

Cirque Energy (UK) Limited

**Directors' report and financial
statements**

Registered number 3080778

31 December 2000



Directors' report and financial statements

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Company information

Company registration number	3080778
Registered office	Green Acre Cottage Shoreditch Somerset TA3 7BL
Directors	GA Phillips S Bushell DA Connolly
Secretary	S Bushell
Bankers	National Westminster Bank plc 49 North Street Taunton Somerset TA1 1NB
Auditors	KPMG St Nicholas House Park Row Nottingham NG1 6FQ

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the company in the year under review was that of oil exploration.

Business review

The result for the year and financial position of the company are shown in the attached financial statements.

Dividend

The directors do not propose a dividend for the year (1999: *£nil*).

Directors and their interests

The directors of the company during the year were:

GA Phillips
S Bushell
DA Connolly

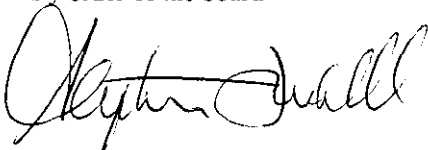
The directors holding office at 31 December 2000 did not hold any beneficial interest in the issued share capital of the company at 1 January 2000 or 31 December 2000.

Directors' interests in the ultimate parent company are disclosed in the consolidated financial statements of that company.

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution proposing the reappointment of KPMG as the company's auditors will be put to the Annual General Meeting.

By order of the board



S Bushell
Company Secretary

29 April 2002

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



St Nicholas House
Park Row
NOTTINGHAM
NG1 6FQ

Independent auditors' report to the members of Cirque Energy (UK) Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of the directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

29 April 2002

*Chartered Accountants
Registered Auditors*

Profit and loss account
for the year ended 31 December 2000

	<i>Notes</i>	2000 £	1999 £
Turnover	2	1,198,952	997,289
Cost of sales		(813,805)	(632,310)
		<hr/>	<hr/>
Gross profit		385,147	364,979
Administrative expenses		(123,405)	(25,440)
		<hr/>	<hr/>
Operating profit		261,742	339,539
Interest receivable and similar income	3	-	1,010
Interest payable and similar charges	4	(153,661)	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	5	108,081	340,549
Tax on profit on ordinary activities	7	(128,434)	(68,318)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation	14	(20,353)	272,231
		<hr/>	<hr/>

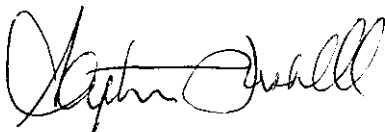
There were no recognised gains or losses in either the current or preceding year other than those disclosed in the profit and loss account.

In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

Balance sheet
as at 31 December 2000

	<i>Notes</i>	2000		1999	
		£	£		£
Fixed assets					
Intangible assets	8		2,558,353		2,223,263
Current assets					
Debtors	9	133,640		678,997	
Cash at bank and in hand		626,877		179,304	
		<u>760,517</u>		<u>858,301</u>	
Creditors: amounts falling due within one year	10	<u>(225,561)</u>		<u>(552,426)</u>	
Net current assets			<u>534,956</u>		<u>305,875</u>
Total assets less current liabilities			<u>3,093,309</u>		<u>2,529,138</u>
Creditors: amounts falling due after more than one year	11		(2,763,944)		(2,307,854)
Provisions for liabilities and charges	12		(196,752)		(68,318)
Net assets			<u>132,613</u>		<u>152,966</u>
Capital and reserves					
Called up share capital	13		2		2
Profit and loss account	14		132,611		152,964
Equity shareholders' funds	15		<u>132,613</u>		<u>152,966</u>

The financial statements were approved by the board of directors on 29 April 2002 and were signed on its behalf by:



S Bushell
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

Under Financial Reporting Standard Number 1, the company is exempt from preparing a cash flow statement as it is a wholly owned subsidiary of a company which publishes consolidated financial statements that include Cirque Energy (UK) Limited.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding value added tax and trade discounts.

Oil exploration and development costs

Oil exploration and development activities are accounted for in accordance with the full cost method. Expenditure is capitalised, to the extent that it relates directly to the cost of exploration and development.

Capitalised expenditure is classified as an intangible asset until it can be transferred to a cost pool.

Cost pools are established by reference to countries. Expenditure is transferred to a cost pool when either:

- there are indications of impairment; or
- at the conclusion of an appraisals programme whether or not commercial reserves are discovered.

Expenditure within each cost pool is depreciated on a unit of production basis by reference to quantities.

Deferred taxation

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided tax is disclosed as a contingent liability.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with in the profit and loss account.

Notes *(continued)*

1 Accounting policies *(continued)*

Related party transactions

As 100% of the company's voting rights are controlled within the group headed by Cirque Energy Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard Number 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

2 Turnover

The turnover is attributable to the principal activity of the company.

3 Interest receivable and similar income

	2000	1999
	£	£
Bank interest receivable	-	1,010
	<hr/>	<hr/>

4 Interest payable and similar charges

	£	£
Foreign exchange losses	153,661	-
	<hr/>	<hr/>

5 Profit on ordinary activities before taxation

	£	£
<i>The profit on ordinary activities is stated after charging:</i>		
Auditors' remuneration	8,000	4,000
Amortisation of intangible fixed assets	466,361	311,177
	<hr/>	<hr/>

6 Directors and employees

The company had no employees other than the directors who were not paid any emoluments by the company during the year (1999: £nil).

7 Taxation

	2000	1999
	£	£
<i>The tax charge comprises:</i>		
Deferred tax (note 12)	128,434	68,318
	<hr/>	<hr/>

Notes *(continued)*

8 Intangible fixed assets

	Exploration costs £
<i>Cost:</i>	
At 1 January 2000	2,617,105
Additions	801,451
	3,418,556
At 31 December 2000	3,418,556
<i>Accumulated amortisation:</i>	
At 1 January 2000	393,842
Charge for year	466,361
	860,203
<i>Net book value:</i>	
At 31 December 2000	2,558,353
At 31 December 1999	2,223,263

9 Debtors

	2000 £	1999 £
Trade debtors	129,694	75,289
Other debtors	3,946	603,708
	133,640	678,997

10 Creditors: amounts falling due within one year

	£	£
Trade creditors	217,175	552,426
Accruals and deferred income	8,386	-
	225,561	552,426

11 Creditors: amounts falling due after more than one year

	£	£
Amounts owed to group undertakings	2,763,944	2,307,854

Notes *(continued)*

12 Provisions for liabilities and charges

Deferred tax is fully provided and calculated at 30%, and comprises:

	2000 £	1999 £
Accelerated capital allowances	336,922	176,695
Losses	(140,170)	(108,377)
	196,752	68,318
		Deferred taxation
		£
Balance at 1 January 2000		68,318
Profit and loss account		128,434
Balance at 31 December 2000		196,752

13 Called up share capital

	2000 £	1999 £
<i>Authorised:</i>		
100 ordinary shares of £1 each	100	100
<i>Issued, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2

14 Profit and loss account

	£	£
Opening balance	152,964	(119,267)
(Loss)/profit for the year	(20,353)	272,231
Closing balance	132,611	152,964

Notes *(continued)*

15 Reconciliation of movement in shareholders' funds

	2000	1999
	£	£
(Loss)/profit for the year	(20,353)	272,231
Net (reduction in)/addition to shareholders' funds	(20,353)	272,231
Opening shareholders' funds	152,966	(119,265)
Closing shareholders' funds	132,613	152,966

16 Ultimate parent undertaking

The directors consider that the ultimate parent undertaking of this company during the year was Cirque Energy Limited, incorporated in Canada.

The largest group of undertakings for which group financial statements have been drawn up is that headed by Cirque Energy Limited. A copy of these financial statements may be obtained from c/o Tikal Resources Corp. 550, 400 Fifth Avenue SW, Calgary, Alberta, T2P 016, Canada.

17 Transactions with directors

During the year, payments of £73,962 (1999: £63,583) were made in respect of directors services to Steve Bushell Limited, a company owned by Steve Bushell, a director of the company. Of this figure £nil (1999: £nil) has been disclosed as directors' fees.