

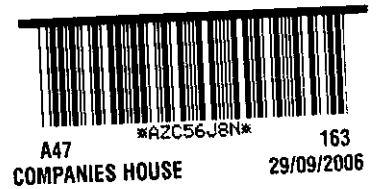
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**COMPANY
NUMBER: 3080778**

Cirque Energy (UK) Limited

Report and
Financial Statements

Year Ended
31 December 2004



BDO

**BDO Stoy Hayward
Chartered Accountants**

Cirque Energy (UK) Limited

Annual report and financial statements for the year ended 31 December 2004

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Directors

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Directors

J Alston
S Bushell
T Lindquist
B Murray

Secretary and registered office

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

Company number

3080778

Auditors

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 2004

The directors present their report together with the audited financial statements for the year ended 31 December 2004.

Results and dividends

The profit and loss account is set out on page 5 and shows the result for the year.

The directors do not propose a dividend for the year (2003 - £Nil).

Principal activities

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

Post balance sheet events

On 28 June 2006 the company was sold by Point North Energy Limited to Curmeean Energy Limited.

Directors

The directors of the company during the year were:

S Bushell
J Alston
T Lindquist
B Murray

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.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Cirque Energy (UK) Limited

Report of the directors for the year ended 31 December 2004 (Continued)

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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

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: 11 September 2006

Cirque Energy (UK) Limited

Report of the independent auditors

To the shareholders of Cirque Energy (UK) Limited

We have audited the financial statements of Cirque Energy (UK) Limited for the year ended 31 December 2004 on pages 5 to 12 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the reliance on the company's ultimate parent company for continued financial support. In view of the significance of the uncertainty inherent in this matter, we consider that it should be brought to your attention but our opinion is not qualified in this respect.

Cirque Energy (UK) Limited

Report of the independent auditors (Continued)

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 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*

Reading

Date: 11 September 2006

Cirque Energy (UK) Limited

Profit and loss account for the year ended 31 December 2004

	Note	2004 £	2003 £
Turnover	2	-	-
Cost of sales		55,480	82,996
		<hr/>	<hr/>
Gross loss		(55,480)	(82,996)
Administrative expenses	3	(39,914)	22,776
		<hr/>	<hr/>
		(95,394)	-
Other operating income		3,875	-
		<hr/>	<hr/>
Operating loss	5	(91,519)	(60,220)
Interest receivable and similar income		1,149	553
Interest payable and similar charges	6	(98)	(904)
		<hr/>	<hr/>
Loss on ordinary activities before and after taxation and amount transferred to reserves	13	(90,468)	(60,571)
		<hr/> <hr/>	<hr/> <hr/>

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 7 to 12 form part of these financial statements.

Cirque Energy (UK) Limited**Balance sheet at 31 December 2004**

	Note	2004 £	2004 £	2003 £	2003 £
Fixed assets					
Intangible assets	8		107,207		100,000
Current assets					
Debtors	9	120,934		177,190	
Cash at bank and in hand		12,155		36,004	
			<u>133,089</u>	<u>213,194</u>	
Creditors: amounts falling due within one year	10	3,086,722		3,014,876	
			<u>(2,953,633)</u>	<u>(2,801,682)</u>	
Total assets less current liabilities			<u>(2,846,426)</u>	<u>(2,701,682)</u>	
Provision for liabilities and charges	11		16,649		70,925
			<u>(2,863,075)</u>	<u>(2,772,607)</u>	
Net liabilities			<u>(2,863,075)</u>	<u>(2,772,607)</u>	
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account	13		(2,863,077)		(2,772,609)
			<u>(2,863,075)</u>	<u>(2,772,607)</u>	
Shareholders' deficit			<u>(2,863,075)</u>	<u>(2,772,607)</u>	

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 11 September 2006.



S Bushell
Director

The notes on pages 7 to 12 form part of these financial statements.

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. Point North 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 2004 (Continued)

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Administrative expenses

Included within administrative expenses is an exceptional credit of £Nil (2003 - £124,980). The credit of £124,980 in the prior year relates to the income received from the company's insurance policy, in respect of the clean up costs provided for in the prior year.

4 Directors and employees

The company had no employees other than the directors, who were not paid any emoluments by the company during the year (2003 - £Nil), other than as disclosed in note 14.

5 Operating loss

	2004 £	2003 £
This has been arrived at after charging:		
Auditors' remuneration – audit services	6,000	6,000
– non audit services	4,000	4,000
Provision for impairment of intangible fixed assets	-	27,651
	<u> </u>	<u> </u>

6 Interest payable and similar charges

	2004 £	2003 £
Foreign exchange loss	74	904
Bank interest	24	-
	<u> </u>	<u> </u>
	<u>98</u>	<u>904</u>

Cirque Energy (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

7 Taxation on loss on ordinary activities

	2004 £	2003 £
<i>UK corporation tax</i>		
Current tax	-	-
Deferred tax	-	-
	<u> </u>	<u> </u>
Taxation on loss on ordinary activities	<u> </u>	<u> </u>

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

	2004 £	2003 £
Loss on ordinary activities before tax	(90,468)	(60,571)
	<u> </u>	<u> </u>
Loss on ordinary activities at the standard rate of Corporation tax in the UK of 30% (2002 – 30%)	(27,140)	(18,171)
Effect of:		
Expenses not deductible for tax purposes	-	11,861
Capital allowances in excess of depreciation	-	(42,522)
Trading losses carried forward	27,140	48,832
	<u> </u>	<u> </u>
Current tax charge for the year	<u> </u>	<u> </u>

Factors which may affect future tax charges

At 31 December 2003 the company had tax losses of £xxxxxx (2003 - £2,181,896) 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 2004 (*Continued*)

8 Intangible assets

	Exploration costs £
<i>Cost</i>	
At 1 January 2004	3,955,029
Additions	7,207
	<hr/>
At 31 December 2004	3,962,236
	<hr/>
<i>Amortisation</i>	
At 1 January 2004	3,855,029
Provision for impairment	-
	<hr/>
At 31 December 2004	3,855,029
	<hr/>
<i>Net book value</i>	
At 31 December 2004	107,207
	<hr/> <hr/>
At 31 December 2003	100,000
	<hr/> <hr/>

9 Debtors

	2004 £	2003 £
Other debtors	120,934	177,190
	<hr/> <hr/>	<hr/> <hr/>

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	23,915	21,066
Amounts owed to group undertakings	3,003,610	2,961,838
Accruals	59,197	31,972
	<hr/>	<hr/>
	3,086,722	3,014,876
	<hr/> <hr/>	<hr/> <hr/>

Cirque Energy (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 *(Continued)*

11 Provisions for liabilities and charges

	Site Restoration £	Oil spill clean up £	Total £
Balance at 1 January 2004	16,649	54,277	70,926
Addition in year	-	-	-
Utilised in year	-	(54,277)	(54,277)
	<u>16,649</u>	<u>-</u>	<u>16,649</u>
Balance at 31 December 2004	<u>16,649</u>	<u>-</u>	<u>16,649</u>

In September 2002, there was a rupture in the Fiskerton pipeline resulting in a leak. A provision was booked in the prior year using the directors' best estimate of the necessary clean up costs. In 2003 clean up costs were recoverable through the company's Environmental Insurance policy.

12 Share capital

	2004 £	2003 £
<i>Authorised</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, issued and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

13 Profit and loss account

	2003 £
At 1 January 2004	(2,772,609)
Accumulated loss for year	(90,468)
	<u>-</u>
At 31 December 2004	<u>(2,863,077)</u>

Cirque Energy (UK) Limited

Notes forming part of the financial statements for the year ended 31 December 2004 *(Continued)*

14 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 Purcell 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 £50,961 (2003 - £56,675) were made in respect of directors' services to Steve Bushell Limited, a company owned by Steve Bushell, a director of the company.

At the end of the year there was a balance of £Nil (2003 - £130) outstanding from Transanglia Hydrocarbon Exploration Limited, a company owned by Steve Bushell.

15 Ultimate parent company

At 31 December 2004 the company's ultimate parent company was Point Energy North Limited, incorporated in Canada which is the parent of the largest group of which the company is a member.

Copies of the consolidated financial statements of Point Energy North Limited are available from c/o Point Energy North Limited, Suite 2810, 605 – 5th Avenue SW, Fifth and Fifth Tower, Calgary, Alberta, T2P 3H5, Canada.