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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 May 31, 2003		DATE OF REPORT YY/MM/DD 03/07/28
ISSUER'S ADDRESS 615 – 1030 West Georgia Street				
CITY Vancouver	PROVINCE B.C.	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. (408) 208-1270
CONTACT EMAIL ADDRESS <a href="#">N/A</a>		WEB SITE ADDRESS <a href="http://www.pacrodera.com">www.pacrodera.com</a>		

**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 "David J.L. Williams"	PRINT FULL NAME David J.L. Williams	DATE SIGNED YY/MM/DD 03/07/28
DIRECTOR'S SIGNATURE "C. Geoffrey Hampson"	PRINT FULL NAME C. Geoffrey Hampson	DATE SIGNED YY/MM/DD 03/07/28

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

**PACIFIC RODERA VENTURES INC.**  
(An Exploration Stage Company)  
**FOR THE SIX MONTHS ENDED MAY 31, 2003**  
(expressed in Canadian dollars)  
(Unaudited – Prepared by management)

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**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**BALANCE SHEETS****AS AT MAY 31, 2003 AND NOVEMBER 30, 2002**

(expressed in Canadian dollars)

	May 31, 2003 (Unaudited) \$	November 30, 2002 (Audited) \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	65,244	112,627
Accounts receivable	3,039	17,168
Prepaid expenses	-	2,107
Due from related parties (Note 3)	88,631	88,631
<b>Total Current Assets</b>	<b>156,914</b>	<b>220,533</b>
Cash Committed For Oil and Gas Exploration	61,145	1,282
Refundable Deposits (Note 4)	179,342	179,342
Property and Equipment (Note 5)	7,656	8,491
Oil and Gas Properties (Notes 2(e) and 6)	1,934,463	1,475,627
<b>Total Assets</b>	<b>2,339,520</b>	<b>1,885,275</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	57,082	44,456
Accrued liabilities	-	7,015
Due to related parties (Note 7)	116,527	120,319
<b>Total Liabilities</b>	<b>173,609</b>	<b>171,790</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, 100,000,000 shares authorized with no par value; 20,473,450 respectively (Note 8 (a) and (b))	17,350,489	16,793,364
Deficit Accumulated During The Exploration Stage	(15,184,578)	(15,079,879)
<b>Total Stockholders' Equity</b>	<b>2,165,911</b>	<b>1,713,485</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>2,339,520</b>	<b>1,885,275</b>

APPROVED BY THE DIRECTORS:

*/s/ "David J.L. Williams"*  
David J.L. Williams, Director

*/s/ "C. Geoffrey Hampson"*  
C. Geoffrey Hampson, 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)

(Unaudited – prepared by management)

	Accumulated from Inception to May 31, 2003 \$	Three months ended May 31, 2003      2002 \$            \$		Six months ended May 31, 2003      2002 \$            \$	
Revenue	–	–	–	–	–
Expenses					
Accounting and audit	189,758	2,000	13,700	2,000	22,650
Advertising and promotion	81,104	50	4,097	266	6,734
Amortization	12,795	407	581	835	1,009
Bad debts	125,891	–	–	–	–
Consulting	565,101	12,000	23,500	34,446	67,650
Interest and bank charges	115,644	204	431	379	1,638
Interest paid to former director	37,874	–	–	–	–
Legal	397,702	11,649	17,930	21,637	60,108
Management fees	265,375	–	10,500	–	25,500
Office and administration	185,978	6,631	6,829	11,402	15,810
Oil and gas properties written off	192,143	–	–	–	–
Rent	194,589	8,248	12,742	17,991	24,738
Transfer agent, regulatory fees and shareholder relations	130,462	6,418	3,421	16,594	12,243
Travel and accommodation	57,403	1,645	829	3,968	4,297
Less: interest income	(123,004)	(1,042)	(877)	(4,819)	(877)
<b>Total Expenses</b>	<b>2,428,815</b>	<b>48,210</b>	<b>93,683</b>	<b>104,699</b>	<b>241,500</b>
Net Loss Before Discontinued Operations	(2,428,815)	(48,210)	(93,683)	(104,699)	(241,500)
Loss from Discontinued Operations prior to amalgamation	(12,755,763)	–	–	–	–
<b>Net Loss For The Period</b>	<b>(15,184,578)</b>	<b>(48,210)</b>	<b>(93,683)</b>	<b>(104,699)</b>	<b>(241,500)</b>
Net Loss Per Share – Basic		(0.003)	(0.007)	(0.006)	(0.02)
Weighted Average Shares Outstanding		18,458,450	14,378,450	16,443,450	14,378,450

(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)

(Unaudited – prepared by management)

	Three months ended May 31,		Six months ended May 31,	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>Cash Flows To Operating Activities</b>				
Net loss	(48,210)	(93,682)	(104,699)	(241,500)
Adjustments to reconcile net loss to cash				
Amortization	407	581	835	1,009
Oil and gas properties written off	–	–	–	–
Changes in non-cash working capital items				
(Increase) decrease in accounts receivable	17,240	1,421	14,129	(847)
(Increase) decrease in prepaid expenses	2,107	1,405	2,107	8,405
Increase (decrease) in accounts payable and accrued liabilities	2,783	82,692	5,611	116,595
<b>Net Cash Used In Operating Activities</b>	<b>(25,673)</b>	<b>(7,583)</b>	<b>(82,017)</b>	<b>(116,338)</b>
<b>Cash Flows From Investing Activities</b>				
Net cash used in discontinued operations	–	–	–	–
Advances from (to) related parties	–	(17,462)	–	(22,662)
Refundable deposits	–	(23,595)	–	(23,595)
Proceeds from disposition of interest in oil and gas property	–	–	–	–
Acquisition of property and equipment	–	(1,740)	–	(1,740)
Acquisition of and expenditures upon oil and gas properties	(103,075)	(216,540)	(458,836)	(281,257)
Less financed by cash committed for oil and gas exploration	101,219	158,287	390,137	161,814
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(1,856)</b>	<b>(101,050)</b>	<b>(68,699)</b>	<b>(167,440)</b>
<b>Cash Flows From Financing Activities</b>				
Advances from related parties	5,163	(500)	(3,792)	(500)
Issuance of special warrants	–	–	–	(320,300)
Issuance of convertible notes	–	–	–	–
Repayment of convertible notes	–	–	–	–
Proceeds from issuance of shares, net of issuance costs	557,125	–	557,125	624,800
Stock subscriptions	(600,000)	–	–	–
Less committed for oil and gas exploration	–	–	(450,000)	(244,500)
<b>Net Cash Provided By Financing Activities</b>	<b>(37,712)</b>	<b>(500)</b>	<b>103,333</b>	<b>59,500</b>
<b>Increase (Decrease) In Cash</b>	<b>(65,241)</b>	<b>(109,133)</b>	<b>(47,383)</b>	<b>(224,278)</b>
Cash, Beginning of Period	130,485	272,643	112,627	387,788
<b>Cash, End of Period</b>	<b>65,244</b>	<b>163,510</b>	<b>65,244</b>	<b>163,510</b>
<b>Non-Cash Financing Activities</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Supplemental Disclosures</b>				
Interest paid	–	–	–	–
Income taxes paid	–	–	–	–

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

## **PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

### **NOTES TO FINANCIAL STATEMENTS**

#### **FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

#### **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 Rodera Diamond Corp. ("Rodera") (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 Rodera 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 Rodera 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 Rodera 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").

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

##### **a. Interim Financial Statements**

These interim unaudited financial statements have been prepared on the same basis as the annual financial statements and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to present fairly the Company's financial position, results of operations and cash flows for the periods shown. The results of operations for such periods are not necessarily indicative of the results expected for a full year or for any future period.

##### **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 and furniture are stated at cost and are being amortized on a 20% declining balance basis.**

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

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**

**FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

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. 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.

h. 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.

i. 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.

j. 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 require the use of management estimates relate to the determination of impairment of oil and gas properties. Actual results could differ from those estimates.

k. 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.

## **PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

### **NOTES TO FINANCIAL STATEMENTS**

#### **FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### I. 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 implemented SFAS No. 142 on December 1, 2002 and its impact is not expected to be material on its financial position or results of operations.

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 implemented SFAS No. 143 on December 1, 2002 and its impact is not expected to be material on its financial position or results of operations.

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 implemented SFAS No. 144 on December 1, 2002 and its impact is not expected to be material on its financial position or results of operations.

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 implemented SFAS No. 146 on January 1, 2003 and its impact is not expected to be material on its financial position or results of operations.

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 disclosure requirements on March 1, 2003.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)****m. Comparative Figures**

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

**3. DUE FROM RELATED PARTIES**

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

	May 31, 2003 \$	May 31, 2002 \$
Spouse of a Vice President and director of the Company	22,880	40,000
Company owned 50% by the spouse of the former Chief Financial Officer and director of the Company	53,251	61,797
Companies with common directors and officers	12,500	32,200
	<u>88,631</u>	<u>133,997</u>

**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 \$	May 31, 2003 Net Carrying Value \$	May 31, 2002 Net Carrying Value \$
Furniture and equipment	20,407	12,751	7,656	9,227

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

**6. OIL AND GAS PROPERTIES**

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

	Acquisition Costs \$	Exploration Costs \$	May 31, 2003 Total \$	Nov. 30, 2002 Total \$
<b>Canada</b>				
Northwest Territories Prospects (a)	–	1,094,736	1,094,735	1,094,907
Innes Prospect, Saskatchewan (b)	–	1,483	1,483	1,483
Midale Prospect, Saskatchewan (c)	99,448	25,872	125,320	125,320
Tulita Prospects, Northwest Territories (d)	–	39,050	39,050	39,050
Trutch Prospects, Northeastern, British Columbia (e)	–	459,007	459,007	–
	99,448	1,620,148	1,719,596	1,260,760
<b>United States</b>				
Alaska Prospect (f)	100,000	4,780	104,780	104,780
Montana Prospect (g)	72,241	37,846	110,087	110,087
	172,241	42,626	214,867	214,867
	271,689	1,662,774	1,934,463	1,475,627
<b>EXPLORATION COSTS</b>			May 31, 2003 \$	Nov. 30, 2002 \$
Drilling			458,836	306,521
Consulting, geophysical and other professional fees			–	7,489
Reports, mapping and filing fees			–	8,747
Seismic			–	3,722
Field work			–	958
			458,836	327,437
<b>DEFERRED EXPLORATION COSTS, BEGINNING OF YEAR</b>			1,203,938	898,614
			1,662,774	1,226,051
<b>PROCEEDS FROM DISPOSITION OF INTEREST (Note 6(b))</b>			–	(22,113)
<b>DEFERRED EXPLORATION COSTS, END OF PERIOD</b>			1,662,774	1,203,938

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.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

6. OIL AND GAS PROPERTIES (continued)

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. In addition, 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 was set off first against the acquisition costs of Northwest Territories – EL 391, Tulita Prospects, and the remaining balance of 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 a crown royalty.

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.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

6. OIL AND GAS PROPERTIES (continued)

a. Northwest Territories Prospects (continued)

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 a crown royalty.

On July 10, 2002, the Company sold 100% of its interest in the prospect.

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.

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.

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**FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

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6. OIL AND GAS PROPERTIES (continued)

d. Tulita Prospects, Northwest Territories (continued)

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 participated in two \$1,000,000 seismic programs to earn its interest. 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. Trutch Prospects, Northeastern, British Columbia

Pursuant to a Farmout and Participation Agreement, with IFP Technologies (Canada) Inc. ("IFP"), dated December 12, 2002 the Company has a right to earn an 8% interest in certain farmout lands by participating in the drilling of a test well ("Test Well"). By paying 10% of the drill cost of a Test Well on the Trutch Prospect in Northeastern, British Columbia and by exercising certain options, the Company can earn an 8% interest in the Test Well and the farmout lands. Upon fulfilling its obligation under the Test Well, the Company has an option to earn an 8% interest in Part I and Part II equalization lands. In total the Company has an option to earn an 8% interest in eight separate parcels of land in this area. The consortium partners on these farmout lands consist of Impact Energy Inc. (50%), IFP (10%), Paradym Ventures Inc. (7%) and Cannon Oil and Gas Ltd. (25%). Impact Energy Inc. will act as the operator on all the farmout lands.

f. 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.

g. 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.

**PACIFIC RODERA VENTURES INC.**

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(expressed in Canadian dollars)

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## 7. DUE TO RELATED PARTIES

	May 31, 2003 \$	May 31, 2002 \$
Company controlled by the President, Chief Executive Officer and director of the Company	10,177	–
Former director	106,350	109,263
Company controlled by the Vice President and director of the Company	–	500
	<u>116,527</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.

## 8. COMMON STOCK

## a. Authorized

100,000,000 shares with no par value.

## b. Issued

	Number of Shares	Value \$
Balance, November 30, 2002	14,428,450	16,793,364
Issued pursuant to a private placement	1,500,000	150,000
Issued pursuant to private placement of flow through shares	4,500,000	450,000
Issued pursuant to finder's fee	45,000	–
Share issuance costs	–	(42,875)
Balance, May 31, 2003	<u>20,473,450</u>	<u>17,350,489</u>

**PACIFIC RODERA VENTURES INC.**

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**NOTES TO FINANCIAL STATEMENTS****FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

## 8. COMMON STOCK (continued)

## c. Escrow Shares

As at May 31, 2003, 277,344 shares (2002 – 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.

## d. Share Purchase Warrants

As at May 31, 2003 the following share purchase warrants were outstanding:

#	Exercise Price	Expiry Date
610,357	\$0.36	July 12, 2003
500,000	\$0.12	January 23, 2004
1,200,000	\$0.15	February 21, 2005
<u>345,000</u>	\$0.15	March 6, 2005
<u>2,655,357</u>		

## e. Stock Options

The weighted average number of shares under option and option price for the period ended May 31, 2003 is as follows:

	Shares Under Option #	Weighted Average Option Price \$	Weighted Average Remaining Life of Options (Months)
Beginning balance – November 30, 2002	1,437,000	0.15	<u>21</u>
Granted	–	–	
Exercised	–	–	
Cancelled	(2,000)	–	
Lapsed	<u>(15,000)</u>		
Ending balance – May 31, 2003	<u>1,420,000</u>	<u>0.15</u>	<u>15</u>

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:

	May 31, 2003	Nov. 30, 2002
	\$	\$
Net loss		
As reported	(104,699)	(319,609)
Pro forma	(425,864)	(389,364)
Basic net loss per share		
As reported	(0.006)	(0.02)
Pro forma	(0.03)	(0.03)

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

**PACIFIC RODERA VENTURES INC.**

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**NOTES TO FINANCIAL STATEMENTS**

**FOR THE SIX MONTHS ENDED MAY 31, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

**9. 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 \$Nil (2002 - \$25,500) to a company controlled by a Vice President and director of the Company.
- b. The Company paid management fees of \$Nil (2002 - \$25,500) to a company controlled by the former Chief Financial Officer and director of the Company.
- c. The Company paid rent and administration of \$21,000 (2002 - \$21,000) to a company which is 50% owned by the spouse of the former Chief Financial Officer and director of the Company.
- d. The Company paid accounting fees of \$Nil (2002 - \$15,000) to a company controlled by the Secretary of the Company.
- e. The Company paid consulting fees of \$24,000 (2002 - \$20,000) to a company controlled by the President, Chief Executive Officer and director of the Company.

**10. CONTINGENT LIABILITY**

There is a contingent liability in respect of four irrevocable letters of credit for \$179,342 (2002-\$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.

**11. 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.