

Cirque Energy (UK) Limited

Report and Financial Statements

Year Ended

31 December 2006



BDO Stoy Hayward
Chartered Accountants

Cirque Energy (UK) Limited

**Annual report and financial statements
for the year ended 31 December 2006**

Contents

Page:

1	Report of the directors
2	Accountants' report
3	Profit and loss account
4	Balance sheet
5	Notes forming part of the financial statements

Directors

S Bushell
S Polowick

Secretary and registered office

S Bushell, Green Acre Cottage, Shoreditch, Somerset, TA3 7BL

Company number

3080778

Accountants

BDO Stoy Hayward LLP, Kings Wharf, 20-30 Kings Road, Reading, Berkshire, RG1 3EX

Bankers

National Westminster Bank Plc, 49 North Street, Taunton, Somerset, TA1 1NB

Cirque Energy (UK) Limited

Report of the directors for the year ended 31 December 2006

The directors present their report and financial statements for the year ended 31 December 2006

Results and dividends

The profit and loss account is set out on page 3 and shows the result for the year

The directors do not propose a dividend for the year (2005 - £Nil)

Principal activities

The principal activity of the company in the year was that of oil exploration and production

On 28 June 2006, the company was sold by Point North Energy Limited to Curmееan Energy Limited

Directors

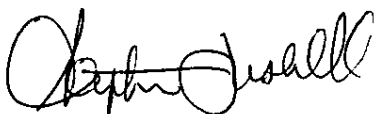
The directors of the company during the year were

S Bushell	
S Polowick	
J Alston	(resigned on 28 June 2006)
T Lindquist	(resigned on 28 June 2006)
B Murray	(resigned on 28 June 2006)

No director had any beneficial interest in the issued share capital of the company. The directors' interests in the ultimate parent company are disclosed in its financial statements.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



S Bushell
Secretary

Date 10 December 2007

Cirque Energy (UK) Limited

Accountants' report

You consider that the company is exempt from an audit for the year ended 31 December 2006. You have acknowledged, on the balance sheet, your responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company and of its profit or loss for the financial year.

In accordance with your instructions, we have prepared the accounts which comprise the Profit and Loss Account, the Balance Sheet and the related notes from the accounting records of the company and on the basis of information and explanations you have given to us.

We have not carried out an audit or any other review, and consequently we do not express any opinion on these accounts.



BDO STOY HAYWARD LLP
*Chartered Accountants
and Registered Auditors*
Reading

Date 10 December 2007

Cirque Energy (UK) Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover		-	-
Cost of sales		<u>43,576</u>	<u>39,464</u>
Gross loss		(43,576)	(39,464)
Administrative expenses		<u>(39,593)</u>	<u>(71,769)</u>
Operating loss	3	(83,169)	(111,233)
Interest receivable and similar income		<u>28</u>	<u>681</u>
Loss on ordinary activities before and after taxation and amount transferred to reserves	10	(83,141)	(110,552)

There are no movements in shareholders funds other than the result for the period

All amounts relate to continuing activities

There were no recognised gains or losses for the current and prior year other than as shown above

The notes on pages 5 to 9 form part of these financial statements

Cirque Energy (UK) Limited

Balance sheet at 31 December 2006

	Note	2006 £	2006 £	2005 £	2005 £
Fixed assets					
Intangible assets	5		115,360		107,207
Current assets					
Debtors	6	71,533		25,446	
Cash at bank and in hand		6,558		37,922	
		78,091		63,368	
Creditors: amounts falling due within one year	7	3,233,570		3,127,553	
Net current liabilities			(3,155,479)		(3,064,185)
Total assets less current liabilities			(3,040,119)		(2,956,978)
Provision for liabilities and charges	8		16,649		16,649
Net liabilities			(3,056,768)		(2,973,627)
Capital and reserves					
Called up share capital	9		2		2
Profit and loss account	10		(3,056,770)		(2,973,629)
Shareholders' deficit			(3,056,768)		(2,973,627)

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31st December 2006. The members have not required the company to obtain an audit of its financial statements for the year ended 31st December 2006 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for

(a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and

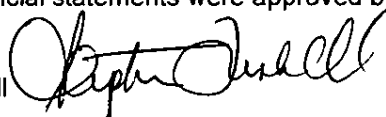
(b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of

Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 10 December 2007

S Bushell
Director



The notes on pages 5 to 9 form part of these financial statements

Cirque Energy (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2006

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards

The following principal accounting policies have been applied

Turnover

Turnover represents total amount receivable by the company for goods supplied and services provided to outside customers at invoiced amounts less value added tax and trade discounts

Going Concern

The directors are of the opinion that the company has adequate resources to continue in operational existence for the foreseeable future, being not less than one year from the approval of these financial statements. Curmeean Energy Limited, the ultimate parent company has undertaken to continue to give such financial support as the company requires to enable it to continue to trade in the foreseeable future. For this reason the directors have adopted the going concern basis in preparing the financial statements

Oil exploration and development costs

Oil exploration and development activities are accounted for in accordance with the full cost method. Expenditures are capitalised, to the extent that they relate directly to the cost of exploration and development

Capitalised expenditures are classified as an intangible asset and are stated at cost less provision for impairment

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences. Deferred tax balances are discounted

Cirque Energy (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 December 2006 (Continued)**

2 Directors and employees

The company had no employees other than the directors, who were not paid any emoluments by the company during the year (2005 - £Nil), other than as disclosed in note 11

3 Operating loss

	2006 £	2005 £
This has been arrived at after charging		
Auditors' remuneration – audit services	-	6,000
– non audit services	6,000	4,000
	-	10,000

4 Taxation on loss on ordinary activities

	2006 £	2005 £
<i>UK corporation tax</i>		
Current tax	-	-
Deferred tax	-	-
	-	-
Taxation on loss on ordinary activities	-	-

The tax accrued for the period differs from the standard rate of corporation tax in the UK. The differences are explained below

	2006 £	2005 £
Loss on ordinary activities before tax	(81,141)	(110,552)
	(81,141)	(110,552)
Loss on ordinary activities at the standard rate of Corporation tax in the UK of 30% (2005 – 30%)	(24,342)	(33,166)
Effect of		
Expenses not deductible for tax purposes	600	700
Trading losses carried forward	23,742	32,466
	24,342	33,166
Current tax charge for the year	-	-
	-	-

Factors which may affect future tax charges

At 31 December 2006 the company had tax losses of £2,592,864 (2005 - £2,380,849) to be carried forward subject to the approval of the Inland Revenue

Cirque Energy (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2006 *(Continued)*

5 Intangible assets	Exploration costs	
	£	
Cost		
At 1 January 2006		3,962,236
Additions		8,153
		<hr/>
At 31 December 2006		3,970,389
		<hr/>
<i>Impairment</i>		
At 1 January and December 2006		3,855,029
		<hr/>
<i>Net book value</i>		
At 31 December 2006		115,360
		<hr/>
At 31 December 2005		107,207
		<hr/>
6 Debtors	2006	2005
	£	£
Other debtors	71,533	25,446
	<hr/>	<hr/>
7 Creditors, amounts falling due within one year	2006	2005
	£	£
Trade creditors	65,449	21,002
Amounts owed to group undertakings	3,152,924	3,078,610
Accruals	15,197	27,941
	<hr/>	<hr/>
	3,233,570	3,127,553
	<hr/>	<hr/>

Cirque Energy (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2006 (*Continued*)

8 Provisions for liabilities and charges		Site Restoration £
Balance at 1 January and 31 December 2006		16,649
		<hr/>
9 Share capital		
	2006 £	2005 £
<i>Authorised</i> 100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
	2006 £	2005 £
<i>Allotted, issued and fully paid</i> 2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>
10 Profit and loss account		
		2006 £
At 1 January 2006		(2,973,629)
Accumulated loss for year		(83,141)
		<hr/>
At 31 December 2006		(3,056,770)
		<hr/>

Cirque Energy (UK) Limited

**Notes forming part of the financial statements
for the year ended 31 December 2006 (Continued)**

11 Related party transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Transactions" not to disclose transactions with members of the group headed by Curmeean Energy Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company

During the year, payments of £29,108 (2005 - £52,030) were made in respect of directors' services to Steve Bushell Limited, a company owned by Steve Bushell, a director of the company. A balance of £14,098 (2005 - £5,000) was outstanding at 31 December 2006

At the end of the year there was a balance of £Nil (2005- £315) outstanding from Transanglia Hydrocarbon Exploration Limited, a company owned by Steve Bushell

12 Ultimate parent company

At 31 December 2006 the company's ultimate parent company was Curmeean Energy Limited, a private company incorporated in Canada which is the parent of the largest and smallest group of which the company is a member. Curmeean Energy Limited acquired all of the issued shares of the company on 28 June 2006 from Point North Energy Limited