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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, 2003		DATE OF REPORT YY/MM/DD 04/04/16
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 Chairman/CEO		CONTACT TELEPHONE NO. (403) 208-1270
CONTACT EMAIL ADDRESS <a href="#">N/A</a>		WEB SITE ADDRESS <a href="http://www.pacificrodera.com">www.pacificrodera.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 "Michael K. Barton"	PRINT FULL NAME Michael K. Barton	DATE SIGNED YY/MM/DD 04/04/16
DIRECTOR'S SIGNATURE "David J.L. Williams"	PRINT FULL NAME David J.L. Williams	DATE SIGNED YY/MM/DD 04/04/16

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

**PACIFIC RODERA VENTURES INC.**  
(An Exploration Stage Company)

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MANNING ELLIOTT  
CHARTERED ACCOUNTANTS

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## Independent Auditor's Report

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

We have audited the accompanying balance sheets of Pacific Roderia Ventures Inc. (An Exploration Stage Company) as of November 30, 2003 and 2002 and the related statements of operations and cash flows and stockholders' equity for the years ended November 30, 2003 and 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Pacific Roderia Ventures Inc. (An Exploration Stage Company) as of November 30, 2003 and 2002, and the results of its operations and its cash flows and its statement of stockholders' equity for the years ended November 30, 2003 and 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.

*Manning Elliott*

CHARTERED ACCOUNTANTS

Vancouver, British Columbia, Canada

March 10, 2004

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

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

(expressed in Canadian dollars)

	2003 \$	2002 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	31,096	112,627
Amounts receivable	31,459	17,168
Prepaid expenses	2,524	2,107
Advances to related parties (Note 7)	25,000	88,631
<b>Total Current Assets</b>	<b>90,079</b>	<b>220,533</b>
Cash Committed For Oil and Gas Exploration	528,237	1,282
Refundable Deposits (Note 3)	179,342	179,342
Property and Equipment (Note 4)	6,904	8,491
Oil and Gas Properties (Note 5)	1,205,333	1,475,627
<b>Total Assets</b>	<b>2,009,895</b>	<b>1,885,275</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable (Note 7)	159,203	164,775
Accrued liabilities	19,710	7,015
<b>Total Current Liabilities</b>	<b>178,913</b>	<b>171,790</b>
Contingent Liabilities (Notes 1 and 8)		
Commitment (Note 9)		
Subsequent Events (Note 11)		
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock, 100,000,000 shares authorized with no par value; 24,617,650 and 14,428,450 shares issued and outstanding, respectively (Note 6)	18,107,969	16,793,364
Additional Paid In Capital	94,130	-
Deferred Compensation (Note 6(e))	(45,269)	-
Deficit Accumulated During The Exploration Stage	(16,325,848)	(15,079,879)
<b>Total Stockholders' Equity</b>	<b>1,830,982</b>	<b>1,713,485</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>2,009,895</b>	<b>1,885,275</b>

Approved on Behalf of the Board:

/s/ "Michael K. Barton"Michael K. Barton, Chief Executive  
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**

(expressed in Canadian dollars)

	Accumulated from Inception to November 30, 2003 \$	Year Ended November 30, 2003 2002 \$	
Revenue	—	—	—
Expenses			
Accounting and audit (Note 7)	207,009	19,251	38,050
Advertising and promotion	87,404	6,566	6,653
Amortization	13,548	1,587	1,746
Bad debts	125,891	—	—
Consulting (Note 7)	603,551	72,896	110,892
Interest and bank charges	116,558	1,293	2,491
Interest paid to former director (Note 7)	37,874	—	(2,913)
Legal	399,006	22,942	14,593
Management fees (Note 7)	265,375	—	46,500
Office and administration	184,127	9,551	27,279
Oil and gas properties written off	1,185,480	993,337	—
Rent (Note 7)	221,589	44,991	55,517
Stock-based compensation	48,861	48,861	—
Transfer agent, regulatory fees and shareholder relations	139,658	25,790	15,893
Travel and accommodation	59,454	6,019	4,981
Less: interest income	(125,300)	(7,115)	(2,073)
Total Expenses	3,570,085	1,245,969	319,609
Net Loss Before Discontinued Operations	(3,570,085)	(1,245,969)	(319,609)
Loss from Discontinued Operations	(12,755,763)	—	—
Net Loss For The Period	(16,325,848)	(1,245,969)	(319,609)
Net Loss Per Share – Basic		(0.07)	(0.02)
Weighted Average Shares Outstanding		19,048,000	13,838,000

(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, 2003 \$	Year Ended November 30, 2003      2002 \$            \$	
<b>Cash Flows To Operating Activities</b>			
Net loss for the period	(16,325,848)	(1,245,969)	(319,609)
Adjustments to reconcile net loss to net cash used in operating activities			
Amortization	13,503	1,587	1,746
Convertible note interest	15,871	—	—
Oil and gas properties written off	1,185,480	993,337	—
Stock-based compensation	48,861	48,861	—
Changes in operating assets and liabilities			
Amounts receivable	(31,459)	(14,291)	6,929
Prepaid expenses	(2,524)	(417)	10,546
Advances to related parties	(25,000)	63,631	9,204
Accounts payable and accrued liabilities	178,913	7,123	26,418
<b>Net Cash Used In Operating Activities</b>	<b>(14,942,203)</b>	<b>(146,138)</b>	<b>(264,766)</b>
<b>Cash Flows From Investing Activities</b>			
Net cash used in discontinued operations	(67,500)	—	—
Refundable deposits	(179,342)	—	8,417
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	(2,868,682)	(723,045)	(327,438)
Less financed by cash committed for oil and gas exploration	1,136,183	723,045	291,540
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>(1,446,731)</b>	<b>—</b>	<b>26,923</b>
<b>Cash Flows From Financing Activities</b>			
Issuance of special warrants	670,300	—	—
Issuance of convertible notes	650,000	—	—
Repayment of convertible notes	(95,000)	—	—
Proceeds from issuance of shares, net of issuance costs	16,859,150	1,314,607	255,504
Less committed for oil and gas exploration	(1,664,420)	(1,250,000)	(255,000)
<b>Net Cash Provided By Financing Activities</b>	<b>16,420,030</b>	<b>64,607</b>	<b>504</b>
Change In Cash	31,096	(81,531)	(237,339)
Cash, Beginning of Period	—	112,627	349,966
Cash, End of Period	31,096	31,096	112,627
<b>Non-Cash Financing and Investing Activities</b>			
Repayment of convertible notes	570,871	—	—
Issuance of common stock for finders' fees	35,694	35,694	—
<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)

**STATEMENT OF STOCKHOLDERS' EQUITY**

(expressed in Canadian dollars)

	Number of Shares	Value \$	Special Warrants \$	Additional Paid In Capital \$	Deferred Compensation \$	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 a 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

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

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**STATEMENT OF STOCKHOLDERS' EQUITY (continued)**

(expressed in Canadian dollars)

	Number of Shares	Value \$	Special Warrants \$	Additional Paid In Capital \$	Deferred Compensation \$	Deficit Accumulated During the Exploration Stage \$	Total \$
Balance forward	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 a 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
Issued pursuant to a private placement of flow through shares at \$0.10 per share	4,500,000	450,000	–	–	–	–	450,000
Issued pursuant to a private placement at \$0.10 per share	1,500,000	150,000	–	–	–	–	150,000
Issued pursuant to a private placement of flow through shares at \$0.20 per share	4,000,000	800,000	–	–	–	–	800,000
Issued pursuant to exercise of stock options at \$0.12 per share	22,000	2,640	–	–	–	–	2,640
Issued pursuant to exercise of warrants at \$0.12 per share	10,000	1,200	–	–	–	–	1,200
Issued as finder's fees	157,200	35,694	–	–	–	–	35,694
Share issuance costs	–	(124,929)	–	–	–	–	(124,929)
Stock-based compensation	–	–	–	94,130	(94,130)	–	–
Amortization of deferred compensation	–	–	–	–	48,861	–	48,861
Net loss for the year	–	–	–	–	–	(1,245,969)	(1,245,969)
Balance, November 30, 2003	24,617,650	18,107,969	–	94,130	(45,269)	(16,325,848)	1,830,982

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

## **PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

### **NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(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.

Management plans to raise up to \$2,000,000 and issue up to 6,666,667 units pursuant to a Short Form Offering Document (See Note 11(c)).

#### **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) Use of 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.

##### **d) 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.

##### **e) 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**

November 30, 2003

(expressed in Canadian dollars)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### f) Oil and Gas Properties

The Company uses the full cost method of accounting for exploration and development activities as defined by the United States Securities and Exchange Commission ("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**

November 30, 2003

(expressed in Canadian dollars)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### g) Long-Lived Assets

In accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets", the carrying value of intangible assets and other long-lived assets is reviewed on a regular basis for the existence of facts or circumstances that may suggest impairment. The Company recognizes an impairment when the sum of the expected undiscounted future cash flows is less than the carrying amount of the asset. Impairment losses, if any, are measured as the excess of the carrying amount of the asset over its estimated fair value.

##### h) 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.

##### i) Income Taxes

The Company utilizes the liability method of accounting for income taxes as set forth in SFAS No. 109, "Accounting for Income Taxes". Under the liability method, deferred taxes are determined based on the temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized.

##### j) Comprehensive Loss

SFAS No. 130, "Reporting Comprehensive Income," establishes standards for the reporting and display of comprehensive loss and its components in the financial statements. As at November 30, 2003 and 2002, the Company has no items that represent comprehensive loss and, therefore, has not included a schedule of comprehensive loss in the financial statements.

##### k) Stock-Based Compensation

The Company accounts for stock-based awards using the intrinsic value method of accounting in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). Under the intrinsic value method of accounting, compensation expense is recognized if the exercise price of the Company's employee stock options is less than the market price of the underlying common stock on the date of grant.

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," (SFAS 123), established a fair value based method of accounting for stock-based awards. Under the provisions of SFAS 123, companies that elect to account for stock-based awards in accordance with the provisions of APB 25 are required to disclose the pro forma net income (loss) that would have resulted from the use of the fair value based method under SFAS 123.

During the year, the Company adopted the disclosure requirements of Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure an Amendment of FASB Statement No. 123" (SFAS 148), to require more prominent disclosures in both annual and interim financial statements regarding the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(expressed in Canadian dollars)

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

## k) Stock-Based Compensation (continued)

The pro forma information is as follows:

	Year Ended November 30,	
	2003	2002
	\$	\$
Net loss — as reported	(1,245,969)	(319,609)
Add: Stock-based compensation expense included in net loss — as reported	48,861	—
Deduct: Stock-based compensation expense determined under fair value method	(49,554)	(156,056)
Net loss — pro forma	(1,246,662)	(475,665)
Net loss per share (basic) — as reported	(0.07)	(0.02)
Net loss per share (basic) — pro forma	(0.07)	(0.03)

Among other factors, the Black-Scholes model considers the expected life of the option and the expected volatility of the Company's stock price in arriving at an option valuation. For pro forma purposes, the estimated fair value of the Company's stock-based awards is amortized over the vesting period of the underlying instruments. For the year ended November 30, 2003, the fair value of options granted using Black-Scholes was determined using the following weighted average assumptions.

Expected dividend yield	0%
Risk-free interest rate	1-5%
Expected volatility	20%
Expected life from the vesting date (in years)	1.0

## l) 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.

## m) Financial Instruments

The carrying value of cash, amounts receivable, advances to related parties, cash committed for oil and gas exploration, refundable deposits, accounts payable and accrued liabilities 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

November 30, 2003

(expressed in Canadian dollars)

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### n) Recent Accounting Pronouncements

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). The requirements of SFAS No. 150 apply to issuers' classification and measurement of freestanding financial instruments, including those that comprise more than one option or forward contract. SFAS No. 150 does not apply to features that are embedded in a financial instrument that is not a derivative in its entirety. SFAS No. 150 is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003, except for mandatory redeemable financial instruments of non-public entities. It is to be implemented by reporting the cumulative effect of a change in an accounting principle for financial instruments created before the issuance date of SFAS No. 150 and still existing at the beginning of the interim period of adoption. Restatement is not permitted. The adoption of this standard did not have a material effect on the Company's results of operations or financial position.

##### o) Comparative Figures

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

#### 3. 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 5). The deposits will be refundable on the basis of 25% of allowable expenditures.

#### 4. PROPERTY AND EQUIPMENT

	Cost \$	Accumulated Amortization \$	2003 Net Carrying Value \$	2002 Net Carrying Value \$
Furniture and equipment	20,407	13,503	6,904	8,491

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(expressed in Canadian dollars)

**5. OIL AND GAS PROPERTIES**

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

	Acquisition Costs \$	Exploration Costs \$	Costs Written Off \$	2003 Total \$	2002 Total \$
<b>Canada</b>					
Northwest Territories Prospects (a)	–	1,096,357	(651,667)	444,690	1,094,357
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 Prospect, British Columbia (e)	24,717	696,876	–	721,593	–
	124,165	1,859,638	(778,470)	1,205,333	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
	296,406	1,902,264	(993,337)	1,205,333	1,475,627
				2003 \$	2002 \$
<b>EXPLORATION COSTS</b>					
Drilling				698,326	306,521
Consulting, geophysical and other professional fees				–	7,489
Reports, mapping and filing fees				–	8,747
Seismic				–	3,722
Field work				–	958
				698,326	327,437
<b>DEFERRED EXPLORATION COSTS, BEGINNING OF YEAR</b>				1,203,938	898,614
				1,902,264	1,226,051
<b>PROCEEDS FROM DISPOSITION OF INTEREST (b)</b>				–	(22,113)
<b>EXPLORATION COSTS WRITTEN OFF</b>				(721,648)	–
<b>DEFERRED EXPLORATION COSTS, END OF YEAR</b>				1,180,616	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 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**

November 30, 2003

(expressed in Canadian dollars)

5. OIL AND GAS PROPERTIES (continued)

a) Northwest Territories Prospects

EL 391

During the year, the Company forfeited its interest in this prospect as it decided not to participate in the lease renewal and to allocate its resources to other prospects. A total of \$651,667 was written off during the year.

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

c) Midale Prospect, Saskatchewan

During the year, the Company evaluated this holding and determined that it should be written off since there are no planned activities in the foreseeable future. A total of \$125,320 was written off during the year.

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.

## **PACIFIC RODERA VENTURES INC.**

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### **NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(expressed in Canadian dollars)

#### 5. OIL AND GAS PROPERTIES (continued)

##### d) Tulita Prospects, Northwest Territories

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, the Company shall pay 13.25% of the costs. 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 5(a) above.

##### e) Trutch Prospect, British Columbia

On December 12, 2002, the Company 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.

##### f) Alaska Prospect

During the year, the Company evaluated this holding and determined that it should be written off since there are no planned activities in the foreseeable future. A total of \$104,780 was written off during the year.

##### g) Montana Prospect

During the year, the Company evaluated this holding and determined that it should be written off since there are no planned activities in the foreseeable future. A total of \$110,087 was written off during the year.

#### 6. 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.
- iii) On March 6, 2003, the Company completed a private placement of 4,500,000 flow-through shares at \$0.10 per share for gross proceeds of \$450,000.
- iv) On February 21, 2003 and March 6, 2003, the Company completed a private placement of 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 on February 21, 2005 (1,155,000) and March 6, 2005 (345,000). The Company paid finder's fees of 45,000 units in connection with this private placement.

**PACIFIC RODERA VENTURES INC.**

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**NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(expressed in Canadian dollars)

## 6. COMMON STOCK (continued)

## a) Private Placements

v) On November 11, 2003, the Company completed a private placement of 4,000,000 flow-through shares at \$0.20 per share for gross proceeds of \$800,000. The Company paid a finder's fee of 112,200 shares in connection with this private placement.

## b) Escrow Shares

As at November 30, 2003 and 2002, 277,344 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

At November 30, 2003, the following share purchase warrants were outstanding:

Number of Warrants	Exercise Price	Expiry Date
490,000	\$0.12	January 23, 2004 (subsequently expired)
1,200,000	\$0.15	February 21, 2005
<u>345,000</u>	\$0.15	March 6, 2005
<u>2,035,000</u>		

The following table summarizes the continuity of the Company's warrants:

	Number of shares	Weighted average exercise price \$
Balance, November 30, 2001	3,580,357	0.30
Issued with private placement	500,000	0.12
Expired	(1,970,000)	0.33
Balance, November 30, 2002	2,110,357	0.23
Issued with private placement (Note 2(a)(ii))	1,545,000	0.15
Exercised	(10,000)	0.12
Expired	(1,610,357)	0.21
Balance, November 30, 2003	<u>2,035,000</u>	<u>0.14</u>

## d) Stock Options

The shareholders approved the Company's stock option plan (the "Plan") and 4,094,000 shares are reserved for issuance under the Plan. The Company's Board of Directors has discretion to set the terms and conditions of options granted under the Plan.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(expressed in Canadian dollars)

## 6. COMMON STOCK (continued)

## d) Stock Options (continued)

The following table summarizes the continuity of the Company's stock options:

	Number of shares	Weighted average exercise price \$
Outstanding, November 30, 2001	1,056,500	0.28
Granted	704,000	0.11
Exercised	—	
Cancelled/expired	(325,500)	0.47
Outstanding, November 30, 2002	1,435,000	0.16
Granted	751,000	0.12
Exercised	(22,000)	0.12
Cancelled/expired	(51,000)	0.17
Outstanding, November 30, 2003	2,113,000	0.14
Exercisable at end of year	1,424,583	0.17

Additional information regarding options outstanding as at November 30, 2003 is as follows:

Exercise prices \$	Outstanding			Exercisable	
	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of shares	Weighted average exercise price \$
0.15	302,000	0.4	0.15	302,000	0.15
0.25	366,000	0.5	0.25	366,000	0.25
0.10	369,000	1.0	0.10	369,000	0.10
0.12	325,000	1.2	0.12	325,000	0.12
0.12	751,000	4.8	0.12	62,583	0.12
	2,113,000	2.2	0.14	1,424,583	0.17

The fair value for options granted was estimated at the date of grant using the Black-Scholes option-pricing model. Under the Black-Scholes option-pricing model, the weighted average fair value of stock options granted during the year was \$0.09. There was no dilutive impact of potential common shares associated with stock options and warrants, by application of the treasury stock method, for the year ended November 30, 2003, as the Company had a net loss.

## e) Deferred Compensation

In connection with the grant of certain stock options to employees during the year ended November 30, 2003, the Company recorded deferred stock compensation of \$94,130, representing the difference between the fair value of common stock for accounting purposes and the option exercise price of the respective stock options at the date of grant. The deferred compensation is presented as a reduction of stockholders' equity and amortized over the vesting period of stock options on a straight-line basis. During the year ended November 30, 2003, the Company amortized \$48,861 of deferred compensation that has been recorded as stock-based compensation and charged to operations.

## **PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

### **NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(expressed in Canadian dollars)

#### **7. RELATED PARTY TRANSACTIONS/BALANCES**

The following related party payments were recorded at their exchange amounts:

- a) The Company paid consulting fees of \$Nil (2002 - \$46,500) to a company controlled by a Vice President and director of the Company.
- b) The Company paid management fees of \$Nil (2002 - \$46,500) to a company controlled by the former Chief Financial Officer and director of the Company.
- c) The Company paid rent of \$42,000 (2002 - \$42,000) 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 - \$22,000) to a company controlled by the Secretary of the Company.
- e) The Company paid consulting fees of \$48,000 (2002 - \$44,000) to a company controlled by the President, Chief Executive Officer and director of the Company.
- f) The Company paid consulting fees of \$18,000 (2002 - \$Nil) to a company controlled by a Vice President of the Company.
- g) The amount of \$25,000 (2002 - \$53,251) is due from a company owned 50% by the spouse of the former Chief Financial Officer and director of the Company.
- h) The amount of \$Nil (2002 - \$22,880) is due from the spouse of a Vice President and director of the Company.
- i) The amount of \$Nil (2002 - \$12,500) is due from a company with common directors and officers.
- j) Included in accounts payable is \$11,788 (2002 - \$13,969) due to a company controlled by the President, Chief Executive Officer and director of the Company.

The above balances due to/from related parties are non-interest bearing, unsecured and due on demand.

#### **8. CONTINGENT LIABILITY**

There is a contingent liability in respect of four irrevocable letters of credit for \$179,342 (2002 - \$179,342), given by the Company's bank to Canada Revenue Agency, on behalf of the Company, for its share of refundable work deposits on various prospects in the Northwest Territories. (See Note 5). 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.

#### **9. COMMITMENT**

The Company 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, 2005, 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.

## PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

### NOTES TO FINANCIAL STATEMENTS

November 30, 2003

(expressed in Canadian dollars)

#### 10. 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 Canadian tax losses of \$3,054,000, which expire as follows:

	\$		\$
2004	749,000	2008	378,000
2005	480,000	2009	315,000
2006	578,000	2010	199,000
2007	355,000		

The Company has cumulative Canadian Exploration Expenses of \$752,000, 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 \$514,000 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, 2003 and 2002, and the statutory tax rate, the effective tax rate and the elected amount of the valuation allowance are scheduled below:

	2003	2002
	\$	\$
Net Tax Loss	199,000	617,000
Statutory Tax Rate	36%	38%
Effective Tax Rate	—	—
Deferred Tax Asset	72,000	234,000
Valuation Allowance	(72,000)	(234,000)
<u>Net Deferred Tax Asset</u>	<u>—</u>	<u>—</u>

#### 11. SUBSEQUENT EVENTS

- a) On December 5, 2003, the Company and its joint venture partners executed a farm-in agreement effective September 11, 2003 with Husky Oil Operations Ltd. ("Husky"). Pursuant to the agreement, Husky will participate for 32.5% of the costs to drill, test, case or abandon the Wilma Summit Creek B-44 exploration well located on EL-397 in the central MacKenzie Valley, Northwest Territories.
- b) On February 2, 2004, the Company granted 650,000 stock options exercisable at a price of \$0.24 per share for a period of five years to various directors, officers and consultants.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**NOTES TO FINANCIAL STATEMENTS**

November 30, 2003

(expressed in Canadian dollars)

**11. SUBSEQUENT EVENTS**

- c) On March 10, 2004, the Company filed a Short Form Offering Document with and accepted by the TSX Venture Exchange. The offering is for up to 6,666,667 units at \$0.30 per unit for gross proceeds of \$2,000,000 and expires May 9, 2004. Each unit will consist of one flow-through share and one-half of a transferable share purchase warrant. Each whole warrant will entitle the holder to purchase one non-flow-through common share at a price of \$0.45 and will expire one year from the closing of the offering. The agent will receive non-transferable share purchase warrants entitling it to acquire in the aggregate, a number of common shares equal to 10% of the units sold under the offering. The agent's warrants will have an exercise price of \$0.45 per share and will expire six months from the closing of the offering. The agent will receive 7% of the gross proceeds of the offering. The commission will be payable in units having the same terms as the offered units, except that the common shares underlying the units will be non-flow-through shares. The agent will also receive 200,000 non-flow-through shares as a corporate finance fee and a \$5,000 administration fee.
- d) On January 1, 2004, the Company entered into a consulting agreement with a company controlled by a Vice President of the Company. The Company is obligated to pay \$6,000 per month until December 31, 2005.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**SCHEDULE B**

**FOR THE YEAR MONTHS ENDED NOVEMBER 30, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

(c) List of directors and officers as at November 30, 2003:

Michael K. Barton	Director, President & CEO
John D. Carlson	Vice President
David J.L. Williams	Director
C. Geoffrey Hampson	Director
Sonny Chew	Secretary

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**SCHEDULE C, Page 1**

**FOR THE YEAR ENDED NOVEMBER 30, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

**Description of Business:**

Pacific Rodera Ventures Inc. (the "Company") is publicly traded company engaged in the exploration and development of oil and natural gas. The Company is responsible for its own investor relation's activities and has not retained a third party to handle this activity.

As at the year ended November 30, 2003, the Company's properties were all in the exploration stage and as such there are no proven or probable reserves attributed to the Company's properties. The Company's properties are located primarily in the Fort Norman area of the Northwest Territories in Canada ("NWT"), and in the Trutch area in the province of British Columbia, Canada. The Company is endeavoring to develop oil and gas reserves through exploratory drilling and the subsequent development of these prospects. In the Fort Norman area the Company is part of a consortium that holds approximately 1.0 million acres in the NWT. This consortium is actively exploring this acreage to identify potential hydrocarbon bearing structures. In the Trutch area the Company is part of a consortium that holds approximately 20,000 acres in British Columbia and the consortium is actively developing a number of prospective gas bearing formations on the acreage.

**Discussion of Operations and Financial Condition:**

For the year ended November 30, 2003, the Company recorded a net loss of \$1,245,969 compared with a net loss of \$319,609 for the same period in the previous year, an increase of \$926,360. The increase in loss was primarily due to the write-off of a number of non-prospective properties owned by the company. The Company had working capital deficit of \$88,834 for the year ended November 30, 2003 as compared with working capital deficit of \$48,473 for the year ended November 30, 2002.

Total operating expenses for fiscal 2003 were \$1,245,969 as compared to \$319,609 for the same prior year. Included in the operating expenses for the fiscal year ended 2003 was a write off of oil and gas properties totaling \$993,337. The operating expenses, less the write off of oil and gas properties, for fiscal 2003 were \$252,632, which is \$66,977 less than fiscal 2002. The Company remains fiscally responsible reducing costs and allowing it to preserve capital to develop its properties.

For the year ended November 30, 2003 the Company spent a total of \$698,326 on deferred exploration expenditures. The majority of this expenditure was on the drilling of a Test Well on the Company's Trutch Prospect in Northeastern, British Columbia during the first quarter of 2003.

During the year ended November 30, 2003, the Company completed a private placement of 4,500,000 flow-through common shares at a price of \$0.10 per share to raise \$450,000 for Canadian exploration expenses, which will be renounced to the investors. In addition, the Company sold 1,500,000 units at \$0.10 per unit to raise \$150,000 in working capital was

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**SCHEDULE C, Page 2**

**FOR THE YEAR ENDED NOVEMBER 30, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

**Discussion of Operations and Financial Condition - continued:**

completed. Each unit consisting of one common share and one non-transferable share purchase warrant. The warrants are exercisable to purchase up to 1,500,000 shares at an exercise price of \$0.15 per share for a period of two years. A finder's fee of 45,000 units was paid to Canaccord Capital Corp. on a portion of this placement. The Company also completed a private placement of 4,000,000 flow-through common shares at \$0.20 per share to raise \$800,000 for Canadian exploration expenses, which will be renounced to the investors. A finders fee was paid on the private placement to an arm's length party. The Company intends to use the proceeds from this offering to fund its upcoming winter exploration and development projects in Northeastern, British Columbia and in the Northwest Territories.

During the year under review, the Company and its consortium completed drilling a Test Well located at Tommy d-64-1/94-G-1 in the Trutch area. The estimated gross AFE, by the operator Impact Energy Inc. ("IEY"), to drill and evaluate the Test Well was \$3,578,078 of which the Company is responsible for 10% to earn an undivided 8% interest. The Test Well was drilled to a depth of 3,120 metres and completed on March 11, 2003, at a total cost of \$6.9 million. This cost over-run was primarily due to complications encountered in the drilling process due to the depth of the well, the formations encountered and the need to prevent potential well blow-outs by increased mud weights in the hole. The well was cased as a potential two-zone gas well, with gas bearing formations being encountered in both the Mississippian Debolt and the Devonian Pine Point Formations. IEY, and the consortium have agreed that completion and production testing of this well is to be done in the first quarter of 2004. A number of offset locations to both of these potential gas-bearing zones have been identified and will be assessed in the following months. Once the Test Well has been production tested, pipeline and tie-in assessment can be conducted.

During the year under review, the Company announced that it appointed Mr. John D. Carlson as Vice-President Operations of the Company. Mr. Carlson, a professional engineer has been employed within the energy sector for over 25 years. During this time he has been engaged in the all facets of the energy industry including drilling, production operations, marketing, reservoir evaluations, Indian land claims and providing industry training throughout Canada, United States, China, the Middle East and Africa primarily in a sixteen year career as a senior partner with the consulting firm Sproule Associates Limited. Most notably, as the recent President of a wholly owned First Nations oil company, Samson Oil And Gas Ltd. he was responsible for managing the oil and gas operations and developing a business plan to expand reserves and increase shareholder value.

The Company also announced the granting of 751,000 incentive stock options at a price of \$0.12 per share to directors, officers and employees under its stock option plan during fiscal 2003.

**PACIFIC RODERA VENTURES INC.**

(An Exploration Stage Company)

**SCHEDULE C, Page 3**

**FOR THE YEAR ENDED NOVEMBER 30, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

**Discussion of Operations and Financial Condition - continued:**

During the year ended 2003, the Company and its consortium commenced mobilization of supplies to the staging area on the Mackenzie River in anticipation of the drilling of the Summit Creek B-44 well during the first quarter of 2004.

During the year, management of the Company reviewed all of its oil and gas prospects for the existence of impairment. On the Company's EL 391 prospect in the Northwest Territories, management elected not to participate in its lease and thus forfeited all of its interest in this prospect. Furthermore, management reviewed the Midale Prospect in Saskatchewan, the Alaska Prospect and the Montana Prospect and determined that these holdings should be written off.

**Subsequent Events:**

Subsequent to the year ended November 30, 2003, the Company announced, that a major Canadian based oil company has entered into a farmout agreement with the Company and its partners, Anadarko Canada Corporation, Northrock Resources Ltd., EOG Resources Canada Inc., and International Frontier Resources Corp., on the partnerships' Tulita leases in the Central Mackenzie Valley area, NWT. These leases include Exploration Licences No. 397 and No. 416, and freehold blocks M-36, M-37 and M-38 comprising approximately 228,900 hectares of land. The farmout includes participating in the earning test well Northrock et al Summit Ck B-44 well which was successfully drilled in the first quarter of 2004 on EL No. 397, as well as earning an interest in the remaining lands included in the Tulita leases. The well tested a large Devonian structure as the primary target. The Summit Creek B-44 well was logged and drill stem tested and production casing was run in the well. The well's status currently is confidential and test results will not be made available until approved by all partners in the consortium. The total AFE cost of the well was \$18.5 million and the Company's share of this capital expenditure was 4.58 percent to earn a 6.625 percent interest in the well. The total well cost was \$18.7 million.

The Company and its partners also completed the drilling and testing program in the Trutch area of British Columbia. This program included the testing of the Debolt formation in the d-64-l/94-G-10 well, the testing of the Halfway formation in the a-45-l/94-G-10 well and the drilling of the b-94-l/94-G-10 Sikanni test well. Results of this program were mixed and further study is underway. However, a significant production test rate of 2.3 MMCFD was recorded for the Halfway test in the a-45-l well. The Debolt test in the d-64-l well encountered some gas plus significant water and indicates that a follow-up well should be drilled higher on the Debolt structure. The Sikanni formation in the b-94-l well tested gas but it appears that the reservoir is tight in the vicinity of the well bore. The operator, Impact Energy Inc. has announced a merger with Thunder Energy Inc. and the new company has proposed an 8 to 13 well program in the Trutch area in the upcoming winter drilling season focusing primarily on the Halfway and Debolt formations.

**PACIFIC RODERA VENTURES INC.**

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**SCHEDULE C, Page 4**

**FOR THE YEAR ENDED NOVEMBER 30, 2003**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

**Subsequent Events - continued:**

Subsequent to the year ended November 30, 2003, the Company filed a Short Form Offering Document with and accepted by the TSX Venture Exchange. The offering is for up to 6,666,667 units at a price of \$0.30 per share to raise gross proceeds of \$2,000,000 for Canadian exploration expenses. Each unit will consist of one flow-through share and one half of a transferable share purchase warrant. Each whole warrant will entitle the holder thereof to purchase an additional non-flow-through common share at a price of \$0.45 for a period of one year from the date of closing. Canaccord Capital Corp. will act as agent for the offering and will be compensated via various share and warrant issuances upon completion of the financing.

Subsequent to the year ended November 30, 2003, the Company announced that effective January 1, 2004, Mr. Michael K. Barton will assume the positions of Chairman and C.E.O. of the Company and Mr. John D. Carlson will assume the position of President of the Company.