A copy of this preliminary prospectus has been filed with the securities regulatory authority in the provinces of British Columbia, Alberta, Ontario, Nova Scotia and New Brunswick but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PRELIMINARY PROSPECTUS

Initial Public Offering November 4, 2003

PETROWORTH RESOURCES INC.

(an oil and natural gas exploration company)

Maximum Offering: $8,435,000
Minimum Offering: $3,500,000
Up to 3,500,000 "A" Units and Up to 7,700,000 "B" Units
Prices: $0.65 per "A" Unit and $0.80 for "B" Unit

- and -

3,400,000 Common Shares Issuable Upon the Exercise of 3,400,000 Special Warrants

PetroWorth Resources Inc. ("PetroWorth" or the "Corporation") is hereby qualifying for distribution up to 3,500,000 "A" units (""A" Units") at a price of $0.65 per "A" Unit and up to 7,700,000 "B" units (""B" Units") at a price of $0.80 per "B" Unit for gross aggregate proceeds of a minimum of $3,500,000 and maximum of $8,435,000. Such "A" Units and "B" Units shall sometimes be referred to herein as the "Units". Each such "A" Unit consists of one common share of PetroWorth (a "Common Share") and one common share purchase warrant of PetroWorth (a "Warrant"). Each whole Warrant will entitle the holder to purchase one Common Share at a price of $1.00 per share for a period of twelve (12) months from the initial closing of this offering of Units (the "Unit Offering"). Each "B" Unit is comprised of one Common Share issued as a "flow-through share" within the meaning of the *Income Tax Act* (Canada) (a "Flow-through Share") and one Warrant. Investors may purchase all "A" Units, all "B" Units or any combination thereof, provided, however, there is a minimum subscription of 1,000 "A" Units ($650 in total) if "A" Units are subscribed for and 1,000 "B" Units ($800 in total) if "B" Units are subscribed for.

Of the total purchase price of $0.65 per "A" Unit, the Corporation will allocate $0.65 to the Common Share and $nil to the Warrant constituting the "A" Unit. Of the total purchase price of $0.80 per "B" Unit, the Corporation will allocate $0.80 to the Flow-through Share and $nil to the Warrant constituting the "B" Unit. The offering price of the Units was determined by negotiation between the Corporation and the Agent.

Unit Offering	**Price to Investor**	**Agent's Fee(1)**	**Net Proceeds to PetroWorth(2)**
Per "A" Unit	$0.65	$0.065	$0.585
Per "B" Unit	$0.80	$0.08	$0.72
Maximum Unit Offering(3)	$8,435,000	$843,500	$7,591,500
Minimum Unit Offering	$3,500,000	$350,000	$3,150,000

1. The Agent will receive a commission of 10% of the gross proceeds from the Unit Offering. The Agent will also receive a corporate finance fee of $35,000 (of which $10,000 has been paid to the Agent). As additional compensation, PetroWorth will grant to the Agent, upon closing of the Unit Offering, 0.10 of a non-transferable

broker's warrant per Unit sold (a "Broker's Warrant") to a maximum of 1,121,120 Broker's Warrants, if the maximum issue is sold. Each Broker's Warrant will entitle the holder thereof to purchase one Common Share at a price of $0.65 per share for a period of twelve months from the date of the initial closing of the Unit Offering. This prospectus qualifies the distribution of the Broker's Warrants. The Agent will also be reimbursed for certain expenses. No additional commission or fee will be payable by PetroWorth in connection with the distribution of Common Shares upon the exercise of the Warrants or the Broker's Warrants.

2. Before deducting expenses of the Unit Offering estimated at $125,000 to be paid by PetroWorth out of the proceeds from the Unit Offering.

3. The Corporation has agreed to grant to the Agent, an option (the "Over-Allotment Option"), exercisable for a period of thirty (30) days from closing of the Unit Offering, to sell up to an additional 350,000 "A" Units and 770,000 "B" Units on the same terms as set forth above solely to cover over-allotments, if any. Assuming the Over-Allotment Option is exercised in full, the gross proceeds, Agent's commission and net proceeds of the Unit Offering will be $9,278,500, $927,850 and $8,350,650, respectively. The Agent will also be entitled to receive 0.10 of a Broker's Warrant per Unit issued on the exercise of the Over-Allotment Option. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units and Broker's Warrants issuable upon the exercise of the Over-Allotment Option. See "Plan of Distribution".

The Unit Offering is subject to there being acceptable subscriptions for a minimum of $3,500,000 in the aggregate. Subscription proceeds for the Units will be deposited with the Agent to be held in trust pending closing of the Unit Offering. If $3,500,000 in subscription funds has not been received by December 15, 2003 (or such other date as the Corporation and/the Agent may agree upon), any subscription funds will be returned to subscribers without interest or deduction. See "Plan of Distribution".

An investment in the Units should be considered highly speculative due to the nature of the Corporation's involvement in the exploration for and development of oil and natural gas and its present stage of development. Exploration for oil and natural gas involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. See "Risk Factors".

This prospectus also qualifies for distribution 3,400,000 Common Shares issuable upon the exercise of an aggregate of 3,400,000 outstanding special warrants of PetroWorth (the "Special Warrants"). The Company issued 3,400,000 of the Special Warrants at a price of $0.25 per Special Warrant between March 26, 2003 and September 30, 2003 pursuant to a private placement offering. Each Special Warrant entitles the holder thereof to acquire one Common Share, subject to adjustment in certain events, at no additional cost, at any time until 4:30 p.m. (Toronto time) (the "Expiry Time") on the earlier of (i) the fifth business day following the date (the "Qualification Date") upon which a receipt for this (final) prospectus is issued by the securities regulatory authority in the Province of Ontario, and (ii) twelve (12) months after the respective dates of issuance of the Special Warrants. Any Special Warrants not exercised prior to the Expiry Time are deemed to be exercised as of such time without any further action on the part of the holder. See "Plan of Distribution".

There is currently no market through which the Units, Common Shares or Warrants may be sold and purchasers may not be able to resell the securities acquired under the prospectus.

Brawley Cathers Limited (the "Agent") conditionally offers the Units on a best efforts basis, subject to prior sale, if, as and when issued by the Corporation in accordance with the Agency Agreement referred under "Plan of Distribution", subject to approval of all legal matters on the Corporation's behalf by Gary M. Sugar, Barrister and Solicitor, and on the Agent's behalf by Miller Thomson LLP. Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Definitive certificates for the Common Shares and Warrants will be available for delivery upon closing of the Unit Offering.

TABLE OF CONTENTS

GLOSSARY OF TERMS

In this prospectus, the following terms have the meanings set forth below:

"**"A" Units**" means the "A" Units offered for sale hereunder, each "A" Unit consisting of one Common Share and one half of one Warrant.

"**Agency Agreement**" means the agency agreement dated as of ●, 2003 between the Corporation and the Agent relating to the offering of the Units.

"**Agent**" means Brawley Cathers Limited, 141 Adelaide Street West, Suite 600, Toronto, Ontario M5H 3L5

"**associate**" and "**affiliate**" each have the meaning ascribed thereto by the *Securities Act* (Ontario).

"**"B" Units**" means the "B" Units offered for sale hereunder, each "B" Unit consisting of one Flow-Through share and one Warrant.

"**Business Day**" means a day which is not a Saturday, Sunday or a legal holiday in the City of Toronto, Ontario.

"**Canadian Development Expense**" or "**CDE**" means Canadian development expense described in subsection 66.2(5) of the Tax Act, and, when renounced under subsections 66(12.66) and (12.601) of the Tax Act, means Canadian development expense described in paragraphs (a) or (b) of the definition of "Canadian development expense" in subsection 66.2(5) of the Tax Act or which would be included in paragraph (f) of such definition if the reference therein to "any of paragraphs (a) to (e)" were read as "paragraphs (a) or (b)" excluding amounts which are prescribed to constitute "Canadian exploration and development overhead expense" under paragraph 66(12.601)(d) of the Tax Act and the amount of any assistance described in paragraph 66(12.601)(c) of the Tax Act.

"**Canadian Exploration Expense**" or "**CEE**" means Canadian exploration expense described in subsection 66.1(6) of the Tax Act and, when renounced under subsection 66(12.66) of the Tax Act, means Canadian exploration expense described in paragraphs (a), (d) or (f) of the definition "Canadian exploration expense" in subsection 66.1(6) of the Tax Act or which would be included in paragraph (h) of such definition if the reference therein to "paragraphs (a) to (d) and (f) to (g.1)" were read as "paragraphs (a), (d) and (f)" excluding amounts which are prescribed to constitute "Canadian exploration and development overhead expense" under paragraph 66(12.6)(b) of the Tax Act, amounts which are a cost of, or for the use of, certain seismic data within the meaning of paragraph 66(12.6)(b.1) of the Tax Act, and the amount of any assistance described in paragraph 66(12.6)(a) of the Tax Act.

"**Common Shares**" means the common shares in the capital of the Corporation.

"**Corporation**", "**PetroWorth**", "**we**", "**our**" or "**us**" means PetroWorth Resources Inc., a corporation incorporated pursuant to the OBCA.

"**Escrow Agent**" means Equity Transfer Services Inc.

"**Flow-through Share**" means the Common Share comprising part of a "B" Unit, such Common Share to be issued as a "flow-through share" within the meaning of the Tax Act.

"**Kings County Property**" means the oil and gas exploration property covering the easternmost tip of Prince Edward Island to which PetroWorth has 100% exploration rights.

"**OBCA**" means the *Business Corporations Act* (Ontario), as amended from time to time.

"**PEI**" means Prince Edward Island, a Province of Canada.

"**person**" means an individual, corporation, partnership, limited partnership, trust, joint venture, unincorporated association, syndicate, organization, trustee, executor and administrator or other legal representative.

"**Qualification Date**" means the date on which a final receipt for this prospectus is issued by the Ontario Securities Commission.

"**Qualifying Expenditures**" means expenses which are (i) CEE, which may be renounced by PetroWorth to subscribers for "B" Units pursuant to subsection 66(12.6) of the Tax Act with an effective date not later than December 31, 2003, or (ii) CDE, which may be renounced by PetroWorth to subscribers for "B" Units as CEE pursuant to subsection 66(12.601) of the Tax Act, with an effective date no later than December 31, 2003.

"**Special Warrant Offering**" means the private placement of Special Warrants completed on August 29, 2003.

"**Subscriber**" means a subscriber for Units.

"**Subscription Agreements**" means the one or more subscription and renunciation agreements to be made between PetroWorth and the Agent or one or more sub-agents of the Agent, as agent for, on behalf and in the name of subscribers for "B" Units, pursuant to which subscriptions for "B" Units will be made.

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time.

"**TSXV**" means the TSX Venture Exchange.

"**Unit**" or "**Units**" means the "A" Units and the "B" Units.

"**Unit Offering**" means the public offering and sale of Units under this prospectus.

"**Warrant**" means a warrant of PetroWorth comprising part of a Unit, each such warrant entitling the holder thereof to purchase one Common Share at a price of $1.00 for a period of twelve months from the date of the initial closing of the Unit Offering.

"**Warrant Agent**" means Equity Transfer Services Inc.

CURRENCY

Unless otherwise specified, in this prospectus all dollar amounts are expressed in Canadian dollars.

ABBREVIATIONS AND GEOLOGICAL TERMS

Abbreviations and geological terms used in this prospectus have the following meanings:

"$" means Canadian Dollar.

"bbl" means barrel.

"bbls" means barrels.

"bblsd" means barrels per day.

"bcf" means billion cubic feet.

"boe" means barrels of oil equivalent calculated on the basis of 10 mcf per barrel.

"boed" means barrels of oil equivalent per day.

"Darcy" is a measurement of rock permeability.

"Kmax" is a measurement of the maximum permeability of a rock sample.

"NGLs" means natural gas liquids.

"m3" means cubic metres.

"mcf" means thousand cubic feet.

"md" means one thousandth of a Darcy.

"mmbbls" means millions of barrels.

"mmboe" means million barrels of oil equivalent.

"mmcf" means million cubic feet.

"mmcfd" means million cubic feet per day.

CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.317
cubic metres	cubic feet	35.494
bbls	cubic metres	0.159
cubic metres	bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

FORWARD LOOKING STATEMENTS

Certain statements contained in this prospectus constitute forward-looking statements. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Corporation's management, are intended to identify forward-looking statements. Such statements reflect the Corporation's current views with respect to future events and are subject to certain risks, uncertainties and assumptions, including, without limitation, those described in this prospectus under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Many factors could cause the Corporation's actual results, performance or achievements to vary from those described in this prospectus. Should one or more of these risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this prospectus as intended, planned, anticipated, believed, estimated or expected. The Corporation does not intend, and does not assume any obligation, to update these forward-looking statements.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this distribution and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Reference is made to the "Glossary" for the meanings of certain defined terms.

The Corporation

PetroWorth was incorporated to pursue opportunities in the oil and gas industry. The Corporation engages in the acquisition and exploration of oil and natural gas properties in eastern Canada. As at the date hereof the Corporation has 100% ownership of Oil and Natural Gas Permit No. 03-01 consisting of approximately 88,000 acres and Oil and Natural Gas Permit No. 03-02 consisting of approximately 176,000 acres located in PEI.

See "Corporate Background", "General Development of the Corporation", "Business of the Corporation" and "Properties of the Corporation".

The Offering:

The Unit Offering consists of up to 3,500,000 "A" Units of PetroWorth offered at a price of $0.65 per "A" Unit and up to 7,700,000 "B" Units of PetroWorth offered at a price of $0.80 per "B" Unit for gross aggregate proceeds of a minimum of $3,500,000 and a maximum of $8,435,000. Each "A" Unit consists of one Common Share and one Warrant, each Warrant entitling the holder thereof to purchase one Common Share at a price of $1.00 for a period of twelve (12) months from the date of the initial closing of the Unit Offering. Each "B" Unit consists of one Flow-through Share and one Warrant. Investors may purchase all "A" Units, all "B" Units or any combination thereof provided, however, that there is a minimum subscription of 1,000 "A" Units ($650 in total) if "A" Units are subscribed for and 1,000 "B" Units ($800 in total) if "B" Units are subscribed for.

It is expected that the initial closing of the Unit Offering will take place on or about December 15, 2003, or such other date as may be agreed upon by the Agent and PetroWorth. Additional closings may occur from time to time as agreed upon by the Agent and PetroWorth, provided that the final closing will occur no later than December 31, 2003.

Subscriptions for "B" Units will be made pursuant to one or more Subscription Agreements to be made between PetroWorth and the Agent or one or more sub-agents of the Agent, as agent for, on behalf of and in the name of subscribers for "B" Units. **Subscribers who place an order to purchase "B" Units with the Agent, or any sub-agent of the Agent, will be deemed to have authorized the Agent or such sub-agent to execute and deliver, as agent on their behalf, a Subscription Agreement.** The execution and delivery of a Subscription Agreement by the Agent or sub-agent of the Agent on behalf of a subscriber for "B" Units will bind such subscriber to the terms thereof as if such subscriber had executed the Subscription Agreement personally.

See "Plan of Distribution".

Use of Proceeds:

The net proceeds from the Unit Offering, after deducting expenses of the Unit Offering estimated to be $125,000 and the Agent's commission ($843,500 assuming the maximum Unit Offering and $350,000 assuming the minimum Unit Offering) and assuming no exercise of the Warrants or the Broker's Warrants, are estimated to be $7,591,500 assuming the maximum Unit Offering is achieved or $3,150,000 assuming the minimum Unit Offering is achieved. Additional net proceeds of $759,150 after deducting the Agent's commission of $84,350 will be received assuming the Over-Allotment Option is exercised in full. . The Agent is also entitled to receive a $35,000 corporate finance fee (of which $10,000 has been paid to the

Agent) and to be reimbursed for all of its reasonable out-of-pocket expenses associated with the Unit Offering.

The Corporation intends to expend the net proceeds from the issue of the Units as follows:

Use of Proceeds	Minimum Offering ($)	Maximum Offering[(1)] ($)
Extend seismic data on Permit 03-01	270,000	540,000
Obtain seismic data on Permit 03-02	90,000	1,215,000
Processing and interpretation	32,000	157,000
Drill 1 to 3 exploration wells on the two PEI permit properties	1,800,000	4,500,000
Working capital	958,000	1,179,500
Total	3,150,000	7,591,500

Notes:
1. Without giving effect to the exercise of the Warrants, the Over-Allotment Option and the Broker's Warrants.

The gross proceeds from the Special Warrant Offering of $850,000 have been and will be used for incorporation costs, operating expenses and general working capital.

See "Use of Proceeds".

Special Warrants: During 2003 the Corporation completed the issue and sale of an aggregate of 3,400,000 Special Warrants at a price of $0.25 per Special Warrant (or $850,000 in the aggregate). Since the date of issuance, no Special Warrants have been exercised. Each Special Warrant entitles the holder thereof to acquire, subject to adjustment in certain events, at no additional cost to the holder, one Common Share at any time until 4:30 p.m. (Toronto time) (the "Expiry Time") on the earlier of: (i) the fifth business day following the Qualification Date; and (ii) 12 months after the respective dates of issuance of the Special Warrants. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to be exercised as of such time without any further action on the part of the holder. See "Plan of Distribution".

Eligibility for Investment: In the opinion of Harris & Partners, LLP, auditors to the Corporation, the Common Shares and Warrants when listed and posted for trading on a prescribed stock exchange, will be a qualified investment under the Tax Act for trusts governed by registered retired savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

Risk Factors: An investment in the Units should be considered speculative due to the nature of the Corporation's involvement in the exploration for and development of oil and natural gas and its current early stage of development. Exploration for oil and natural gas involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Investors should carefully consider the risks described under "Risk Factors", which are summarized below:

- Risks associated with the exploration, development and production of oil and natural gas may not be insurable.
- Growth and profitability may be affected by the ability to retain and attract skilled and experienced employees.

- There are potential conflicts of interest to which some of the directors and officers of the Corporation may be subject in connection with its operations.
- The Corporation may be subject to growth-related risks.
- The oil and gas industry is subject to extensive government controls and regulations.
- The oil and gas industry is intensely competitive.
- There can be no assurance that commercial quantities of hydrocarbons will be recovered.
- Availability of funds may be limited.
- The leases and licences held by the Corporation may expire or be terminated under certain circumstances.
- Environmental regulation is onerous and compliance costs may impact materially on the costs of future production.
- Numerous factors beyond the Corporation's control may affect pricing, marketability and deliverability of oil and gas.
- Uncertainty of global financial markets.
- There is no public market or listing for the Common Shares or Warrants and there is no assurance that any will develop.
- Amendments to Canadian taxation laws and regulations may alter the tax treatment of "flow-through shares".

Subscribers should consult their own professional advisors to assess the income tax, legal and other aspects of the investment. See "Risk Factors".

Selected Financial Information:

	From Incorporation to September 30, 2003(1)(2) (audited) ($)
Net income (loss)	(213,081)
Total assets	677,259
Working capital	212,755
Shareholders' equity	636,923(3)

Notes:

(1) PetroWorth was incorporated on March 11, 2003

(2) The information presented is contained in the audited financial statements of PetroWorth for the period from incorporation to September 30, 2003 set forth herein and should be read in conjunction with such financial statements.

(3) Includes proceeds from the issuance of the Special Warrants.

CORPORATE BACKGROUND

The Corporation was incorporated pursuant to the provisions of the *Business Corporation Act* (Ontario) on March 11, 2003 as PetroWorth Resources Inc. On ●, 2003, the Corporation's articles were amended by removing private company restrictions. The registered office and the head office of the Corporation is located at 67 Yonge Street, Suite 1508, Toronto, Ontario, M5E 1J8. The Corporation does not have any subsidiaries.

GENERAL DEVELOPMENT OF THE CORPORATION

The Corporation was founded to operate as an oil and gas exploration, development and production company. On May 30, 2003, the Company secured a 100% interest in Oil and Natural Gas Permit No. 03-01 in PEI, consisting of approximately 88,000 acres. On July 1, 2003, the Company secured a 100% interest in Oil and Natural Gas Permit No. 03-02 in PEI, consisting of approximately 176,000 acres.

The Corporation has three full-time employees and two part-time consultants.

BUSINESS OF THE CORPORATION

General

The Corporation is engaged in the acquisition and exploration of natural gas properties in eastern Canada. PetroWorth believes that with the strong interest in onshore east coast exploration, the buoyant oil and gas commodity prices, the established infrastructure on the east coast, the dramatic improvements in seismic and drilling technologies and the confirmed political will of the east coast provincial governments, the Corporation will be able to position itself to identify, evaluate and acquire oil and gas prospects. Management and consultants of PetroWorth have extensive experience in eastern Canada exploration and have the capability to expand the scope of our activities as appropriate opportunities arise.

In recent years, considerable oil and gas exploratory interest has come to focus on the Central Maritimes Basin of eastern Canada where a number of commercial natural gas discoveries have occurred.These discoveries, combined with newly shot and acquired seismic data, well information, geochemical analyses and subsurface studies, have lead PetroWorth's consulting geologists to conclude there is considerable potential for hydrocarbon-bearing structures within the Corporation's PEI properties.

In 2000, A. G. Kidston, a professional geologist, in his report entitled "A Geological and Geophysical Evaluation of the Bear River Prospect, Prince Edward Island, Canada" (the "Kidston Report"), estimates that the resource potential on the area covered by Permit No. 03-02 ranges from 400 billion cubic feet (Bcf) to 1 TCF (trillion cubic feet) of natural gas, with a recovery potential of 65-75%, depending on reservoir parameters and technical advancements. The Kidston Report was prepared for Meteor Creek Resources Inc. and is publicly available under the filings of Meteor Creek Resources Inc. at www.sedar.com.

Historical Background

Since 1944, 20 wells have been drilled in and around PEI, 16 of which are onshore PEI and four offshore. Most of the drilling took place during the 1970s when oil was the sole objective. As a result, even though many of these wells encountered numerous natural gas zones, few were tested.

A series of factors have rekindled interest in PEI's natural gas potential:

- The completion of the Maritimes & Northeast Pipeline which connects PEI to eastern Canada and the northeast United States. This enables any commercial gas finds in the region to be tied into the pipeline with relative ease. The Maritimes & Northeast Pipeline is now shipping 450 mcf/day of gas and plans are underway to twin the line due to the increased supply/demand for natural gas in the region.

- In recent years, there have been two new commercial gas discoveries in the Central Maritimes Basin – there are two onshore wells in the McCully Field in New Brunswick currently operating.

- Historically, natural gas prices were around $0.50/mmcf with no access to markets. These low prices could not justify the infrastructure and transportation costs required to get the gas to markets. Today, however, natural gas prices range from US$4-$8/mmcf - a level that can easily sustain infrastructure costs, as evidenced by the construction of the Maritimes & Northeast Pipeline just four years ago which presently has the capacity to move 450 mmcf/d with consideration being given to twining the line for future requirements.

- Under today's natural gas price regime, the Corporation believes that it is economically feasible to connect a commercial gas reserve to the Maritimes Northeast Pipeline via a spur or lateral line.

Operational Plans

PetroWorth's operational plans include an extensive seismic and exploration drilling program aimed at identifying and delineating the size of the potential natural gas reserves beneath its PEI properties.

3-D Seismic Program

PetroWorth believes it will be the first company to use 3-D seismic technology onshore PEI. 3-D seismic technology has become a key tool used in the petroleum industry to understand the subsurface. In addition to providing excellent structural images, the dense sampling of a 3-D survey makes it possible to map reservoir quality and the directional distribution of oil and gas.

Although 3-D doesn't completely remove all exploration risk, it greatly improves success rates and ensures that productive wells are optimally located, thus delivering better production rates and exhibiting longer life.

Given the information already obtained on the PetroWorth properties from previous seismic and exploration drilling activities, the Corporation's consultants are confident that a carefully orchestrated 3-D seismic program will maximize the chances of success in the exploratory drilling phase and optimize the productivity in the natural gas development phase should commercial quantities of gas be discovered.

Exploratory Drilling

Once the interpretation of the 3D seismic program is complete, PetroWorth plans to drill up to three exploratory test wells on its PEI properties. The Corporation is currently examining the technology of Reverse Circulation Centre Discharge drilling, a revolutionary method of drilling into pay zones without damaging the well while preserving the integrity of the gas-bearing zones. PetroWorth believes that it would be the first company in Canada to utilize this advanced drilling technology.

The following sections under "Long Term Objectives" and "Short Term Objectives" set forth the Corporation's current business plan describing the business objectives and the plans and timeframes under which those objectives are expected to be achieved.

Long Term Objectives

PetroWorth intends to grow by employing the following key strategies over the next two to five years:

1. Identify, evaluate and acquire oil and natural gas exploration and development prospects in eastern Canada in order to establish commercial reserves that will generate production, cash flow and profitability.

2. Focus on natural gas properties.

3. Utilize the latest and most advanced seismic and drilling technologies available.

4. Provide opportunities for other oil and gas companies to farm into our projects.

5. Develop an inventory of exploitation and exploration prospects.

6. Practice prudent financial management to achieve consistent cash flow and earnings.

7. Build our asset base to allow us to pursue strategies to maximize shareholder value will be pursued, assuming market conditions are appropriate.

PetroWorth plans to continue acquiring interests in oil and gas assets and exploration and development prospects in eastern Canada and possibly other parts of Canada and the United States, either directly or through participation agreements.

Short Term Objectives

Our business objectives for the next 12 months are:

1. Conduct additional seismic work on our permits in PEI.

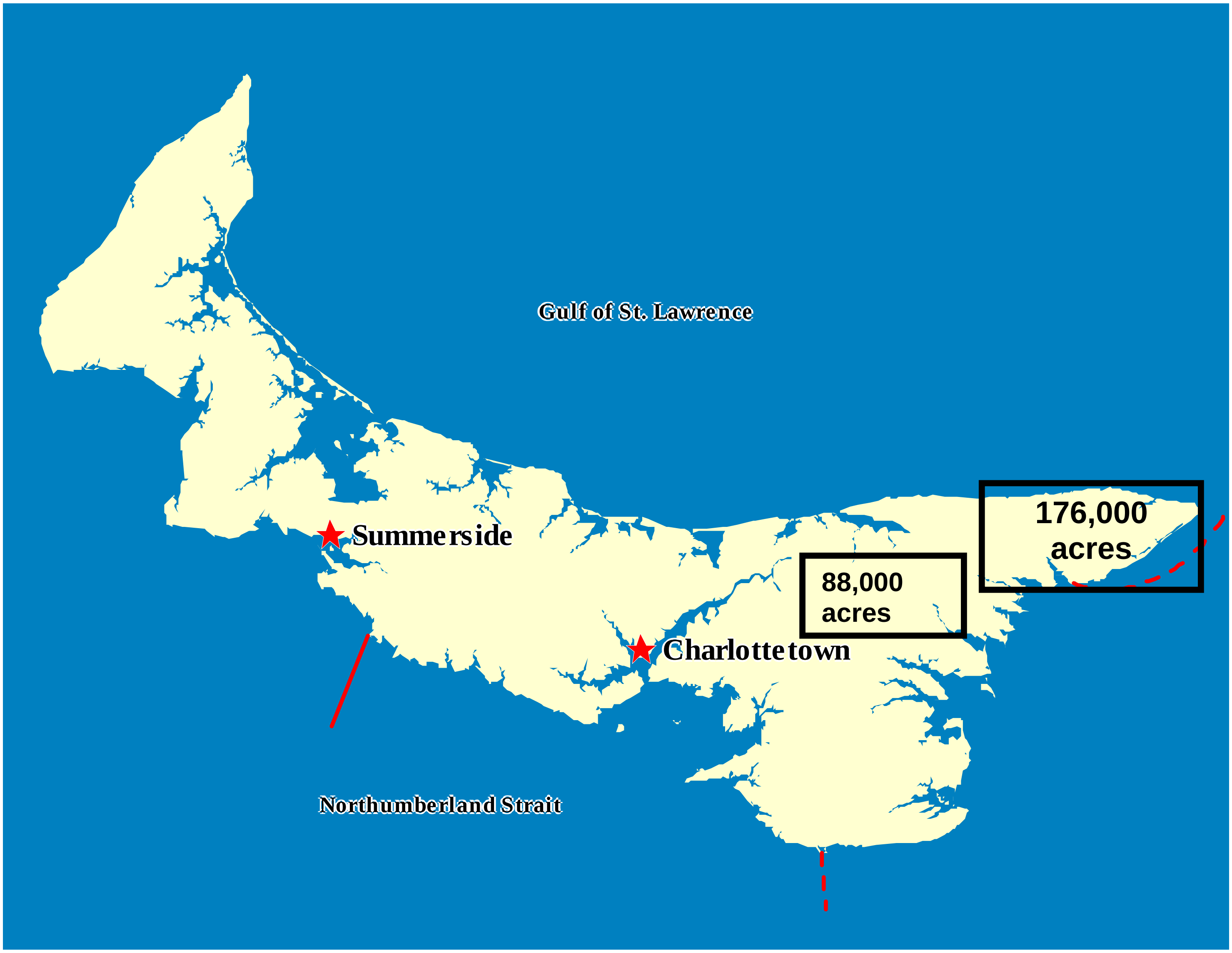
2. Drill a minimum of one exploratory well on the PEI permits.

3. Meet our commitment to incur Qualifying Expenditures in an amount equal to the gross proceeds from the sale of the “B” Units hereunder prior to December 31, 2004.

PROPERTIES OF THE CORPORATION

Description of Exploration Properties

The following is a description of the properties in which the Corporation has an interest and that are material to the Corporation’s operations and exploration activities. The map that follows indicates the general location of these properties.



Consultant's Report

The following information relating to the Kings County Property is derived from a report (the "Kings County Report") dated October 27, 2003, prepared by William G. Shaw, a professional geologist, of W.G. Shaw & Associates Ltd., Consulting Geologists. The Kings County Report is entitled "PetroWorth Permit Area, Prince Edward Island, Canada Oil & National Gas Permits #2003-01 and #2003-02" and the information from that report is included herein with the consent and prior review of Mr. Shaw. The Kings County Report is available for inspection at the head office of the Corporation, 67 Yonge Street, Suite 1508, Toronto, Ontario.

Kings County Property

<u>Property Description and Location</u>

PetroWorth holds two contiguous, petroleum permits in north-eastern Prince Edward Island, Canada. These permits were issued to PetroWorth in 2003 by the Province of Prince Edward Island and are administered by the Provincial Department of Economic Development. A description of the two permits is contained in the following table:

Permit Number	Date Issued	Term	Area and Corners
Permit #2003–01	May 30, 2003	Up To 6 Years	35,664 hectares 46o 15’ N, 62o 30’ W 46o 15’ N, 62o 45’ W 46o 25’ N, 62o 45’ W 46o 25’ N, 62o 30’ W
Permit #2003-02	July 01, 2003	Up To 6 Years	71,249 hectares 46o 20’ N, 62o 00’ W 46o 20’ N, 62o 30’ W 46o 30’ N, 62o 30’ W 46o 30’ N, 62o 00’ W

The total aggregate area under permit to PetroWorth (the “Project Area”) is 106,913 hectares (264,000 acres).

The permits have not been legally surveyed.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Physiography

PEI lies in eastern Canada and within the southern part of the Gulf of St. Lawrence, a large marine embayment adjacent to the North Atlantic Ocean. The Island is approximately 230 kilometres long and from 6.5 to 50 kilometres wide with a total land area of about 7,000 square kilometres.

The ground surface rises from sea level, around the Island’s coastline, to a maximum elevation of 127 metres. The ground surface is characterized by very gently rolling hills which are dissected by watercourses, most of which flow radially from the center of the Island toward the surrounding shorelines.

Accessibility

PEI is accessible from the mainland of Canada by the Confederation Bridge which connects the northeast corner of New Brunswick with the south-central part of PEI.

PEI can also be reached by ferry service from the mainland of Nova Scotia, at Caribou, to Wood Islands, PEI and by air to the Charlottetown Airport.

Climate

PEI has a humid, temperate, continental climate that is somewhat modified by the proximity to the Gulf of St. Lawrence and the Northumberland Strait. The mean annual temperature is 6.8^{o}C. The warmest temperatures are generally in July and the coldest temperatures are in February.

PEI receives in the order of 1.3 metres of total precipitation on an annual basis with relatively low evapotranspiration. Much of the precipitation and moisture surplus occurs within one distinct wet season from mid-November to mid-March. A warming trend from March through April releases the snow-pack, and eliminates the frost, cover to generate a major spring groundwater recharge event from March to May. There is generally a significant dry season that lasts from mid-summer to early fall.

Infrastructure and Local Resources

Land ownership within the Project Area is almost entirely private with the exception of several Crown lots along the coastline. Approximately 90% of the land surface is cleared agricultural land with about 10% the remaining area vegetated with thin stands of hardwood. The cleared land is utilized primarily by the agricultural industry for the production of vegetable crops and to support a dairy industry.

There are seasonal tourism and fishing industries that are concentrated along the coastline of the Project Area.

The Project Area is serviced by numerous paved and gravel roads, most of which are maintained by the Province of PEI.

Regional Geologic Setting - The Maritimes Basin

PEI is located near the south-central part of the Magdalene Subbasin which is a component of the regional Maritimes Basin. The Maritimes Basin is located in the north-eastern part of the Appalachian Orogen and is one of several Late Palaeozoic basins that occur along the eastern margin of North America.

The Maritimes Basin underlies an area of approximately 250,000 square kilometres and contains up to 12,000 metres of sedimentary fill. The Basin was initiated during a rifting event in the Late Devonian and continued to form until the Early Permian.

During the Late Devonian to Late Mississippian period, tectonic subsidence was punctuated by rapid local subsidence which evolved into more uniform, regional subsidence during the Pennsylvanian and Early Permian. A late Mississippian to Early Pennsylvanian period of uplift and erosion resulted in the presence of a widespread angular unconformity. Maximum burial was reached in the Middle Permian which was closely followed by regional exhumation that took place from the Late Permian to the Late Triassic.

The Maritimes Basin is a thick (up to 12,000 metres) accumulation of Late Devonian to Early Permian strata that is dominated by terrestrial clastic rocks with subordinate amounts of shallow marine clastic, carbonate, evaporite and volcanic rocks. The present day configuration of the Basin is a preserved remnant of a larger centre of Permo-Carboniferous sedimentation.

Carboniferous strata within the Maritimes Basin were affected by four periods of deformation: 1) Middle Mississippian folding and faulting resulted in widespread uplift and erosion prior to deposition of the Viséan Windsor Group; 2) Late Mississippian to Early Pennsylvanian folding and faulting deformed all Mississippian strata and was coincident with salt diapir formation; 3) Late Carboniferous deformation (Allegheny Orogeny) resulted in strike-slip displacements locally and by providing a distal source of clastic sediment from the central Appalachian Orogen.

Geology of the Project Area

Introduction

The Project Area is situated within the southern part of the Magdalene Subbasin where there are about 8,000 metres of Carboniferous basin fill. The following is a description of the lithostratigraphic units organized from oldest to youngest.

Late Devonian to Mississippian Stratigraphy

The Late Devonian to Mississippian stratigraphy on PEI is subdivided into three major stratigraphic units: the Horton Group, the Windsor Group and the Mabou Group.

Horton Group

Regional analysis of the Horton Group throughout the Maritimes Basin reveals a reasonably cohesive stratigraphic sequence identified by similar lithofacies and ages. Overall, the Horton Group was deposited in a lacustrine environment associated with rift or pull-apart, half-graben type depocentres.

Mr. Shaw has no direct knowledge of the character of the Horton Group within the Project Area; however, information from outcrops and test well locations in western PEI and the surrounding subbasins indicates the Horton Group would be expected to be from 1,000 to 3,000 metres thick and consist of red, green and grey coloured siltstone and mudstone, with variable amounts of sandstone and minor limestones, conglomerates and basalt flows. The strata nonconformably overlies basement rocks and is from Late Devonian to Early Mississippian in age.

Windsor Group

Regionally, the Windsor Group is widely distributed throughout the Maritimes Basin. The maximum thickness of the Windsor Group, where unaffected by diapirism and thrust faulting, is estimated to be 1,200 metres.

Mr. Shaw has no direct knowledge of the character of the Windsor Group within the Project Area; however, information from outcrops and test well locations in western PEI and the surrounding subbasins indicates the Windsor Group would consist of anhydrite, halite, mudstone and carbonates. The strata overlies the Horton Group with angular unconformity and is Mississippian (Viséan) in age.

Windsor Group sediments were deposited predominantly within a shallow, restricted platform marine setting where most sedimentation took place within the supratidal to shallow subtidal zones. Many of the sandstones appear to be playa-related with the occurrence of salt and reddish colouration. Periodic minor transgressions resulted in the deposition of lime mudstones and wackestones in the open slope and toe of slope setting (Macumber Formation) and algal boundstones, packstones and wackestones within numerous subtidal, paleotopographic highs close to the basin margin.

Mabou Group

The Mabou Group strata reflects the resumption of terrestrial sedimentation that dominates sedimentation in the subbasin. Information from wells located in western PEI and surrounding subbasins indicates the Mabou Group is in the order of 600 metres thick. The strata is dominated by reddish-brown coloured mudstones and siltstones with subordinate amounts grey mudstones and grey and reddish-brown coloured, fine grained sandstones and minor, thin (<2 m) beds of polymictic conglomerate.

The Mabou Group was deposited on broad floodplains traversed by shallow, ephemeral, meandering streams.

Pennsylvanian Stratigraphy

Introduction

The Pennsylvanian strata of the Maritimes Basin represent the onset of a long period of terrestrial clastic sedimentation in broad, mainly low-relief, fluvial depocentres.

The strata includes four named formations that range in age from Westphalian A to Stephanian.

Bradelle Formation

Distribution and Thickness: The Bradelle Formation occurs throughout the Project Area. Both of the wells in the Project Area, Naufrage No.1 and Bear River No.1, penetrate the Bradelle Formation; however, neither well penetrates the entire thickness of the Formation and seismic information indicates the Formation is from 1,000 to 1,500 metres thick.

Lithology and Depositional Environment: The Bradelle Formation is a sandstone-dominated (60%) sequence with lesser amounts of interbedded, grey coloured siltstone and mudstone and coal seams that are up to 2 metres thick.

The individual sandstone units are from 5 to 30 metres thick and tend to have a cylindrical or fining-upward log signature. Observations of well chips and cores from wells reveal the sandstone units to be predominantly light coloured, medium to coarse grained, poorly to moderately well sorted with subangular grains of quartz and feldspar.

The Bradelle Formation was deposited in a predominantly braided fluvial setting.

Age and Relations to other Units: The Bradelle Formation is from Westphalian B to C in age. The Formation lies with angular unconformity on the Mississippian strata and is conformably overlain by the Green Gables Formation.

Green Gables Formation

Distribution and Thickness: The Green Gables Formation occurs throughout the Project Area. Both of the wells in the Project Area, Naufrage No.1 and Bear River No.1, penetrate the entire Green Gables section which is in the order of 1,000 metres thick.

Lithology and Depositional Environment: The Green Gables Formation is dominated (90%) by reddish-brown and grey coloured silty, micaceous mudstone, with lesser amounts of sandstone, siltstone and thin (<1 m) coal seams. The sandstone units are generally thin (<5 m) and have low porosity.

The Green Gables Formation was deposited in a broad, fluvial floodplain.

Age and Relations to other Units: The Green Gables Formation is from Westphalian D to Stephanian in age. The Formation conformably overlies the Bradelle Formation and is conformably overlain by the Cable Head Formation.

Cable Head Formation

Distribution and Thickness: The Cable Head Formation occurs throughout the Project Area. Both of the wells in the Project Area, Naufrage No.1 and Bear River No.1, penetrate the entire Cable Head section which is from 250 to 350 metres thick.

Lithology and Depositional Environment: The Cable Head Formation is dominated (60 - 90%) by sandstone with lesser amounts of reddish-brown and grey coloured siltstone and mudstone and traces of coal. The individual sandstone units are from 3 to 20 metres thick and tend to have a coarsening-upward log signature. Observations of well chips and cores from wells reveal the sandstone units to be predominantly reddish-brown coloured, medium grained, moderately well sorted with subangular to subrounded grains of quartz and feldspar.

The Cable Head Formation was deposited in a braided fluvial setting with minor deltaic sedimentation.

Age and Relations to other Units: The Cable Head Formation is Stephanian in age. The Formation conformably overlies the Green Gables Formation and is conformably overlain by the Naufrage Formation.

Naufrage Formation

Distribution and Thickness: The Naufrage Formation occurs throughout the Project Area. Both of the wells in the Project Area, Naufrage No.1 and Bear River No.1, penetrate the entire Naufrage section which is from 800 to 900 metres thick.

Lithology and Depositional Environment: The Naufrage Formation is dominated (750%) by reddish-brown and grey coloured silty, micaceous mudstone, with lesser amounts of sandstone, siltstone.

The Naufrage Formation was deposited in a broad, fluvial floodplain.

Age and Relations to other Units: The Naufrage Formation is Stephanian in age. The Formation conformably overlies the Cable Head Formation and is conformably overlain by a thick (400-500 m) sequence of un-named Permian siliciclastics that are exposed at ground surface around the coastline of PEI.

Structural Configuration within the Project Area

Pennsylvanian Structure

Within the Project Area, the structural configuration of the Permian and Pennsylvanian strata is one of horizontal to subhorizontal strata that has been folded into very broad, northeast-trending folds. These strata are also affected by east-trending, steeply dipping, normal faults where the vertical displacement ranges from several tens of metres to 200 metres.

The most prominent structural feature within the Project Area is the Bear River Fault, which is an east-trending, north-dipping, listric normal fault that appears to sole-out within the Windsor Group. A number of smaller normal faults are evident on most seismic lines most of which are east- to northeast-trending with vertical displacements of several tens of metres.

Mississippian and Devonian Structure

Within the Project Area, the Mississippian and Devonian section is not is well imaged as the Pennsylvanian section. However, there are two reasonably good seismic markers within the Mississippian section – the "Top of the Windsor Group" and the "Base of the Windsor Group". Mapping of these seismic horizons indicates the Mississippian strata are displaced by northeast-trending, east-dipping, normal faults that have apparent vertical displacement of from 100 to 500 metres. Many of these faults appear to sole-out in the Windsor Group salt intervals.

Thermal Maturity and Burial History

A regional thermal maturity study of the Horton Group within on-shore Nova Scotia indicates most of the Mississippian strata is within the light oil to gas window.

Numerous studies of coal rank within Pennsylvanian strata reveal the coal seams to range from high to medium volatile bituminous which places most of this strata in the medium to light oil window.

Appetite fission track and complimentary vitrinite reflection studies of cores and cuttings from wells in the Gulf of St. Lawrence indicate Maritimes Basin strata reached maximum burial from the Middle to Late Permian at which time they were heated to maximum temperatures of from 100 to 150o C. The findings imply hydrocarbons were generated at a late stage of basin development during the Late Permian.

The results also indicate that approximately 4,000 metres of overlying sedimentary rocks (mainly Pictou Group) have been eroded since the Late Permian.

History of Petroleum Exploration in Eastern PEI

1910 to 1927

In 1910 and in 1927, several shallow (<500 m) exploration wells were drilled in southeastern PEI (Little Sands No.4, Kinross No.3, Earnscliff No.1 & No.2). These wells were drilled to test an anticlinal structure that was mapped on the basis of surface outcrops.

In 1926 and 1927, the exploratory wells - Governor's Island No.1 and No.2 were drilled to total depths of 459 and 1,819 metres, respectively. They were drilled for the purpose of further testing the Hillsborough Anticline structure.

1944 to 1945

Seismic Surveys

During the early to mid-1940s, the Island Development Company (a predecessor company to Imperial Oil Corp.) shot 140 kilometres of reflection seismic in the Hillsborough Bay area of southeastern PEI. No information is available on this survey other than the energy source used was dynamite.

Drilling

Imperial Hillsborough No.1 (1945)

Imperial Hillsborough No.1 was drilled at a location of 9 kilometres south of the south coast of PEI for the purpose of "testing petroleum possibilities of the Pennsylvanian and Mississippian strata underlying the Hillsborough Anticline". The well was drilled to a total depth of 4,479 metres and penetrates the Naufrage, Cable Head, Green Gables, and Bradelle Formations and the Mabou and Windsor Groups.

Fifteen (15) cores were cut at various depths below 1,800 metres. Physical analyses of the core samples returned porosity values of from 3.1 to 7.7 % with associated low permeability values.

The assessment report states: “No indications of oil or gas were observed during drilling of Hillsborough No.1”.

1969 to 1974

Seismic Surveys

In 1969 Hudson’s Bay Oil and Gas Inc. (“HBOG”) conducted a marine seismic survey adjacent to the northeast cost of PEI that consisted of approximately 150 kilometres of reflection seismic.

Drilling

Between 1970 and 1974, HBOG and its partners drilled four exploration wells in the on-shore and near-shore regions of PEI.

<u>HBOG Fina East Point E-49 (1970, DSTed in 1974)</u>

The wildcat well “HBOG Fina East Point E-49” was drilled to a total depth of 3,527 metres in 1970. The principal objective of this well appears to have been to test the petroleum potential of the Pennsylvanian sandstones at a location where seismic profiles indicate a drape anticline over a salt pillow. The well penetrates the Naufrage, Cable Head, Green Gables and Bradelle Formations and the upper part of the Mabou Group.

Two conventional cores were cut between 2,071 and 2,087 metres and 2,360 and 2,376 metres both of which are within the Green Gables Formation. Core #1 consists of greenish-grey coloured, siltstone and mudstone. Core #2 consists of predominantly dark grey coloured siltstone with interbedded sandstone and coal. The sandstone is grey coloured, fine to medium grained, poor to moderately sorted with angular to subrounded grains. Analyses of the core indicate the sandstone has porosity values of between 8.5 and 10.5% with corresponding low permeability values. The HBOG assessment report notes the observation of “gas popping” from some of the sandstone core.

Fair gas shows were recorded on the mud log from 1,600 to 1,620, 1,700 to 1,750 and 2,350 to 2,400.

After the completion of drilling in 1970, no drill stem tests were conducted; however, the well was re-entered in 1974 and three (3) drill stem tests were run at the following depths with the results summarized as follows:

1,602-1,615 m	Cable Head Formation	flowed gas @ 152,000 m3 per day for 1 hour (5.4 MMcf/day)
1,707-1,731 m	Cable Head Formation	recovered drilling fluid
2,396-2,406 m	Green Gables/Bradelle F.	recovered drilling fluid

<u>HBOG Fina Northumberland Strait F-25 (1970)</u>

HBOG Fina Northumberland Strait F-25 was drilled at a location of approximately 24 kilometres east of the southeast coast of PEI. The well was drilled to a total depth of 3,105 metres with the principal objective of penetrating the entire Carboniferous section. The well penetrates a thin section of Pennsylvanian clastics (~200 m), and a 2,750 metres thick Mississippian section (Mabou, Windsor and Horton Groups), the base of which is directly underlain by basement rocks.

Two conventional cores were cut between 2,699 and 2,712 metres (13 m), and 3,001 and 3,010 metres (9 m). The first core consists of massive basalt. The second core consists of reddish-brown coloured, strongly cemented quartzite and greywacke, with intercalated slate (basement rock).

The assessment report states: “No hydrocarbon reservoirs were encountered and no hydrocarbons were evident in drill stem tests, the drill cuttings or the core”.

One drill stem test was conducted within the Windsor Group with a drilling mud recovery.

HBOG Fina et al Irishtown No.1 (1972)

HBOG Fina Irishtown No.1 was drilled to a total depth of 4,109 metres in 1972. The principal objective of this well appears to have been to test the petroleum potential of the entire Carboniferous section in the vicinity of a basement high. The well penetrates the Naufrage, Cable Head, Green Gables and Bradelle Formations, the Mabou and Windsor Groups and the upper part of the Horton Group.

Two conventional cores were cut between 2,975 and 2,993 metres (18 m) and 3,715 and 3727 (12 m) metres both of which are within Horton Group. The first core consists of interbedded mudstone and basalt. The second core consists predominantly of reddish-brown an green coloured, poorly sorted conglomerate, with interbedded sandstone, mudstone and basalt flows.

The assessment report states: “No hydrocarbon reservoirs were established and no significant hydrocarbons were evident in full holes drilling cuttings and two cores cut”.

HBOG Fina et al Green Gables No.1 (1972)

HBOG Fina et al Green Gables No.1 was drilled to a total depth of 3,430 metres in 1972. The principal objective of this well appears to have been to test the petroleum potential of the entire Carboniferous section in the vicinity of an anticlinal structure. The well penetrates the Naufrage, Cable Head, Green Gables and Bradelle Formations, the Mabou Group and the upper part of the Windsor Group.

One conventional core was cut between 1,769 and 1,784 metres (15 m) which is within the Bradelle Formation.

The assessment report states: “No hydrocarbon reservoirs were established and no significant hydrocarbons were evident in full holes drilling cuttings and two cores cut”.

1974 to 1975

Seismic Surveys

In 1974, SOQUIP shot 120 kilometres of reflection seismic most of which was shot in northeast PEI. This survey was a vibroseis, 6-fold, CDP survey.

Drilling

This survey was followed by the drilling of two wells by SOQUIP, Naufrage No.1 and SOQUIP Tyrone No.1.

SOQUIP Naufrage No1. (1975)

Naufrage No.1 was drilled to a total depth of 3,105 metres with the principal objective being to evaluate the hydrocarbon potential of the Pennsylvanian sandstones. This well penetrates the Naufrage, Cable Head, Green Gables Formations and the upper 400 metres of the Bradelle Formation.

One conventional core was cut between 2,388 – 2,852 metres depth (464m) which is from the upper part of the Bradelle Formation. The core is predominantly light grey coloured, fine to medium grained, quartzose and lithic sandstone with interbeds of conglomeratic sandstone. Analyses of the core indicate the sandstone has porosity values of between 3.5 and 7.2% with a weighted average of 5.5%. Permeability measurements range from very low to 1.4 Md (Kmax).

Four significant gas shows were recorded on the mud logger from 2,671 to 2,893 metres which are within the upper part of the Bradelle Formation.

Six drill stem tests were conducted within Green Gables Formation and the Bradelle Formation. All of the tests recovered only drilling mud; however, one of the tests recovered “slightly gassy mud”.

Tyrone No.1 (1975)

Tyrone No.1 was drilled in central PEI for the purpose of testing the Pennsylvanian section. This well was drilled to a total depth of 4,167 metres and penetrated the Naufrage, Cable Head, Green Gables and Bradelle Formations and ended in the Mabou Group.

One conventional core was cut between 1,490 and 1,500 metres depth (10 m), from the Cable Head Formation. The core consists of light grey coloured, fine to medium grained, quartzose and lithic sandstone.

1980

As a follow-up to its earlier petroleum exploration efforts, HBOG drilled two exploration wells in the near-shore area adjacent to the north and northeast coasts of PEI.

HBOG et al East Point E-47 (1980)

HBOG et al East Point E-47 was drilled to a total depth of 2,662 metres at a location of 4.5 kilometres south of HBOG East Point E-47. The principal objective of this well was to delineate the southern extension of the gas-producing zone (Cable Head Formation) that was penetrated by the East Point E-49 Well. The well penetrates the Naufrage, Cable Head, and Green Gables Formations.

No conventional cores were cut in the well.

No drill stem tests were conducted in this well. However, a series of twenty six (26) repeat formation tests were conducted over the interval 1,532 and 2,939 metres. A chamber recovery of 1,566 metres of formation water was recovered.

HBOG et al Beaton Point F-70 (1980)

HBOG et al Beaton Point F-70 was drilled to a total depth of 1,734 metres at a location of 23 kilometres north of the northeast coast of PEI. The principal objective of this well “was to investigate the flank of a salt dome piercement structure that had thrust up through the Pennsylvanian section. The well penetrates the un-named Permian strata, the Green Gables Formation and the upper 900 metres of the Bradelle Formation.

No conventional cores were cut in the well.

Some significant gas shows in the mud log appear to be related to coal seams.

No drill stem tests were conducted in this well. However, formation evaluation of the borehole logs indicates moderate porosity (13 – 15%) within sandstone intervals at the top of the Bradelle Formation. These intervals were deemed to be wet on logs and no formation tests were conducted.

1980 - 1983

Seismic Surveys

Between 1980 and 1982, Chevron Standard Ltd. (“Chevron”) shot approximately 600 kilometres of reflection seismic throughout on-shore PEI. The surveys used vibroseis techniques with 12-fold, CDP recording.

Chevron also shot approximately 1,000 kilometres of marine seismic in the near-shore region of PEI most of which was shot within 50 kilometres of the south, northeast and east shore of PEI.

Drilling

Irving Chevron Texaco Cable Head E-95 (1983)

The Chevron geophysical surveys were followed by the drilling of Irving Chevron Texaco Cablehead E-95 at a location of 30 kilometres north of the northeast shore of PEI. This well was drilled to a total depth of 3,235 metres and penetrated the Naufrage, Cable Head, Green Gables Formations and the upper 800 metres of the Bradelle Formation.

Two (2) conventional cores were cut between 2,094 and 2,112 metres (18 m in Green Gables Formation) and 2,923 and 2,942 metres (19 m in Bradelle Formation).

The assessment report states: "No significant hydrocarbon shows were encountered and the well was abandoned."

1997

Seismic Surveys

In 1997, Corridor Resources Inc. shot approximately 50 kilometres of reflection seismic throughout on-shore PEI. The surveys used vibroseis techniques with 120-fold, CDP recording.

Drilling

<u>Corridor Green Gables No.2 (1997)</u>

Corridor Green Gables No.2 was drilled in north-central PEI at a location of 400 metres southeast of HBOG Green Gables No.1. This well was drilled to a total depth of 2,293 metres and penetrated the Naufrage, Cable Head, Green Gables Formations and the upper 600 metres of the Bradelle Formation.

Two (2) drill stem tests were run within the Bradelle Formation over the intervals 252 – 2,268 metres (DST #1) and 1,996 – 2,024 metres (DST #2). DST #1 returned no fluid or gas flow. DST #2 recorded low gas flow rates, which were measured at less than 8,000 cubic feet per day. The well is classified as a suspended gas well.

From its formation evaluation of the borehole geophysical logs, Corridor Resources Inc. reports 37 metres of "net potential gas pay" in the well.

2000 to 2003

Seismic Surveys

In 2002 and 2003 Meteor Creek Resources Inc. shot approximately 71.6 kilometres of reflection seismic within northeastern PEI. The surveys used vibroseis techniques with 120-fold, CDP recording.

In 2002, Rally Energy Ltd. shot approximately 200 kilometres of reflection seismic within the central part of on-shore PEI. The details of the surveys are currently confidential.

In 2003, PetroWorth shot approximately 69.96 kilometres of reflection seismic within the central part of onshore PEI. The surveys used vibroseis technique with 120-fold CDP recording.

Drilling

<u>Meteor Creek Bear River No. 1 (2001)</u>

Bear River No.1 was drilled by Meteor Creek Resources Inc. to a total depth of 3,681 metres with the principal objective being to evaluate the Cable Head and Bradelle Formations within a high-side fault structure. This well penetrates the Naufrage, Cable Head, Green Gables Formations and the upper 1,037 metres of the Bradelle Formation.

During the drilling of Bear River No. 1 connection gas was evident on the mudlog from the top of the Cable Head Formation to total depth with the readings in the 10 to 100 mudlog gas units range.

Woon Petrophysical Services Ltd. ("Woon") conducted a petrophysical evaluation of the geophysical logs that were run in the Bear River No. 1 Well. On the basis of this evaluation, Woon reported eleven (11) zones of possible gas-bearing sandstone between depths of 2,295 and 3,675 metres that aggregate 121 metres. Average porosites within the zones are from 7.5 and 11.6% and average water saturations range from 46 to 56%. However, the lack of accurate values for formation water resistivities render the results tentative until more data is acquired on this critical factor.

In August of 2001 production casing was set to 3,661 metres and the zone between 2,933.0 and 2,945.0 metres was perforated for testing. A production test was run followed by a pressure build-up test between August 19 and September 06 of 2001 (17 days) by Wood Oilfield Services Ltd. ("Wood"). Wood reported a gas flow of 100 cubic metres per day (3,500 Mcf/day), but does not report on the duration of the test. Wood reported a bottom-hole pressure of 32,500 Kpa at the end of the pressure build-up test.

Rally et al Irishtown No.2 (2003)

Rally et al Irishtown No.2 was completed in May of 2003 at a location in central PEI which is 750 metres west of HBOG Irishtown No.1. This well was drilled to a total depth of 1,596 metres; the results remain confidential until the May of 2004.

Rally et al Seaview No.1 (2003)

Rally et al Seaview No.1 was completed in July of 2003 at a location in north-central PEI which is about 8 kilometres north-northeast of Irishtown No.2. This well was drilled to a total depth of 1,610 metres; the results remain confidential until July of 2004.

Recommendations

The Kings County Report identifies the Pennsylvanian section of the Project Area as having considerable potential for the discovery and development of petroleum resources, particularly natural gas.

In order to define specific prospect areas for additional exploration efforts, the King's County Report recommends that the following procedures be undertaken:

1. Detailed petrophysical analysis of the Cable Head and Bradelle Formations should be conducted for the HBOG East Point E-49, SOQUIP Naufrage No. 1 and the Meteor Creek Bear River No. 1.

2. All of the seismic data acquired during 2002 and 2003 should be processed, plotted and interpreted.

3. Using the new seismic profiles, the seismic stratigraphy and structure should be re-interpreted, key stratigraphic horizons should be mapped across the Project Area; broad structures should be identified and mapped. Decisions regarding future seismic data acquisition should be based on the integration of the seismic mapping with lithostratigraphic information.

4. Play types should be identified and individual petroleum prospects should be outlined. Consideration should be given to the possible importance of "stratigraphic" types of natural gas plays within the Pennsylvanian section (amplitude anomalies).

5. Petroleum prospects should be prioritized and the best prospects should be tested by exploration drilling.

USE OF PROCEEDS

The net proceeds from the Unit Offering, after deducting expenses of the Unit Offering estimated to be $125,000 and the Agent's commission ($843,500 assuming the maximum Unit Offering and $350,000 assuming the minimum Unit Offering) and assuming no exercise of the Warrants, the Broker's Warrants or the Over-Allotment Option, are estimated to be $7,591,500 assuming the maximum Unit Offering is achieved or $3,150,000 assuming the minimum Unit Offering is achieved. Additional net proceeds of $759,150, after deducting the agent's commission of $84,350, will be received assuming the Over-Allotment Option is exercised in full. The Agent is also entitled to receive a $35,000 corporate finance fee (of which $10,000 has been paid to the Agent) and to be reimbursed for all of its reasonable out-of-pocket expenses associated with the Unit Offering.

The Corporation intends to expend the net proceeds from the issue of the Units as follows:

Use of Proceeds	**Minimum Offering ($)**	**Maximum Offering[1] ($)**
Extend seismic data on Permit 03-01	270,000	540,000
Obtain seismic data on Permit 03-02	90,000	1,215,000
Processing and interpretation	32,000	157,000
Drill 1 to 3 exploration wells on the two PEI permit properties	1,800,000	4,500,000
Working capital	958,000	1,179,500
Total	3,150,000	7,591,500

Notes:
1. Without giving effect to the exercise of the Warrants, the Over-Allotment Option and the Broker's Warrants.

In the event that the Unit Offering closes at an amount less than the maximum Unit Offering, the use of proceeds for each item will be reduced approximately proportionately. While the Corporation intends to spend the funds available to it as stated in this prospectus, there may be circumstances where, for sound business reasons, a reallocation of funds may be necessary or desirable. If the Corporation does make such a reallocation of funds, it will continue to ensure that it expends funds equal to 100% of the gross proceeds derived from sale of "B" Units on CEE and/or CDE.

The gross proceeds from the Special Warrant Offering of $850,000 have been and will be used for incorporation costs, operating expenses and general working capital.

SELECTED FINANCIAL INFORMATION

	From Incorporation to September 30, 2003[(1)(2)] (audited) ($)
Net income (loss)	(213,081)
Total assets	677,259
Working capital	212,755
Shareholders' equity	636,923[(3)]

Notes:
(1) PetroWorth was incorporated on March 11, 2003
(2) The information presented is contained in the audited financial statements of PetroWorth for the period from incorporation to September 30, 2003 set forth herein and should be read in conjunction with such financial statements.
(3) Includes proceeds from the issuance of the Special Warrants.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General

The Corporation has only recently been incorporated and commenced operations, and accordingly has not completed its first fiscal year of operations. As at the date hereof, the Corporation has not had any revenues and its only source of financing has been through a private placement of Special Warrants. See "Prior Sales" and "Capitalization of the Corporation".

Liquidity and Capital Resources

The Corporation is in the formative stages of operations and has not identified proven oil and gas reserves or generated cash flow from operating activities. The Corporation anticipates that it will require additional funds to meet exploration and development plans and commitments and that such funds will be sourced through external debt and/or equity financing or joint ventures.

PLAN OF DISTRIBUTION

Offering of Units

The Unit Offering consists of up to 3,500,000 "A" Units of PetroWorth offered at a price of $0.65 per "A" Unit and up to 7,700,000 "B" Units of PetroWorth offered at a price of $0.80 per "A" Unit for gross aggregate proceeds of a minimum of $3,500,000 and a maximum of $8,435,000. Each "A" Unit consists of one Common Share and one Warrant, each Warrant entitling the holder thereof to purchase one Common Share at a price of $1.00 for a period of twelve (12) months from the date of the initial closing of the Unit Offering. Each "B" Unit consists of one Flow-Through Share and one Warrant. Investors may purchase all "A" Units, all "B" Units or any combination thereof provided, however, that there is a minimum subscription of 1,000 "A" Units ($650 in total) if "A" Units are subscribed for and 1,000 "B" Units ($800 in total) if "B" Units are subscribed for. The Warrants will be issued pursuant to, and subject to the terms of, a warrant indenture to be made between PetroWorth and Equity Transfer Services Inc. (the "Warrant Agent").

Pursuant to an agency agreement (the "Agency Agreement") dated as of ● between PetroWorth and Brawley Cathers Limited (the "Agent"), PetroWorth has appointed the Agent as its exclusive agent to offer the Units to the public on a best efforts basis with respect to the Unit Offering, subject to the terms and conditions of the Agency Agreement. The Agent's address is Suite 600, 141 Adelaide Street West, Toronto, Ontario, M5H 3L9. The Agent has agreed to use its best efforts to secure subscriptions for the Units on behalf of PetroWorth in the provinces of British Columbia, Alberta, Ontario, New Brunswick and Nova Scotia. The Agent may, in connection with the Unit Offering and in its discretion, retain one or more other licensed dealers, brokers and investment dealers (referred to herein as the "Selling Firms") as sub-agents and may receive subscriptions for Units from such Selling Firms. This prospectus qualifies the distribution of the Units to the subscribers thereof. The obligations of the Agent under the Agency Agreement may be terminated at its discretion on the basis of its assessment of the state of financial markets and may also be terminated on the occurrence of certain stated events.

PetroWorth has agreed to pay the Agent a 10% cash commission on the purchase price of each of the Units, such commission payable to the Agent on the closing date of the Unit Offering. A corporate finance fee of $35,000 is also payable to the Agent at closing of the Unit Offering, of which $10,000 has been paid as a retainer to the Agent. In addition, the Agent will be entitled to receive as additional compensation 0.10 of a non-transferable broker's warrant (a "Broker's Warrant") per Unit sold. Each Broker's Warrant will entitle the holder thereof to purchase one Common Share at a price of $1.00 and will be exercisable for a period of one year from the date of the initial closing of the Unit Offering. The Agent will be reimbursed for certain expenses. No additional commission or fee will be payable by PetroWorth in connection with the distribution of Common Shares upon the exercise of the Warrants or the Broker's Warrants.

The Corporation has granted to the Agent the Over-Allotment Option to purchase up to an additional 10% of the number of Units sold under the maximum Unit Offering for a period expiring thirty (30) days following the closing the Unit Offering, to cover over-allotments, if any. The Agent will also be entitled to receive 0.10 of a Broker's Warrant for each Unit distributed on the exercise of the Over-Allotment Option.

This prospectus qualifies the distribution of the Units, the Broker's Warrants, the Over-Allotment Option and the distribution of the Units and Broker's Warrants issuable upon exercise of the Over-Allotment Option.

It is expected that the initial closing of the Unit Offering will take place on or about December 15, 2003, or such other date as may be agreed upon by the Agent and PetroWorth. Additional closings may occur from time to time as agreed upon by the Agent and PetroWorth, provided that the final closing will occur no later than December 31, 2003.

Subscriptions for Units will be received subject to rejection or allotment in whole or in part by the Corporation and the right is reserved to close the subscription books at any time without prior written notice. There will not be certificates representing the Units. Definitive certificates representing the Common Shares, Flow-through Shares and Warrants comprising the Units subscribed for will be available for delivery at the time of closing of the Unit Offering.

Renunciation of Qualifying Expenditures

PetroWorth will renounce to each subscriber for “B” Units, effective on or before December 31, 2003, Qualifying Expenditures in an amount equal to the gross proceeds allocated to the Flow-through Shares forming part of the “B” Units subscribed for ($0.80 per “B” Unit), and will incur Qualifying Expenditures in an amount equal to such gross proceeds. See “Canadian Federal Income Tax Considerations”.

Subscriptions for “B” Units will be made pursuant to one or more subscription and renunciation agreements (the “Subscription Agreements”) to be made between PetroWorth and the Agent or one or more sub-agents of the Agent, as agent for, on behalf of and in the name of subscribers for “B” Units. Subscribers who place an order to purchase “B” Units with the Agent, or any sub-agent of the Agent, will be deemed to have authorized the Agent or such sub-agent to execute and deliver, as agent on their behalf, a Subscription Agreement. The execution and delivery of a Subscription Agreement by the Agent or sub-agent of the Agent on behalf of a subscriber for “B” Units will bind such subscriber to the terms thereof as if such subscriber had executed the Subscription Agreement personally. Pursuant to the Subscription Agreements, PetroWorth will covenant and agree (i) to renounce to the original subscriber, effective on or before December 31, 2003, Qualifying Expenditures in an amount equal to the gross proceeds allocated to the Flow-through Shares forming part of the “B” Units subscribed for ($0.80 per “B” Unit) and to use such gross proceeds to incur Qualifying Expenditures, and (ii) that if it does not renounce to such subscriber effective on or before December 31, 2003, Qualifying Expenditures equal to such amount and incur on or before December 31, 2004, Qualifying Expenditures in such an amount or there is a reduction in the amount renounced pursuant to subsection 66(12.73) of the Tax Act (except as a result of any amendment to the Tax Act), and there is no other recourse of the original subscriber for such failure or reduction, PetroWorth will indemnify the original subscriber as to, and pay in settlement thereof to the original subscriber, an amount equal to the amount of any tax payable under the Tax Act (and under any corresponding provincial legislation) by the original subscriber as a consequence of such failure or reduction.

The Subscription Agreements will contain additional representations, warranties, covenants and agreements by PetroWorth in favour of the subscriber for “B” Units which are consistent with and supplement PetroWorth’s obligations as described in this prospectus. The contract arising out of the Subscription Agreements and all documents relating thereto shall be governed by and construed in accordance with the laws of the province of Ontario and the laws of Canada applicable therein. The Subscription Agreements will also provide representations, warranties and agreements of the subscriber, and by its purchase of “B” Units, each subscriber for “B” Units will be deemed to have represented, warranted and agreed, for the benefit of PetroWorth and the Agent that (i) the subscriber, and any beneficial purchaser for whom it is acting, is not a non-resident of Canada for the purposes of the Tax Act; (ii) the subscriber, and any beneficial purchaser for whom it is acting, deals and will, at all relevant times, continue to deal, at arm’s length with PetroWorth for the purposes of the Tax Act; (iii) the subscriber is of the full age of majority and has the legal capacity and competence to enter into and be bound by the Subscription Agreement; (iv) the subscriber waives any right that the purchaser may have to any federal or provincial credits, grants or similar or like payments or benefits arising or resulting from the incurring of expenditures under the agreement by PetroWorth or the operations of PetroWorth and acknowledges that all such credits, grants, and similar or like payments or benefits shall belong to, be vested in, and accrue solely to the benefit of PetroWorth; (v) the subscriber has received and reviewed a copy of this prospectus; and (vi) the liability of PetroWorth in respect of its agreement to renounce Qualifying Expenditures shall be limited to the extent specifically stated in this prospectus.

Notwithstanding the foregoing, PetroWorth may enter into one or more Subscription Agreements for “B” Units on such other terms as may be agreed to by PetroWorth and the applicable subscriber.

Special Warrants Offering

The Corporation has completed the issue and sale of an aggregate of 3,400,000 special warrants of the Corporation (the "Special Warrants") at a price of $0.25 per Special Warrant (or $850,000 in the aggregate), in accordance with subscription agreements entered into between the Corporation and the purchasers of Special Warrants. The Special Warrants were sold to investors in Ontario between March 26, 2003 and September 30, 2003 on a private placement basis pursuant to exemptions from prospectus requirements of applicable securities legislation. The issue price of $0.25 per Special Warrant was determined by the Corporation. This prospectus is being filed with the Ontario Securities Commission to qualify the distribution of 3,400,000 Common Shares to be issued upon exercise of the Special Warrants.

Since the date of issuance, no Special Warrants have been exercised. Each Special Warrant entitles the holder thereof to acquire, at no additional cost to the holder, one Common Share, subject to adjustment in certain events, at any time until 4:30 p.m. (Toronto time) (the "Expiry Time") on the earlier of: (i) the fifth business day following the Qualification Date; and (ii) 12 months after the respective dates of issuance of the Special Warrants. Any Special Warrants not exercised prior to the Expiry Time shall be deemed to be exercised as of such time without any further action on the part of the holder.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of the Corporation consists of an unlimited number of Common Shares of which 8,751,192 Common Shares are issued and outstanding as at the date hereof assuming exercise of the Special Warrants.

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Corporation and shall have one vote for each Common Share held at all meetings of the shareholders of the Corporation. The holders of Common Shares are entitled to (a) receive any dividends as and when declared by the board of directors, out of the assets of the Corporation properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of the Corporation (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Corporation. The holders of the Common Shares have no pre-emptive, redemption or conversion rights.

CHANGES IN CAPITALIZATION

On March 11, 2003, the Corporation issued Common Shares to its founders and subsequently completed the Special Warrant Offering. There have been no other changes to the capitalization of the Corporation.

DIVIDEND POLICY

No dividends have been paid by the Corporation since the date of its incorporation. It is the present policy of the board of directors of the Corporation to retain any earnings to finance the growth and development of the Corporation's business and, therefore, the Corporation does not anticipate paying any dividends in the immediate future.

CAPITALIZATION

The following table sets forth the capitalization of the Corporation as at the dates indicated:

	Authorized	Outstanding as at September 30, 2003 (audited)	Outstanding as at September 30, 2003 after giving effect to the Unit Offering[2][3] Minimum Offering (unaudited)	Maximum Offering (unaudited)
Common Shares	unlimited	$850,004[1] (8,751,192 shares)	$4,350,004 (13,631,000 shares)	$9,285,004 (19,951,192 shares)

Notes:

(1) After giving effect to the exercise of the Special Warrants.

(2) For the purpose of calculating the number of Common Shares issued pursuant to the Unit Offering, it was assumed that the gross proceeds of $3,500,000 in the case of the minimum Unit Offering are equally split between the "A" Units and the "B" Units.

(3) Without giving effect to the exercise of any of the Warrants, the Over-Allotment Option of the Broker's Warrants.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of the Corporation, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, other than as follows:

Name and Municipality of Residence	Number and Designation of Class	Type of Ownership	Number of Common Shares Owned Prior to Completion of Distribution (%)	Number of Common Shares Owned After Completion of Distribution (%)[1]
David Fisher Toronto, Ontario	2,499,192 Common Shares	Direct and Beneficial	28.6%	12.5%
Patrick Herne Toronto, Ontario	1,000,000 Common Shares	Direct and Beneficial	11.4%	5.0%
Donald Young Toronto, Ontario	1,000,000 Common Shares	Direct and Beneficial	11.4%	5.0%

(1) After giving effect to the issue of an aggregate of 14,600,000 Common Shares on completion of the maximum Unit Offering and on the exercise of the Special Warrants, but without giving effect to the exercise of the Warrants, the Over-Allotment Option or the Broker's Warrants.

DIRECTORS AND OFFICERS

The following table sets out the names and municipalities of residence of each of the current directors and executive officers of the Corporation, their current positions and offices with the Corporation, their principal occupations and positions held during the last five years. The Corporation also proposes to appoint additional directors and officers on completion of the Unit Offering. The backgrounds and biographies of the proposed directors and officers are set out below under the heading "Proposed Directors and Officers".

Name and Municipality of Residence	Director or Officer Since	Office or Position with the Corporation	Present Occupation and Positions Held During the Last Five Years
David Fisher(1) Toronto, ON	June, 2003	President ,Chief Executive Officer and Director	President of PetroWorth since June 1, 2003; President of Meteor Creek Resources Inc. (an oil and gas exploration company) from November, 2002 to May, 2003; Vice-President, Meteor Creek Resources Inc. from December, 2000 to November, 2002; President of Medical Pathways International Inc., (an e-commerce company) from 1998 to 2001.
Patrick Herne(1) Toronto, ON	June, 2003	Treasurer, Chief Financial Officer and Director	Executive Vice-President of PetroWorth since June 1, 2003; Vice-President, Meteor Creek Resources Inc. (an oil and gas exploration company) from November 2002 to May 2003; Senior Vice-President, Fordham Hillsworth Financial Inc. (a financial services company) from 2001 to 2002; Regional Sales Manager, Dynamic Mutual Funds (a mutual fund company) from 2000 to 2001; Business Development Manager, Infinity Mutual Funds (a mutual fund company) from 1998 to 2000.
Donald Young(1) North Bay, ON	June, 2003	Secretary and Director	Self-employed real estate broker, Donald Young Real Estate, and independent businessman; Director, Meteor Creek Resources Inc. (an oil and gas exploration company) from December 2000 to May 2003; Director of Ontario Place from 1999 to 2003; Current Director of Ontario Real Estate Board; Current President of Northern Ontario Real Estate Board.

Notes:

(1) Member of Audit Committee.

(2) The term of office of each of the directors of the Corporation will expire at the next annual meeting of shareholders of the Corporation.

The current and proposed directors and officers of the Corporation, as a group, beneficially own, directly or indirectly, or exercised control or direction over 4,649,192 Common Shares, representing 53.1% of the issued and outstanding Common Shares after giving effect to the exercise of the Special Warrants and 23.3% of the issued and outstanding Common Shares assuming the maximum Unit Offering is achieved and the gross proceeds therefrom are equally split between “A” Units and “B” Units and after giving effect to the exercise of the Special Warrants.

Mr. Fisherand Mr. Herne will devote their full-time and attention to the business and affairs of the Corporation. Initially, Mr. Young will devote his time and attention to the affairs of the Corporation as required. Profiles of the Corporation’s directors and officers and the particulars of their respective principal occupations during the last five years are set forth below.

David Fisher - Mr. Fisher is 38 years old and is an experienced business executive, with broad experience in sales, marketing, commodities and import/export Mr. Fisher has also been involved in arranging a number of private placement financings for various public companies. Mr. Fisher was the President of Meteor Creek Resources Inc. from November, 2002 to May, 2003 and Vice-President from December 2000 to November, 2002. Prior to that Mr. Fisher was President of Medical Pathways International Inc. and built and operated a chain of retail outlets across Canada.

Patrick Herne -Mr. Herne is 52 years old and has many years experience in the financial industry and the public markets. Mr. Herne was Senior Vice-President with Fordham Hillsworth Financial Inc. a financial services company from 2001 to 2002. Prior to that Mr. Herne was a Regional Sales Manager for Dynamic Mutual Funds for one year. Prior to that Mr. Herne was business development manager for Infinity Mutual Funds for 2 years.

Donald Young – Mr. Young is 59 years old and has been a self-employed real estate broker in North Bay for 34 years. He is a commercial, industrial and investment specialist. Mr. Young is currently the President of the North Bay Real Estate Board, a director of the Ontario Real Estate Association and a member of the Tax Force for Retirement, City of North Bay. Mr. Young is also the current Chairman of the Conference Task Force, Ontario Real Estate Association. In the past Mr. Young was a director of Ontario Place Corporation (1997 to 2003) and two public companies, Medical Pathways International Inc. and Meteor Creek Resources Inc.

Proposed Directors and Officers

The Corporation also proposes to appoint several additional executive officers and directors on completion of the Unit Offering. The following table sets out the names and municipalities of residence of each of the proposed directors and executive officers of the Corporation, their proposed positions and offices with the Corporation, and their principal occupations and positions held during the last five years.

Name and Municipality of Residence	Director or Officer Since	Office or Position with the Corporation	Present Occupation and Positions Held During the Last Five Years
David Nordin Calgary, AB	Proposed	Vice-President Exploration	President, Nordin Resource Consultants, Inc. (an oil and gas recruitment services company) since March, 2001; District Manager and Director of Geophysics, Crestar Energy (an oil and gas exploration company) from 1998 to 2001;
James Trainor	Proposed	Director and Chief Financial Officer	Investment counsellor, Nigel Stephens Counsel, Inc. (an investment counsel company) since 1999; President, Seaforde Investment Co. Ltd. (a private investment company) since 1978.
Khalid Amin Calgary, ON	Proposed	Director	Manager of Business Development since 2001 for Kinetex Inc.(an international energy service company); Self-employed consultant, KCS Management Inc. (a management consulting company) from 1999; General Manager, Request Seismic Surveys Ltd., (a seismic service company) from 1999 to 1997.
Michael Conway, C.A.(1) Toronto, ON	Proposed	Director	Independent financial advisor and Chartered Accountant.

Name and Municipality of Residence	Director or Officer Since	Office or Position with the Corporation	Present Occupation and Positions Held During the Last Five Years
Mike Harris North Bay, ON	Proposed	Director	Retired; Premier of Ontario from 1995 – 2002.
Peter J. Streukens Calgary, AB	Proposed	Director	Senior Managing Partner, Lake Country Developments (a real estate development company) since 2001; President and CEO of EnerVest Resource Management, (a Canadian energy advisory and management company) from 1995 to 2000.

Notes:
(1) Proposed member of Audit Committee.

The proposed directors and executive officers will devote their time and attention to the affairs of the Corporation as required. Profiles of the Corporation's proposed directors and officers and the particulars of their respective principal occupations during the last five years is set forth below.

David Nordin - Mr. Nordin is 47 years old and the President of Nordin Resource Consultants, Inc., a company which provides multi-disciplinary recruitment services to the upstream oil and gas industry in Calgary. His areas of specialization include geology, geophysics and engineering as well as the geophysical service industry. Prior to starting his own consulting business Mr. Nordin worked for Crestar Energy in Calgary, Alberta in various capacities including district manager, production foreman and director of geophysics. Mr. Nordin has over 19 years of experience in the oil and gas industry.

James Trainor - Mr. Trainor is 58 years old. Mr. Trainor joined Nigel Stephens Counsel, Inc. (Investment Counsellors) in 1999 after an extensive career in finance. Since 1978 he has managed and owned the Seaforde Group of Companies, a holding company with investments in and a provider of finance to a number of small private growth companies. From 1976 to 1978, Mr. Trainor was the founding President of Penfund Capital, a mezzanine finance company. Prior to this he was Secretary-Treasurer of Citibank's Canadian venture capital subsidiary. He graduated from the London School of Economics, after which he obtained his M.B.A. from York University while completing his C.A. at Ernst & Young in Toronto.

Michael Conway - Mr. Conway is 46 years old and is a Chartered Accountant in public practice. He is President of Icon Fiscal Planning Corp., a company which provides fiscal and financial advisory services. Mr. Conway is also a director of several private companies. He is also currently a director and was past president of both the Rotary Club of Agincourt and the Scarborough District Chartered Accountants Association.

Khalid Amin - Mr. Amin is 37 years old and has 16 years of management and marketing experience. Mr. Amin currently holds the position of Manager of Business Development at Kinetex Inc, a international energy service company, a position which he has held for the past 2 years.. Previous to that, he was employed as General Manager by Request Seismic Surveys Ltd.. During his tenure, Request Seismic Surveys grew from an initial public offering stage to a $100 million market capitalization company listed on the Toronto Stock Exchange. Request Seismic's data library grew from 4000 kms to 300,000 kms and was transformed into an income trust fund.

Mike Harris - Mr. Harris is 58 years old and was the Premier of the Province of Ontario from1995 to 2002. Mr. Harris is a senior Business Advisor to the law firm Goodmans LLP and is a consultant and advisor to several Canadian companies. Mr. Harris is also a director of the Tim Horton Children's Foundation and Vince Carter's Embassy of Hope Foundation For Children. Mr. Harris is currently a director of Magna International Inc. and several other Canadian companies. Mr. Harris is also a Senior Fellow of the Fraser Institute, a leading Canadian economic, social research and education organization.

Peter J. Streukens - Mr. Streukens is 43 years old and has over 21 years of oil and gas investment industry experience encompassing private client portfolio management, public financial management, venture capital financing and management workouts. Mr. Streukens is currently the Senior Managing Partner of Lake Country Developments, a real estate development company. Mr. Streukens was the founder, President and CEO of EnerVest Resource Management Ltd., a Calgary-based oil and gas investment management group from 1995 to 2000. EnerVest managed assets exceeding $250 million and was listed on the Toronto Stock Exchange. EnerVest was subsequently restructured and became The EnerVest Diversified Income Trust (TSE: EIT.UN) and the EnerVest Natural Resource Fund, an open-end mutual fund.

Corporate Cease Trade Orders or Bankruptcies

Mr. Fisher was the President and a director of Meteor Creek Resources Inc. ("Meteor Creek") on May 23, 2003 when shares of that corporation were subject to a cease trade order by the Ontario Securities Commission for failure to file certain financial information. The shares of Meteor Creek were also subsequently subject to a cease trade order by the British Columbia and Alberta Securities Commissions. The cease trade orders remain in effect. Mr. Fisher was appointed the President of Meteor Creek in November, 2002 when the company was in financial difficulty and attempted to implement a reorganization plan and interim financing to address the company's problems. Prior to that time he was a Vice-President of Meteor Creek. Mr. Fisher's efforts were not successful and he resigned as a director and President of Meteor Creek on May 30, 2003.

Mr. Herne was Vice-President and a director of Meteor Creek on May 30, 2003 when shares of that corporation were subject to a cease trade order by the Ontario Securities Commission for failure to file certain financial information. The shares of Meteor Creek were also subsequently subject to a cease trade order by the British Columbia and Alberta Securities Commissions. The cease trade orders remain in effect. Mr. Herne was appointed the Vice-President of Meteor Creek in November, 2002 when the company was in financial difficulty and attempted to implement a reorganization plan and interim financing to address the company's problems. Mr. Herne's efforts were not successful and he resigned as a director and Vice-President of Meteor Creek on May 30, 2003.

Mr. Young was a director of Meteor Creek Resources Inc. on May 30, 2003 when shares of that corporation were subject to a cease trade order by the Ontario Securities Commission for failure to file certain financial information. The shares of Meteor Creek were also subsequently subject to a cease trade order by the British Columbia and Alberta Securities Commissions. The cease trade orders remain in effect. Mr. Young resigned as a director of Meteor Creek on May 30, 2003.

Mr. Amin, a proposed director of the Corporation, made an assignment in bankruptcy on February 3, 1998 and received an absolute order of discharge on March 30, 2001,

Other than herein stated none of the current or proposed directors, officers or promoters of the Corporation are or have been, within the past five years, a director or officer of any corporation which was the subject of a cease trade or similar order or an order that denied the corporation access to any statutory exemptions for a period of more than 30 consecutive days or was declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceeds, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that corporation.

Penalties or Sanctions

None of the directors, officers or promoters of the Corporation has, within the ten years prior to the date hereof, been subject to any penalties or sanctions imposed by a court or security regulatory authority relating to trading in securities, promotion or management of a publicly traded corporation, or theft or fraud.

Individual Bankruptcies

No director, officer or promoter of the Corporation has, within five years of the date hereof, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or institute any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets.

CONFLICTS OF INTEREST

There are potential conflicts of interest to which some of the directors and officers of the Corporation may be subject in connection with their operations. Some of the directors and officers are engaged in and will continue to be engaged in searches for corporations, businesses or assets which may be in competition with searches by the Corporation for such corporations, businesses or assets. Conflicts, if any, will be subject to and governed by the procedures and remedies set forth in the OBCA.

EXECUTIVE COMPENSATION

Applicable securities laws set out very specific disclosure requirements with respect to the compensation of an issuer's officers and directors. The following is presented in accordance with these requirements.

Summary Compensation Table

The following table sets forth certain information regarding the compensation of the executive officers of the Corporation.

		Annual Compensation			Long Term Compensation	
Name and Position(s)	**Year**	**Salary**	**Bonus**	**Other Annual Compensation**	**Securities under Options Granted(#)**	**All other Compensation**
David Fisher President and Chief Executive Officer	2003	$66,000[(1)]	Nil	Nil	Nil	Nil
Patrick Herne Treasurer and Chief Financial Officer	2003	$66,000[(1)]	Nil	Nil	Nil	Nil

Notes:
(1) Salary shown on an annualized basis.

Stock Options

As of the date hereof no stock options have been granted to the executive officers of the Corporation.

Long Term Incentive Plans

The Corporation has no pension plans for its directors, officers or employees.

Termination of Employment, Change in Responsibilities and Employment Contracts

The Corporation has no management contracts or other arrangements in place where management functions are performed by a person other than the directors or officers of the Corporation.

Compensation of Directors

No director of the Corporation is compensated by the Corporation for his services in his capacity as a director other than through the grant of stock options under the Stock Option Plan of the Corporation. At the date hereof no stock options have been granted to any directors.

STOCK OPTION PLAN

The Corporation has a stock option plan (the "Plan") the principal purposes of which are to (a) promote a proprietary interest in the Corporation among the officers, directors, employees and consultants of the Corporation and its affiliates, (b) retain and attract the qualified officers, directors, employees and consultants the Corporation requires,

(c) provide a long-term incentive element in overall compensation, and (d) promote the long-term profitability of the Corporation. The Plan provides that the number of Common Shares that may be issued pursuant to the exercise of options granted under the Plan ("Options") shall not exceed 10% of the issued and outstanding Common Shares of the Corporation at any time. The Plan authorizes the Board, to grant Options from time to time to officers, directors, employees and consultants of the Corporation and its affiliates.

Under the Plan, options are non-assignable and non-transferable and may be granted for a term as determined by the Corporation, but subject to the rules of any stock exchange or other regulatory body having jurisdiction (currently restricted to five (5) years). The number of Common Shares that may be reserved for issuance in any one year period to any one person pursuant to Options must not exceed 5% of the outstanding Common Shares. The exercise price of an Option may not be lower than the "Discounted Market Price" of the Common Shares, as defined by the TSX Venture Exchange. If an optionee ceases to be an officer, director or employee of the Corporation other than by reason of the death of such optionee, any outstanding Option held by such optionee will expire not more than 90 days after the date of termination of service. In the event of the death of an optionee, any outstanding Option held by the optionee will be exercisable by such optionee's representatives for a period of one year after such death. Outstanding Options may be adjusted by the Board in certain events, as to exercise price and number of Common Shares, to prevent dilution or enlargement.

At the date hereof no stock options have been granted under the Plan.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Other than as disclosed herein, no director, proposed director, senior executive officer or promoter of the Corporation, or any of their respective associates or affiliates, is or has been, at any time since the date of incorporation, indebted to the Corporation.

PROMOTERS

Messrs. Fisher, Herne and Young may be considered to be the promoters of the Corporation in that they took the initiative in founding and organizing the Corporation. Messrs. Fisher, Herne and Young hold, directly and indirectly, 28.6 percent, 11.4 percent and 11.4 percent, respectively, of the outstanding Common Shares of the Corporation after giving effect to the exercise of the Special Warrants. Mr. Fisher was issued 2,499,192 Common Shares, Mr. Herne was issued 1,000,000 Common Shares and Mr. Young was issued 1,000,000 Common Shares at an aggregate issue price of $4.00 in March, 2003 in connection with the founding of the Corporation. See "Prior Sales".

PRIOR SALES

Since its incorporation, the Corporation has issued an aggregate of 5,351,192 Common Shares for aggregate gross proceeds of $4.00. These Common Shares were issued on a private placement basis to the directors and officers of the Corporation to facilitate the Corporation's organization. Between March 26, 2003 and September 30, 2003 the Corporation completed the Special Warrant Offering. Details regarding these issuances are set forth below.

Date of Issuance	**Number of Securities Issued**	**Issue Price per Securities**	**Gross Proceeds**	**Nature of Consideration**
March 11, 2003	5,351,192 Common Shares	Nominal	$4.00	Cash
March 26 - September 30, 2003	3,400,000 Special Warrants	$0.25	$850,000.00	Cash

There have been no other changes to the capitalization of the Corporation.

ESCROWED SECURITIES

Pursuant to an agreement (the "Escrow Agreement") dated ●, 2003 among the Corporation, the Escrow Agent and certain of the current shareholders (including all of the directors and officers who hold Common Shares), the following securities of the Corporation are held in escrow:

		Percentage of Class(1)		
Designation of Class Held in Escrow	Number of Securities	Prior to the Offering	After Giving Effect to the Minimum Offering	After Giving Effect to the Maximum Offering
Common Shares	●	●%	●%	●%

Note:

(1) Without giving effect to the exercise of the Broker's Warrants or the exercise of the Warrants comprising the Units or the exercise of the Special Warrants.

Ten percent of such Common Shares will be released from escrow on the date that the Corporation's Common Shares are listed on the TSX Venture Exchange. The remaining ninety percent of such Common Shares will be released from escrow in fifteen percent tranches during consecutive six month intervals over a 36 month period following said listing date. This escrow release schedule is subject to acceleration in accordance with National Policy 46-201 - Escrow for Initial Public Offerings and the policies of the TSX Venture Exchange in the event that the Corporation subsequently meets certain listing requirements.

RISK FACTORS

An investment in the Units and Special Warrants may be considered speculative and is subject to a number of risk factors. The following factors should be considered carefully in evaluating the Corporation and its business.

Risks Associated with the Exploration, Development and Production of Oil and Natural Gas May Not Be Insurable

The Corporation's operations are subject to the risks normally incident to the operation and development of oil and natural gas properties and the drilling of oil and natural gas wells, including encountering unexpected formations or pressures, blow-outs and fires, all of which could result in the personal injuries, loss of life and damage to property of the Corporation and others. In accordance with customary industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. As referred to under "Industry Conditions – Environmental Regulation", environmental regulation is becoming increasingly stringent and costs and expenses of regulatory compliance are increasing. The Corporation expects it will be able to fully comply with all regulatory requirements in this regard.

Dependence on Key Personnel

The success of the Corporation will be largely dependent upon the quality of its management and personnel. Loss of the services of such persons, or the inability to attract personnel of equal ability, could materially adversely affect the Corporation's business operations and prospects. The Corporation has not, as yet, purchased "key man" insurance on any of its directors, officers or key employees, but plans to do so in the near future.

Conflicts of Interest

There are potential conflicts of interest to which some of the directors and officers of the Corporation may be subject in connection with its operations. Conflicts of interest, if any, will be subject to and governed by the procedures and remedies set forth in the OBCA.

Management of Growth

The Corporation may be subject to growth–related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth could have a material adverse impact on its business, operations and prospects.

Government Regulation

The oil and natural gas industry is subject to extensive controls and regulations imposed by various levels of government. It is not expected that any of these controls or regulations will affect the operations of the Corporation in a manner materially different than they would affect other oil and gas companies of similar size. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted.

Competition

Oil and gas exploration is intensely competitive and involves a high degree of risk. There can be no assurance that commercial production of hydrocarbons can be obtained from any of the Corporation's properties, nor are there any assurances that production, if obtained, will be in sufficient quantities to be profitable. In its efforts to acquire properties, the Corporation competes with other companies that have significantly greater resources. Many of these companies not only explore for and produce oil and gas, but also conduct refining and petroleum marketing operations on a worldwide basis. Competition for producing properties will be affected by the amount of funds available to the Corporation, information available to the Corporation and any standards established by the Corporation for the minimum projected return on investment. Competition may also be presented by alternative fuel sources.

Risks Associated with Oil and Gas Exploration

There can be no assurance that commercial quantities of hydrocarbons will be recovered by the Corporation in the future. The marketability of any oil and gas acquired or discovered will be affected by numerous factors beyond the control of the Corporation. These factors include market fluctuations, proximity and capacity of oil and gas pipelines and processing equipment and government regulations (including regulations relating to royalties, allowable production, importing and exporting of oil and gas, and environmental protection). In addition, hazards such as unusual or unexpected formations, pressures or other conditions are involved in drilling and operating wells.

Financial Risks

The Corporation does not presently have sufficient financial resources to undertake by itself all of its planned exploration and development programs. The exploration and development of the Corporation's properties depend, therefore, on the Corporation's ability to obtain additional financing through joint ventures, debt financing, equity financing or other means. There can be no assurance that the Corporation will obtain necessary additional financing or that any joint venture partner will obtain financing under the terms of any joint venture agreement into which it enters with the Corporation. The failure of the Corporation to obtain additional financing on a timely basis or on terms favourable to the Corporation could result in the loss or substantial dilution of the Corporation's interests (as existing or as proposed to be acquired) in its properties. In addition, the failure of any joint venture partner to obtain any required financing could adversely affect the Corporation's ability to complete the exploration or development of any such joint venture project on a timely basis. Should the Corporation elect to satisfy its cash commitments through the issuance of securities, by way of either private placement or public offering, there can be no assurance that the Corporation's efforts to raise such funding will be successful, or achieved on terms favourable to the Corporation or its existing shareholders.

Expiration of Licences and Leases

The Corporation's properties will be held in the form of licenses and leases and working interests in licenses and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's results of operation and business.

Environmental Regulation

Hazards incident to the exploration and development of oil and gas properties such as accidental spills or leakage of petroleum liquids and other unforeseen conditions may be encountered by the Corporation. The Corporation may be subject to liability for pollution and other damages due to hazards which cannot be insured against due to prohibitive premium costs or for other reasons. Governmental regulations relating to environmental matters could also increase the cost of doing business or require alteration or cessation of operations in certain areas. Existing and possible fixture environmental legislation, regulations and actions could give rise to additional expense, capital expenditures, restrictions and delays in the activities of the Corporation, the extent of which cannot be predicted. Regulatory requirements and environmental standards are subject to constant evaluation and may be significantly increased, which could materially and adversely affect the business of the Corporation or its ability to develop its properties on an economically feasible basis. Before development and production can commence on any properties, the Corporation must obtain regulatory and environmental approvals. There is no assurance that such approvals will be obtained on a timely basis or at all. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations or preclude entirely the economic development of a property.

Fluctuation in Oil and Gas Prices

As with most other companies involved in resource exploration, the Corporation may be adversely affected by future increases in the costs of conducting exploration, development and resource extraction that may not be fully offset by increases in the price received on sale of the petroleum or natural gas. The Corporation's revenues, profitability and future growth and the carrying value of its oil and gas properties will be substantially dependent on prevailing prices of oil and gas. The Corporation's ability to borrow and to obtain additional capital on attractive terms will also be substantially dependent upon oil and gas prices. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Corporation. These factors include economic conditions in the United States and Canada, the actions of the Organization of Petroleum Exporting Countries, governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on the Corporation's carrying value of its proved reserves, borrowing capacity, revenues, profitability and cash flows from operations. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Uncertainty of Global Financial Markets

On September 11, 2001, the United States was the subject of terrorist attacks resulting in significant loss of life and property damage. The events of September 11, 2001 and the response of the United States and other nations have created an environment of uncertainty in global financial markets, the effect of which could have a material impact upon the Corporation, its proposed business and its ability to finance future operations.

Absence of Public Market

There is no public market for the Common Shares or Warrants and neither the Common Shares nor the Warrants are listed or posted for trading on any stock exchange. There can be no assurance that an active trading market will develop or continue upon completion of the distribution.

Tax Treatment of Flow-Through Shares

The tax treatment applicable with respect to oil and gas activities and flow-through shares constitutes a major factor when considering an investment in the Flow-through Shares. There is no guarantee that the taxation laws and regulations and the current administrative practices of both the federal and provincial tax authorities will not be amended or construed in such a way that the tax considerations for a subscriber of Flow-through Shares will not be altered, and moreover there is no guarantee that there will not be any differences of opinion between the federal and provincial tax authorities with respect to the tax treatment of the Flow-through Shares, the status of the Flow-through Shares and the activities contemplated by the Corporation's exploration and development programs. See "Canadian Federal Income Tax Considerations".

The Flow-through Shares are designed for investors whose income is subject to high marginal tax rates. No guarantee can be given that Canadian tax laws will not be amended, that the amendments announced with respect to such laws will be adopted or that the current administrative practices of the tax authorities will not be modified. In addition, there is no guarantee that the projected tax deductions will be accepted by the CCRA. Consequently, the tax considerations for subscribers holding or selling Flow-through Shares may be fundamentally altered. See "Canadian Federal Income Tax Considerations".

There is no guarantee that an amount equal to the total proceeds from the subscriptions of the Flow-through Shares offered hereunder will be expended on or prior to December 31, 2004 as Qualifying Expenditures resulting in the deductions described under "Canadian Federal Income Tax Considerations". **If the Corporation does not expend an amount equal to the proceeds from the subscriptions of the Flow-through Shares so as to incur Qualifying Expenditures prior to December 31, 2004, the Corporation will be required to restate the amount of expenses that it has renounced in favour of the subscribers for Flow-through Shares and such subscribers will be reassessed and will be required to reverse the tax benefits arising from all or part of the renounced expenses. Although the Corporation has agreed to indemnify such subscribers in such event, there is no guarantee that the Corporation will have the financial resources to fund such obligation.**

INDUSTRY CONDITIONS

The oil and gas industry is subject to extensive controls and regulations imposed by various levels of government. Outlined below are some of the more significant aspects of the legislation, regulations and agreements governing the oil and gas industry in Canada. Although it is not expected that these controls and regulations will affect the operations of the Corporation in a manner materially different than it would affect other oil and gas companies of a similar size, the controls and regulations should be considered carefully by investors. All current legislation is a matter of public record and the Corporation is unable to predict what additional legislation or amendments may be enacted.

Pricing and Marketing - Natural Gas

In Canada, the price of natural gas sold in interprovincial and international trade is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the National Energy Board (the "NEB") and the government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain criteria prescribed by the NEB and the government of Canada. As is the case with oil, natural gas exports pursuant to contracts with a term of less than two years must be made pursuant to an NEB order or, in the case of exports pursuant to contracts with a longer duration, pursuant to an NEB licence and Governor-in-Council approval. The provincial governments also regulate the volume of natural gas which may be removed from those provinces for consumption elsewhere based on such factors as reserve availability, transportation arrangements and market considerations.

Pricing and Marketing - Oil

In Canada, producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. The price depends in part on oil quality, prices of competing fuels, distance to market and the value of refined products. Oil may be exported from Canada pursuant to export contracts with terms not exceeding one year in the case of light crude, and not exceeding two years in the case of heavy crude, provided that an order approving any such export has been obtained from the NEB. Any oil export to be made pursuant to a contract of longer duration (to a maximum of twenty-five years) requires an exporter to obtain an export licence from the NEB and the issue of such a licence requires the approval of the Governor-in-Council.

The North American Free Trade Agreement

On January 1, 1994 the North American Free Trade Agreement ("NAFTA") among the governments of Canada, the United States and Mexico became effective. The NAFTA carries forward most of the material energy terms contained in the Canada-U.S. Free Trade Agreement. The NAFTA contemplates the reduction of restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. The agreement also contemplates clearer disciplines on regulators to ensure fair implementation of any regulatory changes and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports.

Royalties and Incentives

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of oil and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date and the type or quality of the petroleum product produced. From time to time the governments of Canada and the provincial governments have established incentive programs which have included royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging oil and natural gas exploration or enhanced planning projects.

Canadian Environmental Regulation

The oil and natural gas industry is subject to environmental regulation pursuant to provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain oil and gas industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines and penalties. The Corporation is committed to meeting its responsibilities to protect the environment wherever it operates and anticipates making increased, although not material, expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. In 1994, the United Nations' Framework on Climate Change came into force and three years later led to the Kyoto Protocol, which requires nations to reduce their emissions of carbon dioxide and, therefore, greenhouse gases. The Government of Canada has ratified the Kyoto Protocol. Reductions in greenhouse gases from producers may be required which could result in, among other things, increased operating and capital expenditures for those producers, which may make certain production of crude oil or natural gas uneconomic. We are unable to predict the effect on the future earnings of PetroWorth as a result of the ratification of the Kyoto Protocol by the Government of Canada.

LEGAL PROCEEDINGS

The Corporation is not involved in or aware of any present or pending legal proceedings against the Corporation involving it jointly or separately as a party.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the foregoing and as set out in this prospectus, management is not aware of any material interest in any matter to be acted upon or any material transaction, direct or indirect, of any director, proposed director or senior officer of the Corporation, or of any persons, beneficially owning, directly or indirectly, more than 10% of the Corporation's voting shares or of any associate or affiliate thereof.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Harris & Partners, LLP, auditors to the Corporation, the following is a fair and adequate summary of the principal Canadian federal income tax considerations applicable to subscribers who acquire Units pursuant to the Unit Offering, who are resident in Canada for purposes of the Tax Act and who hold the securities acquired hereunder as capital property. This summary is based upon the current provisions of the Tax Act, the Regulations thereunder (the "Regulations"), specific proposals to amend the Tax Act and the Regulations which have been announced prior to the date hereof by the Minister of Finance (the "Proposals"), and counsel's understanding of the current administrative policies of Revenue Canada. This summary assumes that the Proposals will be enacted as proposed but does not take into account or anticipate any other changes in the law or administrative practice, whether by judicial, governmental or legislative action or decision. This summary does not take into account the tax laws of any province, territory or foreign jurisdiction which may differ significantly from those discussed herein.

This summary does not apply to subscribers who are "principal-business corporations" within the meaning of the Tax Act or whose business includes trading or dealing in rights, licences or privileges to explore for, drill for or take minerals, oil, natural gas or other related hydrocarbons. This summary does not apply to subscribers who are "financial institutions" within the meaning of the market to market rules contained in the Tax Act or to a subscriber an interest in which would be a "tax shelter investment" as defined in the Tax Act.

This summary is of a general nature only and is not exhaustive of all Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any particular subscriber. No representation is made with respect to the tax consequences to any particular subscriber. Accordingly, prospective subscribers should consult with their own tax advisors with respect to their own particular circumstances.

This summary assumes that PetroWorth will make all necessary tax filings in respect of the issue of the Flow-through Shares, and the renunciation of CEE and CDE in the manner and within the time required by the Tax Act and the Regulations, and that PetroWorth will incur sufficient CEE and CDE to enable it to renounce to subscribers all of the CEE and CDE covenanted to be renounced by PetroWorth pursuant to the Subscription Agreements for the purchase of the "B" Units effective on the day or dates set out in such agreements. This summary is based upon a representation by PetroWorth that it will be a "principal-business corporation" for the purposes of the Tax Act at all material times.

Allocation of Unit Issue Price

A subscriber for a Unit will be required to allocate the subscription price paid for such Unit (together with any reasonable acquisition costs) on a reasonable basis among, in the case of an "A" Unit, the Common Share and the Warrant, and, in the case of a "B" Unit, the Flow-through Share and the Warrant, received by the subscriber for purposes of determining the cost of each for income tax purposes. Management of PetroWorth believes that it is reasonable to allocate the entire subscription price for a Unit to the Common Share or Flow-through Share, as the case may be, acquired by a subscriber. This allocation is not binding on either a subscriber or Revenue Canada.

Disposition of PetroWorth Shares

Any disposition or deemed disposition (other than to PetroWorth) of Common Shares (including those acquired as Flow-through Shares) will result in the realization of a capital gain (or capital loss) in the taxation year of the disposition to the extent the proceeds of disposition exceed (or are less than) the aggregate of the adjusted cost base of such Common Shares and any reasonable costs of disposition. In determining a subscriber's adjusted cost base in the Common Shares, the cost of the Common Shares acquired hereunder (including those acquired as Flow-through Shares) must be averaged with any other Common Shares held by such subscriber as capital property. The cost of the Flow-through Shares acquired by a subscriber hereunder is deemed to be nil for the purposes of the Tax Act.

One-half of any capital gain (a "taxable capital gain") realized on the disposition or deemed disposition of Common Shares must be included in computing the income of a subscriber for the taxation year in which such disposition or deemed disposition occurs. Subject to certain restrictions, one-half of any capital loss (an "allowable capital loss") realized on the disposition or deemed disposition of Common Shares may be deducted by a subscriber from any taxable capital gains realized by the subscriber in the year of disposition and excess allowable capital losses may generally be carried back three years and forward indefinitely and deducted from taxable capital gains realized in those years to the extent and in the circumstances allowed under the Tax Act.

Renunciation of Qualifying Expenditures

Subject to certain limitations and restrictions, a principal-business corporation that incurs CEE (other than certain "off the shelf" seismic data or expenses related thereto) and CDE with funds received from a subscriber pursuant to an agreement for the issue of shares of the corporation (other than prescribed shares) will be entitled to renounce the CEE and CDE to such subscribers and the CEE and CDE so renounced will be deemed to have been CEE and CDE incurred by such subscribers on the effective date of the renunciation. The exclusion of certain "off the shelf" seismic data from CEE includes the cost of seismic data or any expenditures made for the use of seismic data incurred or made at a particular time, except where neither the seismic data nor any right to acquire the seismic data had been previously acquired before such time and all or substantially all of the seismic data resulted from work performed no earlier than one year before that time. PetroWorth represents that it is, and at all material times will continue to be, a "principal-business corporation" and the Flow-through Shares are "flow-through shares" and will not be "prescribed shares" when they are issued, all as defined in the Tax Act.

A principal-business corporation with less than $15 million of taxable capital employed in Canada may designate up to $1 million of certain qualifying CDE ("Eligible CDE") incurred by it in any given calendar year to be CEE upon renunciation to the subscriber for Flow-through Shares, subject to certain qualifications and conditions. This amount of CDE so renounced will be deemed to have been CEE incurred by such subscribers on the effective date of the renunciation.

Eligible CDE includes any expense, other than CDE which is prescribed by the Regulations as relating to overhead expenses, incurred (i) in drilling or converting a well in Canada for the disposal of waste liquids from an oil or gas well, (ii) in drilling or completing an oil or gas well in Canada, building a temporary access road to the well or preparing a site in respect of the well, to the extent that the expense was not a Canadian exploration expense of the taxpayer in the taxation year in which it was incurred, (iii) in drilling or converting a well in Canada for the injection of water, gas or any other substance to assist in the recovery of petroleum or natural gas from another well, (iv) in drilling for water or gas in Canada for injection into a petroleum or natural gas formation, (v) in drilling or converting a well in Canada for the purposes of monitoring fluid levels, pressure changes or other phenomena in an accumulation of petroleum or natural gas, or (vi) in drilling or recompleting an oil or gas well in Canada after the commencement of production from the well.

In order to effectively renounce CEE and Eligible CDE to subscribers, PetroWorth must undertake certain required filings in respect of the issue of the Flow-through Shares and the renunciation of CEE and Eligible CDE including the timely filing of the prescribed forms and this prospectus by PetroWorth with Revenue Canada. PetroWorth will complete such filings and provide each subscriber for "B" Units with the necessary information with respect to CEE and Eligible CDE renounced to such subscriber for purposes of filing income tax returns.

PetroWorth will be entitled to renounce CEE and CDE incurred by it following the subscription for Flow-through Shares and up to December 31, 2004 less (i) any previous renunciations with respect to such CEE or CDE, (ii) any portion of such CEE or CDE which is prescribed under the Regulations as relating to overhead expenses, and (iii) any assistance that PetroWorth has received, is entitled to receive, or may reasonably be expected to receive at any time which is reasonably related to such CEE or CDE. PetroWorth may not renounce to subscribers an amount in excess of the amount paid by the subscribers for the Flow-through Shares (the "Flow-through Funds").

CEE and CDE incurred within a particular calendar year and renounced to subscribers effective on or before December 31 of that calendar year will be deemed to have been CEE and CDE incurred by such subscribers on the effective date in that particular calendar year. The Tax Act provides that certain CEE and CDE which a principal-business corporation has incurred or plans to incur in the year following a particular calendar year may be renounced effective December 31 of the particular calendar year. This 12 month carry-back rule will apply where the proceeds from the subscription of flow-through shares are received by the corporation before the end of the particular calendar year, such expenses are renounced in January, February or March of the following calendar year and the subscriber to which such CEE and CDE are renounced deals at arm's length with such corporation throughout the following calendar year.

If CEE and CDE renounced pursuant to this 12 month carry-back rule are not actually incurred by the corporation by the end of the year following the particular calendar year, the amount of CEE and CDE renounced to subscribers must be reduced by the amount not actually incurred by the corporation. A subscriber will not be liable for any penalty and will not be required to pay interest on any resulting increase in income tax payable in a particular calendar year as a result of such a reduction in CEE and CDE until after the month of April two years following the particular calendar year. Where the corporation renounces CEE and CDE pursuant to this 12 month carry-back provision, the corporation will be liable to pay a deductible charge for each month (other than January) in the year during which the CEE and CDE must be incurred equal to the amount of renounced expenses which have not been incurred by the end of the particular month multiplied by 1/12 of the prescribed interest rate at that time for refund interest purposes under the Tax Act.

PetroWorth has covenanted to incur CEE and Eligible CDE in an amount equal to the Flow-through Funds received by it in 2003 on or before December 31, 2004 and has agreed to renounce such CEE and CDE effective no later than December 31, 2003. In the event that PetroWorth is unable to incur CEE or Eligible CDE in an amount equal to the Flow-through Funds received by it in 2003 on or before March 1, 2004, PetroWorth will renounce additional CEE or Eligible CDE which it has incurred or plans to incur after March 1, 2004 and on or before December 31, 2003 to subscribers for “B” Units effective December 31, 2003 under the expanded 12 month carry-back rule described above.

PetroWorth hereby covenants and agrees that if PetroWorth fails to renounce CEE and Eligible CDE to the subscriber in accordance with the Subscription Agreements, or if the amount renounced to the subscriber is reduced pursuant to subsection 66(12.73) of the Tax Act, as the sole recourse of the subscriber for such event, PetroWorth will indemnify the subscriber as to and pay in settlement thereof to the subscriber, an amount equal to the amount of any tax payable under the Tax Act (and under any corresponding provincial legislation) by the subscriber as a consequence of such failure to renounce or such reduction, as the case may be.

Warrants

Exercise or Expiry of Warrants

The subscription for Common Shares on the exercise of the Warrants will not be considered to be a disposition of property for tax purposes, and the exercise should therefore have no income tax consequences to the subscriber. The cost of Common Shares issued to a subscriber on the exercise of the Warrants will be equal to the exercise price. In determining a subscriber’s adjusted cost base in any Common Shares, the cost of the Common Shares acquired on exercise of the Warrants must be averaged with the cost of any other Common Shares held by such subscriber as capital property.

The expiry of an unexercised Warrant will generally result in a capital loss to the subscriber equal to the adjusted cost base of the Warrant.

Disposition of Warrants

Any disposition or deemed disposition of Warrants (other than on the exercise thereof) by a subscriber will result in the realization of a capital gain (or capital loss) in the taxation year of the disposition to the extent the proceeds of disposition exceed (or are exceeded by) the aggregate of the adjusted cost base of the disposed property and any reasonable costs of disposition. The taxation of capital gains and losses is described above under “Disposition of Common Shares”.

Deduction of Renounced Expenditures

CEE or Eligible CDE deemed to have been incurred by a subscriber for “B” Units will be added to the CCEE account of such subscriber as of the effective date. A subscriber for “B” Units may deduct in computing income from all sources for a taxation year such amount as may be claimed not exceeding 100% of the subscriber’s CCEE account at the end of a taxation year. To the extent that a subscriber does not deduct the balance of the subscriber’s CCEE account at the end of a taxation year, the balance will be carried forward and the subscriber will be entitled to claim deductions in respect thereof in subsequent taxation years, subject to the rules regarding an acquisition of control of a corporate subscriber. A subscriber for “B” Units who disposes of Flow-through Shares will retain the entitlement to receive renunciations of CEE or Eligible CDE from PetroWorth as described above as well as the ability to deduct any CEE or Eligible CDE previously deemed to have been incurred by the subscriber, and a subsequent purchaser of such Flow-through Shares will not be entitled to any renunciation of any CEE or Eligible CDE.

Alternative Minimum Tax

Under the Tax Act, taxes payable by an individual and by most trusts will be the greater of the taxes otherwise determined and an alternative minimum tax computed by reference to such individual's adjusted taxable income for the taxation year in excess of a $40,000 exemption and reduced by certain tax credits. In calculating adjusted taxable income for the purpose of computing the minimum tax, certain deductions and credits otherwise available are disallowed and certain amounts not otherwise included in income are included. The disallowed items include deductions claimed by the individual in respect of CEE in a particular taxation year to the extent such deductions exceed the individual's resource income (including income attributable to a disposition of Canadian resource properties) in that year. The non-taxable portion (one-half) of any capital gain realized by the individual is included in calculating the individual's adjusted taxable income. The federal rate of minimum tax is 17%. Whether and to what extent the tax liability of a particular subscriber will be increased by the alternative minimum tax will depend on the amount of such subscriber's income, the sources from which it is derived, and the nature and amounts of any deductions such subscriber claims.

Any additional tax payable by an individual for the taxation year resulting from the application of the alternative minimum tax will be deductible in any of the seven immediately following taxation years in computing the amount that would, but for the alternative minimum tax, be such individual's tax otherwise payable for any such year to the extent that such tax payable exceeds the individual's minimum tax calculation for that particular year.

ELIGIBILITY FOR INVESTMENT

In the opinion of Harris & Partners, LLP, auditors to the Corporation, the Common Shares and Warrants when listed and posted for trading on a prescribed stock exchange, will be a qualified investment under the Tax Act for trusts governed by registered retired savings plans, registered retirement income funds, registered education savings plans and deferred profit sharing plans.

MATERIAL CONTRACTS

The Corporation has not entered into any contracts material to investors in the Unit since incorporation, other than contracts in the ordinary course of business, except:

1. the Agency Agreement between the Corporation and the Agent referred to under "Plan of Distribution";

2. the Oil and Natural Gas Permit No. 03-01 from the government of Prince Edward Island referred to under "General Developments of the Corporation";

3. the Oil and Natural Gas Permit No. 03-02 from the government of Prince Edward Island referred to under "General Developments of the Corporation";

4. the Warrant Indenture between the Corporation and the Warrant Agent referred to under "Plan of Distribution"; and

5. the Escrow Agreement among the Corporation, the Warrant Agent and certain shareholders of the Corporation referred to under "Escrowed Securities".

Copies of the foregoing agreements will be available for inspection while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter at the registered head office of the Corporation, 67 Yonge Street, Suite 1508, Toronto, Ontario M5E 1J8 during ordinary business hours.

LEGAL PROCEEDINGS

The Corporation has not been and is not presently involved in any legal proceedings material to it and insofar as it is aware, no such proceedings are contemplated.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of the Corporation are Harris & Partners, LLP, through its office at 30 Wertheim Court, Unit 20, Richmond Hill, Ontario L4B 1B9.

Equity Transfer Services Inc., through its principal office at 120 Adelaide St. West, Suite 420, Toronto, Ontario, M5H 4C2 is the transfer agent and registrar for the Common Shares of the Corporation.

EXPERTS

Certain legal matters relating to the sale of the Units will be passed upon by Gary M. Sugar, Barrister and Solicitor on behalf of the Corporation and by Miller Thompson LLP on behalf of the Agent. To the knowledge of management of the Corporation, as of the date hereof, Gary M. Sugar beneficially owned, directly or indirectly, less than 1% of the outstanding Common Shares of the Corporation, and the partners and associates of Miller Thompson LLP, as a group, beneficially owned, directly and indirectly, less than 1% of the outstanding Common Shares of the Corporation.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of Special Warrants, who acquires Common Shares upon the exercise of Special Warrants as provided for in this prospectus, is or becomes entitled under applicable legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, the holder shall be entitled to rescission not only of the holder’s exercise of the Special Warrants but also of the private placement transaction pursuant to which the Special Warrants were initially acquired, and shall be entitled, in connection with such rescission, to a full refund of all consideration paid to the Corporation on the acquisition of the Special Warrants. In the event the holder is a permitted assignee of the interest of the original Special Warrant purchaser, that permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if the permitted assignee was the original purchaser.

The contractual rights of action described above are in addition to and without derogation from any other right or remedy available to a holder of Special Warrants at law.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the Province of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. **The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights with a legal advisor.**

PETROWORTH RESOURCES INC.

Financial Statements

(An Exploration Stage Company)

September 30, 2003

PetroWorth Resources Inc.
(An Exploration Stage Company)
Financial Statements
Index

AUDITORS' REPORT

To the Shareholders of
PetroWorth Resources Inc.

We have audited the balance sheet of PetroWorth Resources Inc. as at September 30, 2003 and the statements of operations and deficit and cash flows for the period from inception, March 11, 2003 to September 30, 2003. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2003 and the results of its operations and its cash flows for the period then ended in accordance with generally accepted accounting principles.

Richmond Hill, Ontario	Harris & Partners, LLP
October 29, 2003	Chartered Accountants

PetroWorth Resources Inc.
(An Exploration Stage Company)
Balance Sheet
As at September 30, 2003

ASSETS		
Current		
Cash	$	11,440
Special warrants subscription receivable		129,004
Sales tax receivable		7,018
Prepaid expenses		105,629
		253,091
Capital assets		3,713
Advance to related party (Note 4)		28,975
Natural gas exploration (Note 5)		391,480
	$	677,259
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$	40,336
SHAREHOLDERS' EQUITY		
Share capital (Note 6)		4
Special warrants (Note 6)		850,000
Deficit, accumulated during the exploration stage		(213,081)
		636,923
	$	677,259

Approved by the Board

Director "Signed" David Fisher

Director "Signed" Donald Young

See accompanying notes

PetroWorth Resources Inc.
(An Exploration Stage Company)
Statement of Operations and Deficit
For the Period From Inception, March 11, 2003 to September 30, 2003

Income	$	-
Expenses	$	122,968
General and administrative		44,446
Professional fees		23,287
Salaries and benefits		21,725
Travel and promotion		655
Amortization		
Net loss and deficit, accumulated during the exploration stage, end of period	$	(213,081)
Net loss per share (Note 8)	$	(0.04)
Fully diluted loss per share (Note 8)	$	(0.04)

See accompanying notes

PetroWorth Resources Inc.
(An Exploration Stage Company)
Statement of Cash Flows
For the Period From Inception, March 11, 2003 to September 30, 2003

Cash provided by (used in):	
Operating activities	
Net loss	$ (213,081)
Amortization	655
	(212,426)
Changes in non cash components of working capital	
Sales tax receivable	(7,018)
Prepaid expenses	(105,629)
Accounts payable and accrued liabilities	40,336
	(284,737)
Investment activities	
Natural gas exploration	(391,480)
Purchase of capital assets	(4,368)
	(395,848)
Financing activities	
Advance to related party	(28,975)
Issuance of common shares	4
Special warrants	720,996
	692,025
Increase (decrease) in cash and cash equivalents	11,440
Cash, beginning of period	-
Cash, end of period	$ 11,440
Supplementary information:	
Interest paid	$ -
Income taxes paid	$ -

See accompanying notes

1. Incorporation

PetroWorth Resources Inc. ("PetroWorth") was incorporated under the laws of the Province of Ontario on March 11, 2003.

2. Nature of operations

(a) Petroworth is in the process of exploring its natural gas properties and has not as yet determined whether these properties contain reserves that are economically recoverable. The recoverability of the amount shown for these properties and related expenditures is dependent upon the existence of economically recoverable reserves, the ability of the company to obtain the necessary financing to complete exploration and development and future profitable production or proceeds from disposition of such properties.

(b) These financial statements have been prepared in accordance with Canadian generally accepted accounting principles with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Continued operations of the Company are dependent on the Company's ability to receive continued financial support, complete public equity financing, or generate profitable operations in the future.

3. Summary of significant accounting policies

(a) Natural Gas Properties

All direct costs associated with the acquisition and development of natural gas properties are capitalized as incurred. When a particular property is brought into production, the costs previously capitalized are amortized by charges against income using the unit of production method based on estimated proven reserves. Production equipment is amortized using this method. Cost associated with non producing properties are written off in the year in which drilling results prove to be unsuccessful.

(b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount 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. Actual results could differ from those estimates.

(c) Future income taxes

Future income taxes are recognized for the expected future consequences of differences between the carrying amount of the balance sheet items and the corresponding tax values using the enacted corporate income tax rates for the years in which the differences will reverse.

3. Summary of significant accounting policies (cont'd)

(d) Values

The amounts shown for natural gas properties represent costs to date, and do not represent present of future values, as they are entirely dependent upon the economic recovery of future reserves.

(e) Net income per share

Basic income per share is computed using the weighted average number of common shares outstanding during the year. Diluted income per share is computed using the weighted average number of common and potential common shares outstanding during the year. Potential common shares consist of the incremental common shares issuable upon the exercise of stock options using the treasury stock method.

(f) Stock based compensation

Stock options and warrants granted are accounted for using the fair value method under which compensation expense is recorded based on the estimated fair value of the warrants at the grant date.

(g) Financial instruments

The company considers the fair value of all financial instruments to be not materially different from their carrying value at year end.

(h) Flow through shares

The Corporation will from time to time issue flow through shares to finance a portion of its capital expenditure program. Pursuant to the terms of flow through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. Accordingly, share capital will be reduced and a future tax liability will be recorded equal to the estimated amount of future income taxes payable by the Corporation as a result of the renunciations, when the renunciations are made.

4. Advance to related party

Advance to a company related to a director of the company which is non interest bearing and has no set terms of repayment. This advance was repaid after the period end.

5. Natural gas exploration

The Corporation was founded to operate as a natural gas exploration, development and production company. On May 30, 2003, the Company secured a 100% interest in Oil and Natural Gas Permit No. 03 01 on Prince Edward Island, consisting of approximately 80,000 acres. On July 1, 2003, the Company secured a 100% interest in the Oil and Natural Gas Permit No. 03 02 on Prince Edward Island, consisting of approximately 176,000 acres. The majority of the expenditures related to seismic testing.

6. Capital stock

	Number of shares	Amount
(a) Authorized Unlimited Common shares		
(b) Common Shares Issued and outstanding		
Common shares issued for cash to founders	5,351,192	$4

In March 2003, the Company issued 5,351,192 common shares for total consideration of $4 to the founders of the Company.

Special warrants

During the current period, the Company completed a non brokered private placement consisting of 3,400,000 special warrants issued at a price of $0.25 per share for gross proceeds of $850,000. Each special warrant is convertible into one common share of the Company at no additional cost.

As at September 30, 2003, there were 3,400,000 special warrants outstanding.

The special warrants expire the earlier of five days after the date on which a final receipt for the prospectus is issued and 12 months after the date of issuance of the special warrants.

7. Income taxes

A reconciliation comparing income taxes calculated at the statutory rates to the amount provided in the accompanying financial statements is as follows:

Combined federal and provincial income tax rates	36.6%
Net loss before income taxes	$ (213,081)
Expected income taxes (recovery)	(78,000)
Losses for which tax benefit has not been recorded	78,000
Actual income taxes (recovery)	$ -

The company has approximately $212,423 of non capital losses which may be applied to reduce taxable income of future years. The non capital losses expire as follows:

2010	$ (213,081)

The potential benefits relating to the available losses have not been recognized.

8. Loss per share

The net loss per common share figure is calculated based on net loss divided by the weighted average number of common shares outstanding during the year. The weighted average number of common shares outstanding during the year was 5,351,192.

9. Commitment

Engagement letter

The Company signed an engagement letter on September 25, 2003 whereby the agent has agreed to offer for sale on a "best efforts" basis a minimum of 3,500,000 "A" units ("A" Units) at a price of $0.65 per "A" Unit and up to 7,700,000 "B" units ("B" Units) at a price of $0.80 per "B" Unit for gross aggregate proceeds of a minimum of $3,500,000 and maximum of $8,435,000. Each such "A" Unit consists of one common share of PetroWorth (a "Common Share") and one common share purchase warrant of PetroWorth (a "Warrant"). Each whole Warrant will entitle the holder to purchase one Common Share at a price of $1.00 per share for a period of twelve (12) months from the initial closing of the offering of Units. Each "B" Unit is comprised of one Common Share issued as a "flow through share" within the meaning of the Income Tax Act (Canada) and one Warrant. The agent will be paid a commission of $0.065 per "A" unit and $0.08 per "B" unit. Other issuance costs are estimated to be $150,000. As additional compensation, the company will grant to the agent, 0.10 of a non transferable broker's warrant per "A" or "B" unit sold. Each whole broker Warrant will entitle the holder thereof to purchase one common share at a price of $0.65 for a period of twelve months from the date of the initial closing of the Unit offering.

CERTIFICATE OF THE CORPORATION

DATED: November 4, 2003

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities* Act (British Columbia), Part 8 of the *Securities* Act (Alberta), Part XV of the *Securities* Act (Ontario), by Section 63 of the *Securities* Act (Nova Scotia), by Section 13 of the *Security Frauds Prevention Act* (New Brunswick) and the respective regulations thereunder.

(Signed) "*David Fisher*"
President, Chief Executive Officer and Director
David Fisher

(Signed) "*Patrick Herne*"
Treasurer, Chief Financial Officer and Director
Patrick Herne

(Signed) "*Donald Young*"
Secretary and Director
Donald Young

CERTIFICATE OF THE PROMOTERS

DATED: November 4, 2003

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities* Act (British Columbia), Part 8 of the *Securities* Act (Alberta), Part XV of the *Securities* Act (Ontario), by Section 63 of the *Securities* Act (Nova Scotia), by Section 13 of the *Security Frauds Prevention Act* (New Brunswick) and the respective regulations thereunder.

(Signed) "*David Fisher*"
David Fisher

(Signed) "*Patrick Herne*"
Patrick Herne

(Signed) "*David Young*"
Donald Young

CERTIFICATE OF THE AGENT

DATED: November 4, 2003

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities* Act (British Columbia), Part 8 of the *Securities* Act (Alberta), Part XV of the *Securities* Act (Ontario), by Section 63 of the *Securities* Act (Nova Scotia), by Section 13 of the *Security Frauds Prevention Act* (New Brunswick) and the respective regulations thereunder.

BRAWLEY CATHERS LIMITED

(Signed) "*David M. Macdonald*"

David M. Macdonald
Vice Chairman, Corporate Finance