

Cirque Energy (UK) Limited

Report and Unaudited Financial Statements

Year Ended

31 December 2008

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Cirque Energy (UK) Limited

**Annual report and financial statements
for the year ended 31 December 2008**

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Directors

S Bushell
R Quigley
T Lindquist
S Polowick
R Yanota

Secretary and registered office

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

Company number

3080778

Accountants

Milsted Langdon LLP, Winchester House, Deane Gate Avenue, Taunton, Somerset, TA1 2UH

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 2008

The directors present their report and financial statements for the year ended 31 December 2008.

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 (2007- £Nil).

Principal activities

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

There have been no events since the balance sheet date which materially affect the position of the company.

Directors

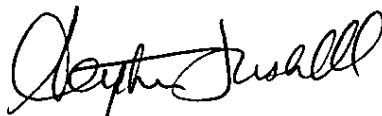
The directors of the company during the year were:

S Bushell
R Quigley (Appointed 9 September 2008)
T Lindquist (Appointed 9 September 2008)
S Polowick
R Yanota (Appointed 9 September 2008)

No director had any beneficial interest in the issued share capital of the company. The directors' interests in the ultimate parent companies are disclosed in their 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: 28th October 2009

Cirque Energy (UK) Limited

Accountants' report to the board of directors on the unaudited financial statements of the company for the year ended 31 December 2008


In accordance with the terms of our engagement and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company which comprise the profit and loss account, balance sheet and the related notes from the accounting records and information and explanations you have given us.

This report is made to the company's board of directors in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements that we have been engaged to compile, report to the company's board of directors that we have done so and state those matters that we have agreed to state to them in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's board of directors, as a body, for our work or for this report.

We have carried out this engagement in accordance with technical guidance issued by the Institute of Chartered Accountants in England & Wales and have complied with the ethical guidance laid down by the Institute relating to members undertaking the compilation of financial statements.

You have acknowledged on the balance sheet as at 31 December 2008 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the year.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.



Milsted Langdon LLP
Chartered Accountants
Taunton

Date: 29 October 2009

Cirque Energy (UK) Limited

Profit and loss account for the year ended 31 December 2008

	Note	2008 £	2007 £
Turnover		-	-
Cost of sales		<u>72,545</u>	<u>49,381</u>
Gross loss		(72,545)	(49,381)
Administrative expenses		(94,034)	(35,817)
Depreciation		(143)	-
Operating loss	3	(166,722)	(85,198)
Interest receivable and similar income		<u>37</u>	<u>101</u>
Loss on ordinary activities before and after taxation and amount transferred to reserves	11	(166,685)	(85,097)

All amounts relate to continuing activities.

All recognised gains and losses for the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

The notes on pages 6 to 10 form part of these financial statements.

Cirque Energy (UK) Limited

Balance sheet
at 31 December 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Intangible assets	5		231,880		115,360
Automotive equipment	6		1,757		-
Current assets					
Debtors	7	29,767		36,401	
Cash at bank and in hand		7,410		17,267	
		37,177		53,668	
Creditors: amounts falling due within one year	8	3,562,715		3,294,244	
Net current liabilities			(3,525,538)		(3,240,576)
Total assets less current liabilities			(3,291,901)		(3,125,216)
Provision for liabilities and charges	9		16,649		16,649
Net liabilities			(3,308,550)		(3,141,865)
Capital and reserves					
Called up share capital	10		2		2
Profit and loss account	11		(3,308,552)		(3,141,867)
Shareholders' deficit			(3,308,550)		(3,141,865)

The notes on pages 6 to 10 form part of these financial statements.

Cirque Energy (UK) Limited

Company number
3080778


Directors' statements required by Section 249B(4) of
the Companies Act 1985 for the year ended 31 December 2008

In approving these financial statements as directors of the company we hereby confirm:

- (a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(1) of the Companies Act 1985.
- (b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 31 December 2008; and
- (c) that we acknowledge our responsibilities for:
 - (1) ensuring that the company keeps accounting records which comply with Section 221; and
 - (2) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act 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 28th October 2009 and signed on its behalf by



S Bushell
Director

Cirque Energy (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2008

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 the 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. The four investing companies have 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.

Automotive equipment

Depreciation is provided at a rate of 30% reducing balance to write off the cost less residual value over its expected useful life.

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 2008 (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 (2007 - £Nil), other than as disclosed in note 12.

3 Operating loss

	2008 £	2007 £
This has been arrived at after charging:		
Loss on foreign exchange	38,506	10,467
	38,506	10,467

4 Taxation on loss on ordinary activities

	2008 £	2007 £
<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:

	2008 £	2007 £
Loss on ordinary activities before tax	(166,685)	(85,097)
	(166,685)	(85,097)
Loss on ordinary activities at the standard rate of Corporation tax in the UK of 21% (2007 – 20%)	(35,004)	(17,019)
Effect of:		
Expenses not deductible for tax purposes	-	-
Trading losses carried forward	35,004	17,019
	35,004	17,019
Current tax charge for the year	-	-
	-	-

Factors which may affect future tax charges

At 31 December 2008 the company had tax losses of £2,715,984 (2007 - £2,547,542) 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 2008 (*Continued*)

5 Intangible assets	Exploration costs £
<i>Cost</i>	
At 1 January 2008	3,970,389
Additions	116,520
	<hr/>
At 31 December 2008	4,086,909
	<hr/>
<i>Impairment</i>	
At 1 January and 31 December 2008	3,855,029
	<hr/>
<i>Net book value</i>	
At 31 December 2008	231,880
	<hr/>
At 31 December 2007	115,360
	<hr/>
6 Automotive Equipment	£
<i>Cost</i>	
At 1 January 2008	-
Additions	1,900
	<hr/>
At 31 December 2008	1,900
	<hr/>
<i>Accumulated Depreciation</i>	
At 1 January 2008	-
Additions	143
	<hr/>
At 31 December 2008	143
	<hr/>
<i>Net book value</i>	
At 31 December 2008	1,757
	<hr/>
At 31 December 2007	-
	<hr/>

Cirque Energy (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*Continued*)

7 Debtors	2008 £	2007 £
Trade debtors	11,467	36,401
Other debtors	18,300	-
	29,767	36,401

8 Creditors: amounts falling due within one year	2008 £	2007 £
Trade creditors	67,198	16,066
Amounts owed to group undertakings	3,492,517	3,271,745
Accruals	3,000	6,433
	3,562,715	3,294,244

9 Provision for liabilities and charges	Site Restoration £
Balance at 1 January and 31 December 2008	16,649

The company is obliged to restore the site to its original condition upon cessation of oil extraction and accordingly the directors have estimated the costs of removing equipment from the site and restoring the field. The company's oil extraction license agreement ceases 30 March 2026 and this is the anticipated date the costs will crystallize.

10 Share capital	2008 £	2007 £
<i>Authorised</i> 100 ordinary shares of £1 each	100	100
	2008 £	2007 £
<i>Allotted, issued and fully paid</i> 2 ordinary shares of £1 each	2	2

Cirque Energy (UK) Limited

Notes forming part of the financial statements
for the year ended 31 December 2008 (*Continued*)

11 Profit and loss account

	2008 £
At 1 January 2008	(3,141,867)
Accumulated loss for year	(166,685)
	<hr/>
At 31 December 2008	(3,308,552)
	<hr/>

12 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, Steve Bushell Limited, a company owned by the director Steve Bushell, charged £36,160 (2007 - £33,885) in respect of director's and management services. A balance of £9,154 (2007 - £3,617) was outstanding at 31 December 2008.

During the year, Coyote Investment Corporation, a company owned by the director Terry Lindquist, charged £8,831 (2007 - £Nil) in respect of accounting fees. A balance of £Nil (2007 - £Nil) was outstanding at 31 December 2008.

During the year, Jaycuren Inc, a company owned by the director Steve Polowick, charged £16,049 (2007 - £Nil) in respect of production supervision services. A balance of £16,049 (2007 - £Nil) was outstanding at 31 December 2008.

13 Ultimate parent company

At 31 December 2008 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.

On 30 July 2009, the share capital of the company was increased by 98 shares. Upon allotting these shares, Curmeean Energy Limited's controlling interest was diluted and subsequently there is no longer a controlling party.

Cirque Energy (UK) Limited

The pages which follow do not
form part of the statutory
financial statements of the company

Cirque Energy (UK) Limited

Detailed profit and loss account for the year ended 31 December 2008

	2008 £	2007 £
Turnover		-
Cost of sales	72,545	49,381
	<u> </u>	<u> </u>
Gross loss	(72,545)	(49,381)
Administrative expenses	(94,034)	(35,817)
	<u> </u>	<u> </u>
Operating loss	(166,579)	(85,198)
Interest receivable and similar income	37	101
Depreciation	(143)	-
	<u> </u>	<u> </u>
Loss on ordinary activities before taxation	(166,685)	(85,097)
	<u> </u>	<u> </u>

Cirque Energy (UK) Limited

Detailed profit and loss account for the year ended 31 December 2008 (Continued)

	2008	2007
	£	£
Cost of Sales		
Consultancy	29,988	9,531
Lease rental	33,877	30,162
Field operating and maintenance costs	7,474	8,997
Power and fuel	919	-
Property taxes	287	691
	72,545	49,381
	72,545	49,381
Administrative Expenses	2008	2007
	£	£
Consultancy	27,895	16,363
Accounting and tax preparation	14,282	7,250
Bank charges	533	736
Legal	500	-
Insurance	11,969	3,563
Registration fee	30	30
Rent	1,200	-
Stationery	517	214
Telephone & postage	1,224	1,453
Travel	4,667	-
Miscellaneous	(7,289)	(4,259)
Loss on foreign exchange	38,506	10,467
	94,034	35,817
	94,034	35,817
Interest receivable and similar income	2008	2007
	£	£
Interest and similar income	37	101
	37	101
	37	101