



KULCZYK OIL VENTURES INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008
(Unaudited)

KULCZYK OIL VENTURES INC.

Consolidated Balance Sheets

US\$

(Unaudited)

	March 31, 2009	December 31, 2008
Assets		
Current		
Cash and cash equivalents (note 5)	\$ 6,926,278	\$ 9,322,225
Accounts receivable	464,419	289,696
Prepaid expenses and deposits	108,497	165,526
	<u>7,499,194</u>	<u>9,777,447</u>
Restricted cash (note 6)	7,500,000	7,500,000
Investment (note 7)	830,914	610,764
Property and equipment (note 8)	4,766,634	4,483,162
	<u>\$ 20,596,742</u>	<u>\$ 22,371,373</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 842,119	\$ 1,936,112
Income taxes payable	3,180	3,563
	<u>845,299</u>	<u>1,939,675</u>
Asset retirement obligation (note 9)	15,639	15,372
	<u>860,938</u>	<u>1,955,047</u>
Shareholders' Equity		
Share capital (note 10)	32,727,754	32,727,754
Contributed surplus (note 11)	4,148,022	4,097,012
Deficit	(15,248,851)	(14,279,914)
Accumulated other comprehensive loss	(1,891,121)	(2,128,526)
	<u>19,735,804</u>	<u>20,416,326</u>
	<u>\$ 20,596,742</u>	<u>\$ 22,371,373</u>
Future operations (note 2)		
Commitments (note 12)		

KULCZYK OIL VENTURES INC.

Consolidated Statements of Deficit, Other Comprehensive Loss and Accumulated Other Comprehensive Loss

US\$

(Unaudited)

	Three months ended March 31,	
	2009	2008
Deficit		
Balance, beginning of period	\$ (14,279,914)	\$ (7,831,528)
Net loss	<u>(968,937)</u>	<u>(318,625)</u>
Balance, end of period	<u>\$ (15,248,851)</u>	<u>\$ (8,150,153)</u>
Accumulated Other Comprehensive Loss		
Balance, beginning of period	\$ (2,128,526)	\$ (2,662,094)
Unrealized gain on investment (note 7)	237,405	145,528
Unrealized loss on translation of financial statements into reporting currency	<u>-</u>	<u>(877,196)</u>
Balance, end of period	<u>\$ (1,891,121)</u>	<u>\$ (3,393,762)</u>
Total of Deficit and Accumulated Other Comprehensive Loss		
Balance, end of period	<u>\$ (17,139,972)</u>	<u>\$ (11,543,915)</u>
Other Comprehensive Loss		
Net loss	\$ (968,937)	\$ (318,625)
Unrealized gain on investment (note 7)	<u>237,405</u>	<u>145,528</u>
Other Comprehensive Loss	<u>\$ (731,532)</u>	<u>\$ (173,097)</u>

KULCZYK OIL VENTURES INC.

Consolidated Statement of Operations

US\$

(Unaudited)

	Three months ended March 31,	
	2009	2008
Interest and other income	\$ 18,146	\$ 125,003
Expenses		
General and administrative	868,916	629,996
Stock based compensation (note 10(d))	51,010	77,715
Loss/(gain) on foreign exchange	51,841	(278,361)
Depletion, depreciation and accretion	15,316	14,278
	<u>987,083</u>	<u>443,628</u>
Net loss	<u>\$ (968,937)</u>	<u>\$ (318,625)</u>
Net loss per share - basic and diluted	<u>\$ (0.01)</u>	<u>\$ (0.00)</u>

KULCZYK OIL VENTURES INC.

Consolidated Statement of Cash Flows

US\$

(Unaudited)

	Three months ended March 31,	
	2009	2008
Net loss from continuing operations	\$ (968,937)	\$ (318,625)
Items not involving cash:		
Depletion, depreciation and accretion	15,316	14,278
Stock based compensation	51,010	77,715
Unrealized foreign exchange loss/(gain)	76,014	(281,763)
	<u>(826,597)</u>	<u>(508,395)</u>
Changes in non-cash working capital	<u>(1,116,082)</u>	<u>(445,746)</u>
	<u>(1,942,679)</u>	<u>(954,141)</u>
Financing		
Allocation to Loon Energy Corporation (notes 4 & 10(b))	<u>-</u>	<u>(772,788)</u>
Investing		
Property and equipment expenditures	(298,521)	88,284
Changes in working capital related to capital expenditures	42,541	(1,000,000)
	<u>(255,980)</u>	<u>(911,716)</u>
Effect of exchange rate changes on cash	<u>(197,288)</u>	<u>(486,990)</u>
Change in cash	(2,395,947)	(3,125,635)
Cash and cash equivalents, beginning of period	<u>9,322,225</u>	<u>12,117,038</u>
Cash and cash equivalents, end of period	<u>\$ 6,926,278</u>	<u>\$ 8,991,403</u>
<u>Supplemental cash flow information</u>		
Interest received	\$ 18,146	\$ 125,003

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

1. Basis of preparation

Kulczyk Oil Ventures Inc. (“**Kulczyk Oil**” or “the **Company**”) is the re-organized company resulting from the implementation of a Plan of Arrangement (“**Arrangement**”) initiated by Loon Energy Inc. (“**Loon**”) and approved by its shareholders on December 9, 2008 and by the Court of Queen’s Bench of Alberta on December 10, 2008. The effect of the Arrangement was a division of the net assets and operations of Loon into Kulczyk Oil and Loon Energy Corporation as more fully explained below and in note 4. The Company’s comparative consolidated financial statements have been prepared by management following continuity of interest guidelines, are presented in United States dollars and are in accordance with accounting principles generally accepted in Canada.

The Arrangement was implemented on December 10, 2008, and resulted in all of Loon’s assets and liabilities being divided amongst Kulczyk Oil and Loon Energy Corporation such that the existing shareholders of Loon retained their same proportionate ownership interest in the common shares of the two companies. This was achieved through a share exchange where each share of Loon was exchanged on a one-to-one ratio for shares of Loon Energy Corporation and Kulczyk Oil, except for those shareholders that exercised a put right whereby their Kulczyk Oil shares could be put back to Kulczyk Oil for CAD\$0.25 per share. Kulczyk Oil retained the net assets associated with resource properties located in Brunei, Syria and Slovenia, together with the investment in shares of Jura Energy Corporation. Kulczyk Oil is the continuing, legal corporate entity, and therefore these unaudited consolidated financial statements include the legal share capital of Loon.

2. Future operations

The Company’s exploration activities and overhead costs are financed by way of equity issuances and by farm-out agreements through which third parties pay for all or a portion of the Company’s expenditures to earn a portion of the Company’s ownership interest. It is presently anticipated that cash resources at March 31, 2009 together with the funding to be provided by the Company’s joint venture partner in Brunei will be sufficient to fund existing capital commitments for the next twelve months. Additional capital or further commitment from farm-in partners will be required to complete the full exploration and development programs as presently contemplated under the Company’s current agreements. Should capital or farm-in partners not be available in the future when planned expenditures on oil and gas properties are required, operations may have to be suspended or re-evaluated. The uncertainty in the global capital markets that is currently being experienced could have a negative impact on the Company’s ability to access capital in the future.

3. International operations

Brunei

Loon Brunei Limited, a wholly-owned subsidiary of Kulczyk Oil owns a 40% working interest in a Production Sharing Agreement (“**PSA**”) dated August 28, 2006 between Brunei National Petroleum Company Sendirian Berhad (“**PETROLEUMBrunei**”), QAF Brunei and the Company which gives it the right to explore for and produce oil and gas from Block L. Block L comprises approximately 2,250 square kilometres which includes both onshore and shallow offshore areas of northern Brunei. Under the terms of the PSA, Kulczyk Oil committed to reprocess 1500 kilometres of existing 2D seismic data, complete a 3D seismic survey and drill two wells during Phase 1. PETROLEUMBrunei has agreed to extend the term of Phase 1 by one year to August 28, 2010. The agreement giving effect to that extension is currently being finalized.

Nations Petroleum (SE Asia) Limited (“**Nations**”), a wholly-owned subsidiary of Nations Petroleum Company Ltd. exercised an option in early 2008 to acquire a 50% working interest in Block L by paying for the cost and expense of implementing an agreed work program, the cost of which is estimated to total \$20.5 million. The primary exploration expenditure undertaken by Nations is on a 350 square kilometre 3D seismic survey to evaluate an onshore area approximately 15 kilometres to the northeast of the Seria oilfield. As part of the approval of this transaction by PetroleumBRUNEI, Loon Brunei and Nations have agreed to spend \$4.5 million on additional work as agreed to with PetroleumBRUNEI and accordingly the group’s work commitment is now expected to cost \$25.0 million.

As at March 31, 2009, approximately \$18.6 million in expenditures have been incurred by Nations against the \$20.5 million that they must fund. The Company expects that the remaining amount of expenditure that Nations must fully fund will be incurred by the third quarter of 2009.

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

3. International operations (continued)

Syria

Loon Latakia Limited, a wholly-owned subsidiary of Kulczyk Oil owns a 100% interest in a Contract for the Exploration, Development, and Production of Petroleum ("PSC") between the Government of the Syrian Arab Republic, Syrian Petroleum Company ("SPC") and the Company which became effective on November 29, 2007. This agreement gives KOV the right to explore for and produce oil and gas from Block 9, a 10,040 square kilometre block in northwestern Syria.

Under the terms of the PSC, the Company has a first phase exploration period of four years during which it has committed to reprocess all existing seismic data on Block 9, acquire 600 kilometres of 2D seismic and drill two exploration wells. The exploration period can be extended for up to nine years in phases by performing additional work on an agreed basis. The Company has posted a guarantee in the amount of \$7.5 million, an amount which represents the minimum exploration expenditure level specified in the PSC for the first exploration phase. As at March 31, 2009, the Company has incurred costs of approximately \$750,000 against the committed amount.

Slovenia

The Company has interests in a project in Slovenia which has seen little activity over the last three years, and in which the Company currently has no plans to invest further capital.

4. Significant accounting policies

These unaudited interim consolidated financial statements of the Company are presented in accordance with Canadian Generally Accepted Accounting Principles ("GAAP"). These unaudited interim consolidated financial statements have been prepared using the same accounting policies and methods of computation as the audited consolidated financial statements for the year ended December 31, 2008. Interim consolidated financial statements do not contain all of the disclosures required for annual consolidated financial statements. Accordingly, these statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2008.

Continuity of interest financial statements

The comparative financial information presented herein has been extracted from the books and records of Loon until December 10, 2008, the date the Arrangement was implemented. Certain financial statement items were maintained at a corporate rather than on a property-by-property basis by Loon and accordingly, it was necessary to make allocations of amounts reported in the consolidated financial statements of Loon in order to prepare these unaudited interim consolidated financial statements for the Company. The allocations that were made include:

Share capital and related share issuance expenses were allocated based on the expenditure requirements of Loon Energy Corporation and the Company.

General and administrative expenses, stock based compensation expense, unrealized loss/(gain) on foreign exchange and realized loss/(gain) on foreign exchange were allocated based on the ratio of capital expenditures in the respective entity to the total capital expenditures of Loon

Future income taxes were estimated on the basis that each entity was a separate legal entity.

As the determination of certain assets, liabilities, revenues and expenses is dependent upon future events, the preparation of consolidated financial statements requires the use of estimates and assumptions which have been made using careful judgement. In the opinion of management, these unaudited interim consolidated financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies disclosed herein and in the audited annual consolidated financial statements.

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

5. Cash and cash equivalents

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Cash	\$ 905,941	\$ 3,611,270
Short-term Investments in HSBC Bank Canada Banker's Acceptances	<u>6,020,337</u>	<u>5,710,955</u>
	<u>\$ 6,926,278</u>	<u>\$ 9,322,225</u>

6. Restricted cash

Pursuant to the terms of the petroleum exploration license for Syria, the Company posted a performance guarantee in the amount of US\$7,500,000 in 2007. The funds posted as a performance guarantee will be released upon the satisfactory completion of the work commitments required under the agreement. The Company is entitled to earn interest on these funds being held on deposit.

7. Investment

On April 18, 2006, Jura Energy Corporation (“**Jura**”) acquired all of the issued and outstanding shares of Frontier Holdings Limited (“**Frontier**”), a private Bermuda company that had been jointly owned by the Company and an unrelated company. As consideration for the shares of Frontier, Jura issued 7,479,419 of its common shares to the Company. The fair value of the shares received by the Company was \$8,101,175 (CAD\$9,250,732).

As at March 31, 2009, the quoted market value of the investment was \$830,914 (CAD\$1,047,119) and for the three months then ended, an unrealized gain of \$237,405 (CAD\$299,178) has been recorded in other comprehensive loss.

8. Property and equipment

	<u>March 31, 2009</u>	<u>December 31, 2008</u>
Petroleum and natural gas properties	\$ 11,469,214	\$ 11,239,512
Accumulated depletion	<u>(6,981,073)</u>	<u>(6,981,073)</u>
	<u>4,488,141</u>	<u>4,258,439</u>
Office equipment and furniture	369,631	300,812
Accumulated depreciation	<u>(91,138)</u>	<u>(76,089)</u>
	<u>278,493</u>	<u>224,723</u>
Net book value	<u>\$ 4,766,634</u>	<u>\$ 4,483,162</u>
Petroleum and natural gas properties net book value by segment		
Brunei	\$ 1,020,535	\$ 1,020,535
Syria	2,692,585	2,597,006
Other	<u>775,021</u>	<u>640,898</u>
	<u>\$ 4,488,141</u>	<u>\$ 4,258,439</u>

The entire net book value of petroleum and natural gas properties arises from costs incurred in Brunei, Syria and Slovenia and other prospective projects. These costs have been excluded from depletion as all of these cost centres are in a pre-production phase and do not yet have any proven reserves attributable to them. The Company capitalizes costs incurred relating to prospective projects and will record an impairment charge if the project is no longer being investigated.

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

9. Asset retirement obligation

The Company's asset retirement obligations result from its working interest ownership in petroleum and natural gas properties, and well sites in Slovenia and Tunisia. The Company's estimate of the total undiscounted cash flows required to settle the asset retirement obligations at March 31, 2009 is \$22,098 (December 31, 2008 - \$22,098), which is expected to be incurred between 2012 and 2016. A credit-adjusted risk-free rate of 9.0 percent and inflation at a rate of 2.0 percent were used to calculate the fair value of the asset retirement obligations.

	March 31, 2009	December 31, 2008
Balance beginning of period	\$ 15,372	\$ 74,710
Obligations disposed of	-	(66,577)
Accretion	267	6,205
Adoption of change in foreign currency translation	-	1,034
Balance, end of period	\$ 15,639	\$ 15,372

10. Share capital

(a) Authorized

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. The preferred shares may be issued in one or more series, with rights and privileges as determined by the Board of Directors.

(b) Issued and outstanding

Common shares issued and outstanding:

	<i>Number of Shares</i>	Carrying amount
Balance, December 31, 2007	95,991,364	\$ 30,949,055
Issued for cash	48,000,000	9,556,423
Repurchased to treasury pursuant to exercise of put right option	(18,565,759)	(3,696,297)
Transfer to contributed surplus due to repurchase price being less than the carrying value per share	-	(1,182,815)
Less carrying value of share capital allocated to Loon Energy Corporation (note 4)	-	(2,898,612)
Balance, December 31, 2008 and March 31, 2009	125,425,605	\$ 32,727,754

The Plan of Arrangement gave each shareholder of the Company the right ("**put right**"), exercisable in advance of the meeting on December 9, 2008, to require the Company to repurchase their shares at a price of CAD\$0.25 per share. A maximum of CAD\$12 million was available for shareholders of the Company who decided to exercise the put right. To provide the Company with the funds necessary to finance the put right and with additional capital in the event that all of the funds were not used for that purpose, Kulczyk Investment House International S.à.r.l. ("**Kulczyk Investment House**") subscribed for 48,000,000 shares of the Company at CAD\$0.25 per share for gross proceeds of \$9,556,423 (CAD\$12 million).

On December 10, 2008, 18,565,759 shareholders exercised the put right and the Company paid \$3,696,297 (CAD\$4,641,440) to re-purchase their shares. The redemption price per share of CAD\$0.25 was less than the carrying value per share at the time of redemption, therefore the difference is reclassified from share capital to contributed surplus.

After the redemption of the shares under the put right, Kulczyk Investment House's ownership percentage of the issued and outstanding shares of the Company is approximately 68%.

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

10. Share capital (continued)

	Three months ended March 31,	
	2009	2008
Weighted average number of shares outstanding	125,425,605	95,991,364

As the Company is in a loss position, the effect of outstanding options is anti-dilutive to the net loss per share.

(c) Stock Options

The Company granted common share purchase options to officers, directors, employees and certain consultants with exercise prices equal to or greater than the fair value of the common shares on the grant date. As per the Plan of Arrangement these options remained with Kulczyk. Options generally vest over 2 years and have a life of 5 years.

	<i>Number of Options</i>	Exercise price per option
Balance, December 31, 2007	8,970,000	
Granted	210,000	\$0.70
Forfeited	(70,000)	\$0.65
Balance, December 31, 2008 and March 31, 2009	9,110,000	

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

Options outstanding			Options exercisable		
Exercise price	<i>Options</i>	<i>Contractual life remaining, years (weighted average)</i>	<i>Options</i>	Exercise price	
\$ 0.16	750,000	-	750,000	\$ 0.16	
\$ 0.21	700,000	0.3	700,000	\$ 0.21	
\$ 0.24	100,000	0.4	100,000	\$ 0.24	
\$ 0.70	500,000	0.9	500,000	\$ 0.70	
\$ 0.95	1,930,000	1.2	1,930,000	\$ 0.95	
\$ 0.95	2,460,000	1.9	2,460,000	\$ 0.95	
\$ 0.50	150,000	3.0	150,000	\$ 0.50	
\$ 0.55	475,000	3.1	475,000	\$ 0.55	
\$ 0.65	75,000	3.5	50,000	\$ 0.65	
\$ 0.61	1,760,000	3.7	1,173,333	\$ 0.61	
\$ 0.70	210,000	3.8	140,000	\$ 0.70	
\$ 0.70	9,110,000	1.9	8,428,333	\$ 0.71	

(d) Stock Based Compensation expense

For the three months ended March 31, 2009, stock based compensation expense was \$51,010. Based on the allocation described in note 4, a portion of the stock based compensation to March 31, 2008 has been allocated between Kulczyk Oil and Loon Energy Corporation. This resulted in stock based compensation expense for Kulczyk Oil for the three months ended March 31, 2008 of \$77,715.

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

10. Share capital (continued)

	Three months ended March 31, 2009	2008
Stock based compensation - Kulczyk Oil	\$ 51,010	\$ -
Total stock based compensation - Loon Energy Inc	-	155,430
Allocated to Loon Energy Corporation	-	(77,715)
	<u>\$ 51,010</u>	<u>\$ 77,715</u>

The fair value of the options granted in the above period was based on the Black-Scholes option pricing model using the following assumptions:

	Three months ended March 31, 2008
Fair value per option (\$CAD)	\$ 0.44
Volatility	86.0%
Interest rate	3.30%
Expected life (years)	4
Dividends	Nil

11. Contributed surplus

	Carrying amount
Balance, December 31, 2007	\$ 2,732,520
Stock based compensation	181,677
Transfer from share capital as redemption price paid was less than carrying value per share	1,182,815
Balance, December 31, 2008	\$ 4,097,012
Stock based compensation	51,010
Balance, March 31, 2009	\$ 4,148,022

12. Commitments

Brunei

The Company's work commitments over the period ending August 2010 in accordance with the Production Sharing Agreement ("PSA") for Brunei will require expenditures presently estimated to amount to \$25.0 million of which the Company's share would be \$2.25 million. The remaining \$22.75 million will be funded by Nations pursuant to agreements under which they have earned a 50% ownership interest in the PSA. The agreement with Nations requires them to pay the cost and expense of implementing an agreed work program, the cost of which is estimated to total \$20.5 million. At March 31, 2009, approximately \$18.6 million in expenditures have been incurred by Nations against the \$20.5 million that they must fund. The Company expects that the remaining amount of expenditure that Nations must fully fund will be incurred by the third quarter of 2009.

The Company has accrued payments aggregating \$140,000 in the financial statements as at March 31, 2009 that relate to an agreement reached in 2007 to settle a legal challenge to the Company's title under the PSA. Pursuant to the settlement agreement, the Company also agreed to pay a maximum of \$3.5 million out of 10% of its share of profit oil as defined in the Brunei PSA which has not been accrued in these financial statements.

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

12. Commitments (continued)

Syria

Under the terms of the Block 9 PSC (note 3), the Company has a first phase exploration period of four years during which it has committed to acquire and process seismic information and drill two exploration wells. The exploration period can be extended for up to nine years in phases by performing additional work on an agreed basis. In accordance with the terms of the PSC, the Company posted a guarantee in the amount of \$7.5 million (note 6) which is the Company's estimated minimum capital expenditure required for the work commitment in the PSC. As at March 31, 2009, approximately \$2.7 million in expenditures have been incurred in Syria of which approximately \$750,000 are eligible exploration costs for the first phase exploration period, and which, upon application by the Company, will reduce by a like amount the total of the guarantee posted.

Office Space

During the fourth quarter of 2008 the Company signed a lease agreement for office space in Calgary, Alberta. This lease commenced on December 1, 2008 and expires on August 30, 2011; the commitment is \$118,408 each year for the term of the agreement.

The Company's lease agreement for its former Calgary office space expires on October 31, 2012; the commitment is \$118,329 each year for the remaining four years of the agreement.

Public Offering

In connection with the planned public offering and listing of its common shares on the Warsaw Stock Exchange, the Company has retained investment advisors in Poland. The advisors are to be paid a monthly fee of \$13,200 (€10,000) until June 30, 2009 subject to extension by mutual agreement. The advisors will be paid an additional fixed fee of \$330,000 (€250,000) if the listing on the Warsaw Stock Exchange does not include the planned public offering. The advisors will also be paid a commission based fee of 2.6% upon successful completion of the public offering.

13. Financial instruments

Market risk

The Company is exposed to risks arising from fluctuations in currency exchange rates between the Canadian dollar and the United States dollar. At March 31, 2009, the Company's primary exposures relate to Canadian dollar denominated working capital and cash balances held in Canada.

Cash and cash equivalents	CAD \$	5,282,512
Accounts receivable		533,084
Accounts payable and accrued liabilities		<u>(962,218)</u>
Net foreign exchange exposure	CAD \$	<u>4,853,378</u>

At March 31, 2009, if the Canadian dollar had strengthened by 10% compared to the U.S. dollar and all other variables were held constant, after tax net loss would have increased by \$0.5 million. Conversely, if the Canadian dollar had weakened by 10%, an equal decrease of \$0.5 million to after tax net loss would have resulted.

At March 31, 2009, if the value of Jura Energy Corporation shares had been 10% higher, the impact would have been a \$23,741 increase in the unrealized gain recorded in other comprehensive loss. If the share price had been 10% lower, the same amount would have reduced the unrealized gain.

14. Related party transactions

Jura a public company in which the Company owns 6.4% of the outstanding common shares (note 7), commenced providing financial and accounting services to the Company in May 2007. For the period ended March 31, 2009, the fees totalled \$54,442 (March 31, 2008: \$22,470). At March 31, 2009, the Company owed \$21,506 to Jura (December 31, 2008 - \$21,506). Two

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

14. Related party transactions (continued)

directors of the Company, Timothy M. Elliott and Norman W. Holton, are directors of Jura and Paul H. Rose, Chief Financial Officer of the Company is also the Chief Financial Officer of Jura.

Nemmoco Petroleum Corporation (“**Nemmoco**”), a private company 25% of which is owned by, Timothy M. Elliott, an officer and director of the Company, provides certain personnel and general, accounting and administrative services to the Company at its offices in Dubai on a cost sharing basis. For the three months ended March 31, 2009, the fees totalled \$85,800 (March 31, 2008: \$31,666). At March 31, 2009, the Company owed \$19,698 (December 31, 2008 - \$18,149) to Nemmoco in relation to these administrative services.

Loon Energy Corporation (“**Loon Energy**”) has no employees, and management and administrative services are provided by the management and staff of Kulczyk Oil pursuant to a services agreement. This structure was implemented on December 10, 2008, the date of the Plan of Arrangement. For the three months ended March 31, 2009, these fees totalled \$2,409. At March 31, 2009, Loon Energy owed the Company \$59,222 for these administrative services. Kulczyk Oil and Loon Energy are related as they have common directors and officers and the same principal shareholder.

Loon Energy did not have a bank account from December 10, 2008 to April 2009, and expenses incurred by Loon Energy over that period were funded by the Company. As at March 31, 2009, Loon Energy owed the Company \$228,069 for these expenses.

All of the common shares issued in the CAD\$12,000,000 and CAD\$25,000,000 private placements completed on December 10, 2008 and July 13, 2007 respectively, were bought by Kulczyk Investment House, a private company which had a prior ownership interest in the Company and had a representative on the board of the Company at the time the common shares were issued.

The above related party transactions were at exchange amounts agreed to by both parties which approximate fair value.

15. Segmented information

The Company’s reportable segments are organized by geographical areas and consist of Brunei, Syria, and Corporate and other which includes Slovenia.

Brunei	Three months ended March 31,	
	2009	2008
Petroleum and natural gas sales	\$ -	\$ -
Royalties	-	-
Interest and other income	-	-
Operating expenses	-	-
General and administrative	-	-
Stock based compensation expense	-	-
Depletion, depreciation and accretion	-	-
Impairment of oil and gas assets	-	-
Loss on foreign exchange	-	-
Loss before income taxes and discontinued operations	<u>\$ -</u>	<u>\$ -</u>
Capital expenditures	<u>\$ -</u>	<u>\$ (158,075)</u>
Total assets	<u>\$ 1,020,535</u>	<u>\$ 1,519,462</u>

Kulczyk Oil Ventures Inc.
Notes to Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
US\$'s
(Unaudited)

15. Segmented information (continued)

Syria	Three months ended March 31,	
	2009	2008
	<u> </u>	<u> </u>
Petroleum and natural gas sales	\$ -	\$ -
Royalties	-	-
Interest and other income	-	-
Operating expenses	-	-
General and administrative	-	-
Stock based compensation expense	-	-
Depletion, depreciation and accretion	-	-
Impairment of oil and gas assets	-	-
Loss on foreign exchange	-	-
	<u> </u>	<u> </u>
Loss before income taxes and discontinued operations	\$ -	\$ -
Capital expenditures	<u>\$ 95,579</u>	<u>\$ 69,791</u>
Total assets	<u>\$ 10,089,348</u>	<u>\$ 9,489,793</u>
Corporate and other	Three months ended March 31,	
	2009	2008
	<u> </u>	<u> </u>
Petroleum and natural gas sales	\$ -	\$ -
Royalties	-	-
Interest and other income	18,146	125,003
Operating expenses	-	-
General and administrative	(868,916)	(629,996)
Stock based compensation expense	(51,010)	(77,715)
Depletion, depreciation and accretion	(15,316)	(14,278)
Impairment of oil and gas assets	-	-
(Loss)/gain on foreign exchange	(51,841)	278,361
	<u> </u>	<u> </u>
Loss before income taxes and discontinued operations	\$ (968,937)	\$ (318,625)
Capital expenditures	<u>\$ 202,942</u>	<u>\$ -</u>
Total assets	<u>\$ 9,486,859</u>	<u>\$ 12,511,990</u>