recognized from disposal of Namaka plant	**-**	74,863
Write down of amounts due from related parties *(Note 21)*	**-**	(47,036)
Write down of deferred project costs	**-**	(7,066)
	(2,505,461)	20,761
Net earnings (loss) and comprehensive earnings (loss)	**(5,818,269)**	108,522

Siksika Resource Developments Ltd.
Combined Statement of Retained Earnings and Accumulated Comprehensive Earnings

	For the year ended March 31, 2010	
	2010	*2009*
Retained earnings and accumulated comprehensive earnings, beginning of year	**13,477,940**	12,635,371
Net earnings (loss) and comprehensive earnings (loss)	**(5,818,269)**	108,522
	7,659,671	12,743,893
Losses allocated to beneficiary of Siksika Energy Resource Trust	**5,365,285**	734,047
Retained earnings and accumulated comprehensive earnings, end of year	**13,024,956**	13,477,940

Siksika Resource Developments Ltd.
Combined Statement of Cash Flows

For the year ended March 31, 2010

	2010	2009
Cash provided by (used for) the following activities		
Operating		
Net earnings (loss) and comprehensive earnings (loss)	**(5,818,269)**	108,522
Amortization, depletion and accretion	**3,272,217**	2,701,633
Loss on disposal of property and equipment	**4,123**	-
Deferred revenue recognized in resort fee revenue during the year	**(84,956)**	(84,956)
Write down of amounts due from related parties	**-**	47,036
Deferred gain recognized from disposal of Namaka plant	**-**	(74,863)
Write down of deferred project costs	**-**	7,066
Impairment of property and equipment	**2,215,298**	-
	(411,587)	2,704,438
Changes in working capital accounts		
Accounts receivable	**776,853**	173,114
Inventory	**28,630**	(17,251)
Prepaid expenses and deposits	**1,292**	(579)
Accounts payable and accrued liabilities	**(630,036)**	(370,867)
Customer deposits	**5,000**	-
Deferred revenue	**(86,580)**	19,807
	(316,428)	2,508,662
Financing		
Repayment of term loans due on demand	**(74,309)**	(166,454)
Advances from Siksika Nation	**205,698**	103
Abandonment costs incurred	**-**	(2,467)
Infrastructure funding received (costs incurred)	**(130,098)**	76,628
Repayments of capital lease obligation	**(25,482)**	(21,820)
Repayments from (advances to) Siksika Holdings Inc.	**(12,527)**	30,450
	(36,718)	(83,560)
Investing		
Purchases of property and equipment	**(449,262)**	(546,510)
Deferred project cost expenditures	**-**	(15,891)
Reimbursement of deferred project costs	**34,024**	-
Band revenue received from Siksika Nation	**-**	1,500,000
	(415,238)	937,599
(Decrease) increase in cash resources	**(768,384)**	3,362,701
Cash resources, beginning of year	**8,492,601**	5,129,900
Cash resources, end of year	**7,724,217**	8,492,601
Supplementary cash flow information		
Interest paid	**73,147**	96,910

Siksika Holdings Inc.
Consolidated Balance Sheet

As at March 31, 2010 (Unaudited - see Notice to Reader)

	2010	2009
Assets		
Current		
Cash	**478,356**	194,931
Accounts receivable	**62,212**	48,845
Prepaid expenses and deposits	**-**	28,990
	540,568	272,766
Property and equipment *(Note 1)*	**6,198,140**	6,318,798
	6,738,708	6,591,564
Liabilities		
Current		
Accounts payable and accruals	**89,895**	76,836
Customer deposits	**10,800**	5,300
Advances from related Nation entities and departments	**1,485,343**	1,474,196
Current portion of long-term debt *(Note 2)*	**28,024**	29,466
	1,614,062	1,585,798
Note payable to beneficiary *(Note 4)*	**3,688,476**	3,545,770
	5,302,538	5,131,568
Long-term debt *(Note 2)*	**1,436,170**	1,459,996
	6,738,708	6,591,564

Siksika Holdings Inc.
Consolidated Statement of Earnings
For the year ended March 31, 2010
(Unaudited - see Notice to Reader)

	2010	2009
Revenue		
Band revenue	**400,500**	400,500
Rental income	**330,197**	295,920
Interest	**447**	-
	731,144	696,420
Expenditures		
Amortization	**120,989**	125,475
Bad debts	**7,854**	9,418
Condominium fees	**40,993**	30,288
Interest and bank charges	**2,730**	4,002
Interest on long-term debt	**89,219**	94,398
Office	**18,422**	29,360
Professional fees	**44,490**	22,510
Property taxes	**68,097**	37,037
Repairs and maintenance	**38,487**	98,518
Salaries, wages and benefits	**109,490**	131,573
Travel	**7,650**	7,352
Utilities	**40,017**	32,282
	588,438	622,213
Earnings before other income	**142,706**	74,207
Other income		
Gain on forgiveness of debt *(Note 3)*	**-**	86,109
Net earnings	**142,706**	160,316

Siksika Holdings Inc.
Consolidated Statement of Beneficiary's Equity
For the year ended March 31, 2010
(Unaudited - see Notice to Reader)

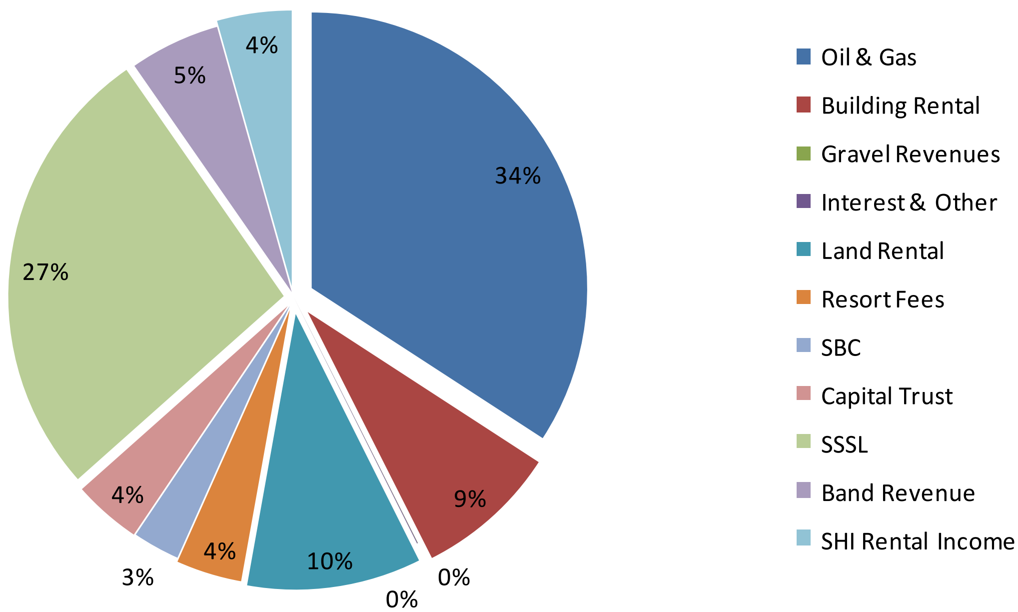
	2010	2009
Beneficiary's equity, beginning of year as previously	**-**	3,385,453
stated Prior period adjustment *(Note 4)*	**-**	(3,385,453)
Beneficiary's equity, beginning of year, as	**-**	-
restated Net earnings	**142,706**	160,316
Earnings distributable to beneficiary	**(142,706)**	(160,316)
Beneficiary's equity, end of year	**-**	-

Siksika Holdings Inc.
Consolidated Statement of Cash Flows
For the year ended March 31, 2010
(Unaudited - see Notice to Reader)

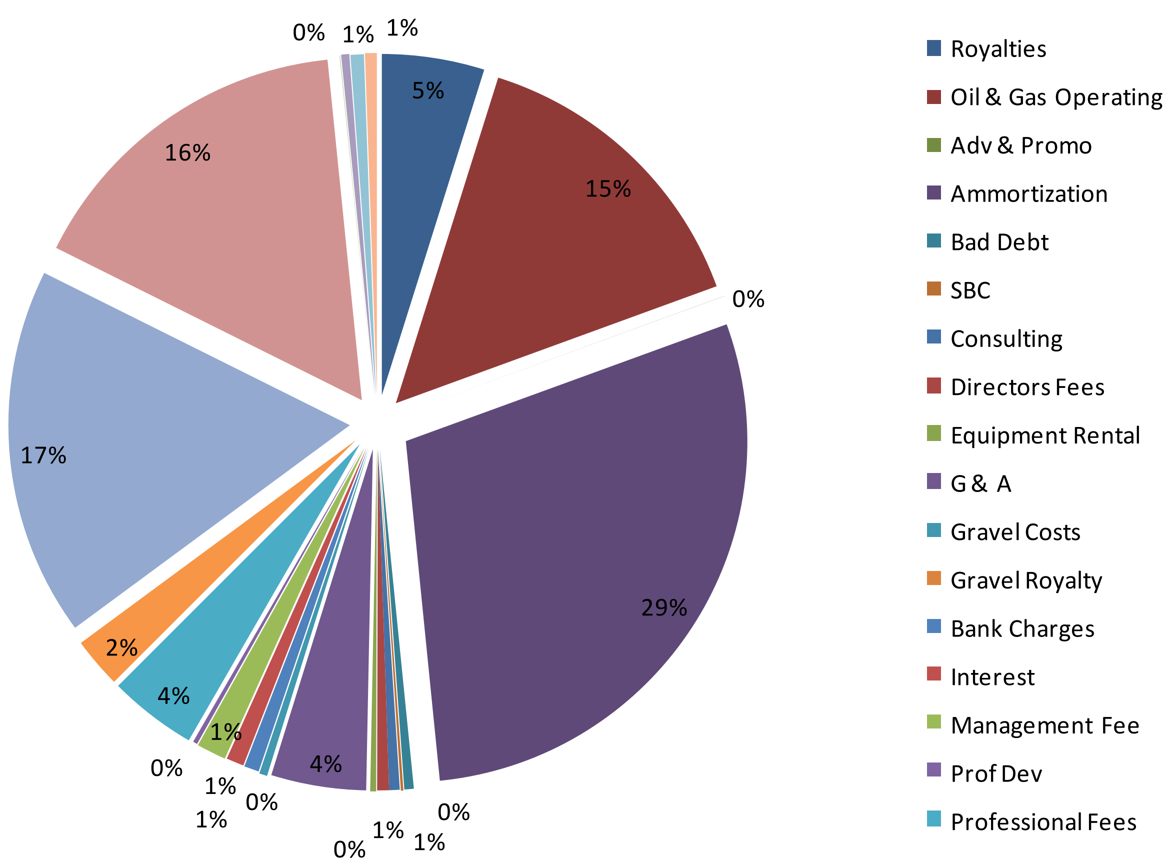
	2010	2009
Cash provided by (used for) the following activities		
Operating		
Net earnings	**142,706**	160,316
Amortization	**120,989**	125,475
Forgiveness of debt	**-**	(86,109)
	263,695	199,682
Changes in working capital accounts		
Accounts receivable	**(13,366)**	(39,425)
Prepaid expenses and deposits	**28,990**	(4,225)
Accounts payable and accruals	**13,058**	(92,181)
Customer deposits	**5,500**	5,300
	297,877	69,151
Financing		
Repayments of long-term debt	**(25,268)**	(23,571)
Repayments from related parties	**11,147**	-
Advances to related parties	**-**	(31,570)
	(14,121)	(55,141)
Investing		
Purchases of property and equipment	**(331)**	(6,620)
Increase in cash resources	**283,425**	7,390
Cash resources, beginning of year	**194,931**	187,541
Cash resources, end of year	**478,356**	194,931
Supplementary cash flow information		
Interest paid	**91,949**	98,400

COMBINED FINANCIAL STATEMENTS
CHARTS UPDATE TO INCLUDE HOLDINGS

SRDL COMBINED REVENUE



SRDL COMBINED EXPENSES



COMMUNITY INVESTMENT

SRDL's involvement and commitment to the Siksika Nation community is paramount to the role of SRDL as a Siksika entity owned by the community.

2009 SRDL CHARITY GOLF TOURNAMENT

Proceeds from the 2009 SRDL Golf Tournament were donated equally to each of the Siksika schools:

Crowfoot School

Siksika Sequoia Outreach

Siksika High School

Chief Old Sun Elementary

COMMUNITY PARTICPATION

Through SRDL's Summer Employment students, SRDL volunteered in a number of community events including:

- White Buffalo Summer Carnival
- Siksika Annual Indian Days Youth Rodeo
- SRDL Info Sessions for SRDL Summer Students

Photo:
SRDL Summer Students, Danielle McMaster and Taryn Running Rabbit volunteer at a summer carnival.

CORPORATE CONTACTS

LaVerna McMaster
Chief Executive Officer

Judy White
Chief Finance Manager

Tom Many Heads
Energy Resource Manager

Tracy McHugh
Commercial Ventures Manager

Maria Big Snake
Marketing/Communications Manager

Crystal Many Bears
Executive Assistant

Dwayne Big Old Man
SERC Operations Manager

Cedric Solway
SILC Coordinator

Don Jerry
SRP Coordinator

Darren Healy
Property Administrator

Dory Duck Chief
Facility Operations Coordinator

Clarence Wolf Child
SBC Maintenance Caretaker

SIKSIKA RESOURCE DEVELOPMENTS LIMITED

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