BLACKSANDS PETROLEUM, INC.
Form 10-Q/A
September 28, 2010
U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q /A
(Amendment No. 1)

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period ended April 30, 2010

o TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ________

Commission File Number 000-51427

BLACKSANDS PETROLEUM, INC.
(Exact name of registrant as specified in its charter)

Nevada	20-1740044
(State of incorporation)	(IRS Employer identification no.)

25025 I-45 N., Ste. 410
The Woodlands, TX 77380
(Address of principal executive offices)

(713) 554-4491
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes o No x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer o Accelerated Filer o

Non-Accelerated Filer o (do not check if a smaller reporting company)	Smaller reporting company x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

There were 44,854,700 shares of Common Stock outstanding as of June 14, 2010.

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EXPLANATORY NOTE

On April 30, 2010, Blacksands Petroleum, Inc. (the "Company") sold 441 of the 600 shares it held of Access Energy, Inc. ("Access"), an operating subsidiary, to the other stockholder of Access, Mr. Reg Burden. Following the transfer, the Company holds 19.9% of the outstanding Access shares and Mr. Burden holds 80.1%. As consideration for the transfer, the Company paid Mr. Burden $75,000 cash and the Company was relieved of its contractual obligation to fund Access' annual plan and budget. In addition, the Company was released of any rights and obligations related to any joint venture agreements between Access and other counterparties. In connection with the sale, Mr. Burden's warrants to purchase additional shares of the Company were cancelled.
On September 17, 2010, the Company, in connection with the filing of its quarterly report on form 10-Q for the quarter ended July 31, 2010, discovered that it believed there were errors in the Company's financial statements relating to the calculation of its gain on the sale of Access. The initial calculation omitted the fair value of 1,500,000 warrants that were forfeited in connection with the sale. On September 17, 2010, the Company further discussed the matter with MaloneBailey LLP ("MaloneBailey"), the Company's independent registered public accounting firm.

From September 17, 2010 until September 22, 2010, management of the Company conducted an analysis of the fair value of the warrants. The Company determined that the fair value of the warrants on the date of sale was $1,120,263. On September 22, 1010, both the Company and MaloneBailey agreed that these facts caused them to believe that the Company's accounting for gains from the sale of Access was incorrect and the Company determined that the effect of such misstatements was material to the quarterly reports on Form 10-Q for the quarter ended April 30, 2010 (the "Report"). As a result, the Company determined that the Report should no longer be relied upon and that it will need to be restated. The restatement is required to properly reflect the Company's financial results related to the fair value of the warrants on the date of sale.

The following table reflects the impact of this error:

Six months ended April 30, 2010:

	As previously reported	Adjustment	As restated
Gain on sale of Access shares	$ 1,594,867	$ 1,120,263	$ 2,715,130
Income before taxes	1,254,627	1,120,263	2,374,890
Net income before minority interest	1,254,627	1,120,263	2,374,890
Net income for the period	1,254,627	1,120,263	2,374,890
Basic and diluted earnings per common share	0.03	0.02	0.05
Total other comprehensive income	1,377,628	1,120,263	2,497,891

Three months ended April 30, 2010:

	As previously reported	Adjustment	As restated
Gain on sale of Access shares	1,594,867	1,120,263	2,715,130
Income before taxes	1,516,631	1,120,263	2,636,894

Net income before minority interest	1,516,631	1,120,263	2,636,894
Net income for the period	1,516,631	1,120,263	2,636,894
Basic and diluted earnings per common share	0.03	0.03	0.06
Total other comprehensive income	1,619,395	1,120,263	2,739,658

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As a result of this error, additional paid-in capital decreased by $1,120,263 and accumulated comprehensive loss was reduced by the same amount, which resulted in no change to total stockholders' equity. On the statement of cash flow, net income was increased by $1,120,263, which was offset by the same amount in the gain on sale of Access shares. Net cash used in operating activities was not changed.

For the convenience of the reader, this Form 10-Q/A sets forth the original Form 10-Q in its entirety. However, this Form 10-Q/A only amends our financial statements and the footnotes to our financial statements, along with the corresponding changes to our Management's Discussion and Analysis and Results of Operations section. We also corrected typographical errors and have revised our controls and procedures disclosure as a result of these restatements. No other information in the original Form 10-Q is amended hereby. In addition, pursuant to the rules of the SEC, Item 6 of Part II to the Initial Filing has been amended to contain currently dated certifications from our Principal Executive Officer and Principal Financial Officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of our Principal Executive Officer and Principal Financial Officer are attached to this Form 10Q/A as Exhibits 31.01, 31.02 and 32.01.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements.

Blacksands Petroleum, Inc.
Consolidated Balance Sheets
(Unaudited)

	April 30, 2010 (restated)	October 31, 2009
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,264,539	$ 2,797,690
Short-term investments	-	88,553
Accounts receivable	331,768	4,892
Prepaid expenses and deposits	28,930	6,672
Total Current Assets	1,625,237	2,897,807
Oil and gas property costs (successful efforts method of accounting)	1,466,693	-
Total Assets	$ 3,091,930	$ 2,897,807
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 105,196	$ 1,426,543
Accounts payable to related parties	87,051	43,639
Total Current Liabilities	192,247	1,470,182
Asset retirement obligations	94,430	-
Total Liabilities	286,677	1,470,182
Stockholders' Equity		
Preferred stock, 10,000,000 authorized and none issued and outstanding	-	-
Common stock, 300,000,000 authorized and 44,854,700 issued and outstanding	44,855	44,855
Additional paid-in capital	10,829,202	11,949,465
Accumulated comprehensive loss	(302,556)	(425,557)
Accumulated deficit	(7,766,248)	(10,141,138)
Total Stockholders' Equity	2,805,253	1,427,625
Total Liabilities, Minority Interest and Stockholders' Equity	$ 3,091,930	$ 2,897,807

See accompanying notes to Consolidated Financial Statements.

Blacksands Petroleum, Inc.
Consolidated Statements of Operations
(Unaudited)

	Six Months Ended		Three Months Ended	
	April 30, 2010 (restated)	April 30, 2009	April 30, 2010 (restated)	April 30, 2009
Revenue:				
Revenue	$ 494,092	$ -	$ 425,409	$ -
Total revenues	494,092	-	425,409	-
Expenses:				
Professional fees	185,239	291,556	71,981	159,494
Management and directors' fees	86,961	102,796	41,355	41,589
Depreciation, depletion and accretion	81,608	-	50,523	-
Office and administration	63,857	61,863	31,251	22,677
Lease operating expenses	204,856	-	128,998	-
Oil and gas exploration	146,571	66,893	75,339	60,727
Total expenses	769,092	523,108	399,447	284,487
Income (loss) from operations	(275,000)	(523,108)	25,962	(284,487)
Other Income and Expenses:				
Interest income	113,309	34,679	59,012	14,964
Funding on behalf of minority stockholder	-	(49,763)	-	(21,985)
Impairment of oil & gas property interest	-	(3,831,190)	-	(3,831,190)
Gain on sale of Access shares	2,715,130		2,715,130	
Loss from currency translation	(178,549)	(1,330)	(163,210)	(3,349)
Income (loss) before taxes	2,374,890	(4,370,712)	2,636,894	(4,126,047)
Provisions for income tax	(388,654)	-	(388,654)	-
Tax benefit of operating loss carryforwards	388,654	-	388,654	-
Net income (loss) before minority interest	2,374,890	(4,370,712)	2,636,894	(4,126,047)
Minority interest	-	534,766	-	520,245
Net income (loss) for the period	$ 2,374,890	$ (3,835,946)	$ 2,636,894	$ (3,605,802)
Other comprehensive income (loss), net of tax:				
Foreign currency translation				
Adjustment	$ 123,001	$ 48,936	$ 102,764	$ 173,283
Total comprehensive income (loss)	$ 2,497,891	$ (3,787,010)	$ 2,739,658	$ (3,432,519)
Basic and diluted income (loss) per common				
Share	$ 0.05	$ (0.09)	$ 0.06	$ (0.08)
Weighted average number of common				
Shares outstanding, basic & diluted	$ 44,854,700	44,854,700	44,854,700	44,854,700

See accompanying notes to Consolidated Financial Statements.

Blacksands Petroleum, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Six Months Ended April 30, 2010 (restated)	Six Months Ended April 30, 2009
Cash Flows from Operating Activities:		
Net income (loss)	$ 2,374,890	$ (3,835,946)
Adjustments to reconcile net income (loss) to		
net cash used in operating activities:		
Write-down of minority interest	-	(485,003)
Gain on sale of Access shares	(2,715,130)	-
Depreciation, depletion and accretion	81,608	-
Impairment of oil & gas property	-	3,831,190
Changes in operating assets and liabilities:		
Accounts receivable	(326,876)	100,933
Inventory	22,152	-
Prepaid expenses and deposits	(18,248)	(17,434)
Accounts payable and accrued liabilities	346,927	(57,620)
Accounts payable – related party	43,412	(59,123)
Net cash used in operating activities	(191,265)	(523,003)
Cash Flows from Investing Activities:		
Oil and gas property costs during period	(1,478,440)	(1,982)
Payment on sale of Access shares	(75,000)	-
Investment in short-term investments	88,553	(1,804,897)
Net cash used in investing activities	(1,464,887)	(1,806,879)
Effects of exchange on cash	123,001	(57,580)
Net decrease in cash and cash equivalents	(1,533,151)	(2,387,462)
Cash and cash equivalents balance, beginning of period	2,797,690	2,610,232
Cash and cash equivalents balance, end of period	$ 1,264,539	$ 222,770
Supplemental Disclosures:		
Cash paid for interest	$ -	$ -
Cash paid for income taxes	$ -	$ -
Non-cash financing activities:		
ARO incurred in acquisition and revision of estimates	$ 92,006	$ -

See accompanying notes to Consolidated Financial Statements

Blacksands Petroleum, Inc.
Notes to Consolidated Financial Statements
Unaudited

1. DESCRIPTION OF BUSINESS, AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business- Blacksands Petroleum, Inc. (hereinafter referred to as the "Company") was incorporated in Nevada. We own 19.88% of the issued and outstanding shares of our operating subsidiary, Access Energy Inc. ("Access" or "Access Energy"), and 100% of Blacksands Petroleum Texas LLC ("BSPE Texas"). Access is a private company, formed in Ontario, Canada on August 26, 2005, and BSPE Texas was formed in Texas on November 9, 2009.

The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in annual report on Form 10-K for the year ended October 31, 2009 filed with the SEC on January 28, 2010. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the consolidated financial statements which would substantially duplicate the disclosure contained in the audited financial statements as reported in the 2009 annual report on Form 10-K have been omitted.

New Accounting Pronouncements Adopted
In June and December 2009, the FASB amended the accounting guidance for transfers of financial assets. This amendment requires greater transparency and additional disclosures for transfers of financial assets and the entity's continuing involvement with them and changes the requirements for de-recognizing financial assets. In addition, this amendment eliminates the concept of a qualifying special-purpose entity. The amendment must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. We are currently assessing the impact that this amendment may have on our consolidated financial statements.

In June 2009, the FASB amended the accounting guidance for the consolidation of variable interest entities. This amendment revised the evaluation criteria to identify the primary beneficiary of a variable interest entity. Additionally, this amendment requires ongoing reassessments of whether an enterprise is the primary beneficiary of the variable interest entity. In December 2009, the FASB amended consolidation guidance previously issued in June to eliminate the quantitative approach previously required for determining the primary beneficiary of a variable interest entity, among other changes. The amendments are effective for our first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period, and for interim and annual reporting periods thereafter. We are currently assessing the impact that this amendment may have on our consolidated financial statements.

Management has determined that there are no other new accounting pronouncements, other than those described in the Company's Form 10-K at October 31, 2009, that will impact the Company.

2. RESTATEMENT

In the third quarter of fiscal 2010, we identified an error in the calculation of our gain on the sale of Access. The initial calculation omitted the fair value of 1,500,000 warrants that were forfeited in connection with the sale. The fair value of the warrants on the date of the sale was $1,120,263, which should have been included in the gain calculation for the sale of the Access shares. The fair value was calculated using the Black-Scholes option-pricing model and the weighted variables used in the model include (1) 1.3% risk-free interest rate (2) 2.27 years expected term, (3) expected volatility of 176%, and (4) zero expected dividends.

The following table reflects the impact of this error:

Six months ended April 30, 2010:

	As previously reported	Adjustment	As restated
Gain on sale of Access shares	$ 1,594,867	$ 1,120,263	$ 2,715,130
Income before taxes	1,254,627	1,120,263	2,374,890
Net income before minority interest	1,254,627	1,120,263	2,374,890
Net income for the period	1,254,627	1,120,263	2,374,890
Basic and diluted earnings per common share	0.03	0.02	0.05
Total other comprehensive income	1,377,628	1,120,263	2,497,891

Three months ended April 30, 2010:

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Gain on sale of Access shares	1,594,867	1,120,263	2,715,130
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Net income for the period	1,516,631	1,120,263	2,636,894
Basic and diluted earnings per common share	0.03	0.03	0.06
Total other comprehensive income	1,619,395	1,120,263	2,739,658

As a result of this error, additional paid-in capital decreased by $1,120,263 and accumulated comprehensive loss was reduced by the same amount, which resulted in no change to total stockholders' equity. On the statement of cash flow, net income was increased by $1,120,263, which was offset by the same amount in the gain on sale of Access shares. Net cash used in operating activities was not changed.

3. OIL AND GAS PROPERTY

ACQUISITION

Beech Creek Gas Unit (known as "Beech Creek Field") Acquisition in April 2010

On April 5th, 2010, the Company purchased different working interests in the Beech Creek Gas Unit located in Hardin County, Texas for $740,798 in cash. These property interests were previously owned by a group of five different working interest owners. The Gas Unit includes two (2) active gas wells, each included in a 44 acre oil unit located in Hardin County, Texas. A 30.0587% working interest was acquired in the Beech Creek #1 well. A 24.4337% working interest was acquired in the Beech Creek #2 well. We do not operate these wells. Total revenues and lease operating expenses associated with these properties during the six months ended April 30, 2010 were $32,935 and $3,546, respectively.

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The preliminary purchase price allocation:

Total purchase price	$	740,798
Oil and gas properties		753,009
Asset retirement obligation		(12,211)
Total purchase price	$	740,798

J.E. Pettus Gas Unit (known as “Cabeza Creek Field”) Acquisition in November 2009

On November 9th, 2009, the Company purchased the J.E. Pettus Gas Unit located in Goliad County, Texas for $402,569 in cash. We also incurred approximately $25,000 in fees associated with the acquisition, which were expensed when incurred. These properties were previously owned by Pioneer Natural Resources USA, Inc. The Gas Unit includes four (4) active gas wells and 24 non-producing gas wells located on 3,689 acres in Goliad County, Texas. The interest acquired by BSPE is 100% all right, title and interest from the surface to 8,500 feet below the surface and 10.67% below 8,500 feet. We became the operator at depths upon closing of the acquisition, which is outsourced to an unrelated third party. In connection with these outsourced services, we pay an administrative fee of $500 per gas well per month, as well as a consulting fee of $8,000 per month. Total revenues and lease operating expenses associated with these properties during the six months ended April 30, 2010 were $461,157 and $201,310, respectively.

The preliminary purchase price allocation:

Total purchase price	$	402,569
Oil and gas properties		457,795
Oil inventory		22,152
Prepaid ad valorem tax		4,010
Revenue payable		(1,593)
Asset retirement obligation		(79,795)
Total purchase price	$	402,569

ASSET RETIREMENT OBLIGATION

In accordance with ASC 410 Accounting for Asset Retirement Obligations,” the fair value of the asset retirement obligations (ARO”) is recorded in the period in which it is incurred along with a corresponding increase in the carrying amount of the related long-lived asset. The present value of the estimated ARO is capitalized as part of the carrying amount of the long-lived asset and is depreciated over the useful life of the asset on the unit of production method. The abandonment liability increases over time to reflect the change in the present value. Fair value is determined by using expected future cash outflow, adjusted for inflation and discounted at credit adjusted risk-free rate. No market risk premium has been included in the calculation of the ARO.

The following table describes the changes in the asset retirement obligations for the six months ended April 30, 2010.

Beginning balance at October 1, 2009	$	-
Fair value of liabilities incurred in acquisitions		92,006
Accretion expense		2,424
Ending balance at April 30, 2010	$	94,430

4. RELATED PARTY TRANSACTIONS

During the six months ended April 30, 2010, Coniston Investment Corp. (“Coniston”) charged Access management fees of approximately $79,108 plus Goods and Services Tax (5%), which is included in the consolidated statement of operations for the services of Paul A. Parisotto as President and CEO of Access.

5. GAIN ON SALE OF ACCESS SHARES

On April 30, 2010, the Company sold 441 of the 600 shares it held in Access Energy to the other stockholder of Access Energy, Mr. Reg Burden. Following the transfer, Blacksands holds 19.9% of the outstanding Access shares and Mr. Burden holds 80.1%. As consideration for the transfer, the Company paid Mr. Burden $75,000 cash and the Company is relieved of its contractual obligation to fund Access’ annual plan and budget including Access’ commitments to First Nations’ communities. In addition, the Company is released of any rights and obligations related to any joint venture agreements between Access and other counterparties. In connection with the sale, Mr. Burden’s warrants to purchase additional shares of the company were cancelled.
Access had no assets and liabilities of $1,637,104. Because the Company continues to own 19.9% of the outstanding shares of Access, the transaction does not result in discontinued operations. As a result of this sale, the Company recorded a gain of $2,715,130, which primarily represents the release from liabilities associated with Access.

6. SUBSEQUENT EVENTS

On June 18, 2010, we entered into an agreement to issue $2,500,000 of convertible notes, issuable in two or more tranches. The first tranche of $1,000,000 was also issued on June 18, 2010 and we received the net proceeds. The convertible note in this first tranche bears an interest rate of 6%, which is paid in cash or additional notes at the option of the Company. The note is due on the earlier of June 30, 2011 or the closing of an equity raise of at least $10 million (the “Equity Raise”). The note is convertible into common only upon completion of the Equity Raise and at a price and form equal to what other purchasers receive in the Equity Raise.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain statements in this report, other than purely historical information, including estimates, projections, statements relating to our business plans, objectives, and expected operating results, and the assumptions upon which those statements are based, are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements generally are identified by the words “believe,” “project,” “expect,” “anticipate,” “estimat “intend,” “strategy,” “plan,” “may,” “should,” “will,” “would,” “will be,” “will continue,” “will likely result,” and similar Forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties, which may cause actual results to differ materially from the forward-looking statements. A detailed discussion of risks and uncertainties that could cause actual results and events to differ materially from such forward-looking statements is included in our most recent annual report on Form 10-K under the heading “Risk Factors and Uncertainties” (see Part 1, Item 1 in such report), as amended as needed in this report under the heading “Risk Factors” (see Part II, Item 1A). We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Unless the context otherwise requires, all references in this report to "Blacksands", "the Company", "we", "us" or "our" refer to both Blacksands and Access. In our consolidated financial statements, this management's discussion and analysis and elsewhere in this report, unless otherwise noted, we include 100% of the accounts of Access from the date of acquisition of August 3, 2007. For a discussion of our principles of consolidation, see Note 1 to the audited consolidated financial statements included in our annual report on amended Form 10-K filed with the U.S. Securities and Exchange Commission on January 27, 2010. The following is management’s discussion and analysis of certain significant factors, which have affected our financial position and operating results during the periods included in the accompanying unaudited interim consolidated financial statements and it should be read in conjunction with our unaudited consolidated financial statements for the three month period ended April 30, 2010 as well as our audited consolidated financial statements for the year ended October 31, 2009.

Highlights

Beech Creek Gas Unit (known as “Beech Creek Field”) Acquisition in April 2010

On April 5th, 2010, the Company purchased different working interests in the Beech Creek Gas Unit located in Hardin County, Texas for $740,798 in cash. These property interests were previously owned by a group of five different working interest owners. The Gas Unit includes two (2) active gas wells, each included in a 44 acre oil unit located in Hardin County, Texas. A 30.0587% working interest was acquired in the Beech Creek #1 well. A 24.4337% working interest was acquired in the Beech Creek #2 well. We do not operate these wells. Total revenues and lease operating expenses associated with these properties during the six months ended April 30, 2010 were $32,935 and $3,546, respectively.

J.E. Pettus Gas Unit (known as “Cabeza Creek Field”) Acquisition in November 2009

On November 9th, 2009, the Company purchased the J.E. Pettus Gas Unit located in Goliad County, Texas for $402,569 in cash. We also incurred approximately $25,000 in fees associated with the acquisition, which were expensed when incurred. These properties were previously owned by Pioneer Natural Resources USA, Inc. The Gas Unit includes four (4) active gas wells and 24 non producing gas wells located on 3,689 acres in Goliad County, Texas. The interest acquired by BSPE is 100% all right, title and interest from the surface to 8,500 feet below the surface and 10.67% below 8,500 feet. We became the operator at depths upon closing of the acquisition, which is outsourced to an unrelated third party. In connection with these outsourced services, we pay an administrative fee of $500 per gas well per month, as well as a consulting fee of $8,000 per month. Total revenues and lease operating expenses associated with these properties during the three months ended April 30, 2010 were $392,279 and $125,452, respectively. Total revenues and lease operating expenses associated with these properties during the six months ended April 30, 2010 were $461,157 and $201,310, respectively.

Access Energy

On April 30, 2010, the Company sold 441 of the 600 shares it held in Access Energy to the other stockholder of Access Energy, Mr. Reg Burden. Following the transfer, Blacksands holds 19.9% of the outstanding Access shares and Mr. Burden holds 80.1%. As consideration for the transfer, the Company is relieved of its contractual obligation to fund Access' annual plan and budget including Access' commitments to First Nations' communities, and Mr. Burden's warrants to purchase the Access Warrants would be cancelled.

Consolidated Results of Operations – For the Six Months Ended April 30, 2010

For the six month period ended April 30, 2010 we have generated revenue of $494,092.

We incurred a net income of $2,374,890 for the six months ended April 30, 2010 compared to a net loss of $3,835,946 for the six months ended April 30, 2009.

We incurred total operating expenses of $769,092 for the six months ended April 30, 2010, as compared to total operating expenses of $523,108 for the six months ended April 30, 2009. These expenses consisted of general operating expenses incurred in connection with the day-to-day operations of our business, the preparation and filing of our periodic reports, costs associated with exploration activities for our subsidiary, Access Energy Inc. and costs associated with the operation of the gas wells.

The significant operating expenses include professional fees of $185,239 for the six months ended April 30, 2010 incurred in connection with filing of periodic reports, SEC compliance filings, legal, audit and accounting fees, and general corporate matters as compared with professional fees of $291,556 for the comparative period of April 30, 2009. The office and administration expenses of $63,857 for the six months ended April 30, 2010 include rent, telephone and other office expenses, as compared to office and administration expenses of $61,863 for the six months ended April 30, 2009. The management and directors' fees of $86,961 for the six months ended April 30, 2010 includes the directors' fee and Coniston's management fee, compared to management and directors' fees of $102,796 for the comparative period. The decrease is mostly due to a reduction in the management fee of Coniston Investment Corp. for the management of the 75% owned subsidiary, Access Energy Inc.

During the six months ended April 30, 2010, we incurred lease operating and exploration expenses of $351,427 compared to exploration expenses of $66,893 for the six months ended April 30, 2009.

During the six months ended April 30, 2009 and April 30, 2010, Access did not made any payments to the BRDN under the Agreements for the A10 Project. Amounts have been accrued pursuant to the joint venture and Impact Benefit agreements. The exploration expenses also include costs associated with the Access' agreement with the LLCDA under agreements ratified in February 2009.

We earned total interest income of $113,309 for the six months ended April 30, 2010, as compared to total interest income of $34,679 for the six months ended April 30, 2009. The interest for the quarters ended April 30, 2010 and 2009 was earned from the investment of proceeds of a private placement of our common stock and common stock purchase warrants in 2006, which remained in interest bearing instruments during the above periods, and which balance has diminished since the acquisition of Access in August 2007 with ongoing operations.

We recorded an expense of $nil in the six months ended April 30, 2010 as funding on behalf of the minority stockholder, as compared to $49,763 for the six months ended April 30, 2009 (representing a charge to the Company for 25% of capital advanced to Access in February 2008, and used by Access in the three months from November 1, 2008 to January 31, 2009).

The company recorded a loss from foreign currency transactions of $178,549 for the six months ended April 30, 2010. The loss is attributable to the difference in exchange rates between the beginning and ending of the second quarter. At the beginning of the quarter (February 1, 2010) the exchange rate was 1.0693 and the value of the US denominated accounts was approximately $2,200,000. At the end of the quarter (April 30, 2010) the exchange rate was 1.0048 and the value of the accounts was approximately $388,000. The loss of April 30, 2009 figure of $1,330 reflects foreign currency adjustments arising from having the majority of the Company's cash and investments denominated in US dollars while its functional currency is the Canadian dollar.

Our total comprehensive gain for the six months ended April 30, 2010 was $2,497,891, compared to total comprehensive loss of $3,787,010 for the six months ended April 30, 2009.

The Company has recorded a gain of $2,715,130 as result of the selling of 55.2% of Access Energy and being relieved of its liability for funding the company's operations. This creates a book tax expense of $388,653 for the six months ended April 30, 2010 as compared to $nil for the six months ended April 30, 2009. This expense was fully allowed for by the prior period net operating losses. The company did not have a tax expense from inception thru its October 31, 2009 year-end, because the company incurred losses during these periods.

Consolidated Results of Operations

For the three month period ended April 30, 2010, we have generated revenue of $425,409. We did not generate any revenue for the three months ended April 30, 2009.

We incurred net income of $2,636,894 for the three months ended April 30, 2010 compared to a net loss of $3,605,802 for the three months ended April 30, 2009.

We incurred total operating expenses of $399,447 for the three months ended April 30, 2010, as compared to total operating expenses of $284,487 for the three months ended April 30, 2009. These expenses consisted of general operating expenses incurred in connection with the day-to-day operations of our business, the preparation and filing of our periodic reports, costs associated with exploration activities for our subsidiary, Access Energy Inc. and costs associated with the operation of the gas wells.

The significant operating expenses include professional fees of $71,981 for the three months ended April 30, 2010 incurred in connection with filing of periodic reports, SEC compliance filings, legal, audit and accounting fees, and general corporate matters as compared with professional fees of $159,494 for the comparative period of April 30, 2009. The office and administration expenses of $31,251 for the three months ended April 30, 2010 include rent, telephone and other office expenses, as compared to office and administration expenses of $22,677 for the three months ended April 30, 2009. The management and directors' fees of $41,355 for the three months ended April 30, 2010 includes the directors' fee and Coniston's management fee, compared to management and directors' fees of $41,589 for the comparative period.

During the three months ended April 30, 2010, we incurred lease operating and exploration expenses of $204,337 compared to exploration expenses of $60,727 for the three months ended April 30, 2009.

During the three months ended April 30, 2009 and April 30, 2010, Access did not made any payments to the BRDN under the Agreements for the A10 Project. Amounts have been accrued pursuant to the joint venture and Impact Benefit agreements. The exploration expenses also include costs associated with the Access' agreement with the LLCDA under agreements ratified in February 2009.

The Company has recorded a gain of $2,715,130 as result of the selling of 55.2% of Access Energy and being relieved of its liability for funding the company's operations. This creates a book tax liability of $388,653 for the three months ended April 30, 2010 as compared to $nil for the three months ended April 30, 2009. The company did not have a tax liability from inception thru its October 31, 2009 year-end, because the company incurred losses during these periods.

We earned total interest income of $59,012 for the three months ended April 30, 2010, as compared to total interest income of $14,964 for the three months ended April 30, 2009. The interest for the quarters ended April 30, 2010 and 2009 was earned from the investment of proceeds of a private placement of our common stock and common stock purchase warrants in 2006, which remained in interest bearing instruments during the above periods, and which balance has diminished since the acquisition of Access in August 2007 with ongoing operations.

We recorded an expense of $nil in the three months ended April 30, 2010 as funding on behalf of the minority stockholder, as compared to $21,985 for the three months ended April 30, 2009 (representing a charge to the Company for 25% of capital advanced to Access in February 2008, and used by Access in the three months from November 1, 2008 to January 31, 2009).

The company recorded a loss from foreign currency transactions of $163,210 for the three months ended April 30, 2010. The loss is attributable to the difference in exchange rates between the beginning and ending of the second quarter. At the beginning of the quarter (February 1, 2010) the exchange rate was 1.0693 and the value of the US denominated accounts was approximately $2,200,000. At the end of the quarter (April 30, 2010) the exchange rate was 1.0048 and the value of the accounts was approximately $388,000. The loss of April 30, 2009 figure of $3,349 reflects foreign currency adjustments arising from having the majority of the Company’s cash and investments denominated in US dollars while its functional currency is the Canadian dollar.

Our total comprehensive gain for the three months ended April 30, 2010 was $2,739,658, compared to total comprehensive loss of $3,432,519 for the for the three months ended April 30, 2009.

Liquidity and Capital Resources

As of April 30, 2010, the company had cash and cash equivalents on hand of $1,264,539. The Company believes this amount to be sufficient to fund the Company's general and administrative costs for the next twelve months. In the interim, the Company is closely monitoring its cash balances and is minimizing its use of cash as much as possible.

Net Cash Used In Operating Activities

The Company used $191,265 in operating activities in the six months, compared to $523,003 for the comparative period.

Cash Flows Used In Investing Activities

Net cash used in investing activities for the six months ended April 30, 2010 was $1,464,887 compared to net cash used in investing activities of $1,806,879 for the comparative period. The majority of the net cash used in investing activities for the six months ended April 30, 2010 was for the purchase of oil and gas properties.

Cash Flows from Financing Activities

Cash provided by financing activities for the six months ended April 30, 2010 and April 30, 2009 was $nil.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Contractual Obligations

Other than the commitments to BRDN and LLCDA, and the commitments for the operations of the BSPE Texas oil and gas wells described elsewhere, there was no significant change in the Company's commitments during the three month period ending April 30, 2010.

Critical Accounting Policies

Oil and Gas Accounting

Accounting for oil and gas exploratory activity is subject to special accounting rules unique to the oil and gas industry. The acquisition of geological and geophysical seismic information, prior to the discovery of proved reserves, is expensed as incurred, similar to accounting for research and development costs. However, leasehold acquisition costs and exploratory well costs are capitalized on the balance sheet pending determination of whether proved oil and gas reserves have been discovered on the prospect.

Property Acquisition Costs

For individually significant leaseholds, management periodically assesses for impairment based on exploration and drilling efforts to date. For leasehold acquisition costs that individually are relatively small, management exercises judgment and determines a percentage probability that the prospect ultimately will fail to find proved oil and gas reserves and pools that leasehold information with others in the geographic area. For prospects in areas that have had limited, or no, previous exploratory drilling, the percentage probability of ultimate failure is normally judged to be quite high. This judgmental percentage is multiplied by the leasehold acquisition cost, and that product is divided by the contractual period of the leasehold to determine a periodic leasehold impairment charge that is reported in exploration expense.

This judgmental probability percentage is reassessed and adjusted throughout the contractual period of the leasehold based on favorable or unfavorable exploratory activity on the leasehold or on adjacent leaseholds, and leasehold impairment amortization expense is adjusted prospectively. Management periodically assesses individually significant leaseholds for impairment based on the results of exploration and drilling efforts and the outlook for project commercialization.

Exploratory Costs

For exploratory wells, drilling costs are temporarily capitalized, or “suspended,” on the balance sheet, pending a determination of whether potentially economic oil and gas reserves have been discovered by the drilling effort to justify completion of the find as a producing well. If exploratory wells encounter potentially economic quantities of oil and gas, the well costs remain capitalized on the balance sheet as long as sufficient progress assessing the reserves and the economic and operating viability of the project is being made. The accounting notion of “sufficient progress” is a judgmental area, but the accounting rules do prohibit continued capitalization of suspended well costs on the mere chance that future market conditions will improve or new technologies will be found that would make the project’s development economically profitable. Often, the ability to move the project into the development phase and record proved reserves is dependent on obtaining permits and government or co-venturer approvals, the timing of which is ultimately beyond our control. Exploratory well costs remain suspended as long as we are actively pursuing such approvals and permits, and believe they will be obtained. Once all required approvals and permits have been obtained, the projects are moved into the development phase, and the oil and gas reserves are designated as proved reserves. Once a determination is made the well did not encounter potentially economic oil and gas quantities, the well costs are expensed as a dry hole and reported in exploration expense.

Management reviews suspended well balances quarterly, continuously monitors the results of the additional appraisal drilling and seismic work, and expenses the suspended well costs as a dry hole when it determines the potential field does not warrant further investment in the near term. Criteria utilized in making this determination include evaluation of the reservoir characteristics and hydrocarbon properties, expected development costs, ability to apply existing technology to produce the reserves, fiscal terms, regulations or contract negotiations, and our required return on investment.

Proved Reserves

Engineering estimates of the quantities of proved reserves are inherently imprecise and represent only approximate amounts because of the judgments involved in developing such information. Reserve estimates are based on geological and engineering assessments of in-place hydrocarbon volumes, the production plan, historical extraction recovery and processing yield factors, installed plant operating capacity and operating approval limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting and processing the hydrocarbons.

Despite the inherent imprecision in these engineering estimates, accounting rules require disclosure of “proved” reserve estimates due to the importance of these estimates to better understand the perceived value and future cash flows of a company’s E&P operations. There are several authoritative guidelines regarding the engineering criteria that must be met before estimated reserves can be designated as “proved.” Our reservoir engineers have policies and procedures in place consistent with these authoritative guidelines.

Proved reserve estimates are adjusted annually and during the year if significant changes occur, and take into account recent production and subsurface information about each field. Also, as required by current authoritative guidelines, the estimated future date when a field will be permanently shut down for economic reasons is based on 12-month average prices and year-end costs. This estimated date when production will end affects the amount of estimated reserves. Therefore, as prices and cost levels change from year to year, the estimate of proved reserves also changes.

Our proved reserves include estimated quantities related to production sharing contracts, which are reported under the “economic interest” method and are subject to fluctuations in prices of crude oil, natural gas and natural gas liquids; recoverable operating expenses; and capital costs. The estimation of proved developed reserves also is important to the statement of operations because the proved developed reserve estimate for a field serves as the denominator in the unit-of-production calculation of depreciation, depletion and amortization of the capitalized costs for that asset.

Impairments

Long-lived assets used in operations are assessed for impairment whenever changes in facts and circumstances indicate a possible significant deterioration in future cash flows expected to be generated by an asset group and annually following updates to corporate planning assumptions. If, upon review, the sum of the undiscounted pretax cash flows is less than the carrying value of the asset group, the carrying value is written down to estimated fair value. Individual assets are grouped for impairment purposes based on a judgmental assessment of the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets—generally on a field-by-field basis for exploration and production assets. Because there usually is a lack of quoted market prices for long-lived assets, the fair value of impaired assets is determined based on the present values of expected future cash flows using discount rates believed to be consistent with those used by principal market participants, or based on a multiple of operating cash flow validated with historical market transactions of similar assets where possible. The expected future cash flows used for impairment reviews and related fair value calculations are based on judgmental assessments of future production volumes, commodity prices, operating costs, refining margins and capital project decisions, considering all available information at the date of review.

Asset Retirement Obligations

Under various contracts, permits and regulations, we have material legal obligations to remove tangible equipment and plug wells at the end of operations at operational sites. The fair values of obligations for dismantling and removing these facilities are accrued at the installation of the asset based on estimated discounted costs. Estimating the future asset removal costs necessary for this accounting calculation is difficult. Most of these removal obligations are many years, or decades, in the future and the contracts and regulations often have vague descriptions of what removal practices and criteria must be met when the removal event actually occurs. Asset removal technologies and costs, regulatory and other compliance considerations, expenditure timing, and other inputs into valuation of the obligation, including discount and inflation rates, are also subject to change.

New Accounting Pronouncements Adopted

In June and December 2009, the FASB amended the accounting guidance for transfers of financial assets. This amendment requires greater transparency and additional disclosures for transfers of financial assets and the entity's continuing involvement with them and changes the requirements for derecognizing financial assets. In addition, this amendment eliminates the concept of a qualifying special-purpose entity. The amendment must be applied as of the beginning of each reporting entity's first annual reporting period that begins after November 15, 2009, for interim periods within that first annual reporting period and for interim and annual reporting periods thereafter. Earlier application is prohibited. We are currently assessing the impact that this amendment may have on our consolidated financial statements.

In January 2010, the FASB issued new accounting guidance that requires new disclosures related to fair value measurements. The new guidance requires expanded disclosures related to transfers between Level 1 and 2 activities and a gross presentation for Level 3 activity. The new accounting guidance is effective for fiscal years and interim periods beginning after December 15, 2009, except for the new disclosures related to Level 3 activities, which are effective for fiscal years beginning after December 15, 2010 and for interim periods within those years. The new guidance will be effective for us in the second quarter of fiscal year 2010, except for the new disclosures related to Level 3 activities, which will be effective for us in the first quarter of fiscal year 2012. We are currently assessing the impact that the guidance may have on our consolidated financial statements.

Management has determined that there are no other new accounting pronouncements, other than those described in the Company's Form 10-K at October 31, 2009, that will impact the Company.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not applicable.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures.

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Securities Exchange Act of 1934 as of April 30, 2010. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on our evaluation, our chief executive officer and chief financial officer concluded that, as a result of the following material weaknesses in internal control over financial reporting, our disclosure controls and procedures are not designed at a reasonable assurance level and are not effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure:

i. We did not maintain sufficient personnel with an appropriate level of technical accounting knowledge, experience, and training in the application of GAAP commensurate with our complexity and our financial accounting and reporting requirements. We have limited experience in the areas of financial reporting and disclosure controls and procedures. Also, we do not have an independent audit committee. As a result, there is a lack of monitoring of the financial reporting process and there is a reasonable possibility that material misstatements of the consolidated financial statements, including disclosures, will not be prevented or detected on a timely basis
ii. The Company determined that a restatement of its financial statements was necessary due to the failure to include the fair value of 1,500,000 warrants forfeited in connection with the sale of Access. The Company subsequently determined that the fair value of the warrants on the date of sale was $1,120,263.

(b) Changes in internal control over financial reporting.

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. There were no changes in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Remediation Plans

We are committed to improving our financial organization. As part of this commitment, we will look to increase our personnel resources and technical accounting expertise within the accounting function by the end of 2010 to resolve non-routine or complex accounting matters. In addition, when funds are available, which we expect to occur by the end of 2010, we will take the following action to enhance our internal controls: Hiring additional knowledgeable personnel with technical accounting expertise to further support our current accounting personnel, which management estimates will cost approximately $100,000 per annum. We currently engage an outside accounting firm to assist us in the preparation of our consolidated financial statements. As necessary, we will engage consultants in the future as necessary in order to ensure proper accounting for our consolidated financial statements.

Management believes that hiring additional knowledgeable personnel with technical accounting expertise will remedy the following material weakness: insufficient personnel with an appropriate level of technical accounting knowledge, experience, and training in the application of GAAP commensurate with our complexity and our financial accounting and reporting requirements. Management believes that the hiring of additional personnel who have the technical expertise and knowledge with the non-routine or technical issues we have encountered in the past will result in both proper recording of these transactions and a much more knowledgeable finance department as a whole. We believe this will greatly decrease any control and procedure issues we may encounter in the future.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 1A. Risk Factors.

The Company's risk factors have not changed materially from those set forth under the heading "Risk Factors and Uncertainties" in the Company's most recent annual report on Form 10-K for the fiscal year ended October 31, 2009.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 5. Other Information.

(a) Form 8-K Information

None.

(b) Director Nomination Procedures

The Company does not have any established procedures by which security holders may recommend nominees to the Company's Board of Directors.

Item 6. Exhibits.

31.01 - Certification of Principal Executive Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended

31.02 - Certification of Principal Financial Officer pursuant to Rule 13a-14 and Rule 15d-14(a), promulgated under the Securities and Exchange Act of 1934, as amended

32.01-Certifications of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date:	September 28, 2010	BLACKSANDS PETROLEUM, INC.	
		By:	/s/ David DeMarco
		Name:	David DeMarco
		Title:	Chief Executive Officer