



**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2009**



Auditors' Report

**To the Shareholders of
Storm Ventures International Inc.**

We have audited the consolidated balance sheets of Storm Ventures International Inc. as at December 31, 2009 and 2008 and the consolidated statements of income (loss) and comprehensive income (loss) and retained earnings and accumulated other comprehensive income (loss) and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the periods then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
March 31, 2010

Consolidated Balance Sheets

As at December 31	2009	2008
Assets		
Current		
Cash and cash equivalents	\$ 8,027,172	\$ 24,365,171
Accounts receivable and prepaid charges (Note 3)	23,737,087	13,017,060
	31,764,259	37,382,231
Investments (Note 4)	64,041	7,079,500
Property and equipment (Note 5)	362,371,501	425,090,972
	\$ 394,199,801	\$ 469,552,703
Liabilities and Shareholders' Equity		
Current		
Accounts payable and accrued liabilities	\$ 10,262,905	\$ 13,034,654
Current portion long-term debt (Note 7)	8,169,702	21,475,200
	18,432,607	34,509,854
Long-term debt (Note 7)	11,165,880	16,106,400
Other long-term liabilities (Note 8)	6,192,901	13,269,885
Future income taxes (Note 9)	29,552,127	61,089,425
Shareholders' equity		
Share capital (Note 11)	344,703,178	339,857,228
Contributed surplus	4,137,464	1,137,967
Retained earnings (deficit)	(6,298,183)	13,319,241
Accumulated other comprehensive income (loss)	(13,686,173)	(9,737,297)
	328,856,286	344,577,139
Commitments (Note 10)		
Subsequent Events (Note 18)		
	\$ 394,199,801	\$ 469,552,703

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

	Year Ended December 31	
	2009	2008
Revenue		
Production revenue, net of royalties	\$ 20,868,621	\$ 6,003,228
Interest income and other	153,168	1,385,673
	21,021,789	7,388,901
Expenses		
Production expenses	6,915,746	1,731,230
Derivatives (gain) loss (Note 14)	(10,641,502)	(1,130,079)
Gain on sale of investment (Note 4)	(1,908,851)	-
Dilution gain (Note 13)	-	(8,747,325)
Foreign exchange (gain) loss	994,162	(2,593,462)
General and administrative	6,804,041	3,267,297
Interest expense	2,949,220	7,870
Asset Impairment (Note 16)	-	13,226,208
Release of decommissioning provision (Note 8)	(3,772,136)	-
Depletion and amortization	57,164,298	2,375,632
	58,504,978	8,137,371
Net Income (Loss) before income tax	(37,483,189)	(748,470)
Income tax expense (recovery) (Note 9)	(17,865,765)	(2,072,243)
Net Income (Loss)	(19,617,424)	1,323,773
Other Comprehensive Income (Loss)		
Cumulative foreign currency translation adjustment	(3,891,551)	(9,737,297)
Available for sale assets fair value adjustment	(57,325)	-
	(3,948,876)	(9,737,297)
Comprehensive Income (Loss)	\$ (23,566,300)	\$ (8,413,524)

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Changes in Retained Earnings (Deficit) and Accumulated Other Comprehensive Income (Loss)

	Year Ended December 31	
	2009	2008
Retained Earnings, beginning of year	\$ 13,319,241	\$ 11,995,468
Net Income (Loss)	(19,617,424)	1,323,773
Retained Earnings (Deficit), end of year	\$ (6,298,183)	\$ 13,319,241
Accumulated Other Comprehensive Income (Loss), beginning of year	\$ (9,737,297)	\$ -
Other Comprehensive Income (Loss)		
Cumulative foreign currency translation adjustment	(3,891,551)	(9,737,297)
Available for sale assets fair value adjustment	(57,325)	-
Accumulated Other Comprehensive Income (Loss), end of year	\$ (13,686,173)	\$ (9,737,297)

See accompanying notes to the consolidated financial statements.



Consolidated Statements of Cash Flows

	Year Ended December 31	
	2009	2008
Operating activities		
Net Income (loss)	\$ (19,617,424)	\$ 1,323,773
Items not affecting cash		
Accretion (Note 8)	137,256	138,297
Release of decommissioning provision (Note 8)	(3,772,136)	-
Asset Impairment (Note 16)	-	13,226,208
Depletion and amortization	57,164,298	2,375,632
Unrealized derivatives (gain) loss	683,832	-
Dilution gain (Note 13)	-	(8,747,325)
Foreign exchange (gain) loss	1,459,626	(1,833,533)
Sale of investment gain (Note 4)	(1,908,851)	-
Shares issued	345,950	-
Stock-based compensation	2,999,497	-
Future income tax	(17,865,765)	(2,072,243)
Other	(104,562)	-
Change in non cash working capital (Note 12)	(1,064,895)	(91,549)
Cash flow - operating activities	18,456,826	4,319,260
Financing activities		
Issue of share capital	4,500,000	31,590,376
Long term debt issue	-	12,458,300
Long term debt repayment	(16,573,418)	-
Proceeds from exercise of stock options	-	46,000
Share issue costs	-	(27,418)
Change in non cash working capital (Note 12)	2,113,401	(649,566)
Cash flow - financing activities	(9,960,017)	43,417,692
Investing activities		
Property and equipment - net	(13,995,943)	(76,980,129)
Proceeds on dilution	-	8,270,507
Cash acquired on acquisition (Note 6)	-	3,060,257
Investment (Storm Gas Resource)	-	(1,040,010)
Investment (Storm Gas Resource) proceeds received	8,859,500	-
Investment (Other)	-	(42,714)
Change in non cash working capital (Note 12)	(15,743,810)	(6,763,760)
Cash flow - investing activities	(20,880,253)	(73,495,849)
Change in cash and cash equivalents, during the year	(12,383,443)	(25,758,897)
Cash and cash equivalents, beginning of year	24,365,171	49,131,036
Cash and cash equivalents, foreign exchange	(3,954,556)	993,032
Cash and cash equivalents, end of year	\$ 8,027,172	\$ 24,365,171

See accompanying notes to the consolidated financial statements.

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4 STORM VENTURES INTERNATIONAL INC.

5 Notes to the Consolidated Financial Statements as at December 31, 2009 and 2008 and for the years ended December 31, 2009 and 2008

1. Basis of Presentation

Storm Ventures International Inc. (the “Company” or “SVI”) was incorporated under the laws of the Province of Alberta, Canada, on August 28, 2003.

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, after the elimination of intercompany balances and transactions:

- Silverstone Energy Limited (“Silverstone”) and its wholly-owned subsidiaries
- Chinook Energy Ltd. (“Chinook”)
- Storm Ventures International (BVI) Limited
- Storm Ventures International (Barbados) Limited
- Storm Ventures International (Cosmos) Ltd.

All dollar amounts are reported in Canadian Dollars, except where indicated.

2. Accounting Policies

Preparation of Financial Statements

These consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (“GAAP”). These consolidated financial statements have, in management’s opinion, been properly prepared within the framework of the accounting policies summarized below.

Use of accounting estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Specifically amounts recorded for depletion and amortization, asset retirement costs and obligations, fair value measurements and amounts used for ceiling test and impairment calculations are based on estimates. These estimates include crude oil and natural gas reserves, future interest rates and future costs required to develop these reserves as well as other fair value assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments that mature within three months of their purchase. They are recorded at cost, which approximates fair value.

Property and Equipment

A) Oil and Natural Gas

The Company employs the full cost method of accounting for oil and natural gas interests whereby all costs of acquisition, exploration for and development of oil and natural gas reserves are capitalized and accumulated within cost centres on a country-by-country basis. Such costs include land acquisition, geological and geophysical activity, drilling of productive and non-productive wells, carrying costs directly



related to unproved properties and administrative costs directly related to exploration and development activities. Depletion of oil and natural gas properties and depreciation of associated production facilities are amortized on the unit of production method, based on gross proved oil and natural gas reserves using future prices and costs as estimated by the Company's engineers', for each cost centre. Capitalized costs subject to depletion include both the estimated future costs required to develop proved undeveloped reserves and the associated addition of the asset retirement obligations. Proceeds from the divestiture of properties are normally deducted from the full cost pool without recognition of a gain or loss unless that deduction would result in a change to the depletion rate by 20% or more, in which case a gain or loss is recorded.

Costs of major development projects and costs of acquiring and evaluating significant unproved properties are excluded, on a cost centre basis, from the costs subject to depletion until it is determined whether or not proved developed reserves are attributable to the properties, or impairment has occurred. Costs that have been impaired are included in the costs subject to depletion and amortization.

Impairment losses are recognized when the carrying amount of a cost centre exceeds the sum of:

- the undiscounted cash flow expected to result from production from proved reserves based on forecast oil and gas prices and costs;
- the costs of unproved properties, less impairment; and
- the costs of major development projects, less impairment.

The amount of impairment loss is determined to be the amount by which the carrying amount of the cost centre exceeds the sum of:

- the fair value of proved and probable reserves calculated using a present value technique that uses the cash flows expected to result from production of the proved reserves and a portion of the probable reserves discounted using a risk free rate; and
- the cost, less impairment, of unproved properties and major development projects that do not have probable reserves attributed to them.

B) Office Furniture and Equipment

Office furniture and equipment are recorded at cost and amortized on a straight line basis over its expected useful life of ten years.

C) Asset Retirement Obligation

The Company recognizes the fair value of the retirement obligation associated with tangible properties in the period in which this liability arises and when reasonable estimates of this fair value can be made. The fair value of the liability is calculated as the present value of the expected future costs of abandonment. The obligation is recorded as a "Other long-term liability" with a corresponding increase to the carrying amount of property and equipment. The liability is increased through the accretion of interest up to the future amount of the liability with the charge for accretion being recorded as a production expense in the Company's consolidated financial statements. The addition to the carrying amount of property and equipment will be amortized. Actual costs incurred upon settlement of the abandonment obligation are charged against the liability.

Joint Operations

Certain of the Company's exploration and production activities are conducted jointly with others. These consolidated financial statements reflect only the Company's proportionate interest in such activities.

Investments

Investments in private companies not subject to significant influence are accounted for using the cost method. Investments held in publicly traded companies are recorded at fair value.

Income Taxes

Income taxes are calculated using the liability method of accounting for taxes. Temporary differences arising from the difference between the tax basis of an asset or liability and its carrying amount on the balance sheet are used to calculate future income tax assets and liabilities. Future income tax assets and



liabilities are calculated using tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. The effect of a change to the tax rate on the future tax assets and liabilities is recognized in earnings when substantively enacted.

Non-monetary Transactions

Non-monetary transactions are measured based on fair value when there is evidence to support the fair value unless the transaction lacks commercial substance or is an exchange of product or property held for sale in the ordinary course of business.

Revenue Recognition

Revenue from the sale of oil and natural gas is recognized when the significant risks and rewards of ownership have been transferred, which is when title passes to the customer. This generally occurs when the product is physically transferred in a vessel, pipeline or other delivery mechanism. Revenue is stated after deducting taxes and similar levies. Amounts paid to or received from counterparties in respect of commodity price hedges are also included in the consolidated income statement when the amounts are paid or received.

Interest and investment revenue is recognized by applying the effective interest rate.

Foreign Currency Translation

The Company operates in jurisdictions where the US dollar, UK sterling and the Tunisian dinar are the operating currencies. Where operations are considered to be financially and operationally integrated foreign currency balances are translated as follows:

- monetary assets and liabilities are translated at the rate of exchange prevailing at the balance sheet date;
- non – monetary assets and liabilities are translated at historical rates; and
- income and expenses are translated at the average rate of exchange during the quarter they are recognized.

Any resulting foreign exchange gain or loss arising on translation is included in the determination of net income.

The activities of the Company's subsidiaries that are considered to be self-sustaining are translated using the current rate method as follows:

- assets and liabilities are translated at the rate of exchange prevailing at the balance sheet date; and
- income and expenses are translated at the average rate of exchange during the quarter they are recognized.

Any resulting foreign exchange gain or loss on the translation of self-sustaining operations is included in Other Comprehensive Income.

Stock Based Compensation

The Company has granted options to employees, directors, officers and key contractors to acquire common shares of the Company. These options are accounted for using the fair value method, which estimates the value of the options at the date of the grant using the Black-Scholes option pricing model. The fair value established is recognized as an expense over the life of the options with a corresponding increase to contributed surplus.

Per Share Amounts

Net income per share is calculated using the weighted average number of shares outstanding during each reported period. Diluted net income per share is calculated using the treasury-stock method to determine the dilutive effect of stock options. The treasury-stock method assumes that the proceeds received from the exercise of in-the-money stock options are used to purchase common shares at the market price at the end of the reporting period.

Financial Instruments

The Company uses derivative financial instruments from time to time to manage its exposure to commodity price fluctuations. The Company may choose at inception of the hedge to designate derivative financial instruments as hedges, which requires the Company to formally document the designation of the hedge, the risk management objectives, the hedging relationships and the method for testing the effectiveness of the hedge, which must be assured over the term of the hedge. The Company is then required to formally assess, at inception and on an ongoing basis, whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedge accounting is optional.

All financial instruments must initially be recognized at fair value on the balance sheet. Financial instruments must be classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale financial assets or other financial liabilities. Subsequent measurement of all financial assets and liabilities except those held for trading and available-for-sale are measured at amortized cost determined using the effective interest rate method. Held for trading financial assets are measured at fair value with changes in fair value recognized in earnings. Available-for-sale financial assets are measured at the fair value with changes in fair value recognized in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net income. Derivative instruments that have been designated and qualify for hedge accounting are classified as either fair value or cash flow hedges. For fair value hedges, any gains or losses arising on fair value measurement of the derivative are recognized immediately in earnings along with the gain or loss on the hedged item. For cash flow hedges, the effective portion of gains or losses is recognized in Other Comprehensive Income until the hedged transaction is recognized in earnings, upon which the cash flow hedge is reclassified from Other Comprehensive Income into earnings. Any hedge ineffectiveness is immediately recognized in earnings.

The Company may enter into commodity price contracts for anticipated sales of crude oil and natural gas production to manage its exposure to price fluctuations. The Company marks these instruments to market prices and recognizes these changes in fair value in derivatives (gain) loss in the consolidated statements of income (loss) and comprehensive income (loss). Fair values of the derivatives are based on quoted market prices.

The statement of comprehensive income may report changes in fair value in derivatives designated as cash flow hedges, available-for-sale investments and foreign currency translation of financial statements of a self-sustaining foreign operation. Accumulated Other Comprehensive Income (loss) is an equity category in the balance sheet comprised of cumulative amounts of Other Comprehensive Income (loss).

In October 2008, the Canadian Accounting Standards Board (“AcSB”) announced that private companies are exempt from the financial instruments standards. The Company has chosen to follow these standards.

Measurement Uncertainty

The amounts recorded for depletion and depreciation of property and equipment, the provision for the asset retirement obligation and amounts used for ceiling test calculations are based on estimates of reserves, production rates and future commodity prices and costs. Stock-based compensation and future income tax include assumptions with respect to future costs, discount rates, income tax rates and timing of deductions. These estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be material.

Reclassification

Certain amounts presented for the purpose of comparison have been reclassified to conform to the current period’s presentation.

Changes in Accounting Policies

On January 1, 2009, the Company adopted “Goodwill and Intangible Assets” section 3064 of the Canadian Institute of Chartered Accountants (“CICA”) handbook. The new standard replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, presentation and disclosure of intangible assets. The adoption of this standard had no impact on SVI’s consolidated financial statements.



Future Accounting Pronouncements

As of January 1, 2011, SVI will be required to adopt the following CICA handbook sections:

- Section 1582 – Business Combinations, which will replace CICA section 1581 of the same name. Under this guidance, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of the exchange. The new guidance will require all costs of the acquisition to be expensed, which currently are capitalized as part of the purchase price. Contingent liabilities are to be recognized at fair value at the acquisition date and re-measured at fair value through earnings until settled. Currently only contingent liabilities that are resolved and payable are included in the cost to acquire the enterprise. In addition, negative goodwill is required to be recognized immediately in earnings, unlike the current requirement to eliminate it by deducting it from non-current assets in the purchase price allocation. Section 1582 will be adopted with prospective application.
- Section 1601 – Consolidated Financial Statements, which will replace CICA section 1600 of the same name. This guidance requires consistent application of accounting policies throughout all consolidated entities. The adoption of this standard should have no impact on SVI's consolidated financial statements.
- Section 1602 – Non-controlling Interests, which will replace CICA section 1600 Consolidated Financial Statements. This standard establishes the accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. This standard requires a non-controlling interest in a subsidiary to be classified as a separate component of equity. In addition, net earnings and components of other comprehensive income are attributed to both the parent and non-controlling interest. The adoption of this standard should have no impact on SVI's consolidated financial statements.

3. Accounts Receivable and Prepaid Charges

The balance of the Company's accounts receivable and prepaid charges at December 31 is comprised of:

	2009	2008
Prepaid acquisition deposit - Western Canada assets	\$ 10,000,000	\$ -
Prepaid acquisition deposit - international	2,093,200	-
Receivable from industry partner on sale of working interest in Gulf of Hammamet	4,339,230	-
Refundable deposit	523,300	612,300
Joint venture partner receivables	4,617,131	11,429,751
Accrued revenue	628,846	-
Cash call balances	1,075,165	651,415
Prepays	324,467	178,354
Other	135,748	145,240
Total	\$ 23,737,087	\$ 13,017,060

4. Investments

At December 31, the Company holds investments in the following companies:

	2009	2008
Storm Gas Resource Corp	\$ -	\$ 6,950,649
Otto Energy Limited	64,041	128,851
Total	\$ 64,041	\$ 7,079,500



The Company and Storm Exploration Inc. jointly formed Storm Gas Resource Corp. (“SGR”) to pursue unconventional gas opportunities on certain Storm Exploration Inc. lands with initial efforts to be focused on the Muskwa shale gas play in the Horn River Basin of north-east British Columbia. The Company accounted for this investment at cost. The Company’s ownership had been reduced to 15.9% through various private placements. In October 2009, the Company sold its interest in SGR for net proceeds of \$8,859,500. A gain of \$1,908,851 has been recognized in “Gain on sale of investment” in the consolidated statements of income (loss) and comprehensive income (loss).

Silverstone has an interest in Otto Energy Limited. The shares held are investments registered in Australia and listed on the Australian Stock Exchange. This investment is an available-for-sale financial asset is recorded at fair value.

5. Property and Equipment

The Company has invested in property and equipment costs as follows:

	2009	2008
United Kingdom	\$ 372,553,216	\$ 383,310,810
Tunisia	45,307,555	42,798,621
Office Furniture and Equipment	575,689	368,290
	418,436,460	426,477,721
Accumulated Depletion and Amortization	56,064,959	1,386,749
	\$ 362,371,501	\$ 425,090,972

The Company capitalized \$1,791,402 (2008 - \$10,217,573) of interest and direct general and administrative costs as related to its exploration and development activity for the year ended December 31, 2009. Included in the depletion calculation were future development costs of \$31,249,200 (2008 - \$nil).

Costs of oil and gas properties excluded from costs subject to depletion and depreciation were as follows:

	2009	2008
United Kingdom	\$ 199,095,178	\$ 175,410,362
Tunisia	25,985,831	42,798,621
	\$ 225,081,009	\$ 218,208,983

The Company performed a ceiling test calculation at December 31, 2009, to assess the recoverable value of its petroleum and natural gas interests. It was determined that there was no impairment using the prices in the following table:

	2010	2011	2012	2013	2014	Price Increase thereafter
Crude Oil (Brent) (\$US/bbl)	77.92	83.19	85.59	88.88	90.65	2%
Natural Gas (Britain NBP) (\$US/mmbtu)	4.96	7.55	8.27	7.32	8.00	2%

6. Corporate Acquisitions

Silverstone Exploration Limited

On May 26, 2009, Silverstone acquired 100% of the outstanding shares of Silverstone Exploration Limited (formerly NWE Southern Cross (UK) Pty Ltd), a company holding an interest in certain exploration and development licenses. Silverstone paid \$2,225,233 Australian dollars. The results have been included in the consolidated financial statements of the Company from the acquisition date.



The allocation of the purchase price based on the estimated fair value of Silverstone Exploration Limited on its acquisition date was as follows:

		GBP£	Cdn\$
Net assets acquired			
Working capital	£	(34,349)	\$ (61,305)
Property and equipment		1,201,246	2,144,104
Total including transaction costs	£	1,166,897	\$ 2,082,799

Silverstone Energy Limited

On December 24, 2008, the Company acquired all of the issued and outstanding shares of Silverstone, not already indirectly owned by it, in exchange for 34,628,863 common shares of the Company. The Company's shares were issued at a price of \$6.25 per share. Prior to the acquisition, the Company held an investment of 33.15% in Silverstone, which had been accounted for on a proportionate consolidation basis. The results of Silverstone are included in the consolidated financial statements of the Company from the acquisition date.

The allocation of the purchase price based on the estimated fair value of Silverstone on the acquisition date was as follows:

		Cdn\$
Net assets acquired		
Cash		\$ 3,060,257
Working capital		283,535
Property and equipment		311,555,486
Investments		86,137
Current portion long-term debt		(14,356,171)
Long-term debt		(10,767,128)
Future income tax		(63,060,804)
Other long-term liabilities		(8,870,918)
Total including transaction costs		\$ 217,930,394

7. Long-Term Debt

Total long-term debt at December 31, 2009, of \$19,335,582, including amounts due within one year of \$8,169,702 was comprised of the debt of Silverstone with the Royal Bank of Scotland ("RBS"). Silverstone signed a £30.0 million Borrowing Base Agreement of which £11.4 million had been drawn down (2008 - £21.0 million), representing the maximum borrowing base at that date. The secured facility was obtained for the purpose of developing the Victoria gas field. The loan is secured by a floating charge over all of the assets of Silverstone and a charge over the shares in Silverstone SNS Limited (a wholly-owned subsidiary of Silverstone). The interest rate is based on LIBOR plus 1.50% and the loan matures at the earlier of June 2015 or the date on which the reserves are projected to be 25% or less of the approved borrowing base reserves. The most recent review of the facility occurred on December 31, 2009 and the next reviews will take place on June 30, 2010 and December 31, 2010. The future loan repayments may increase or decrease based on the results of such reviews.

8. Other Long-Term Liabilities

Asset Retirement Obligation

The following table presents the reconciliation of the beginning and ending aggregate carrying amount of the Company's net obligation associated with the retirement of oil and natural gas assets. The provision has been based upon existing technology, current legislation requirements and discounted using a rate of 10% within Silverstone for the North Sea, UK wells and 5% for the Tunisia well. The expenditures are estimated to be incurred starting in 2010 until 2026 at the North Sea, UK wells and in 2014 in Tunisia.



In 2009, the decommissioning liability associated with the assets acquired from Granby Oil & Gas Limited that had been impaired in 2008 (see Note 16) was reduced as a result of signing a memorandum of understanding with certain third parties whereby the Company's future costs associated with the decommissioning was reduced to £1.0 million plus its pro rata share of any costs that may be in excess of £7.6 million. Therefore, \$3,772,136 was recorded as "Release of decommissioning provision" in the consolidated statements of income (loss) and comprehensive income (loss). In addition, the timing of the expenditures was re-estimated to a longer period resulting in a reduction of the obligation.

	2009	2008
Beginning of year	\$ 12,987,126	\$ 422,700
Provision	715,021	3,788,627
Acquired on acquisition of Silverstone	-	8,681,895
Revision	(7,089,858)	(44,393)
Cumulative foreign currency adjustment	(718,888)	-
Accretion	137,256	138,297
End of year	\$ 6,030,657	\$ 12,987,126

Other Long-Term Liabilities

In addition to the foregoing, within Silverstone there is a long-term liability of \$162,244 (2008 - \$282,759) which relates to the liability built up relating to the unapproved share option scheme. The final liability and payment date are dependent on the date on which the options are exercised and the value of the shares relative to the option price.

9. Income Taxes

The differences between the expected income tax provision and the reported income tax provision are summarized as follows:

	2009	2008
Net income (loss) before taxes		
United Kingdom	\$ (32,777,317)	\$ (5,667,406)
Canada	(3,457,070)	3,862,036
Barbados	(2,004,264)	1,051,919
British Virgin Islands	(537,915)	4,981
	(38,776,566)	(748,470)
Statutory income tax rate	29.0%	29.5%
Expected income tax (recovery)	\$ (11,245,204)	\$ (220,799)
Effect on income tax of:		
Dilution gain difference	-	(2,580,461)
Foreign tax rate differences	(6,196,111)	519,727
Share issue costs	(193,621)	(196,959)
Valuation allowance of losses not recognized	603,101	403,505
Stock-based compensation	869,854	-
Non-taxable gain on sale of investment	(276,783)	-
Foreign exchange	(1,427,000)	-
Other	-	2,744
	\$ (17,865,765)	\$ (2,072,243)

At December 31, 2009, the Company had Canadian losses available to reduce future taxable income in Canada and Barbados, as well as other cumulative tax deductions in excess of net book values. The income tax benefit of these losses and deductions has not been recognized in the consolidated financial statements since their recoverability is uncertain at this time. The total amount of these unrecognized differences for



the year ended December 31, 2009, is \$779,206 (2008 - \$127,660) in Canada and \$440,840 (2008 - \$nil) in Barbados. Loss carry forwards in Barbados at December 31, 2009, were \$1.4 million and Canadian loss carry forwards of \$3.1 million at December 31, 2009, will expire over the period 2011 to 2030.

The future income tax liability in the UK at December 31, 2009 is comprised of the tax effect of temporary differences as follows:

	2009	2008
Future tax liability		
Property, plant and equipment	\$ 111,005,530	\$ 156,707,753
Future tax asset		
Loss carry forwards	81,453,403	95,618,328
	\$ 29,552,127	\$ 61,089,425

10. Commitments

At December 31, 2009, the Company had commitments that require the following minimum future payments:

<i>(thousand's)</i>	2010	2011	2012	2013	2014	Total
Long-term debt and interest	\$ 8,374	\$ 11,445	\$ -	\$ -	\$ -	\$ 19,819
Operating leases	612	617	627	429	152	2,437
Engineering and construction commitments	1,164	-	-	-	-	1,164
Total	\$ 10,150	\$ 12,062	\$ 627	\$ 429	\$ 152	\$ 23,420

The Company had no claims nor litigation arising in the normal course of business.

11. Share Capital

Authorized:

An unlimited number of common shares.

An unlimited number of first preferred shares.

Issued and outstanding:

	Number of Common Shares	Consideration
Balance as at December 31, 2007	33,479,627	\$ 90,950,271
Shares issued to employees and directors	71,100	355,500
Shares issued for asset purchase	325,000	502,250
Private placement	5,054,100	31,588,126
Shares issued on acquisition of Silverstone	34,628,863	216,430,394
Options exercised	40,000	58,105
Less: Issue costs		(27,418)
Balance as at December 31, 2008	73,598,690	\$ 339,857,228
Shares issued to employees and directors	125,800	345,950
Private placement	1,500,000	4,500,000
Balance as at December 31, 2009	75,224,490	\$ 344,703,178



Share Issues

In December 2009, the Company issued 1,500,000 common shares for aggregate gross proceeds of \$4,500,000 as part of a private placement. Certain officers and directors of the Company participated in the private placement.

During 2009, 125,800 common shares of the Company were issued to employees and directors for deemed proceeds of \$345,950 as consideration for the provision of services.

On December 24, 2008, the Company completed the acquisition of all of the outstanding shares of Silverstone (note 6) in exchange for 34,628,863 common shares of the Company, issued at a price of \$6.25 per share. In August 2008, the Company completed a private placement of 5,054,100 common shares for aggregate gross proceeds of \$31,588,126 before costs of \$27,418. During 2008, 71,100 common shares of the Company were issued to employees and directors for deemed proceeds of \$355,500 as consideration for the provision of services. 325,000 common shares of the Company were issued with deemed proceeds of \$502,250 in exchange predominately for a working interest in the Cosmos concession. 40,000 options were exercised in exchange for aggregate gross proceeds of \$58,105.

Stock Based Compensation Plan

The Company has a share option plan pursuant to which options to purchase common shares of the Company may be granted to employees, directors, officers, and key contractors of the Company. The number of options granted pursuant to the share option plan may not exceed ten percent of the issued and outstanding common shares of the Company. The outstanding options of the Company are exercisable for a period of five years and vest over a period of three years.

Modification of stock options

In July 2009, the Board of Directors reviewed the long term compensation component of the Company's stock compensation plan. The review resulted in the Board of Directors deciding to provide current participants, whose exercise prices ranged from \$3.85 to \$6.25 with a proposal to terminate and cancel their current options and reissue 80% of the previous number of common shares subject to option at a new exercise price of \$2.75. The total number of options cancelled under this program was 3,321,000 with a subsequent re-issue of 2,656,800. The following table shows the fair values and input factors used in the the Black-Scholes pricing model for the options re-issued in July 2009:

	Employees	Non-Employees
Fair value	\$0.13	\$1.12
Expected average life	5.0 years	5.0 years
Risk-free interest rate	1.0%	1.0%
Volatility factor	0.001	0.796

A summary of options outstanding is as follows:

Balance as at December 31, 2007	2,300,000
Granted during the year	1,830,000
Exercised during the year	(40,000)
Forfeited during the year	-
Balance as at December 31, 2008	4,090,000
Cancelled on modification	(3,321,000)
Granted during the year	3,456,800
Exercised during the year	-
Forfeited during the year	(136,000)
Balance as at December 31, 2009	4,089,800



	2009	2008
Weighted average exercise price – outstanding options	\$2.35	\$4.38
Average remaining life	4.0 years	3.8 years
Number exercisable at end of year	566,000	1,260,000
Option price	\$0.01 - \$2.75	\$0.01 - \$6.25

Range of Exercise Price	Outstanding Options			Options Exercisable	
	Options Outstanding (thousands)	Weighted Average Exercise Prices	Weighted Average Remaining Life	Options Outstanding (thousands)	Weighted Average Exercise Prices
\$0.00-1.15	769	\$ 0.70	1.9	566	\$ 0.95
\$2.00-2.75	3,321	\$ 2.75	4.5	-	-
	4,090	\$ 2.35	4.0	566	\$ 0.95

Total stock-based compensation charges for the twelve months ended December 31, 2009, was \$2,999,497 (2008 – \$708,305). The following factors were used in the Black-Scholes pricing model for the determination of the fair value:

	Employees	Non-Employees
2009		
Fair value	\$0.13	\$1.75
Expected average life	5.0 years	5.0 years
Risk-free interest rate	1.0%	1.0%
Volatility factor	0.001	0.796
2008		
Fair value	\$0.30 - \$6.55	\$3.76
Expected average life	5.0 years	5.0 years
Risk-free interest rate	1.0% - 4.0%	1.0%
Volatility factor	0.001	0.738

Per Share Amounts

The calculation of the per share amounts for the three months and twelve months December 31, 2009, were calculated as per the following table. Diluted income per share assumes the exercise of options as if issued at the later of the date of grant or the beginning of the year. This calculation takes into account only the options that are considered in-the-money at December 31, 2009. Based on the Company's share price at December 31, 2009, no options were considered to be dilutive and the weighted average number of dilutive shares outstanding is the same as the weighted average number of shares outstanding.

	Year Ended December 31	
	2009	2008
Net Income (Loss)		
Basic and Diluted per share	\$ (0.27)	\$ 0.04
Comprehensive Income (Loss)		
Basic and Diluted per share	\$ (0.32)	\$ (0.23)
Weighted Average Shares Outstanding (000's)	73,681	36,305



12. Supplemental Cash Flow Information

A) Changes in non-cash working capital:

	2009	2008
Accounts receivable & prepaid charges	\$ (10,999,792)	\$ (4,467,266)
Accounts payable	(3,695,512)	(3,037,609)
Changes in non-cash working capital	\$ (14,695,304)	\$ (7,504,875)
Relating to:		
Financing activities	\$ 2,113,401	\$ (649,566)
Investing activities	(15,743,810)	(6,763,760)
Operating activities	(1,064,895)	(91,549)
	\$ (14,695,304)	\$ (7,504,875)

B) Other cash flow information:

	Year Ended December 31	
	2009	2008
Cash taxes paid	\$ -	\$ -
Cash interest paid	\$ 3,725,538	\$ 1,441,723

13. Dilution Gain

In July 2008, SGR, an investment of the Company, completed a private placement in the amount of \$40,300,000. The Company participated in the private placement to the extent of \$1,040,010 (200,000 shares) reducing its ownership position from 44.2% to 15.9%. As the shares issued were sold at a price greater than the per share price of the Company's initial investment, the Company recognized a dilution gain of \$4,660,639 in 2008.

In June 2008, the Company's affiliate, Silverstone, completed a private placement in the amount of £26,250,000, before expenses. The Company participated in the private placement to the extent of £3,412,500, (650,000 shares). The terms of the private placement were such that the Company's ownership position was reduced from 37.04% to 33.15%. As the shares issued under the private placement were sold at a price greater than the per share price of the Company's prior investment, the Company recognized a dilution gain of \$4,086,686 in 2008.

14. Financial Instruments and Risk Management

Financial instruments carried at fair value on the Company's balance sheet include cash and cash equivalents and publicly traded investments. The Company's other financial instruments including accounts receivable, non-publicly traded investments, accounts payable and accrued liabilities and long-term debt are carried at cost or amortized cost. There are no significant differences between the carrying value of these instruments and their estimated fair value. The carrying value of the Company's short-term receivables and payables approximates their fair value because the instruments are near maturity.

These financial instruments expose the Company to the following risks:

- credit risk;
- interest rate risk;
- market risk; and
- liquidity risk.

Management has primary responsibility for monitoring and managing financial instrument risks under direction from the Board of Directors, which has overall responsibility for establishing the Company's risk management framework.



Credit risk

A substantial portion of the Company's accounts receivable are concentrated with a limited number of joint venture partners in the oil and gas industry and are subject to normal industry credit risk. Management considers these concentrations of credit risk to be minimal and receivables from partners are protected by effective industry standard legal remedies. In addition, the Company's high working interest in its major operating properties mitigates the risk of partner default. The Company requires cash calls from its partners on major field projects in advance of commencement.

Interest rate risk

The Company is exposed to interest rate risk as changes in interest rates may affect future cash flows and the fair value of its financial instruments. The Company's primary debt facility has a floating interest rate that will fluctuate based on prevailing market conditions. Cash flows are sensitive to changes in interest rates on this instrument. Given the amount of debt employed, the Company's strategy is to manage interest rate risk within the current framework.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks are as follows and are largely outside of the control of the Company:

- commodity prices; and
- foreign exchange.

Commodity prices

The Company is constantly exposed to the risk of declining commodity prices. At December 31, 2009, Silverstone had a forward commodity price contract on natural gas production from the Victoria field for calendar year 2010 with the following terms:

	Gas Production	Floor	Ceiling	Term
Contract 1	1,191 Mcf	45p/therm	55p/therm	2010

The fair value of the contract at December 31, 2009, is estimated at \$2,242,369 and the unrealized financial instrument provision would be recorded as an asset.

Gains on the derivatives in place during the fiscal period 2009 of \$10,641,502 (2008 - \$1,130,079) have been recognized as derivatives (gain) loss in the consolidated statements of income (loss) and comprehensive income (loss).

Subsequent to December 31, 2009, the Company entered into a forward commodity price contract on natural gas production from the Victoria field for the term October 1, 2010 to December 31, 2011. The contract has hedged natural gas volumes of 1,191 Mcf at a floor of 40p/therm and a ceiling of 47p/therm.

Foreign exchange

Although the Company's capital expenditures are denominated in United States dollars or Great Britain Pounds, the underlying market prices are affected by the exchange rate between the Canadian and the United States dollar or Great Britain Pound. The Company's oil revenue's are received in United States dollars and the Company's natural gas revenues are received in Great Britain pounds. An increase in the value of the Canadian dollar relative to the United States or Great Britain pound will decrease the revenues received. Correspondingly, a decrease in the value of the Canadian dollar relative to the United States or Great Britain pound will increase the revenues received from the sale of oil and natural gas commodities. As at December 31, 2009, the Company had no contracts in place to reduce foreign exchange risk.

Sensitivities

The Company must provide certain quantitative sensitivities related to its financial instruments. The following table summarizes the annualized sensitivities of the Company's net earnings and other

comprehensive income to changes in the fair value of financial instruments outstanding as at December 31, 2009, resulting from changes in the specified variable, with all other variables held constant. These sensitivities are limited to the impact of changes in a specified variable applied to financial instruments only and do not represent the impact of a change in the variable on the operating results of the Company taken as a whole.

	Impact on Net Income <i>(thousand's)</i>	Impact on other Comprehensive Income <i>(thousand's)</i>
Commodity price risk		
Change in Brent US\$1.00/Bbl	\$ 9	\$ -
Change in Britain NBP gas price \$0.10/mcf	\$ 49	\$ -
Interest rate risk		
Change in interest rate 1%	\$ 13	\$ -
Foreign currency exchange rate risk		
Change in GBP exchange rate by GBP£0.01	\$ -	\$ 132
Change in US exchange rate by US\$0.01	\$ 91	\$ -

Liquidity risk

Liquidity difficulties would emerge if the Company was unable to meet its financial obligations as they fell due within normal credit terms. The Company prepares annual budgets, which are monitored and updated as required. In addition, the Company requires authorizations for expenditures on projects to assist with the management of capital. Generally the Company will, over a reasonable period of time, limit its capital programs to available funds. The Company frequently evaluates the options available, with respect to sources of short and long term capital resources.

The following are the contractual maturities of financial liabilities as at December 31, 2009:

<i>(thousand's)</i>	Within 1 year	1 to 2 years	2 – 4 years	Thereafter
Long-term debt and interest	\$ 8,374	\$ 11,445	\$ -	\$ -
Accounts Payable and accrued liabilities	10,263	-	-	-
Total	\$ 18,637	\$ 11,445	\$ -	\$ -

The following table represents the fair value measurement of each class of financial assets and liabilities using a fair value hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – valuations using unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly.

Level 3 – valuations using inputs that are not observable market data.

As at December 31, 2009, the Company's financial instruments within the fair value hierarchy are as follows:

<i>(thousand's)</i>	2009	Level 1	Level 2	Level 3
Financial assets at fair value through net income				
Commodity price contracts	\$ 2,242	\$ -	\$ 2,242	\$ -
Available for sale financial assets				
Publicly traded investment	64	64	-	-
Total Financial Assets	\$ 2,306	\$ 64	\$ 2,242	\$ -

The following table reconciles the Company's Level 2 fair value measurements from December 31, 2008 to December 31, 2009:

<i>(thousand's)</i>	Commodity price contracts
Balance at December 31, 2008	\$ 3,214
Gain (loss) included in net income	10,641
Gain (loss) included in other comprehensive income	(288)
Settlements	(11,325)
Balance at December 31, 2009	\$ 2,242

Gains on Level 2 instruments of \$10,641,502 are presented in derivatives (gain) loss in the income statement.

15. Capital Disclosures

Capital management is fundamental to the Company's objective to create value and provide returns to its shareholders through being a profitable small project niche exploiter in the upstream energy business outside of conventional resources in Western Canada. The Company's capital comprises shareholders' equity and debt. Management of capital involves the preparation of an annual budget, which may only be implemented after approval by the Company's Board of Directors. As the Company's business evolves during the fiscal year, the budget may be amended; however, any changes are again subject to approval by the Board of Directors. The Company has no externally imposed capital requirements.

16. Asset Impairment

Silverstone acquired 100% of the share capital of Granby Oil & Gas Limited in 2008 and goodwill was recognized as part of the acquisition equation. At December 31, 2008, the asset was considered impaired and the investment written off. In 2008, the Company recognized its share of the expense, \$13,226,208 as asset impairment in the consolidated statements of income (loss) and comprehensive income (loss).

17. Segmented Information

The Company's operating and reportable segments are as follows:

- **Tunisia** – includes the Company's exploration for and development and production of oil and natural gas and other related activities within the Tunisian cost centre.
- **North Sea, UK** – includes the Company's exploration for and development of natural gas and NGL's and other related activities within the UKCS cost centre.
- **Corporate** – mainly includes general and administrative costs in Canada and assets held corporately.

Segment and Geographic Information

Property and Equipment and Total Assets by Segment

<i>(thousand's)</i>	Tunisia		North Sea, UK		Corporate		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
As at December 31								
Capital Expenditures ⁽¹⁾	\$ 7,822	\$ 24,422	\$ 10,434	\$ 354,670	\$ 161	\$ 128	\$ 18,417	\$ 379,220
Property and Equipment - net	\$ 43,703	\$ 42,905	\$ 318,332	\$ 381,970	\$ 337	\$ 216	\$ 362,372	\$ 425,091
Total Assets	\$ 52,906	\$ 47,680	\$ 318,316	\$ 398,914	\$ 22,978	\$ 22,959	\$ 394,200	\$ 469,553

⁽¹⁾ Excludes capitalized costs relating to foreign currency translation incurred during the period.



Results of Operations

<i>(thousand's)</i>	Tunisia		North Sea, UK		Corporate		Consolidated	
Year Ended December 31	2009	2008	2009	2008	2009	2008	2009	2008
Production revenues, net of royalties	\$ 1,735	\$ -	\$ 19,134	\$ 6,003	\$ -	\$ -	\$ 20,869	\$ 6,003
Interest income and other	71	-	25	2,091	57	425	153	2,516
	1,806	-	19,159	8,094	57	425	21,022	8,519
Expenses								
Production expenses	734	-	6,182	1,731	-	-	6,916	1,731
Derivatives (gain) loss	-	-	(10,642)	-	-	-	(10,642)	-
Gain on sale of investment	-	-	-	-	(1,909)	-	(1,909)	-
Dilution gain	-	-	-	(4,087)	-	(4,660)	-	(8,747)
Foreign exchange (gain) loss	507	(622)	(48)	(1,529)	535	(442)	994	(2,593)
General and administrative	724	(161)	697	2,073	5,383	1,355	6,804	3,267
Interest expense	17	-	2,929	-	3	8	2,949	8
Asset Impairment	-	-	-	13,226	-	-	-	13,226
Release of decommissioning provision	-	-	(3,772)	-	-	-	(3,772)	-
Depletion and amortization	1,828	-	55,297	2,348	40	28	57,165	2,376
	3,810	(783)	50,643	13,762	4,052	(3,711)	58,505	9,268
Net Income (loss) before income taxes	(2,004)	783	(31,484)	(5,668)	(3,995)	4,136	(37,483)	(749)
Current income taxes	-	-	(2)	19	-	-	(2)	19
Future income taxes	-	-	(17,864)	(2,091)	-	-	(17,864)	(2,091)
Net Income (loss)	\$ (2,004)	\$ 783	\$(13,618)	\$ (3,596)	\$ (3,995)	\$ 4,136	\$(19,617)	\$ 1,323

18. Subsequent Events

In January 2010, the Company completed a private placement of 6.0 million common shares for aggregate gross proceeds of \$18,083,697, before costs of \$2,539. Certain officers and directors participated in the private placement. At December 31, 2009, \$2.0 million cash had been received for the private placement and was included as accounts payable and accrued liabilities in the consolidated balance sheet.

In February 2010, the Company acquired oil and natural gas assets in West Central, Alberta for a total purchase price of \$190 million. At December 31, 2009, a deposit of \$10 million had been placed in trust and was reflected in accounts receivable and prepaid charges on the consolidated balance sheet. The purchase of the oil and natural gas assets was funded by equity financing and bank debt. In conjunction with the acquisition, the Company completed a private placement with Alberta Investment Management Corporation, which purchased 42 million common shares of the Company at a price of \$3.50 per share.

On February 24, 2010, the Company completed bank financing to facilitate closing the acquisition of the Canadian oil and gas assets and for general corporate borrowing. The Company obtained an extendible revolving credit facility allowing the Company to borrow up to \$50.0 million and a \$5.0 million operating credit facility, from a syndicate led by Société Générale. The credit facilities are secured over all present and future Canadian property and assets. Interest payable on amounts drawn under the facilities vary based on Canadian prime, U.S. Base rate, U.S. LIBOR or Bankers' Acceptance depending on the borrowing option selected by the Company. The facility carries a covenant whereby the Company's debt to EBITDA ration cannot be greater than 4:1.

In March 2010, the Company acquired a Scotland-based company with interests in Tunisia from a senior producer for USD\$18 million plus adjustments.

In March 2010, the Company acquired the interests of one of its partners in the Sud Remada field for USD\$4 million plus adjustments.



On March 31, 2010, the Company announced that its wholly-owned subsidiary, Silverstone, combined with Bridge Energy Norge AS whereby each of the companies became subsidiaries of a holding company, Bridge Energy ASA (“Bridge Energy”). SVI, through its subsidiary Storm Ventures International (BVI) Limited (“SVI (BVI)”), formerly owned all of the shares of Silverstone which contained the Company’s North Sea business. After the combination, SVI (BVI) will own 80% of the issued and outstanding shares of Bridge Energy.



CORPORATE INFORMATION

DIRECTORS

Matthew J. Brister
 Robert C. Cook
 P. Grant Wierzba
 John A. Brussa
 Simon Munro
 Stuart G. Clark
 Raymond I. Woods

SENIOR MANAGEMENT

Matthew J. Brister
 President & C.E.O.

P. Grant Wierzba
 Vice President, Operations & Director

Roy Smitshoek
 Vice President, Engineering & C.O.O.

Thomas N. Lindskog
 Vice President, Exploration

L. Geoffrey Barlow
 Vice President, Finance & C.F.O.

SOLICITORS

Burnet, Duckworth & Palmer LLP, Calgary,
 Alberta

AUDITORS

PricewaterhouseCoopers LLP, Calgary, Alberta

RESERVE ENGINEERS

Sproule Associates Limited
 Paddock Lindstrom & Associates Ltd.

BANKERS

CIBC, Oil & Gas Group, Calgary, Alberta
 Société Générale (Canada Branch)
 The Toronto Dominion Bank
 Royal Bank of Canada
 Alberta Treasury Branches
 HSBC Bank Canada
 Royal Bank of Scotland, London, UK

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ABBREVIATIONS

API	American Petroleum Institute
Bcf	Billions of cubic feet
Boe	Barrels of oil equivalent
Boe/d	Barrels of oil equivalent per day
Bbls	Barrels
Bbls/d	Barrels per day
BOIP	Barrels of original oil in place
Brent	international market price for light crude oil blend
DGE	Direction Générale de l'Énergie
ETAP	Entreprise Tunisienne D'Activités Pétrolières
£GBP	Great Britain Pound
GIP	Gas in place
GOR	Gas-oil ratio
LIBOR	London Interbank Offered rate
Mbbls	Thousands of barrels
Mmbbls	Millions of barrels
Mmbtu	Million British Thermal unit
Mmscf/d	Million standard cubic feet per day
Mboe	Thousands of barrels of oil equivalent
Mmboe	Millions of barrels of oil equivalent
Mcf	Thousands of cubic feet
Mcf/d	Thousands of cubic feet per day
Mmcf	Millions of cubic feet
Mmcf/d	Millions of cubic feet per day
NAV	Net Asset Value
NBP	National Balancing Point
p/therm	Pence per therm
RBS	Royal Bank of Scotland
SNS	Southern North Sea
STOOIP	Stock Tank Original Oil In Place
Therm	British Thermal Unit
UKCS	United Kingdom Continental Shelf

CONVERSION

Six thousand cubic feet (Mcf) of natural gas equals one barrel of oil equivalent.

One British thermal unit (therm) equals 10.27 thousand cubic feet (Mcf) of natural gas.

100 Pence equal 1 Great Britain Pound.

