

FORM 51-901F
ANNUAL REPORT

Incorporated as part of: SCHEDULE A

ISSUER DETAILS:

Pacific Energy Resources Ltd.
(formerly Shamrock Resources Inc.)
700, 839 5th Avenue SW
Calgary, AB T2P 3C8

Telephone: (403) 264-3944
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| | |
|---------------------------|-------------------|
| Contact Person: | J. Gregg Speirs |
| Contact's Position: | Director |
| Contact Telephone Number: | (403) 264-3944 |
| For the Year Ended: | December 31, 2003 |
| Date of Report: | May 21, 2004 |

CERTIFICATE:

The schedule(s) required to complete this quarterly report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of the quarterly report will be provided to any shareholder who requests it. Please note this form is incorporated as part of both the required filing of Schedule A and Schedules B & C.

| | |
|---------------------|-------------------|
| Signed: | "J. Gregg Speirs" |
| Director Full Name: | J. Gregg Speirs |
| Date Signed: | May 21, 2004 |

| | |
|---------------------|---------------------|
| Signed: | "Vladimir A. Katic" |
| Director Full Name: | Vladimir A. Katic |
| Date Signed: | May 21, 2004 |

PACIFIC ENERGY RESOURCES LTD.
(formerly Shamrock Resources Inc.)

Financial Statements

December 31, 2003
and
December 31, 2002

D E V I S S E R G R A Y

CHARTERED ACCOUNTANTS

401 - 905 West Pender Street
Vancouver, BC Canada
V6C 1L6

Tel: (604) 687-5447
Fax: (604) 687-6737

AUDITORS' REPORT

To the Shareholders of Pacific Energy Resources Ltd. (*formerly Shamrock Resources Inc.*),

We have audited the consolidated balance sheets of Pacific Energy Resources Ltd. as at December 31, 2003 and 2002 and the consolidated statements of operations and deficit, cash flows and petroleum and natural gas interests for the years then ended. 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 generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"De Visser Gray"

CHARTERED ACCOUNTANTS

Vancouver, British Columbia
May 21, 2004

PACIFIC ENERGY RESOURCES LTD.
(formerly Shamrock Resources Inc.)
Consolidated Balance Sheets
As at December 31,

| | 2003 | 2002 |
|--|-----------|-----------|
| | \$ | \$ |
| A S S E T S | | |
| Current Assets | | |
| Cash | 102,025 | 7,640 |
| Cash - restricted | 25,664 | - |
| Amounts receivable | 139,426 | 1,841 |
| Due from joint venture participants (note 6) | 156,479 | - |
| Prepays and other current assets | 6,001 | - |
| Short-term investments | 25,930 | - |
| | 455,525 | 9,481 |
| Capital assets | 121 | 151 |
| Deferred charges (note 5) | 94,796 | 998,372 |
| Reclamation deposit | 1,000 | 1,000 |
| Petroleum and natural gas interests (notes 3, 4 and 9) | 2,454,485 | 1,137,527 |
| | 3,005,927 | 2,146,531 |

L I A B I L I T I E S

| | | |
|---|-----------|---------|
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 540,556 | 16,024 |
| Due to related parties (note 6) | 345,659 | 201,624 |
| Due to joint venture participant (note 6) | 427,496 | - |
| Share subscriptions received (note 10) | 56,810 | - |
| | 1,370,521 | 217,648 |
| Due to related party (notes 4 and 6) | 1,337,964 | 670,864 |
| Other liabilities | 25,664 | - |
| | 2,734,149 | 888,512 |

S H A R E H O L D E R S ' E Q U I T Y

| | | |
|--------------------------------|--------------|--------------|
| Share capital (note 7) | 13,453,778 | 12,813,778 |
| Deficit | (13,182,000) | (11,555,759) |
| | 271,778 | 1,258,019 |
| Continuing operations (note 1) | 3,005,927 | 2,146,531 |

Approved by the Board of Directors:

"J. Gregg Speirs"

"Vladimir A. Katic"

PACIFIC ENERGY RESOURCES LTD.
(formerly Shamrock Resources Inc.)
Consolidated Statements of Operations and Deficit
For the Years Ended December 31,

| | 2003 | 2002 |
|---|---------------------|---------------------|
| | \$ | \$ |
| Revenues | | |
| Gross oil and gas production revenue | 1,207,845 | - |
| Production expenses | (794,130) | - |
| Royalty payments | (22,101) | - |
| Depletion | (84,276) | - |
| Net oil and gas income | <u>307,338</u> | <u>-</u> |
| Expenses | | |
| Amortization | 30 | 38 |
| Consulting | 128,402 | 67,194 |
| General exploration | 10,000 | - |
| Interest | 96,194 | (822) |
| Legal, accounting and audit | 234,528 | 29,914 |
| Meals and entertainment | 3,382 | 17,086 |
| Office and administration | 25,665 | 16,935 |
| Operating overhead | 106,377 | - |
| Rent | 4,000 | 11,814 |
| Salary expense | 132,064 | 142,218 |
| Shareholder communications | 4,316 | 17,549 |
| Telephone | 1,234 | 7,880 |
| Travel and accommodation | 40,022 | 98,062 |
| Trust and filing | 33,302 | 16,568 |
| Foreign exchange loss (gain) | (236,178) | 2,006 |
| Write-off of petroleum and natural gas interests (note 3) | 1,350,241 | 510,811 |
| | <u>1,933,579</u> | <u>937,253</u> |
| Net loss for the year | (1,626,241) | (937,253) |
| Deficit - beginning of year | (11,555,759) | (10,618,506) |
| Deficit - end of year | <u>(13,182,000)</u> | <u>(11,555,759)</u> |
| Loss per share (note 8) | <u>\$ (0.05)</u> | <u>\$ (0.03)</u> |
| Weighted average number of common shares outstanding | <u>34,259,371</u> | <u>29,848,532</u> |

See notes to the consolidated financial statements

PACIFIC ENERGY RESOURCES LTD.
(formerly Shamrock Resources Inc.)
Consolidated Statements of Cash Flows
For the Years Ended December 31,

| | 2003 | 2002 |
|--|--------------------|--------------------|
| | \$ | \$ |
| Cash Provided by (Used for): | | |
| Operating Activities | | |
| Net loss for the year | (1,626,241) | (937,253) |
| Adjustment for items not affecting cash: | | |
| Amortization and depletion | 84,306 | 38 |
| Write-off of petroleum and natural gas interests | 1,350,241 | 510,811 |
| | <u>(191,694)</u> | <u>(426,404)</u> |
| Net changes in non-cash working capital components: | | |
| Cash restricted | (25,664) | - |
| Amounts receivable | (15,594) | 1,982 |
| Accounts payable and accrued liabilities | 80,506 | (12,373) |
| Due to related parties | 1,420,712 | 872,488 |
| Due from related parties | (103,007) | 97,748 |
| | <u>1,165,259</u> | <u>533,441</u> |
| Investing Activities | | |
| Petroleum and natural gas expenditures | (1,753,103) | (155,785) |
| Deferred charges | (94,795) | (998,372) |
| | <u>(1,847,898)</u> | <u>(1,154,157)</u> |
| Cash acquired upon acquisition of joint venture interest | <u>120,214</u> | <u>-</u> |
| Financing Activity* | | |
| Cash received for common shares issued | 600,000 | 198,245 |
| Share subscriptions received | 56,810 | - |
| | <u>656,810</u> | <u>198,245</u> |
| Net cash provided (used) during the year | 94,385 | (422,471) |
| Cash - beginning of year | <u>7,640</u> | <u>430,111</u> |
| Cash - end of year | <u>102,025</u> | <u>7,640</u> |

* *Supplemental disclosure of non-cash investing and financing activities:*

During 2003 the Company completed its acquisition of a 25% interest in the Pacific Energy Resources Joint Venture, and issued 400,000 shares to settle \$40,000 of debts. Refer to note 4.

PACIFIC ENERGY RESOURCES LTD.
(formerly Shamrock Resources Inc.)
Consolidated Statements of Petroleum and Natural Gas Interests
For the Years Ended December 31, 2003 and 2002

| | December 31, 2001 | Net Additions/ (Write-downs) | December 31, 2002 | Net Additions/ (Write-downs) | December 31, 2003 |
|--|----------------------|---------------------------------|----------------------|---------------------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Forum Project | | | | | |
| Acquisition costs | 513,837 | - | 513,837 | (513,837) | - |
| Exploration | 3,459,669 | - | 3,459,669 | (3,459,669) | - |
| Depletion | (3,333,947) | (300,000) | (3,633,947) | 3,633,947 | - |
| Recovery | (39,559) | - | (39,559) | 39,559 | - |
| | <u>600,000</u> | <u>(300,000)</u> | <u>300,000</u> | <u>(300,000)</u> | <u>-</u> |
| Oro Fino Project | | | | | |
| Acquisition costs | 174,750 | (174,750) | - | - | - |
| Lost Hills Temblor Prospect | | | | | |
| Acquisition costs | 415,259 | - | 415,259 | (415,259) | - |
| Absaroka Ridge Project | | | | | |
| Acquisition costs | 80,322 | - | 80,322 | (80,322) | - |
| Russian Projects | | | | | |
| Acquisition costs | 68,142 | 14,413 | 82,555 | (82,555) | - |
| Rincon Creek Project | | | | | |
| Acquisition costs | 17,919 | 118,568 | 136,487 | (136,486) | 1 |
| Sawtelle Project | | | | | |
| Exploration - drilling | 100,100 | 22,804 | 122,904 | (122,904) | - |
| Vallecitos Project | | | | | |
| Exploration - drilling | 36,061 | (36,061) | - | - | - |
| Pacific Energy Resources Joint Venture | | | | | |
| Acquisition costs and other | - | - | - | 2,454,484 | 2,454,484 |
| Total petroleum and natural gas interests | <u>1,492,553</u> | <u>(355,026)</u> | <u>1,137,527</u> | <u>1,316,958</u> | <u>2,454,485</u> |

See notes to the consolidated financial statements

PACIFIC ENERGY RESOURCES LTD.
(formerly Shamrock Resources Inc.)
Notes to the Consolidated Financial Statements
December 31, 2003 and 2002

1. **NATURE AND CONTINUANCE OF OPERATIONS**

The Company is incorporated in British Columbia and its activity is the acquisition and exploration of petroleum and natural gas interests located primarily in the United States of America. The recoverability of amounts recorded as petroleum and natural gas assets is dependent upon the discovery of economically recoverable reserves. The Company does not generate cash flows from operations to fund its exploration activities and has therefore relied principally upon the issuance of securities for financing. The Company intends to continue relying upon the issuance of securities to finance its operations and exploration activities to the extent that such instruments are issuable under terms acceptable to the Company. Accordingly, the Company's financial statements are presented on a going concern basis, which assumes the Company's ability to realize its assets and discharge its liabilities in the normal course of operations. If future financing is unavailable, the Company may not be able to meet its ongoing obligations, in which case the realizable values of its assets may decline materially from current estimates.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

These financial statements included the accounts of the company and its wholly-owned subsidiary, Shamrock Petroleum USA Inc., and the Company's proportionate interest in the accounts of the PER Joint Venture.

Accounting Principles and Use of Estimates

These financial statements are prepared in conformity with Canadian generally accepted accounting principles the application of which requires management to make informed judgements and estimates. Such judgements and estimates affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues earned and expenses incurred during the fiscal year. Specific areas requiring the use of management estimates relate to the continuing viability of petroleum and natural gas interests and the determination of reclamation obligations. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and, therefore, are inherently imprecise. Changes in assumptions could significantly affect these estimates and actual results may differ from them. Actual results may differ from these estimates.

Joint Operations

Substantially all of the Company's activities relate to the exploration for and production of petroleum and natural gas, activities which are typically conducted jointly with other companies and, accordingly, the accounts reflect only the Company proportionate interest in these activities.

Translation of Foreign Currency

All of the Company's foreign operations are considered integrated.

Revenues and expenses arising from transactions conducted in foreign currencies are translated into Canadian dollars at the average rate for the year. Monetary assets and liabilities are translated into Canadian dollars at the rates prevailing on the balance sheet date. Other assets and liabilities are translated into Canadian dollars at the rates prevailing on the dates of the transactions comprising those balances. Exchange gains and losses are recorded in current operations in the year in which they occur.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Financial Instruments

The carrying amounts for cash, amounts receivable, due from related parties and accounts payable approximate their fair values because of the limited terms of these instruments. These estimates are subjective in nature and involve uncertainties in significant matters of judgement and, therefore, are inherently imprecise. Changes in assumptions could significantly affect these estimates.

Share Capital

Share capital issued for non-monetary consideration is recorded at the fair market value of the shares on the date the agreement to issue the shares was entered into as determined by the Board of Directors of the Company, based on the trading price of the shares on the TSX Venture Exchange.

Petroleum and Natural Gas Properties

The Company follows the full cost method of accounting for petroleum and natural gas operations in accordance with guidelines issued by the Canadian Institute of Chartered Accountants. Under this method, all costs associated with the acquisition, exploration and development of petroleum and natural gas properties are capitalized in cost centers on a country-by-country basis. Such costs include property acquisition costs, the completion of geological and geophysical studies, carrying charges on non-producing properties, costs of drilling both productive and non-productive wells, and overhead expenses directly related to these activities.

Depletion is calculated for producing properties by using the unit-of-production method based on estimated reserves, before royalties, as determined by management or independent consultants. Natural gas production and reserves are converted to equivalent units of oil based on relative energy content. No gain or loss is recognized on the sale or disposition of oil and gas properties except for dispositions that would significantly alter depletion rates. Future well abandonment and site restoration costs are included in the calculation of depletion.

A ceiling test is applied to the net capitalized costs on an annual basis to ensure that such costs, including the costs applicable to unproved properties net of impairment, future general and administrative expenses, financing costs and income taxes, do not exceed the estimated value of future net revenues from the production of proved reserves. Any reduction in value as a result of the ceiling test is charged as additional depletion. The calculation of future net revenues is based upon prices, costs and regulations in effect at each year-end.

Unproved properties are assessed for impairment on an annual basis by applying factors that rely on historical experience. In general, the Company may write off an unproved property under one or more of the following conditions:

- i) there are no firm plans for further drilling on the unproved property;
- ii) negative results were obtained from studies of the unproved property;
- iii) negative results were obtained from studies conducted in the vicinity of the unproved property; or
- iv) the remaining term of the unproved property does not allow sufficient time for further studies or drilling or the Company's title interest has lapsed.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Income Taxes

The Company accounts for future tax assets and liabilities in accordance with the liability method, under which future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases, and are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be settled. When the future realization of income tax assets does not meet the test of being more likely than not to occur, a valuation allowance in the amount of the potential future benefit is taken and no net asset is recognized. The Company has taken a valuation allowance for the full amount of all potential tax assets.

The Company's accounting policy for future income taxes has no effect on the financial statements of any of the fiscal years presented.

Stock-based Compensation Plan

The Company records compensation associated with stock options granted to consultants, directors and employees using a fair value measured basis and records the expense as the options vest with the recipients.

The adoption of this accounting policy for stock-based compensation has been applied prospectively to all stock options granted subsequent to January 1, 2003. During the comparative year, the Company followed the policy of disclosing on a pro-forma basis only the effect on operations of accounting for stock options granted to employees and directors on a fair value basis. No stock options were granted during the year ended December 31, 2003.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates.

3. **PETROLEUM AND NATURAL GAS INTERESTS**

Forum Prospect

Los Angeles County, California, USA

The Company had a 61.1% net working interest in this prospect, subject to payment of annual land owner and overriding royalties which vary with the drilling location, acquired by the issuance of 1,000,000 common shares. During 2003, the property was abandoned and all costs associated with it were written-off.

Lost Hills Temblor Prospect

Salinas and San Joaquin Basin, California, USA

The Company had a 20% working interest in these properties, acquired for \$1,114,259, which amount had been paid in part by the issuance of 5,400,000 Special Warrants, which were converted to shares. During 2003, the property was abandoned and all costs associated with the it were written-off.

Absaroka Ridge Prospect

Wyoming, USA

The Company and its partner Triton-Eurasia have a 25% interest (of which the Company's share is 12.5%) in the Absaroka Ridge Gas Prospect in Southwest Wyoming. During 2003, the property was abandoned and all costs associated with it were written-off.

3. **PETROLEUM AND NATURAL GAS INTERESTS** *(continued)*

Oro Fino Prospect
California, USA

The Company had a 10% working interest in this prospect which had been acquired by the payment of US\$45,000. During 2002, the Company terminated its working interest and wrote-off the property.

Sawtelle Prospect
Los Angeles County, California, USA

The Company had a 2.5% working interest in this prospect. During 2003, the property was abandoned and all costs associated with it were written-off.

Rincon Creek Project
Ventura Country, California

The Company has a 100% working interest in this prospect, which had been acquired for US\$63,000, subject to a 20% royalty interest on a lease-by-lease basis. During 2003, the Company wrote down the deferred costs associated with this property to \$1. The Company will continue to explore this prospect but will write-off all unsuccessful exploration expenditures.

Vallecitas Prospect
San Benito County, California

The Company had a 5% working interest in this prospect which was written-off during 2002.

4. **PETROLEUM AND NATURAL GAS INTERESTS**

Pacific Energy Resources Agreement
Los Angeles, California, USA

The Company entered into an agreement with Scanner Investments Ltd. ("Scanner"), a private company controlled by the president of the Company, whereby Scanner would transfer at its cost a 25% interest in the assets of Pacific Energy Resources ("PER") for US\$1,250,000 (the payment is to include US\$1,000,000 cash and a \$250,000 promissory note due to Scanner, which will bear interest at 7.5% per annum payable to Scanner quarterly on each of October 1, January 1, April 1 and July 1, plus 25% of all ancillary expenses. The Company has issued two convertible debentures to Scanner, one for US\$425,001 and one for US\$500,000, both have a three year term, bearing interest at a rate of 10% per annum, payable semi-annually and convertible into common shares of the Company at CDN\$0.25 per share. During 2003, the Company obtained regulatory consent for the acquisition of the assets and the issuance of the convertible debentures.

Refer to note 10.

5. **DEFERRED CHARGES**

During 2003, the Company incurred \$94,059 in deferred property development costs for three different off-shore properties, which the Company proposes to acquire, located in California.

6. RELATED PARTY TRANSACTIONS

Transactions with related parties have occurred in the normal course of operations and are measured at fair value as determined by management. In addition to items disclosed elsewhere, the year end balances referred to below are non-interest bearing, unsecured, due on demand and have arisen from the provision of services and expense reimbursements or cash advances. Balances due to or from joint venture participants have arisen from the operation of the PER Joint Venture.

- a) the Company accrued and incurred \$1,765,460 in net property acquisition costs with a private company owned by the President of the Company and at December 31, 2003 this balance, which is inclusive of \$670,864 (US\$425,001) and \$667,100 (US\$500,000) convertible debentures, remained outstanding.
- b) the Company incurred an aggregate of \$16,297 in deferred charges owed to a director.
- c) the Company accrued US\$60,000 in salary and expense reimbursements to its President and owed this individual \$223,282 at December 31, 2003.
- d) the Company accrued \$48,000 in salary and expense reimbursements to a director and owed this individual \$106,080 at December 31, 2003.
- e) the Company settled \$40,000 of debts owed to a director by the issuance to him of 400,000 common shares at \$0.10 per share.

7. SHARE CAPITAL

Authorized share capital of the Company consists of 100,000,000 common shares without par value.

| | Price Per Share \$ | Number of Shares | Amount \$ |
|-----------------------------|--------------------------|---------------------|------------------------|
| Balance - December 31, 2001 | | 30,742,816 | 12,615,533 |
| Stock options exercised | 0.30 | 660,817 | 198,245 |
| Balance - December 31, 2002 | | <u>31,403,633</u> | <u>12,813,778</u> |
| Debt settlement | 0.10 | 400,000 | 40,000 |
| Private placement | 0.10 | 2,000,000 | 200,000 |
| Private placement | 0.15 | 2,933,333 | ⁽¹⁾ 400,000 |
| Balance - December 31, 2003 | | <u>36,736,966</u> | <u>13,453,778</u> |

⁽¹⁾ net of share issue costs of \$40,000 for issuance of 26,667 agent's warrants.

7. **SHARE CAPITAL** *(continued)*

Summary of options and warrants outstanding at December 31, 2003:

| Stock Options | Weighted-Average Exercise Price | Number Outstanding | Weighted-Average Remaining Contractual Life (Year) |
|-----------------------------|------------------------------------|-----------------------|--|
| | \$ | | |
| Balance - December 31, 2001 | 0.30 | 3,300,000 | 1 |
| Exercised | 0.30 | (660,817) | |
| Expired | 0.30 | (1,300,000) | |
| Balance - December 31, 2002 | 0.30 | 1,339,183 | 1.5 |
| Expired | | (1,339,183) | |
| Balance - December 31, 2003 | | <u><u>-</u></u> | |

| Warrants | Exercise Price | Number Outstanding | Expiry Date |
|--------------------------------------|----------------|-------------------------|-----------------|
| | \$ | | |
| Balance - December 31, 2001 and 2002 | | - | |
| | 0.10 | 200,000 | June 17, 2005 |
| | 0.15 | 2,666,667 | October 3, 2005 |
| Balance - December 31, 2003 | | <u><u>2,866,667</u></u> | |

8. **LOSS PER SHARE**

Loss per share is calculated using the weighted-average number of common shares outstanding during the year. Fully diluted loss per share has not been disclosed as it is anti-dilutive.

9. **JOINT VENTURE**

The Company's proportionate interests in the accounts of the PER Joint Venture are as follows:

Balance Sheet

| | |
|--|-------------------------|
| | \$ |
| Cash | 94,550 |
| Cash - restricted | 25,664 |
| Amounts receivable | 121,992 |
| Prepays - other current assets | 6,001 |
| Short-term investment | 25,930 |
| Due from joint venture participants | 53,472 |
| Accounts payable and accrued liabilities | (444,026) |
| Other liabilities | (25,664) |
| Petroleum and natural gas interests | 2,454,484 |
| Net identifiable assets | <u><u>2,312,403</u></u> |

9. **JOINT VENTURE** *(continued)*

Supplementary financial information presenting the results of operations and cash flows of the PER Joint Venture for the year ended December 31, 2003 are presented below.

Statements of Operations and Deficit

| | \$ |
|--------------------------------------|----------------|
| Revenue | |
| Gross oil and gas production revenue | 1,207,895 |
| Production expenses | (794,130) |
| Royalty payments | (22,101) |
| Depletion | (84,276) |
| Net oil and gas revenues | <u>307,388</u> |
| Expenses | |
| Office and administration | <u>(560)</u> |
| Net income for the year | <u>307,898</u> |

Statement of Cash Flows:

| | \$ |
|--|------------------|
| Cash Provided by (Used for): | |
| Net earnings (loss) for the period | 307,898 |
| Add: Loss on foreign exchange translation | (35,215) |
| | <u>272,683</u> |
| Net changes in non-cash working capital items: | |
| Cash - restricted | (3,574) |
| Amounts receivable | (67,198) |
| Prepays and other current assets | (6,484) |
| Due from joint venture partners | (679,585) |
| Accounts payable | 339,052 |
| Other liabilities | 5,412 |
| | <u>(139,694)</u> |
| Investing Activities | |
| Short-term investments | <u>(12,259)</u> |
| Net cash used during the period | (151,953) |
| Cash - beginning of the period | <u>246,503</u> |
| Cash - end of the period | <u>94,550</u> |

10. **SUBSEQUENT EVENTS**

The following transactions have occurred during the period subsequent to December 31, 2003:

- Ⓒ The Company issued 2,000,000 units at a price of \$0.20 per unit for gross proceeds of \$400,000. Each unit consists of one share purchase warrant entitling the holder to acquire another common share for a period of two years at a price of \$0.20 per share. The Company also issued 200,000

shares as a finder's fee. As at December 31, 2003, the Company had received gross proceeds of \$56,810.