BAYOU BEND PETROLEUM LTD.

Consolidated Financial Statements

First Quarter Report

For The

Three Months Ended March 31, 2009

(The accompanying consolidated financial statements have been prepared by management and have not been reviewed by the Company's auditors)

To our shareholders:

In the first quarter of 2009, Bayou Bend Petroleum Ltd. signed a definitive agreement in respect of the sale of substantially all of its U.S. oil and gas properties to Dynamic Offshore Resources, LLC., a private company based in Houston, Texas. The purchase price for the transaction is US $12.5 million, payable in cash upon closing of the transaction. In addition, a deferred payment of up to US $8.0 million may be made on April 1, 2011, based upon the increase in proved oil and gas reserves attributable to the purchased interests as at December 31, 2010 above a specified threshold, at a rate of US $0.20 per Mcfe.

The transaction received shareholder approval at a special meeting of shareholders to approve the transaction and related matters on May 22, 2009. The transaction is expected to close by the end of May 2009, with an effective date of April 1, 2009.

As a result of the transaction, Bayou Bend will have a cash balance of approximately Cdn $60 million. This represents a clear advantage for the company in these current markets and allows the company to pursue the wealth of distressed, undervalued resources opportunities available. The company is currently exploring several potential projects within the resource industry.

On behalf of the Board

Keith C. Hill
President and CEO

May 22, 2009

BAYOU BEND PETROLEUM LTD.

MANAGEMENT DISCUSSION AND ANALYSIS
(Amounts in United States Dollars unless otherwise indicated)
Three Months Ended March 31, 2009 and 2008

Management's discussion and analysis ("MD&A") of Bayou Bend Petroleum Ltd.'s (the "Company" or "Bayou Bend") financial condition and results of operations should be read in conjunction with the unaudited consolidated financial statements for the three months ended March 31, 2009 and 2008 and related notes therein, prepared in accordance with Canadian generally accepted accounting principles. The effective date of the MD&A is May 11, 2009. Additional information related to the Company is available on SEDAR at www.sedar.com and on the Company's web-site at www.bayoubendpetroleum.com.

Overview

Bayou Bend is a Canadian-based oil and gas company that currently holds various interests in oil and gas exploration and development properties in the USA. Prior to February 9, 2007, the Company operated under the name Kit Resources Ltd. and traded on the TSX Venture Exchange under the symbol "KIT". On February 9, 2007, the Company changed its name to Bayou Bend Petroleum Ltd. and started trading under the symbol "BBP".

In February 2009, the Company decided to sell its Gulf of Mexico properties and entered into a Letter of Intent with a third party. On April 16, 2009, the Company entered into a definitive purchase and sale agreement with a third party to sell substantially all of its oil and gas properties, including related asset retirement obligations, for $12,500,000 in cash and a deferred, contingent payment of up to $8,000,000 based on proved reserves, as defined, at December 31, 2010. The transaction is expected to close prior to the end of May 2009.

Selected Quarterly Information

The following is a summary of selected financial information for the Company for the quarters indicated:

($000s, except per share data)	Mar 31 2009	Dec 31 2008	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007
Revenue - oil & gas sales, net	$715	$1,663	$1,583	$798	$965	$1,181	$1,077	$299
Net income (loss)	($4,058)	($72,156)	($16,154)	($5,793)	($3,947)	($46,870)	($13,292)	$6,025
Net income (loss) per share - basic	($0.01)	(0.24)	($0.05)	($0.02)	($0.01)	($0.15)	($0.04)	$0.02
Net income (loss) per share - diluted	($0.01)	($0.24)	($0.05)	($0.02)	($0.01)	($0.15)	($0.04)	$0.02
Exploration & development expenditures	$450	$10,959	$4,146	$5,442	$256	$28,127	$8,631	$4,189
Total assets	$59,740	$63,594	$134,245	$150,203	$152,988	$166,841	$221,632	$228,730
Working capital surplus	$37,545	$41,595	$59,031	$66,621	$76,465	$80,120	$99,432	$117,577
Shareholders' equity	$50,408	$54,466	$126,544	$142,560	$147,857	$151,665	$198,344	$211,542
Common shares outstanding	308,756	308,756	308,756	308,756	308,756	308,256	308,256	308,256

The Company follows the successful efforts method of accounting for its oil and gas properties.

Production

	For the Quarter Ended							
	Mar 31 2009	Dec 31 2008	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007
Oil & gas sales, net ($000's)	$ 715	$ 1,663	$ 1,583	$ 798	$ 965	$ 1,181	$ 1,077	$ 299
Oil (net bop/d)	79	68	48	27	30	32	24	16
Natural gas (net mcf/d)	1,028	1,927	1,277	362	835	1,572	1,457	499
Total (net mcfe/d)*	1,504	2,337	1,565	524	1,016	1,766	1,601	593
Average selling price, net:								
Oil - per bbl	$ 32.52	$ 69.14	$ 124.58	$ 123.21	$ 91.52	$ 91.52	$ 77.37	$ 66.79
Gas - per mcf	$ 5.07	$ 8.02	$ 8.71	$ 9.69	$ 9.13	$ 6.16	$ 5.85	$ 7.05

* Production information is commonly reported in units of barrel of oil equivalent (“boe”), or if primarily a producer of natural gas in units of thousand cubic feet equivalent (“mcfe”), which may be misleading, particularly if used in isolation. For purposes of computing such units, thousand cubic feet of natural gas equivalent units have been calculated using an energy equivalence conversion rate of six thousand cubic feet of natural gas to one barrel of oil (6:1). The conversion ratio of 6:1 is based on an energy equivalency conversion method, which is primarily applicable at the burner tip and does not represent value equivalence at the wellhead.

On July 24, 2008, the Company commenced production on its Eagle’s Nest well. The well is currently producing 32.3 MMCF/D on an 8/8th basis. The well, in which the Company holds a 12.453525% working interest and an 8.935404% net revenue interest, is tied into Contango’s Eugene Island Block 11 production facility.

Production from the Company's Greylock well was stopped on August 30, 2008 due to Hurricanes Gustav and Ike and did not recommence due to damage to Marathon's Burns Point plant until December 4, 2008. Production from the Company's Eagle's Nest well was also stopped on August 30, 2008 due to the hurricanes. When production recommenced on September 29, 2008, the production rate per day was approximately 50% of the pre-storm rate due to transportation pipeline damage. These pipeline damages were repaired by the transport operator in late December 2008 with full production being achieved in late March 2009.

Results of Operations

	For the Quarter Ended (in $000s)							
	Mar 31 2009	Dec 31 2008	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007
Oil and gas sales	$ 899	$ 2,241	$ 2,068	$ 1,121	$ 1,293	$ 1,614	$ 1,414	$ 432
Royalties	(184)	$ (578)	(485)	(323)	(328)	(433)	(337)	(133)
Oil and gas sales, net	715	$ 1,663	1,583	798	965	1,181	1,077	299
Operating	(591)	$ (832)	(630)	(272)	(468)	(397)	(351)	(152)
Exploration	(755)	$ (2,978)	(2,365)	(2,317)	(2,840)	(1,916)	(525)	(1,530)
Dry hole	(6)	$ (7,748)	(1,711)	(3,257)	-	(35,753)	(9,397)	-
Impairment of properties	(15)	$ (56,972)	(11,584)	-	-	(11,333)	(10,998)	-
Accretion	(12)	$ (16)	(11)	(15)	(13)	(11)	(13)	(13)
Depletion, deprec. & amort.	(431)	$ (543)	(414)	(525)	(430)	(2,248)	(759)	(174)
General and administrative	(1,646)	$ (1,344)	(526)	(686)	(807)	(3)	(888)	(1,687)
Stock-based compensation	-	$ (78)	(138)	(496)	(89)	(191)	(91)	(37)
Foreign exchange gain (loss)	(1,446)	$ (3,575)	(806)	450	(1,079)	2,627	7,264	8,125
Interest income	129	$ 267	448	527	814	1,174	1,389	1,194
Net income (loss)	$ (4,058)	$ (72,156)	$ (16,154)	$ (5,793)	$ (3,947)	$ (46,870)	$ (13,292)	$ 6,025

The Company had a consolidated net loss of $4,058,000 for the three months ended March 31, 2009 compared to a net loss of $3,947,000 for the comparable period in the prior year.

The production volume and proven reserve base at this early stage of exploration result in higher costs per mcfe than would be the case for a later stage exploration company, particularly operating and general and administrative costs.

The various income and expenses categories are explained below in more detail.

<u>Oil and Gas Sales</u>
The Company had oil and gas sales, net of royalties, of $715,000 and $965,000 for the three months ended March 31, 2009 and 2008, respectively. The decrease in oil and gas sales compared to the prior year is primarily due to the interruption of gas production caused by Hurricanes Gustav and Ike and the decrease in the sales price of oil and natural gas. Full production was not resumed until late March 2009.

Operating Costs

The Company had operating costs of $591,000 and $466,000 for the three months ended March 31, 2009 and 2008, respectively. Operating costs during the periods are primarily related to the Company's Eagle's Nest, Greylock and Jefferson Island properties.

Exploration Costs

The Company had exploration costs of $755,000 and $2,721,000 for the three months ended March 31, 2009 and 2008, respectively. The decrease in exploration costs compared to the prior year is due to the Company's decision to sell its Gulf of Mexico properties.

Dry Hole Costs

Dry hole costs were $6,000 for the three months ended March 31, 2009, compared to $nil for the comparable period in the prior year.

Impairment of Properties

Impairment costs were $15,000 and $nil for the three months ended March 31, 2009 and 2008, respectively.

Depletion, Depreciation and Amortization

Depletion, depreciation and amortization ("DD&A") was $431,000 and $430,000 for the three months ended March 31, 2009 and 2008, respectively. DD&A primarily results from production on the Eagle's Nest, Greylock and Jefferson Island properties.

Stock-Based Compensation

Stock-based compensation was $nil and $89,000 for the three months ended March 31, 2009 and 2008, respectively. The Company uses the fair value method of accounting for stock options granted to directors, officers, employees and consultants whereby the fair value of all stock options granted is recorded as a charge to operations. The fair value of common share options granted is estimated on the date of grant using the Black-Scholes option pricing model.

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2009 and 2008 were $1,646,000 and $928,000, respectively.

The general and administrative expenses for the three months ended March 31, 2009 include $222,000 for legal, accounting and audit costs, $898,000 for salaries and benefits, $110,000 for management and consulting fees, and $29,000 for travel and entertainment expenses. The increase in salaries and benefits over the comparable period in the prior year is due to severance payments made to terminated employees due to the Company's decision to sell its Gulf of Mexico assets.

Foreign Exchange Gain (Loss)
Foreign exchange loss was $1,446,000 and $1,079,000 for the three months ended March 31, 2009 and 2008, respectively. The losses in 2009 and 2008 results from the strengthening of the United States dollar against the Canadian dollar.

Interest Income
For the three months ended March 31, 2009 and 2008, interest income was $129,000 and $814,000, respectively. Interest income represents bank interest earned on excess cash and investments in government securities.

Other Comprehensive Income

Other comprehensive income represents changes in shareholders' equity during a period arising from transactions and other events and circumstances from non-owner sources and includes unrealized foreign currency translation gains and losses.

The Company's operations in the United States are denominated in U.S. dollars and are considered self-sustaining.

As of May 11, 2009, the Company had approximately $44,017,000 Canadian dollars in its cash and investments accounts, with the balance in United States dollars. The Company does not have any exposure to the liquidity crisis involving asset-backed commercial paper.

Financial Condition

At March 31, 2009, the Company had total assets of $59,740,000 compared to $63,594,000 at December 31, 2008.

Liquidity and Capital Resources

Working capital at March 31, 2009, totaled $37,545,000, compared to $41,595,000 at December 31, 2008.

Funds used by operations were $3,607,000 for the three months ended March 31, 2009 compared to $12,026,000 for the prior year three month period. The primary use of the funds during the first quarter of 2009 was to pay down trade payables.

Net cash provided from financing activities for the three months ended March 31, 2009 was $nil, compared to $50,000 for the comparable period in 2008.

Net cash used in investing activities was $450,000 for the three months ended March 31, 2009, compared to net cash provided by investing activities of $7,552,000 for the comparable period in 2008.

The Company does not currently generate sufficient cash flow from its oil and gas operations to fund the entire oil and gas exploration, development and acquisition activities. The Company has relied upon the issuance of common shares to assist with financing its ongoing oil and gas exploration, development and acquisition activities to the extent that sufficient cash flow from oil and gas assets or farming out interests in oil and gas properties is not sufficient to finance its operations. Notwithstanding that the Company has sufficient financial resources to fund operations through the 2009 fiscal year, continuing operations are dependent on discovery of economic oil and gas reserves and ultimately on the attainment of profitable operations.

Financial Instruments

The Company's financial instruments consist of cash, cash equivalents, investments, accounts receivable, accounts payable, accrued expenses and advances from joint interest holders.

Cash, cash equivalents and investments are designated as held for trading and therefore carried at fair value, with unrealized gain or loss recorded in interest income.

The fair values of cash, cash equivalents, accounts receivable, accounts payable, accrued expenses and advances from joint interest holders approximate carrying values because of the short-term nature of these instruments. The fair values of investments are determined directly by reference to quoted market prices.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company manages its credit risk through its counterparty ratings and credit limits. The Company is mainly exposed to credit risk on its bank accounts and accounts receivable. Bank accounts are with banks that have a minimum credit rating of R-1 (mid) or better (as measured by Dominion Bond Rate Services) or the equivalent thereof according to a recognized bond rating service.

Accounts receivable are primarily with natural gas marketers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. As of March 31, 2009, the Company's receivables consist of $2,054,000 from joint venture partners and other trade receivables and $325,000 of revenue accruals and other receivables from natural gas marketers.

Joint venture receivables are typically collected within one to two months of the joint venture bill being issued to the partner. The Company mitigates the risk from joint venture receivables by obtaining partner approval of capital expenditures prior to starting a project. Management considers these receivables collectible.

Receivables from natural gas marketers are typically collected on the end of the month following production. The Company's policy to mitigate credit risk associated with these balances is to establish marketing relationships with established marketers. The Company has not experienced any collection issues with its natural gas marketers.

Liquidity Risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risk harm to the Company's reputation.

The Company prepares annual capital expenditure budgets, which are regularly monitored and updated as considered necessary. The Company uses authorizations for expenditures on both operating and non-operating projects to further manage capital expenditures.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, commodity prices and interest rates, will affect the Company's net earnings or the value of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

The significant market risk exposures to which the Company is exposed are foreign currency, commodity price and interest rate risks.

Foreign currency risk – The Company maintains a portion of its cash in Canadian dollars. The Company's operations are conducted in U.S. dollars. The Company's operating results and cash flows are affected to varying degrees by the changes in the Canadian dollar vis-à-vis the U.S. dollar. Company expenditures are incurred predominately in U.S. dollars. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks.

At March 31, 2009, the Company had $44,076,000 denominated in Canadian dollars. As of March 31, 2009, with other variables unchanged, a 1% strengthening of the U.S. dollar against the Canadian dollar would decrease the net loss by $441,000 due to this financial asset.

Commodity price risk – The prices that the Company receives for its crude oil and natural gas production may have a significant impact on its revenue and cash provided by operating activities. Any significant price decline in commodity prices would adversely affect the amount of funds available for capital reinvestment purposes. At this time the

Company does not use derivative financial instruments to manage its exposure to this risk.

Interest rate risk – The Company's bank accounts earn interest income at variable rates. The Company's future interest income is exposed to changes in short-term rates.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

As of April 30, 2009, the Company had 308,756,088 shares outstanding, 3,935,000 stock options outstanding under its stock-based compensation plan and zero warrants outstanding.

Related Party Transactions

Namdo Management Services Ltd. (Namdo) provides administrative support to the Company. The amount paid to Namdo was $34,000 and $66,000 during the three months ended March 31, 2009 and 2008, respectively. Namdo is a private corporation owned by a shareholder of the Company.

During the three months ended March 31, 2009 and 2008, the Company incurred legal fees of $37,000 and $4,000, respectively, with a law firm in which an officer of the Company is a partner.

During the three months ended March 31, 2009 and 2008, the Company incurred geological and geophysical (G&G) costs of $nil and $122,000, respectively, with a G&G firm in which an officer of the Company is a managing partner.

Accounting Policies and Critical Accounting Estimates

<u>Use of Estimates</u>

The consolidated financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in Canada. In preparing financial statements, management makes informed judgments and estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements and affect the reported amounts of revenues and expenses during the reported period. Specifically, estimates were utilized in calculating depletion, asset retirement obligations, stock-based compensation, amortization and impairment write-downs. Actual results could differ from these estimates and the differences could be material.

Accounting for Oil and Gas Operations

The Company follows the successful efforts method of accounting for its oil and gas operations. Under this method acquisition costs of oil and gas properties, costs to drill and equip exploratory wells that find proved reserves and costs of drilling and equipping development wells are capitalized and subject to annual impairment testing.

Exploration well costs are initially capitalized and, if subsequently determined to have not found sufficient reserves to justify commercial production, are charged to exploration expense. Exploration well costs that have found sufficient reserves to justify commercial production, but whose reserves cannot be classified as proved, continue to be capitalized as long as sufficient progress is being made to assess the reserves and economic viability of the well and or related project. All other exploration costs, including geological and geophysical costs, are charged to exploration expense when incurred.

Capitalized costs of proved oil and gas properties are depleted using the unit of production method based on estimated gross proved reserves of petroleum and natural gas as determined by independent engineers. Successful exploratory wells and development costs and acquired resource properties are depleted over proved developed reserves. Acquisition costs of unproved reserves are not depleted or amortized while under active evaluation for commercial reserves.

Costs associated with significant development projects are depleted once commercial production commences.

A revision to the estimate of proved reserves can have a significant impact on earnings as they are a key component in the calculation of depreciation, depletion and accretion.

Producing properties and significant unproved properties are assessed annually, or more frequently as economic events dictate, for potential impairment. The impairment test is initially based on undiscounted future cash flows from proved and risk adjusted probable reserves. If an impairment is identified, fair value is calculated as the present value of estimated expected discounted cash flows from proved and risk-adjusted probable reserves. Any impairment loss is the difference between the carrying value of the oil and gas property and its fair value. If it is determined that the estimated fair value is less than the net carrying amount, a write-down to the oil and gas property's fair value is recognized during the period, with a charge to earnings.

Estimates of future cash flows used in the evaluation of impairment of assets are performed based on risk assessments on field and reservoir performance and include judgment assumptions regarding commodity prices, discount rates and future costs.

A substantial portion of the Company's exploration and development activities are conducted jointly with others. The financial statements reflect only the Company's proportionate interests in such activities.

The Company engaged Netherland, Sewell and Associates, Inc., an independent geoscience consultancy firm, to evaluate 100% of the Company's proved and probable oil and gas reserves at December 31, 2008. The estimation of reserves is subjective. Forecasts are based on engineering data, future prices, expected future rates of production and the timing of capital expenditures, all of which are subject to uncertainties and interpretations. Reserves will be revised upward or downward based on the results of future drilling, testing and production levels.

International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, the AcSB confirmed in February 2008 that the International Reporting Standards ("IFRS") will replace Canadian GAAP for profit-oriented Canadian publicly accountable enterprises in 2011.

The Company has commenced the process to transition from current Canadian GAAP to IFRS. There are three phases in the process: diagnostic, detailed assessment and design and implementation. The Company is currently performing a review of the major differences between the current Canadian GAAP and IFRS. In 2009 the Company will commence the detailed assessment and design phase of the project.

During the implementation phase, the Company will execute the required changes to business processes, financial systems, accounting policies, disclosure controls and internal controls over financial reporting. At this time, the impact on financial statements is not reasonably determinable.

Risks and Uncertainties

The Company is exposed to a number of risks and uncertainties inherent in exploring for, developing and producing crude oil and natural gas. These risks and uncertainties include, but are not limited to, the following: economic risk of finding and producing reserves at a reasonable cost; cost of capital risk associated with securing the needed capital to carry out the Company's operations; risk of fluctuating currency exchange rates; risk of carrying out operations with minimal environmental impact; risk of weather, including hurricanes and other storms; risk of governmental policies, social instability or other political, economic or diplomatic developments in the US operations; market risk associated with investing the Company's cash reserves in interest bearing depository instruments; and environmental risks related to its oil and gas and mineral properties. Many of the previously mentioned risks are beyond the Company's control, and it is impossible to ensure that any exploration drilling program will result in commercial operations. The Company does not currently utilize derivative instruments to hedge its foreign currency exchange or interest rate risks.

Outlook

On November 6, 2008, the Company announced that it had engaged an investment advisor to assist the Company with its current review of the strategic and financial alternatives available to it. In February 2009, the Company decided to sell its Gulf of Mexico properties and entered into a Letter of Intent with a third party. On April 16, 2009, the Company entered into a definitive Purchase and Sale Agreement with a third party to sell substantially all of its oil and gas properties, including related asset retirement obligations, for $12,500,000 in cash and a deferred, contingent payment of up to $8,000,000 based on proved reserves, as defined, at December 31, 2010. The transaction is expected to close prior to the end of May 2009.

Considering the Company's favorable cash position and the business opportunities that are routinely presented to members of the Company's Board of Directors, the potential exists for the Company to enter into a new business that may provide greater opportunity for the creation of value than the Company's existing Gulf of Mexico oil and gas business.

Forward-Looking Statements

This report contains forward-looking statements concerning anticipated developments on the Company's operations; the adequacy of the Company's financial resources; financial projections, including, but not limited to, estimates of capital and operating costs, production rates, commodity prices, exchange rates, net present values; and other events and conditions that may occur in the future. Forward-looking statements are frequently, but not always, identified by the words such as "expects," "anticipates," "believes," "intends," "estimates," "potential," "possible," "budget" and similar expressions, or statements that events, conditions or results "will," "may," "could," or "should" occur or be achieved. Information concerning the interpretation of drill results and reserve estimates also may be deemed to be forward-looking statements, as such information constitutes a prediction of what might be found to be present if and when a project is actually developed. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of the Company or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those described in this MD&A.

The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made and the Company assumes no obligation to update such forward-looking statements in the future. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

BAYOU BEND PETROLEUM LTD.
Consolidated Balance Sheets
Expressed in Thousands of United States Dollars
(unaudited)

		March 31, 2009		December 31, 2008
ASSETS				
Current assets				
Cash and cash equivalents	$	41,225	$	45,282
Investments		79		79
Accounts receivable		2,379		1,912
Prepaid expenses		1,284		1,546
		44,967		48,819
Assets held for sale:				
Petroleum and natural gas properties		20,375		19,946
Accumulated depletion, depreciation & amortization		(5,602)		(5,171)
Net properties		14,773		14,775
	$	59,740	$	63,594
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	$	5,400	$	5,636
Advances from joint interest holders		233		231
Asset retirement obligation (ARO)		1,632		1,000
Current ARO related to assets held for sale		157		357
		7,422		7,224
ARO related to assets held for sale		1,910		1,904
		9,332		9,128
SHAREHOLDERS' EQUITY				
Share capital		250,899		250,899
Contributed surplus		3,024		3,024
Accumulated other comprehensive income		3,282		3,282
Deficit		(206,797)		(202,739)
		50,408		54,466
	$	59,740	$	63,594

Subsequent event (note 9)

See accompanying notes to consolidated financial statements.

BAYOU BEND PETROLEUM LTD.
Consolidated Statements of Operations, Other Comprehensive Loss and Deficit
For the Three Months Ended March 31, 2009 and 2008
Expressed in Thousands of United States Dollars
(unaudited)

	2009	2008
Revenues, from assets held for sale		
Oil and gas sales	$ 899	$ 1,293
Royalties	(184)	(328)
	715	965
Expenses, from assets held for sale		
Operating	591	466
Exploration	755	2,721
Dry hole costs	6	-
Impairment of properties	15	-
Accretion	12	13
Depletion, depreciation and amortization	431	430
General and administrative	1,646	928
Stock-based compensation	-	89
Foreign exchange loss	1,446	1,079
	4,902	5,726
Other income (expense)		
Interest income	129	814
	129	814
Net loss and other comprehensive loss	(4,058)	(3,947)
Deficit, beginning of period	(202,739)	(104,689)
Deficit, end of period	$ (206,797)	$ (108,636)
Basic loss per share	$ (0.01)	$ (0.01)
Diluted loss per share	$ (0.01)	$ (0.01)
Weighted average number of common shares used in computing earnings per share:		
Basic	308,712,132	308,712,132
Diluted	308,712,132	308,712,132

See accompanying notes to consolidated financial statements.

BAYOU BEND PETROLEUM LTD.
Consolidated Statements of Cash Flows
For the Three Months Ended March 31, 2009 and 2008
Expressed in Thousands of United States Dollars
(unaudited)

	2009	2008
Operating activities		
Net loss	$ (4,058)	$ (3,947)
Adjustments for non-cash and non-operating transactions:		
Depletion, depreciation and amortization	431	430
Impairment of properties	15	-
Dry hole costs	6	-
Accretion	12	13
Stock-based compensation	-	89
Changes in non-cash operating working capital:		
Accounts receivable	(467)	1,387
Prepaid expenses	262	94
Accounts payable and accrued expenses	(236)	(10,071)
Advances from joint interest holders	2	(21)
Asset retirement obligation	1,426	-
	(2,607)	(12,026)
Financing activities		
Issuance of share capital	-	50
Repayment of related party loans	-	-
	-	50
Investing activities		
Exploration and development expenditures	(450)	(256)
Investments	-	7,808
	(450)	7,552
Effect of exchange rate changes in cash	-	-
Net increase (decrease) in cash and cash equivalents	(3,057)	(4,424)
Cash and cash equivalents - beginning of period	45,282	58,575
Cash and cash equivalents - end of period	$ 42,225	$ 54,151

See accompanying notes to consolidated financial statements.

Expressed in United States Dollars Unless Otherwise Noted
(Tabular Amounts in Thousands, except Share and Per Share Amounts)

1. NATURE OF OPERATIONS

Bayou Bend Petroleum Ltd. (the "Company") is incorporated under the British Columbia Business Corporations Act. The Company is engaged in the business of oil and gas exploration and development in the United States in the Gulf of Mexico. The Company's shares trade on the TSX Venture Exchange under the symbol of "BBP".

Notwithstanding that the Company has sufficient financial resources to fund operations through the 2009 fiscal year, continuing operations are dependent on discovery of economic oil and gas reserves and ultimately on the attainment of profitable operations. (See Note 9, Subsequent Event.)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Bayou Bend Petroleum U.S.A., Ltd., Summit Energy Company, L.L.C. and Bayou Bend Offshore, Ltd.

These interim consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada, using the same accounting policies and methods of computation as set out in note 2 to the audited consolidated financial statements in the Company's Annual Report for the year ended December 31, 2008. These interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008.

3. COMPREHENSIVE INCOME (LOSS)

The following table reconciles the changes in accumulated other comprehensive income (loss) for the quarters ended March 31, 2009 and 2008.

	For the Quarter Ended March 31	
	2009	2008
Accumulated other comprehensive income (loss), beginning of period	$ 3,282	$ 3,282
Other comprehensive income	$ -	$ -
Accumulated other comprehensive income, end of period	$ 3,282	$ 3,282

Expressed in United States Dollars Unless Otherwise Noted
(Tabular Amounts in Thousands, except Share and Per Share Amounts)

4. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

As described in Note 9, SUBSEQUENT EVENT, in February 2009, the Company decided to seek a buyer for substantially all of the Company's oil and gas properties. In accordance with Canadian GAAP, the Company has recorded these long-lived assets at the lesser of their carrying amount or fair value less cost to sell.

	March 31, 2009		
	Cost	Accumulated Depletion	Net
Petroleum and natural gas	$ 20,146	$ (5,523)	$ 14,623
Office equipment	229	(79)	$ 150
	$ 20,375	$ (5,602)	$ 14,773

	March 31, 2008		
	Cost	Accumulated Depletion	Net
Petroleum and natural gas	$ 75,866	$ (3,669)	$ 72,197
Office equipment	155	(20)	$ 135
	$ 76,021	$ (3,689)	$ 72,332

Producing properties include Eagle's Nest, Mt. Moran North, Greylock, Eugene Island Block 7 and the Jefferson Island properties.

With the exception of interest income, all revenues and expenses on the consolidated statements of operations are related to the assets held for sale.

5. SHARE CAPITAL

a) Details are as follows:

	Number of Shares	Share Capital	Contributed Surplus
Authorized:			
Unlimited common shares without par value			
Issued and fully paid:			
Balance - December 31, 2008	308,256,088	$ 250,899	$ 3,024
Balance - March 31, 2009	308,256,088	$ 250,899	$ 3,024

Expressed in United States Dollars Unless Otherwise Noted
(Tabular Amounts in Thousands, except Share and Per Share Amounts)

b) Share Options

The Company has an established share purchase option plan whereby a committee of the Company's board of directors may, from time to time, grant up to a total of 10% of the issued share capital to directors, officers, employees or consultants. The number of shares under option at any specific time to any one optionee shall not exceed 5% of the issued and outstanding common shares of the Company. The term of any options granted under the plan will be fixed by the Board of Directors and may not exceed five years from the date of grant. All options granted are subject to a four month hold period from the date of granting. Vesting terms are at the discretion of the Board of Directors. All issued stock options have terms of three to five years and vest over periods of up to three years. The exercise price of an option is not less than the closing price on the TSX Venture Exchange ("the Exchange") on the last trading day preceding the grant date, less the applicable discount, provided that the exercise price will not be less than Cdn $0.10 per share.

The continuity of incentive stock options issued and outstanding is as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2008	6,620,000	Cdn $0.90
Granted	-	-
Expired	-	-
Cancelled/Forfeited	(2,685,000)	Cdn $0.92
Outstanding at March 31, 2009	3,935,000	Cdn $0.88

At March 31, 2009, 2,251,663 options are exercisable at an average exercise price of Cdn $1.18 per share with a weighted average remaining life of 2.0 years.

Stock Based Compensation

The Company recognizes compensation expense on stock options granted to both employees and non-employees using the fair value method at the date of grant, which the Company records as an expense ratably over the vesting periods. The stock option compensation expense is calculated using the Black-Scholes Option Pricing Model.

Stock option compensation expense for the three months ended March 31, 2009 and 2008, was $Nil and $89,000, respectively.

Expressed in United States Dollars Unless Otherwise Noted
(Tabular Amounts in Thousands, except Share and Per Share Amounts)

Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

c) Warrants

At March 31, 2009, the Company had no warrants outstanding.

6. INCOME TAXES

At December 31, 2008, the Company has available to carryforward the following:

		December 31, 2008
Canadian losses from operations	$	1,527
Canadian exploration expenses		2,636
Canadian unamortized share issue costs		4,545
U.S. Federal losses from operations		67,565
U.S. Federal - tax basis over carrying values of properties		101,556

The Canadian losses from operations may be used to offset future Canadian taxable income and will expire over the period from 2014 to 2028. The Canadian exploration expenses may be carried forward indefinitely to offset future taxable Canadian income. Canadian unamortized share issue costs may offset future taxable Canadian income of years 2009 to 2011. The U.S. Federal losses are available to offset future taxable income in the United States through 2028.

7. SIGNIFICANT CUSTOMERS

The Company has oil and natural gas sales to significant customers accounting for 74%, 9% and 13% of total oil and natural gas revenues for the three months ended March 31, 2009. For the three months ended March 31, 2008, oil and natural gas sales to significant customers accounted for 0%, 68% and 29% of revenues.

8. RELATED PARTY TRANSACTIONS

Namdo Management Services Ltd. (Namdo) provides administrative support to the Company. The amount paid to Namdo during the three months ended March 31, 2009 and 2008 was $34,000 and $66,000, respectively. Namdo is a private corporation owned by a shareholder of the Company.

During the three months ended March 31, 2009 and 2008, the Company incurred legal fees of $37,000 and $4,000, respectively, with a law firm in which an officer of the Company is a partner.

The Company incurred geological and geophysical (G&G) costs of $nil and $122,000, respectively, during the three months ended March 31, 2009 and 2008 with a G&G firm in which an officer of the Company is a managing partner.

9. SUBSEQUENT EVENT

In February 2009, the Company decided to sell its Gulf of Mexico properties and entered into a Letter of Intent with a third party. On April 16, 2009, the Company entered into a definitive purchase and sale agreement with a third party to sell substantially all of its oil and gas properties, including related asset retirement obligations, for $12,500,000 in cash and a deferred, contingent payment of up to $8,000,000 based on proved reserves, as defined, at December 31, 2010. The transaction is expected to close prior to the end of May 2009.

BAYOU BEND PETROLEUM LTD.

DIRECTORS

Brian D. Edgar
Director
Vancouver, British Columbia

Gary S. Guidry
Director
Calgary, Alberta

Keith C. Hill
Director
Vancouver, British Columbia

John Zaozirny
Director
Calgary, Alberta

OFFICERS

Keith C. Hill
Chairman & President
Vancouver, British Columbia

William D. Hoffman
Chief Financial Officer
New Orleans, Louisiana

Kevin E. Hisko
Corporate Secretary
Vancouver, British Columbia

William R. Sack
Senior Vice President Exploration
Lafayette, Louisiana

T. Rodney Dykes
Senior Vice President Operations
New Orleans, Louisiana

CORPORATE INFORMATION

CORPORATE OFFICE
885 West Georgia Street
Suite 2101
Vancouver, British Columbia V6C 3E8
Telephone: 604-689-7842
Facsimile: 604-689-4250
Website: www.bayoubendpetroleum.com

OPERATIONS OFFICE
228 St. Charles Avenue
Suite 724
New Orleans, Louisiana 70130
Telephone: 504-561-1151
Facsimile: 504-561-1153
Website: www.bayoubendpetroleum.com

BANKER
HSBC Bank Canada
Vancouver, British Columbia

AUDITOR
KPMG
Vancouver, British Columbia

TRANSFER AGENT
Computershare Trust Company of Canada
Vancouver, British Columbia

STOCK EXCHANGE LISTING
TSX Venture Exchange
Trading Symbol: BBP

INVESTOR RELATIONS
Sophia Shane
Vancouver, British Columbia