SENTRY PETROLEUM LTD.
Form 10-Q
January 14, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended: November 30, 2010

or

¨ **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: 000-52794

SENTRY PETROLEUM LTD.

(Exact name of registrant as specified in its charter)

Nevada	**20-4475552**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
999 18th Street, Suite 3000, Denver CO	**80202**
(Address of principal executive offices)	(Zip Code)

(866) 680-7649

(Registrant s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required 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 ý No ¨

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). ý Yes ¨ No

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 definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ý

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date:

Class	Outstanding at January 13, 2011
Common Stock, $0.0001 par value	46,836,401

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SENTRY PETROLEUM LTD.

November 30, 2010

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Sentry Petroleum Ltd.

(An Exploration Stage Company)

November 30, 2010

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Sentry Petroleum Ltd.

(An Exploration Stage Company)

Consolidated Balance Sheets

(Expressed in US dollars)

	November 30 2010 $ (Unaudited)	February 28 2010 $ (Audited)
ASSETS		
Current Assets		
Cash	664,018	317,515
Goods and Services Tax Receivable	632	15,539
Total Current Assets	664,650	333,054
Property and Equipment		
Oil and gas on the basis of full cost accounting		
Unproved properties (Note 3)	403,540	329,835
Property and Equipment (Note 4)	1,830	9,884
	405,370	339,719
Total Assets	1,070,020	672,773
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	15,244	60,381
Due to related party (Note 5)	-	2,038
Total Liabilities	15,244	62,419
Going concern (Note 1)		
Commitments (Note 8)		
Stockholders' Equity/(Deficit)		
Common stock: (Note 6)		
200,000,000 share authorized, $0.0001 par value, 46,742,267 shares issued and outstanding	4,674	4,633

Additional Paid in Capital	2,250,224	1,465,501
Donated Capital	50,000	50,000
Accumulated other comprehensive income	67,144	41,654
Deficit Accumulated During the Exploration Stage	(1,317,266)	(951,434)
Total Stockholders' Equity	1,054,776	610,354
Total Liabilities and Stockholders' Equity	1,070,020	672,773

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Consolidated Statements of Operations

(Expressed in US dollars)

(Unaudited)

	Three months Ended November 30 2010 $	Three months ended November 30 2009 $	Nine months ended November 30 2010 $	Nine months ended November 30 2009 $	February 23, 2006 (Date of Inception) to November 30 2010 $
Revenue	-	-	-	-	-
Expenses					
Foreign exchange (gain) loss	(6,779)	(12,885)	(5,840)	(89,655)	133,560
General and administrative	153,072	90,013	352,148	245,279	1,131,773
Professional fees	6,055	1,000	19,569	12,821	84,170
Total Expenses	152,348	78,128	365,877	168,445	1,349,503
Other Income					
Interest Income	6	296	45	440	32,237
Net Income (Loss) for the Period	(152,342)	(77,832)	(365,832)	(168,005)	(1,317,266)
Other Comprehensive income (loss)					
Foreign currency translation	28,473	20,996	25,490	65,299	67,144
Comprehensive income (loss)	(123,869)	(56,836)	(340,342)	(102,706)	(1,250,122)

Net Loss Per Share - Basic and Diluted	(0.00)	(0.00)	(0.01)	(0.00)
Weighted Average Shares Outstanding	46,444,648	46,325,600	46,364,994	46,325,600

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Consolidated Statements of Cash Flows

(Expressed in US dollars)

(unaudited)

	Nine months Ended November 30 2010 $	Nine months ended November 30 2009 $	From February 23, 2006 (Date of Inception) to November 30 2010 $
Cash Flows From (Used in) Operating Activities			
Net Income (Loss) for the period	(365,832)	(168,005)	(1,317,266)
Adjustments to reconcile net cash to operating activities:			
Depreciation	8,519	9,717	24,015
Donated services	-	-	50,000
Stock based compensation	284,764	167,671	588,618
Change in operating assets and liabilities:			
Goods and Services Tax receivable	16,045	(11,803)	(632)
Accounts payable and accrued liabilities	(48,056)	21,344	15,244
Due to related party	(2,238)	(4)	-
Net Cash From (Used in) Operating Activities	(106,798)	18,920	(640,021)
Cash Flows Used In Investing Activities			
Unproved properties	(47,975)	(170,011)	(343,878)
Additions to furniture and equipment	(396)	(4,558)	(25,777)
Net Cash Used in Investing Activities	(48,371)	(174,569)	(369,655)
Cash Flows From Financing Activities			

Proceeds from issuance of common shares	500,000	-	1,666,281
Net Cash From Financing Activities	500,000	-	1,666,281
Increase (decrease) in Cash and Cash Equivalents	344,8314	(155,649)	656,605
Effect of foreign currency translation on cash and cash equivalent	1,672	65,299	7,413
Cash - Beginning of Period	317,515	473,787	-
Cash - End of the Period	664,018	383,437	664,018
Supplemental Disclosure			
Interest paid	-	-	-
Income taxes paid	-	-	-

(The Accompanying Notes are an Integral Part of These Financial Statements)

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

November 30, 2010

1.

Nature of Operations and Continuance of Business

Sentry Petroleum Ltd. (the Company) is an Exploration Stage Company as defined by Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) topic 915 and was incorporated under the laws of the State of Nevada on February 23, 2006 as Summit Exploration Inc. On December 3rd, 2007 the Company changed its name from Summit Exploration Inc. to Sentry Petroleum Ltd. The Company is engaged in the acquisition, exploration, and development of oil and gas properties.

The Company has no revenues and has not generated any cash flows from operations to fund its acquisition, exploration and development activities. The Company intends to rely upon the issuance of equity securities to finance its oil and gas property acquisitions and exploration and development on acquired properties, however there can be no assurance it will be successful in raising the funds necessary, or that a self-supporting level of operations will ever be achieved. The likely outcome of these future events is indeterminable. As at November 30, 2010, the Company has accumulated losses since inception of $1,317,266. These factors raise substantial doubt about its ability to continue as a going concern. The financial statements do not include any adjustment to reflect the possible future effect on the recoverability and classification of the assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

Effective November 26, 2007, the Company authorized a 2 to 1 share split the effect of which has been retroactively applied.

On April 15, 2008, the Company incorporated a subsidiary company, Sentry Petroleum (Australia) Pty. Ltd. in order to facilitate exploration activities in Australia.

2.

Summary of Significant Accounting Policies

a.

Basis of Presentation

These unaudited financial statements have been prepared in accordance with the instructions to SEC Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted pursuant to such instructions. These unaudited interim financial statements should be read in conjunction with the audited financial statements and notes thereto as at February 28, 2010.

In the opinion of the Company's management, all adjustments considered necessary for a fair presentation of these unaudited financial statements have been included and all such adjustments are of a normal, recurring nature. Operating results for the nine-month period ended November 30, 2010 are not necessarily indicative of the results that can be expected for the year ended February 28, 2011.

b.

Principles of Consolidation

The consolidated financial statements, which include the Company and its subsidiary, Sentry Petroleum (Australia) Pty. Ltd., are compiled in accordance with generally accepted accounting principles in the United States of America. All significant inter-company accounts and transactions have been eliminated. The consolidated financial statements include 100% of assets, liabilities, and net income or loss of its wholly-owned subsidiary.

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

November 30, 2010

2.

Summary of Significant Accounting Policies (continued)

c.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company regularly evaluates estimates and assumptions related to donated services and deferred income tax asset valuation allowances. The Company bases its estimates and assumptions on current facts, historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. The actual results experienced by the Company may differ materially and adversely from the Company s estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

d.

Comprehensive Loss

In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Code (ASC) topic 220 *Comprehensive Income* , comprehensive income consists of net income and other gains and losses affecting stockholder's equity that are excluded from net income, such as unrealized gains and losses on investments available for sale, foreign currency translation gains and losses and minimum pension liability. For the period from inception, February 23, 2006 to November 30, 2010, the Company s other comprehensive income represents foreign currency translation adjustments.

e.

Foreign Currency Translation

The Company's functional currency is US dollars. Foreign currency balances are translated into US dollars as follows:

Monetary assets and liabilities are translated at the period-end exchange rate. Non-monetary assets are translated at the rate of exchange in effect at their acquisition, unless such assets are carried at market or nominal value, in which case they are translated at the period-end exchange rate. Revenue and expense items are translated at the average exchange rate for the period. Foreign exchange gains and losses arising from foreign currency transactions are included in the determination of net income for the respective periods.

The functional currency of the wholly owned subsidiary is Australian dollars. The assets and liabilities arising from these operations are translated at current exchange rates and related revenues and expenses at the exchange rates in effect at the time the revenue or expense is incurred. Resulting translation adjustments, if material, are accumulated as a separate component of accumulated other comprehensive income in the statement of stockholders' deficit while foreign currency transaction gains and losses are included in operations.

f.

Oil and Gas Property

The Company follows the full cost method of accounting for oil and gas operations whereby all costs associated with the acquisition, exploration and development of oil and gas properties will be capitalized in cost centers on a country-by-country basis. These capitalized amounts include the costs of unproved properties, internal costs directly related to acquisitions, development and exploration activities, asset retirement costs and capitalized interest. They include geological and geophysical studies, and costs of drilling both productive and non-productive wells.

Amortization will be calculated for producing properties by using the unit-of-production method based on proved reserves before royalties, as determined by management of the Company or independent consultants. Unproved reserves are exempt from amortization and are subject to annual assessment as noted below. Sales of oil and gas properties will be accounted for as adjustments of capitalized costs, without any gain or loss recognized, unless such adjustments significantly alter the relationship between capitalized costs and proved reserves of oil and gas attributable to a cost center. Costs of abandoned oil and gas properties will be accounted for as adjustments of capitalized cost and written off to expense.

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

November 30, 2010

2.

Summary of Significant Accounting Policies (continued)

f.

Oil and Gas Property (continued)

A ceiling test will be applied to each cost center by comparing the net capitalized costs to the present value of the estimated future net revenue from production of proved reserves, based on commodity prices in effect as at the Company s year-end and based on current operating costs, discounted by 10%, less the effects of future costs to develop and produce the proved reserves, plus the lower of costs or estimated fair value of unproved properties net of impairment, and less the effects of income taxes. Any excess capitalized costs are written off to operations.

Unproved properties will be assessed for impairment on an annual basis by applying factors that rely on historical experience. In general, the Company may write-off any unproved property under one or more of the following conditions:

i)

there are no firm plans for further drilling on the unproved property;

ii)

negative results were obtained from studies of unproved property;

ii)

negative results were obtained from studies conducted in the vicinity of the unproved property; or iv)

the remaining term of the unproved property does not allow sufficient time for further studies or drilling.

g.

Recent Accounting Pronouncements

The Company adopts new pronouncements relating to generally accepted accounting principles applicable to the Company as they are issued, which may be in advance of their effective date. Management does not believe that any recently issued but not yet effective accounting standards; if currently adopted would have a material effect on the accompanying financial statements.

3.

Unproved properties

The Company s oil and gas properties are located in Australia and its interests in these properties are maintained pursuant to the terms of Authority to Prospect (ATP) granted by the Department of Mines and Energy in Queensland. The *Petroleum and Gas (Production and Safety) Act 2004* provides the framework for accessing land to explore and develop petroleum and coal seam gas resources in Queensland. The granting process involves a commitment to a work program that must be carried out within specific time periods. See Note - Commitments.

The Company s coal property is located in Australia and its interests in this property is maintained pursuant to the terms of Exploration Permit for Coal (EPC) granted by the Department of Mines and Energy in Queensland. The *Mineral Resources Act 1989* provides the framework for accessing land to explore and develop coal resources in Queensland. The granting process involves a commitment to a work program that must be carried out within specific time periods. See Note - Commitments.

During the year ended February 28, 2009, the Company acquired 100% working interest in the following tenures in Queensland Australia for cash consideration revealed below: ATP 862, ATP 864, ATP 865 and ATP 866. A 7% gross overriding royalty was given to the original tenure holder.

On June 14, 2010, the Company was informed that it had been granted Exploration Permit for Coal (EPC) 1758 for a term of five years from February 19, 2010.

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

November 30, 2010

3.

Unproved properties (continued)

	Period Ended November 30, 2010			Year Ended February 28, 2010		
	Acquisition Costs	Exploration Costs	Total Costs	Acquisition Costs	Exploration Costs	Total Costs
	$	$	$	$	$	$
ATP 862	11,393	115,327	126,720	10,626	95,466	106,092
ATP 864	11,393	27,410	38,804	10,626	13,708	24,334
ATP 865	8,271	143,458	151,728	7,713	123,685	131,398
ATP 866	11,393	22,435	33,829	10,626	11,701	22,327
EPC 1758	49,664	-	49,664	45,684		45,684
Unallocated	2,795	-	2,795			
	84,809	269,898	403,540	85,275	244,560	329,835

Unallocated represents capitalized expenses on permits not yet awarded.

4.

Equipment

Period ended November 30, 2010			Year ended February 28, 2010		
Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
$	$	$	$	$	$

Computer equipment	9,657	(8,763)	894	8,986	(6,475)	2,511
Furniture and fixtures	1,246	(878)	368	1,246	(691)	555
Seismic software	15,150	(`14,582)	568	15,150	(8,332)	6,818
Total	26,052	(24,222)	1,830	25,382	(15,498)	9,884

5.

Related Party Transactions/Balances

During the nine-month period ended November 30, 2010 the Company paid $nil to the President of the Company for consulting services, ($nil - 2009), and $1,116 for reimbursement of expenses, ($5,500 - 2009). As of November 30, 2010 the Company owes $Nil to Aide-de-Camp Services, a company wholly owned by the Secretary of the Company for accounting and secretarial services, ($1,021 in 2009).

6.

Common stock

On February 23, 2006, the Company issued 2 common shares to the President of the Company of cash proceeds of $1.

On March 8, 2006, the Company issued 10,000,000 common shares at $.01 per common share to the President of the Company for cash proceeds of $100,000. In addition, the Company cancelled the 2 common shares issued to the President of the Company.

On November 17, 2006, the Company issued 6,325,600 common shares at $.05 per common share for cash proceeds of $316,280.

On November 2, 2007, the Company issued 30,000,000 common shares at $.025 per common share for cash proceeds of $750,000

Effective November 26, 2007, the Company authorized a 2 for 1 share split. These financial statements give retroactive application to this event.

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

November 30, 2010

6.

Common stock (continued)

On December 3, 2007, the Company increased its authorized share capital to 100,000,000, common shares of $.0001 par value.

On February 5, 2010 the Company increased its authorized share capital to 200,000,000 common shares of $.0001 par value.

On November 4, 2010 the company issued 416,667 common shares and 416,667 common share warrants at $1.20 for proceeds of $500,000

7.

Stock options and warrants

On February 28, 2009 management options were awarded to our Board of Directors and management team subject to shareholder approval. The options were approved by shareholders at the 2009 annual meeting. On February 22, 2010 additional management options were awarded which are also subject to shareholder approval. The following stock options were outstanding as of November 30, 2010.

On November 12, 2010 management options were awarded to a member of our management team subject to shareholder approval.

A recap of the terms of the stock options as at February 28, 2010 is as follows:

Year awarded	**Number**	**Exercise price**	**Currently Exercisable**	**Fair Value**	**Expiry Date**
2009	825,000	$1.04	274,999	$653,407	February 2014
2010	1,325,000	$0.25	-	$255,107	February 2015
2010	400,000	$1.30	-	$461,871	November 2015

The fair value for stock options was estimated using the Black-Scholes option pricing model assuming no expected dividends and the following weighted average assumptions:

2009 Options	
Expected volatility	114.98%
Risk-free interest rate	2.07%
Expected life of options	3 years
Fair value	$0.725 - $0.852

February 2010 Options	
Expected volatility	112.86%
Risk-free interest rate	2.30%
Expected life of options	3 years
Fair value	$0.188 - $0.201

November 2010 Options	
Expected volatility	152.16%
Risk-free interest rate	1.35%
Expected life of options	3 years
Fair value	$1.138 - $1.188

During the nine month period ended November 30, 2010, the Company recognized $284,764 in stock-based compensation expense ($167,671 2009).

As at November 30, 2010, there were $781,767 of unrecognized compensation costs related to non-vested stock options.

At November 30, 2010 there were 416,667 common stock warrants outstanding. The warrants were issued on November 4, 2010 and have a 2 year term. The warrants have an exercise price of $1.50 for the first 12 months and $1.75 thereafter.

Sentry Petroleum Ltd.

(An Exploration Stage Company)

Notes to the Consolidated Financial Statements

November 30, 2010

8.

Commitments

Under the oil and gas tenures described in Note 3 and in the assignment agreements with the original grantor, the Company is committed to the following work programs in order to maintain its interest in those tenures.

Under the coal tenure described in Note 3, the Company has work commitments of AUD 250,000 per year for the 5 year term of the permit.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operation

Forward-Looking Statements

This Form 10-Q includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements in this Form 10-Q, other than statements of historical facts, that address activities, events or developments that we expect, believe or anticipate will or may occur in the future, including operating costs, future capital expenditures (including the amount and nature thereof), and other such matters are forward-looking statements. The words believe, expect, anticipate, intend, estimate, may, should, could, will, plan, future, con expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. These forward-looking statements are based largely on our expectations or forecasts of future events, can be affected by inaccurate assumptions, and are subject to various business risks and known and unknown uncertainties, a number of which are beyond our control. Therefore, actual results could differ materially from the forward-looking statements contained in this document, and readers are cautioned not to place undue reliance on such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. A wide variety of factors could cause or contribute to such differences and could adversely impact revenues, profitability, cash flows and capital needs. There can be no assurance that the forward-looking statements contained in this document will, in fact, transpire or prove to be accurate.

Factors that could cause actual results to differ materially from those in forward-looking statements include: the change of business focus; continued availability of capital and financing; general economic, market or business conditions; acquisition opportunities or lack of opportunities; changes in laws or regulations; risk factors listed from time to time in our reports filed with the Securities and Exchange Commission; and other factors.

The forgoing list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on our forward-looking statements.

As used in this report, Sentry Petroleum, the Company, we, us, or our refer to Sentry Petroleum Ltd., unless othe indicated.

Overview

We were incorporated in Nevada on February 23, 2006 and are a Denver, Colorado-based oil and gas exploration stage company. We are considered an exploration stage company because we are involved in the examination and investigation of land that we believe may contain hydrocarbon reserves.

Our current focus is on the exploration of properties for which we acquired four exploration permits (Authority to Prospect 862, 864, 865, and 866) to exclusively engage in exploration for oil and gas in central Queensland, Australia and one Exploration Permit for Coal (EPC 1758) to exclusively engage in exploration for coal in the Adavale Basin of Queensland Australia. EPC 1758 was issued for a term of 5 years and ATP 862, 864, 865, and 866 have a maximum term of 12 years, but can be terminated earlier for failure to carryout exploration work programs on the properties underlying these permits. Our obligations on the four ATPs include obtaining additional seismic data and drilling of wells on each of the permits prior to February 2012. The total estimated cost to complete our obligations is approximately $13 million (see Footnotes to financial statements for further detail on our exploration obligations).

We have commenced our exploration program on ATP 862, 864, 865, and 866. We hold a 100% working interest in ATP 862, 864, 865, and 866, subject to a 7% gross overriding royalty payable to the original tenure holder. We hold a 100% working interest in EPC 1758. In the aggregate, our permits encompass approximately 6.9 million net acres.

These properties underlying our permits are without known reserves and the proposed plan of exploration detailed below is exploratory in nature. There is no assurance that we will discover commercial quantities of hydrocarbons. In addition, even if hydrocarbons are discovered, the costs of development may render any hydrocarbons found to be not commercially viable. If we do not find hydrocarbon reserves or are unable to develop reserves, either because we do not have sufficient capital or the costs of extraction are uneconomical, we will have to cease operations.

As part of our regular business activities, we routinely review and assess interests in exploration or production properties in Australia and Austral Asia for our possible acquisition. We seek additional properties or permits that we believe have the potential to add shareholder value. To that end, in the first half of our fiscal year, we acquired an Exploration Permit for Coal (EPC) 1758 contained within ATP 862. This permit was secured primarily to safeguard all hydrocarbon rights over an area where our initial analysis indicates the potential for unconventional gas resources. There can be no assurance that we will be successful in acquiring additional property interests or permits. In order to acquire any additional exploration or production properties, we will need to secure additional financing.

Exploration Program

Our plan of operations for the next 12 months is to continue our work obligations on ATP 862, 864, 865, and 866 in the Adavale basin in Queensland Australia, to commence our work obligations for EPC 1758, and to continue our assessment of various onshore exploration permits in Australia and Asia.

Our corporate strategy is to obtain data from drilling and testing of conventional and unconventional wells, independently certifying the results. In the event that we discover commercial quantities of hydrocarbons, our business plan is to sell our property interests rather than enter into production of any hydrocarbon reserves on the property ourselves.

Our exploration work since our acquisition of ATP 862, 864, 865, 866 and EPC 1758 has included the accumulation, quality control, and analysis of publicly available technical data obtained on and around our permits in Queensland. Substantial work was completed by companies holding exploration rights to the areas now included within our permits from initial work completed in the 1960's up to the time of our acquisition of the permits. The data from this work, which includes over 9,000 line km of seismic and approximately 50 well reports and well logs from wells within or surrounding our permits has been assembled and quality checked by us for our analysis. Our exploration work to date has been limited to a desk top analysis and interpretation of this publicly available data.

During the three months ended November 2, 2010, we completed our review and extensive geophysical analysis on ATP 865 and ATP 866, encompassing 3.17 million acres of oil and gas leases. As a result of this review and analysis, we have indentified what we believe are three drill ready prospects that offer the greatest likelihood of discovering commercial quantities of hydrocarbons and will be the subject of our Winter 2011 appraisal drilling campaign anticipated to commence in March 2011. Our ability to commence our Winter 2011 appraisal drilling campaign is subject to certain conditions, including our ability to secure sufficient financing, the requisite approvals and the availability of personnel and equipment in Queensland. We can provide no assurance that these conditions will be satisfied in order for us to be able to commence our Winter 2011 appraisal drilling campaign. We are currently attempting to secure the necessary governmental, environmental and land owner approvals required to undertake the proposed Winter 2011 appraisal drilling campaign and anticipate that such permissions will be obtained by March of 2011

In addition to our planned Winter 2011 appraisal drilling campaign anticipated to commence in March 2011, we intend over the next twelve months to initiate additional in field appraisal program on our permits in Australia and to continue the analysis of seismic and other technical data. This work will include work to further our exploration efforts on all our ATPs and our EPC.

During the next 3 to 6 months, we expect to complete the desk top analysis of all of our permits. The desktop analysis includes identifying the locations where we believe the greatest likelihood of discovering commercial quantities of hydrocarbons exists. We will then determine which of the identified locations are ready to commence drilling and which locations will require additional seismic data. Subsequently, we will obtain the necessary governmental, environmental and land owner permissions to undertake the proposed in field work. This work entails submitting specific work programs to the government for their review and approval as well as completing terms for access onto privately owned land. We anticipate that this process will take from two to four months from our initial applications and will cost approximately $50,000.

The time to complete the acquisition of seismic data and drilling of wells depends on, among other things, the availability of personnel and equipment in Queensland. The associated costs will be determined by the depth of the wells and the amount of seismic data to be acquired.

We anticipate incurring expenses of approximately $1.4 million over the next 12 months for our exploration program. There can be no guarantee that we will be able to secure the necessary financing and equipment to undertake the work program within the anticipated time frame.

Results of Operations for the Three and Nine Months Ended November 30, 2010 and 2009

Revenues

We have not generated any revenues from operations since our inception.

Expenses

We reported total expenses in the amount of $152,348 for the three months ended November 30, 2010, compared to total expenses of $78,128 for the three months ended November 30, 2009. We reported total expenses in the amount of $365,877 for the nine month period ended November 30, 2010, compared to total expenses of $168,445 for the nine month period ended November 30, 2009. Our total expenses were significantly higher for the three and nine months ended November 30, 2010, as compared to the three and nine months ended November 30, 2009, due primarily to the increased cost of deferred compensation from additional options awarded. Additionally, during the three and nine months ended November 30, 2009, we experienced a significant exchange gain as the U.S. Dollar weakened against the Canadian and Australian Dollars. During the same period of 2010, the U.S. Dollar has continued to weaken, but to a lesser extent than during 2009.

We incurred general and administrative expenses of $153,072 for the three months ended November 30, 2010, compared to $90,013 for the three months ended November 30, 2009. We incurred general and administrative expenses of $352,148 for the nine months ended November 30, 2010, compared to $245,279 for the nine months ended November 30, 2009. This increase in our general and administrative expenses is primarily attributable to the increased cost of deferred compensation from additional options awarded. For the three months ended November 30, 2011 we incurred deferred compensation of $120,580 compared to $53,906 for the three months ended November 30, 2009. We incurred $284,764 in deferred compensation for the nine months ended November 30, 2010 compared to $167,671 for the nine months ended November 30, 2009. In November 2010, subject to shareholder approval, we issued to a member of our management options to purchase 400,000 shares of our common stock..

Professional fees for the three and nine months ended November 30, 2010 increased from the professional fees reported for the same periods in the prior year. The increase in professional fees is attributable to an increase in our exploration activity. We incurred professional fees of $6,055 for the three months ended November 30, 2010, compared to $1,000 for the three months ended November 30, 2009. We incurred professional fees of $19,569 for the nine months ended November 30, 2010, compared to $12,821 for the nine months ended November 30, 2009. We anticipate that we will incur increased professional fees as we further our work programs and exploration activity.

We recorded a gain on foreign exchange of $6,779 for the three months ended November 30, 2010, compared to a gain of $12,885 for the same period in the prior year. We recorded a gain on foreign exchange of $5,840 for the nine months ended November 30, 2010, compared to a gain of $89,655 for the same period in the prior year. The gain on foreign exchange was realized during the three and nine months ended November 30, 2010 as a result of fluctuation in the US dollar as compared to the Canadian and Australian dollars. These gains were not as substantial as for the comparable period in 2009 as the US dollar has weakened less during 2010 than in 2009.

Other Income

We reported other income of $6 for the three months ended November 30, 2010 and other income of $296 for the three months ended November 30, 2009. We reported other income of $49 for the nine months ended November 30, 2010, as compared to $440 for the nine months ended November 30, 2009. Other income was attributable to interest received on bank deposits.

Net Loss

We had net loss of $152,342 for the three months ended November 30, 2010, as compared to net loss of $77,832 for the three months ended November 30, 2009. We had net loss of $365,832 for the nine months ended November 30, 2010, as compared to net loss of $168,005 for the nine months ended November 30, 2009. The increase in our net loss was attributable to increased expenses described above.

Liquidity and Capital Resources

As of November 30, 2010, we had total current assets of $664,650 (February 2010: $333,054), which included cash of $664,018, and sales taxes receivable of $632. As of November 30, 2010, we had total current liabilities in the amount of $15,244 (February 2010: $62,419). As a result, we had working capital of $649,406 as of November 30, 2010 (February 2010: $270,635).

We anticipate that we will not generate any revenue during the next twelve months. An exploration program with a total estimated commitment of approximately $13 million over the next two years was proposed and has been approved by the local government for permits ATP 862, 864, 865 and 866. We have committed to undertake approximately $250,000 in furtherance of an exploration program over the next three months for EPC 1758 and anticipate incurring aggregate expenses of approximately $1.4 million over the next 12 months for our exploration program. We are obligated to execute on these proposed exploration programs in order to maintain our permits in good standing. In addition to these expenditures anticipated to be incurred in connection with our proposed exploration programs, we anticipate spending approximately $60,000 in ongoing general and administrative expenses for the next twelve months. The general and administrative expenses for the year will consist primarily of professional fees for the audit and legal work relating to our regulatory filings throughout the year, as well as general office expenses.

Our current cash on hand is insufficient to be able to make our planned exploration expenditures and to pay for our general administrative expenses over the next twelve months. We must obtain additional financing in order to continue our plan of operations for the next twelve months. We do not have any lending arrangements in place with banking institutions and believe that debt financing will not be an alternative for funding our exploration programs as we have limited tangible assets to secure any debt financing. We anticipate that additional funding will be in the form of equity financing from the sale of our common stock. We are currently seeking additional funding in the form of equity financing from the sale of our common stock, but cannot provide any assurance that we will be able to raise sufficient funding from the sale of our common stock to fund our proposed exploration programs that is a requirement in order to maintain our permits in good standing. During the quarter ended November 30, 2010, we raised $500,000 in a private equity offering, but still require additional funding.

We are considering entering into a joint venture arrangement to finance the exploration activity required to carry out our proposed exploration programs on the properties underlying our permits. We are seeking to locate a joint venture participant, but can provide no assurance that we will be successful. In the event that we enter into a joint venture arrangement, we would likely have to assign a percentage of our property interests to the joint venture participant.

If we are unable to raise additional capital in the immediate future, we will experience liquidity problems and management expects that we will need to curtail operations, liquidate assets, seek additional capital on less favorable terms and/or pursue other remedial measures. In the absence of sufficient financing to finance our exploration activity required to carry out our proposed exploration programs, we will not be able to pursue our exploration program and maintain our permits in good standing. If we do not execute on our proposed exploration programs, we may be required to relinquish our interests in our permits and will be forced to cease operations.

Cash Used in Operating Activities

Cash flows used in operating activities for the nine months ended November 30, 2010 were $106,798, as compared to cash flows provided by operating activities of $18,920 for the nine months ended November 30, 2009. Our net loss of $365,832 for the nine months ended November 30, 2010 was the primary reason for our negative operating cash flow, as compared to our net loss of $168,005 for the nine months ended November 30, 2009.

Cash Used in Investing Activities

For the nine months ended November 30, 2010, we used $48,371 in investing activities, as compared to $174,569 used in investing activities for the nine months ended November 30, 2009. For the nine months ended November 30, 2010, we invested $47,975 in unproven properties, as compared to the nine months ended November 30, 2009, in which we invested $170,011 in unproven properties.

Cash from Financing Activities

As we have had no revenues since inception, we have financed our operations primarily by using existing capital reserves and through private placements of our common stock. For the nine months ended November 30, 2010, we generated $500,000 from the issuance of common shares, as compared to no cash flows provided by financing activities for the nine months ended November 30, 2009.

Off-balance sheet arrangements

We do not have any off-balance sheet arrangements.

Going Concern

We have incurred net losses for the period from inception on February 23, 2006 to November 30, 2010 of $1,317,266 and have no source of revenue. The continuity of our future operations is dependent on our ability to obtain financing from issuance of equity securities. These conditions raise substantial doubt about our ability to continue as a going concern.

Recent accounting pronouncements

There have been no recent accounting pronouncements since the filing of our Annual Report on Form 10-K, filed on June 1, 2010, that have a material impact on the Company's financial presentation and disclosure.

Critical Accounting Policies

Our condensed unaudited consolidated financial statements have been prepared in conformity with GAAP. For a full discussion of our accounting policies as required by GAAP, please refer to our Annual Report on Form 10-K for the year ended February 28, 2010. We consider certain accounting policies to be critical to an understanding of our condensed consolidated financial statements because their application requires significant judgment and reliance on estimations of matters that are inherently uncertain. The specific risks related to these critical accounting policies are unchanged at the date of this report and are described in detail in our Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Not Applicable.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and former Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon and as of the date of that evaluation, the Chief Executive Officer and Chief Financial Officer concluded as of November 30, 2010 that the Company's disclosure controls and procedures are effective.

Limitations on the Effectiveness of Internal Controls

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will necessarily prevent all fraud and material error. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving our objectives and our Chief Executive Officer and former Chief Financial Officer concluded that our disclosure controls and procedures are effective at that reasonable assurance level. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the internal control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended November 30, 2010 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -OTHER INFORMATION

Item 1.

Legal Proceedings

None.

Item 1A.

Risk Factors

Not applicable.

Item 2.

Unregistered Sales of Equity Securities and Use of Proceeds

During the reporting period, we completed a private placement of units (the Units) to one non-U.S. person, as that term in defined in Regulation S promulgated under the Securities Act (the Investor), pursuant to which we sold to the Investor an aggregate of 416,667 units (the Units) at a purchase price of $1.20 per Unit (the Unit Price). The aggregate purchase price we received from the sale of these Units was $500,000. Each unit is comprised of one (1) share of common stock, par value $0.001, and one (1) common stock purchase warrant (the Warrant) to purchase one (1) share of our common stock, exercisable commencing on the issuance date and terminating twenty-four (24) months from the date of issuance. The exercise price for the Warrant is priced at $1.50 per share for the first twelve (12) months and $1.75 per share thereafter. As a result, we sold in this private placement during the reporting period a total of 500,000 shares of common stock and warrants to purchase 500,000 shares of common stock. The Units were not sold through an underwriter and accordingly, there were no underwriting discounts or commissions involved. No registration rights were granted to the Investor who purchased the Units.

The securities offered and sold in connection with this private placement were in reliance on the exemption from registration under Regulation S promulgated under the Securities Act. In connection with this private placement, we relied on the Investor s written representations. The Investor represented that he is not a "U.S. person" as that term is defined in Rule 902(k) of Regulation S under the Securities Act. The Investor represented that he was acquiring the securities for investment only and not with a view toward resale or distribution. We requested our stock transfer agent to affix appropriate restricted legends to the stock certificate issued to the Investor. The Investor was given adequate access to sufficient information about us to make an informed investment decision. Neither we nor anyone acting on our behalf offered or sold these Units by any form of general solicitation or general advertising.

Item 3.

Defaults Upon Senior Securities

None.

Item 4.

(Removed and Reserved).

Not applicable.

Item 5.

Other Information

None.

Item 6.

Exhibits

See the Exhibit Index included as the last part of this report (following the signature page), which is incorporated herein by reference.

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.

SENTRY PETROLEUM LTD.

(Registrant)

Dated: 13th January 2011	By:	RAJ RAJESWARAN President and Chief Executive Officer
Dated: 13th January 2011	By:	PAUL BOLDY Chief Financial Officer

SENTRY PETROLEUM LTD.

(the Registrant)

(Commission File No. 000-52794)

Exhibit Index

to Quarterly Report on Form 10-Q

for the Quarter Ended November 30, 2010

Exhibit Number	Description
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) or Rule 15d- 14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) or Rule 15d- 14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification 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.