

NATURAL RESOURCE GAS LIMITED

FINANCIAL STATEMENTS

DECEMBER 31, 2008

MANAGEMENT PREPARED

Management Prepared

Natural Resource Gas Limited Balance Sheet Period Ending

	31-Dec-08	31-Dec-07
Assets		
Current Assets		
Cash	\$ 3,281,027	\$ 1,104,187
Accounts Receivable, net	1,996,794	3,220,795
Inventory	107,985	205,982
Prepaid Expenses	163,741	219,247
Income Taxes Recoverable	16,175	-
Deferral Accounts	374,917	-
	5,940,638	4,750,210
Property Plant and Equipment	14,084,290	9,481,783
Other Assets		
Franchises & Consents	95,445	62,731
Deferred Financing Costs	95,975	136,227
Financing fees (net of amortization)	21,507	33,455
	212,927	232,413
	20,237,856	14,464,406
Liabilities and Shareholder's Equity		
Current Liabilities		
Bank Indebtedness	-	-
Accounts Payable & Accrued Liabilities	943,599	1,089,321
Gas Accrual	2,102,380	1,031,635
Security Deposits	716,555	740,263
Deferral Accounts	-	157,227
Income Taxes Payable	-	76,523
Operating Loan	-	-
	3,762,535	3,094,969
Long Term Debt	11,343,387	6,334,336
Shareholder's Equity		
Share Capital	13,461,439	13,461,439
Retained Earnings (Deficit)	(8,329,505)	(8,426,338)
	5,131,934	5,035,101
	\$ 20,237,856	\$ 14,464,406
Statement of Retained Earnings (Deficit)		
Balance, beginning of Period	(8,810,026)	(8,707,084)
Net Income (loss) for the period	480,522	280,746
Balance, end of period	\$ (8,329,505)	\$ (8,426,338)

Management Prepared

Natural Resource Gas Limited
Statement of Income
Period Ending

YTD

31-Dec-08

31-Dec-07

Gas Commodity Recoveries/Rebates

System Gas Fee

\$	14,071	\$	12,844
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Gross Margin - Gas Commodity

Gas Commodity Revenue

2,810,652	2,231,836
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Gas Commodity Costs

2,810,652	2,231,836
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Sub-total

<u>0</u>	<u>-</u>
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Gross Margin - Gas Distribution

Gas Distribution Revenue

1,629,934	1,110,339
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Transport Costs (M9)

305,407	128,348
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Sub-total

<u>1,324,527</u>	<u>981,991</u>
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Gross Margin - Ancillary Sales & Other Revenue

Ancillary Sales & Other Revenue

281,105	286,018
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Cost of Ancillary Sales

186,910	169,515
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Sub-total

<u>94,195</u>	<u>116,503</u>
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Other Revenues

32,027	25,340
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Total Gross Margin

<u>1,464,820</u>	<u>1,136,677</u>
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Operating Expense

Salary, Wages & Benefits

220,749	262,225
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Interest on Long Term Debt

158,513	109,472
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Professional Fees

170,542	98,664
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Property Taxes

77,257	76,777
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Office Expense & Administration

58,795	50,970
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Insurance

48,702	45,165
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Miscellaneous

-	3,640
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Vehicle Repairs & Maintenance

25,121	17,638
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Repairs & Maintenance

15,474	5,084
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Regulatory Charges

3,551	3,611
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Bad Debt Expense-Write Offs

-	7,950
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Provincial Capital Tax

5,295	-
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Other

10,485	3,471
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Travel & Entertainment

940	1,623
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Interest on Short Term Debt & Other Finance Charges

9,251	9,411
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Capitalized Expenses

(16,480)	(1,408)
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<u>788,194</u>	<u>694,291</u>
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Income before provision for income taxes & other items

<u>676,626</u>	<u>442,386</u>
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Other Items

Charitable Donations

2,450	-
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Amortization

193,654	161,640
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Net Income before Income Taxes

<u>\$ 480,522</u>	<u>\$ 280,746</u>
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Volumes (m*3)

Residential

4,170,343	3,619,991
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Industrial R1

305,237	216,882
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Industrial R4

379,025	242,128
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Commercial

1,350,829	1,291,327
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Seasonal

92,918	242,071
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Contract R3 (Ethanol)

7,851,049	-
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Contract R3

341,610	736,327
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Contract R5

1,057,286	677,443
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Volumes (m*3)

<u>15,548,297</u>	<u>7,423,311</u>
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Volumes (Mcf)

<u>551,867</u>	<u>249,385</u>
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