



March 12, 2010

REPORT TO SHAREHOLDERS.

As you are all aware, trading in Onco shares was halted as a result of the company's failure to file audited financial statements as required by law. At that time, I felt it was necessary to give the company a new management face and core, and to put controls in place that would hopefully see the potential of the company's assets maximized.

It was under these circumstances that I managed to assume control of the day to day operations of the company and to bring in a new Board of Directors. I believed that this action was necessary because of several serious internal problems within the company, and the resignation of most of the members of the old Board of Directors. Anyone who has read the published news accounts will be aware of the controversy surrounding the company and its former Director/Officer and majority shareholder, Robert Vanier. I will not dwell on that topic.

While the new executive and board knew there were many internal obstacles to contend with, none of us, nor anyone else for that matter, ever anticipated the severity of the additional problems that would present themselves. We had no idea of the challenges that we would face over the past year and a half.

I must mention that everyone that got involved as a director did so against the legal advice of several well respected lawyers as the lawyers considered the personal and financial downside to the directors not worth the risk. In any event, the directors stepped up on a mission to restructure and save Onco.

It is hard to imagine the sorry state of affairs at our takeover, of a company that had completed, what appeared to be, a successful offering less than 24 months earlier. When the new board took over, Onco had no money in the bank, no source of income and a mounting debtload. There was missing paper work and documents causing every emerging issue to be analogous to an archeological expedition. I can only touch on some of the issues facing the company and remain somewhat brief.

We moved the remains of the Onco records from London to Windsor. We changed the registered address of the company as well. This needed to be done as Onco could not afford to pay office rent and I already had an office in Windsor.

A sample of the unforeseen problems was that Onco had leased several vehicles. GMAC had a claim on a number of outstanding vehicle leases including a Mercedes SL, a number of Envoy and Canyons, a Pontiac G6, a Sierra 4x4 Crew Cab and a Yukon Denali. We found no corporate paper work on these vehicles and the whereabouts of the vehicles had to be determined. Civil and criminal proceedings were threatened as Mr. Vanier was less than helpful in locating and returning the leased vehicles to GMAC.

It is more difficult to get restored to a stock exchange once a company is delisted therefore the board continued to work with the various agencies to extend the cease trading order to stop the exchange taking the next step of



delisting the Onco stock. This required the completion of the financial statements. In furtherance of the audit process, I flew out to Calgary to meet with a senior partner of our previous national auditors.

This meeting was cordial and various steps to correct this error were discussed however the bottom line was that there had been a gross misstatement in the audit prepared under the prior board of directors. The auditors were of the opinion that they had been misled. The auditors presented options that included a re-filing of the offending financial statements or a restatement on the subsequent financials. It was shortly after this meeting that the auditors officially resigned.

We were compelled to find and retain new auditors, bring them up to speed and attempt to restate the previous errors. The Onco audit year ended December 31, 2007 and 2006, Note 4 at page 9 describes the major problem (See Financial Statements on Company Website at www.oncopetroleum.ca). The proceeds of a private placement in excess of \$22,000,000 never reached the company. The funds never reached the company even though the shares were issued, the company had been assured that the funds were on deposit and the existence of the funds had been confirmed by the previous auditors.

There were additional corporate issues encountered by this board including the fact that a large portion of the land and operating leases were in arrears of payment, some assets were not properly registered into the company name, well abandonment programs had not taken place, law suits were pending, security deposits to the Ministry of Natural Resources were not posted, service personal, employees, subcontractors and others were not being paid etc.

There was no capital for day to day operations let alone exploration and development. There were no banks or independent lenders willing to lend the company money and the capital markets for the company had vanished partially as a result of the market crash which occurred the week after we took over. The auditors were not proceeding unless they were paid; the production leases were going to be lost; the MNR were about to take action against the company for the well abandonments; the company was going to be charged and more lawsuits were pending etc.

It was determined that the only chance that the company had for survival was to raise private capital for some of the necessary day to day operations and to attempt to prove the financial viability of the ONCO Well #32. Funds were raised by way of debenture and other security via an independent company that I incorporated as a last attempt to try and save Onco. Investors, including myself, were reluctant to invest any further money into Onco without the assets of the company as collateral for the loan. With no other options available, board approval was given. Even with this security, the value of which remains uncertain, because of Onco's past, few stepped up to help.

With the new limited borrowed funds, management was able to move forward and the L.A. and some other litigation was resolved, trust funds issues with the Ministry of Natural Resources were posted, good relations were re-established with the suppliers and trade creditors necessary to complete our drilling program, negotiations were undertaken with the lease owners, numerous meetings were held with the new auditors and financial information recovered and prepared, numerous meetings were held and extensions were obtained from the CNSX to prevent delisting, well abandonments negotiated with MNR, negotiations with Canada Customs and Revenue Agency etc.

Well #32 was completed in the later part of the summer of 2009. Unfortunately, the drilling results were not what we hoped. This coupled with a third party claim filed against Onco by Vanier and Ramage which was received in early October 2009 and all of the other judgments and past due accounts that already existed, sealed the final fate of the company. Demand for repayment was made by the lender as per my news letter posted on the company Website



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dated November 4, 2009. The company is unable to satisfy this debt and the lending company gave formal notice on February 18, 2010 that they were moving via court proceeding to enforce their security.

The company has since been given informal notice by Robert Vanier and Terri Ramage claiming to be the company's majority shareholders that they intend to call a shareholders' meeting in Rimouski in the 3rd week of April 2010. This meeting seems pointless to me, but I will let you decide.

During this board's tenure, it became increasingly apparent that there had been something wrong in the way business matters had been conducted in the past. We have had meetings with the Ontario Securities Commission. It is common knowledge that the R.C.M.P. is investigating and we have fully co-operated in this regard. This board will not be finger pointing as the matters are subject to ongoing investigations.

We were successful in our goal to complete at least some of the projects underway. The Board and I have always believed in the Onco project and there was no one who wanted it to succeed more than us. Unfortunately the problems within are too severe. No one will lend the company any more money, nor should they based on its present financial predicament. The company is essentially bankrupt and because of this it is the intention of the board, executive, and myself to resign our post(s) and let Onco go. A court appointed receiver will take control of the assets and market them to potential buyers. Any potential sale proceeds will be used to satisfy the creditors. It is likely, most creditors will not get paid nor will there be anything left for the shareholders. For this we are sorry.

Please feel free to contact me directly at pbilodeau@oncopetroleum.ca should you have any questions.

Sincerely,

Peter O. Bilodeau
President & CEO.