

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Laredo Oil, Inc.

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U.S. SECURITIES AND EXCHANGE
COMMISSION
Washington, D.C.20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED FEBRUARY 29, 2012

Commission File Number 333-153168



Laredo Oil, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

**111 Congress Avenue, Suite 400
Austin, Texas 78701**

(Address of principal executive offices) (Zip code)

(512) 279-7870

(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 last 90 days. Yes x 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). Yes x 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 the definitions of "large accelerated filer," "accelerated filer," "non-accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

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

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:

53,000,013 shares of common stock issued and outstanding as of April 13, 2012.

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ITEM 1. FINANCIAL STATEMENTS

The following unaudited financial statements have been prepared by Laredo Oil, Inc. (the "Company"), pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such SEC rules and regulations; nevertheless, the Company believes that the disclosures are adequate to make the information presented not misleading. However, except as disclosed herein, there have been no material changes in the information disclosed in the notes to the financial statements for the year ended May 31, 2011. These financial statements and the notes attached hereto should be read in conjunction with the financial statements and notes included in the Company's Form 10-K/A, which was filed with the SEC on September 27, 2011. In the opinion of management of the Company, all adjustments, including normal recurring adjustments necessary to present fairly the financial position of Laredo Oil, Inc., as of February 29, 2012 and the results of its operations and cash flows for the three and nine month periods then ended, have been included. The results of operations for the three and nine month periods ended February 29, 2012 are not necessarily indicative of the results for the full year ending May 31, 2012.

Laredo Oil, Inc.
Balance Sheets

	February 29, 2012	May 31, 2011
	<u>(unaudited)</u>	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 134,898	\$ 428
Prepaid expenses and other assets	21,384	24,051
TOTAL ASSETS	<u>\$ 156,282</u>	<u>\$ 24,479</u>
LIABILITIES & STOCKHOLDERS' (DEFICIT) EQUITY		
Current Liabilities		
Accounts payable	\$ 16,055	\$ 84,708
Accrued liabilities	71,655	200,442
Deferred management fee revenue	40,833	-
Warrant liability	27,514	1,265,595
Notes payable	-	75,000
Convertible notes payable	-	300,000
Total Current Liabilities	<u>156,057</u>	<u>1,925,745</u>
Long Term Notes Payable	<u>350,000</u>	<u>350,000</u>
Total Liabilities	506,057	2,275,745
Stockholders' (Deficit) Equity		
Preferred Stock: \$0.001 par value; 10,000,000 shares authorized; none issued and outstanding	-	-
Common Stock: \$0.0001 par value; 90,000,000 shares authorized; 53,000,013 and 52,000,013 issued and outstanding, respectively	5,300	5,200
Additional paid in capital	5,651,674	(400,984)
Accumulated deficit	(6,006,749)	(1,855,482)
Total Stockholders' (Deficit) Equity	<u>(349,775)</u>	<u>(2,251,266)</u>
TOTAL LIABILITIES & STOCKHOLDERS' (DEFICIT) EQUITY	<u>\$ 156,282</u>	<u>\$ 24,479</u>

The accompanying notes are an integral part of these financial statements.

Laredo Oil, Inc.
Statements of Operations
(Unaudited)

	Three Months Ended February 29, 2012	Three Months Ended February 28, 2011 (restated)	Nine Months Ended February 29, 2012	Nine Months Ended February 28, 2011 (restated)
Management fee revenue	\$ 388,884	\$ -	\$ 1,191,643	\$ -
Direct costs	302,934	-	816,429	-
Gross profit	85,950	-	375,214	-
General, selling and administrative expenses	61,466	180,473	112,545	510,163
Consulting and professional services	66,805	21,244	5,198,008	393,226
Operating loss	(42,321)	(201,717)	(4,935,339)	(903,389)
Non-operating income (expense)				
(Loss) gain on revaluation of warrant liability	121,977	(356,813)	603,841	488,055
Other income	-	-	200,000	-
Interest expense	(5,332)	(12,644)	(19,769)	(30,755)
Net income (loss)	<u>\$ 74,324</u>	<u>\$ (571,174)</u>	<u>\$ (4,151,267)</u>	<u>\$ (446,089)</u>
Net income (loss) per share, basic and diluted	\$ 0.00	\$ (0.01)	\$ (0.08)	\$ (0.01)
Weighted average number of common shares outstanding	52,626,387	51,366,680	52,208,042	50,919,427

The accompanying notes are an integral part of these financial statements.

Laredo Oil, Inc.
Statements of Cash Flows
(Unaudited)

	Nine Months Ended	Nine Months Ended
	February 29, 2012	February 28, 2011 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (4,151,267)	\$ (446,089)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Stock issued for services	26,667	207,067
Warrants issued for services	4,931,873	-
Share based compensation	41,890	-
Gain on revaluation of warrant liability	(603,841)	(488,055)
Changes in operating assets and liabilities		
Decrease in prepaid expenses	2,667	21,931
Decrease in accounts payable and accrued liabilities	(197,440)	(132,343)
Increase in deferred management fee revenue	40,833	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	91,382	(837,489)
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of notes payable	(75,000)	-
Proceeds from issuance of convertible notes payable	-	25,000
Proceeds from issuance of notes payable	-	250,000
Repayment of convertible notes payable	(300,000)	-
Capital contributions	418,088	-
Issuance of common stock	-	500,000
NET CASH PROVIDED BY FINANCING ACTIVITIES	43,088	775,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	134,470	(62,489)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	428	157,005
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 134,898	\$ 94,516
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 43,323	\$ -
NON-CASH FINANCING ACTIVITIES:		
Reclassification of warrant liability to equity	\$ 634,240	\$ -

The accompanying notes are an integral part of these financial statements.

Laredo Oil, Inc.
Notes to Financial Statements
February 29, 2012
(Unaudited)

NOTE 1 - ORGANIZATION AND DESCRIPTION OF BUSINESS

Laredo Oil, Inc. (the "Company") was in the development stage prior to fiscal year 2012. During the first quarter of fiscal year 2012, the Company exited the development stage due to operating revenues generated by certain agreements.

On June 14, 2011, the Company entered into agreements with Stranded Oil Resources Corporation ("SORC") to seek recovery of stranded crude oil from mature, declining oil fields by using the Enhanced Oil Recovery ("EOR") method known as Underground Gravity Drainage ("UGD"). Such agreements include license agreements, management services agreements, and other agreements (collectively "the Agreements").

The Agreements stipulate that the Company and Mark See, the Company's Chairman and CEO, will provide to SORC, management services and expertise through exclusive, perpetual license agreements and a management services agreement (the "Management Service Agreement") with SORC. As consideration for the licenses to SORC, the Company will receive an interest in SORC's net profits. The Management Service Agreement outlines that the Company will provide the services of key employees ("Key Persons"), including Mark See, in exchange for monthly and quarterly management service fees. The monthly and quarterly management service fees provide funding for the salaries, benefit costs, and FICA taxes for the Key Persons identified in the Management Services Agreement. The quarterly management fee of \$122,500 per quarter is paid on the first day of each calendar quarter, and, as such, \$40,833 has been recorded as deferred management fee revenue at February 29, 2012. In addition, SORC will reimburse the Company for monthly expenses incurred by the Key Persons in connection with their rendition of services under the Management Services Agreement. The Company may submit written requests to SORC for additional funding for payment of the Company's operating costs and expenses, which SORC, in its sole and absolute discretion, will determine whether or not to fund.

The initial funding commitment, subject to various conditions including certain milestones, is \$16 million which can be increased by the SORC Board of Directors. SORC is the Company's sole provider of revenue.

SORC also provided \$418,088 to the Company which was used for the sole purpose of paying and retiring in full certain of the Company's debt obligations and accrued interest. During the first quarter of fiscal year 2012, all debt obligations and accrued interest other than amounts owed to Alleghany Capital have been repaid. Further, SORC provided \$200,000 to the Company to reimburse a portion of the legal fees incurred in connection with the Agreements. The proceeds used for retiring the debt obligations are recorded in additional paid in capital and reimbursement of legal fees are included in other income.

Liquidity

These financial statements have been prepared on a going concern basis. The Company has no significant operating history as of February 29, 2012, and has a net loss of approximately \$4.2 million for the nine months ended February 29, 2012. The Company entered into the Agreements with SORC to fund operations and to provide working capital. However, there is no assurance that in the future such financing will be available to meet the Company's needs.

Management has undertaken steps as part of a plan to improve operations with the goal of sustaining our operations for the next twelve months and beyond. These steps include (a) providing services and expertise under the Agreements to expand operations; and (b) controlling overhead and expenses. There can be no assurance that the Company can successfully accomplish these steps and it is uncertain that the Company will achieve a profitable level of operations and obtain additional financing. There can be no assurance that any additional financing will be available to the Company on satisfactory terms and conditions, if at all.

The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern.

Basic and Diluted Loss per Share

The Company's basic earnings per share (EPS) amounts have been computed based on the weighted-average number of shares of common stock outstanding for the period. As the Company realized a net loss for the nine month period ended February 29, 2012, no potentially dilutive securities were included in the calculation of diluted loss per share as their impact would have been anti-dilutive.

Laredo Oil, Inc.
Notes to Financial Statements
February 29, 2012
(Unaudited)

NOTE 2 - RECENT AND ADOPTED ACCOUNTING STANDARDS

The Company has reviewed recently issued accounting standards and plans to adopt those that are applicable to it. It does not expect the adoption of those standards to have a material impact on its financial position, results of operations, or cash flows.

NOTE 3 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company recorded a gain on revaluation of warrant liability of \$603,841 and \$488,055 for the nine months ended February 29, 2012 and February 28, 2011, respectively.

NOTE 4- RELATED PARTY TRANSACTIONS

In both November and December 2009, the Company issued a note payable to Mr. Kenneth Lipson, a shareholder owning over 5% of the Company's common stock. In June 2011, \$75,000 in notes and \$8,026 in accrued interest were repaid using proceeds provided by SORC as disclosed in Note 1.

NOTE 5 - STOCKHOLDERS' (DEFICIT) EQUITY

Share Based Compensation

The Black-Scholes option pricing model is used to estimate the fair value of options granted under our stock incentive plan.

The following table summarizes share-based compensation:

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>February 29, 2012</u>	<u>February 28, 2011</u>	<u>February 29, 2012</u>	<u>February 28, 2011</u>
Share-based compensation:				
General, selling and administrative expenses	\$ 41,890	\$ -	\$ 41,890	\$ -
Consulting and professional services	26,667	-	26,667	-
	<u>68,557</u>	<u>-</u>	<u>68,557</u>	<u>-</u>
Share-based compensation by type of award:				
Stock options	41,890	-	41,890	-
Restricted stock	26,667	-	26,667	-
	<u>\$ 68,557</u>	<u>\$ -</u>	<u>\$ 68,557</u>	<u>\$ -</u>

Stock Options

On November 29, 2011, the Company granted 2.6 million stock options to employees with an exercise price of \$0.20 per share, the fair market value on the date of grant. No stock options were granted in the third quarter of fiscal 2011. The grant date fair values of employee stock option grants, as well as the assumptions used in calculating these values for the first nine months of fiscal 2012, were based on estimates at the date of grant as follows:

	<u>Nine Months Ended February 29, 2012</u>
Option life (in years)	7.0 years
Risk-free interest rate	2.19%
Stock price volatility	158.6%
Weighted-average grant date fair value	\$0.19

Restricted Stock

On January 3, 2012, Laredo Oil granted a total of 1 million shares of restricted stock to its two independent board members. The shares vest in equal increments on March 1st of each year through March 1, 2014.

Laredo Oil, Inc.
Notes to Financial Statements
February 29, 2012
(Unaudited)

NOTE 5 - STOCKHOLDERS' (DEFICIT) EQUITY - *continued*

The fair value of the restricted stock granted is the intrinsic value as of the respective grant date since the restricted stock is granted at no cost to the directors. The grant date fair values of restricted stock granted during the third quarter and first nine months of fiscal 2012 was \$0.08. No restricted stock was granted during the third quarter and the first nine months of fiscal 2011.

Warrants

During the first quarter of fiscal year 2012, the Company issued warrants for 5,374,501 shares of common stock with a weighted average exercise price of \$0.70 to an investment bank for its role in enabling the transactions with SORC. These warrants were valued at \$4,931,873 under the Black Scholes valuation method with the following assumptions: risk free interest rate of 1.7%, volatility of 157%, expected term of 5 years and dividend rate of 0%. In addition, the warrants previously issued to the convertible debt holders were repriced from \$2.00 per share to \$0.25 per share during June 2011. A \$179,515 expense was recorded in gain on revaluation of warrant liability as a result of repricing revaluation on June 14, 2011. All outstanding warrants are currently exercisable.

On June 14, 2011, as a result of the Agreements disclosed in Note 1, the warrants issued with the convertible notes were reclassified on the balance sheet to equity due to an amendment to the warrant agreement that removed the price protection on the warrants. The warrants were revalued on June 14, 2011 and \$634,240 in warrant liability was reclassified to additional paid in capital.

Contributions

As discussed in Note 1, \$418,088 was recorded as contributions from SORC for proceeds used to pay in full certain debt obligations and accrued interest.

NOTE 6 – CONVERTIBLE NOTES PAYABLE

During June and July 2011, the ten convertible notes totaling \$300,000 and accrued interest of \$35,062 were paid in full using proceeds received from SORC as disclosed in Note 1.

NOTE 7 – LONG TERM NOTES PAYABLE

In November 2011, the Company and Alleghany Capital Corporation agreed to extend the maturity dates of the aggregate \$350,000 Senior Promissory Notes Payable to December 31, 2013.

NOTE 8 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Company's management, in connection with their former auditors, determined that FASB Accounting Standards Codification Topic 815-40-15-5, "Derivatives and Hedging - Contracts in Entity's Own Equity" ("ASC 815-40"), should have been applied by the Company in the assessment of the warrants issued to Seaside 88 LP and Sutter Securities Incorporated in July 2010, as well as the warrants issued in connection with the convertible debt entered into during May and June 2010 which would have resulted in the Company classifying and recognizing certain warrants previously issued by the Company as a liability rather than as stockholders' equity.

Company management initially became aware of the possible applicability of ASC 815-40 as a result of an SEC comment letter related to the SEC's review of the Company's 10-K filing for the fiscal year ended May 31, 2010 and review of the Company's 10-Q filings for the fiscal quarters ended August 31, 2010, November 30, 2010 and February 28, 2011. The Company determined that the warrants issued to Seaside Sutter to purchase 975,000 shares of the Company's common stock, as well as the warrants issued to the Convertible Note holders to purchase 770,000 shares of the Company's common stock were within the scope of ASC 815-40 due to the anti-dilution provisions contained in the warrants. Accordingly, the warrants have been classified as a warrant liability measured at fair value and the subsequent changes in fair value are recognized in the Statement of Operations.

In addition, the Company's management, in connection with their auditors, determined that FASB Accounting Standards Codification Topic 470-20, "Debt With Conversion and Other Options" ("ASC 470-20"), should have been applied by the Company in the assessment of its contingent beneficial conversion feature which would result in the Company not recognizing the deferred financing expense into earnings until the contingency is resolved.

Laredo Oil, Inc.
Notes to Financial Statements
February 29, 2012
(Unaudited)

NOTE 8 – RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS - *continued*

Restatements by the Company reflect certain adjustments to non-cash items in the Company's financial statements as a result of the correct application of ASC 815-40 regarding accounting for warrants and ASC 470-20 regarding accounting for contingent beneficial conversion feature on the convertible debt. The restatements primarily reflect adjustments to:

- correct for the overstatement of additional paid in capital and understatement of the warrant liability reported on Form 10-K for the fiscal year ended May 31, 2010 and Forms 10-Q for the periods ended August 31, 2010, November 30, 2010, and February 28, 2011.
- correct for the understatement of the gain on revaluation of warrant liability upon the quarterly revaluation of the warrant liability reported on Forms 10-Q for the periods ended August 31, 2010, November 30, 2010, and February 28, 2011.
- correct for the overstatement in the deferred financing asset and the related interest expense recorded to amortize this asset reported on Form 10-K for the fiscal year ended May 31, 2010 and Forms 10-Q for the periods ended August 31, 2010, November 30, 2010, and February 28, 2011.
- correct for the understatement in Convertible Debt balance and overstatement of interest expense due to the incorrect recording of the warrants as a debt discount and the related amortization of the debt discount on Form 10-K for the fiscal year ended May 31, 2010 and Forms 10-Q for the periods ended August 31, 2010, November 30, 2010, and February 28, 2011.

None of the accounting changes discussed above had any impact on the Company's cash position, its cash flows or its future cash requirements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This report contains forward-looking statements that involve risk and uncertainties. We use words such as "anticipate", "believe", "plan", "expect", "future", "intend", and similar expressions to identify such forward-looking statements. Investors should be aware that all forward-looking statements contained within this filing are good faith estimates of management as of the date of this filing. Our actual results could differ materially from those anticipated in these forward-looking statements.

DESCRIPTION OF SIGNIFICANT CONTRACTS WITH STRANDED OIL RESOURCES CORPORATION

From its inception through October 2009, the Company was primarily engaged in acquisition and exploration efforts for mineral properties. After a change in control in October 2009, the Company shifted its focus to locating mature oil fields with the intention of acquiring those oil fields and recovering stranded oil using enhanced oil recovery methods. On June 14, 2011, the Company entered into several agreements with Stranded Oil Resources Corporation ("SORC") to seek recovery of stranded crude oil from mature, declining oil fields by using the Enhanced Oil Recovery ("EOR") method known as Underground Gravity Drainage ("UGD"). Such agreements consist of a license agreement between the Company and SORC (the "SORC License Agreement"), a license agreement between the Company and Mark See, the Company's Chairman and CEO (the "MS-Company License Agreement"), an Additional Interests Grant Agreement between the Company and SORC, a Management Services Agreement between the Company and SORC (the "MSA"), a Finder's Fee Agreement between the Company and SORC, and a Stockholders Agreement among the Company, SORC and Alleghany Capital Corporation, each of which are dated June 14, 2011 (collectively, the "Agreements").

The Company and Mark See now provide to SORC management services and expertise pursuant to the SORC License Agreement, MS-Company License Agreement and the MSA. As consideration for the licenses to SORC, the Company will receive an interest in SORC net profits as defined in the SORC License Agreement (the "Royalty") which will range from 17.25% to 19.49%. Under the SORC License Agreement, the Company agreed that a portion of the Royalty equal to at least 2.25% of the net profits shall be used to fund a long term incentive plan for the benefit of its employees, as determined by the Company's board of directors. Additionally, in the event of a SORC IPO or certain other defined corporate events, the Company will receive a minimum of 17.25%, but not more than 19.49%, of the SORC common equity or proceeds emanating from the event in exchange for termination of the Royalty. Under certain circumstances regarding termination of exclusivity and license terminations, the Royalty could be reduced to 7.25%.

The MSA provides that the Company furnishes the services of key employees ("Key Persons"), including Mark See, in exchange for monthly and quarterly management service fees. Mark See acts as the CEO of SORC pursuant to the MSA. He and other members of Company management are required to spend substantially all of their time and effort in fulfilling the terms of the Agreements whereby they use their best efforts to evaluate, acquire, develop and recover crude oil from fields conducive to the UGD oil recovery method. The quarterly management services fee is \$122,500 and the monthly management services fee is comprised of the salaries, benefit costs, and FICA taxes for the Key Persons identified in the Agreements. In addition, SORC reimburses the Company for expenses incurred by the Key Persons in connection with their rendition of services under the MSA. The Company may submit written requests to SORC for additional funding for payment of the Company's operating costs and expenses which SORC, in its sole and absolute discretion, will determine whether or not to fund.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

It is expected that SORC will be funded solely by Alleghany Capital Corporation, a wholly-owned subsidiary of Alleghany ("Alleghany Capital"), in exchange for issuance by SORC of 12% cumulative preferred stock and common stock. Prior to the Company receiving any cash distributions from SORC, all accrued dividends must be paid and preferred shares redeemed. The initial funding commitment, subject to various conditions including certain milestones, is \$16 million which can be increased by the SORC board of directors.

Pursuant to the Additional Interests Grant Agreement, SORC provided \$418,088 to the Company which was used for the sole purpose of paying and retiring in full certain of the Company's debt obligations and accrued interest. Under the Finder's Fee Agreement, SORC agreed to provide funding to the Company for amounts payable to an investment bank for certain finder's fees relating to Alleghany's investment in SORC, which amounts shall not exceed \$1,100,000 in the aggregate. Under the MS-Company License Agreement, Mark See granted the Company an exclusive license to use certain intellectual property. The Stockholders Agreement, which shall not be effective unless and until the Royalty is converted into SORC common stock pursuant to the License Agreement, provides, among other things, that the Company shall have certain registration rights with respect to the SORC common stock it acquires.

RESULTS OF OPERATIONS

Since entering into the Agreements with SORC, the Company primarily is a management services company managing both the acquisition of mature oil fields and the recovery of stranded oil from those fields employing the UGD enhanced oil recovery method for its sole customer, SORC, an indirect, wholly owned subsidiary of Alleghany.

The UGD method uses conventional mining processes to establish a chamber underneath an existing oil field from where closely spaced wellbores are intended to be drilled up into the reservoir, using residual radial pressure and gravity to then drain the targeted reservoir through the wellbores. This method is applicable to mature oil fields that have very specific geological characteristics. The Company has done extensive research and has identified oil fields within the United States that it believes are qualified for UGD recovery methods. The Company intends to pursue and recover stranded oil from selected mature fields chosen from this group which may be acquired by SORC in its sole and absolute discretion.

We believe the costs of implementing the UGD method are significantly lower than those presently experienced by commonly used EOR methods. We also estimate that we can materially increase the field oil production rate from prior periods and recover amounts of oil equal to or greater than amounts previously recovered from the mature fields selected.

When SORC acquires a targeted oil field, it will continue to operate the producing field and expects to generate revenue and profit from doing so. Shortly after target acquisition, coring will occur followed by one or more test wells to confirm that the property is suitable for UGD development. After confirmation, UGD drilling will commence. Once development of the underground chamber and the UGD method is prepared for operation, the conventional wells will be capped after UGD production has begun. The effect of such operations should result in minimal disruption of oil production from the SORC field investments.

As of the filing of this report, the Company is fully staffed and engaged in the process of identifying, analyzing, valuing and conducting negotiations in connection with SORC's proposed acquisition of oil fields within the United States. Several parcels of property and mineral rights for other parcels have been acquired by SORC, and coring has commenced. Numerous expressions of interest have been extended by SORC to purchase all or parts of several target reservoirs, and negotiations regarding many of them are ongoing. When an expression of interest is accepted, due diligence begins regarding titles of ownership, any environmental or other liabilities regarding the property, as well as other legal matters which can take weeks or months to satisfactorily complete. As many of the target field leases we are pursuing for SORC are owned by private companies or by numerous owners, negotiations can often be complex and time-consuming.

As a result of signing the Agreements with SORC, we started receiving payments under the MSA effective June 14, 2011, and received and recorded management fee revenue totaling \$388,884 and \$1,191,643, respectively, for the three and nine months ended February 29, 2012. Direct costs associated with these revenues totaled \$302,934 and \$816,429 for the three and nine month periods ended February 29, 2012.

During the three months ended February 29, 2012 and February 28, 2011, respectively, we incurred operating expenses of \$128,271 and \$201,717. The expenses for the three month period ended February 28, 2011 primarily consist of payroll and related costs, whereas the similar costs incurred during the same period in 2012 are classified as direct costs as a result of signing the Agreements with SORC. The remaining expenses consisting of general operating expenses incurred in connection with the day to day operation of our business and the preparation and filing of our required reports have increased slightly for the quarter ended February 29, 2012 as compared to the similar quarter in the prior year. This increase is primarily due to the reclassification of payroll and related costs, as well as an increase in rent and insurance due to the expansion of our operations.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

We incurred operating expenses of \$5,310,553 and \$903,389 for the nine months ended February 29, 2012 and February 28, 2011, respectively. These expenses consisted of general operating expenses incurred in connection with the day to day operation of our business, the preparation and filing of our required reports, and costs associated with fund raising. The increase in expenses for the nine months ended February 29, 2012 as compared to the same period in 2011 is primarily attributable to the costs of closing the Alleghany transaction.

Additionally, for the three months ended February 29, 2012 and February 28, 2011, the Company experienced a gain on revaluation of the warrant liability of \$121,977 and a loss on revaluation of the warrant liability of \$356,813, respectively, due to a decrease or increase in the common stock price in the respective periods. Further, for the nine months ended February 29, 2012 and February 28, 2011, the Company experienced gains on revaluation of the warrant liability of \$603,841, and \$488,055, respectively, due to decreases in the common stock price in the respective periods, as well as a change in the exercise price on certain warrants.

During June 2011, the Company fixed the price of the warrants issued in connection with the \$300,000 Convertible Notes to \$0.25 per share and removed the price protection originally included with the warrants. Removal of the price protection feature associated with the warrants issued in connection with the convertible debt resulted in reclassification of \$634,240 of the associated warrant liability to additional paid in capital. However, the Company's operating income (loss) will continue to be affected by changes of value of the warrant liability associated with the remaining Sutter and Seaside warrants which contain price-protection provisions. Those warrants will be outstanding until they are either exercised or expire in July 2015.

LIQUIDITY & CAPITAL RESOURCES

Due to the nature of the SORC transaction, the Company forecasts that it will need no additional funding in order to execute its Agreements with SORC. In accordance with the SORC license and management services agreements, the Company believes that it will receive sufficient working capital necessary to meet its obligations under the Agreements. The Company will provide the know-how, expertise, and management required to identify, evaluate, acquire, test and develop targeted properties, and SORC will provide all required funding and will own the acquired assets. It is expected that SORC will be funded solely by Alleghany Capital in exchange for issuance by SORC to Alleghany Capital of 12% cumulative preferred stock and common stock in amounts to be determined. Prior to the Company receiving any royalty cash distributions from SORC, all preferred share accrued dividends must be paid and preferred shares redeemed. The initial funding commitment, subject to various conditions including certain milestones, is \$16 million which can be increased by the SORC board of directors.

Our cash and cash equivalents at February 29, 2012 was \$134,898. For the three and nine months ended February 29, 2012, the Company received \$405,381 and \$1,904,219 from SORC in management fees, reimbursement for transaction expenses, and funds used to retire a portion of the Company's debt. Total debt outstanding as of the filing date of this report is \$350,000 owed to Alleghany Capital with a maturity date of December 31, 2013.

The Company has no significant operating history as of February 29, 2012, and had net losses of approximately \$4.2 million for the nine months ended February 29, 2012. The Company entered into the Agreements with SORC to fund operations and to provide working capital. However, there is no assurance that in the future such financing will be available to meet the Company's needs.

Management has undertaken steps as part of a plan to improve operations with the goal of sustaining our operations for the next twelve months and beyond. These steps include (a) providing services and expertise under the Agreements to expand operations so that SORC generates gross profit; and (b) controlling overhead and expenses. There can be no assurance that the Company can successfully accomplish these steps and it is uncertain that the Company will achieve a profitable level of operations and obtain additional financing. There can be no assurance that any additional financing will be available to the Company on satisfactory terms and conditions, if at all.

The accompanying financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classifications of liabilities that may result from the possible inability of the Company to continue as a going concern.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The process of preparing financial statements requires that we make estimates and assumptions that affect the reported amounts of liabilities and stockholders' equity at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Such estimates primarily relate to revaluation of warrants as of the date of the financial statements; accordingly, actual results may differ from estimated amounts. Our estimates and assumptions are based on current facts, historical experience and various other factors we believe to be reasonable under the circumstances. The most significant estimates with regard to the financial statements included with this report relate to valuation of warrants.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - continued

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

OFF-BALANCE SHEET ARRANGEMENTS

We have no off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk is confined to our cash equivalents. We invest in high-quality financial instruments and we believe we are subject to limited credit risk. Due to the short-term nature of our cash, we do not believe that we have any material exposure to interest rate risk arising from our investments.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer, after evaluating the effectiveness of the Company's controls and procedures (as defined in the Securities Act of 1934 Rule 13a-15(e) or Rule 15d-15(e)) as of the end of the period covered by this report, have concluded that the Company's disclosure controls and procedures are not effective to give reasonable assurance that the information required to be disclosed in reports that the Company files under the Exchange Act is recorded, processed, summarized and reported as and when required.

Our size has prevented us from being able to employ sufficient resources to enable us to have an adequate level of supervision and segregation of duties. Therefore, it is difficult to effectively segregate accounting duties which comprises a material weakness in internal controls. This lack of segregation of duties leads management to conclude that the Company's disclosure controls and procedures are not effective to give reasonable assurance that the information required to be disclosed in reports that the Company files under the Exchange Act is recorded, processed, summarized and reported as and when required.

(b) Changes in Internal Control Over Financial Reporting

None.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. [REMOVED AND RESERVED.]

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

The exhibits required to be filed herewith by Item 601 of Regulation S-K, as described in the following index of exhibits, are attached hereto unless otherwise indicated as being incorporated herein by reference, as follows:

- 3.1 Certificate of Incorporation, included as Exhibit 3.1 in our Form S-1 filed August 25, 2008, File No. 333-153168 and incorporated herein by reference.
- 3.2 Certificate of Amendment of Certificate of Incorporation, included as Exhibit 10.1 to our Form 8-K filed October 22, 2009 and incorporated herein by reference.
- 3.3 Bylaws, included as Exhibit 3.2 in our S-1 filed August 25, 2008, File No. 333-153168 and incorporated herein by reference.
- [31.1 Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- [31.2 Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)
- [32.1 Certificate Pursuant to 18 U.S.C. Section 1350 signed by the Chief Executive Officer](#)
- [32.2 Certificate Pursuant to 18 U.S.C. Section 1350 signed by the Chief Financial Officer](#)

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema

101.CAL XBRL Taxonomy Extension Calculation Linkbase

101.DEF XBRL Taxonomy Extension Definition Linkbase

101.LAB XBRL Taxonomy Extension Label Linkbase

101.PRE XBRL Extension Presentation Linkbase

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LAREDO OIL, INC.

(Registrant)

Date: April 13, 2012

By: /s/ Mark See
Mark See
Chief Executive Officer and Chairman of the Board

Date: April 13, 2012

By: /s/ Bradley E. Sparks
Bradley E. Sparks
Chief Financial Officer, Treasurer and Director

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)**

I, Mark See, Chief Executive Officer of Laredo Oil, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended February 29, 2012 of Laredo Oil, Inc., the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 13, 2012

/s/ Mark See
Mark See
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECURITIES EXCHANGE ACT OF 1934
RULE 13a-14(a) OR 15d-14(a)**

I, Bradley E. Sparks, Chief Financial Officer and Treasurer of Laredo Oil, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q for the period ended February 29, 2012 of Laredo Oil, Inc., the registrant;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 13, 2012

/s/ Bradley E. Sparks
Bradley E. Sparks
Chief Financial Officer and Treasurer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Laredo Oil, Inc. on Form 10-Q for the period ended February 29, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark See, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Mark See

Mark See
Chief Executive Officer

Date: April 13, 2012

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quaterly Report of Laredo Oil, Inc. on Form 10-Q for the period ended February 29, 2012, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley E. Sparks, Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bradley E. Sparks

Bradley E. Sparks

Chief Financial Officer and Treasurer

Date: April 13, 2012