

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

ASSURE ENERGY INC
Form 8-K/A
August 13, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

CURRENT REPORT

PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)

MAY 30, 2002

ASSURE ENERGY, INC.
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other
jurisdiction
of incorporation or
organization)

333-61714
(Commission File Number)

13-4125563
(IRS Employer
Identification No.)

840 7TH AVENUE, SUITE 1600, CALGARY, ALBERTA T2P 3G2
(Address of principal executive offices) (Zip Code)

(403) 231-1230
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name or Address, If Changed since Last Report.)

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS.

(a) Financial Statements of Westerra 2000 Inc.

(b) Pro Forma Financial Information.

(c) Exhibits:

2.1 Share Purchase Agreement dated May 30, 2002 by and among
Assure Oil & Gas Corp., and Gary Freitag, Garth R. Keyte and
Evan Stephens.(1)

(1) Previously filed with Registrant's Form 8-K dated May 30, 2002 as filed
with the Securities and Exchange Commission on June 14, 2002.

SIGNATURE

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

ASSURE ENERGY, INC.

Dated: August 13, 2002

By: /s/ James I. Golla

James I. Golla
President

2

ITEM 7(a) FINANCIAL STATEMENTS OF WESTERRA 2000 INC.

INDEX TO FINANCIAL STATEMENTS

Independent Auditor's Report - Daunheimer & Dow LLP.....

Balance Sheets as at March 31, 2002 and 2001.....

Statement of Operations and Retained Earnings for the years ended
March 31, 2002 and 2001.....

Statement of Cash Flows for the years ended March 31, 2002 and 2001.....

Notes to Financial Statements.....

3

[DAUNHEIMER & DOW LLP LETTERHEAD]

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Westerra 2000 Inc.

We have audited the balance sheet of Westerra 2000 Inc. at March 31, 2002 and 2001 and the statements of loss and deficit and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westerra 2000 Inc. at March 31, 2002 and 2001 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Calgary, Alberta, Canada
April 17, 2002

/s/ DAUNHEIMER & DOW LLP

Chartered Accountants

4

WESTERRA 2000 INC.

BALANCE SHEET

MARCH 31, 2002

(EXPRESSED IN UNITED STATES DOLLARS)

	2002	2001
	-----	-----
ASSETS		
CURRENT		
Cash	\$ 9,064	\$ 12
Accounts receivable	18,072	
Goods and services tax recoverable	26,268	
Prepaid expenses	1,041	
	-----	-----
	54,445	12
Proven producing gas properties (Note 3)	1,516,767	--
Proven non-producing gas properties (Note 3)	175,631	--
	-----	-----
	\$ 1,746,843	\$ 12
	-----	-----
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	\$ 36,551	\$ 869
Acquisition loan payable (Note 4)	1,689,260	--
	-----	-----
	1,725,811	869

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

PROVISION FOR SITE RESTORATION	9,194	--
	-----	-----
	1,735,005	869
	-----	-----
SHAREHOLDERS' EQUITY		
Share capital (Note 5)	14	14
Retained earnings, (Deficit)	11,824	(871)
	-----	-----
	11,838	(857)
	-----	-----
	\$ 1,746,843	\$ 12
	-----	-----

SEE ACCOMPANYING NOTES

Daunheimer & Dow LLP

5

[DAUNHEIMER & DOW LLP LOGO]

Chartered Accountants

WESTERRA 2000 INC.

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

YEAR ENDED MARCH 31, 2002

(EXPRESSED IN UNITED STATES DOLLARS)

	2002	2001
	-----	-----
REVENUE		
Gas revenue	\$ 600,227	\$ --
	-----	-----
ROYALTIES		
Crown royalties	108,955	--
Freehold royalties	49,970	--
	-----	-----
	158,925	
NET OIL AND GAS REVENUE	441,302	
	-----	-----
EXPENSES		
Production expenses	199,150	--
Depletion and site restoration	140,588	--
Interest	121,664	--
General and administrative	38,130	871
	-----	-----
	499,532	871
	-----	-----
NET LOSS BEFORE THE FOLLOWING	(58,230)	(871)
	-----	-----
Foreign exchange gain	70,925	--
	-----	-----

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

NET INCOME	12,695	
DEFICIT - Beginning of year	(871)	--
	-----	-----
RETAINED EARNINGS, (DEFICIT) - End of year	\$ 11,824	\$ (871)
	-----	-----

SEE ACCOMPANYING NOTES

Daunheimer & Dow LLP

6

[DAUNHEIMER & DOW LLP LOGO]

Chartered Accountants

WESTERRA 2000 INC.

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2002

IN UNITED STATES DOLLARS

	2002	2001
	-----	-----
OPERATING ACTIVITIES		
Net income (loss)	\$ 12,695	\$ (871)
Items not affecting cash:		
Depletion and site restoration	140,588	--
Unrealized foreign exchange gain	(64,211)	--
	-----	-----
	89,072	(871)
	-----	-----
Changes in non-cash working capital:		
Accounts receivable	(18,072)	--
Prepaid expenses	(1,041)	--
Accounts payable and accrued liabilities	35,693	869
Goods and services tax refundable	(26,268)	--
	-----	-----
	(9,688)	869
	-----	-----
Cash flow from (used by) operating activities	79,384	(2)
	-----	-----
INVESTING ACTIVITIES		
Additions to capital assets	(1,823,417)	--
	-----	-----
FINANCING ACTIVITIES		
Acquisition loan payable	1,632,567	--
Interest payable	120,518	--
Issue of share capital	--	14
	-----	-----
Cash flow from financing activities	1,753,085	14
	-----	-----

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

INCREASE IN CASH FLOW	9,052	12
CASH - Beginning of year	12	--
	-----	-----
CASH - End of year	\$ 9,064	\$ 12
	-----	-----
Interest paid during the year	\$ 1,146	\$ --
	-----	-----

SEE ACCOMPANYING NOTES

Daunheimer & Dow LLP

7

[DAUNHEIMER & DOW LLP LOGO]

Chartered Accountants

WESTERRA 2000 INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2002

1. DESCRIPTION OF OPERATIONS

Westerra 2000 Inc. (the "Company") is a private company extra-provincially incorporated in Canada under the Alberta and Saskatchewan Business Corporations Acts, and is engaged in production, development and exploration of oil and natural gas in Alberta and Saskatchewan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared by management in accordance with accounting principles generally accepted in the United States.

Use of Estimates in the Presentation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Property, Plant and Equipment

The Company follows the successful efforts method of accounting for its oil and gas producing activities. The costs of acquiring interests in oil and gas properties are capitalized. Should a property be subsequently abandoned, its costs are written off to operations in the year of abandonment. The costs of drilling and equipping wells, both exploratory and development are capitalized as incurred. Should a well be determined to be unsuccessful (a dry hole or not capable of commercial production), its costs are written off in the year so determined. All other exploration costs, including geological and geophysical costs are expensed as incurred.

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

Unproven properties that are individually significant are periodically assessed for impairment of value, and a loss is recognized at the time of the impairment.

Capitalized costs of producing oil and gas properties, after allowing for estimated abandonment cost and salvage values are depleted on the unit-of-production method based on estimated recoverable proven oil and gas reserves. Support equipment and other property plant and equipment are depreciated over their estimated useful lives.

On the sale or retirement of a complete interest of a proved property, the cost and related accumulated depletion and depreciation are eliminated from the property accounts, and the resultant gain or loss is recognized. On the retirement or sale of a partial interest of proved property, the cost is charged to accumulated depletion and depreciation with the resulting gain or loss recognized in income.

On the sale of a complete interest of an unproved property, for cash or cash equivalents, gain or loss is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Daunheimer & Dow LLP
Chartered Accountants
Calgary, AB

8

[DAUNHEIMER & DOW LLP LOGO]

WESTERRA 2000 INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2002

Site Restoration

Site restoration costs are accrued based on management's best estimate of these future costs calculated on the unit-of-production basis, utilizing proved producing reserves.

Joint Venture Accounting

Substantially all of the Company's operations are carried out through joint ventures. These financial statements reflect only the Company's proportionate interest in such activities.

Financial Instruments

The Company carries a number of financial instruments as detailed on the balance sheet. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

Measurement Uncertainty

The amounts recorded for depletion of petroleum and natural gas properties and equipment and the provision for future site restoration and reclamation are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes and estimates in future periods could be significant.

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

The financial statements include accruals based on the terms of existing joint venture agreements. Due to varying interpretations of the definition of terms in these agreements the accruals made by management in this regard may be significantly different from those determined by the Company's joint venture partners. The effect on the financial statements resulting from such adjustments, if any, will be reflected prospectively.

Future Income Taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse. Future tax expense was based on items of income and expense that were reported in different years in the financial statements and tax returns and measured at the tax rate in effect in the year the difference originated. Future income tax assets are evaluated and if realization is considered "more likely than not" a valuation is provided.

Foreign Currency Conversion

All current assets and liabilities of operations denominated in currencies other than United States dollars have been translated into United States dollars at the rate of exchange in effect at the balance sheet date. Property, plant and equipment have been translated using the historical rate at the time of acquisition.

Revenue and expense accounts are translated at the average rates of exchange prevailing during the period except for depletion, which is translated at the historical rate for the period in which the asset was acquired. Gains and losses resulting from the translation of assets and liabilities are reflected in net income.

Daunheimer & Dow LLP
Chartered Accountants
Calgary, AB

[DAUNHEIMER & DOW LLP LOGO]

9

WESTERRA 2000 INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2002

3. OIL AND GAS PROPERTIES

The Company holds a 60% working intent in various developed and undeveloped properties in Alberta and Saskatchewan. Income from these wells is subject to crown and overriding royalties.

Producing	2001	2000
	----	----
Balance at the beginning of the year	\$	\$--
Acquisition	1,161,558	--
Development	486,228	--
Depletion	(131,019)	--
	-----	---
Balance at the end of the year	\$ 1,516,767	

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

Non-Producing

	=====	
Balance at the beginning of the year	\$ --	\$--
Acquisition	175,631	--
	-----	---
Balance at the end of the year	\$ 175,631	--
	=====	===

4. INTEREST AND ACQUISITION LOAN PAYABLE

	2002	2001
	-----	---
Interest payable	\$ 120,518	\$--
Acquisition loan payable - bridge loan	1,445,114	--
Acquisition loan payable - working capital loan	123,628	--
	-----	---
	\$1,689,260	\$
	=====	===

The Company entered into a loan agreement with a joint venture operator to finance the Company's purchase of its oil and gas properties. The loan is comprised of two parts:

- Bridge loan, bearing interest at the bank prime rate plus 4.0%, compounded daily. Interest only is payable on the first business day following every month. The principal and any accrued interest are due and payable on June 28, 2002.
- Working capital loan, including a commitment fee payable of \$Cdn.125,000 (\$U.S. 78,000) and unpaid interest charges, not to exceed \$Cdn.450,000 (\$U.S.280,000), bearing interest at the bank prime rate plus 4.0%, compounded daily. Interest is payable on the first business day following every month. The principal is repayable in six monthly payments commencing January 31, 2002 and any unpaid amounts are due and payable on June 28, 2002.

These loans are secured by a general security agreement.

Daunheimer & Dow LLP
Chartered Accountants
Calgary, AB

[DAUNHEIMER & DOW LLP LOGO]

10

WESTERRA 2000 INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2002

5. SHARE CAPITAL

Authorized:

Unlimited number of Class A voting common shares
 Unlimited number of Class B voting common shares
 Unlimited number of Class C voting common shares
 Unlimited number of Class D non-voting common shares
 Unlimited number of Class E non-voting common shares
 Unlimited number of Class F non-voting preferred shares
 Unlimited number of Class G non-voting preferred shares

Issued:

125 Class A common shares	\$	9
60 Class B common shares		4
15 Class C common shares		1

	\$	14

6. INCOME TAXES

At March 31, 2002, the Company had approximately \$77,600 of loss carryover balances that will expire in 2009. In addition, the Company has capital cost pools, resource pools and deferred financing cost pools approximating \$1,550,000 to deduct against future taxable income. These balances may be used to reduce or eliminate the Company's Canadian and provincial corporate income taxes.

7. RELATED PARTY TRANSACTIONS

During the year, the Company entered into the following transactions with related parties:

The Company incurred consulting fees of \$14,200 to a company owned by a shareholder.

Included in accounts receivable is \$16,293 due from a company owned by a shareholder, pertaining to certain joint venture operations.

Included in accounts payable is \$28,000 due to shareholders or to companies and entities owned by shareholders pertaining to joint venture operations, expenses paid on behalf of the Company and consulting fees incurred.

Revenue and expense transactions were conducted at fair market value and in the normal course of business.

Daunheimer & Dow LLP
 Chartered Accountants
 Calgary, AB

[DAUNHEIMER & DOW LLP LOGO]

8. SUBSEQUENT EVENT

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

Subsequent to the year-end, the Company shareholders entered into a purchase and sale agreement to sell all the outstanding shares at March 31, 2002, to an arms length party for approximately \$2,250,000 effective April 1, 2002.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. The prior year's figures were reported on a Notice to Reader basis.

Daunheimer & Dow LLP		[DAUNHEIMER & DOW LLP LOGO]
Chartered Accountants	12	
Calgary, AB		

WESTERRA 2000 INC.
SUPPLEMENTAL INFORMATION
YEAR ENDED MARCH 31, 2002
(UNAUDITED)

Capitalized Costs Relating to Oil and Gas Producing Activities at March 31, 2002

Proved gas properties	\$	1,381,551	\$	-
Support equipment and facilities		441,867		-
		-----		-----
		1,823,418		-
Less accumulated depreciation and depletion		(131,020)		-
		-----		-----
Net capitalized costs	\$	1,692,398	\$	-
		=====		=====

Costs Incurred in Oil and Gas Producing Activities for the Year Ended March 31, 2002

Property acquisition costs

Proved	\$	1,337,189	\$	-
Development Costs	\$	486,229		-

The following estimates of proved and proved developed reserve quantities and related standardized measure of discounted net cash flow are estimates only, and do not purport to reflect realizable values or fair market values of the Company's reserves. The Company emphasizes that reserve estimates are inherently imprecise and that estimates of new discoveries are more imprecise than those of producing oil and gas properties. Accordingly, these estimates are expected to change as future information becomes available. All of the Company's reserves are located in the United States.

Proved reserves are estimated reserves of crude oil (including condensate and natural gas liquids) and natural gas that geological and engineering data

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved developed reserves are those expected to be recovered through existing wells, equipment, and operating methods.

The standardized measure of discounted future net cash flows is computed by applying year-end prices of oil and gas (with consideration of price changes only to the extent provided by contractual arrangements) to the estimated future production of proved oil and gas reserves, less estimated future expenditures (based on year-end costs) to be incurred in developing and producing the proved reserves, future tax rates already legislated) to be incurred on pretax net cash flows less tax basis of the properties and available credits, and assuming continuation of existing economic conditions. The estimated future net cash flows are then discounted using a rate of 10 percent a year to reflect the estimated timing of the future cash flows.

Daunheimer & Dow LLP
Chartered Accountants
Calgary, AB

13

[DAUNHEIMER & DOW LLP LOGO]

WESTERRA 2000 INC.
SUPPLEMENTAL INFORMATION
YEAR ENDED MARCH 31, 2002
(UNAUDITED)

	Gas (Mcf)

Proved developed and undeveloped Reserves	
Beginning of year	--
Purchases of gas properties in place	4,652,700
Sales of minerals in place	(318,000)

End of year	4,332,900
	=====
Proved developed reserves	
Beginning of year	--
End of year	4,332,900
	=====
Standardized measure of discounted future net cash flows at March 31, 2000	(\$000)
Future cash inflows	\$ 8,548
Future Crown royalties	1,742
Future production costs	2,467
Future development costs	46
Future income tax expenses	1,335

Future net cash flows	2,958

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

8% annual discount for
 estimated timing of cash flows 788

Standardized measures of discounted
 future net cash flows relating to proved
 oil and gas reserves \$ 2,170
 =====

Daunheimer & Dow LLP
 Chartered Accountants 14 [DAUNHEIMER & DOW LLP LOGO]
 Calgary, AB

ITEM 7(b) PRO FORMA FINANCIAL STATEMENTS (UNAUDITED)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

ASSURE ENERGY, INC. (FORMERLY KNOWN AS Inventoy.com, Inc.)

Introduction.....	1
Consolidated Balance Sheets as at March 31, 2002.....	1
Consolidated Statement of Operations for the three month period ended March 31, 2002.....	1
Consolidated Statement of Operations for the year ended December 31, 2002.....	2
Notes to Financial Statements.....	2

Assure Energy, Inc. and Subsidiaries
 F/K/A Inventoy.com, Inc.

Unaudited Pro Forma Condensed Consolidated Financial Statements

Introduction

Following its April 23, 2002 acquisition all of the issued and outstanding shares of common stock of Assure Oil and Gas Corp (f/k/a 1444232 Ontario Inc.) Assure Energy, Inc (f/k/a Inventoy.com, Inc.) through its new subsidiary Assure Oil and Gas Corp ("Assure Oil") entered into a Share Purchase Agreement with the three shareholders (the "Westerra Shareholders") of Westerra 2000 Inc. ("Westerra"), an Alberta corporation engaged in the exploration, development and production of oil and gas properties primarily located in Alberta and Saskatchewan, Canada.

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

On May 8, 2002, Assure Energy, Inc. and its new subsidiary, Assure Oil (collectively the "Company") completed an equity financing with three investors, exempt from the registration provisions of the Securities Act of 1933, as amended by Rule 506 of Regulation D. In that financing, the Company received US\$1,750,000 in exchange for 1,400,000 units, each unit consisting of one share of the Company's common stock and one common stock purchase warrant entitling the holder to acquire another share of the Company's common stock at \$1.50 per share, for a period of four years commencing one year from the date of issuance.

In addition, the Company completed an equity financing on June 7, 2002 in which it issued 17,500 shares of Series A Preferred Stock with a stated value of \$100 per share in exchange for US\$1,750,000. The Series A Preferred Stock has a 5% dividend payable in cash or shares of the Company's common stock and is cumulative from the date of issue.

The acquisition of Westerra is accounted for as a purchase. Westerra's assets acquired and Westerra's liabilities assumed are recorded at their fair values at the date of the acquisition.

The accompanying condensed consolidated financial statements illustrate the pro forma effects of the Westerra acquisition on the Company's financial position and results of operations. The Unaudited Condensed Consolidated Balance Sheet as of March 31, 2002, is based on the historical balance sheets of the Company and Westerra as of that date and assumes the acquisition took place on that date. The Unaudited Condensed Consolidated Statements of Operations for the three months ended March 31, 2002 and the year ended December 31, 2001 are based on the historical operating statements of the Company and Westerra. For those periods the Pro forma Condensed Consolidated Statements of Operations assume that the acquisition of Westerra took place on January 1, 2001.

16

Assure Energy, Inc. and Subsidiaries
F/K/A Inventoy.com, Inc.

Introduction (cont'd)

The Pro Forma Condensed Consolidated Financial Statements may not be indicative of the actual results of the combined companies.

The accompanying Pro Forma Condensed Consolidated Financial Statements should be read in connection with the historical financial statements of the Company and Westerra.

Assure Energy, Inc. and its subsidiaries intend to continue to develop oil and gas properties.

17

Assure Energy, Inc. and Subsidiaries
F/K/A Inventoy.com, Inc.

ASSURE ENERGY, INC. AND SUBSIDIARIES
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
March 31, 2002
(In United States Dollars)

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

	ASSURE ENERGY, INC. AND SUBSIDIARIES -----	WESTERRA 2000 INC. -----	ADJUSTMEN -----
ASSETS			
CURRENT			
Cash	\$ 122,543	\$ 9,064	\$ 1,431,3
Advances receivable	268,988	--	
Accounts receivable	--	18,072	
Prepaid expenses and other current assets	8,664	27,309	
	-----	-----	-----
	400,195	54,445	1,431,3
	-----	-----	-----
FIXED ASSETS			
Oil & Gas Properties	1,887,435	1,692,398	581,1
	-----	-----	-----
TOTAL ASSETS	\$2,287,630	\$ 1,746,843	\$ 2,012,4
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT			
Accounts payable and accrued liabilities	\$ 152,356	\$ 36,551	
Advances payable	18,776	--	
Business purchase payable			225,0
Loans payable	2,432	--	
Note payable	100,000	--	
Property acquisition loan payable	--	1,689,260	(1,689,2
	-----	-----	-----
	273,564	1,725,811	(1,464,2
	-----	-----	-----
PROVISION FOR SITE RESTORATION	--	9,194	
	-----	-----	-----
TOTAL LIABILITIES	273,564	1,735,005	(1,464,2
	-----	-----	-----
SHAREHOLDERS' EQUITY (1)	2,014,066	11,838	3,476,6
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$2,287,630	\$ 1,746,843	\$ 2,012,4
	=====	=====	=====

(1) Includes the effect of Other Comprehensive Income items in the form of foreign exchange gains of \$7,192 and \$63,733, for the Three Months Ended March 31, 2002 and the Year Ended December 31, 2001, respectively. See notes to unaudited pro forma condensed consolidated financial statements.

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

	ASSURE ENERGY, INC. AND SUBSIDIARIES (2)	WESTERRA 2000 INC.	ADJUSTMENTS
	-----	-----	-----
REVENUE			
Oil and Gas revenue	\$75,499	\$242,231	
Other	107	-	
	-----	-----	
Total Revenue	75,606	242,231	
	-----	-----	
EXPENSES			
Production expenses	33,921	93,017	
Royalties	9,056	60,688	
Depreciation, Depletion and site restoration	23,991	35,972	17,057
Interest	-	76,953	
General, administrative and other	110,909	21,397	
	-----	-----	-----
	177,877	288,027	17,057
	-----	-----	-----
NET LOSS	(\$102,271)	(\$45,796)	(\$17,057)
	-----	-----	-----

NET LOSS PER SHARE - BASIC (\$0.007) (3)

WEIGHTED AVERAGE COMMON SHARES USED IN THE
CALCULATION OF NET LOSS PER SHARE - BASIC 24,523,962

(2) Includes Assure Energy, Inc. (f/k/a Inventoy.com and Assure Oil & Gas (f/k/a 1444232 Ontario Inc.)

(3) Based on Net Loss reduced further by cumulative preferred stock dividends of \$14,438. See notes to unaudited pro forma condensed consolidated financial statements.

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

	ASSURE ENERGY, INC. AND SUBSIDIARIES (2)	WESTERRA 2000 INC.	ADJUSTMENTS
	-----	-----	-----
REVENUE			
Oil and Gas revenue	\$ 38,837	\$ 357,996	\$ -
Other	1,158	--	
	-----	-----	-----
Total Revenue	39,995	357,996	--
	-----	-----	-----
EXPENSES			
Production expenses	35,286	106,133	
Royalties	--	81,972	
Revaluation of oil and gas properties	89,527	--	
Depreciation, Depletion and site restoration	50,701	79,900	26,704
Interest	--	85,692	
General, administrative and other	64,412	16,733	6,500
	-----	-----	-----
	239,926	370,430	33,204
	-----	-----	-----
NET LOSS	(\$199,931)	(\$ 12,434)	(\$ 33,204)
	-----	-----	-----

NET LOSS PER SHARE - BASIC

(\$0.011) (3)

=====

WEIGHTED AVERAGE COMMON SHARES USED IN THE
CALCULATION OF NET LOSS PER SHARE - BASIC

24,513,841

=====

(2) Includes Assure Energy, Inc. (f/k/a Inventoy.com and Assure Oil & Gas (f/k/a 1444232 Ontario Inc.)

(3) Based on Net Loss reduced further by cumulative preferred stock dividends of \$14,438. See notes to unaudited pro forma condensed consolidated financial statements.

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

As of April 1, 2002, Assure Energy, Inc. and its subsidiary Assure Oil and Gas Corp (collectively the "Company") acquired all of the outstanding shares of Westerra 2000 Inc. ("Westerra") for \$3,450,000 Canadian dollars (approximately US\$2,250,000) in cash of which all has been paid except for approximately US\$225,000 which is payable upon transfer of certain property titles to Westerra. Direct costs and indirect related to the acquisition amounted to approximately \$32,200 and \$6,500, respectively.

The acquisition is accounted for as a purchase. Westerra's assets acquired and Westerra's liabilities assumed are recorded at their fair values at the date of the acquisition.

Note B

As a result of applying the purchase method of accounting, the excess of the purchase price, plus the direct costs of the acquisition, over the recorded amounts of these assets has been attributed to the cost of oil and gas properties, as supported by a current valuation received from a firm of geological and petroleum engineering consultants. Much of the proceeds from the two recent equity financings were used for the purchase. The pro forma adjustments therefore reflect the recognition of the purchase as follows:

Proceeds from the sale of 1,400,000 units, each unit consisting of one share of the Company's common stock and one common stock purchase warrant	\$1,750,00
Proceeds from the sale of Series A Preferred Stock	1,750,00
Less: Costs of the Financings	(5,00)

Net Cash from the Financings	3,495,00
Plus: Remaining Purchase Cost Payable	225,00
Less: Indirect Acquisition Costs	(6,50)
Less: Cash Remaining	(1,431,30)

Total Purchase Cost	\$2,282,20
	=====

21

Assure Energy, Inc. and Subsidiaries
F/K/A Inventoy.com, Inc.

Note B (cont'd)

Westerra's recorded amount of oil and gas properties	\$1,692,39
Excess of the fair value of proven properties over their recorded amounts	581,10
Westerra's Other Net Assets Purchased	8,70

Total Purchase Cost	\$2,282,20
	=====

The pro forma adjustments to the pro forma condensed consolidated statements of operations also reflect additional depletion of oil and gas properties totaling

Edgar Filing: ASSURE ENERGY INC - Form 8-K/A

\$43,761, including \$26,704 attributable to the year ended December 31, 2001 and \$17,057 attributable to the three months ended March 31, 2001, because of the additional \$581,102 recorded amount to the properties to reflect the fair value of those properties. The pro forma adjustments are made to reflect the purchase as if it had occurred on January 1, 2001. In addition, \$32,200 of direct costs of the business purchase has been accounted for as a part of the cost of the acquisition. Indirect costs of \$6,500 have been reflected as a pro forma adjustment to expenses for the year ended December 31, 2001 to reflect the effect of the purchase as if it had occurred on January 1, 2001. The \$5,000 cost of the financings has been reflected as a pro forma adjustment to additional paid-in capital.

Note C

Pro forma basic loss per share reflects all stock splits since January 1, 2001 and assume that the acquisition of Westerra 2000 Inc. by the Company took place on that date. Basic loss per share also reflects assumed dividends on the cumulative Series A Preferred Stock. Diluted loss per share is not presented because the effect of the issuance of the warrants that became outstanding with the acquisition of Assure Oil and Gas Corp. and the effect of the issuance of the warrants that became outstanding with this acquisition (of Westerra) is anti-dilutive.