



PRIMELINE
Energy Holdings Inc.

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超
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Annual Report 2009-2010 | 二零零九至二零一零年 年報

Corporate Information

Directors and Executives

Victor Hwang	Chairman & President
Dr G Ming Wang	CEO & Director
Brian Chan	CFO & Director
Alan Peter Johnson	Director
Peter C Kelty	Director
Graeme Phipps	Director
Yunshi Cao	Director

Registered Office

Maples and Calder, Attorneys-At-Law
Ugland House
South Church Street
Grand Cayman
Cayman Islands
British West Indies

Administrative Office

Fourteen South Audley Street
Mayfair
London, W1K 1HN
England

Auditors

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7

Registrar and Transfer Agent

Computershare Trust Company of Canada
3/F, 510 Burrard Street
Vancouver, BC V6C 3B9
Canada

Principal Bankers

Canadian Imperial Bank of Commerce
400 Burrard Street
Vancouver, BC V6C 3A6
Canada

Standard Chartered Bank
(Hong Kong) Limited
Shop 16, G/F & Lower G/F
New World Tower,
Central Hong Kong

HSBC BANK PLC
39 Tottenham Court Road,
London, W1T 2AR
England



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Chairman's Statement

Dear Shareholders

Building on our success last year in establishing a market for our gas, Primeline has continued to make significant progress with its rolling development strategy, both in the development of the LS 36-1 gas field and the exploration of the nearby prospects.

Following the execution, in October 2008, of a gas sale agreement with Zhejiang Natural Gas Development Co. Ltd., Primeline and China National Offshore Oil Corporation (CNOOC) completed the compilation of an Overall Development Programme (ODP) for the development of the LS 36-1 gas field. With the confirmation by the parties of the commerciality of the development proposal, Primeline and CNOOC entered into various agreements setting out the basis on which the development of the gas field will proceed. Under those agreements, signed in March 2010, CNOOC officially confirmed its participation in the LS 36-1 development project and was appointed as the operator for the development operations, with Primeline continuing as operator for all exploration operations. We believe that this plays to the strength of both parties as CNOOC has considerable experience and expertise in developing off shore gas fields and is able undertake procurement for the development on the basis of existing CNOOC long term procurement contacts which should result in cost savings for the development.

Since the execution of the development agreements, we have been finalising the ODP for submission to central government which has taken longer than originally anticipated due to the much stricter environmental control regime which has been adopted by government. CNOOC, as the operator for the development, has also been proceeding with the initial preparation work for the development in order to maintain the agreed programme through to the delivery of first gas.

The concept of the rolling development is to secure the gas market and establish the production facility for the Lishui Gas Play area, which we have carefully evaluated using 3D seismic data. Our strategy is to develop any additional incremental resources which may be discovered in the vicinity of the LS 36-1 gas field by tying them into the LS36-1 facility. We also have further prospects elsewhere in the Block. Any development of these prospects will allow us to grow with the market. When the development project was secured, Primeline commenced step out exploration by drilling prospect LS 35-3 in April / May 2010, some 14.5km away from the LS36-1 gas field. The LS 35-3-1 well confirmed our predicted hydrocarbon accumulation in the western flank of the Lishui Basin in that gas was discovered in and flowed from the lower reservoir of the well. All our channel sand prospects have now a confirmed working hydrocarbon generation and migration

model. Although we did not find any hydrocarbon in the primary reservoir target, due probably to up dip leakage from that sand level, the regional distribution of primary good porous sand is encouraging and will guide our future exploration work. Accordingly, we are currently continuing with the evaluation of the data from LS 35-3-1 in order to finalise the selection of the next exploration well which is required to be drilled before the end of April 2011. We have no less than three additional prospects in this play which we believe have good hydrocarbon potential.

In addition, the flowing of gas from the lower permeability reservoir in LS35-3-1 has significant implications for the development of the deeper gas sands in the LS 36-1 gas field. The gas in place in the lower sands of the LS 36-1 gas field is of a similar amount to the top good reservoir but, as it was not previously regarded as commercial, it has not been included in any previous reserve calculation or development proposal. Primeline's success in flowing gas from the lower, tight sands at LS 35-3-1 leads us to believe that, with modern fracing and other optimisation techniques, it may be possible to convert some of the gas in place in the lower zones of LS 36-1 into producible resources.

I know that the Shareholders are concerned as to how Primeline will finance its obligations in relation to the development and further exploration. With regard to the development, since finalisation of the ODP, Primeline has been in detailed discussions with a major Chinese financial institution and, on the basis of the current discussions, is confident of being able to obtain a project finance facility in RMB to finance the majority of its share of the development costs. In addition, Primeline has also been in discussions with numerous financial institutions with a view to securing mezzanine / equity financing for the balance of the development cost and the cost of its future commitment wells. Our task in the months to come is to finalise these discussions so that we can implement our development and exploration programme. I am very confident that with the continually developing Chinese market and good team work, we are going to deliver good shareholder value.

I take this opportunity to thank all our shareholders for their support and our hard working team for another year of significant development for Primeline. We are one step closer to realising our goal to be a major gas producer in offshore China.

Victor Hwang
Chairman and President

主席報告

親愛的股東

繼上一個財政年度成功地確立天然氣銷售市場之後，超準繼續執行其滾動開發策略，在麗水 36-1 氣田的開發以及其周邊有利圈閉的勘探上取得了重大的進展。

自二零零八年十月與浙江省天然氣開發有限公司簽署天然氣銷售協議以來，超準同中國海洋石油總公司（“中海油”）一道完成了麗水 36-1 氣田總體開發方案的編制工作。在雙方對開發計劃的商業性確認後，超準和中海油簽訂了有關氣田開發的多項開發協議。依據二零一零年三月簽訂的一系列開發協議，中海油正式確認參與麗水 36-1 開發項目，並擔任開發作業者負責開發及生產作業；而超準將繼續作為勘探作業者負責未來的勘探作業。我們相信這能最大程度地發揮雙方的特長，因為中海油在海上天然氣開發領域有其豐富的經驗及專長。同時中海油可以根據其現有的長期採辦合同為該項目進行採辦，從而縮減開發成本。

執行開發協議之後，我們已經完成了總體開發方案的定稿工作，並準備報中央政府審批。但由於目前中央政府採取了更為嚴格的環保監管體制，總體開發方案的上報審批流程較預期有所延長。作為開發作業者，中海油正在推進各項前期開發準備工作，以確保開發項目能按天然氣銷售協議規定的日期供氣。

滾動開發策略的初衷是為鎖定天然氣銷售市場，並在麗水氣區架設生產設施。我們已利用三維地震資料對麗水氣區進行了詳細的評估。我們的策略是在麗水 36-1 氣田投產後，依託其生產設施逐步對該氣田周邊的其他資源進行開發。在區塊內的其它區域，我們亦劃定了許多有利圈閉，因而我們未來將隨著市場的增長及周邊開發逐步增加我們的供氣能力。伴隨著開發項目的確立，超準積極地推進周邊勘探工作，並於二零一零年四月至五月間鑽探了麗水 35-3 圈閉。該圈閉距離麗水 36-1 氣田僅 14.5 公里。麗水 35-3-1 井證實了我們對麗水盆地西斜坡存在油氣成藏的預測，並在下部儲層中，測試獲得天然氣流。很遺憾可能由於砂層上傾方向的封堵性差，我們在第一個目的層未有斬獲，但我們證實了上部優質儲層的區域性分佈，這對我們未來的勘探工作具有重要指導意義。目前，我們正對麗水 35-3-1 井的資料進行評估，以期確定下一口勘探井的井位，並將在二零一一年四月底之前完成下一口井的鑽探作業。在該氣區中，我們至少還圈定了另外 3 個有利圈閉，而我們對這些圈閉的油氣潛能充滿信心。

此外，麗水 35-3-1 井在低滲儲層中取得的天然氣流對麗水 36-1 氣田內深層低滲含氣砂岩的開發具有重大的意義。麗水 36-1 氣田中下部低滲層中的天然氣原地儲量與其上部儲層中的儲量相當，但之前被認為不具備商業開發

的價值，因此沒有被納入任何儲量計算或開發計劃中。超準在麗水 35-3-1 井中的鑽探過程中，成功在下部低滲砂岩中測試取得天然氣流，使我們深信，隨著現代壓裂和其他優化技術的採用，將麗水 36-1 氣田下部低滲儲層中的天然氣資源轉化成可生產儲量是完全可能的。

我深知股東們關心超準將如何籌措相關的開發和勘探資金。關於開發費用，自總體開發方案完成后，超準已與一家中國的主要金融機構就具體貸款事宜進行了深入的談判。就目前的進展情況而言，我們有信心獲得開發費用中超準應承擔份額之大部份人民幣貸款。此外，超準亦與多家金融機構以股權融資方式就剩餘部份的開發費用及未來勘探費用之融資事宜進行商談。我們的目標是在接下來的幾個月內完成融資工作，以便執行我們的開發和勘探計劃。中國市場將持續發展，而我們團隊的精誠努力，必將給股東們帶來良好的收益，我對此深信不疑。

借此機會，我感謝全體股東一如既往的支持和超準全體同仁在過去一年中辛勤的工作。我們向成為中國海上天然氣主要生產商的既定目標，又邁進了一大步！

黃偉華
主席兼總裁



Primeline Energy Holdings Inc. (TSX Venture-PEH) Management Discussion and Analysis for the Year Ended March 31, 2010 (Prepared by Management)

Introduction

This management discussion and analysis is dated July 28, 2010 and takes into account information available up to that date. It should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended March 31, 2010, which have been prepared in accordance with Generally Accepted Accounting Principles in Canada. All monetary amounts in this discussion and analysis are expressed in Canadian dollars unless otherwise noted.

Cautionary Note Regarding Forward-Looking Statements

Some of the following disclosures contain forward-looking statements, which involve inherent risk and uncertainty affecting the business of Primeline. These statements relate to the time anticipated to submit and gain government approval of the Overall Development Program (referred to herein as the "ODP") for the Lishui 36-1 (or LS 36-1) gas field, the commencement of the development of the LS 36-1 gas field (referred to herein as the "Development"), the Company's expectation that it will enter into a final contract for the sale of gas from the LS 36-1 gas discovery and the results of exploration of the Company's other resources and exploration prospects. They are based on assumptions that submission of the ODP for government approval will be completed and approval gained in a timely fashion, that the Development will be commenced as planned, that funding will be sufficient to pay the costs of the Development, that a final gas sale contract can be concluded on acceptable terms and that the results of further exploration will be favourable. Actual results may vary from those anticipated in such statements. Work may be delayed for technical and other reasons and, if it is, approval of the ODP will also be delayed. Funding may not be sufficient and, if it is not, the Company may be unable to complete some or all of the Development. Costs of the Development may be greater than anticipated. The Company may not be able to conclude a final contract for gas sale on acceptable terms. Exploration for oil and gas is subject to the inherent risk that it may not result in a commercial discovery.

Company and Project Overview

Primeline Energy Holdings Inc. ("the Company") is focused exclusively on upstream oil and gas opportunities in China. The Company owns rights in and operates an exploration licence of 5,221 sq km in the East China Sea ("Block 25/34") pursuant to a Petroleum Contract dated March 24, 2005 ("Petroleum Contract") entered into between China National Offshore Oil Corporation ("CNOOC"), Primeline Energy China Ltd. ("PECL"), a wholly owned subsidiary of the Company, and Primeline Petroleum Corporation ("PPC"), an affiliated company wholly owned by Victor Hwang, the Company's chairman and majority shareholder. PECL and PPC act jointly as the "Contractor" under the Petroleum Contract and PECL and PPC own 75% and 25% respectively of the Contractor's interests in the Petroleum Contract. Primeline Energy Operations International Ltd. ("PEOIL"), another wholly owned subsidiary of the Company, is designated as "Operator" under the Petroleum Contract. References in this MD&A to "Primeline" refer generally to the Company, PECL, PEOIL and PPC and references to the Company include its subsidiaries PECL and PEOIL. References to the "Contractor" are to PECL and PPC acting jointly.

Pursuant to the Petroleum Contract, the Contractor is required to fund all exploration costs and CNOOC has the right to participate in up to 51% of any commercial development by paying its pro rata share of the development and operating costs required for production of any oil or gas. The Contractor has the right to recover exploration costs from future production.

Primeline and CNOOC are implementing a rolling development strategy in the Lishui Basin. Primeline is working with CNOOC on the development of the LS 36-1 natural gas discovery ("LS 36-1 gas field") in Block 25/34 on a stand-alone basis. The LS 36-1 gas field was discovered by Primeline and has two wells with DSTs which tested flow rates of 9.9 and 12.6 MMcf/d of natural gas and has probable recoverable gas reserves of 119 bcf (Company net of 44 bcf).

管理層論述及分析

截至二零一零年三月三十一日止年度

引言

此管理層論述及分析包含了截至二零一零年七月二十八日的所有公司業務資料，讀者亦需參閱截至二零一零年三月三十一日止年度之經審核綜合財務報表及相關附註。此報表乃根據加拿大公認會計原則編製。本論述及分析中所有貨幣單位，除非特別說明，皆以加元呈列。

關於對未來前瞻性表述的警示

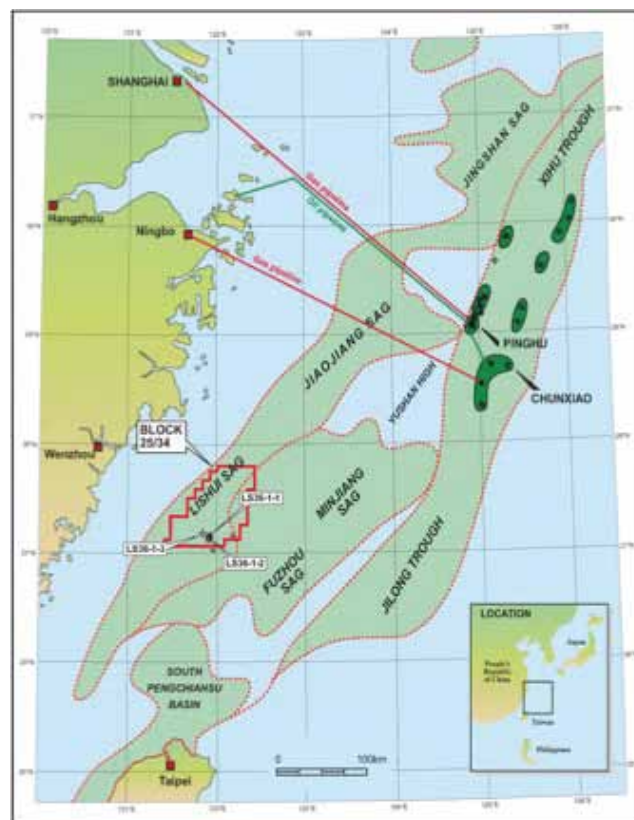
此論述及分析包含了對未來的前瞻性展望，和其固有的風險及不確定因素將對超準的業務造成的影響。這些論述包括對麗水 36-1 氣田總體開發方案（“總體開發方案”）向政府遞交並獲得批准的時間預期；麗水 36-1 氣田開發項目（“開發”）啟動的預計；公司對麗水 36-1 天然氣發現的最終天然氣購銷合同的簽署以及對公司其它資源的勘探結果和開發遠景的預期。而這些都是基於以下的假設：總體開發方案按時遞交並獲政府批准；開發工作如期進行；有足夠的開發資金；最終天然氣購銷合同條款能圓滿達成一致以及後續的勘探工作能夠帶來令人滿意的結果。而實際情況可能與上述預期不同，可能因為技術性和其它原因的延誤，而影響總體開發方案的獲批；可能因缺乏足夠的資金而造成開發工作部分或全部擱淺；開發的成本可能會高於預計；公司也許不能就最終天然氣購銷合同的條款與買方達成一致而無法完成此項協議的簽署；由於石油和天然氣勘探本身的風險性，可能無法找到具有商業開發價值的油氣發現。

公司及項目概況

超準能源開發機構（“本公司”）是一家專注於開發中國石油天然氣工業上游商機的獨立能源公司。本公司依據與中國海洋石油總公司（“中海油”）於二零零五年三月二十四日簽訂的石油合同，擁有在中國東海 25/34 區塊 5,221 平方公里海域內的勘探開發權並擔當作業者。依據此份合同，本公司全資附屬公司超準能源中國有限公司與本公司主席和主要股東黃偉華先生所擁有的超準石油公司，共同作為石油合同中的“外國合同者”或“合同者”，分別擁有 75% 及 25% 的合同者權益。本公司的另一家全資附屬公司，超準能源服務國際有限公司則被指定為石油合同的作業者。此論述和分析中提及的“超準”泛指本公司、超準能源中國有限公司、超準能源服務國際有限公司及超準石油公司；而本“公司”則包括其子公司超準能源中國有限公司和超準能源服務國際有限公司；“合同者”則為超準能源中國有限公司和超準石油公司的聯合稱謂。

依據此份石油合同，合同者需承擔所有勘探費用。中海油有權參與未來任何商業開發最高 51% 的股份，並按比例承擔油氣生產的開發費用和生產作業費用。而本公司有權從未來的油氣生產收入中回收前期的勘探費用。

超準和中海油正在麗水盆地實施滾動開發的策略。超準與中海油正在啟動對位於 25/34 區塊內的麗水 36-1 氣田的獨立開發。麗水 36-1 氣田是由超準發現的，目前已鑽兩口氣井，鑽桿測試時曾分別獲得日產量為 990 萬和 1,260 萬立方英尺的天然氣氣流。探明及控制可採儲量為 1.190 億立方英尺（公司淨值為 440 億立方英尺）。



Block 25/34 Location Map
東海 25/34 合同區位置圖

There are several related prospects in the vicinity of the LS 36-1 gas field (generally referred to as the "Lishui Gas Play") which have been seismically delineated and Primeline has discovered gas in one of these prospects through its well LS 35-3-1 drilled in April to June 2010. Furthermore, Primeline believes that there is hydrocarbon potential, in addition to the Lishui Gas Play, in the remainder of Block 25/34.

The development of LS 36-1 may not by itself yield significant income in the near term but it would confirm the market for gas to be produced from Block 25/34 and establish a production facility for the Lishui Gas Play. The confirmation of the market and the creation of the production facility would significantly enhance the potential value of any additional resources which may be discovered, not only in the LS 36-1 gas field itself in the probable and possible category resources but, also, in the Lishui Gas Play and elsewhere within Block 25/34.

Annual Progress Review

During the year under review, Primeline has continued to pursue its dual strategy of working towards a stand-alone development of the LS 36-1 discovery, based on the currently confirmed resources, whilst at the same time continuing its efforts to explore the nearby prospects to expand the current resource base. Primeline has made significant progress in both aspects of the strategy.



Accordingly, Primeline's development and exploration activities during the year under review have consisted of:

Development

- completion of the compilation of the ODP for the development of the LS 36-1 discovery and preparation for the submission of the ODP for central government approval;
- continued negotiation, in conjunction with CNOOC, of the further detailed terms on which the gas will be sold to Zhejiang Provincial Natural Gas Grid for incorporation into a Framework Agreement with Zhejiang Gas which has been signed, in July 2010, subsequent to the year end;
- negotiation and execution of CO₂ sales agreements with three regional CO₂ distributors;
- continued negotiation of the terms of the land acquisition for the landing site for offshore pipeline and gas processing terminal at the identified site in Wenzhou;
- commencement and completion of the negotiations for the Supplemental Development Agreement ("SDA") and related agreements with CNOOC governing the development and production operations relating to the LS 36-1 gas field and required for finalisation of the ODP;
- commencement and continued discussions with financial institutions relating to the financing of Primeline's share of the development project funding.

Exploration

As part of the overall rolling development strategy, Primeline has been actively planning the step out drilling into the nearby prospects in the Lishui Gas Play, including:

- completion of the well design and other preparation work;
- execution of a turnkey drilling contract with China Oilfield Services Ltd. (COSL) and, subsequent to the year end, drilling of an exploration well LS35-3-1 resulting in a hydrocarbon discovery.

Primeline is currently conducting the post well evaluation and a re-assessment of the remainder of the Block incorporating the information collected from the new well.

在麗水 36-1 氣田周邊存在數個相關並有很好油氣潛能的圈閉（統稱“麗水氣區”）。超準在該區域實施了地震評估工作，於二零一零年四月份至六月份間在其中一個圈閉鑽探了麗水 35-3-1 井，並發現了天然氣。此外，本公司認為除麗水氣區外，在 25/34 區塊其餘的廣闊海域內，還應該蘊藏著豐富的油氣資源潛能。

單就麗水 36-1 氣田開發項目而言，可能在短期內不會給公司帶來巨大的收益。其重要意義在於它能夠為 25/34 區塊中的天然氣確立銷售市場，並在麗水氣區建立油氣生產設施。天然氣銷售市場的確立，與開發生產設備的架設不但能極大地加強麗水 36-1 氣田未動用的控制和預測儲量的潛在價值，更重要的是為麗水氣區以及 25/34 區塊內任何後續發現的開發奠定基礎。

年度工作進展與回顧

在過去一年中，超準繼續執行既定的滾動開發策略，即基於現有麗水 36-1 氣田已探明的資源，在推進該天然氣田獨立開發工作的同時，繼續勘探工作，以擴大現有的資源量。超準已經在這兩方面取得了重大的進展。

超準本年度的開發與勘探工作包括以下幾個方面：

開發

- * 完成麗水 36-1 氣田的總體開發方案編制，並準備報中央政府審批；
- * 超準同中海油一道與浙江省天然氣開發有限公司（“浙氣”）就天然氣購銷的具體條款進行進一步磋商，並在本財年之後，於二零一零年七月份簽訂了天然氣購銷框架協議；
- * 和三家區域性的二氧化碳銷售商談判並簽署二氧化碳購銷協議；
- * 就位於溫州的終端海底管線登陸地址，終端天然氣處理廠場址，以及徵地事宜進行談判；
- * 與中海油就開發補充協議及其相關協議進行談判，並簽署相關協議，以確定麗水 36-1 氣田開發和生產的合同及商務安排。這些協議的簽署是完成總體開發的必備條件。
- * 與諸多金融機構就超準開發項目的融資進行談判。

勘探

作為滾動開發戰略的一部份，超準在本年度積極地準備在麗水氣區周邊的有利圈閉進行鑽探，包括

- * 完成鑽井設計以及其它的準備工作；
- * 履行與中海油田服務股份有限公司（“中海油服”）簽訂的鑽井總包合同。繼本財年後，鑽探了麗水 35-3-1 探井，並有油氣發現。

超準正對該井進行鑽後評價工作，並同時利用新井所收集的資料對本區塊其餘區域進行再評估。



DEVELOPMENT OF LS 36-1 GAS FIELD

Development Work Overview

Primeline's existing gas discovery, LS 36-1, has only relatively small reserves defined by the two successful wells and was previously regarded as sub-commercial. In 2007, Primeline and CNOOC obtained reserve approval from the Chinese State Reserve Commission and completed a feasibility study of the stand-alone development of LS 36-1. Based on the results of the formal feasibility study, CNOOC signed, with Zhejiang Natural Gas Development Co. Ltd. ("Zhejiang Gas"), the Agreement in Principle for the Sale and Purchase of Natural Gas from LS 36-1 ("Agreement in Principle") in October 2008. In 2009, Primeline and CNOOC commenced and completed the preparation of the ODP for LS 36-1 and confirmed the commerciality of the gas field. Primeline and CNOOC then entered into the SDA and various other agreements related to the Development in March 2010. Primeline and CNOOC are currently preparing for the submission for government approval of the development whilst carrying out necessary development preparation work including terminal land acquisition.

Overall Development Program ("ODP")

The ODP is required to be approved by the Chinese government before Development can officially commence. It comprises a formal development engineering plan, backed up by survey results and environmental studies, together with a full economic analysis of the Development.

Following the execution of the Agreement in Principle in October 2008 and the optimisation of the previous feasibility study between November 2008 and January 2009, Primeline contracted CNOOC Research Beijing to compile the ODP in February 2009.

CNOOC Research took overall responsibility for the compilation and technical approval of the ODP, including technical design, analytical work and management of the various surveys and third party services. The two environmental surveys, the costs of which were included in the overall budget, were previously commissioned and paid for by Primeline in May 2008 and October 2008 with the work being closely monitored by CNOOC Research. The important surveys in 2009 were the pipeline route survey and platform site survey, which were both contracted to COSL. Other survey work included environmental surveys for the

platform, pipeline, terminal and jetty, the site survey for the terminal and the fishery resources survey. Specific studies included a study of potential hazards for the terminal, pipeline and platform, an earthquake risk assessment, occupational health studies, CO₂ utilisation market research and a number of specific studies on reservoir, drilling and engineering. CNOOC Research is responsible for obtaining technical approval of the ODP from all of the appropriate Chinese State Authorities.

The technical work, supported by completed surveys and additional study results, was largely completed in July 2009. Primeline and CNOOC Shanghai held a joint review meeting in late July 2009 in Shanghai to review the initial results. Following that initial review, additional work was carried out and the final review by CNOOC Head office was held on August 27, 2009 in Wenzhou, the major city on the coast where the proposed offshore pipeline will land directly from the LS 36-1 gas field. At the final technical review, the ODP was approved and accepted by CNOOC and Primeline and it was agreed that the parties would proceed to seek internal approval from CNOOC Investment Committee and Primeline's Board before submission of the ODP for central government approval. Primeline and CNOOC confirmed the development proposals at a Joint Management Committee ("JMC") meeting held on March 31, 2010 in Shanghai.

The ODP was finalised in December 2009 after which Primeline and CNOOC prepared the supporting documentation for the ODP for submission to the relevant government departments for approval which includes an occupational hazard assessment, a safety assessment report and an environment impact assessment ("EIA"). All three reports need to be reviewed and approved by a government designated expert panel and submitted to and approved by the relevant government ministries and commissions before the ODP can be formally submitted for approval. Primeline and CNOOC aim to have approvals in place and to submit the full ODP to the National Development and Reform Commission in the third or fourth calendar quarter of 2010. The ODP was completed within its budget of RMB36 million (US\$5.5 million) (Company's share C\$4.3 million).

麗水 36-1 氣田開發

開發工作概述

超準現有的麗水 36-1 天然氣田中的兩口鑽井資料顯示其探明及控制的儲量較小，因此以前被認為不具備商業性開發的條件。二零零七年，超準和中海油上報的儲量獲得了國家儲量委員會的批准，並且完成了麗水 36-1 氣田獨立開發可行性研究。依據正式的可行性研究結果，中海油與浙氣”就天然氣購銷事宜進行磋商，並於二零零八年十月完成麗水 36-1 氣田天然氣購銷原則協議（“原則協議”）的簽署。二零零九年超準與中海油展開並完成了麗水 36-1 氣田總體開發方案的編制，明確了該氣田開發的商業性。二零一零年三月份，超準與中海油就氣田開發簽訂了開發補充協議以及其它一系列相關的協議。超準和中海油正準備總體開發方案上報國家批准的事宜，其它包括終端徵地在內的必要的開發準備事宜也在同時進行。



總體開發方案

在總體開發方案獲得中國政府批准後，開發工作才能正式開展。此方案需包含正式的開發工程計劃、調查結果、環境評估以及對開發工程完整的經濟分析。

在二零零八年十月天然氣購銷原則協議簽署，二零零八年十一月份至二零零九年一月份可行性研究方案優化設計完成後，超準與中海油研究中心於二零零九年二月份簽約，委托其進行總體開發方案的編制。

中海油研究中心全面負責總體開發方案的編制以及其技術審批，這包括技術設計、分析工作、各種調查工作以及第三方服務的管理。兩次環境調查工作均由中海油研究中心監督執行，其費用由超準分別於二零零八年五月份和十月份支付，此項費用包含在總體開發方案的總預算中。在二零零九年所有的調查中，海底管線路由調查和平臺場址調查尤為重要，此兩項均由中海油服執行。其它的調查還包括平臺場址、海管調查、終端及碼頭的環境調查、終端場址調查、漁業資源調查等。具體的研究工作還包括終端海管和平臺的潛在危險研究、地震風險評估、職業健康研究、二氧化碳利用及市場分析、油藏分析、鑽井研究和工程研究等。中海油研究中心負責獲得各相關國家部門對總體開發方案的技術審批。

總體開發方案中包括各種調查以及研究的技術工作，大部份於二零零九年七月份完成。超準和中海油上海分公司於二零零九年七月下旬在上海組織了對總體開發方案初步結果的聯合審查會；會後總體開發方案依照專家意見進行了修正。中海油總部於二零零九年八月二十七日在溫州舉行了對總體開發方案結果的最終審查會。而溫州是麗水 36-1 氣田的海底管線在中國沿海的登陸點。總體開發方案最終結果通過了超準和中海油總部的審查，雙方均同意在總體開發方案上報國家批准之前，中海油應取得其內部投資委員會對總體開發方案的審批，超準亦需取得其董事局的審批。二零一零年三月三十一日，在上海舉行的聯合管理委員會（“聯管會”）上，超準和中海油明確批准了開發提案。

總體開發方案的編制於二零零九年十二月份完成，之後超準和中海油開始準備了用以支持總體開發方案上報的一系列相關文件。這其中包括職業病危害分析、安全評估和環境影響評估。在總體開發方案正式上報中央政府之前，這三份報告均需經由政府指派的專家組進行審閱及批復，並上報相關的國家機關進行審批。超準和中海油目前計劃在獲得這些審批后，於二零一零年第三或第四季度正式向國家發展和改革委員會提交總體開發方案。總體開發方案的編制費用預算為 3,600 萬人民幣（550 萬美元）（本公司需承擔 430 萬加元），實際所花費用在預算之內。

Development Agreements

During the majority of the financial year under review, Primeline and CNOOC were negotiating the terms of the SDA, a Joint Operating Agreement ("JOA"), an agreement relating to the implementation of the development and procurement and cost control principles ("Implementation Agreement") and a letter agreement amending a previous agreement relating to the terms of the Petroleum Contract ("Amendment Agreement"). These agreements ("Development Agreements"), which will govern the development and production operations relating to the LS 36-1 gas field, were signed on March 17, 2010 in Beijing at a ceremony attended by senior management from CNOOC and Primeline. The main terms of the Development Agreements are summarised below.

Transfer of Operatorship for the Development

One of the principal purposes of the Development Agreements was to transfer the operatorship for the development and production operations for the LS 36-1 gas field from PEOIL to CNOOC China Ltd Lishui Operating Company ("CCLOC"), to be established as a wholly owned subsidiary of CNOOC China Limited, a subsidiary of CNOOC Ltd. (the listed subsidiary of CNOOC). Various benefits are expected from this transfer of operatorship. Firstly, CNOOC Ltd. has an established project management team which has considerable relevant experience and which would be mobilised with minimum delay. Secondly, as a subsidiary of CNOOC Ltd., CCLOC is able to procure the services and equipment required for the development of the gas field on the basis of existing CNOOC long term procurement contracts with various contractors which, together with other operational efficiencies, should result in cost savings for the Development. CCLOC will act only as operator in respect of the development and production operations for the LS 36-1 gas field; PEOIL will continue to act as operator under the Petroleum Contract in respect of all continuing exploration operations.



開發協議

本財年的大部份時間裏，超準和中海油就開發項目涉及的有關協議進行了深入地談判。這些協議包括開發補充協議 ("SDA")、聯合作業協議 ("JOA")、用於管理開發採辦和費用控制的執行協議 ("執行協議")，和一份用於修正之前石油合同相關條款的修正協議 ("修正協議")。這些協議 (合稱 "開發協議") 將被用於管理麗水 36-1 氣田的開發與生產作業，並由雙方管理高層於二零一零年三月十七日在北京舉行的簽字儀式上簽字。開發協議的主要條款羅列如下：

開發作業者身份轉讓

開發協議簽署的最主要目的之一便是將超準能源服務國際有限公司對於麗水 36-1 氣田的開發及生產作業的作業者身份轉讓給將要成立的中海石油 (中國) 有限公司麗水作業公司 ("CCLOC")，即中海油屬下的上市公司中海油有限公司的全資子公司。此項作業者轉換將帶來如下的好處：首先中海油有限公司已經擁有一支具備豐富作業經驗的項目管理團隊，啟用此團隊，將最大限度地縮短項目進程的延遲。其次，作為中海油有限公司的子公司，中海石油 (中國) 有限公司麗水作業公司將享受現有的中海油內部與各承包商已簽訂的長期優惠採辦價以及高效的作業效率，這將縮減開發項目的開支。中海石油 (中國) 有限公司麗水作業公司將只負責麗水 36-1 氣田的開發與生產作業。超準能源服務國際有限公司將依照石油合同之規定，繼續作為作業者執行 25/34 區塊的後續勘探工作。



SDA, JOA and Implementation Agreement

Under the SDA, CNOOC formally confirmed the exercise of its right under the Petroleum Contract to take its full participating interest of 51% in the LS 36-1 gas field, such that the respective participating interests in the development of and production from the gas field are 51% CNOOC, 36.75% PECL and 12.25% PPC. The development and operating costs will be borne by the parties in accordance with their respective participating interests.

The SDA also confirmed that:

- a development area of circa 85 km² surrounding the LS 36-1 gas field will be carved out of Block 25/34;
- the production period for the LS 36-1 gas field will be for a minimum of 15 years from the commencement of commercial production and will be extended in the event that additional gas resources are discovered within Block 25/34 which can be tied into the production facilities established for LS 36-1; and
- the production facilities will be owned by the parties jointly in the proportions of their participating interests until full cost recovery and the parties shall have the continuing right, until the end of the production period, to use the production facility assets in respect of any additional resources which may be discovered within Block 25/34 and which can be tied into the production facility assets.

The SDA was subsequently ratified by the Ministry of Commerce of the People's Republic of China and became effective on June 13, 2010.

The JOA, which was entered into by CNOOC China Ltd., PECL and PPC, sets out the basis on which CCLOC shall establish a project management team in Shanghai and carry out the development and production operations. In particular, it provides that Primeline may appoint certain key members to the project management team who will be involved in all procurement and operational decisions and granted Primeline a significant degree of control over how those operations are carried out with all major decisions being by unanimous decisions of the Parties. The JOA is supplemental to the SDA and accordingly also became effective on June 13, 2010.

In the Implementation Agreement, Primeline and CNOOC agreed that the development preparation work should be implemented immediately in order that the Development could be completed in time to deliver first gas to Zhejiang Gas in accordance with the agreed target date of mid 2012 and it was agreed that CNOOC would be responsible for such initial preparation work in order to maintain the target. The Implementation Agreement also set out the agreed principle that as much of the procurement of the development as possible should be contracted using long term procurement contracts established by CNOOC in order to achieve cost savings so that the development can be delivered as economically and efficiently as possible.

Pursuant to a previous amendment agreement in February 2008, CNOOC and Primeline had agreed that the first exploration period under the Petroleum Contract would be extended by one year and that one of the two subsequent two-year exploration periods would be reduced by a corresponding period of one year, unless otherwise agreed. It was agreed, pursuant to the Amendment Agreement, that the two remaining exploration periods under the Petroleum Contract would be for two years each. Thus, the second exploration period, which commenced on May 1, 2009, will end on April 30, 2011 and the third exploration period will commence on May 1, 2011 and end on April 30, 2013.

The signing of the Development Agreements marked the commencement of the development project with Primeline and CNOOC working in close co-operation, playing to their respective strengths for the common goal of a successful rolling development. It is intended that the agreed principles will lead to cost saving and streamlined management and scheduling which are both vitally important to the development of the LS 36-1 gas field. In addition, the clear division of responsibilities enables Primeline to focus on the step out exploration programme for which Primeline continues to be the operator.

開發補充協議，聯合作業協議和執行協議

在開發補充協議中，中海油正式確認全額行使其在石油合同項下所擁有的麗水 36-1 氣田 51% 的權益。因此麗水 36-1 氣田的開發項目的權益比例分別為，中海油佔 51%，超準能源中國有限公司佔 36.75%，超準石油佔 12.25%。此氣田開發及生產所需的費用均按照各自權益比例分攤。

開發補充協議同時明確了如下幾點：

- * 麗水 36-1 氣田的開發區面積約為 85 平方公里，此開發區將從 25/34 區塊勘探面積中剔出；
- * 麗水 36-1 氣田的生產年限將從其開始商業生產算起，為期最少十五年。若任何後續氣源在 25/34 區塊內被發現，並可以利用麗水 36-1 氣田的生產設施加以開發生產，麗水 36-1 氣田的生產年限將被延長；
- * 麗水 36-1 氣田的生產設施將由中海油和超準按照各自的權益比例共同擁有。在投資成本回收完成後，雙方仍保有對生產設施的使用權。在生產年限結束前，生產設施可用來開發 25/34 區塊內發現的後續油氣資源。

開發補充協議於二零一零年六月十三日獲中華人民共和國商務部批准，於當天生效。

中海油中國有限公司，超準能源中國有限公司和超準石油共同簽訂的聯合作業協議規定中海石油（中國）有限公司麗水作業公司需要在上海組建一支項目管理團隊，來管理未來的開發及生產作業。需要特別指出的是，協議規定超準有權指派若干主要代表進入項目管理團隊，直接參與項目採辦及運作決策。協議同時規定，所有項目運作的重大決策必須由雙方協商一致通過才能生效，這在極大程度上給予了超準對項目的控制權。作為開發補充協議的補充，聯合作業協議亦於二零一零年六月十三日生效。

在執行協議中，超準和中海油商定，為了保證開發項目按時完成並實現二零一二年年中向浙氣供氣的目標，一些開發準備工作應該由中海油負責立即著手進行。執行協議同時規定，開發項目採辦合同應儘可能多採用中海油的長期合作價，以節省項目開支，保證項目的高效及低成本運行。

依據二零零八年二月中海油和超準商定的石油合同修正協議，石油合同所規定的第一個勘探期將延長一年，但後續兩個為期兩年的勘探期的其中一個將相應地減少一年。依據此次修正協議之規定，石油合同項下的第二個和第三個勘探期均恢復為兩年。因此第二個勘探期自二零零九年五月一日開始，至二零一一年四月三十日結束。第三個勘探期自二零一一年五月一日開始，至二零一三年四月三十日結束。

開發協議的簽署標誌著開發項目的啟動並體現了中海油和超準的緊密合作精神，為實現共同的滾動開發的目標而各盡其力。協議中商定的原則不僅有助於縮減開發支出，更有利於簡化管理程序並加快進度，這對整個麗水開發項目來說是至關重要的。此外，明確的分工讓超準能夠更加專注於其所負責的勘探工作。



Gas Sale Agreement

The Agreement in Principle signed between CNOOC (on behalf of themselves and Primeline) and Zhejiang Gas defined the general terms on which Zhejiang Gas agreed to purchase the future production of natural gas from the LS 36-1 gas field, including the quality of the gas, take-or-pay principles, base price, annual quantity and delivery schedule. The principles set out in the Agreement in Principle govern the further negotiation of the Framework Agreement, and, subsequently, the final gas sale contract, the terms of which can only be finalised during the development of the production facility. During the year under review, Primeline, CNOOC and Zhejiang Gas have continued their negotiation of the detailed terms of the gas sale, for incorporation into a more formal agreement relating to the gas sale, referred to as the Framework Agreement.

Subsequent to the year under review, CNOOC and Zhejiang Gas signed the Framework Agreement for the sale and purchase of gas from LS 36-1 Gas Field which was dated on July 7, 2010. The Framework Agreement replaced the Agreement in Principle. The commercial terms are substantially the same as the Agreement in Principle but the Framework Agreement contains various detailed terms, including the delivery point, delivery planning and schedule, determination of final delivery gas price and payment terms, which had not previously been confirmed in the Agreement in Principle. The Framework Agreement is sufficient to satisfy the requirement for the government approval and project financing of the development.

During the development of the production facility, when further supply and production details are confirmed, CNOOC and Primeline will negotiate further details of the gas sale and it is anticipated that the Framework Agreement will in due course be replaced by a final gas sale contract.

In signing the Framework Agreement, CNOOC acted on its own behalf and on behalf of the Company and PPC. CNOOC has previously entered into a separate agreement with the Company and PPC confirming that the Company's and PPC's share of the gas (being 36.75% and 12.25% respectively) from the LS 36-1 gas field will be sold through CNOOC on the same terms as the Framework Agreement.

CO₂ Market Research and Sale

The raw gas in LS 36-1 contains CO₂ which must be extracted as part of the process of production of natural gas for sale into the Zhejiang provincial gas grid. Under the ODP for the LS 36-1 gas field it is planned that the CO₂ should be extracted and then liquefied to create food grade liquid CO₂ which can be sold into the local market. Primeline commissioned a detailed market research report to assess the market for liquid CO₂, which confirmed that there is a rapidly growing market for CO₂ products in the East China region with applications including metal processing, fabrication (particularly in the ship building industry) and numerous uses in the food industry.

Primeline and CNOOC concluded initial negotiations with the three largest CO₂ distribution companies in Zhejiang and Fujian Provinces which resulted in Framework Distribution Agreements ("CO₂ Agreements") being signed between CNOOC and each of the three distribution companies in December 2009. In entering into the CO₂ Agreements, CNOOC acted on its own behalf and on behalf of the Company and PPC. A separate agreement was entered into between CNOOC, the Company and PPC outlining the terms of authorisation for CNOOC to sell the CO₂ on behalf of the Company and PPC pursuant to the CO₂ Agreements.

Under the CO₂ Agreements, the distribution companies agreed to take or pay for an aggregate amount of liquid CO₂ representing the initial proposed production from the LS 36-1 gas field. The CO₂ Agreements define the general terms on which the distribution companies will buy and distribute the liquid CO₂ to be produced by Primeline and CNOOC. These three companies will sell the liquid CO₂ into the East China market, each being granted an exclusive distribution area. The ODP contains plans for a dock facility adjacent to the gas processing terminal which is intended to be used to facilitate the transportation of the liquid CO₂ by sea.

On the basis of the price agreed for the sale of the liquid CO₂ it is anticipated that the full cost of the creation and operation of the liquefied CO₂ production facilities will be covered with a small profit.

天然氣購銷協議

由中海油（代表其自身及超準）和浙氣共同簽訂的原則協議確定了浙氣同意購買麗水 36-1 氣田所產之天然氣的原則性商務及合同條款，這包括氣質、照付不議原則、氣價、年供氣量和交付計劃。原則協議對這些條款的規定將指導下一步的框架協議乃至最終的天然氣購銷合同的商談；而最終的天然氣購銷合同之條款，需等到生產設施的開發開始方能確定。本財年內，超準、中海油及浙氣就包含天然氣購銷具體條款的天然氣購銷框架繼續進行了談判。

本財年後，中海油與浙氣於二零一零年七月七日，簽訂了麗水 36-1 氣田天然氣購銷框架協議。此協議取代了之前的原則協議。框架協議未對原則協議中實質性商業條款做大的改動，但包含了一些詳細條款，諸如天然氣交付點，交付計劃和安排，最終交付價格確定以及支付方式等。而這些詳細條款在原則協議中未做規定。框架協議的簽署，已能滿足總體開發方案的報批要求，並可作為超準項目融資的商務保障。

生產設施開發期間，隨著供氣和生產細節的進一步確定，中海油和超準將就天然氣購銷的更進一步的細節與浙氣進行洽談。適當的時候，天然氣供銷框架協議預計將在適當的時候由一個最終的天然氣購銷合同取代。

中海油簽署框架協議時代表了其自身、本公司及超準石油。之前本公司及超準石油與中海油已簽署了一份協議，確認中海油有權代表本公司及超準石油按照框架協議之規定銷售其在麗水 36-1 氣田所擁有的天然氣份額（本公司佔 36.75%，超準石油佔 12.25%）。

二氧化碳市場調研及銷售

麗水 36-1 氣田出產的天然氣中含有二氧化碳氣體，而天然氣在銷往浙江省天然氣管網之前必須在生產工藝中將其分離出來。按照麗水 36-1 氣田總體開發方案的設計，這部份二氧化碳氣體將被分離並液化，在達到食品級要求後銷往當地市場。超準聘請專業調研公司對液態二氧化碳市場進行了詳細的調研，並完成了相關報告。調研結果顯示華東地區二氧化碳產品市場正在迅猛增長。二氧化碳的主要應用領域包括金屬處理和製造業（特別是船舶製造業）；其在食品行業中也有廣泛的用途。

超準和中海油與浙江省及福建省三家最大的二氧化碳銷售商完成了購銷初期談判。於二零零九年十二月，中海油代表其自身以及本公司和超準石油，與三家二氧化碳銷售商簽署了二氧化碳購銷框架協議（“二氧化碳協議”）。同時，中海油和本公司及超準石油簽署了一份授權協議，協議中明確規定本公司及超準石油授權中海油依據二氧化碳協議代表其銷售二氧化碳產品。

根據二氧化碳協議之規定，銷售商同意按照照付不議原則銷售定額的麗水 36-1 氣田液態二氧化碳產品。二氧化碳協議明確了銷售商將購買和銷售超準和中海油生產的液態二氧化碳的主要商務條款。三家銷售商公司將依據規定在華東市場不同的區域銷售二氧化碳產品。總體開發方案已規劃在天然氣陸上終端附近建造一個碼頭，而該碼頭計劃用於液態二氧化碳的海上運輸。

基於雙方認可的液態二氧化碳未來銷售價格，預計在回收液態二氧化碳生產設施的建設和運營成本之後，仍有一定的利潤。



Development Finance

Following commencement of the preparation of the ODP, Primeline entered into initial discussions with various financial institutions with the intention of securing project finance for its share of the development costs. During the year under review, Primeline continued these discussions with a number of Chinese financial institutions and made significant progress in such discussions. The intention is to arrange finance in Chinese Renminbi, since the income from sale of the gas and CO₂ and most of the development cost will be in that currency. Any such financing arrangements will of course be subject to the Central Government's approval of the ODP.

Primeline is also exploring various options for funding the equity portion of the development cost and the cost of further exploration drilling.



RESERVE UPGRADE

Following the finalisation of the ODP by Primeline and CNOOC, Primeline appointed McDaniel and Associates Consultants Limited ("McDaniel") of Calgary to conduct a full independent evaluation of the LS 36-1 project. McDaniel is one of the world's leading petroleum consulting firms specializing in geological studies, reserves evaluations, resource assessments, economic evaluations and petroleum engineering studies. They reviewed the full ODP report and the Agreement in Principle relating to LS 36-1 and upgraded their evaluation of the natural gas and natural gas liquid located on LS 36-1 from Contingent and Prospective Resources to Probable and Possible Reserves in accordance with the standards set out in Canadian National Instrument 51-101 and the Canadian Oil and Gas Evaluation Handbook ("COGEH"). McDaniel's evaluation estimates that the LS 36-1 gas field has a total project recoverable Probable Reserves of 119 bcf of natural gas and 4.91 MMbbl of natural gas liquid and light oil, which translates to Company net Probable Reserves of 44 bcf of gas and 1.8 MMbbl of natural gas liquid and light oil; and project Possible Reserves of 93 bcf of gas and 3.8 MMbbl of natural gas liquid and light oil, which translates to Company net Possible Reserves of 34 bcf of gas and 1.40 MMbbl of natural gas liquid and light oil.

Under oil industry definition, there is a 50% probability that the quantities actually recovered will equal or exceed the Probable Reserves. Possible Reserves are those additional reserves that are less certain to be recovered than Probable Reserves. There is a 10% probability that the quantities actually recovered will equal or exceed the Possible Reserves. McDaniel stated that "proved reserves have not been assigned as the ODP has not yet been approved by CNOOC and the government, and the Framework Agreement relating to the gas sale has not yet been executed." The effective date of McDaniel's estimate is March 31, 2010.

Based on the Agreement in Principle and their view of the full product price, McDaniel estimates a net present value for the LS 36-1 project's Probable Reserves, net to the Company, of US\$93 million at a discount rate of 5% and US\$255 million, again net to the Company, when the Possible Reserves in LS 36-1 are included. It should be noted that these estimated values are not an estimate of fair market value.

開發融資

在總體開發方案準備工作開始之後，超準開始與多家金融機構就其所應承擔的項目開發費用之份額的融資意向進行初步商談。本財年內，超準繼續與多家中國金融機構就上述意向進行商談並取得了重大進展。該筆融資擬以人民幣為融資幣種，因為天然氣和二氧化碳的銷售收入以及大部份的開發費用均以人民幣結算。任何融資安排需以中央政府批准總體開發方案作為融資條件之一。

超準同時也在拓展多種渠道為其份額項下的開發資本金和未來鑽探費用進行融資。



儲量更新

在超準和中海油完成總體開發方案的工作後，超準聘請加拿大卡爾加利的麥克丹尼諮詢公司對麗水 36-1 項目做獨立評估。麥克丹尼公司是世界知名的石油諮詢公司之一，特別擅長於地質研究、儲備評估、資源評估、經濟評價和石油工程學研究等方面。他們對總體開發方案和相關的麗水 36-1 天然氣購銷原則協議進行了詳細評估，並遵照加拿大國家規範 (NI51-101) 和加拿大石油和天然氣評估手冊的要求，將麗水 36-1 氣田理論可採資源升級為控制儲量。麥克丹尼的評估結論是麗水 36-1 天然氣田項目總可採純烴控制儲量為 1,190 億立方英尺天然氣，491 萬桶天然氣液量及輕質油，其相當於本公司淨可採控制儲量 440 億立方英尺及 180 萬桶天然氣液量及輕質油，項目預測儲量為 930 億立方英尺天然氣和 380 萬桶天然氣液量及輕質油，其相當於本公司淨預測儲量為 340 億立方英尺和 140 萬桶天然氣液量及輕質油。

依據石油行業之定義，實際開採量等於或大於控制儲量的可能性為 50%；預測儲量是指那些比控制儲量更為不確定的儲量。實際開採量等於或大於預測儲量的可能性為 10%。麥克丹尼表示 "由於總體開發方案尚未獲得中海油和中央政府的批准，天然氣購銷框架協議尚未簽署，故儲量未能定級為探明儲量。" 麥克丹尼評估的生效日期為二零一零年三月三十一日。

基於天然氣購銷原則協議以及對全部產品價格的了解，麥克丹尼對麗水 36-1 項目的控制儲量的淨現值進行了評估，在貼現率為 5% 的情況下，本公司項目權益的淨現值為 9,300 萬美元。而如果將預測儲量考慮進去的話，則本公司權益的淨現值為 25,500 萬美元。但必須指出該評估值不是公平市值。

**SUMMARY OF OIL AND GAS RESERVES
AND NET PRESENT VALUES OF FUTURE NET REVENUE
as at March 31, 2010
FORECAST PRICES AND COSTS**

RESERVES CATEGORY	RESERVES ⁽¹⁾⁽²⁾							
	LIGHT AND MEDIUM OIL		HEAVY OIL		NATURAL GAS		NATURAL GAS LIQUIDS	
	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)	Gross (Mbbbl)	Net (Mbbbl)
CHINA								
PROVED								
Developed Producing	-	-	-	-	-	-	-	-
Developed Non-Producing	-	-	-	-	-	-	-	-
Undeveloped	-	-	-	-	-	-	-	-
TOTAL PROVED	-	-	-	-	-	-	-	-
PROBABLE	671	688	-	-	43,871	44,435	1,133	1,148
TOTAL PROVED PLUS PROBABLE	671	688	-	-	43,871	44,435	1,133	1,148
POSSIBLE	496	499	-	-	34,107	34,066	881	880
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	1,167	1,187	-	-	77,978	78,501	2,014	2,028

基於二零一零年三月三十一日的預測價格及費用，
所作的油氣資源小結與未來淨收入之淨現值

儲量類別	儲量 ⁽¹⁾⁽²⁾							
	輕質油及中質油		重油		天然氣		天然氣液體	
	總量 (千桶)	淨量 (千桶)	總量 (千桶)	淨量 (千桶)	總量 (千桶)	淨量 (千桶)	總量 (千桶)	淨量 (千桶)
中國								
探明儲量								
開發動用	-	-	-	-	-	-	-	-
開發未動用	-	-	-	-	-	-	-	-
未開發	-	-	-	-	-	-	-	-
探明總儲量	-	-	-	-	-	-	-	-
控制儲量	671	688	-	-	43,871	44,435	1,133	1,148
探明及控制總儲量	671	688	-	-	43,871	44,435	1,133	1,148
預測儲量	496	499	-	-	34,107	34,066	881	880
探明、控制及預測總儲量	1,167	1,187	-	-	77,978	78,501	2,014	2,028

RESERVES CATEGORY	NET PRESENT VALUES OF FUTURE NET REVENUE ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾									
	BEFORE INCOME TAXES DISCOUNTED AT (%/year)					AFTER INCOME TAXES DISCOUNTED AT (%/year)				
	0 (\$M US)	5 (\$M US)	10 (\$M US)	15 (\$M US)	20 (\$M US)	0 (\$M US)	5 (\$M US)	10 (\$M US)	15 (\$M US)	20 (\$M US)
CHINA										
PROVED										
Developed Producing	-	-	-	-	-	-	-	-	-	-
Developed Non-Producing	-	-	-	-	-	-	-	-	-	-
Undeveloped	-	-	-	-	-	-	-	-	-	-
TOTAL PROVED	-	-	-	-	-	-	-	-	-	-
PROBABLE	276,653	133,197	50,959	1,686	(28,854)	208,305	93,250	26,535	(13,839)	(39,060)
TOTAL PROVED PLUS PROBABLE	276,653	133,197	50,959	1,686	(28,854)	208,305	93,250	26,535	(13,839)	(39,060)
POSSIBLE	410,645	215,902	122,879	74,828	48,227	307,880	161,591	91,783	55,763	35,846
TOTAL PROVED PLUS PROBABLE PLUS POSSIBLE	687,298	349,099	173,838	76,514	19,373	516,185	254,841	118,318	41,924	(3,214)

Notes:

- (1) Company Gross reserves are based on a 36.75 percent working interest share of the property gross resources, on the basis that CNOOC has exercised their right to back-in and take a 51 percent interest. See "Oil and Gas Property and License Status".
- (2) Company Net reserves are based on Company share of Cost Oil and Profit Oil and due to repayment of past costs are greater than Company Gross.
- (3) Based on forecast prices and costs at March 31, 2010.
- (4) Interest expenses and corporate overhead etc. were not included.
- (5) The net present values may not necessarily represent the fair market value of the reserves.
- (6) Company Share of Net Present Values are after the deduction of Chinese Corporation Tax.

In the report McDaniel also commented that "the development of the LS36-1 field will provide an infrastructure hub in the area which may be utilized in any development of the nearby prospects. It is envisaged that these prospects will be developed by subsea wells or a well head platform with all processing at the infrastructure hub. Incremental development costs will therefore be low and the economics for any additional resources which may be discovered within LS36-1 field itself or in the nearby identified prospects would be significantly enhanced."

A summary of the McDaniel's report is available on Primeline's website: <http://www.pehi.com>.

未來淨收入之淨現值 ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾

儲量類別	所得稅前之貼現值 (%/年)					所得稅後之貼現值 (%/年)				
	0	5	10	15	20	0	5	10	15	20
	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)
中國										
探明儲量										
開發動用	-	-	-	-	-	-	-	-	-	-
開發未動用	-	-	-	-	-	-	-	-	-	-
未開發	-	-	-	-	-	-	-	-	-	-
探明總儲量	-	-	-	-	-	-	-	-	-	-
控制儲量	276,653	133,197	50,959	1,686	(28,854)	208,305	93,250	26,535	(13,839)	(39,060)
探明及控制總儲量	276,653	133,197	50,959	1,686	(28,854)	208,305	93,250	26,535	(13,839)	(39,060)
預測儲量	410,645	215,902	122,879	74,828	48,227	307,880	161,591	91,783	55,763	35,846
探明、控制及預測總儲量	687,298	349,099	173,838	76,514	19,373	516,185	254,841	118,318	41,924	(3,214)

註釋：

- (1) 本公司總儲量是在基於其享有項目 36.75% 的有效權益，同時中海油完全行使其 51% 的權益的基礎上做出的評估。見“石油與天然氣資產及合同情況”。
- (2) 本公司淨儲量是基於其享有的成本油和利潤油之份額加上償還既往費用之總和大於本公司總儲量的基礎上做出的評估。
- (3) 基於二零一零年三月三十一日的預測價格及費用。
- (4) 不包括利息開支和公司的上級管理費。
- (5) 淨現值未必完全代表儲量的公平市值。
- (6) 本公司享有的淨現值份額是扣除了中國企業稅之後得出的。

麥克丹尼在報告中亦指出，“麗水 36-1 氣田的開發將在該地區設立一套生產設施樞紐，而該設施樞紐可以被用於任何周邊有利圈閉的開發。據設想，周圍這些有利圈閉的開發會使用水下井口或設立井口平臺，而後續處理加工工作將在已設立的生產設施樞紐上進行；從而成本增量將會降低，因而麗水 36-1 氣田內額外資源或其周邊已識別的有利圈閉的經濟性亦將大大提高”。

麥克丹尼的報告簡本刊載於超準的網站：<http://www.pehi.com>。

EXPLORATION ACTIVITIES

Lishui Gas Play and 3D Seismic Data

Through the careful evaluation of the 737 sq km of 3D seismic data, covering the LS 36-1 discovery and nearby prospects, Primeline confirmed the existence of channel and canyon systems and several sizeable prospects in this new play concept area, referred to as the Lishui Gas Play. Tertiary channel sands are a proven play type in other areas including Western Africa and the Gulf of Mexico. These nearby prospects and leads could provide significant resource additions for Primeline.

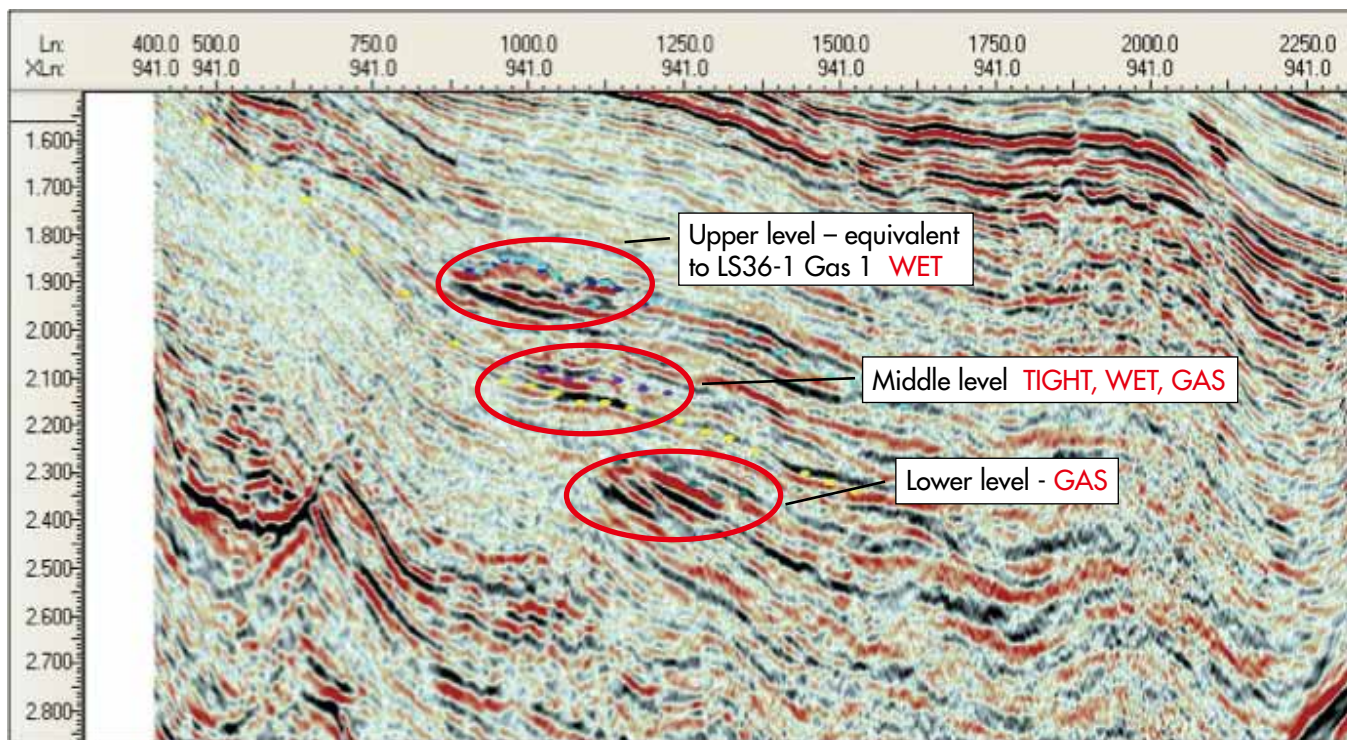
As McDaniel has previously evaluated and reported, in the area covered by 737 sq km of 3D seismic around the LS 36-1 gas field, Primeline has mapped out six additional prospects with similar characteristics to LS 36-1. Two of the top prospects in this 3D area have been surveyed, one has been subsequently drilled with the second ready to drill.

勘探工作

麗水氣區及三維地震資料

通過對涵蓋麗水 36-1 氣田以及周邊圈閉 737 平方公里海域的三維地震資料的分析，超準明確了在此區域有河道和峽谷系統存在，並有數個較可觀的有利圈閉，合稱麗水氣區。第三紀河道砂體被認為是一種典型的油氣圈閉的類型，這在西非，墨西哥灣及其它地區均已被證實。這些有利圈閉可能會給超準帶來可觀的潛在油氣資源。

依據麥克丹尼公司先前的評估和報告，在麗水 36-1 氣田周邊 737 平方公里海域的三維地震資料區內，超準已經評估了六個與麗水 36-1 氣田具有類似特性的圈閉。超準同時對其中兩個最具可能性的圈閉做了井場調查。兩個圈閉其中一個已經鑽了勘探井，第二個也具備了鑽探條件。



LS35-3-1 - Hydrocarbons Results
麗水 35-3-1 烴類檢測顯示



Block 25/34 - E&P Situation
 東海 25/34 合同區勘探及開發現狀

PROSPECTIVE RESOURCES

The Company's prospective resources have been evaluated by McDaniel & Associates Consultants Ltd. and are set out below.

	Prospective Resources at March 31, 2010 ⁽²⁾⁽³⁾				
	Unrisked Low Estimate ⁽⁶⁾	Unrisked Best Estimate ⁽⁷⁾	Unrisked High Estimate ⁽⁸⁾	Unrisked Mean	Risked Mean
Total Company ⁽⁴⁾					
Natural Gas Resources, MMcf	96,323	234,636	576,769	290,940	102,579
Condensate Resources, Mbbl	2,661	6,462	15,822	7,998	2,815
BOE Resources, Mbbl	18,715	45,568	111,951	56,488	19,911

Notes:

- (1) Prospective resources were calculated probabilistically, but based on an arithmetic aggregation of the individual prospects.
- (2) Each prospect has its own probability of geological success.
- (3) There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be economically viable or technically feasible to produce any portion of the resources.
- (4) Company Gross resources are based on a 36.75 percent working interest share of the property gross resources, on the basis that CNOOC has exercised their right to back-in and take a 51 percent interest. See "Oil and Gas Property and License Status".
- (5) Low, best and high estimates follow the COGE Handbook Section 5 resources definitions and guidelines for prospective resources. The resource range presented above is "unrisked" meaning that it is valid in the event of successfully finding hydrocarbons in each and every prospect. In this case, the possible range of recoverable resources would likely lie in the range between the low estimate and the high estimate.
- (6) The low estimate reported is the arithmetic sum of the individual prospect P90 quantities derived from probabilistic analysis. This is considered to be a conservative estimate of the quantity that will actually be recovered from the accumulation.
- (7) The best estimate is based upon the expected value, based upon the outcome of the probabilistic analysis. This is considered to be the best estimate of the quantity that will actually be recovered from the accumulation.
- (8) The high estimate is the arithmetic sum of the individual P10 quantities derived from probabilistic analysis. This is considered to be an optimistic estimate of the quantity that will actually be recovered from the accumulation.
- (9) "Risked Mean" resources are calculated based on the probability of geological success applied to the unrisked mean shown above.

The prospective resource estimates are for 6 prospects in the vicinity of the existing discovery in an area covered by 3-D seismic. Further seismic acquisition and studies over the remainder of the block (approximately 85 percent by area) could lead to the identification of additional prospects. Therefore the prospective resources detailed above do not necessarily represent the full exploration potential of Block 25/34.

預期資源

麥克丹尼公司對本公司的預期資源做了如下評估。

	預期資源 - 二零一零年三月三十一日 ⁽²⁾⁽³⁾				
	未風險 低估量 ⁽⁶⁾	未風險 最佳估量 ⁽⁷⁾	未風險 高估量 ⁽⁸⁾	未風險 平均	風險後 平均
公司總計 ⁽⁴⁾					
天然氣資源 (百萬立方英尺)	96,323	234,636	576,769	290,940	102,579
凝析資源 (千桶)	2,661	6,462	15,822	7,998	2,815
桶油當量資源 (千桶)	18,715	45,568	111,951	56,488	19,911

註釋：

- (1) 預期資源是基於每個有利圈閉的算術總和，再按概率計算所得。
- (2) 每一有利圈閉具有其本身的地質成功概率。
- (3) 任何部分的資源被發現存在不確定性。即使被發現，亦無法確定其生產開發的經濟性及技術的可行性。
- (4) 本公司總資源是在基於其享有項目 36.75% 的有效權益，同時中海油完全行使其 51% 的權益的基礎上做出的評估。見“石油與天然氣資產及合同情況”。
- (5) 低估量，最佳估量及高估量遵循 COGE 手冊第五段資源定義及預期資源估計指南。上表呈列的資源範圍是“未去風險”，表示其僅在每個及任一個有利圈閉中都成功發現油氣時才有效。在此情形下，可採資源的可能範圍處於低估量與高估量之間。
- (6) 報告中的低估量是每一有利圈閉經概率分析后，得出的 P90 量的算術和。被認為是實際上可從儲層中開採量的保守估計。
- (7) 最佳估量是基於概率分析結果作出的預期值。被認為是實際上可從儲層中開採量的最佳估計。
- (8) 高估量是每一有利圈閉經概率分析后，得出的 P10 量的算術和。被認為是實際上可從儲層中開採量的樂觀估計。
- (9) “風險後平均”資源是基於應用與上表中的“未風險平均”的地質成功概率計算所得。

以上預期資源是對現有氣田周邊由三維地震覆蓋的六個圈閉的評估。對 25/34 區塊剩餘海域（大約 85% 的區域）進一步的地震資料的採集和研究將帶來更多的預期資源。故以上所呈列的預期資源，並不能完全代表 25/34 區塊的所有潛在資源。

LS 35-3-1 Drilling

Through several rounds of negotiation, Primeline secured a rig with COSL and on March 5, 2010, signed the turnkey drilling contract. Under the turnkey drilling contract, COSL agreed to drill the LS 35-3-1 well in Block 25/34 using a jack-up rig, COSL 942. COSL also agreed to supply all necessary equipment, services and personnel for the drilling.

The LS 35-3 prospect is approximately 14.5 km from the existing LS 36-1 discovery and is one of four main channel system prospects Primeline identified in the area adjacent to the LS 36-1 Gas Field. Any resources discovered at LS 35-3 could be easily tied into the proposed production facility at the LS 36-1 gas field.

Rig COSL 942 arrived at Primeline's location on April 9, 2010 and, the LS 35-3-1 well was spudded on April 12, 2010. On May 4, 2010, the well reached the planned total depth (TD) of 2,886m, and Primeline decided to deepen it to the TD of 2,908m which was reached on the same day. Gas shows and weak oil shows were encountered during drilling.

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LS 35-3-1 Testing Results

Primeline implemented a programme of electric logging and conducted a formation evaluation logging programme including Vertical Seismic Profiling (VSP), Reservoir Characterisation Instrument (RCI -RFT) and side wall coring. The interpretation of the log data resulted in the following initial conclusions:

- Target Zone 1: 53m of continuous sandstone with porosities ranging 13-22% but no indications of hydrocarbons;
- Target Zone 2: 65m of sandstone with mudstone interbeds with porosities ranging 0- 16% but with limited indications of hydrocarbons;
- Target Zone 3: gross 60m section of sandstone and mudstone interbeds with over 20m aggregate of potential hydrocarbon gas pay in two zones with porosities ranging 5-16%.

Based on these results, Primeline instructed COSL to conduct drill stem testing (DST) of the two intervals in target 3. On May 16, 2010, Primeline commenced a DST programme to test these zones under a turnkey arrangement with COSL.

DST 1 was conducted over the depth range 2,836-2,852m measured depth (MD). This was conducted conventionally using diesel in the wellbore. There was no flow of hydrocarbons to surface.

DST 2 was conducted over the depth range 2,794-2,802m MD. In contrast to DST 1, nitrogen was used in the wellbore to optimise the pressure drawdown and gas flowed naturally to the surface and was flared continuously and steadily for over 7 hours. A second flow period was attempted after an 18 hour shut-in but was unsuccessful because the test valve was blocked by formation sand. There was then a second shut-in period of 15 hours. Data from the downhole pressure gauges showed that the two pressure build-ups during the shut-in periods were consistent. The surface gas flow during the first flow period was at a low pressure which steadily rose over the 7 hour flow period but did not reach the pressure necessary to operate the separator or the flow meters. The flow potential of the well was thus not measured. Gas samples were collected at the wellhead and fluid samples were collected from the wellbore which will be analysed in laboratory conditions. It was therefore decided that sufficient data had been collected to enable the estimation of the production pressure and flow rates and the composition of the hydrocarbons in due course. The test programme ended on May 29 and the LS 35-3-1 well was declared as a gas discovery. The COSL rig was released on June 7 after the completion of end-of-well operations.

麗水 35-3-1 井鑽探

通過幾輪的談判，超準與中海油服於二零一零年三月五日簽訂了鑽井總包合同。鑽井總包合同規定，中海油服將使用其自升式鑽井平臺“海洋石油 942”鑽探 25/34 區塊中的麗水 35-3-1 井，並提供一切鑽探所必須的設備、服務以及人員。

麗水 35-3 圈閉距離麗水 36-1 氣田僅 14.5 公里，是超準經三維地震分析，而界定的麗水 36-1 氣田周圍四個主要有利河道系統圈閉之一。麗水 35-3 圈閉中的任何油氣資源發現都可利用麗水 36-1 開發項目中正準備建設的生產設施加以開發。

海洋石油 942 鑽井平臺於二零一零年四月九日到達超準的麗水 35-3-1 井井位；麗水 35-3-1 井於二零一零年四月十二日開鑽。二零一零年五月四日，該井鑽探到達 2,886 米的設計深度時，超準決定將鑽井深度加深至 2,908 米，並於五月四日當天達到此深度。在整個鑽井過程中，有氣測顯示和少量的油顯示。

麗水 35-3-1 井測試結果

鑒於此，超準對該井做了電子測井，並進行了包括垂直地震剖面、儲層特徵測試（RCI-RFT）和井壁取芯的地層評價測井項目。通過對電測結果的分析解釋，可以得出以下初步結論：

- * 第一個目的層：53 米厚的砂岩層，孔隙度為 13-22%，但不含任何油氣顯示。
- * 第二個目的層：65 米厚的砂岩層夾雜有泥岩層，孔隙度為 0-16%，含少量油氣顯示。
- * 第三個目的層：60 米厚的砂岩層夾雜有泥岩層，上下兩層合計有超過 20 米厚的潛在油氣儲層，孔隙度為 5-16%。

根據這些初步結論，超準指示中海油服在第三個目的層的兩個區間進行鑽杆測試。於二零一零年五月十六日，中海油服基於其與超準簽訂的鑽杆測試總包合同，開展了鑽杆測試。

第一層鑽杆測試在測試深度為 2,836 米至 2,852 米的地層之間展開。此測試採用傳統的柴油灌注井筒的測試方法。但沒有測試到任何流到地表的油氣。

第二層鑽杆測試在測試深度為 2,794 米至 2,802 米的地層之間展開。相較第一次的測試，此次測試中，氮氣取代柴油被注入井筒用以增加壓差。地層中的天然氣自然流動至地表，點火成功並持續放噴超過 7 個小時。在關井 18 個小時，井中壓力恢復之後，執行二次放噴，但由於測試閥被地層出砂封堵住的原因，二次放噴的結果不甚理想。之後再次關井 15 個小時。兩次關井的過程中，井下壓力計顯示出了一致的壓力恢復曲線。一開 7 個小時的放噴過程中，井口壓力逐步上升，但仍未達到操作分離器或流量計的必要壓力，故此井的流量未能實測到。此次測試過程中，符合實驗室分析要求的井口的氣樣以及井間液樣被成功採集。因此已有足夠的數據被採集可用於生產壓力，流量以及烴類組分的分析及估算。麗水 35-3-1 井的測試作業於二零一零年五月二十九日結束，此井被視為天然氣發現井。海洋石油 942 在完成了最終的棄井作業後，於六月七日被拖離井場。



Gas Flare – 7 hours on DST2 first flow period
麗水 35-3-1 天然氣燃燒長達 7 小時

This discovery is significant in that it confirms that hydrocarbons have migrated to and are trapped in the west flank of the West Lishui Basin, the majority of which is inside Block 25/34. Three channel systems have been mapped and delineated in Primeline's 3D area, with others recognised to the north of that area which is covered by 2D seismic data. Primeline is now carrying out a careful post well evaluation over the next 4 to 6 months to assess the volume and nature of the resources discovered in LS 35-3, refine the petroleum system model and high-grade and further define prospects for further exploration drilling.

This discovery is also the first surface flow of natural gas from a low permeability reservoir in the southern East China Sea. This is significant, not only for further exploration in Block 25/34, but also for upside in the LS 36-1 Development. The LS 36-1 gas field has over 200 metres of gas-bearing low-permeability reservoirs which are directly below the gas zone being developed. With the new data from LS 35-3-1, Primeline will assess the potential for modern fracing, horizontal and multi-lateral drilling technology to enhance the low permeability reservoirs' production rates.

The total drilling cost was US\$16.5m and testing costs was US\$11.8m, which is in line with the budget.

CORPORATE DEVELOPMENT

Rights Offering

In order to fund the cost of the turnkey drilling contract for LS 35-3-1 Primeline effected an offering to shareholders of rights to subscribe for 47,020,623 Shares at \$0.50 per Share ("Offering").

The Company's largest shareholder, Primeline International (Holdings) Inc. ("Primeline International"), agreed to provide a standby commitment (the "Standby Guarantee") under which Primeline International would purchase from the Company at the Subscription Price any Shares (the "Standby Shares") that were not otherwise subscribed for under the Offering prior to the expiry time, including pursuant to the Additional Subscription Privilege. Primeline International is owned by Mr. Victor Hwang, the Company's chairman.

The Company engaged Jennings Capital Inc. ("Jennings Capital") as managing dealer for the Offering and entered into a managing dealer agreement dated March 24, 2010. Jennings Capital was entitled to a fee equal to the greater of (i) 2% of the gross proceeds from the exercise of Rights by holders of Shares, other than Mr. Hwang, his family members and affiliates (including Primeline International) and the directors and officers of the Company, and (ii) CAD\$75,000.

The Offering was closed on May 6, 2010. Under the Offering, shareholders subscribed for and purchased 39,640,833 Shares resulting in gross proceeds of \$19,820,416. Under a Standby Guarantee Agreement with the Company, Primeline International purchased the balance of 7,379,790 Shares available under the Offering, for gross proceeds of \$3,689,895. Aggregate gross proceeds of \$23,510,311 were received by Primeline. Net proceeds were \$23,056,752 after deducting the fee to Jennings Capital and professional fees and other expenses of the Offering of \$453,559. The net proceeds of the Offering were used to pay for the Company's share of the costs of drilling and testing of the LS 35-3-1 exploration well, amounting to US\$28m (the Company's share US\$21m) plus associated supervision and evaluation costs, with the balance remaining being retained for working capital purposes. This compares with the estimate in the short form prospectus relating to the Offering as follows:

	Prospectus		Actual
	High	Low	
Drilling Costs	\$20,930,032	\$12,568,050	\$21,225,000
Working Capital	\$1,985,211	\$10,347,193	\$1,831,752
	\$22,915,243	\$22,915,243	\$23,056,752

The variance in drilling costs from those set forth in the prospectus is due to the fact that Primeline discovered gas and conducted two DSTs, as reported in the previous sections. Also, expenses of the offering were at \$453,559 were slightly higher than the \$400,000 estimated in the prospectus. The variances will have no impact on Primeline's ability to achieve its business objectives.

此次發現的重大意義在於其證明了麗水盆地西側翼的河道系統內有油氣運移和聚集，而此區域的大部份位於 25/34 區塊內。另有三個河道系統已經在超準的三維地震資料中被測繪和劃定，另外超準的二維地震資料也已涵蓋了此區域的北部。未來的四到六個月時間內，超準準備展開細致的鑽後評估工作，這包括評價麗水 35-3 發現的性質及儲量，重新評價油氣成藏模型以進一步定義未來鑽探工作區域。

此次發現是迄今為止在中國東海南部低滲儲層中第一次測試取得的天然氣流。它不僅對 25/34 區塊後續勘探工作有積極的作用，更有利於麗水 36-1 項目的開發。麗水 36-1 氣田正在開發的氣層下面蘊含著超過 200 米的含氣低滲儲層。麗水 35-3-1 井的鑽探工作為這一含氣低滲儲層的開發提供了新的思路。有了該井的新資料，超準將進一步評估現代壓裂、水平鑽井、多分枝鑽井等技術對提高低滲層產量的作用，以明確這些低滲儲層具備商業開發的可能性。

此次鑽井工作所花費用為 1,650 萬美元，測試工作所花費用為 1,180 萬美元，此兩項均在預算範圍之內。

公司發展

配股

為了給麗水 35-3-1 井的鑽探工作籌集資金，超準向股東配股 47,020,623 股，每股價格為 0.5 加元。

公司的最大股東，超準國際控股有限公司（超準國際）同意為此次配股提供備用擔保，即超準國際將從公司以認購價格購買公司在發售期滿之前尚未被認購，包括附加認購新股權利的股票（備用股票）。超準國際的擁有者為本公司主席黃偉華先生。

本公司指定傑寧斯公司為此次配股的經紀管理公司，並於二零一零年三月二十四日與之簽訂了經紀管理協議。傑寧斯公司將收取相當於下述二項中的高者作為傭金：

1. 股份持有人配股所得總額扣除黃偉華先生及其家庭成員和下屬子公司（包括超準國際）以及公司董事及高層管理人員認購部分後的 2%，或者
2. 7.5 萬加元

此次配股發售於二零一零年五月六日結束，公司股東共認購 39,640,833 股，總募款為 19,820,416 加元。根據備用擔保協議，超準國際購買了剩餘的 7,379,790 股，所付款項為 3,689,895 加元。因此此次配股的集資款項總和為 23,510,311 加元。扣除用於支付傑寧斯公司和其它各種專業諮詢費用的 453,559 加元外，淨集資總額為 23,056,752 加元。該筆款項用於支付麗水 35-3-1 勘探井的鑽井和測試作業中本公司應承擔費用之份額，該井總費用約為 2,800 萬美元（本公司份額為 2,100 萬美元）另有相關的管理和評估費用。集資餘額留作周轉資金。有關費用與供股招股書有關的估計比較如下：

	招股書		實際
	高	低	
鑽井費用	\$20,930,032	\$12,568,050	\$21,225,000
周轉資金	\$1,985,211	\$10,347,193	\$1,831,752
	\$22,915,243	\$22,915,243	\$23,056,752

實際鑽井費用與招股書中所列之差異，在於超準有發現天然氣存在，並如前文所陳述的，實施了兩次鑽杆測試。另外招股所花之費用為 453,559 加元，略高於招股書中所預期的 400,000 加元。但該差異不會對超準實現其業務目標的能力產生影響。

PETROLEUM CONTRACT

The Petroleum Contract provides for an initial exploration period with a development period and a production period for each commercial development. The exploration period was originally for seven years commencing on May 1, 2005, split into three phases lasting 3, 2 and 2 years respectively.

In 2007 the Company and CNOOC agreed on a rolling development strategy, which entails developing the existing gas resources in the LS 36-1 Gas Field whilst at the same time continuing exploration of nearby prospects. As a result, in April 2009, in view of the work programme being undertaken in relation to the ODP and the difficulty then being experienced in locating a suitable rig, CNOOC agreed that Primeline could carry forward the unfulfilled one well commitment from the first phase into the second phase of the exploration period.

Primeline elected to enter into the second phase of the exploration period for Block 25/34 which is for two years and commenced on May 1, 2009, with a commitment for two exploration wells each with a minimum depth of 2,500m, including the one unfulfilled well commitment carried over from the first phase. Of those two commitment wells, one well, LS 35-3-1, was completed in June 2010, leaving an additional well to be drilled by April 30, 2011. Pursuant to the Petroleum Contract, the Contractors were required to relinquish 25% of the exploration area when they elected to proceed to the second phase and, as a result, the total concession area for Block 25/34 during the second phase of the exploration period was reduced to 5,221 km².

Pursuant to a previous amendment agreement in February 2008, CNOOC and Primeline agreed that the first exploration period under the Petroleum Contract would be extended by one year and that one of the two subsequent two-year exploration periods would be reduced by a corresponding period of one year, unless otherwise agreed. It was agreed on March 17, 2010, pursuant to the Amendment Agreement, that the two remaining exploration periods under the Petroleum Contract would be for two years each. Thus, the second exploration period, which commenced on May 1, 2009, will end on April 30, 2011, and the third exploration period will commence on May 1, 2011 and end on April 30, 2013.

GENERAL FINANCIAL OUTLOOK

As at the year-end (March 31, 2010), the Company held cash resources of C\$30.3 million, subsequently the Company drilled the LS 35-3-1 well and hence, at the current date, the Company has cash resources of approximately C\$6.1 million and the final payment under the drilling contract is estimated at around C\$1.7 million. The costs of running the Company's general operations are estimated at approximately C\$2.5 million per annum. Accordingly, the Company has sufficient funds in hand to continue its general operations during the coming year. However, additional financing would be required to fund the Company's obligations regarding the Development, or if the Company was to enter into any future exploration drilling contracts. There may be various alternative financing options available to the Company in the event that the Development proceeds but it is likely that the Company will be required to raise additional equity capital in order to finance any further exploration drilling contracts. The Company is exploring all possible fundraising possibilities for both its share of development costs and for the planned exploration drilling programme.

The audited financial statements of the year ended March 31, 2010 have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the exploration stage, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its exploration activities. Specifically, in order to remain in good standing under its petroleum contract and to maintain the rights to its property, the Company must complete the drilling of two exploration wells on the property, at an estimated cost, including testing, of US\$45 million by April 30, 2011. One of the wells was started and completed subsequent to year end. See note 11 to the audited financial statements.

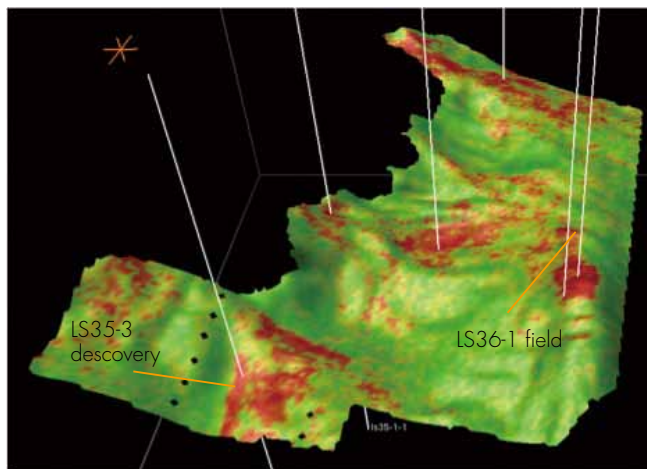
石油合同

石油合同的合同期分為最初勘探期，開發期和對每一個商業開發油氣田分別界定的生產期。勘探期最初規定為從二零零五年五月一日開始，為期七年，分為三個階段，分別為期三年，兩年和兩年。

二零零七年，本公司與中海油就滾動開發策略達成一致，這意味著麗水 36-1 氣田周邊有利圈閉的勘探工作將與氣田本身的開發同步進行。二零零九年四月份，考慮到總體開發方案的編制工作量，以及落實合適鑽井平臺的難度，中海油同意超準可以將勘探期第一階段尚未履行的一口義務勘探井延至第二階段。

自二零零九年五月一日起，超準進入了 25/34 合同區塊的第二個勘探階段，包括第一階段未完成的一口義務井，超準在第二階段共需鑽兩口勘探井，各自井深至少達 2,500 米。超準於二零一零年六月份完成了其中一口井即麗水 35-3-1 井的鑽探工作。在二零一一年四月三十日前超準還需鑽探另外一口探井。根據石油合同之規定，合同者一旦進入勘探第二階段，便需撤銷 25% 的勘探面積。這一規定使 25/34 合同區的總勘探面積自勘探第二階段起變為 5,221 平方公里。

根據二零零八年二月中海油和超準商定的石油合同修正協議，石油合同規定的第一個勘探期延長一年，第二個勘探期或者第三個勘探期則相應地減少一年。二零一零年三月十七日簽署的石油合同修正協議則規定，石油合同項下的第二個和第三個勘探期均為兩年。因此第二個勘探期自二零零九年五月一日開始，至二零一一年四月三十日結束。第三個勘探期自二零一一年五月一日開始，至二零一三年四月三十日結束。



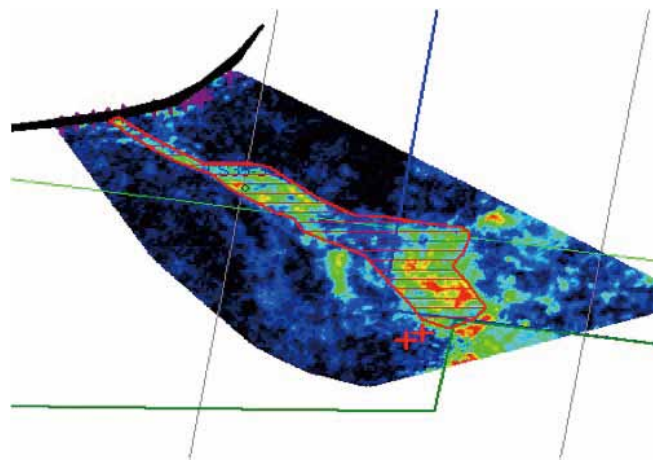
Lishui Gas Play
麗水氣區的含氣圈閉

財務展望

在截至二零一零年三月三十一日止之財政年度，本公司持有資金為 3,030 萬加元，隨後本公司鑽探了麗水 35-3-1 井，故截止到目前為止，本公司持有的資金為 610 萬加元；而依照鑽井合同，本公司所需支付的最後一筆資金約為 170 萬加元。本公司年運營費用大約為 250 萬加元。所以如上所述，本公司目前有足夠的資金支付下一個財政年的正常營運開支。然而，本公司還需承擔麗水 36-1 氣田開發的開發費用，或本公司簽署新的勘探鑽井合同，那麼就需要額外的融資以支持作業。開發計劃的項目融資可能有其它多種選擇，但是公司需要籌集額外資本金以支持勘探鑽井所需的資金。公司為其份額內的開發投資和計劃中的勘探鑽井方案正在探討各種籌資的可行性。

截至二零一零年三月三十一日之公司經審核財務報表是基於持續經營之會計原則編制的。該原則假定公司在可預見的未來能夠正常運營，實現其資產及履行其債務。

需要澄清的是，對於以上的假設，存在著幾個不利的條件影響其有效性。這些不利條件包括：與其它處於勘探階段的公司一樣，本公司自成立以來存在經營虧損，沒有收入來源，無法自負盈虧，需要大量的資金滿足其營運和繼續其勘探活動。特別是為了保證其在石油合同下的良好信譽和保障其資產權利，本公司必須在二零一一年四月三十日之前完成兩口勘探井的鑽探工作，其費用約為 4,500 萬美元。其中一口井的鑽探工作於本財年之後已經啟動並完成。（可查閱經審核之財務報表，附注 11）



LS 35-3 Seismic Amplitudes
麗水 35-3 地震振幅異常

The Company's ability to continue as a going concern is dependent upon management's ability to secure the additional financing required to fund the drilling of the second exploration well and also to raise additional funding of approximately US\$22.5 million required for the drilling of the third exploration well prior to April 30, 2013 should the Company decide to proceed with exploration phase 3. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future. Management is investigating funding options, as normal course of business, to address financial shortfall.

If the going concern assumption were not appropriate for the audited financial statements of the Company then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

公司能否持續正常的運行取決於公司的管理層能否為第二口勘探井成功融資，亦取決於其能否在選擇進入第三個勘探期后，為截止到二零一三年四月三十日的第三口勘探井融資大約 2,250 萬美元的費用。儘管公司在過去曾成功融資，這並不意味著公司在未來亦能成功融資。公司管理層正考慮通過其商業運作及努力進行融資，以解決資金短缺。

若上述的假設不符合公司經審計的財務報表，那麼對於公司資產、負債的賬面價值，已報告費用以及資產負債表使用的分類，需作出相應調整，而這些調整將是重大的。

FINANCIAL INFORMATION

Results of Operation

The Company's results for the financial year ended March 31, 2010 were a loss of \$1,448,046, compared to an income of \$417,602 for the previous year. The turnaround in the result of \$1,865,648 was mainly due to foreign exchange loss of \$625,444 this year vis-à-vis an exchange gain of \$1,044,532 last year. The US\$/C\$ exchange rate fell from 1.263 to 1.015 during the year. Loss per share was \$0.03 (2009 – Earnings per share \$0.01).

Liquidity and Capital Resources

As at March 31, 2010, net current assets of the Company amounted to \$25,452,075, whereas net current assets of \$8,284,794 were recorded in the prior year. The increase in net current assets of \$17,167,281 was mainly due to the increase in cash of \$21,630,647, which was mainly due to the guarantee deposit of \$23,510,311 in respect of the Rights Offering received.

During the year, exploration expenditures of \$4,900,806 (2009 - \$2,664,993) were incurred, and financed mainly from equity. As at March 31, 2010, the total amount of petroleum exploration expenses incurred and capitalized amounted to \$39,312,933 (2009 - \$34,412,127) and may be broken down as follows:

	2010 \$	2009 \$
Exploration Drilling Related Services		
Drilling services	5,634,766	5,634,766
Drilling technical supervision and evaluation	337,001	318,394
Exploration Geological & Geophysical Surveys & Work		
Geological & geophysical survey acquisition & processing	9,787,442	9,787,442
Technical evaluations & management	4,887,397	4,403,802
Pre-development study	4,902,689	1,610,661
Interests on funding of deferred exploration expenditures	3,548,686	3,549,580
Deferred costs acquired from Primeline Petroleum Corporation	1,394,307	1,394,307
Project administration	2,969,484	2,639,946
Salaries and benefits	4,158,177	3,695,522
Travel and accommodation	1,974,154	1,658,877
Contract signing fee	539,917	539,917
Foreign exchange (gain) loss	(821,087)	(821,087)
	39,312,933	34,412,127

The increase of \$3,292,028 in pre-development study reflected the costs of the ODP undertaken in 2009/10. Technical evaluation and management increased by \$483,595 from the \$4,403,802 recorded in 2009 due to the consultancy work undertaken in relation to the ongoing exploration programme.

Project administration costs may be further broken down as follows:

	2010	2009
	\$	\$
Bank charges	14,215	12,977
Office rental	1,606,944	1,476,026
Office supplies	114,958	91,749
Sundries expenses	372,857	338,997
Postage	31,682	31,086
Professional fees	441,979	349,901
Telecommunications	85,097	75,444
Transportations	271,087	241,251
Utilities	30,665	22,515
	2,969,484	2,639,946

The Company had total assets of \$69,729,437 (2009 - \$43,137,623) which were financed by net shareholders' equity of \$40,829,146 (2009 - \$42,271,804), current liabilities of \$4,964,429 (2009 - \$440,702) and rights issue deposit of \$23,510,311 (2009 - \$nil).

The Private Placement and debt conversion on April 4, 2006 was intended to provide the Company with sufficient funds to complete its minimum commitments under Phase 1 of its exploration program and support its general and administration activities for the year. During 2010, expenditures on petroleum exploration costs of \$2,839,036 were financed from the proceeds of the Private Placement. Compared to 2009, this was \$219,209 lower.

As at March 31, 2010, the Company had net current assets of \$25,452,075 (2009 - \$8,284,794) and had a deficit of \$10,808,230 (2009 - \$9,360,184). The Company has sufficient funds to meet its commitment to drill the first well under the 2nd exploration phase (subsequently drilled in April - June 2010) and to pay for its general and administration activities for the next year. However, additional financing would be required if the Development proceeds or if the Company was to enter into future exploration drilling contracts to fulfil the 2nd well commitment in the 2nd exploration phase and any future drilling plan. Management is investigating funding options to address financial shortfalls.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, accrued liabilities and advances from related party. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

a) Currency risk

The Company holds US\$135,031 in term deposits which mature in 7 days and cash balances of US\$226,603 and RMB1,983,820.

Based on the above net exposures as at March 31, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Renminbi would result in an increase/decrease of approximately \$36,706 and \$29,599 respectively in the Company's net loss.

b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at a large international financial institution in interest bearing accounts. Minimal cash balances are held in Chinese financial institutions. The Company has no investments in asset-backed commercial paper.

c) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined below under the heading "Capital Management". Accounts payable relating to petroleum exploration costs and other accounts payable and accrued liabilities are due within the current operating period.

d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because these investments roll over in a very short period (seven days to one month).

e) Price risk

The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its petroleum interest, acquire additional petroleum property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash and cash equivalent balances and components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing R1-High investment rated (DBRS) investments with maturities 90 days or less from the original date of acquisition.

The Company currently is not subject to externally imposed capital requirements.

Transactions with Related Parties and Directors

During the year ended March 31, 2010, the Company paid or accrued the following:

- a) London office rent of \$66,335 (2009 - \$72,879) to a company under common control. The shareholder of that company Mr. Victor Hwang, is also the majority shareholder of the Company.
- b) fees and expenses of \$26,062 (2009 - \$27,098) to a company controlled by Mr. Peter Kely, a director for advisory services relating to investor relations, securities and exchange matters and other administrative services.
- c) cash call of \$2,383,991 received from (2009 - \$238,927 utilized for) a company under common control of which the shareholder of that company is also the shareholder of the Company's ultimate holding company PIHL.

These transactions, which occur in the normal course of operations, are measured at the exchange amount, which is the amount of the consideration established and agreed by the related parties.

Adoption of Recent Canadian Accounting Pronouncements

Financial Instruments – Disclosures

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data

The Company adopted this amended standard for the year ended March 31, 2010 and required disclosures are included in Note 8 of consolidated financial statements.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC – 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The guidance requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. Adoption of this section has had no impact on the consolidated financial statements

Goodwill and Intangible Assets

In February 2008, the CICA issued CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new Section was applicable to the Company's consolidated financial statements for its fiscal year beginning April 1, 2009. There was no material impact of the Company's consolidated financial statements as a result of adopting this standard.

Future accounting pronouncements

Business Combinations

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which replace the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, while section 1602 provides guidance on accounting for a

non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted. The Company is currently evaluating the new sections to determine the potential impact on its consolidated financial statements.

International Financial Reporting Standards ("IFRS")

The Company expects to adopt IFRS effective April 1, 2011. In 2011, the Company will have to present 2010 comparative figures restated using IFRS for each comparative period after the transition date. As a result, the Company began to execute its IFRS implementation plan in 2009.

During 2009, the Company compared its current accounting policies under Canadian Generally Accepted Accounting Principles ("GAAP") to IFRS and identified differences between the two standards. Based on its review of historical transactions and its current and expected business activities, the Company identified the treatment of Exploration and Evaluation ("E&E") costs, and asset impairment as areas with the greatest potential to create significant differences in the Company's financial statements as a result of adopting IFRS.

The Company performed a comprehensive analysis of these areas to determine the potential impact that adopting IFRS will have on the Company's financial statements.

The International Accounting Standards Board ("IASB") has still not made a definitive determination as to whether E&E costs should be capitalized or expensed. IFRS 6 allows companies to choose a policy that capitalizes these costs. The policy must be disclosed in the notes to the financial statements. The Company expects to continue capitalizing its E&E costs in a manner consistent with its current accounting policy.

Under Canadian GAAP, Mineral evaluation and exploration costs impairment testing is performed using a two-step test. The first step is to determine if there is an impairment loss by using an undiscounted cash flow analysis. If that analysis identifies an impairment loss, the loss is

measured as the amount by which carrying value exceeds fair value. The fair value is often based on discounted cash flows. Under IFRS, assets are tested for impairment using a one-step process based on discounted cash flows. IFRS also allows the reversal of impairment charges from previous years if the fair value exceeds the carrying value of long-lived assets.

Other IFRS that apply to the Company's operations, but that are not expected to have a significant effect on 2010 financial results based on the Company's current and expected activities are functional currency, business combinations, share based payments, and decommissioning and retirement obligations.

The Company is still considering the impact that the adoption of IFRS will have on its financial statements.

The Company has performed its review of IFRS based on standards applicable as of the date of this report. The IASB is still developing IFRS and may propose changes to the standards between the date of this report and the date of the Company adopts IFRS. The Company's assessment of differences between Canadian GAAP and IFRS is based on its historical, current, and expected business activities. Changes in business activities could also lead to unexpected differences to the Company's financial statements, notes, and other disclosures as reported under Canadian GAAP and IFRS. Changes to business activities or transactions and/or IFRS could have material effects on the Company's analysis discussed above.

The Company will track the difference between Canadian GAAP and IFRS on individual transactions throughout 2010. It will also analyze the effect of changes in IFRS as they occur. At the end of 2010, the Company will prepare two sets of financial statements. One set will comply Canadian GAAP for reporting purposes. The other set will comply with IFRS for use as comparative figures once the Company adopts IFRS on April 2011.

Subsequent Events

On March 5, 2010, the Company entered into a turnkey drilling contract with China Oilfield Services Ltd. ("COSL") under which COSL agreed to drill LS35-3-1 well in Block 25/34 at a cost approximately US\$28 million depending on the level of testing required. The drilling started on

April 12, 2010 and the COSL rig was released on June 7, 2010 after completion of end-of-well operations. The actual cost incurred by the Company, included testing is US\$21 million.

On March 25, 2010, the Company filed a preliminary short form prospectus in the provinces of British Columbia, Alberta, Ontario and Quebec relating to a rights offering (the "Offering") to raise gross proceeds of C\$23,510,311. According to the Offering, each holder of the Company's common shares ("Shares") would be entitled to receive one right (a "Right") for each Share held. One Right would entitle the holder to acquire one Share at a price of \$0.50 per share (the "Subscription Price"). The Company's largest shareholder, Primeline International (Holdings) Inc. ("Primeline International"), had agreed to provide a standby commitment (the Standby Guarantee) under which Primeline International would purchase from the Company at the Subscription Price any Shares (the "Standby Shares") that are not otherwise subscribed for under the Offering. Accordingly, Primeline International deposited C\$23,510,311 into the Company's bank account on March 26, 2010 as deposit for the Standby Guarantee.

The rights were issued to holders of common shares of record on April 15, 2010 and expired on May 6, 2010. Under the Offering, shareholders subscribed for and purchased 39,640,833 common shares resulting in gross proceeds of C\$19,820,416.50. Under the Standby Guarantee Agreement with the Company, Primeline International purchased the balance of 7,379,790 common shares available under Offering for gross proceeds of C\$3,689,895. Aggregate gross proceeds of C\$23,510,311.50 were received by the Company.

The SDA signed between CNOOC, the Company and PPC was ratified by Ministry of Commerce of PRC and became effective on June 13, 2010. All other related Development Agreements became effective the same date. CNOOC, on behalf of itself, the Company and PPC signed a Framework Agreement for Gas Sale and Purchase from LS 36-1 gas field on July 7, 2010, replacing the previous binding Gas Sale Agreement in principle.

Outstanding Share Data

On April 4, 2006, the Company granted 4,500,000 options at an exercise price of \$1.50 per share to directors, officers, employees and consultants, of which 4,300,000 options are outstanding and will expire on April 4, 2011.

On December 1, 2006, the Company awarded options to its non-executive directors, management and consultants to purchase up to 1,200,000 common shares at an exercise price of \$1.60 per share of which 217,000 options have been cancelled by agreement with the option holders, 433,000 options expired on May 31, 2008 and the balance of 550,000 options will expire on November 30, 2011.

On November 1, 2007, the Company awarded options to purchase a total of 875,000 common shares at an exercise price of \$2.00 per share, of which 250,000 options were awarded to CHF Investor Relations, the Company's investor relations counsel, and 625,000 options were awarded to certain of its executive directors, management and consultants. All such options will expire on October 31, 2012.

As at July 22, 2010, there are 94,041,246 common shares and 5,725,000 stock options outstanding.

Quarter ended March 31, 2010

The Company realized a loss of \$469,400 for the quarter ended March 31, 2010 compared to a loss of \$3,639 for the same period last year. The increase of \$465,761 in loss can be attributed mainly to an increase of \$343,143 in foreign exchange loss and an increase of \$104,183 in legal and professional fees.

During the quarter exploration expenditure of \$2,073,341 were incurred, comprising mainly of technical evaluation and management of \$167,668, pre-development feasibility study expenses of \$1,685,759 and salaries and benefits of \$123,005. These amounts were capitalized as petroleum exploration expenses.

Selected Annual Information

The following information were extracted from the Company's consolidated audited financial statements:

Years Ended March 31,	2010 \$	2009 \$	2008 \$
Net (loss) income	(1,448,046)	417,602	(1,956,299)
Per basic share	(0.03)	0.01	(0.040)
Per diluted share	(0.03)	0.01	(0.040)
Total assets	69,729,437	43,137,623	43,153,082
Total long-term financial liabilities	23,935,862	425,117	404,428

The increase in loss of \$1,865,648 between 2010 and 2009 was mainly due to foreign exchange loss of \$625,444 this year vis-à-vis an exchange gain of \$1,044,532 last year.

Summary of Quarterly Results (Unaudited)

Quarter Ended	2010 Mar 31 \$	2009 Dec 31 \$	2009 Sep 30 \$	2009 Jun 30 \$
Net (loss) income	(469,400)	(270,558)	(326,125)	(381,963)
Per basic share	(0.010)	(0.005)	(0.007)	(0.008)
Per diluted share	(0.010)	(0.005)	(0.007)	(0.008)

Quarter Ended	2009 Mar 31 \$	2008 Dec 31 \$	2008 Sep 30 \$	2008 Jun 30 \$
Net (loss) income	(3,639)	581,285	130,847	(290,891)
Per basic share	0.000	0.012	0.003	(0.006)
Per diluted share	0.000	0.012	0.003	(0.006)

The loss for the quarter ended March 31, 2010 of \$469,400 was mainly attributable to office expenses of \$46,283, professional fees of \$236,092 and foreign exchange loss of \$154,553.

The loss for the quarter ended March 31, 2009 of \$3,639 was mainly attributable to office expenses of \$29,819, professional fees of \$131,909 and business promotion of \$30,000, offset by foreign exchange gain of \$188,590.

The profit for the quarter ended December 31, 2008 of \$581,285 was mainly due to exchange gain of \$749,770, partially offset by office expenses of \$82,174 and professional fees of \$70,844.

PEHI has an investor relations counsel, CHF Investor Relations (www.chfir.com) which handles the Company's corporate communications in Canada. Phone: +1 416.868.1079; Fax: +1 416.868.6198. PEHI has a website at www.primelineenergy.com or www.pehi.com. The site features information on PEHI, new releases, background information and a technical summary of the project.

財務資料

經營業績

本公司截至二零一零年三月三十一日止財政年度之經審核業績為虧損 1,448,046 加元，而上年度溢利為 417,602 加元。虧損增加之 1,865,648 加元主要由於本年匯兌虧損 625,444 加元相對去年為匯兌溢利 1,044,532 加元。於年度內美元 / 加元之兌換價由 1.263 下跌至 1.015。本年度每股虧損為 0.03 加元 (二零零九年 - 每股盈利 0.01 加元)。

流動資產比率及資金資源

於二零一零年三月三十一日，本公司流動資產淨額為 25,452,075 加元，而去年流動資產淨額為 8,284,794 加元。流動資產淨額增加之 17,167,281 加元，主要由於發行供股中所收到保證訂金 23,510,311 加元，令現金增加了 21,630,647 加元。

於本年度內，產生之勘探費用為 4,900,806 加元 (二零零九年 - 2,664,993 加元)，此費用主要依靠股權提供資金。於二零一零年三月三十一日，石油勘探費用總額為 39,312,933 加元 (二零零九年 - 34,412,127 加元)，其分類剖析如下：

	二零一零年 加元	二零零九年 加元
有關鑽探之服務		
鑽勘服務	5,634,766	5,634,766
鑽勘技術監管及評估	337,001	318,394
勘探地質及 地球物理之勘測工程		
採集及處理地質及地球物理之勘測 技術評估及管理	9,787,442	9,787,442
4,887,397	4,403,802	
開發前研究	4,902,689	1,610,661
遞延石油勘探費用之資金利息	3,548,686	3,549,580
購入之遞延費用	1,394,307	1,394,307
項目行政費用	2,969,484	2,639,946
薪金及福利	4,158,177	3,695,522
差旅住宿費	1,974,154	1,658,877
合同簽署費	539,917	539,917
外匯溢利	(821,087)	(821,087)
	39,312,933	34,412,127

於本年內增加 3,292,028 加元之開發前研究費用，反映於二零零九 / 一零年內進行總體開發方案成本，技術評估及管理二零零九年錄得 4,403,802 加元，本年因進行勘探工程之顧問工作增加了 483,595 加元。

項目行政費用進一步剖析如下：

	二零一零年 加元	二零零九年 加元
銀行手續費	14,215	12,977
辦公室租金	1,606,944	1,476,026
辦公室用品	114,958	91,749
雜項支出	372,857	338,997
郵費	31,682	31,086
專業顧問費	441,979	349,901
通訊費用	85,097	75,444
差旅費	271,087	241,251
能源消耗	30,665	22,515
	2,969,484	2,639,946

本公司之總資產為 69,729,437 加元 (二零零九年 - 43,137,623 加元)，主要由股東權益淨額 40,829,146 加元 (二零零九年 - 42,271,804 加元) 及流動負債 4,964,429 加元 (二零零九年 - 440,702 加元) 及發行配股所收訂金 23,510,311 加元 (二零零九年 - 無) 提供資金。

於二零零六年四月四日，一項私人配股及債務轉換提供本公司充足資金完成其第一期勘探工程內之最少承擔及支付一年內日常行政開支。於二零一零年度內，石油勘探費用之支出為 2,839,036 加元，乃由私人配股中所得資金支付。相對二零零九年支出減少 219,209 加元。

於二零一零年三月三十一日，本公司之流動資產淨額為 25,452,075 加元 (二零零九年 - 8,284,794 加元) 及其虧絀為 10,808,230 加元 (二零零九年 - 9,360,184 加元)。本公司有足夠資金完成其第二期勘探工程內之承諾鑽探的第一口井 (其後已於二零一零年四至六月完成鑽探)，及支付下一年度日常行政開支。然而，如繼續進行開發或如本公司履行第二勘探階段之承諾簽訂第二個井口的鑽探合同及任何鑽探計劃，則需求額外之資金。管理層正研究可行的提供資金方案來應付資金短缺。

金融工具

本公司的金融工具包括現金及現金等值、應收帳項、應付帳項及應計負債及關連公司墊款等。此等金融工具均屬短期或可即時清算，因此其公平價值接近其帳面價值。

本公司的金融工具暴露出一定的財務風險，包括貨幣風險、信貸風險、流動資金風險、利率風險及價格風險。

a) 貨幣風險

本公司持有七日到期的 135,031 美元定期存款，226,603 美元及 1,983,820 人民幣現金結存。

按上述之披露，於二零一零年三月三十一日假設其他變數維持不變，加元對美元及人民幣升值或貶值 10%，將分別令公司之淨虧損增加或減少 36,706 加元及 29,599 加元。

b) 信貸風險

信貸風險所承受的風險為如顧客或金融工具的第三者無法履行其契約責任的意外虧損。

本公司的現金及現金等值存放在大型國際金融機構的付息帳戶。少量現金結存存放在中國的金融機構內。本公司並無投資在資產支持商業票據內。

c) 流動資金風險

所承受的風險為公司無法如期償付到期的財務責任。

本公司透過資本管理處理其流動資金風險並已於資本管理標題內概述。有關石油勘探費用的應付帳項、其他應付帳項及應計負債均於本營運期內到期。

d) 利率風險

利率風險所承受的風險為市場利率對金融工具的公平價值或未來現金流量所引起的波動。本公司之投資週期均非常短期 (七日至一個月)，故短期投資包括現金及現金等值的公平價值下降機會細微。

e) 價格風險

本公司密切監管商品價格從而決定公司採取適當的相關行動。

資本管理

本公司管理資本的目標是為了進行勘探及發展其石油權益，收購更多石油產業權益及在可接受的風險下以有效的資本成本維持資本結構的彈性，從而確保公司可持續經營。於資本管理內，本公司包括現金及現金等值及股東權益中的成分。

本公司就經濟環境改變及有關資產的風險特性管理資本結構及作出修改。於維持或修改資本結構時，本公司可能會試圖發行新股、債務、收購或出售資產，又或調整現金及現金等值與投資的金額。

為了幫助其資本需求的管理，本公司編製週年支出預算及必要時（在各種因素的改變下，包括成功的資本部署及普遍業內環境）更新預算。這些週年及更新預算需由董事局會審批。

就本公司目前的發展階段及為往後發展達至最佳的成果，本公司沒有派發股息。

本公司的投資政策為將其現金投資在信貸評級機構 DBRS 評為 R1- 高，於購買日起九十天或更短到期的高流動性的短期付息投資。

本公司現時並未受對外徵求資本規定所管制。

關連人士及董事之交易

於截至二零一零年三月三十一日止年度內，本公司支付或收取關連人士如下：

a) 倫敦辦公室租金 66,335 加元（二零零九年 - 72,879 加元）於一間共同控制公司，該公司之股東為本公司最終控股公司 - 超準國際控股股份有限公司（於英屬處女群島成立之私人公司）之同一股東，其所有已發行之股份均為本公司之總裁及董事黃偉華先生持有。

b) 給由 Peter Kelty 先生（為本公司之董事）所控制的公司之費用及支出共 26,062 加元（二零零九年 - 27,098 加元），以提供投資者關係、證券交易及其他行政之諮詢服務。

c) 向一間共同控制公司收取招集現金 2,383,991 加元（二零零九年 - 運用 238,927 加元），該公司之股東亦為本公司最終控股公司 - 超準國際控股股份有限公司之同一股東。

此等關連人士之交易以交換價量度，即其代價乃經本公司及關連人士同意下及按正常經營條款而釐定。

採用新的加拿大會計公告

金融工具 - 披露

於二零零九年內，加拿大會計師公會（「會計師公會」）手冊第 3862 章節「金融工具 - 披露」（「手冊第 3862 章節」），對要求關於輸入計算公平價值之披露作出修訂，包括按等級所分類，優先順序輸入計算公平價值。公平價值之等級分為三層：

- 第一層 - 同等資產及負債於活躍市場內未調整的報會
- 第二層 - 輸入除報價外直接或間接於市場上可見的資產及負債
- 第三層 - 輸入並非基於市場可見的資料

本公司於二零一零年三月三十一日年度內採用了此修訂準則及所需之披露已載於綜合財務報表中附註 8 內。

金融資產及負債的信貸風險及公平價值

於二零零九年一月，會計師公會頒布 EIC - 173 「金融資產及負債的信貸風險及公平價值」。此指引要求公司在裁定其金融資產及負債（包括衍生工具）的公平價值時應將自身的信貸風險及對應方的信貸風險一併計算在內。此指於二零零九年一月二十日或以後的財政期度應用。採用此章節對綜合財務報表並無影響。

商譽及無形資產

於二零零八年二月，會計師公會頒布會計師公會手冊第 3064 章節「商譽及無形資產」以取代第 3062 章節「商譽及其他無形資產」及第 3450 章節「研究及開發成本」。為求一致，會計師公會手冊內的其他章節亦有稍為改動。第 3064 章節制定謀利機構中的商譽及無形資產在初次確認後，其後的確認、計量、呈列及披露之準則，此新準則於二零零九年四月一日開始應用在本公司的綜合財務報表內。採用此準則對本公司之綜合財務報表並無重大影響。

未來加拿大會計公告

業務合併

於二零零九年一月，會計師公會頒布第 1582 章節「業務合併」以取代之之前業務合併的指引。第 1582 章節制定業務合併收購方法的原則、及條件及有關之披露。另外，會計師公會亦頒布第 1601 章節「綜合財務報表」及第 1602 章節「非控制之權益」以取代現時之指引。第 1601 章節制定編制綜合財務報表的基準，而第 1602 章節則提供於業務合併後，綜合財務報表內有關非控制權益的附屬公司的帳目指引。

這些陳述預期會應用於業務合併的收購日在二零一一年一月一日或以後的首個週年報告，亦可提早應用。本公司現評估這些新章節從而裁定對其綜合財務報表的潛在影響。

國際財務報告準則

本公司預期於二零一一年四月一日起採用國際財務報告準則，在過渡期後，介時將把二零一零年與每個比較期間之比較數字以國際財務報告準則重列，本公司已於二零零九年開始執行採用國際財務報告準則之實施計劃。

於二零零九年，本公司比較其現時採用加拿大公認會計原則下的會計政策及國際財務報告準則之間的差異。基於審視其過往交易、現時及預期的商業活動，本公司發現在勘探及估值成本，及資產減值處理的範圍內，最有可能在本公司的財務報表採用國際財務報告準則後出現重大差異。

本公司已在這幾方面作出全面分析，以確定在採用國際財務報告準則時此等差異對本公司的財務報表的潛在影響。

國際財務準則委員會仍未確實決定勘探及估值成本應列為資本化或支出。國際財務準則第 6 號准許公司選取資本化此等成本，惟此政策必須於財務報表附註中披露。本公司預期會繼續資本化其勘探及估值成本以符合其現行之政策。

於加拿大公認會計原則下，礦物估值及勘探成本減值測試是以兩步測試來執行。第一步是以採用未貼現現金流分析來決定是否存在減損。如該分析確定為減損，其虧損應為帳面價值超出公平價值的金額。公平價值之金額一般基於貼現現金流計算。於國際財務報告準則下，測試資產減值的第一步是基於其貼現現金流，國際財務報告準則亦准許如長壽命資產的公平價值超出其帳面價值時，可回撥過往年度已作減損的減值。

基於本公司現時及預期的活動，應用到本公司營運上的國際財務報告準則為功能貨幣、業務合併、股份形式報酬及退役及退廢責任，並未預期對二零一零年財政業績產生重大影響。

本公司仍在考慮採用國際財務報告準則對其財務報表之影響。

本公司審視國際財務報告準則基於於此報告日準則的應用性。國際財務準則委員會仍在發展國際財務報告準則，並可能於此報告日及公司採用國際財務報告準則期間作出變動。本公司基於其過往、現時及預期的商業活動，評估加拿大公認會計原則及國際財務報告準則之間的差異。改變商業活動可能會令本公司在拿大公認會計原則及國際財務報告準則報告下之財務報表、附註及其他披露帶來未能預期的差異。改變商業活動及交易及 / 或國際財務報告準則可能會對本公司上述之分析帶來重大影響。

本公司會將貫穿追蹤二零一零年在每項個別交易上加拿大公認會計原則及國際財務報告準則之間的差異，同時亦會分析國際財務報告準則變動出現時的影響。於二零一零年年終時，本公司將準備兩套財務報表，一套為應用加拿大公認會計原則以作報告之用，另一套將應用國際財務報告準則，於二零一一年四月本公司採用國際財務報告準則時作比較數字之用。

結帳後發生事項

於二零一零年三月五日，本公司與中國油田服務股份有限公司（「中海油服」）簽訂了一份總承包鑽井合同，中海油服同意以約 2,800 萬美元（視乎要求的測試程度）於 25/34 區塊內鑽探 LS 35-3-1 井口。鑽探於二零一零年四月十二日開始而中海油服之鑽機於二零一零年六月七日完成井口作業並已撤離。本公司實際付出成本包括測試費用約為 2,100 萬美元。

於二零一零年三月二十五日，本公司就有關發行配股提交了一份初步的簡短招股說明書給卑詩省，艾伯特省，安大略省和魁北克省，籌集了總額 23,510,311 加元。根據此發行配股，本公司普通股的每位持有人每持有一股可收取一配股，每一配股賦予持有人以每股 0.50 加元（「認購價」）認購一股份。本公司最大之股東 - 超準國際控股股份有限公司（「超準控股」）同意提供備用承諾（「備用保證」），超準控股將以認購價買下於此發行配股未被認購的任何股本（「備用股本」）。因此，超準控股於二零一零年三月二十六日存入 23,510,311 加元作為備用保證的訂金。

於二零一零年四月十五日配股已派發予普通股持有人並已於二零一零年五月六日到期。於此發行配股下，股東申請及購買 39,640,833 股普通股從中獲得總額 19,820,416.50 加元。於本公司之備用保證協議下，超準控股認購此發行配股餘下之 7,379,790 股普通股所得總額為 3,689,895 加元。本公司收取累計所得總額為 23,510,311.5 加元。

中海油與本公司及超準石油公司所簽訂之開發補充協議已被中國商務部認可並已於二零一零年六月十三日生效，而其他開發協議亦於當日生效。中海油代表自身、本公司及超準石油公司於二零一零年七月七日簽訂了一份購銷麗水 36-1 氣田中氣體的架構協議，主要取替早前簽訂的銷售原則協議。

發行股權資料

於二零零六年四月四日，本公司以每股行使價 1.50 加元授予董事、行政人員、員工及顧問共 4,500,000 份認購權證，其中 4,300,000 份仍然生效並將於二零一一年四月四日到期。

於二零零六年十二月一日，本公司給予其非執行董事、管理人員及顧問認購權證購買高達 1,200,000 股本公司普通股，其行使價為 1.60 加元。當中 217,000 份認購權證份已在持證人同意下註銷，433,000 份認購權證已於二零零八年五月三十一日到期而餘下之 550,000 份將於二零一一年十一月三十日到期。

於二零零七年十一月一日，本公司給予認購權證購買合共 875,000 份本公司普通股票，其行使價為 2.00 加元。當中 250,000 份認購權證給予本公司的投資關係代理 CHF Investor Relations，而 625,000 份給予其執行董事、管理人員及顧問。所有認購權證均按照本公司的股票認購權證計劃所授予，並將於二零一二年十月三十一日到期。

於二零一零年七月二十二日，公司已發行之普通股為 94,041,246 股及認購權證為 5,725,000 份。

截至二零一零年三月三十一日止季度

本公司截至二零一零年三月三十一日止季度之虧損為 469,400 加元，相對去年同季之虧損為 3,639 加元。虧損增加 465,761 加元應為外匯虧損增加 343,143 加元及專業顧問費用增加 104,183 加元所致。

於本季度之勘探費用為 2,073,341 加元，其中主要包括技術評估及管理 167,668 加元、開發前可行性研究 1,685,759 加元及薪金及福利 123,005 加元。此等費用已撥至資本化於石油勘探費用內。

年度資料擇項

下列資料乃摘錄自本公司之審核財務報表：

截至三月三十一日止年度	二零一零年 加元	二零零九年 加元	二零零八年 加元
(虧損) 溢利淨額	(1,448,046)	417,602	(1,956,299)
每基本股	(0.03)	0.01	(0.040)
每攤薄股	(0.03)	0.01	(0.040)
資產總額	69,729,437	43,137,623	43,153,082
長期負債總額	23,935,862	425,117	404,428

於二零一零年及二零零九年間虧損增加 1,865,648 加元，主要由於本年 625,444 加元之外匯虧損，相對去年為外匯溢利 1,044,532 加元。

季度業績擇要 (未經審核)

季度截止	二零一零年 三月三十一日 加元	二零零九年 十二月三十一日 加元	二零零九年 九月三十日 加元	二零零九年 六月三十日 加元
(虧損) 溢利淨額	(469,400)	(270,558)	(326,125)	(381,963)
每基本股	(0.010)	(0.005)	(0.007)	(0.008)
每攤薄股	(0.010)	(0.005)	(0.007)	(0.008)

季度截止	二零零九年 三月三十一日 加元	二零零八年 十二月三十一日 加元	二零零八年 九月三十日 加元	二零零八年 六月三十日 加元
(虧損) 溢利淨額	(3,639)	581,285	130,847	(290,891)
每基本股	0.000	0.012	0.003	(0.006)
每攤薄股	0.000	0.012	0.003	(0.006)

截至二零一零年三月三十一日止季度之虧損為 469,400 加元，主要由於辦公室開支 46,283 加元、專業顧問費用 236,092 加元及外匯虧損 154,553 加元所致。

於截至二零零九年三月三十一日止季度之虧損為 3,639 加元，主要由於辦公室開支 29,819 加元、專業顧問費用 131,909 加元及業務推廣 30,000 加元所致，部份被匯兌溢利 188,590 加元所抵銷。

於截至二零零八年十二月三十一日止季度之溢利為 581,285 加元，主要來自匯兌溢利 749,770 加元，部份被辦公室支出 82,174 加元及專業顧問費 70,844 加元所抵銷。

超準能源的投資關係代理 CHF Investor Relations (www.chfir.com)，電話 +1 416.868.1079，傳真 +1 416.868.6198，為本公司處理在加拿大的企業資訊事宜。有關超準能源的詳細信息如新聞發布、背景資料項目、技術概要等，請登陸本公司網站 www.primelineenergy.com 或 www.pehi.com 瀏覽。



Auditors' Report

**To the Shareholders of
Primeline Energy Holdings Inc.**

We have audited the consolidated balance sheets of **Primeline Energy Holdings Inc.** as at March 31, 2010 and 2009 and the consolidated statements of operations, comprehensive income (loss) and deficit and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2010 and 2009 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Vancouver, British Columbia
July 28, 2010

"PricewaterhouseCoopers" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Consolidated Balance Sheets
As at March 31, 2010 and 2009

	2010 \$	2009 \$
Assets		
Current assets		
Cash and cash equivalents	30,328,566	8,697,919
Prepaid expenses and deposit	87,938	27,577
	30,416,504	8,725,496
Petroleum exploration costs (note 3)	39,312,933	34,412,127
	69,729,437	43,137,623
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	2,552,959	413,223
Cash call payable (note 6)	2,411,470	27,479
	4,964,429	440,702
Rights issue deposit (note 11)	23,510,311	-
Future income tax liability (note 7)	425,551	425,117
	28,900,291	865,819
Shareholders' Equity		
Capital stock (note 4)	64,309	64,309
Contributed surplus (note 4)	51,573,067	51,567,679
Deficit	(10,808,230)	(9,360,184)
	40,829,146	42,271,804
	69,729,437	43,137,623
Nature of operations and going concern (note 1)		
Commitments (notes 3 and 5)		
Subsequent Events (note 11)		

Approved by the Board of Directors Guang Ming Wang **Director** Brian Chan **Director**

**Consolidated Statements of
Operations, Comprehensive Income
(Loss) and Deficit
For the years ended March 31,
2010 and 2009**

	2010 \$	2009 \$
Revenue		
Interest income	1,504	177,762
Expenses		
Bank charges and interest	13,979	6,446
Business promotion	86,759	89,142
Foreign exchange loss (gain)	625,444	(1,044,532)
Office	234,902	221,286
Professional fees	450,763	250,832
Stock-based compensation (note 4(b))	4,088	206,504
Travel	33,615	30,482
	<u>1,449,550</u>	<u>(239,840)</u>
(Loss) Income for the year and comprehensive (loss) Income	(1,448,046)	417,602
Deficit - Beginning of year	(9,360,184)	(9,777,786)
Deficit - End of year	<u>(10,808,230)</u>	<u>(9,360,184)</u>
Basic and diluted (loss) earnings per common share	<u>(0.03)</u>	<u>0.01</u>
Weighted average number of common shares outstanding	<u>47,020,623</u>	<u>47,020,623</u>

Accompanying notes are integral part of the financial statements

**Consolidated Statements of
Cash Flows
For the years ended March 31,
2010 and 2009**

	2010 \$	2009 \$
Cash flows from operating activities		
(Loss) Income for the year	(1,448,046)	417,602
Items not affecting cash		
Stock-based compensation	4,088	206,504
Changes in non-cash working capital items		
Prepaid expenses and deposit	(60,361)	19,291
Accounts payable and accrued liabilities	79,700	(7,386)
	19,339	11,905
	(1,424,619)	636,011
Cash flows from investing activities		
Expenditures on petroleum exploration costs	(2,839,036)	(3,058,245)
Cash flows from financing activities		
Deposit received of rights issue	23,510,311	-
Cash call received from (utilized for) a related party	2,383,991	(238,927)
	25,894,302	(238,927)
Increase (decrease) in cash and cash equivalents	21,630,647	(2,661,161)
Cash and cash equivalents - Beginning of year	8,697,919	11,359,080
Cash and cash equivalents - End of year	30,328,566	8,697,919
Supplemental cash flow information		
Non-cash investing activities		
Accrued expenses capitalized to petroleum exploration costs	2,060,036	(475,675)
Stock-based compensation and related future income taxes capitalized as petroleum exploration costs	1,734	82,423

Notes to Consolidated Financial Statements March 31, 2010 and 2009

1 Nature of operations and going concern

Primeline Energy Holdings Inc. (PEHI) was incorporated under the Companies Law of the Cayman Islands on March 31, 1995 and is in the business of exploration and development of off-shore oil and gas properties. To date, PEHI has not realized any revenues from its oil and gas properties and is considered to be an exploration stage company.

Primeline Energy China Ltd. (PECL), a wholly owned subsidiary, owns a 75% interest in a petroleum sharing contract (the Petroleum Contract) which entitles PECL to participate in the exploration, development and production of oil and gas in Block 25/34 in the East China Sea. The participation interests are detailed in note 3. Primeline Energy Operations International Limited (PEOIL), another wholly owned subsidiary, holds the operator rights under the Petroleum Contract.

PECL is currently exploring for oil and gas under the Petroleum Contract for Block 25/34 in the East China Sea of the People's Republic of China (PRC) and is also working with CNOOC on the development proposal of the LS 36-1 gas field.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

Several adverse conditions cast significant doubt upon the validity of this assumption. Consistent with other entities in the exploration stage, the Company has incurred operating losses since inception, has no source of revenue, is unable to self-finance operations, and has significant cash requirements to meet its overhead and continue its exploration activities. Specifically, in order to remain in good standing under its petroleum contract and to maintain the rights to its property, the Company must complete the drilling of two exploration wells on the property, at an estimated cost, including testing, of US\$45 million by April 30, 2011. One of the wells was started and completed subsequent to year end (See note 11).

The Company's ability to continue as a going concern is dependent upon management's ability to secure the additional financing required to fund the drilling of the second exploration well and also to raise additional funding of approximately US\$22.5 million required for the drilling of the third exploration well prior to April 30, 2013 should the Company decide to proceed with exploration phase 3. While management has been successful in obtaining funding in the past, there can be no assurance that it will be able to do so in the future. Management is investigating funding options, as normal course of business, to address financial shortfall.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used, and such adjustments would be material.

2 Significant accounting policies

Principles of consolidation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the accounts of PEHI and its wholly owned subsidiaries, PECL and PEOIL, also incorporated in the Cayman Islands (collectively, the Company). Inter-company balances and transactions are eliminated on consolidation.

Cash and cash equivalents

Cash and cash equivalents consist of cash and highly liquid short-term interest-bearing securities with maturities at the purchase date of three months or less. Cash and cash equivalents are recorded at fair value with change in fair value recorded in the Statement of operations.

Petroleum exploration costs

The Company follows the full cost method of accounting for oil and gas exploration expenditures, wherein all costs related to the exploration of oil and natural gas properties are capitalized. Costs capitalized include acquisition costs, geological and geophysical expenditures, rentals on

Notes to Consolidated Financial Statements March 31, 2010 and 2009

undeveloped properties, costs of drilling productive and non-productive wells, overhead directly related to exploration activities and lease of well equipment. Costs capitalized will be depleted using the unit-of-production method based on proven gross oil and natural gas reserves determined by the Company and independent engineers.

The Company is in the process of exploring off-shore oil and gas properties. Management's estimate of probable reserves and resources are subject to risks and uncertainties affecting the recoverability of the Company's investment in petroleum exploration costs. Although management has made its best estimate of these factors based on current conditions, it is reasonably possible that changes could occur in the near term that could materially affect management's estimate of the recoverability of deferred costs and the need for asset impairment writedowns.

All long-lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. If it is determined that the carrying value is not recoverable and exceeds its fair value, a writedown to the fair value amount is made by a charge to earnings.

Foreign currency translation

The Company translates foreign currency transactions and accounts using the temporal method. Monetary assets and liabilities are translated at the exchange rate in effect on the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate in effect on the transaction date. Expenses are translated at monthly average exchange rates. Foreign currency translation gains and losses are reflected in the consolidated statements of operations, comprehensive loss and deficit, except for those gains and losses that relate to the petroleum exploration costs which are deferred.

Use of estimates, risks and uncertainties

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the

date of the financial statements and the reported amounts of revenues and expenses during the period. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

A significant area requiring the use of management estimates relates to the recoverability of the petroleum exploration costs. Realization of the Company's assets is subject to risks and uncertainties, including reserves estimation; future oil and gas prices; estimated costs of future production; changes in government legislation and regulations; and various operational factors.

Capitalization of interest

The Company capitalizes interest to petroleum exploration costs until commencement of commercial production.

Income taxes

Income taxes are calculated using the liability method. 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 liabilities or assets. Future income tax liabilities or assets are calculated using enacted or substantively enacted tax rates anticipated to apply in the periods that the temporary differences are expected to reverse. A valuation allowance is applied to the extent that it is not more likely than not that future income tax assets will be realized.

Stock-based compensation

The Company applies the fair value method of accounting for stock-based compensation for both employees and non-employees. The fair value method requires recognition of an expense arising from stock options granted to both employees and non-employees, at the date of grant, in an amount equal to the fair value of the options granted. The fair value of options granted is established at the date of grant using the Black Scholes option pricing model, and the compensation expense, equal to the option's fair value, is then recognized over the option's vesting period. Consideration paid for shares on exercise of stock options is credited to capital stock.

Asset retirement obligations

Asset retirement obligations are recorded for statutory, contractual, or legal obligations associated with the retirement of property, plant and equipment, when those obligations result from the acquisition, construction, development, or normal operation of the assets. The obligations are measured initially at fair value (using present value methodology), and the resulting costs capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of discounts and any changes in the amount or timing of the underlying future cash flows. The related asset is adjusted only as a result of changes in the amount or timing of the underlying cash flows. The capitalized asset retirement cost is depreciated on the same basis as the related asset. Management has determined that, based on the exploration work carried out to date, there is no legal obligation requiring remediation of the company's oil and gas property at this time.

Earnings (Loss) per Share

Basic earnings (loss) per share is calculated using the weighted-average number of shares outstanding during the period. The company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method, the dilutive effect on earnings per share is recognized assuming the proceeds that could be obtained upon exercise of options, warrants and similar instruments would be used to purchase common shares at the average market price during the year.

Adoption of Recent Canadian Accounting Pronouncements

Financial instruments – Disclosures

During 2009, CICA Handbook Section 3862, Financial Instruments – Disclosures ("Section 3862") was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

- Level 3 – Inputs that are not based on observable market data.

The Company adopted this amended standard for the year ended March 31, 2010 and required disclosures are included in Note 8.

Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

In January 2009, the CICA issued EIC – 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. The guidance requires that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. This guidance is applicable to fiscal periods ending on or after January 20, 2009. Adoption of this section has had no impact on the consolidated financial statements.

Goodwill and Intangible Assets

In February 2008, the CICA issued CICA Handbook Section 3064, Goodwill and Intangible Assets, which replaces Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. The new Section was applicable to the Company's consolidated financial statements for its fiscal year beginning April 1, 2009. There was no material impact of the Company's consolidated financial statements as a result of adopting this standard.

Future accounting pronouncements

Business Combinations

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. In addition, the CICA issued Sections 1601, Consolidated Financial Statements, and 1602,

Notes to Consolidated Financial Statements
March 31, 2010 and 2009

Non-Controlling Interests, which replace the existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements, while section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

These statements apply prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011 with earlier application permitted. The company is currently evaluating the new sections to determine the potential impact on its consolidated financial statements.

3 Petroleum exploration costs

	2010	2009
	\$	\$
Exploration drilling related services		
Drilling services	5,634,766	5,634,766
Drilling technical supervision and evaluation	337,001	318,394
Exploration Geological & Geophysical Surveys & Works		
Geological & geophysical survey acquisition & processing	9,787,442	9,787,442
Technical evaluations & management	4,887,397	4,403,802
Pre-development study	4,902,689	1,610,661
Interest on funding of deferred exploration expenditure	3,548,686	3,549,580
Deferred costs acquired from Primeline Petroleum Corporation	1,394,307	1,394,307
Project administration	2,969,484	2,639,946
Salaries and benefits	4,158,177	3,695,522
Travel and accommodation	1,974,154	1,658,877
Contract signing fee	539,917	539,917
Foreign exchange (gain) loss	(821,087)	(821,087)
	39,312,933	34,412,127

The Company and Primeline Petroleum Corporation (PPC), a company with the same majority shareholder, are contractors (collectively, the Contractors) to the Petroleum Contract dated March 24, 2005 with China National Offshore Oil Corp. (CNOOC) to explore, develop and produce oil and gas reserves that may exist in an area known as Block 25/34 (the Contract Area) in Lishui and Jiaojiang Basins, East China Sea. The Contract Area includes the majority of previous Block 32/32 covered by a prior petroleum contract between the Contractors and CNOOC which was in effect during the period from December 12, 1994 to February 28, 2005. The Company and PPC hold 75% and 25% of the Contractors' interest, respectively. The Petroleum Contract became effective on May 1, 2005, and has three periods: exploration, development and production, with a maximum contract term of 30 years. The exploration period is normally seven years while the production period is normally 15 years. The exploration period is further subdivided into three exploration phases, which includes the first phase of three contract years (the first contract year through the third contract year); the second phase of two contract years (the fourth contract year through the fifth contract year); and the third phase of two contract years (the sixth contract year through the seventh contract year). Under the initial contract the Contractors were committed to drilling one exploration well in each of the three exploration phases (plus an additional 200 square kilometres of 3D seismic in phase one) and the the minimum cost of completing these exploration operations should be US\$6,000,000 in the first phase and US\$5,000,000 in each of the second and third phases. At the end of each of the first and second exploration phases, the Contractors must decide whether to enter into the next exploration phase and relinquish 25% of the remaining Contract Area, or terminate the Petroleum Contract. At the end of the third exploration phase, the Contract Area, except for any discovery, development, production area that may exist in the Contract Area, is relinquished.

The Petroleum Contract provides that the Contractors will fund all costs incurred during the exploration period, and CNOOC has the right to participate up to 51% in any future development and production of oil and/or gas fields in the Contract Area by paying its pro rata share of the development and production costs. The Contractors will remain as operators for the development and production period until at least full cost recovery.

By an Amendment Agreement dated February 18, 2008 between CNOOC, the Company and PPC, the parties have agreed that the Petroleum Contract be amended to provide that the exploration period beginning on the date of the commencement of the implementation of the contract shall be divided into three phases and shall consist of 8 years. The first exploration period shall be for a period of four years from the date of commencement on May 1, 2005, and the second and the third exploration phases shall be for two years period respectively. The Company is in compliance with all explorations requirements for phase 1 except for the commitment to drill one exploration well which has been transferred by agreement with CNOOC into phase 2. The minimum drilling requirement for phase 2, which ends April 30, 2011 is now two wells and for phase 3, which ends April 30, 2013 is one well each to minimum depth of 2,500m. The estimated cost for each well is in the order of US\$22.5 million, including the cost of testing one zone.

The company, PPC and CNOOC have signed a Supplement Development Agreement and other agreements with regard to the development of LS36-1 gas field which was discovered by the Company, following the completion of Overall Development Program (ODP). Under these agreements, CNOOC become the Operator for the development and production operations and is proceeding with the development preparation whilst preparing for the full government approval submission of the development. PEOIL continues to be Operator for Block 25/34.

Notes to Consolidated Financial Statements
March 31, 2010 and 2009

4 Capital stock and contributed surplus

a) Authorized

	Number of shares	
	2010	2009
Common shares with a par value of US\$0.001 each	500,000,000	500,000,000

Issued and outstanding

	Number of common shares	Amount \$	Contributed surplus \$
Balance - March 31, 2008	47,020,623	64,309	51,299,441
Fair value of options	-	-	268,238
Balance - March 31, 2009	47,020,623	64,309	51,567,679
Fair value of options	-	-	5,388
Balance - March 31, 2010	47,020,623	64,309	51,573,067

	2010	2009
Weighted average number of common shares outstanding	47,020,623	47,020,623

b) Stock options

The Company has a stock option plan (the Plan), pursuant to which the directors are authorized to grant up to 7,053,000 common shares in options. The options enable the directors, officers, consultants and employees to acquire common shares. The exercise price of a share option will be set by the board of directors, subject to TSX Venture Exchange policy. Options granted under the Plan may have a maximum term of five years and vest in stages over at least 18 months equally on a quarterly basis, as determined by the board of directors at the grant date.

The following table summarizes information about the stock options outstanding and exercisable at March 31, 2010 and 2009:

	2010		2009	
	Options outstanding	Weighted average exercise price \$	Options outstanding	Weighted average exercise price \$
Outstanding - Beginning of year	5,725,000	1.59	6,158,000	1.59
Expired	-	-	(433,000)	1.60
Outstanding - End of year	5,725,000	1.59	5,725,000	1.59
Options exercisable - End of year	5,725,000	1.59	5,579,130	1.58

On April 4, 2006, the Company granted 4,500,000 options at an exercise price of \$1.50 per share to directors, officers, employees and consultants, of which 4,300,000 options are outstanding and will expire on April 4, 2011.

On December 1, 2006, the Company awarded options to its non-executive directors, management and consultants to purchase up to 1,200,000 common shares at an exercise price of \$1.60 per share. 217,000 of the 1,200,000 options have been cancelled by agreement with the option holders. 433,000 of the 1,200,000 options expired on May 31, 2008 while the balance of 550,000 options will expire on November 30, 2011.

On November 1, 2007, the Company awarded options to purchase a total of 875,000 common shares at an exercise price of \$2.00 per share. 250,000 of the 875,000 options were awarded to CHF Investor Relations, the Company's investor relations counsel, while 625,000 options were awarded to executive directors, management and consultants. All such options will expire on October 31, 2012. The options granted to the non-employees were re-valued as at March 31, 2009.

Assumptions used in the Black-Scholes option pricing model for revaluation of the options granted to non-employees for the years ended 2009 are as follows:

	2009
Risk-free interest rate	3.59-4.75%
Expected life	5 years
Expected volatility	77-91%
Expected dividends	Nil

In connection with the grant of stock options to directors, officers, consultants and employees, the Company recognized a stock-based compensation expense of \$4,088 for the year ended March 31, 2010 (March 31, 2009 - \$206,504) and capitalized \$1,300 to deferred exploration costs for the year ended March 31, 2010 (March 31, 2009 - \$61,734).

As at March 31, 2010 stock options outstanding and exercisable are as follows:

	Number of outstanding options as at March 31, 2010	Weighted average remaining contractual life	Number of exercisable options as at March 31, 2010
Exercise price			
1.5	4,300,000	1 year	4,300,000
1.6	550,000	1.7 years	550,000
2.0	875,000	2.6 years	875,000
	5,725,000	1.3 years	5,725,000

5 Commitments

a) Under the petroleum contract, the Company has a commitment to drill 2 wells prior to April 30, 2011 during exploration phase 1 and 2 and to drill a third exploration well by April 30, 2013, should the Company decide to proceed with phase 3 of its exploration program. Under current market condition, the cost of drilling one well is US\$ 14 million excluding any testing cost which could be in the order of US\$ 8 million.

b) The Company entered into a lease agreement for the rental of PEHI's Shanghai office in the People's Republic of China. The lease is for a period of two years from September 1, 2008 to August 31, 2010 with a monthly rental fee of approximately \$5,697 (RMB 38,183).

6 Related party transactions

During the year ended March 31, 2010, the Company paid or accrued the following:

a) London office rent of \$66,335 (2009 - \$72,879) to a company under common control of which the shareholder of that company is also the shareholder of the company's ultimate holding company, Primeline International Holdings Inc, ("PIHI"), a private British Virgin Islands

Notes to Consolidated Financial Statements

March 31, 2010 and 2009

corporation, all of the issued and outstanding shares of which are beneficially owned by Mr. Victor Hwang, President and a director of the Company.

b) fees and expenses of \$26,062 (2009 - \$27,098) to a company controlled by Mr. Peter Kelty, a director for advisory services relative investor relations, securities and exchange matters and other administrative services.

c) Cash call of \$2,383,991 received from (2009 – \$238,927 utilized for) a company under common control of which the shareholder of that company is also the shareholder of the company's ultimate holding company PIHL.

These transactions, which occur in the normal course of operations, are measured at the exchange amount, which is the amount of the consideration established and agreed to by the related parties.

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7 Income taxes

The Company is domiciled in an income tax-exempt jurisdiction and carries out its oil exploration activities in the PRC; these activities are subject to PRC income tax at a rate of 25%. In accordance with PRC tax regulation, exploration costs incurred by foreign oil and gas enterprises can be deferred and amortized from commencement of oil/gas production.

Significant components of the Company's future income tax liabilities are as follows:

	2010 \$	2009 \$
Resource properties	425,551	425,117
Net future income tax liability	<u>425,551</u>	<u>425,117</u>

For certain acquisitions predominately stock based compensation and other payments for mineral property interests, the Company records a future income tax liability and a corresponding adjustment to the related asset carrying amount.

8 Financial instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and advances from a related party. The fair value of these financial instruments approximates their carrying value due to their short-term maturity or capacity of prompt liquidation.

Fair values of assets and liabilities approximate amounts at which these items could be exchanged in transaction between knowledgeable parties. Fair value is based on available public market information or when such information is not available, estimated using present value techniques and assumptions concerning the amount and timing of future cash flows and discount rates which factor in the appropriate credit risk. The calculation of estimated fair value is based on market conditions at the specific point in time and in the respective geographic locations and may not be reflective of future values.

Cash and cash equivalent are recorded at fair value based on available level 2 valuation information of the fair value hierarchy. Receivables and accounts payable and accrued liabilities and advances from a related party approximate their fair value due to their short term maturity.

The Company's financial instruments are exposed to certain financial risks, including currency risk, credit risk, liquidity risk, interest rate risk and price risk.

(a) Currency risk

The Company holds US\$135,031 in term deposits which mature in 7 days and cash balances of US\$226,603 and RMB1,983,820.

Based on the above net exposures as at March 31, 2010, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the US dollar and Renminbi, would result in an increase/decrease of approximately \$36,706 and \$29,599 respectively in the Company's net loss.

(b) Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and cash equivalents are held at a large international financial institution in interest bearing accounts. Minimal cash balances are held in Chinese financial institutions. The Company has no investments in asset-backed commercial paper.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company manages liquidity risk through its capital management as outlined in note 9 to the consolidated financial statements. Accounts payable relating to petroleum exploration costs and other accounts payable and accrued liabilities are due within the current operating period.

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The risk that the Company will realize a loss as a result of a decline in the fair value of the short-term investments included in cash and cash equivalents is minimal because these investments roll over very short periods (seven days to one month).

(e) Price risk

The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company.

9 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the exploration and development of its petroleum interest, acquire additional petroleum property interests and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. In the management of capital, the Company includes its cash and cash equivalent balances and components of shareholders' equity.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares annual expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Board of Directors.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends.

The Company's investment policy is to invest its cash in highly liquid short-term interest-bearing R1-High investment rated (DBRS) investments with maturities 90 days or less from the original date of acquisition.

The Company currently is not subject to externally imposed capital requirements.

Notes to Consolidated Financial Statements March 31, 2010 and 2009

10 Segmented reporting

The Company's principal activity is the exploration of oil and gas properties. The Company's oil and gas property is located in China as described in note 3.

11 Subsequent events

On March 5, 2010, the company entered into a turnkey drilling contract with China Oilfield Services Ltd. ("COSL") under which COSL agreed to drill LS35-3-1 well in Block 25/34 at a cost approximately US\$28 million depending on the level of testing required. The drilling started on April 12, 2010 and the COSL rig was released on June 7, 2010 after completion of end-of-well operations. The actual cost incurred by the company, included testing is US\$ 21 million.

On March 25, 2010, the Company filed a preliminary short form prospectus in the provinces of British Columbia, Alberta, Ontario and Quebec relating to a rights offering (the "Offering") to raise gross proceeds of C\$23,510,311. According to the Offering, each holder of the Company's common shares ("Shares") would be entitled to receive one right (a "Right") for each Share held. One Right would entitle the holder to acquire one Share at a price of \$0.50 per share (the "Subscription Price"). The Company's largest shareholder, Primeline International (Holdings) Inc. ("Primeline International"), had agreed to provide a standby commitment (the Standby Guarantee) under which Primeline International would purchase from the Company at the Subscription Price any Shares (the "Standby Shares") that are not otherwise subscribed for under the Offering. Accordingly, Primeline International deposited C\$23,510,311 into the Company's bank account on March 26, 2010 as deposit for the Standby Guarantee.

The rights were issued to holders of common shares of record on April 15, 2010 and expired on May 6, 2010. Under the Offering, shareholders subscribed for and purchased 39,640,833 common shares resulting in gross proceeds of C\$19,820,416.50. Under the Standby Guarantee Agreement with the Company, Primeline International purchased the balance of 7,379,790 common shares available under the Offering for gross proceeds of C\$3,689,895. Aggregate gross proceeds of C\$23,510,311 were received by the Company.

The SDA signed between CNOOC, the Company and PPC was ratified by Ministry of Commerce of PRC and became effective on June 13, 2010. All other related Development Agreements became effective at the same date. CNOOC, on behalf of itself, the company and PPC signed a Framework Agreement for Gas Sale and Purchase from Lishui 36-1 gas field on July 7, 2010, replacing the previous binding Gas Sale Agreement in principal.

核數師報告

致超準能源開發機構 全體股東

本核數師行已審核**超準能源開發機構**於二零一零年三月三十一日及二零零九年三月三十一日之綜合資產負債表，以及截至該日止等年度之綜合營運、全面（虧損）收入及虧絀表與現金流量表。該等財務報表乃由貴公司之管理層負責編製，而本行之責任乃根據吾等審核工作之結果，對該等財務報表表達意見。

本行是按照加拿大公認核數準則進行審核工作。該等準則規定本行在策劃及進行審核工作時，必須就該等財務表是否存有重大錯誤陳述，作出合理之確定。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關之憑證，亦包括評估管理階層所用之會計原則及所作出之重大估計，以及評估財務報表之整體呈報方式。

本行認為，按照加拿大公認會計原則，該等綜合財務報表在各重大方面公平呈報 貴公司於二零一零年三月三十一日及二零零九年三月三十一日之財務狀況，以及截至該日止等年度之營運業績及現金流量表。

PricewaterhouseCoopers LLP

PricewaterhouseCoopers 會計師事務所
特許會計師
溫哥華，卑詩省

二零一零年七月二十八日

註：超準能源開發機構之財務報表以英文本為準，PricewaterhouseCoopers 會計師事務所對中文譯本之核數師報告及財務報表之準確性概不負上任何責任。

綜合資產負債表

於二零一零年及二零零九年三月三十一日

	二零一零年 加元	二零零九年 加元
資產		
流動資產		
現金及現金等值項目	30,328,566	8,697,919
預付費用及按金	87,938	27,577
	<hr/>	<hr/>
	30,416,504	8,725,496
石油勘探費用 (附註 3)	39,312,933	34,412,127
	<hr/>	<hr/>
	69,729,437	43,137,623
負債		
流動負債		
應付帳項及應計負債	2,552,959	413,223
應付召集現金 (附註 6)	2,411,470	27,479
	<hr/>	<hr/>
	4,964,429	440,702
發行配股按金 (附註 11)	23,510,311	-
未來入息稅負債 (附註 7)	425,551	425,117
	<hr/>	<hr/>
	28,900,291	865,819
股東權益		
股本 (附註 4)	64,309	64,309
實繳盈餘 (附註 4)	51,573,067	51,567,679
累積虧絀	(10,808,230)	(9,360,184)
	<hr/>	<hr/>
	40,829,146	42,271,804
	<hr/>	<hr/>
	69,729,437	43,137,623
營運性質及持續經營 (附註 1) 承擔 (附註 3 及 5) 結帳後發生事項 (附註 11)		

經董事會審批

王光明 董事

陳志輝 董事

綜合營運、全面 (虧損) 收入及虧絀表
截至二零一零年及二零零九年三月三十一日止年度

	二零一零年 加元	二零零九年 加元
收益		
利息收入	1,504	177,762
開支		
銀行費用及利息	13,979	6,446
業務推廣	86,759	89,142
外匯虧損 (溢利)	625,444	(1,044,532)
辦公室開支	234,902	221,286
專業顧問費用	450,763	250,832
股份形式報酬 (附註 4(b))	4,088	206,504
差旅費	33,615	30,482
	1,449,550	(239,840)
年度 (虧損) 收入及全面 (虧損) 收入	(1,448,046)	417,602
年初虧絀	(9,360,184)	(9,777,786)
年終虧絀	(10,808,230)	(9,360,184)
每普通股 (虧損) 盈利 - 基本及攤薄	(0.03)	0.01
已發行普通股之加權平均數	47,020,623	47,020,623

隨著之附註為此財務報表整體的部份

綜合現金流量表

截至二零一零年及二零零九年三月三十一日止年度

	二零一零年 加元	二零零九年 加元
經營活動中所得現金流量		
本年度 (虧損) 收入	(1,448,046)	417,602
非涉及現金項目 - 股份形式報酬	4,088	206,504
非現金營運資金之變動		
預付費用及按金	(60,361)	19,291
應付帳項及應計負債	79,700	(7,386)
	19,339	11,905
	(1,424,619)	636,011
投資活動所得現金流量		
石油勘探費用	(2,839,036)	(3,058,245)
融資活動所得現金流量		
發行配股所收訂金	23,510,311	-
收取 (運用) 向關連公司召集之現金	2,383,991	(238,927)
	25,894,302	(238,927)
現金及現金等值之增加 (減少)	21,630,647	(2,661,161)
年初現金及現金等值	8,697,919	11,359,080
年終現金及現金等值	30,328,566	8,697,919
現金流量表之補充資料		
非現金投資活動		
撥充資本化至石油勘探費用的應計費用	2,060,036	(475,675)
撥充資本化至石油勘探費用的股份形式報酬及其相關之未來入息稅項	1,734	82,423

綜合財務報表附註

二零一零年及二零零九年三月三十一日

1. 營運性質及持續經營

超準能源開發機構（「超準」）於一九九五年三月三十一日根據開曼群島之公司法註冊成立，從事勘探及開發海上石油及天然氣資產之業務。至今，超準從其石油及天然氣資產中還未變現任何收益而被視為仍在勘探期之公司。

超準的一間全資附屬公司 超準能源（中國）有限公司（「超準中國」），擁有一項石油產品分配合同（「石油合同」）之 75% 權益，而該合同授權超準中國可參與勘探、開發及生產位於中國東海 25/34 區塊之石油及天然氣，參與權之詳情見附註 3，而另一全資附屬公司 超準能源服務國際有限公司（「超準服務」）則擁有該合同之作業者權利。

超準中國現正根據該石油合同在中華人民共和國東海 25/34 區塊勘探石油及天然氣，及與中國海洋石油總公司（「中海油」）合作麗水 36-1 汽田的發展計劃。

此等財務報表是基於持續經營之會計原則編制的。該原則假定公司在可預見的未來能夠正常營運，實現其資產及履行其債務。

需要澄清的是，對於以上的假設，存在著幾個不利的條件影響其有效性。這些不利條件包括：與其它處於勘探階段的公司一樣，本公司自成立以來存在經營虧損，沒有收入來源，無法自負盈虧，需要大量的資金滿足其營運和繼續其勘探活動。特別是為了保證其在石油合同下的良好信譽和保障其資產權利，本公司必須在二零一一年四月三十日之前完成兩口勘探井的鑽探工作，其費用約為 4,500 萬美元。其中一口井的鑽探工作於本財年之後已經啟動並完成（查閱附註 11）。

公司能否持續正常的運行取決於公司的管理層能否為第二口勘探井成功融資，亦取決於其能否在選擇進入第三個勘探期后，為截止到二零一三年四月三十日的第三口勘探井融資大約 2,250 萬美元的費用。儘管公司在過去曾成功融資，這並不意味著公司在未來亦能成功融資。公司管理層正考慮通過其商業運作及努力進行融資，以解決資金短缺。

若上述的假設不符合公司經審計的財務報表，那麼對於公司資產、負債的賬面價值，已報告費用以及資產負債表使用的分類，需作出相應調整，而這些調整將是重大的。

2. 會計政策概要

綜合帳目原則

此等綜合財務報表乃根據加拿大公認會計原則編製，包括超準及其於開曼群島註冊成立之全資附屬公司超準中國及超準國際（統稱「本公司」）之帳目。所有內部交易及結存已於編製綜合帳目時撇除。

現金及現金等值項目

現金及現金等值項目包括現金及變現性高之短期付息證券。此等證券於購入時其到期時限不超過三個月。現金及現金等值按其公平價值記錄而其公平價值之變動則記錄於其營運表內。

石油勘探費用

本公司之石油及天然氣勘探開支乃採用全部成本會計法計算，即全部關於勘探石油及天然氣資產之費用均撥充資本化。撥充資本化之費用包括收購費用、地質及地球物理開支、未開發資產之租金、鑽探有生產力及無生產力井口之費用、直接涉及勘探業務之費用及租賃井口設備。已撥充資本化之費用將根據本公司及獨立工程師之決定，基於已証實擁有石油及天然氣儲量總額，利用產量單位法撇減。

本公司現正在勘探離岸原油及天然氣資產的過程。管理層對其作出的概算儲量及資源之估計，仍存在某些風險及未明朗因素，而此等風險及未明朗因素亦影響本公司投資在勘探成本之收回能力。雖然管理層就現時各方面最新情況作出最接近之估計，但某些轉變亦有可能隨時發生，從而重大影響勘探成本之收回能力及有需要對資產耗損作出減值。

每當長期資產在情況改變下被指為可能無法收回其帳面價值時，須檢視其可收回能力。倘評估其帳面值不能收回及超出其公平價值，則從溢利扣除其減值至公平價值。

外幣換算

本公司利用時態法換算外幣交易及帳目。貨幣性資產及負債乃按結算日之有效匯率換算。非貨幣性資產及負債則按交易日之有效匯率換算。開支則按每月之平均匯率換算。除石油勘探費用之損益會作遞延外，外幣換算收益及虧損均列入綜合營運、全面虧損及虧損表內。

估計、風險及未明朗因素之採用

本財務報表符合加拿大公認會計原則而編製，而此等原則對某些項目要求管理層作出估計及假設，因而影響財務報表期內之資產和負債之金額、或然資產和負債之披露，及於期內報告的收益和支出金額。儘管管理層相信此等估計及假設合理，亦可能會跟實際結果有重大差別。

需要管理層作出估計的其中一項重要範圍，乃石油勘探費用之收回能力。本公司就釐定變現資產值時存在某些風險和不明朗因素，包括儲量估計、將來石油及天然氣之價格、將來生產之成本、政府立法和規則之變化和其他種種營運等因素。

利息資本化

本公司將其利息資本化並撥入石油勘探費用中，直至其商業性的生產開始為止。

所得稅項

本公司計算所得稅項乃採用負債法。計算將來所得稅項負債或資產所採用之暫時性差異乃來自於計算應課稅之資產或負債及於資產負債表內其負債或資產之帳面價值之間的差異。將來所得稅項負債或資產按預期當時之法定稅率或實質上法定稅率計算並預期其暫時性差異會被回撥。當預期將來所得稅項資產將不會變現時，估價準備將按其程度而撥備。

股份形式報酬

本公司應用公平價值法對其員工及非員工之股份形式報酬登帳。公平價值法要求在給予員工及非員工股票認購權證時，按其給予日及相等於其公平價值之金額作為支出確認。認購權證之公平價值按其給予日採用布萊黨 - 蘇庫爾茲期權價格模型及報酬支出計算，相等於其認購權證之公平價值，並於其歸屬之期間確認。行使此等股票認購權證之代價則貸入股本。

資產退廢責任

對於購買、建設、開發及一般營運之資產所產生之責任，當其有關之樓宇、廠房及設備退廢時，資產退廢責任便作為其法定、約定或法律責任。其責任之計算法乃按其初始之公平價格（以現值法），及後按其成本資產化列入有關之資產帳面值內。於結帳後之時期，負債按其附加折扣及將來之現金流量金額或時間之變動作調整。而相關資產則在現金流量或時

間有變動時，始作調整。資本化資產退廢成本之折舊與有關之資產之折舊基準相等。管理層根據現時之勘探工作情況，認為目前就本公司之氣油資產沒有任何法律責任要求矯正。

每股盈利（虧損）

每股盈利（虧損）基本按該期間內已發行普通股之加權平均數計算。本公司採用庫存股票法計算因認購權證、認股證及相似之工具所帶來攤薄之影響。在此方法下，每股盈利之攤薄影響的確認，是假設於年度內在行使認購權證、認股證及相似之工具時，用其所得的收入以當年市場平均價購買普通股。

採用新的加拿大會計公告

金融工具 - 披露

於二零零九年內，加拿大會計師公會（「會計師公會」）手冊第 3862 章節「金融工具 - 披露」（「手冊第 3862 章節」），對要求關於輸入計算公平價值之披露作出修訂，包括按等級所分類，優先順序輸入計算公平價值。公平價值之等級分為三層：

- 第一層 - 同等資產及負債於活躍市場內未調整的報會
- 第二層 - 輸入除報價外直接或間接於市場上可見的資產及負債
- 第三層 - 輸入並非基於市場可見的資料

本公司於二零一零年三月三十一日年度內採用了此修訂準則及所需之披露已載於附註 8 內。

金融資產及負債的信貸風險及公平價值

於二零零九年一月，會計師公會頒布 EIC - 173 「金融資產及負債的信貸風險及公平價值」。此指引要求公司在裁定其金融資產及負債（包括衍生工具）的公平價值時應將自身的信貸風險及對應方的信貸風險一併計算在內。此指於二零零九年一月二十日或以後的財政期度應用。採用此章節對綜合財務報表並無影響。

商譽及無形資產

於二零零八年二月，會計師公會頒布會計師公會手冊第 3064 章節「商譽及無形資產」以取代第 3062 章節「商譽及其他無形資產」及第 3450 章節「研究及開發成本」。為求一致，會計師公會手冊內的其他章節亦有稍為改動。第 3064 章節制定謀利機構中的商譽及無形資產在初次確認後，其後的確認、計量、呈列及披露之準則，此新準則於二零零九年四月一日開始應用在本公司的綜合財務報表內。採用此準則對本公司之綜合財務報表並無重大影響。

未來加拿大會計公告

業務合併

於二零零九年一月，會計師公會頒布第 1582 章節「業務合併」以取代之前業務合併的指引。第 1582 章節制定業務合併收購方法的原則、及條件及有關之披露。另外，會計師公會亦頒布第 1601 草節「綜合財務報表」及第 1602 章節「非控制之權益」以取代現時之指引。第 1601 章節制定編制綜合財務報表的基準，而第 1602 章節則提供於業務合併後，綜合財務報表內有關非控制權益的附屬公司的帳目指引。

這些陳述預期會應用於業務合併的收購日在二零一一年一月一日或以後的首個週年報告，亦可提早應用。本公司現評估這些新章節從而裁定對其綜合財務報表的潛在影響。

3. 石油勘探費用

	二零一零年 加元	二零零九年 加元
有關鑽探之服務		
鑽勘服務	5,634,766	5,634,766
鑽勘技術監管及評估	337,001	318,394
勘探地質及地球物理之勘測工程		
採集及處理地質及地球物理之勘測	9,787,442	9,787,442
技術評估及管理	4,887,397	4,403,802
開發前研究	4,902,689	1,610,661
遞延石油勘探費用之資金利息	3,548,686	3,549,580
購入之遞延費用	1,394,307	1,394,307
項目行政費用	2,969,484	2,639,946
薪金及福利	4,158,177	3,695,522
差旅住宿費	1,974,154	1,658,877
合同簽署費	539,917	539,917
外匯溢利	(821,087)	(821,087)
	39,312,933	34,412,127

綜合財務報表附註

二零一零年及二零零九年三月三十一日

本公司與一間同一主要股東之公司超準石油公司為一項石油合同之合同者（統稱「合同者」），此石油合同乃與中國海洋石油總公司（「中海油」）於二零零五年三月二十四日訂立，可於中國東海之麗水及椒江盆地名為25/34 區塊之地方（「合同區」）進行勘探、開發及生產石油及天然氣。該合同區主要包括於一九九四年十二月十二日至二零零五年二月二十八日期間生效，由合同者及中海油較早前所簽訂之另一份石油合同內之32/32 區塊。本公司及超準石油公司分別佔此合同 75% 及 25% 之權益。此合同於二零零五年五月一日生效並分為三期：勘探、開發及生產，合約期最長為三十年。勘探期一般為七年，而生產期則一般為十五年。勘探期再分為三個勘探階段，包括第一階段為三年合約期（第一至三年合約期）；第二階段為二年合約期（第四至五年合約期）；及第三階段為二年合約期（第六至七年合約期）。在最初的下合同下，合同者承諾於每個勘探階段內各鑽探一口勘探井（另額外於第一階段之 200 平方公里之三維地震）及使用最少 600 萬美元完成此等勘探作業和 500 萬美元於第二及第三階段。於第一及第二個勘探階段結束時，合同者必須決定是否進行下一個勘探階段及放棄餘下合同面積之 25% 或終止該石油合同。於第三個勘探階段結束時，除任何發現、開發及生產的地區外，合同區須予放棄。

石油合同規定合同者將支付勘探期內所產生之所有費用，及中海油可享有在將來參與合同區內的任何石油與天然氣田之開發和生產權最高達 51%，但必須支付按各自比例承擔之開發及生產費用。合同者可繼續作為開發及生產期之作業至少到其成本完全收回為止。

於二零零八年二月十八日，中海油、本公司及超準石油公司簽訂一份修改合同，彼此同意將石油合同內的勘探期由開始日履行該日起為期八年並分為三個階段。第一個勘探階段由二零零五年五月一日起為期四年，而第二及第三勘探階段將分別為兩年。本公司除取得中海油同意下將承諾鑽一口勘探井轉到第二期外，已完成了所有第一階段內的義務工作量要求。現第二階段的最低義務工作量為須於二零一一年四月三十日前鑽兩個井口，及第三階段須於二零一三年四月三十日前最少須鑽探一個 2,500 米深之井口。估計每個井口之成本為 2,250 萬美元，包括測試一個油氣層的成本。

本公司、超準石油公司及中海油於完成總體開發方案後，已就開發本公司發現的麗水 36-1 汽田簽署了開發補充協議及其他有關的合同。於此等協議下，中海油成為麗水 36-1 開發及生產操作的業者及繼續進行開發的準備工作同時亦準備提交開發方案予政府作全面批准。超準服務會繼續成為 25/34 區塊勘探的業者。

4. 股本及實繳盈餘

a) 法定股本

	股本數目		
	二零一零年	二零零九年	
每股面值 0.001 美元之普通股	500,000,000	500,000,000	
已發行股份			
	普通股數目 加元	股本 加元	實繳盈餘 加元
於二零零八年三月三十一日之結餘	47,020,623	64,309	51,299,441
認購權證之公平價值	-	-	268,238
於二零零九年三月三十一日之結餘	47,020,623	64,309	51,567,679
認購權證之公平價值	-	-	5,388
於二零一零年三月三十一日之結餘	47,020,623	64,309	51,573,067
	二零一零年	二零零九年	
已發行股份之加權平均數目	47,020,623	47,020,623	

b) 股票認購權證

根據本公司之股票認購權證計劃（「計劃」），公司董事被授權可授予最多為 7,053,000 股普通股之認購權證。此等認購權證賦予董事、行政人員、顧問及員工購買公司之普通股。股票認購權證之行使價則按照多倫多證券交易所之政策，並由董事會釐定。按董事局及於授予日裁定，於計劃內所授予之認購權證可為期最多五年，及於十八個月內每季平均授予。

於二零一零年及二零零九年三月三十一日，已發行及可行使之股票認購權證資料概述如下：

	二零一零年		二零零九年	
	已發行之 認購權證	加權平均 行使價 加元	已發行之 認購權證	加權平均 行使價 加元
年初 - 已發行	5,725,000	1.59	6,158,000	1.59
註銷	-	-	(433,000)	1.60
年終 - 已發行	5,725,000	1.59	5,725,000	1.59
年終 - 可行使之 認購權證	5,725,000	1.59	5,579,130	1.58

於二零零六年四月四日，本公司以每股行使價為 1.50 加元授予本公司董事、行政人員、員工及顧問共 4,500,000 份認購權證，其中 4,300,000 份仍然生效並於二零一一年四月四日到期。

於二零零六年十二月一日，本公司給予其非執行董事、管理人員及顧問購買 1,200,000 股本公司股份之認購權證，其行使價為每份 1.60 加元。當中 217,000 份於認股權證持有人同意下已被取消。而 433,000 份已於二零零八年五月三十一日到期，而餘下之 550,000 份則將於二零一一年十一月三十日到期。

於二零零七年十一月一日，本公司授予以行使價每股 2.00 加元購買共 875,000 股普通股股份之認購權證。當中 250,000 份認股權證授予 CHF Investor Relations（本公司的投資關係代理），而其餘 625,000 份則授予本公司之執行董事、管理人員及顧問。所有認股權證將於二零一二年十月三十一日到期。授予非顧問之認購權證於二零零九年三月三十一日已被重估。

以布萊黨 - 蘇庫爾茲期權價格模型計算於二零零九年度內重估授予非顧問認購權之假設如下：

	二零零九年
無風險利率	3.59 - 4.75%
預期年期	5 年
預期易變度	77 - 91%
預期股息	無

於截至二零一零年三月三十一日止年度內，本公司確認關於授予其董事、行政人員、顧問及員工之股份形式報酬為 4,088 加元（二零零九年三月三十一日 - 206,504 加元），及於本年度內股份形式報酬撥充資本化至石油勘探費用為 1,300 加元（二零零九年三月三十一日 - 61,734 加元）。

於二零一零年三月三十一日之已發行及可行使之股票認股權證如下：

	於二零一零年 三月三十一日 已發行之 認購權證	加權平均 餘下之 合約年期	於二零一零年 三月三十一日 可行使之 認購權證
行使價			
1.5	4,300,000	1 年	4,300,000
1.6	550,000	1.7 年	550,000
2.0	875,000	2.6 年	875,000
	5,725,000	1.3 年	5,725,000

5. 承擔

a) 根據在石油合同，本公司承諾於第一及第二勘探階段內，(即二零一一年四月三十日前)鑽探二個井口，及若本公司決定繼續進行其第三階段勘探工程，便須於二零一三年四月三十日前鑽探第三個勘探井口。按現時市場情況，鑽探一口井的成本為 1,400 萬美元，另加測試成本約為 800 萬美元。

b) 本公司於中國上海辦公室之租賃簽訂一份租賃合同。此租賃由二零零八年九月一日至二零一零年八月三十一日止為期二年，每月租金約為 5,697 加元 (38,183 人民幣)。

6. 關連人士之交易

於截至二零一零年三月三十一日止年度內，本公司支付或收取關連人士如下：

a) 倫敦辦公室租金 66,335 加元 (二零零九年 - 72,879 加元) 於一間共同控制公司，該公司之股東為本公司最終控股公司 - 超準國際控股股份有限公司 (於英屬處女群島成立之私人公司) 之同一股東，其所有已發行之股份均為本公司之總裁及董事黃偉華先生持有。

b) 給由 Peter Kelty 先生 (為本公司之董事) 所控制的公司之費用及支出共 26,062 加元 (二零零九年 - 27,098 加元)，以提供投資者關係、證券交易及其他行政之諮詢服務。

c) 向一間共同控制公司收取招集現金 2,383,991 加元 (二零零九年 - 運用 238,927 加元)，該公司之股東亦為本公司最終控股公司 - 超準國際控股股份有限公司之同一股東。

此等關連人士之交易以交換價量度，即其代價乃經本公司及關連人士同意下及按正常經營條款而釐定。

7. 所得稅項

本公司定址於一個稅務豁免管轄區並於中華人民共和國 (「中國」) 進行石油勘探活動，此等活動之所得須按中國之稅率 25% 計算。根據中國稅務條例，由外資石油及天然氣企業所支付之勘探費用均可遞延及於開始生產石油或天然氣時攤銷。

本公司之未來入息稅負債之主要構成如下：

	二零一零年 加元	二零零九年 加元
資源資產	425,551	425,117
未來入息稅負債淨額	425,551	425,117

礦物資產權益內若干添置及其他支出 (大多為股份形式報酬)，本公司將其未來入息稅負債有關之調整記錄於其關連資產之帳面價值內。

8. 金融工具

本公司的金融工具包括現金及現金等值、應收帳項、應付帳項及應計負債及關連公司墊款等。此等金融工具均屬短期或可即時清算，因此其公平價值接近其帳面價值。

資產及負債的公平價值接近項目於相關知識人事之間交易之金額。公平價值基於公開市場的資料，或如該資料未能提供，則以適當的信貸風險下之因素，假設有關於金額、未來之現金流及貼現率，以現值技術估計。計算估計公平價值基於在特定時點上的市場情況及相關的地理位置故未可反映未來價值。

現金及現金等值按公平價值等級中第二層的評估資料之公平價值記錄。應收帳項、應付帳項及應計負債及關連公司墊款因於短期內到期，故接近其公平價值。

本公司的金融工具暴露出一定的財務風險，包括貨幣風險、信貸風險、流動資金風險、利率風險及價格風險。

a) 貨幣風險

本公司持有七日到期的 135,031 美元定期存款，226,603 美元及 1,983,820 人民幣現金結存。

按上述之披露，於二零一零年三月三十一日假設其他變數維持不變，加元對美元及人民幣升值或貶值 10%，將分別令公司之淨虧損增加或減少 36,706 加元及 29,599 加元。

b) 信貸風險

信貸風險所承受的風險為如顧客或金融工具的第三者無法履行其契約責任的意外虧損。

本公司的現金及現金等值存放在大型國際金融機構的付息帳戶。少量現金結存存放在中國的金融機構內。本公司並無投資在資產支持商業票據內。

c) 流動資金風險

流動資金風險所承受的風險為公司無法如期償付到期的財務責任。

本公司透過資本管理處理其流動資金風險並於綜合財務報表附註 9 內概述。有關石油勘探費用的應付帳項、其他應付帳項及應計負債均於本營運期內到期。

d) 利率風險

利率風險所承受的風險為市場利率對金融工具的公平價值或未來現金流量所引起的波動。本公司之投資週期均非常短期（七日至一個月），故短期投資包括現金及現金等值的公平價值下降機會細微。

e) 價格風險

本公司密切監管商品價格從而決定公司採取適當的相關行動。

9. 資本管理

本公司管理資本的目標是為了進行勘探及發展其石油權益，收購更多石油產業權益及在可接受的風險下以有效的資本成本維持資本結構的彈性，從而確保公司可持續經營。於資本管理內，本公司包括現金及現金等值及股東權益中的成分。

本公司就經濟環境改變及有關資產的風險特性管理資本結構及作出修改。於維持或修改資本結構時，本公司可能會試圖發行新股、債務、收購或出售資產，又或調整現金及現金等值與投資的金額。

為了幫助其資本需求的管理，本公司編製週年支出預算及必要時（在各種因素的改變下，包括成功的資本部署及普遍業內環境）更新預算。這些週年及更新預算需由董事局會審批。

就本公司目前的發展階段及為往後發展達至最佳的成果，本公司沒有派發股息。

本公司的投資政策為將其現金投資在信貸評級機構 DBRS 評為 R1- 高，於購買日起九十天或更短到期的高流動性的短期付息投資。

本公司現時並未受對外徵求資本規定所管制。

10. 分類報告

本公司之主要活動為勘探石油及天然氣資產，此等資產位於中國，詳情請參閱附註 3。

11. 結帳後發生事項

於二零一零年三月五日，本公司與中國油田服務股份有限公司（「中海油服」）簽訂了一份總承包鑽井合同，中海油服同意以約 2,800 美元（視乎要求的測井程度）於 25/34 區塊內鑽探麗水 35-3-1 井。鑽探作業於二零一零年四月十二日開始，而中海油服之鑽井平臺於二零一零年六月七日完成棄井作業後被拖離井場。本公司實際付出成本包括測試費用為 2,100 萬美元。

於二零一零年三月二十五日，本公司就有關發行供股提交了一份初步的簡短招股說明書給卑詩，艾伯塔省，安大略省和魁北克省，籌集了總額 23,510,311 加元。根據此發行配股，本公司普通股的每位持有人每持有一股可收取一配股，每一配股賦予持有人以每股 0.50 加元（「認購價」）認購一股股份。本公司最大之股東 - 超準國際控股股份有限公司（「超準控股」）同意提供備用承諾（「備用保證」），超準控股將以認購價買下於此發行配股未被認購的任何股本（「備用股本」）。因此，超準控股於二零一零年三月二十六日存入 23,510,311 加元作為備用保證的訂金。

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於二零一零年四月十五日配股已派發予普通股持有人並已於二零一零年五月六日到期。於此發行配股下，股東申請及購買 39,640,833 股普通股從中獲得總額 19,820,416.50 加元。於本公司之備用保證協議下，超準控股認購此發行配股餘下之 7,379,790 股普通股所得總額為 3,689,895 加元。本公司收取累計所得總額為 23,510,311 加元。

中海油與本公司及超準石油公司所簽訂之開發補充協議已被中國商務部認可並已於二零一零年六月十三日生效，而其他開發協議亦於當日生效。中海油代表自身、本公司及超準石油公司於二零一零年七月七日簽訂了一份購銷麗水 36-1 氣田中氣體的架構協議，主要取替早前簽訂的銷售協議。

公司資料

董事及行政人員

黃偉華	主席兼總裁
王光明	首席執行官兼董事
陳志輝	財務總監兼董事
Alan Peter Johnson	董事
Peter C Kelty	董事
Graeme Phipps	董事
曹雲石	董事

註冊辦事處

Maples and Calder, Attorneys-At-Law
Ugland House
South Church Street
Grand Cayman
Cayman Islands
British West Indies

行政辦事處

Fourteen South Audley Street
Mayfair
London, W1K 1HN
England

核數師

PricewaterhouseCoopers LLP
PricewaterhouseCoopers Place
250 Howe Street, Suite 700
Vancouver, British Columbia
Canada V6C 3S7

股份過戶登記處

Computershare Trust Company of Canada
3/F, 510 Burrard Street
Vancouver, BC V6C 3B9
Canada

主要來往銀行

Canadian Imperial Bank of Commerce
400 Burrard Street
Vancouver, BC V6C 3A6
Canada

渣打銀行(香港)有限公司
香港中環新世界大廈
16號舖地下及地庫

HSBC BANK PLC
39 Tottenham Court Road,
London, W1T 2AR
England

Primeline Energy Holdings Inc.

Head Office:

Hong Kong Parkview

88 Tai Tam Reservoir Road | Hong Kong

Tel: (852) 2810 5511

Fax: (852) 2810 0667

www.primelineenergy.com | www.pehi.com

超準能源開發機構

公司總部:

香港大潭水塘道88號

陽明山莊

電話: (852) 2810 5511

傳真: (852) 2810 0667

www.primelineenergy.com | www.pehi.com

