

**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Consolidated Financial Statements**  
For the years ended  
December 31, 2001 and 2000

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## Auditors' Report

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### To the Shareholders of Overlord Financial Inc. (formerly Green Maple Energy Inc.)

We have audited the consolidated balance sheets of Overlord Financial Inc. (formerly Green Maple Energy Inc.) as at December 31, 2001 and 2000 and the consolidated statements of operations and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

### Chartered Accountants

Calgary, Alberta  
April 10, 2002

**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Consolidated Balance Sheets**

As at December 31	2001	2000
<b>Assets</b>		
<b>Current</b>		
Cash and deposits	\$ 7,077,896	\$ 3,210,820
Accounts receivable (Note 7(b))	31,577	236,922
Assets held for disposal (Note 6)	107,379	-
Prepaid expenses and deposits	64,894	17,881
	7,281,746	3,465,623
<b>Property, plant, equipment and seismic rights (Note 2)</b>	<b>18,824</b>	<b>281,778</b>
	<b>\$ 7,300,570</b>	<b>\$ 3,747,401</b>

**Liabilities and Shareholders' Equity**

<b>Current</b>		
Accounts payable	\$ 40,945	\$ 92,969
<b>Shareholders' equity</b>		
Share capital (Note 5)	9,708,248	5,764,045
Contributed surplus (Note 5 (d))	183,396	153,469
Deficit	(2,632,019)	(2,263,082)
	7,259,625	3,654,432
	<b>\$ 7,300,570</b>	<b>\$ 3,747,401</b>

Approved on behalf of the Board:

Signed "Varoujan Basmadjian"  
 Varoujan Basmadjian

Signed "Mario F. Menard"  
 Mario F. Menard

**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Consolidated Statements of Operations and Deficit**

<b>For the years ended December 31</b>	<b>2001</b>	<b>2000</b>
<b>Expenses</b>		
Amortization of administrative assets	\$ 4,706	\$ 5,358
General and administrative costs	410,068	467,467
Interest on long term debt	-	7,187
	<u>414,774</u>	<u>480,012</u>
<b>Loss before other items</b>	<u>(414,774)</u>	<u>(480,012)</u>
<b>Other</b>		
Interest income	149,537	169,234
Gain on sale of administrative assets	-	1,780
	<u>149,537</u>	<u>171,014</u>
<b>Net loss from continuing operations</b>	<u>(265,237)</u>	<u>(308,998)</u>
<b>Net income (loss) from discontinued operations (Note 6)</b>	<u>(103,700)</u>	<u>66,024</u>
<b>Net loss for the year</b>	<u>(368,937)</u>	<u>(242,974)</u>
Deficit, beginning of year	<u>(2,263,082)</u>	<u>(2,020,108)</u>
<b>Deficit, end of year</b>	<u>\$ (2,632,019)</u>	<u>\$ (2,263,082)</u>
<b>Basic loss per share</b>	<u>\$ (0.011)</u>	<u>\$ (0.009)</u>
<b>Weighted average number of shares - basic</b>	<u>29,516,595</u>	<u>26,217,116</u>

**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Consolidated Statements of Cash Flows**

<b>For the years ended December 31</b>	<b>2001</b>	<b>2000</b>
<b>Cash flows from operating activities</b>		
Net loss from continuing operations	\$ (265,237)	\$ (308,998)
Adjustments for:		
Amortization of administrative assets	4,706	5,358
Cash flow from continuing operations	<u>(260,531)</u>	<u>(303,640)</u>
Net income (loss) from discontinued operations	(103,700)	66,024
Depletion and site restoration	59,400	418,981
Amortization and write down of seismic rights	50,000	944,360
Gain on sale of assets	-	(1,119,134)
Cash flow from discontinued operations	<u>5,700</u>	<u>310,231</u>
Cash flow from operations	(254,831)	6,591
Changes in non-cash working capital balances		
Accounts receivable	205,345	359,229
Prepaid expenses	(47,013)	13,567
Accounts payable	(52,024)	(205,410)
	<u>(148,523)</u>	<u>173,997</u>
<b>Cash flows from investing activities</b>		
Acquisition and development of property, plant and equipment	(8,530)	(173,553)
Proceeds on disposal of property, plant and equipment	50,000	4,509,302
	<u>41,470</u>	<u>4,335,749</u>
<b>Cash flows from financing activities</b>		
Proceeds from long term debt (net of repayments)	-	(1,210,000)
Proceeds from exercise of stock options	25,000	20,000
Proceeds from sale of shares	4,000,000	-
Repurchase of shares (Note 5(d))	(50,871)	(120,322)
	<u>3,974,129</u>	<u>(1,310,322)</u>
<b>Increase in cash and deposits</b>	<b>3,867,076</b>	<b>3,199,404</b>
Cash and deposits, beginning of year	<u>3,210,820</u>	<u>11,416</u>
<b>Cash and deposits, end of year</b>	<b>\$ 7,077,896</b>	<b>\$ 3,210,820</b>

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**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

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**1. Significant Accounting Policies**

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Overlord Financial Inc. (the "Company") is a public company incorporated under the Business Corporations Act (Alberta) that was engaged in production, development and exploration of oil and natural gas in Canada. During 2001 the Company discontinued its oil and activities and is in the process of implementing its new business plan. The Company's future business is going to focus on managing energy related investment funds.

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

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary from the date of acquisition.

(b) Cash and deposits

Cash and deposits include Bankers Acceptances with maturity dates of under three months.

(c) Property, plant, equipment and seismic rights

The Company followed the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves were initially capitalized. Such costs included land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling and overhead charges directly related to acquisition and exploration activities. Costs capitalized, together with the costs of production equipment, were depleted and amortized on the unit-of-production method based on the estimated gross proved reserves as determined by independent petroleum engineers. Petroleum products and reserves were converted to a common unit of measure, using 6 MCF of natural gas to one barrel of oil.

Costs of acquiring and evaluating unproved properties were initially excluded from depletion calculations. These unevaluated properties were assessed periodically to ascertain whether impairment has occurred. When proved reserves were assigned or the property was considered to be impaired, the cost of the property or the amount of the impairment was added to costs subject to depletion calculations. Proceeds from a sale of petroleum and natural gas properties were applied against capitalized costs, with no gain or loss recognized, unless such a sale would alter the rate of depletion by more than 20%. Alberta Royalty Tax Credits were included in oil and gas sales.

In applying the full cost method, the Company performed a ceiling test on properties which restricts the capitalized costs less accumulated depletion from exceeding an amount equal to the estimated undiscounted value of future net revenues from proved oil and gas reserves, as determined by independent engineers, based on sales prices achievable under existing contracts and posted average reference prices in effect at the end of the year and current costs, and after deducting estimated future general and administrative expenses, production related expenses, financing costs, future site restoration costs and income taxes.

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**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

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**1. Significant Accounting Policies - continued**

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(c) Property, plant, equipment and seismic rights - continued

Included in property, plant and equipment was the value of rights to the use of seismic data which was being amortized over 78 months in which the Company may use the data. At December 31, 2001 these rights were written down to the expected net realizable value.

Administration assets are recorded at cost. Amortization is provided on a declining balance basis at a rate of 20%.

(d) Site restoration costs

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

(e) Joint venture accounting

A substantial part of the Company's operations were carried out through joint ventures. These consolidated financial statements reflected only the Company's proportionate interest in such activities.

(f) Financial instruments

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

(g) Loss and cash flow from operations per share

Loss and cash flow from operations per share are calculated using the weighted average number of shares outstanding during the period. The treasury stock method is used to determine the dilutive instruments, in accordance with new standards approved by the Canadian Institute of Chartered Accountants.

(h) Future income taxes

The Company has adopted the recommendations of the Canadian Institute of Chartered Accountants with respect to accounting for income taxes. The new method was applied retroactively without restatement of the prior years. Under the recommendations, the liability method of tax allocation is used, based on differences between financial reporting and tax bases of assets and liabilities. No future income asset has been recorded as the ultimate utilization is uncertain.

(i) Stock based compensation plan

The Company has a stock-based compensation plan as per Note 5(c). No compensation expense is recognized for this plan when stock or stock options are issued to employees, directors, officers or consultants ("optionees"). Any consideration paid by optionees on exercise of stock options or purchase of stock is credited to share capital. If stock or stock options are repurchased from optionees, the excess of the consideration paid over the carrying amount of the stock or stock options cancelled will be charged to retained earnings.

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**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

**2. Property, Plant, Equipment and Seismic Rights**

	2001			2000		
	Cost	Accumulated Depletion and Amortization	Net Book Value	Cost	Accumulated Depletion and Amortization	Net Book Value
Petroleum and natural gas properties	\$ -	\$ -	\$ -	\$ 356,925	\$ 250,000	\$ 106,925
Rights to usage of seismic data	-	-	-	1,991,332	1,837,909	153,423
<b>Total petroleum and natural gas and related assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,348,257</b>	<b>2,087,909</b>	<b>260,348</b>
Administration assets	53,054	34,230	18,824	50,954	29,524	21,430
<b>Total property, plant, equipment and seismic rights</b>	<b>\$ 53,054</b>	<b>\$ 34,230</b>	<b>\$ 18,824</b>	<b>\$2,399,211</b>	<b>\$ 2,117,433</b>	<b>\$ 281,778</b>

Petroleum and natural gas properties include cumulative capitalized general and administrative costs of approximately \$NIL (2000 - \$212,600). Costs associated with unproved properties excluded from costs subject to depletion for the year amounted to \$NIL (2000 - \$298,000).

**3. Long-Term Debt**

The Company has a direct revolving reducing loan facility of up to \$150,000 (2000 - \$150,000). The loan bears interest at prime plus one quarter percent per annum and is secured by hypothecation of a \$2,000,000 demand debenture, creating a first floating charge on all the assets and undertaking of the Company.

**4. Income Taxes**

The income tax provision on the income statement differs from the expected income tax provision as follows:

	2001	2000
Expected recovery at an effective rate of 41%	\$ (151,264)	\$ (99,619)
Add (deduct) effects of:		
Amortization and write down of seismic rights	44,854	387,224
Resource related deductions	1,727	23,791
Unrecognized benefit (reversal of) future tax assets (liabilities)	101,361	(313,133)
Other permanent differences	3,322	1,737
	<u>\$ -</u>	<u>\$ -</u>

At December 31, 2001, the Company had approximately \$413,000 (2000 - \$372,500) of non-capital loss carryover balances which begin expiring commencing in 2004. In addition, the Company has capital cost pools, resource pools and deferred financing cost pools of \$46,000 (2000 - \$106,500) in excess of carrying values to deduct against future taxable income.

**Overlord Financial Inc.**  
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**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

**5. Share Capital**

(a) Authorized

Unlimited number of Common voting shares

(b) Issued

Common shares

	2001		2000	
	Number of Shares	Amount	Number of Shares	Amount
<b>Balance, beginning of year</b>	<b>26,133,283</b>	<b>\$ 6,274,142</b>	26,623,283	\$ 6,396,004
Shares redeemed as part of Normal course issue bid	<b>(336,500)</b>	<b>(80,797)</b>	(590,000)	(141,862)
Stock options exercised	<b>125,000</b>	<b>25,000</b>	100,000	20,000
Shares issued for cash <sup>(2)</sup>	<b>20,000,000</b>	<b>4,000,000</b>	-	-
	<b>45,921,783</b>	<b>\$10,218,345</b>	26,133,283	\$ 6,274,142
Less: share issue costs <sup>(1)</sup>		<b>(510,097)</b>		<b>(510,097)</b>
<b>Balance, end of year</b>		<b>\$ 9,708,248</b>		<b>\$ 5,764,045</b>

<sup>(1)</sup> Share issue costs are net of future income taxes.

There were 8,322,686 (2000 - 8,322,686) shares being held in escrow with respect to a seismic acquisition completed by the Company in prior years. The escrow agreement resulted from a business combination effected in 1997 and provided for the release of one share for every \$0.435 of future expenditures incurred on the properties to which the seismic data acquired relates. Any shares remaining in escrow on the fifth anniversary of the escrow agreement (January 31, 2002) were to be cancelled within six months. During 2001, an additional NIL (2000 - 155,365) shares qualified for release. Subsequent to the year-end, the escrow shares were cancelled. After the cancellation of these shares the Company will have 37,589,097 shares issued and outstanding.

<sup>(2)</sup> In 2001, 20,000,000 shares were issued with respect to the financing completed in the current year. 15,000,000 of the shares are subject to an escrow agreement, pursuant to the terms of which, 25% are to be released every 6 months.

(c) Options

The Company has granted stock options to directors, officers, employees and consultants of the Company as follows (all stock options are fully vested):

	Number of Shares	Option Prices per Share	Weighted Average Exercise Price
Options outstanding, Dec. 31, 1999	1,815,000	\$0.20 - \$0.40	\$0.22
Options - cancelled	(205,000)	\$0.20 - \$0.40	\$0.25
Options - exercised	(100,000)	\$0.20	\$0.20
Options outstanding, Dec. 31, 2000	1,510,000	\$0.20 - \$0.40	\$0.21
<b>Options expired</b>	<b>(110,000)</b>	<b>\$0.40</b>	<b>\$0.40</b>
<b>Options exercised</b>	<b>(125,000)</b>	<b>\$0.20</b>	<b>\$0.20</b>
<b>Options outstanding, Dec 31, 2001</b>	<b>1,275,000</b>	<b>\$0.20</b>	<b>\$0.20</b>

**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

**5. Share Capital - Continued**

The following table summarizes information about the stock options outstanding at December 31, 2001:

Options outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Options Exercisable
<u>1,275,000</u>	\$0.20	\$0.20	1.33 years	<u>1,275,000</u>	\$0.20

The following table summarizes information about the stock options outstanding at December 31, 2000:

Options outstanding	Option price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Number of Options Exercisable	Weighted Average Exercise Price of Options Exercisable
1,400,000	\$0.20	\$0.20	2.33 years	1,400,000	\$0.20
<u>110,000</u>	\$0.40	\$0.40	0.33 years	<u>110,000</u>	\$0.40
<u>1,510,000</u>		\$0.21	2.31 years	<u>1,510,000</u>	\$0.21

(d) Normal Course Issuer Bid

On June 9, 2000, the Company filed a new Normal Course Issuer Bid with the Alberta Stock Exchange to acquire up to 1,250,000 of its outstanding shares until June 7, 2001. A total of 336,500 (2000 – 590,500) common shares were repurchased for \$50,871 (2000 - \$120,322). Share capital was reduced by \$80,797 (2000 - \$141,862) for the average carrying value of the common shares and the difference of \$29,926 (2000 - \$21,540) was recorded as contributed surplus.

During 2000, the Company sold a significant portion of its oil and gas assets. During 2001, the Company continued to seek buyers for their remaining oil and gas assets. The oil and gas related activities were discontinued effective October 9, 2001. The company intends to dispose of the remaining properties in 2002.

In the current year, the Company completed a \$ 4 million financing to finance and implement its new operations (Note 1).

During 2001 the oil and gas sales net of royalties were \$ 5,961 (2000-\$505,131). The net income (loss) from discontinued operations consists of:

	<u>2001</u>	<u>2000</u>
Oil and gas sales, net of royalties	\$ 5,961	\$ 505,131
Operating costs	(261)	(193,120)
Depletion and site restoration	(59,400)	(418,981)
Write down of oil and gas assets	(50,000)	(944,360)
Gain on sale of oil and gas assets		1,117,354
	<u>\$ (103,700)</u>	<u>\$ 66,024</u>

**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

**6. Discontinued Operations**

The net assets of the discontinued operations held for disposal include:

	Cost	Accumulated Depletion and write downs	Net Book Value
Petroleum and natural gas properties	\$ 313,356	\$ 250,000	\$ 63,356
Rights to usage of seismic data	1,991,332	1,947,309	44,023
<b>Total petroleum and natural gas and related assets</b>	<b>\$ 2,304,688</b>	<b>\$ 2,197,309</b>	<b>\$ 107,379</b>

**7. Related Party Transactions**

- (a) Included in accounts receivable is a net amount of \$22,150 (2000 - \$227,100) receivable from Pegaz. This balance is comprised of \$22,150 (2000 - \$187,400) for net joint venture accounts receivable, and \$NIL (2000 - \$39,700) for administrative expenses paid by the Company on Pegaz's behalf.
- (b) Included in director's fees is a salary of \$118,136 (2000 - \$139,081) paid to a director of the Company.

**8. Financial Instruments**

As disclosed in Note 1(f), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate. The Company manages its exposure to this risk by operating in a manner that minimizes its exposure to the extent practical.

Interest rate risk management

The Company's short-term borrowings are subject to floating rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

**9. Commitments**

The Company is committed to leased office premises with future base rent payments as follows:

2002	\$ 109,167
2003	100,554
2004	100,554
2005	50,277
	<u>\$ 360,552</u>

The Company is also required to pay their proportionate share of operating costs and tax costs for the premises.

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**Overlord Financial Inc.**  
**(formerly Green Maple Energy Inc.)**  
**Notes to Consolidated Financial Statements**

**December 31, 2001 and 2000**

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**10. Comparative Figures**

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The prior year comparative figures have been restated to conform with the current years' consolidated financial statement presentation.

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