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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 Roderer Ventures Inc. | | FOR QUARTER ENDED February 29, 2004 | | DATE OF REPORT YY/MM/DD 04/04/29 |
| 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 info@pacrodera.com | | WEB SITE ADDRESS www.pacificrodera.com | | |

CERTIFICATE

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

| | | |
|---|--------------------------------------|-------------------------------------|
| DIRECTOR'S SIGNATURE "Michael K. Barton" | PRINT FULL NAME Michael K. Barton | DATE SIGNED YY/MM/DD 04/04/29 |
| DIRECTOR'S SIGNATURE "John D. Carlson" | PRINT FULL NAME John D. Carlson | DATE SIGNED YY/MM/DD 04/04/29 |

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

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – Prepared by management)

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PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

BALANCE SHEETS**AS AT FEBRUARY 29, 2004 AND NOVEMBER 30, 2003**

(expressed in Canadian dollars)

| | February 29, 2004 (Unaudited) \$ | November 30, 2003 (Audited) \$ |
|--|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | 12,364 | 31,096 |
| Accounts receivable | 4,980 | 31,459 |
| Prepaid expenses | 6,024 | 2,524 |
| Advances to related parties (Note 7) | 22,000 | 25,000 |
| Total Current Assets | 45,368 | 90,079 |
| Cash Committed For Oil and Gas Exploration | 209,614 | 528,237 |
| Refundable Deposits (Note 3) | 179,342 | 179,342 |
| Property and Equipment (Note 4) | 11,870 | 6,904 |
| Oil and Gas Properties (Notes 5) | 1,595,917 | 1,205,333 |
| Total Assets | 2,042,111 | 2,009,895 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable (Note 7) | 180,878 | 159,203 |
| Accrued liabilities | — | 19,710 |
| Total Liabilities | 180,878 | 178,913 |
| STOCKHOLDERS' EQUITY | | |
| Common Stock, 100,000,000 shares authorized with no par value; 25,407,657 and 24,617,650 respectively (Note 6) | 18,211,769 | 18,107,969 |
| Additional Paid In Capital | 146,130 | 94,130 |
| Deferred Compensation (Note 6(d)) | (84,257) | (45,269) |
| Deficit Accumulated During The Exploration Stage | (16,412,409) | (16,325,848) |
| Total Stockholders' Equity | 1,861,233 | 1,830,982 |
| Total Liabilities and Stockholders' Equity | 2,042,111 | 2,009,895 |

APPROVED BY THE DIRECTORS:

/s/ "Michael K. Barton"
CEO, Director/s/ "John D. Carlson"
President, 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 February 29, 2004 \$ | Three months ended February 29, 2004 2003 \$ | |
|--|--|--|-------------------|
| Revenue | – | – | – |
| Expenses | | | |
| Accounting and audit | 211,009 | 3,000 | – |
| Advertising and promotion | 88,213 | 809 | 216 |
| Amortization | 14,486 | 938 | 428 |
| Bad debts | 125,891 | – | – |
| Consulting | 633,551 | 30,000 | 22,446 |
| Interest and bank charges | 116,655 | 97 | 175 |
| Interest paid to former director | 37,874 | – | – |
| Legal | 408,437 | 9,431 | 9,988 |
| Management fees | 265,375 | – | – |
| Office and administration | 193,966 | 9,839 | 4,771 |
| Oil and gas properties written off | 1,185,480 | – | – |
| Rent | 231,843 | 10,254 | 9,743 |
| Stock-based compensation | 61,873 | 13,012 | – |
| Transfer agent, regulatory fees and shareholder relations | 147,542 | 7,884 | 10,176 |
| Travel and accommodation | 62,151 | 2,697 | 2,323 |
| Less: interest income | (126,700) | (1,400) | (3,777) |
| Total Expenses | 3,656,646 | 86,561 | 56,489 |
| Net Loss Before Discontinued Operations | (3,656,646) | (86,561) | (56,489) |
| Loss from Discontinued Operations | (12,755,763) | – | – |
| Net Loss For The Period | (16,412,409) | (86,561) | (56,489) |
| Net Loss Per Share – Basic | | (0.003) | (0.004) |
| Weighted Average Shares Outstanding | | 25,312,657 | 14,428,450 |

(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 February 29, | |
|--|------------------------------------|-----------------|
| | 2004 | 2003 |
| | \$ | \$ |
| Cash Flows To Operating Activities | | |
| Net loss for the period | (86,561) | (56,489) |
| Adjustments to reconcile net loss to net cash used in operating activities | | |
| Amortization | 938 | 428 |
| Convertible note interest | – | – |
| Oil and gas properties written off | – | – |
| Stock-based compensation | 13,012 | – |
| Changes in operating assets and liabilities | | |
| Amounts receivable | 26,479 | (3,111) |
| Prepaid expenses | (3,500) | – |
| Advances to related parties | 3,000 | – |
| Accounts payable and accrued liabilities | 1,965 | (6,127) |
| Net Cash Used In Operating Activities | (44,667) | (65,299) |
| Cash Flows From Investing Activities | | |
| Net cash used in discontinued operations | | |
| Refundable deposits | – | – |
| Proceeds from disposition of interest in oil and gas property | 168,404 | – |
| Acquisition of property and equipment | (5,904) | – |
| Acquisition of and expenditures upon oil and gas properties | (558,988) | (355,761) |
| Less financed by cash committed for oil and gas exploration | 528,237 | 288,918 |
| Net Cash Provided By (Used In) Investing Activities | 131,749 | (66,843) |
| Cash Flows From Financing Activities | | |
| Issuance of special warrants | – | – |
| Issuance of convertible notes | – | – |
| Repayment of convertible notes | – | – |
| Stock subscriptions | – | 600,000 |
| Proceeds from issuance of shares, net of issuance costs | 103,800 | – |
| Less committed for oil and gas exploration | (209,614) | (450,000) |
| Net Cash Provided By Financing Activities | (105,814) | 150,000 |
| Change In Cash | (18,732) | 17,858 |
| Cash, Beginning of Period | 31,096 | 112,627 |
| Cash, End of Period | 12,364 | 130,485 |
| Non-Cash Financing and Investing Activities | | |
| Repayment of convertible notes | – | – |
| Issuance of common stock for finders' fees | – | – |
| Supplemental Disclosures | | |
| Interest paid | – | – |
| Income taxes paid | – | – |

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

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(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.

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. 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 require 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.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Property and Equipment

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

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

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Oil and Gas Properties (continued)

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.

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 February 29, 2004 and 2003, 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.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Stock-Based Compensation (continued)

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.

The pro forma information is as follows:

| | Three Months Ended February 29, | |
|---|------------------------------------|----------|
| | 2004 | 2003 |
| | \$ | \$ |
| Net loss — as reported | (86,561) | (56,489) |
| Add: Stock-based compensation expense included in net loss — as reported | 13,012 | — |
| Deduct: Stock-based compensation expense determined under fair value method | (18,238) | — |
| Net loss — pro forma | (91,787) | (56,489) |
| Net loss per share (basic) — as reported | (0.003) | (0.004) |
| Net loss per share (basic) — pro forma | (0.004) | (0.004) |

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 period ended February 29, 2004, 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 |

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.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 period's figures have been reclassified to conform to the current period'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 \$ | 2004 Net Carrying Value \$ | 2003 Net Carrying Value \$ |
|-------------------------|------------|-----------------------------------|-------------------------------------|-------------------------------------|
| Furniture and equipment | 26,311 | 14,441 | 11,870 | 20,407 |

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS**FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

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 \$ | 2004 Total \$ | 2003 Total \$ |
|--|----------------------------|----------------------------|-------------------------------|---------------------|---------------------|
| Canada | | | | | |
| Northwest Territories Prospects (a) | – | 782,156 | – | 782,156 | 1,092,861 |
| Innes Prospect, Saskatchewan (b) | – | – | – | – | 1,483 |
| Midale Prospect, Saskatchewan (c) | – | – | – | – | 125,320 |
| Tulita Prospects, Northwest Territories (d) | – | 39,050 | – | 39,050 | 39,050 |
| Trutch Prospect, British Columbia (e) | 24,717 | 749,994 | – | 774,711 | 357,807 |
| | 24,717 | 1,571,200 | – | 1,595,917 | 1,616,521 |
| United States | | | | | |
| Alaska Prospect (f) | – | – | – | – | 104,780 |
| Montana Prospect (g) | – | – | – | – | 110,087 |
| | – | – | – | – | 214,867 |
| | 24,717 | 1,571,200 | – | 1,595,917 | 1,831,388 |
| | | | | 2004 \$ | 2003 \$ |
| EXPLORATION COSTS | | | | | |
| Drilling | | | | 528,988 | 355,761 |
| Consulting, geophysical and other professional fees | | | | 30,000 | – |
| Reports, mapping and filing fees | | | | – | – |
| Seismic | | | | – | – |
| Field work | | | | – | – |
| | | | | 558,988 | 355,761 |
| DEFERRED EXPLORATION COSTS, BEGINNING OF YEAR | | | | 1,180,616 | 1,203,938 |
| | | | | | 1,559,699 |
| PROCEEDS FROM DISPOSITION OF INTEREST (a) | | | | (168,404) | – |
| EXPLORATION COSTS WRITTEN OFF | | | | – | – |
| DEFERRED EXPLORATION COSTS, END OF YEAR | | | | 1,571,200 | 1,559,699 |

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

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

5. OIL AND GAS PROPERTIES (continued)

a) Northwest Territories Prospects

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) Tulita Prospects, Northwest Territories

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

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

Further to a letter of agreement between the Company, Northrock, Frontier and Anadarko, Anadarko agreed to participate in two \$1,000,000 seismic programs. Anadarko shall pay the first \$700,000 of the first seismic program. Thereafter, 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.

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

5. OIL AND GAS PROPERTIES (continued)

c) 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.

6. COMMON STOCK

a) Escrow Shares

As at February 29, 2004, 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.

b) Share Purchase Warrants

At February 29, 2004 the following share purchase warrants were outstanding:

| Number of Warrants | Exercise Price | Expiry Date |
|--------------------|----------------|----------------------|
| 1,100,000 | \$0.15 | February 21, 2005 |
| <u>145,000</u> | <u>\$0.15</u> | <u>March 6, 2005</u> |
| <u>1,245,000</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 | 1,545,000 | 0.15 |
| Exercised | (10,000) | 0.12 |
| Expired | (1,610,357) | 0.21 |
| Balance, November 30, 2003 | 2,035,000 | 0.14 |
| Exercised | (790,000) | 0.13 |
| <u>Balance, February 29, 2004</u> | <u>1,245,000</u> | <u>0.15</u> |

PACIFIC RODERA VENTURES INC.

(An Exploration Stage Company)

NOTES TO FINANCIAL STATEMENTS**FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004**

(expressed in Canadian dollars)

(Unaudited – prepared by management)

6. COMMON STOCK (continued)

c) 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.

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 |
| Granted | 650,000 | 0.24 |
| Outstanding, February 29, 2004 | 2,763,000 | |
| Exercisable at end of period | 1,642,200 | 0.17 |

Additional information regarding options outstanding as at February 29, 2004 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 | 0.1 | 0.15 | 302,000 | 0.15 |
| 0.25 | 366,000 | 0.2 | 0.25 | 366,000 | 0.25 |
| 0.10 | 369,000 | 0.9 | 0.10 | 369,000 | 0.10 |
| 0.12 | 325,000 | 0.9 | 0.12 | 325,000 | 0.12 |
| 0.12 | 751,000 | 4.5 | 0.12 | 150,200 | 0.12 |
| 0.24 | 650,000 | 4.9 | 0.24 | 130,000 | 0.24 |
| | 2,763,000 | 2.2 | 0.16 | 1,642,200 | 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 period was \$0.14. There was no dilutive impact of potential common shares associated with stock options and warrants, by application of the treasury stock method, for the period ended February 29, 2004, as the Company had a net loss.

PACIFIC RODERA VENTURES INC.

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NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

6. COMMON STOCK (continued)

d) Deferred Compensation

In connection with the grant of certain stock options to employees during the period ended February 29, 2004, the Company recorded deferred stock compensation of \$52,000 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 period ended February 29, 2004, the Company amortized \$13,012 of deferred compensation that has been recorded as stock-based compensation and charged to operations.

7. RELATED PARTY TRANSACTIONS/BALANCES

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

- a) The Company paid consulting fees of \$12,000 (2003 - \$44,000) to a company controlled by the Chairman, Chief Executive Officer and director of the Company.
- b) The Company paid consulting fees of \$18,000 (2003 - \$Nil) to a company controlled by the President and director of the Company.
- c) The amount of \$22,000 (2002 - \$53,251) is due from a company owned 50% by the spouse of the former Chief Financial Officer and director of the Company.
- d) Included in accounts payable is \$8,560 (2003 - \$) due to a company controlled by the Chairman, Chief Executive Officer and director of the Company.
- e) Included in accounts payable is \$6,420 (2003 - \$) due to a company controlled by the President, 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 (2003 - \$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. COMMITMENTS

The Company entered into a consulting agreement with a company controlled by the Chairman, 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. The Company also entered into a consulting agreement with a company controlled by the President and director of the Company. The Company is obligated to pay \$6,000 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

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

(c) List of directors and officers as at February 29, 2004:

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

PACIFIC RODERA VENTURES INC.

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NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

SCHEDULE C

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 February 29, 2004, 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 three months ended February 29, 2004, the Company recorded a net loss of \$86,561 compared with a net loss of \$56,489 for the same period in the previous year, an increase of \$30,072. The increase in loss was primarily due to an increase in financing activities and related costs and stock-based compensation expense. The Company had working capital deficit of \$135,510 for the period ended February 29, 2004 as compared with working capital deficit of \$88,834 for the year ended November 30, 2003.

During the period ended February 29, 2004 the Company spent a total of \$558,988 on deferred exploration expenditures. The majority of this expenditure was spent on the Company's EL-397 prospect in the Northwest Territories.

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. The Company received a cash payment of \$168,404 from the operator for previous expenditures pursuant to the farm-in agreement. The Company has accounted for this cash payment, by offsetting this amount directly against deferred exploration expenditures relating to this particular prospect.

During the quarter, the Company and its consortium partners began drilling the wildcat Summit Creek B-44 exploratory well. The estimated costs to drill this well to a depth of 3,035 metres is \$18.5 million and the Company's share of this capital expenditure is 4.58 percent to earn a 6.625 percent interest in the well.

For the three months ended February 29, 2004, the Company announced the granting of 650,000 incentive stock options at a price of \$0.24 per share to directors, officers and employees under its stock option plan.

During the quarter the Company issued a total of 790,000 common shares pursuant to the exercise of outstanding share purchase warrants.

PACIFIC RODERA VENTURES INC.

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NOTES TO FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED FEBRUARY 29, 2004

(expressed in Canadian dollars)

(Unaudited – prepared by management)

SCHEDULE C, Page 2

DISCUSSION OF OPERATIONS AND FINANCIAL CONDITION – CON'T

During the period under review, the Company announced that Mr. Michael K. Barton stepped down as President of the Company, but will remain in the capacity of Chairman and CEO. To fill the vacancy left by Mr. Barton, the Company appointed Mr. John D. Carlson as President 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.

SUBSEQUENT EVENTS

The Company completed the wildcat Summit Creek B-44 exploratory well, testing the Consortium's Wilma prospect in the central Mackenzie Valley, N.W.T., to a total depth of 3,035 metres. The well was logged and drill stem tested and production casing was run to total depth. The drilling rig was released and transported south on the winter road prior to spring break-up. The Consortium drilling the Summit Creek B-44 well, Northrock Resources Ltd. (32.5%), Husky Oil Operations Limited (29.5%), EOG Resources Canada Inc. (26.4%), Pacific Roder Ventures Inc. (6.6%) and International Frontier Resources Corporation (5.0%), placed this project on "tite hole" status and any additional information will only be released with the concurrence of all partners.

The Company also announced that the winter drilling and completion program in the Trutch area of British Columbia was completed. A successful Halfway completion in the a-45-l/94-G-10 well with an initial flow rate of 2.3 MMCFD is comparable to the best wells in the adjacent Halfway, Tommy Lakes field. The recently announced merged companies of Impact Energy Inc. and Thunder Energy Inc., the operator of the Trutch property, have announced that up to 12 wells will be drilled during the 2004 fall/winter drilling season. The program will better delineate the Sikanni, Halfway and Debolt reserves on the Company's lands. Pipeline and tie-in of these wells could be achieved by early spring 2005, following a successful winter drilling program.

Subsequent to the quarter ended February 29, 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 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.

The Company also announced a non-brokered private placement of up to 1,428,571 Units at a price of \$0.35 per unit. Each Unit will consist of one common share and one non-transferable share purchase warrant. Each warrant will entitle the holder thereof to purchase an additional common share at a price of \$0.45 for a period of two years from the date of closing.