

COASTPORT CAPITAL INC.
Management's Discussion and Analysis
Three Months Ended March 31, 2010

The following discussion and analysis of the results of operations and financial condition ("MD&A") for Coastport Capital Inc. ("the Company") should be read in conjunction with the unaudited interim statements for the three months ended March 31, 2010 and related notes thereto. The financial information in this MD&A is derived from the Company's unaudited interim statements prepared in accordance with Canadian generally accepted accounting principles. The effective date of this MD&A is May 27, 2010.

For the purposes of this MD&A, the following terms are defined as follows:

Current Period	Three months ended March 31, 2010
Prior Period	Three months ended March 31, 2009
Q1/2010	Three months ended March 31, 2010
Q1/2009	Three months ended March 31, 2009

This MD&A may contain forward looking statements based on assumptions and judgements of management regarding events or results that may prove to be inaccurate as a result of exploration or other risk factors beyond its control. Actual results may differ materially from the expected results.

Description of Business

In July 2009, the Company refocused its business to that of petroleum and natural gas ("P&NG") exploration and development and acquired a non-operating interest in certain producing P&NG properties located in Alberta, Canada.

The Company is a reporting issuer in British Columbia and Alberta and its shares are listed on the TSX Venture Exchange ("TSXV") and the Frankfurt Stock Exchange under the symbols CPP and C1J, respectively.

The Company's general and administrative expenditures are typically related to the level of financing and exploration and development activities that are being conducted, which may in turn depend on the Company's recent exploration and development activities and prospects, as well as general market conditions relating to the availability of funding for early stage exploration and development natural resource companies. Thus, there may not be predictable or observable trends in the Company's business activities and comparisons of financial operating results with prior years may not be meaningful.

Risks and Uncertainties

The Company's principal activity of petroleum and natural gas exploration and development is considered to be inherently risky. Companies in this industry are subject to many and varied kinds of risks, including but not limited to, environmental, commodity price, political and economic, with some of the most significant risks being:

1. Substantial expenditures are required to explore for petroleum and natural gas reserves and there is no assurance that the Company will discover economic reserves;
2. The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires them;
3. Although the Company has taken steps to verify title to the petroleum and natural gas properties it has an interest in or is earning into, there is no guarantee that the property will not be subject to title disputes or undetected defects;

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4. The Company is subject to the laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous material and other matters. The Company's exploration and development activities are conducted by partners and/or operators who are in compliance with applicable environmental protection legislation. The Company is not aware of any existing environmental problems related to its properties that may cause material liability to the Company;
5. Under applicable regulatory requirements, the Company will be required to identify and disclose any proved oil and gas reserves, estimated quantities of crude oil, natural gas and natural gas liquids. This geological and engineering data demonstrates with reasonable certainty the estimated quantities of crude oil, natural gas and natural gas liquids, which will be recoverable in future years from known reservoirs under existing economic and operating conditions. However, the process of estimating oil and gas reserves is complex, requiring significant decisions and assumptions in the evaluation of available geological, geophysical, engineering and economic data for each reservoir, and as a result, such estimates are inherently imprecise. Actual future production, oil and gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and gas reserves may vary substantially from our estimations from year to year. Any significant variance in the assumptions could materially affect the estimated quantities and present values of reserves. For example, a material drop in oil and gas prices, or a material increase in applicable taxes, will require management to reassess whether known reservoirs can continue to be reasonably judged as economically productive from one year to the next. In addition, the reserves may be subject to downward or upward revisions based upon production history, results of future exploration and development, prevailing oil and gas prices and other factors, many of which are beyond our company's control. Actual production, revenues, taxes, development expenditures and operating expenses with respect to the reserves will likely vary from the estimates presented herein, and such variances may be material; and
6. In general, production rates from P&NG properties decline as reserves are depleted. The decline rates depend on reservoir characteristics and vary from steep declines to the relatively slow declines characteristic of long-lived fields in other regions. Should one or more of the above risks materialize or should our underlying assumptions prove incorrect, our actual results may materially differ from our current expectations. Therefore, in evaluating forward-looking statements, readers should specifically consider the various factors that could cause our actual results to materially differ from such forward-looking statements.

Natural Resource Projects

Alberta, Canada

In July 2009, the Company purchased certain producing natural gas properties located in south and east central Alberta. The assets were acquired from a private Alberta corporation (the "Vendor") for a purchase price of \$1,087,000. Pursuant to the acquisition, the Company acquired an interest in P&NG leases covering 6,326 gross acres (2,432.95 net acres), a 45% working interest in 5 producing wells, a 24% working interest in 1 producing well and a 21.6% working interest in 1 producing well. Included in the acquisition is a 45% working interest in 2 wells that are not currently producing. The interests acquired by the Company are non-operating working interests.

In December 2009 and April 2010 the Company purchased, through Crown Land Sales, varying working interests in P&NG rights in Alberta as part of its strategy to expand its portfolio of properties.

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Acquisition of Prairie Exploration Inc.

On April 9, the Company entered into an agreement to acquire all of the issued and outstanding shares of Prairie Exploration Inc. ("Prairie"), a privately held P&NG company, for a total purchase price of 20 million common shares (the "Acquisition") of the Company.

Prairie has varying interests in 20,160 gross acres (3,643 net acres) in the Western Canadian Sedimentary Basin, including holdings in several areas where Prairie and the Company have common interests. In Coastport's Deep Valley Grand Prairie Core Area, the acquisition will increase the Company's working interest in certain P&NG rights to 100% in 10 sections of land and to 50% in 4 sections of land.

In the Company's Michchi Penhold Core Area, the acquisition will increase the Company's working interest in 2 producing locations to 44% and 37.6% respectively, and will increase the Company's working interests in certain P&NG rights in this core area to 8,000 gross acres (1,434 net acres).

Under the terms of a pre-acquisition agreement with Prairie (the "Agreement"), the Company made an offer (the "Offer") to acquire all of Prairie's outstanding Class "A" common voting shares and Class "B" common voting shares (collectively, the "Prairie Shares") for consideration of 20 million common shares of the Company. The Offer was subject to certain conditions, including the acquisition by the Company of not less than 90% of the outstanding Prairie Shares (on a diluted basis) and the receipt of all regulatory approvals, including the approval of the TSXV. The board of directors of Prairie unanimously determined that the Offer was in the best interests of Prairie and its shareholders. Prairie and the Company have directors in common, and as such the Acquisition is a non-arms length transaction.

The Offer was mailed to all Prairie shareholders on April 30, 2010 and the Acquisition closed on May 25, 2010.

Results of Operations

The Company incurred a loss of \$141,952 (2009 - \$80,351) and a loss per share of \$Nil (2009 - \$Nil) for the Current Period.

Oil and Gas

The following information summarizes the Company's oil and gas activities for the Current Period.

Net revenues

	Three months ended March 31,	
	2010	2009
Natural gas revenues	\$ 84,817	\$ -
Liquid natural gas revenues	4,952	-
Oil revenues	5,311	-
	95,080	-
Royalty expenses	(16,285)	-
Production and operating expenses	(44,285)	-
	\$ 34,510	\$ -

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Production volumes and pricing

	Three months ended March 31,	
	2010	2009
Total volumes		
Natural gas production (mcf)	18,453	-
Liquid natural gas production (bbl)	104	-
Oil production (bbl)	72	-
Daily production averages		
Natural gas (mcfpd)	205	-
Liquid natural gas (bblpd)	1.2	-
Oil (bblpd)	0.8	-
Average prices		
Natural gas selling price (\$/mcf)	\$ 4.60	\$ -
Liquid natural gas selling price (\$/bbl)	\$ 47	\$ -
Oil selling price (\$/bbl)	\$ 74	\$ -

General and Administrative

Differences in general and administrative expenses during the Current Period compared to the Prior Period were as follows:

- Administrative fees of \$22,500 (2009 - \$17,500) include accounting, secretarial and general administrative services provided by an arms-length private company was generally consistent between periods.
- Management devotes a portion of their time to the Company and a portion of their time to other companies where they are directors and/or officers. Accordingly, management invoices the Company based on the percentage of time each of the individuals devotes to the Company. The management fee amount of \$30,000 (2009 - \$34,029) includes fees charged by David Patterson – CEO and President, and Robin Adair – Vice-President of Exploration.
- The Company incurred \$17,061 (2009 - \$125) of promotion during the Current Period. Promotion increased because the Company was actively raising funds to further its acquisition and development of P&NG properties.
- The Company incurred \$17,275 (2009 - \$13,167) of office rent during the Current Period. The rent increased because the Company started to rent a Calgary, Alberta office space during the Current Period.
- The Company incurred \$8,537 (2009 - \$1,145) of non-cash expenses relating to stock-based compensation of stock options that vested during the Current Period.
- The Company incurred \$8,507 (2009 - \$2,606) of travel costs during the Current Period. Travel increased as the Company was actively raising funds to further its acquisition and development of P&NG properties.

Financial Condition, Liquidity and Capital Resources

The Company has working capital of \$2,182,299 at March 31, 2010 compared to working capital of \$671,872 at December 31, 2009.

The Company's sources of cash during the Current Period were 1) issuance of common shares pursuant to a private placement for net proceeds of \$1,583,357; 2) net P&NG revenues of \$34,510; and 3) interest income of \$1,472.

The Company's uses of cash during the Current Period were the expenditure of approximately \$85,000 on operating activities.

The Company does not generate sufficient cash flow from operations to fund future activities, acquisitions and administration costs. The Company is reliant on equity financing to provide the necessary cash to continue its

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operations. There can be no assurances that equity financings will be available to the Company in the future that will be obtained on terms satisfactory to the Company.

Subsequent to March 31, 2010, the Company closed a non-brokered private placement for gross proceeds of \$548,750. These funds were raised through the issuance of 4,390,000 units at a price of \$0.125 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder, on exercise, to purchase one common share at a price of \$0.20 until October 30, 2010, and at a price of \$0.30 until April 30, 2011.

The Company paid finder's fees of \$20,475 and 163,800 finder's warrants, where each finder's warrant is exercisable into one common share at a price of \$0.20 until October 30, 2010 and at a price of \$0.30 until April 30, 2011.

In addition to seeking additional acquisition opportunities, in anticipation of completing the Acquisition, the Company is planning drilling operations for two horizontal Bluesky wells, with one situated in the Ansell area and the other in the Grand Prairie area. Both wells will utilize multi-stage fracture stimulation technology. At Valhalla it is anticipated that a vertical well will be re-entered and a completion attempt undertaken on the Bluesky interval. Plans are also being made for the drilling of a horizontal Montney well at Deep Valley, in Northwest Alberta, in December of this year to coincide with weather conditions favourable for drilling.

The cost to these activities have not yet been budgeted, however, in order to fund these activities it will be necessary for Coastport to raise additional funds, bring in partners or farm-out some of its interests.

Financial Instruments

As at March 31, 2010, the Company's financial instruments are cash, receivables, and accounts payable and accrued liabilities. The carrying amounts reflected in the balance sheet approximate their fair values due to the short-term nature and negligible credit losses.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's cash and receivables are exposed to credit risk. The credit risk on cash is small because the counterparties are highly rated financial institutions.

The majority of the Company's receivables are with customers in the P&NG industry and are subject to normal industry credit risks. The Company generally extends unsecured credit to these customers and therefore the collection of accounts receivable may be affected by changes in economic or other conditions. The Company believes the risk is mitigated by the size and reputation of the companies to which they extend credit. The Company has not experienced any material credit loss in the collection of accounts receivable to date.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities as they fall due. The Company's accounts payable and accrued liabilities are all current and due within 90 days of the balance sheet date. The Company ensures that it has sufficient capital to meet short term financial obligations after taking into account its exploration obligations and cash and cash equivalents on hand.

Off-Balance Sheet Arrangements

The Company has not engaged in any off-balance sheet arrangements such as obligations under guarantee contracts, a retained or contingent interest in assets transferred to an unconsolidated entity, any obligation under derivative instruments or any obligation under a material variable interest in an unconsolidated entity that provides financing, liquidity, market risk or credit risk support to the Company or engages in leasing or hedging services with the Company.

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Selected Quarterly Information

The following selected financial data has been prepared in accordance with Canadian generally accepted accounting principles and should be read in conjunction with the Company's audited financial statements. All dollar amounts are in Canadian dollars.

Fiscal Quarter Ended	Revenue	Interest Income	Loss	Basic & Diluted Loss/Share
March 31, 2010	\$ 78,795	\$ 1,472	\$ 141,952	\$ -
December 31, 2009	\$ 65,852	\$ 1,108	\$ 277,083	\$ 0.01
September 30, 2009	\$ 74,018	\$ 1,693	\$ 171,817	\$ -
June 30, 2009	\$ -	\$ 2,294	\$ 60,468	\$ -
March 31, 2009	\$ -	\$ 5,839	\$ 80,351	\$ -
December 31, 2008	\$ -	\$ 12,811	\$ 7,424,535	\$ 0.19
September 30, 2008	\$ -	\$ 18,071	\$ 67,452	\$ -
June 30, 2008	\$ -	\$ 19,505	\$ 69,525	\$ -

The quarterly losses for periods ending March 2010, December 2009 and September 2009 are higher than the previous two quarters as the Company incurred depletion on its P&NG properties purchased during the September 2009 quarter. The Company incurred \$127,052 of stock-based compensation pursuant to the grant of stock options during December 2009. The Company's quarterly loss was small in June 2008 and September 2008 as the Company was waiting for drilling permits to be issued on its Shyri Property and for clarity of political and legislative changes in Ecuador. The loss for December 2008 is significantly higher than other quarters because the Company wrote-off \$7,338,652 of deferred expenditures on its dropped Shyri Property. Interest income has decreased from June 2008 to December 2009 as the Company did not complete any equity financings and spent its cash on exploration and general and administrative costs during this period. In February 2010 and April 2010 the Company closed equity financings as described under the section Financial Condition, Liquidity and Capital Resources.

International Financial Reporting Standards

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective for fiscal years beginning on or after January 1, 2011. The Company will therefore be required to report using IFRS commencing with its unaudited interim consolidated financial statements for the three months ended March 31, 2011, which must include the interim results for the prior period ended March 31, 2010 prepared on the same basis. IFRS uses a conceptual framework similar to Canadian GAAP, but there are some significant differences on recognition, measurement and disclosure. While the Company has begun assessing the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

The Company believes it will be able to manage the transition to IFRS from Canadian GAAP using internal resources with limited external assistance.

This conversion project will consist of three phases: 1) general planning and scoping, 2) detailed assessment of accounting policy differences and detailed conversion planning, and 3) implementation, parallel reporting and review.

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During 2010, the Company will be reviewing financial statement preparation, IT infrastructure, control environment and accounting policy choices available under IFRS in regards to the current operations of the Company.

During the Company's scoping of existing IFRS compared to Canadian GAAP, the following areas have been identified as having the highest potential impact on the Company's financial reporting: initial adoption of IFRS under the policies set forth in *IFRS 1 "First-Time Adoption of IFRS"* ("IFRS"), exploration and development expenditures, full cost method of accounting for P&NG properties, asset retirement obligations, property plant and equipment, and impairment of assets.

During Q3/2009, the International Accounting Standards Board issued an additional exemption for first time adopters of IFRS whereby companies using the full cost method of accounting for oil and gas properties may carry forward the amount determined under Canadian GAAP as the deemed cost under IFRS. This exemption will reduce potential adjustments to the Company's P&NG properties upon adoption of IFRS.

IFRS Conversion Progress Report

The Company is still completing Phase 1 and Phase 2 and 3 are not expected to start until Q3 and Q4 2010.

The Company has reviewed its IT infrastructure and believes that it will be able to handle the conversion to IFRS without any material upgrades or changes to its accounting systems.

The Company is still waiting for clarity of accounting for P&NG properties under IFRS as full cost accounting is not allowed under IFRS. Until accounting rules for P&NG properties are clarified for IFRS, the Company is not able to provide a quantitative analysis of what the 2010 comparative P&NG numbers will be. It is expected that the depletion and carrying amounts of P&NG properties for 2010 will be different under IFRS.

Related Party Transactions

Management fees of \$30,000 (2009 - \$26,000) were paid or accrued to a company controlled by David Patterson, the CEO and President. Management fees of \$Nil (2009 - \$8,029) were paid or accrued to a company controlled by Robin Adair, the Vice-President of Exploration.

Rent of \$12,000 (2009 - \$13,167) was paid or accrued to companies related by a common director (David Patterson).

Geological consulting fees of \$8,000 (2009 - \$Nil) was paid or accrued to a company controlled by Murray Scalf, a director of the Company.

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Outstanding Share Data

As at May 27, 2010, the Company had the following securities issued and outstanding:

	Number	Exercise Price	Expiry Date
Common shares	79,026,946	n/a	n/a
Stock options	4,098,000	\$0.10	November 4, 2010
Warrants	7,486,460	\$0.20/\$0.30	February 25, 2011
Warrants	2,358,800	\$0.20/\$0.30	April 30, 2011
Fully Diluted	92,970,206		

Directors and Officers

David Patterson	Director, CEO and President
Laurie Sadler	Director and CFO
Leonard Dennis	Director
James Ladner	Director
Malcolm Todd	Director
Murray Scalf	Director
Robin Adair	Vice-President of Exploration
Kim Evans	Secretary

Additional Information

Additional information is provided in the Company's audited financial statements for the years ended December 31, 2009 and 2008. These documents are available on SEDAR at www.sedar.com. Additional information relating to the Company's operations and activities can also be found by visiting the Company's website at www.coastportcapital.com.