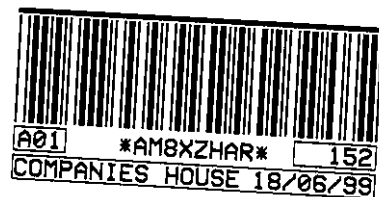


CIRQUE ENERGY (UK) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 1998



CIRQUE ENERGY (UK) LIMITED

ABBREVIATED ACCOUNTS

For the year ended 31 March 1998

Company registration number: 3080778

Registered office: Green Acre Cottage
Shoreditch
Somerset
TA3 7BL

Directors: G A Phillips
S Bushell

Secretary: G A Phillips

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

Auditors: Grant Thornton
Registered auditors
Chartered accountants
30 Hounds Gate
Nottingham
NG1 7DH

CIRQUE ENERGY (UK) LIMITED

ABBREVIATED ACCOUNTS

For the year ended 31 March 1998

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**REPORT OF THE AUDITORS TO THE DIRECTORS OF
CIRQUE ENERGY (UK) LIMITED PURSUANT
TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 2 to 5 together with the full financial statements of Cirque Energy (UK) Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 March 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with the provisions of section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with those provisions and whether the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to prepare abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with the provisions of section 246 of the Companies Act 1985, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with those provisions.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

NOTTINGHAM
30 March 1999

CIRQUE ENERGY (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

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

OIL EXPLORATION AND DEVELOPMENT COSTS

Oil and gas 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 deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

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. Where exchange differences result from the translation of foreign currency borrowings raised to acquire foreign assets (including equity investments) they are taken to reserves and offset against the differences arising from the translation of those assets. All other exchange differences are dealt with through the profit and loss account.

This accounting policy is as prescribed by Statement of Standard Accounting Practice No. 20. It may involve reporting unrealised exchange gains on unsettled long-term monetary items as part of the profit or loss for the period. This policy represents a departure from statutory accounting principles, which only allow profits realised at the balance sheet date to be included in the profit and loss account. The directors consider that this policy is necessary in order that the financial statements may give a true and fair view. Deferral of exchange gains whilst recognising exchange losses would inhibit the fair measurement of the performance of the company in the year.

If this departure had not been made, the loss for the financial year would have remained as currently reported.

CIRQUE ENERGY (UK) LIMITED


ABBREVIATED BALANCE SHEET AT 31 MARCH 1998

	Note	1998 £	1998 £	1997 £	1997 £
Fixed assets					
Intangible assets	1		760,376		423,794
			<u>760,376</u>		<u>423,794</u>
Current assets					
Debtors		188,128		83,629	
Cash at bank and in hand		41,623		9,412	
		<u>229,751</u>		<u>93,041</u>	
Creditors: amounts falling due within one year		<u>(1,091,911)</u>		<u>(536,107)</u>	
Net current liabilities			(862,160)		(443,066)
Total assets less current liabilities			(101,784)		(19,272)
Capital and reserves					
Called up share capital	2		2		2
Profit and loss account			(101,786)		(19,274)
			<u>(101,784)</u>		<u>(19,272)</u>

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

The abbreviated accounts were approved by the Board of Directors on 30 March 1999

S Bushell



Director

The accompanying accounting policies and notes form an integral part of these abbreviated accounts.

CIRQUE ENERGY (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 March 1998

1 FIXED ASSETS

	Intangible assets £	Total £
Cost		
At 1 April 1997	423,794	423,794
Additions	401,819	401,819
	<u>825,613</u>	<u>825,613</u>
Depreciation and amortisation		
At 1 April 1997	-	-
Charge for the year	65,237	65,237
	<u>65,237</u>	<u>65,237</u>
Net book amount at 31 March 1998	<u>760,376</u>	<u>760,376</u>
Net book amount at 31 March 1997	<u>423,794</u>	<u>423,794</u>

2 SHARE CAPITAL

	1998 £	1997 £
Authorised 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

3 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is Cirque Energy Limited, its parent company, incorporated in Canada.

The largest group of undertakings for which group accounts have been drawn up is that headed by Cirque Energy Limited.

CIRQUE ENERGY (UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

For the year ended 31 March 1998

4 TRANSACTIONS WITH DIRECTORS

During the year payments of £12,007 were made to Steve Bushell Limited, a company owned by Steve Bushell, a director of this company. Of this figure £1,783 has been disclosed as director's fees.

An administration charge of £50,388 (1997: £ nil) has been made by Cirque Energy Limited, the Canadian parent company of this company.

At 31 March 1998 £786,558 (1997: £533,963) was owed to Cirque Energy Limited, the Canadian parent company.