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INCORPORATED AS PART OF:

Schedule A
 Schedules B and C
(Place X in appropriate category.)

ISSUER DETAILS				
NAME OF ISSUER Pacific Roderia Ventures Inc.		FOR QUARTER ENDED November 30, 2002		DATE OF REPORT YY/MM/DD 03/02/26
ISSUER'S ADDRESS 615 – 1030 West Georgia Street				
CITY Vancouver, B.C.	PROVINCE	POSTAL CODE V6E 2Y3	ISSUER FAX NO. (604) 689-1289	ISSUER TELEPHONE NO. (604) 689-2646
CONTACT PERSON Michael K. Barton		CONTACT'S POSITION President		CONTACT TELEPHONE NO. (403) 208-1270
CONTACT EMAIL ADDRESS N/A		WEB SITE ADDRESS www.pacrodera.com		

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE "Harry Chew"	PRINT FULL NAME Harry Chew	DATE SIGNED YY/MM/DD 03/04/16
DIRECTOR'S SIGNATURE "David J.L. Williams"	PRINT FULL NAME David J.L. Williams	DATE SIGNED YY/MM/DD 03/04/16

(Electronic signatures should be entered in "quotations".)

PACIFIC RODERA VENTURES INC.
(An Exploration Stage Company)

	Index
Independent Auditors' Report	F-1
Balance Sheets.....	F-2
Statements of Operations	F-3
Statements of Cash Flows.....	F-4
Statement of Stockholders' Equity.....	F-5
Notes to the Financial Statements.....	F-6



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

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Independent Auditor's Report

To the Board of Directors and Stockholders of
Pacific Rodera Ventures Inc.
(An Exploration Stage Company)

We have audited the accompanying balance sheet of Pacific Rodera Ventures Inc. (An Exploration Stage Company) as of November 30, 2002 and the related statements of operations and cash flows and stockholders' equity for the year ended November 30, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian and U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Pacific Rodera Ventures Inc. (An Exploration Stage Company), as of November 30, 2002, and the results of its operations and its cash flows for the year ended November 30, 2002, in conformity with U.S. generally accepted accounting principles. See Note 2(b) for reference to differences between generally accepted accounting principles used in the United States and Canada.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has not generated any revenues or profitable operations since inception and will need equity financing to begin realizing upon its business plan. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also discussed in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The comparative figures as at November 30, 2001 and for the fiscal year then ended were audited by another firm of Independent Accountants who expressed an opinion without reservation on those statements in their report dated March 20, 2002.

Manning Elliott

CHARTERED ACCOUNTANTS

Vancouver, B.C., Canada

February 26, 2003

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

BALANCE SHEETS**AS AT NOVEMBER 30, 2002 AND 2001**

(expressed in Canadian dollars)

	2002 \$	2001 \$
ASSETS		
CURRENT ASSETS		
Cash	112,627	349,966
Accounts receivable	17,168	24,097
Prepaid expenses	2,107	12,653
Due from related parties (Note 3)	88,631	97,835
Total Current Assets	220,533	484,551
Cash Committed For Oil and Gas Exploration	1,282	37,822
Refundable Deposits (Note 4)	179,342	187,759
Property and Equipment (Note 5)	8,491	8,496
Oil and Gas Properties (Notes 2(e) and 6)	1,475,627	1,204,334
Total Assets	1,885,275	1,922,962
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	44,456	31,864
Accrued liabilities	7,015	3,745
Due to related parties (Note 7)	120,319	109,763
Total Liabilities	171,790	145,372
Contingent Liability (Notes 1 and 11)		
Commitment (Note 12)		
Subsequent Events (Note 13)		
STOCKHOLDERS' EQUITY		
Common Stock, 100,000,000 shares authorized with no par value; 14,428,450 and 11,007,736 shares issued and outstanding, respectively	16,793,364	16,203,560
Special Warrants (Note 9)	-	334,300
Deficit Accumulated During The Exploration Stage	(15,079,879)	(14,760,270)
Total Stockholders' Equity	1,713,485	1,777,590
Total Liabilities and Stockholders' Equity	1,885,275	1,922,962

Approved on Behalf of the Board:

/s/ "Harry Chew"
Harry Chew, Chief Financial Officer
and Director

/s/ "David J.L. Williams"
David J.L. Williams, Vice President
and Director

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

STATEMENTS OF OPERATIONS AND DEFICIT

(expressed in Canadian dollars)

	Accumulated from Inception to November 30, 2002 \$	For the year ended November 30, 2002 2001 \$	
Revenue	—	—	—
Expenses			
Accounting and audit (Note 10(d))	187,758	38,050	34,500
Advertising and promotion	80,838	6,653	12,746
Amortization	11,961	1,746	1,932
Bad debts	125,891	—	34,296
Consulting (Note 10(a) and (e))	530,655	110,892	123,200
Interest and bank charges	115,265	2,491	7,974
Interest paid to former director (Note 10(f))	37,874	(2,913)	5,450
Legal	376,064	14,593	34,298
Management fees (Note 10(b))	265,375	46,500	60,000
Office and administration	174,576	27,279	20,676
Oil and gas properties written off	192,143	—	—
Rent (Note 10(c))	176,598	55,517	42,000
Transfer agent, regulatory fees and shareholder relations	113,868	15,893	18,926
Travel and accommodation	53,435	4,981	1,344
Less: interest income	(118,185)	(2,073)	(12,495)
Total Expenses	2,324,116	319,609	384,847
Net Loss Before Discontinued Operations	(2,324,116)	(319,609)	(384,847)
Loss from Discontinued Operations prior to amalgamation	(12,755,763)	—	—
Net Loss For The Period	(15,079,879)	(319,609)	(384,847)
Net Loss Per Share – Basic		(0.02)	(0.04)
Weighted Average Shares Outstanding		13,838,000	10,374,000

(Diluted loss per share has not been presented as the result is anti-dilutive)

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

STATEMENTS OF CASH FLOWS

(expressed in Canadian dollars)

	Accumulated from Inception to November 30, 2002 \$	For the year ended November 30, 2002 2001 \$ \$	
Cash Flows To Operating Activities			
Net loss	(15,079,879)	(319,609)	(384,847)
Adjustments to reconcile net loss to cash			
Amortization	11,916	1,746	1,932
Oil and gas properties written off	192,143	—	—
Changes in non-cash working capital items			
(Increase) decrease in accounts receivable	(17,168)	6,929	14,528
(Increase) decrease in prepaid expenses	(2,107)	10,546	(5,653)
Increase (decrease) in accounts payable and accrued liabilities	51,471	15,862	(143,451)
Net Cash Used In Operating Activities	(14,843,624)	(284,526)	(517,491)
Cash Flows From Investing Activities			
Net cash used in discontinued operations	(67,500)	—	—
Advances from (to) related parties	(88,631)	9,204	(28,595)
Refundable deposits	(179,342)	8,417	335,882
Proceeds from disposition of interest in oil and gas property	553,017	56,144	—
Acquisition of property and equipment	(20,407)	(1,740)	—
Acquisition of and expenditures upon oil and gas properties	(2,145,637)	(327,438)	(136,910)
Less financed by cash committed for oil and gas exploration	413,138	281,040	132,098
Net Cash Provided By (Used In) Investing Activities	(1,535,362)	25,627	302,475
Cash Flows From Financing Activities			
Advances from related parties	120,319	10,556	5,450
Issuance of special warrants	670,300	—	334,300
Issuance of convertible notes	650,000	—	—
Repayment of convertible notes	(95,000)	—	(95,000)
Proceeds from issuance of shares, net of issuance costs	15,560,414	255,504	223,850
Less committed for oil and gas exploration	(414,420)	(244,500)	(169,920)
Net Cash Provided By Financing Activities	16,491,613	21,560	298,680
Increase (Decrease) In Cash	112,627	(237,339)	83,664
Cash, Beginning of Period	—	349,966	266,302
Cash, End of Period	112,627	112,627	349,966
Non-Cash Financing Activities	—	—	—
Supplemental Disclosures			
Interest paid	—	—	—
Income taxes paid	—	—	—

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY

(expressed in Canadian dollars)

	Number of Shares	Value \$	Special Warrants \$	Deficit Accumulated During the Exploration Stage \$	Total \$
Balance, November 30, 1998	2,163,030	13,968,145	—	(12,771,414)	1,196,731
Issued as finder's fee	20,000	15,000	—	—	15,000
Issued as bonus to convertible note holders	25,000	—	—	—	—
Issued pursuant to conversion of convertible notes and accrued interest	1,063,489	265,871	—	—	265,871
Issued pursuant to exercise of warrants	1,063,489	398,808	—	—	398,808
Issued pursuant to exercise of stock options	237,000	52,140	—	—	52,140
Issuance of special warrants	—	—	26,000	—	26,000
Cancellation of escrow shares	(2,188)	—	—	—	—
Net loss for the year	—	—	—	(1,173,024)	(1,173,024)
Balance, November 30, 1999	4,569,820	14,699,964	26,000	(13,944,438)	781,526
Issued pursuant to conversion of convertible notes	300,000	75,000	—	—	75,000
Issued pursuant to exercise of special warrants	100,000	26,000	(26,000)	—	—
Issuance of additional performance shares	156,874	1,569	—	—	1,569
Issuance pursuant to exercise of flow through special warrants	986,250	345,290	—	—	345,290
Issuance pursuant to exercise of non flow through special warrants	375,000	137,373	—	—	137,373
Issued pursuant to a private placement	1,970,000	464,514	—	—	464,514
Issued as finder's fee	160,000	—	—	—	—
Cancellation of escrow shares	(5,208)	—	—	—	—
Net loss for the year	—	—	—	(430,985)	(430,985)
Balance, November 30, 2000	8,612,736	15,749,710	—	(14,375,423)	1,374,287
Issued pursuant to conversion of convertible notes	920,000	230,000	—	—	230,000
Issued pursuant to private placement of flow-through shares	1,000,000	180,000	—	—	180,000
Issued pursuant to exercise of stock options	475,000	53,930	—	—	53,930
Issuance of Special Warrants	—	—	341,800	—	341,800
Special Warrants issuance costs	—	—	(7,500)	—	(7,500)
Share issuance costs	—	(10,080)	—	—	(10,080)
Net loss for the year	—	—	—	(384,847)	(384,847)
Balance, November 30, 2001	11,007,736	16,203,560	334,300	(14,760,270)	1,777,590
Issued pursuant to exercise of Special Warrants	1,220,714	334,300	(334,300)	—	—
Issued pursuant to a private placement	500,000	60,000	—	—	60,000
Issued pursuant to private placement of flow through shares	1,700,000	255,000	—	—	255,000
Share issuance costs	—	(59,496)	—	—	(59,496)
Net loss for the year	—	—	—	(319,609)	(319,609)
Balance, November 30, 2002	14,428,450	16,793,364	—	(15,079,879)	1,713,485

The accompanying notes are an integral part of the financial statements.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

1. EXPLORATION STAGE COMPANY

The Company was formed by the amalgamation, in the Province of British Columbia, Canada, of Pacific Royal Ventures Ltd. ("Pacific") and Roderer Diamond Corp. ("Roderer") (collectively the "predecessor companies"), on March 1, 1999. Both predecessor companies were involved in the acquisition, exploration and development of resource properties. The common shares of Pacific and Roderer were exchanged for shares of common stock of the Company on the basis of 5 Pacific common shares for each share of common stock of the Company, and 8 Roderer common shares for each share of common stock of the Company.

The Company's shares have traded on the TSX Venture Exchange in Canada since the amalgamation of Pacific and Roderer on March 1, 1999 under the symbol PRD.

The Company is in the exploration stage and has not yet realized any revenues from its planned operations. The Company's principal business plan is to acquire, explore and develop oil and gas properties and to ultimately seek earnings by exploiting the oil and gas claims. Upon location of a commercial oil and gas reserve, the Company will actively prepare the site for extraction and enter a development stage. At present, management devotes most of its activities to raise sufficient funds to further explore and develop its oil and gas properties. Planned principal activities have not yet begun. The ability of the Company to emerge from the exploration stage with respect to any planned principal business activity is dependent upon its successful efforts to raise additional equity financing and/or attain profitable oil and gas operations. Management has plans to seek additional capital through private placements and public offerings of its common stock. There is no guarantee that the Company will be able to complete any of the above objectives. These factors raise substantial doubt regarding the Company's ability to continue as a going concern.

The Company plans to file a 10-SB Registration Statement with the U.S. Securities and Exchange Commission ("SEC").

See Note 12 for cash received pursuant to private placements.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Year End

The Company's year end is November 30.

b. Basis of Accounting

These financial statements are prepared in conformity with U.S. generally accepted accounting principles and are presented in Canadian dollars. There are no financial statements using Canadian generally accepted accounting principles; however, there would be no material reconciling items other than presentation items.

c. Cash and Cash Equivalents

The Company considers all highly liquid instruments with a maturity of three months or less at the time of issuance to be cash equivalents.

d. Property and Equipment

Furniture and equipment is stated at cost and is being amortized on a 20% declining balance basis.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Oil and Gas Properties

The Company uses the full cost method of accounting for exploration and development activities as defined by the SEC. Under this method of accounting, the costs for unsuccessful, as well as successful, exploration and development activities are capitalized as oil and gas properties. This includes any internal costs that are directly related to exploration and development activities but does not include any costs related to production, general corporate overhead or similar activities. Gain or loss on the sale or other disposition of oil and gas properties is not recognized, unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves of oil and natural gas attributable to a country.

The sum of net capitalized costs and estimated future development and abandonment costs of oil and gas properties will be amortized using the unit-of-production method once proven recoverable oil and gas reserves are found. Oil and gas properties' carrying values do not purport to represent replacement or market values.

Operating fees received related to the properties in which the Company owns an interest are netted against operating expenses. Fees received in excess of costs incurred are recorded as a reduction to the full cost pool.

Oil and gas properties include costs that are excluded from capitalized costs being amortized. These amounts represent costs of investments in unproved properties and major development projects. The Company will exclude these costs on a country-by-country basis until proved reserves are found or until it is determined that the costs are impaired. All costs excluded are reviewed quarterly to determine if impairment has occurred. The amount of any impairment is transferred to the costs to be amortized (the depreciation, depletion and amortization (DD&A) pool) or a charge is made against earnings for those operations where a reserve base has not yet been established. For operations where a reserve base has not yet been established, an impairment requiring a charge to earnings may be indicated through evaluation of drilling results, relinquishing drilling rights or other information.

SFAS No. 34, "Capitalization of Interest Cost," provides standards for the capitalization of interest cost as part of the historical cost of acquiring assets. Under Financial Accounting Standards Board Interpretation (FIN) No. 33, "Applying FASB Statement No. 34 to Oil and Gas Producing Operations Accounted for by the Full Cost Method," costs of investments in unproved properties and major development projects, on which DD&A expense is not currently taken and on which exploration or development activities are in progress, qualify for capitalization of interest. Capitalized interest is calculated by multiplying the Company's weighted-average interest rate on debt by the amount of qualifying costs excluded. Capitalized interest cannot exceed gross interest expense. As costs excluded are transferred to the DD&A pool, the associated capitalized interest is also transferred to the DD&A pool.

Under the full cost method of accounting, a ceiling test is performed each quarter. The full cost ceiling test is an impairment test prescribed by SEC Regulation S-X Rule 4-10. The ceiling test determines a limit, on a country-by-country basis, on the book value of oil and gas properties. The capitalized costs of proved oil and gas properties, net of accumulated DD&A and the related deferred income taxes, may not exceed the estimated future net cash flows from proved oil and gas reserves, generally using prices in effect at the end of the period held flat for the life of production, discounted at 10%, net of related tax effects, plus the cost of unevaluated properties and major development projects excluded from the costs being amortized. If capitalized costs exceed this limit, the excess is charged to expense and reflected as additional accumulated DD&A.

To date the Company has not discovered any proved resources.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Joint Venture Operations

Substantially all of the Company's exploration activities are conducted jointly with other oil and gas companies. Accordingly the accounts reflect only the Company's proportionate interest in such activities.

g. Income Taxes

Potential benefits of income tax losses are not recognized in the accounts until realization is more likely than not. The Company has adopted Statement of Financial Accounting Standards No. 109 ("SFAS 109") as of its inception. The Company has incurred net operating losses of \$3,067,000, which expire starting in 2003. The Company has cumulative Canadian Exploration Expenses of \$1,304,000, which are 100% deductible against future years' taxable income. The Company has cumulative Canadian Development Expenses of \$523,000, which are 30% deductible against future years' taxable income. The Company has cumulative Canadian Oil and Gas Property Expenses and Foreign Exploration and Development Expenses of \$490,000 and \$518,000 respectively, which are 10% deductible against future years' taxable income. Pursuant to SFAS 109 the Company is required to compute tax asset benefits for net operating losses carried forward. Potential benefit of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.

The components of the net deferred tax asset at November 30, 2002 and 2001, and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are scheduled below:

	2002	2001
	\$	\$
Net Operating Loss	617,000	335,000
Statutory Tax Rate	38%	40%
Effective Tax Rate	—	—
Deferred Tax Asset	234,000	134,000
Valuation Allowance	(234,000)	(134,000)
<u>Net Deferred Tax Asset</u>	<u>—</u>	<u>—</u>

h. Comprehensive Income

SFAS No. 130 establishes standards for reporting comprehensive income and its components in financial statements. Comprehensive income, as defined, includes all changes in equity (net assets) during a period from non-owner source. To date, the Company has not had any significant transactions that are required to be reported in comprehensive income.

i. Accounting for Stock Based Compensation

The Company has adopted SFAS No. 123 "Accounting for Stock Based Compensation" which requires that stock awards granted to employees and non-employees are recognized as compensation expense based on the fair market value of the stock award or fair market value of the goods and services received whichever is more reliably measurable. The Company follows the guidance pursuant to EITF 96-18 for measurement of stock awards to non-employees.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

j. Basic and Diluted Net Income (Loss) per Share

The Company computes net income (loss) per share in accordance with SFAS No. 128, "Earnings per Share" (SFAS 128). SFAS 128 requires presentation of both basic and diluted earnings per share (EPS) on the face of the income statement. Basic EPS is computed by dividing net income (loss) available to common shareholders (numerator) by the weighted average number of common shares outstanding (denominator) during the period. Diluted EPS gives effect to all dilutive potential common shares outstanding during the period including stock options, using the treasury stock method, and convertible preferred stock, using the if-converted method. In computing Diluted EPS, the average stock price for the period is used in determining the number of shares assumed to be purchased from the exercise of stock options or warrants. Diluted EPS excludes all dilutive potential common shares if their effect is anti dilutive. Loss per share information does not include the effect of the potential conversions of stock options, warrants or convertible debentures, as their effect would be anti-dilutive.

k. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas where the use of management estimates relate to the determination of impairment of oil and gas properties. Actual results could differ from those estimates.

l. Financial Instruments

The carrying value of cash, accounts receivable, advances to related parties, cash committed for oil and gas exploration, refundable deposits, accounts payable, accrued liabilities, and advances from related parties approximate fair market value because of the short-term maturity of these instruments.

m. Recent Accounting Pronouncements

On June 29, 2001, SFAS No. 142, "Goodwill and Other Intangible Assets," was approved by FASB. SFAS No. 142 changes the accounting for goodwill from an amortization method to an impairment-only approach. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001. Amortization of goodwill, including goodwill recorded in past business combinations, will cease upon adoption of this statement. The Company will adopt SFAS No. 142 on December 1, 2002. The effect of adoption of this standard on the Company's results of operations and financial positions is being evaluated.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligation." SFAS No. 143 is effective for fiscal years beginning after June 15, 2002, and will require companies to record a liability for asset retirement obligations in the period in which they are incurred, which typically could be upon completion or shortly thereafter. The FASB decided to limit the scope to legal obligations and the liability will be recorded at fair value. The Company will adopt SFAS No. 143 on December 1, 2002. The effect of adoption of this standard on the Company's results of operations and financial positions is being evaluated.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Recent Accounting Pronouncements (continued)

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 is effective for fiscal years beginning after December 15, 2001. It provides a single accounting model for long-lived assets to be disposed of and replaces SFAS No. 121 "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of." The Company will adopt SFAS No. 144 on December 1, 2002. The effect of adoption of this standard on the Company's results of operations and financial position is being evaluated.

In June, 2002, FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". The provisions of this Statement are effective for exit or disposal activities that are initiated after December 31, 2002, with early application encouraged. This Statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. The Company will adopt SFAS No. 146 on January 1, 2003. The effect of adoption of this standard on the Company's results of operations and financial position is being evaluated.

FASB has also issued SFAS No. 145 and 147 but they will not have any relationship to the operations of the Company therefore a description of each and their respective impact on the Company's operations have not been disclosed.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," which amends SFAS No. 123 to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 expands the disclosure requirements of SFAS No. 123 to require more prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition provisions of SFAS No. 148 are effective for fiscal years ended after December 15, 2002. The disclosure provisions of SFAS No. 148 are effective for financial statements for interim periods beginning after December 15, 2002. The Company will adopt the disclosure requirements on March 1, 2003.

n. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

3. DUE TO RELATED PARTIES

The following amounts receivable from related parties are non-interest bearing, unsecured and due on demand:

	2002	2001
	\$	\$
Spouse of a Vice President and director of the Company	22,880	40,000
Company owned 50% by the spouse of the Chief Financial Officer and director of the Company	53,251	44,335
Companies with common directors and officers	12,500	13,500
	<u>88,631</u>	<u>97,835</u>

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

4. REFUNDABLE DEPOSITS

Bank deposits were made as securities on four irrevocable standby letters of credit for the same amounts given by the Company's Bank to the Receiver General of Canada on behalf of the Company. The amounts represent the Company's shares of contribution to the successful bids to acquire the various prospects in the Northwest Territories (See Note 6). The deposits will be refundable on the basis of 25% of allowable expenditures.

5. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2002 Net Carrying Value \$	2001 Net Carrying Value \$
Furniture and equipment	20,407	11,916	8,491	8,496

6. OIL AND GAS PROPERTIES

Interests in unproved oil and gas properties include the following acquisition and deferred exploration costs:

	Acquisition Costs \$	Exploration Costs \$	2002 Total \$	2001 Total \$
Canada				
Northwest Territories Prospects (a)	–	1,094,907	1,094,907	776,603
Innes Prospect, Saskatchewan (b)	–	1,483	1,483	51,806
Midale Prospect, Saskatchewan (c)	99,448	25,872	125,320	125,320
Tulita Prospects, Northwest Territories (d)	–	39,050	39,050	35,738
	99,448	1,161,312	1,260,760	989,467
United States				
Alaska Prospect (e)	100,000	4,780	104,780	104,780
Montana Prospect (f)	72,241	37,846	110,087	110,087
	172,241	42,626	214,867	214,867
	271,689	1,203,938	1,475,627	1,204,334
			2002 \$	2001 \$
EXPLORATION COSTS				
Drilling			306,521	19,460
Consulting, geophysical and other professional fees			7,489	7,924
Reports, mapping and filing fees			8,747	6,653
Seismic			3,722	88,055
Field work			958	14,818
			327,437	136,910
DEFERRED EXPLORATION COSTS, BEGINNING OF YEAR			898,614	761,704
			1,226,051	898,614
PROCEEDS FROM DISPOSITION OF INTEREST (Note 6(b))			(22,113)	–
DEFERRED EXPLORATION COSTS, END OF YEAR			1,203,938	898,614

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

6. OIL AND GAS PROPERTIES (continued)

Pursuant to a joint venture agreement dated October 21, 1997 with International Frontier Resources Ltd. ("Frontier") the Company participates in oil and gas exploration programs in respect to various prospects acquired by Frontier, including prospects to be acquired. As consideration, the Company is required to meet certain expenditures and work commitment requirements for each prospect.

Further, the Company paid \$30,000 and issued 200,000 pre-amalgamation common shares as contribution to and reimbursement of the costs and efforts expended by Frontier in acquiring the prospects. The Company also contributed to Frontier's recoverable costs in accordance with the agreement. These recoverable costs together with the fair market value of shares issued were apportioned to the various prospects.

a. Northwest Territories Prospects

EL 391

Pursuant to the seismic option agreement dated March 12, 1998 between Northrock Resources Ltd. ("Northrock") and Frontier, the Company's interest was 20% upon payment of 25% of the minimum required exploration expenditures of \$4,000,000.

Pursuant to a letter of agreement dated July 23, 1999 between the Company, Northrock, Frontier and Anadarko Canada Energy Ltd. ("Anadarko") the Company agreed to participate in the drilling of test wells. The Company's share of the exploration expenditures shall be 6.25% or 9.75% in the event that costs exceed more than 50% of the authorized expenditures ("AFE"). If the expenditures exceed 100% of the AFE, the Company shall share 13.25% of the costs, while its interest shall be 13.25%.

Pursuant to a sale and purchase agreement dated August 28, 2000, with EOG Resources Canada Inc. ("EOG") and to a financing and joint venture agreement with EOG and Frontier, the Company sold and conveyed to EOG a 3.7857% interest in the Company's EL 391 and Tulita District Land Corporation ("TDL") Freehold acreage for \$496,873. EOG will fund on behalf of the Company up to a maximum total of \$1,490,625 in exploration expenditures on EL 397 to earn a further 2.8393% interest in EL 391 and the TDL Freehold acreage. In addition, EOG granted the Company an option to participate in an exploration program on EL 401 (Parcel 5). As consideration, the Company must pay an undivided 2.839% of the successful work program of \$12,760,000 to earn an undivided 1.89% working interest on EL 401.

The sale price of \$496,873 was set off first against the acquisition costs of Northwest Territories – EL 391 (\$130,666), Tulita Prospects (\$139,029), and the balance of \$227,178 against the deferred expenditure of EL 391.

Pursuant to a letter of amendment dated February 28, 2001, the Company immediately conveyed to EOG an additional 2.839% in EL 391 and TDL. In exchange, EOG replaced a letter of credit on behalf of the Company for \$372,655 on EL 397, and guaranteed the refund of \$124,220, which was the portion of the Company's remaining letter of credit on EL 397.

The Company shall earn a net 6.625% working interest on this prospect by sharing 6.625% of all exploration expenditures.

The prospect is subject to a 5% net profit interest ("N.P.I.") and 5% gross overriding royalties ("G.O.R.") as well as crown royalty.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

6. OIL AND GAS PROPERTIES (continued)

a. Northwest Territories Prospects (continued)

EL 397

During the year ended November 30, 2000, the Company, along with its partners, Northrock, EOG, Anadarko and Frontier were successful in bidding for Parcel 1, designated as EL 397, for a work program bid of \$16,580,000 in the Central Mackenzie Valley area of the Northwest Territories. The consortium had committed to spend \$16,580,000 on EL 397 and had posted a gross work deposit of \$4,145,000, which represents 25% of the commitment to future exploration on this block. The Company shall have a 6.625% interest in this prospect.

EL 416

A consortium consisting of Northrock, Frontier, EOG, Anadarko and the Company was successful in a bid to acquire the oil and gas exploration rights to Parcel No. 6 ("EL 416") in the Central Mackenzie Valley of the NWT. The consortium's successful bid was for a work commitment of \$1,526,430. The Company has a working interest of 6.625%.

EL 401

In connection with the sale and purchase agreement dated August 28, 2000 relating to the sale of a 2.8393% interest in EL 391 to EOG, the Company was granted an option to participate in an exploration program on Parcel No. 5 ("EL 401"). The option was exercised by the Company on October 27, 2000. The Company is committed to pay 2.83% of \$12,760,000 to earn a 1.89% interest in EL 401.

b. Innes Prospect, Saskatchewan

On June 3, 1999, the Company entered into a participation agreement with Cigar, Oil & Gas Ltd., Frontier and 773000 Alberta Ltd. ("Potter") to acquire land of mutual interest. The Company's participating interest shall be 30% in respect of any lands acquired before March 22, 2000 within the area of mutual interest. If the land is acquired at a provincial crown sale, the parties shall pay the acquiring party their participating interest share of the acquisition costs. The property is subject to crown royalty.

Potter has generated an exploration prospect comprising of 12 parcels of land. As consideration the Company paid \$34,031 being 30% of the costs of acquiring these 12 parcels.

On July 10, 2002, the Company sold 100% of its interest in the prospect for gross proceeds of \$56,144.

c. Midale Prospect, Saskatchewan

Pursuant to an option agreement dated February 5, 1998 as amended September 1, 1999 between Frontier and Richfield to acquire interests in Freehold PNG leases in the Midale Lands, the Company acquired a 31.25% working interest (50% of 5/8 leasehold rights) in the Midale leases upon paying a third party cost of \$19,500 and 66 2/3% of the land costs (\$56,666 paid). The Midale leases are subject to 18% freehold royalties and to a 2% G.O.R.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

6. OIL AND GAS PROPERTIES (continued)

d. Tulita Prospects, Northwest Territories

Pursuant to a lease agreement dated July 16, 1998, the Company shall earn a 40% interest in the lease granted by the TDL to Frontier. The lease covers nine individual parcels of land in the Fort Norman area of the Northwest Territories, of which two parcels are within the joint ventures EL 391. The Company was required to pay its 50% share of lease costs estimated to be \$550,000 and a \$1,000,000 seismic program. The properties are subject to a 15% G.O.R. and a 1% G.O.R. to Frontier and to a 5% N.P.I.

Frontier, as agent for and on behalf of the Company entered into a seismic option agreement with Northrock Resources Ltd. As a result, the Company's interest was reduced to 20% for the nine parcels (TDL acreage) upon payment for its 17.5% share of costs amounting to \$271,250.

Further to a letter of agreement between the Company, Northrock, Frontier and Anadarko, Anadarko agreed to participate in two \$1,000,000 seismic programs. Anadarko shall pay the first \$700,000 of the first seismic program. Thereafter, 13.25% of the costs shall be paid by the Company. The Company shall be reimbursed 32.5% of certain expenditures, which were previously incurred. The working interest of the Company shall be reduced to 13.25%.

Pursuant to the sale and purchase agreement, and the financing and joint venture agreement, both with EOG, the Company's interest in the TDL acreage has been reduced to 6.625%. See also Note 6(a) above.

e. Alaska Prospect

Pursuant to the terms of the joint venture agreement with Frontier, the Company paid \$100,000 to participate in Frontier's bid for and acquiring prospective acreage in the Alaska North Slope area. To earn 28% of Frontier's working/equity interest in the lands and leases, the Company is required to pay 35% of Frontier's share of the bid.

f. Montana Prospect

The Company has the option to earn a 66 2/3% working interest upon paying 80% of the land and lease acquisition payments and exploration program expenditures totalling \$500,000 in a prospect located in the State of Montana, U.S.A. The prospect is subject to a 5% G.O.R. and a 12.5% freehold royalty.

7. DUE TO RELATED PARTIES

	2002	2001
	\$	\$
Company controlled by the President, Chief Executive Officer and director of the Company	13,969	—
Former director	106,350	109,263
Company controlled by the Vice President and director of the Company	—	500
	<u>120,319</u>	<u>109,763</u>

The above amounts owing to related parties are non-interest bearing, unsecured and due on demand, except the balance due to a former director. Pursuant to a court judgment, on May 27, 1997, the former director was awarded \$111,755 plus pre-judgment interest of \$7,075 for a breach of his employment contract, of which \$38,600 had been paid under a garnishment order prior to the judgment. Interest on the remaining \$80,230 has been accrued at Bank of Canada Prime Rate to total \$106,350 at November 30, 2002.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

8. COMMON STOCK

a. Private Placements

- i. On January 11, 2002 the Company completed a private placement of 1,700,000 flow-through shares at \$0.15 per share for gross proceeds of \$255,000.
- ii. On January 23, 2002, the Company completed a private placement of 500,000 units at \$0.12 per unit for gross proceeds of \$60,000. Each unit consists of one share and one warrant to purchase an additional share at \$0.12 per share expiring on January 23, 2004.

b. Escrow Shares

As at November 30, 2002, 277,344 shares (2001 – 369,792 shares) were subject to escrow agreements and may not be transferred, assigned or otherwise dealt with without the consent of the relevant regulatory body having jurisdiction thereon.

c. Share Purchase Warrants

As at November 30, 2002 the following share purchase warrants were outstanding:

#	Exercise Price	Expiry Date
1,000,000	\$0.21	December 28, 2002 (subsequently expired)
610,357	\$0.36	July 12, 2003
<u>500,000</u>	\$0.12	January 23, 2004
<u>2,110,357</u>		

d. Stock Options

The weighted average number of shares under option and option price for the year ended November 30, 2002 is as follows:

	Shares Under Option #	Weighted Average Option Price \$	Weighted Average Remaining Life of Options (Months)
Beginning balance – November 30, 2001	1,056,500	0.28	<u>22</u>
Granted	706,000	0.11	
Exercised	–		
Cancelled	(325,500)	(0.47)	
Lapsed	–		
Ending balance – November 30, 2002	<u>1,437,000</u>	<u>0.15</u>	<u>21</u>

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

8. COMMON STOCK (continued)

(d) Stock Options (continued)

If compensation expense had been determined pursuant to SFAS 123, the Company's net loss and net loss per share would have been as follows:

	2002	2001
	\$	\$
Net loss		
As reported	(319,609)	(384,847)
Pro forma	(389,364)	(409,643)
Basic net loss per share		
As reported	(0.02)	(0.04)
Pro forma	(0.03)	(0.04)

The fair value of options granted is estimated as of the date of grant utilizing the Black-Scholes model.

9. SPECIAL WARRANTS

During 2001 the Company issued 1,220,714 Special Warrants at a price of \$0.28 per Special Warrant for gross proceeds of \$341,800. Each Special Warrant is exercisable into one unit, comprised of one share and one-half of a share purchase warrant. Each whole share purchase warrant entitles the holder to purchase one share at \$0.30 per share in the first year and at \$0.36 per share in the second year. During the year, all of these Special Warrants were exercised into common shares and share purchase warrants.

10. RELATED PARTY TRANSACTIONS

The following transactions with related parties are bona-fide business transactions and were recorded at their exchange amounts:

- a. The Company paid consulting fees of \$46,500 (2001 - \$60,000) to a company controlled by a Vice President and director of the Company.
- b. The Company paid management fees of \$46,500 (2001 - \$60,000) to a company controlled by the Chief Financial Officer and director of the Company.
- c. The Company paid rent of \$42,000 (2001 - \$42,000) to a company which is 50% owned by the spouse of the Chief Financial Officer and director of the Company.
- d. The Company paid accounting fees of \$22,000 (2001 - \$28,500) to a company controlled by the Secretary of the Company.
- e. The Company paid consulting fees of \$44,000 (2001 - \$Nil) to a company controlled by the President, Chief Executive Officer and director of the Company.
- f. The Company paid interest of \$(2,913) (2001 - \$5,450) to a former director. See Note 7.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

(expressed in Canadian dollars)

11. CONTINGENT LIABILITY

There is a contingent liability in respect of four irrevocable letters of credit for \$179,342 (2001-\$187,759), given by the Company's Bank to the Receiver General of Canada, on behalf of the Company, for its share of refundable work deposits on various prospects in the Northwest Territories. (See Note 6). The letters of credit are secured by an assignment of cash of equal amounts. The Company is contingently liable under the letters of credit for any portion of the work commitment not fulfilled.

12. COMMITMENT

The Company has entered into a consulting agreement with a company controlled by the President, Chief Executive Officer and director of the Company. The Company is obligated to pay \$4,000 per month until December 31, 2003, at which time this agreement shall automatically renew for further twelve month terms unless either party gives the other party two months notice of non-renewal.

13. SUBSEQUENT EVENTS

Subsequent to November 30, 2002 the Company has:

- a. entered into a farm-in and participation agreement with IFP Technologies (Canada) Inc. ("IFP"). IFP is the holder of a 25% working interest in P&NG Leases and Licenses located in the Trutch area in North Eastern British Columbia, Canada. Impact Energy Inc. is the operator. Under the terms of the agreement, the Company has agreed to farm-in in the drilling and completion of a test well to earn an 8% working interest. Total drilling and completion costs for the well are estimated at \$4,000,000.

Upon fulfilling the obligations under the farm-in, the Company has the option to acquire an 8% working interest in two sets of equalization lands both directly offsetting the test well.

- b. completed a private placement and issued 4,500,000 flow-through shares at \$0.10 per share for gross proceeds of \$450,000.
- c. completed a private placement totalling 1,500,000 units at \$0.10 per unit for gross proceeds of \$150,000. Each unit consists of one share and one warrant to purchase an additional share at \$0.15 per share expiring two years after issuance. The Company paid a finder's fee of 45,000 units in connection with this private placement.
- d. granted 398,000 stock options exercisable at a price of \$0.12 per share to various directors, officers and employees.