521800

# TEXAS CANADIAN VENTURES INC.

## Coal Bed Methane Project, Vancouver Island, British Columbia

### FINANCING PROPOSAL

**Texas Canadian Ventures ("TCV")** are planning to raise up to US$ 5.0 million for initiation of exploration and development of their Coal Bed Methane (CBM) Project on Vancouver Island, B.C.

It is proposed that the funding could either be through joint venture with a publicly traded company or by way of acquisition of a suitable publicly traded "shell".

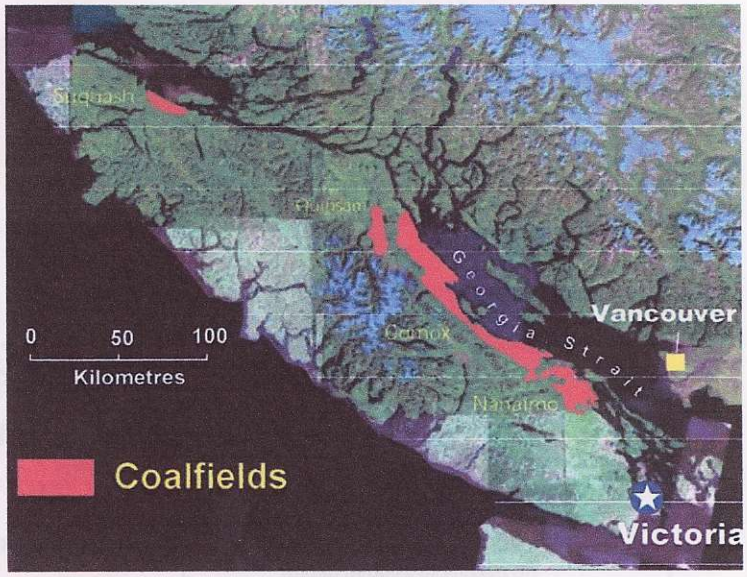
TCV would retain a 1/3 interest in the CBM Project through the first US$5.0 expenditure, which interest could then be vended to the public company.

### LAND STATUS

TCV has granted Hillsborough (HLB)/Province of British Columbia a 3/16 net wellhead royalty and a 25% working interest to HLB carried for the first five wells. HLB, at its option, may maintain a its position after the Pilot Program or take the $US 2.0 million cash and forfeit its 25% interest to TCV. If HLB maintains its interest, it shall pay its pro-rata costs thereafter

### VANCOUVER ISLAND METHANE POTENTIAL

- Coal seams in the Nanaimo basin had the reputation of being very gassy below 200 metres.
- Desorption tests on the Douglas seem in the Nanaimo basin indicated gas contents in the range of 173 to 259 scf/ton.
- In the Nanaimo coalfield, most of the methane potential will occur outboard of Vancouver Island as the major coal seams dip eastward into the Georgia strait.
- Total resource estimates for Vancouver Island range from 1.6 Tcf (45 billion cubic metres) to 0.5 Tcf (14 billion cubic metres).
- Average methane resource estimates for the coalfields are: Comox, 800 Bcf; Nanaimo, 300 Bcf; and Suquash, 60 Bcf.
- Gas pipeline passes through Comox and Nanaimo coalfields




### WORK PLAN AND BUDGET (US$ 5.0 million)

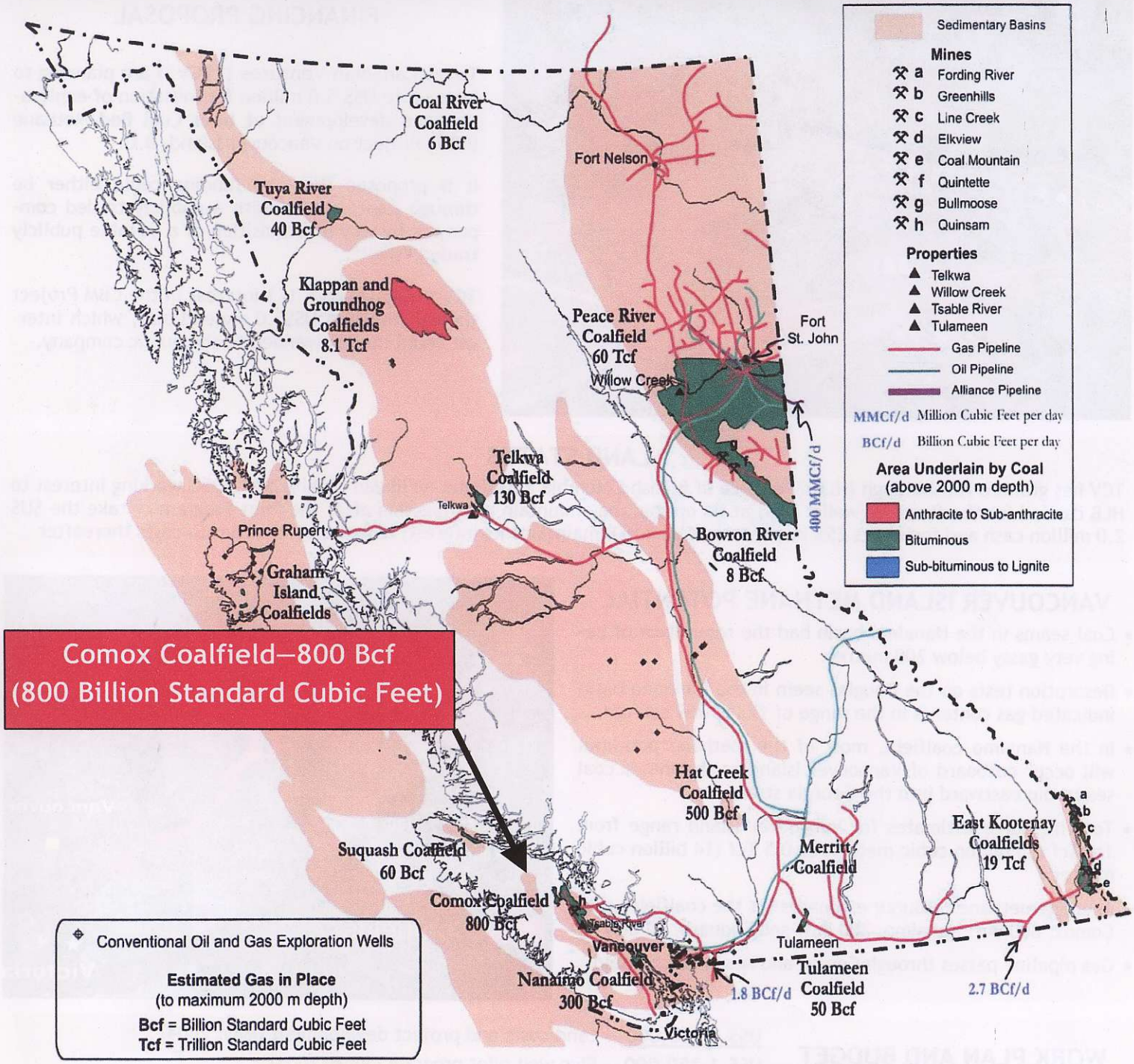
| | |
|---|---|
| US$ 250,000 | – Land costs and project development (May, 2004) |
| US$ 1,250,000 | – Five well pilot program (June, 2004) |
| US$ 3,500,000 | – Continued drilling (July-Oct, 2004) |

### ABOUT COAL BED METHANE (CBM)

Methane, or natural gas, is usually associated with petroleum. This gas, however, can also be found in coal beds. Coal is found in a very large surface area, which make coal beds capable of storing a large amount of methane gas. Coal beds provide a relatively cheap source of natural gas, because the beds are often close to the surface which makes access and well drilling easier. Aside from being relatively inexpensive to extract, natural gas in itself is the cleanest of the fossil fuels.

# TEXAS CANADIAN VENTURES INC.

## Coalfields and Coal Bed Methane Potential in BC




Basin Outlines : Geological Survey of Canada, unpublished:
P. Hannigan, P.J. Lee, K Osadetz et al., 1993-1998.


For further information, please contact
Gilbert L. Dozier, President, or Klaus Gunssler, Vice President
Texas Canadian Ventures Inc.
519 Florida Avenue, Denham Springs, LA, USA 70726
Tel: 225-664-4194, Fax: 225-665-3580, E-mail:

Vancouver Island
CBM Project

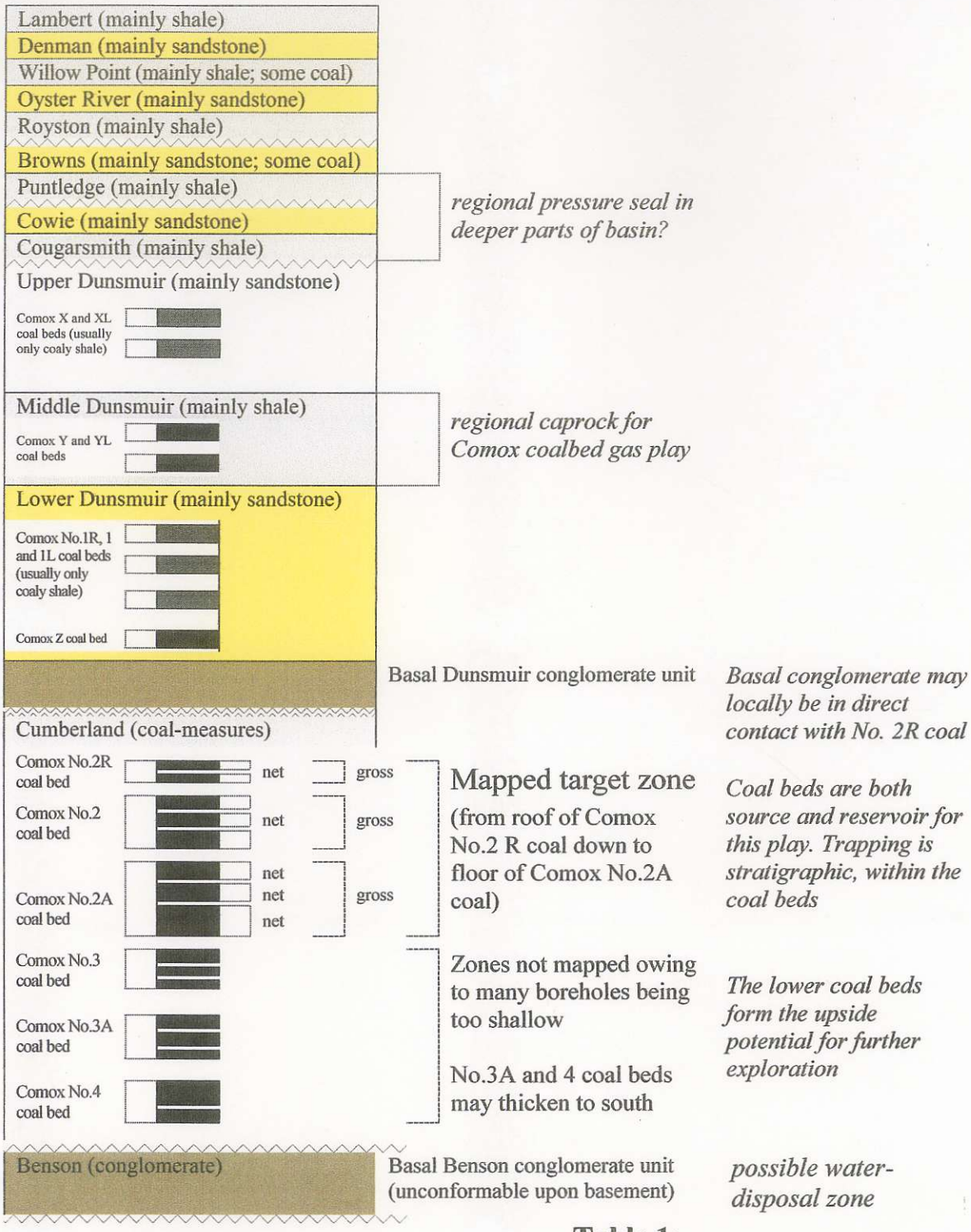
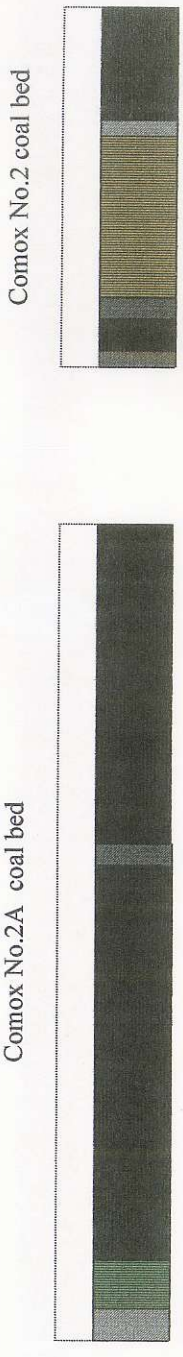


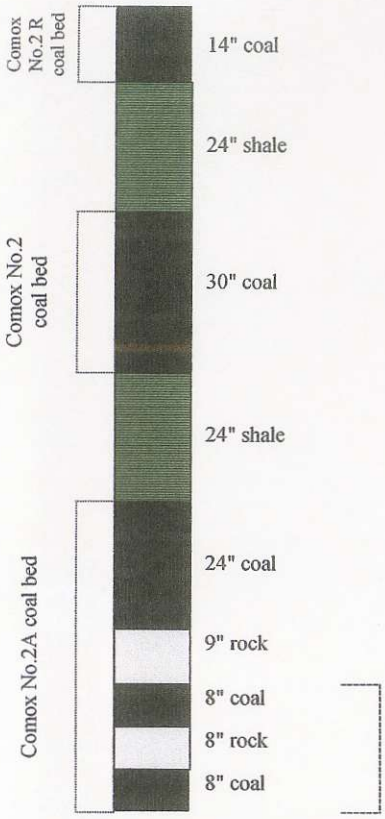

**Table 1:**
Play summary diagram for Comox coalbed gas play




| Depth from surface | Proximate analysis (as-received basis): Moisture | Volatile matter | Fixed carbon | Ash | Sulphur | CV (BTU/lb) AR | CV (BTU/lb) MMMF |
|---|---|---|---|---|---|---|---|
| 994'4" | | | | | | | |
| 1'6" coal | | | | | | | |
| 3" shale and coal | | | | | | | |
| 2'6" brown shale | | | | | | | |
| 4" coal and shale | 4.15 | 31.57 | 39.15 | 25.13 | 1.54 | 9391 | |
| 6" coal | 4.96 | 33.44 | 44.45 | 17.15 | 0.78 | 10511 | 12969 |
| 3" coal and shale | 3.03 | 31.75 | 34.36 | 30.66 | 9.69 | 8653 | |
| 999'8" | | | | | | | |
| (16' shale band) | | | | | | | |
| 1015'8" | | | | | | | |
| 4'10" coal | 4.60 | 36.05 | 45.89 | 13.46 | 1.53 | 11313 | 13605 |
| | 4.44 | 35.27 | 45.34 | 14.95 | 1.07 | 11166 | 13410 |
| 4" coal and shale | 4.13 | 30.41 | 32.55 | 32.91 | 0.43 | 8306 | |
| | 4.68 | 36.11 | 47.00 | 12.21 | 0.37 | 11416 | 13181 |
| 6'2" coal | | | | | | | |
| | 4.79 | 36.07 | 48.24 | 10.90 | 0.49 | 11609 | 13243 |
| 9" shale | | | | | | | |
| 6" shale and coal | | | | | | | |
| 1028'3" | | | | | | | |

*Data source: BCARS Add. Mss. 436/63/1 (A.F. Buckham papers)*

**Table 2:**
Coal quality in Borehole CR-9
(Comox No.2 and 2A coal beds)




Proximate analysis (as-received basis):

| | Moisture | Volatile matter | Fixed carbon | Ash | Sulphur | CV (BTU/lb) AR | CV (BTU/lb) MMMF |
|---|---|---|---|---|---|---|---|
| 14" coal | 4.24 | 36.09 | 54.13 | 5.54 | 0.75 | 10801 | 11532 |
| 30" coal | 2.54 | 35.98 | 54.04 | 7.44 | 1.03 | 11353 | 12421 |
| 24" coal | 2.33 | 34.83 | 48.89 | 13.95 | 1.47 | 10164 | 11187 |
| 8" rock / 8" coal / 8" coal | 4.01 | 35.26 | 51.97 | 8.76 | 1.02 | 9818 | 10912 |

*Data source: Canadian Collieries (Dunsmuir) Ltd. files*

**Table 3:**
Coal quality of Woodhus Creek outcrop
(Comox No.2 Rider, 2 and 2A coal beds)

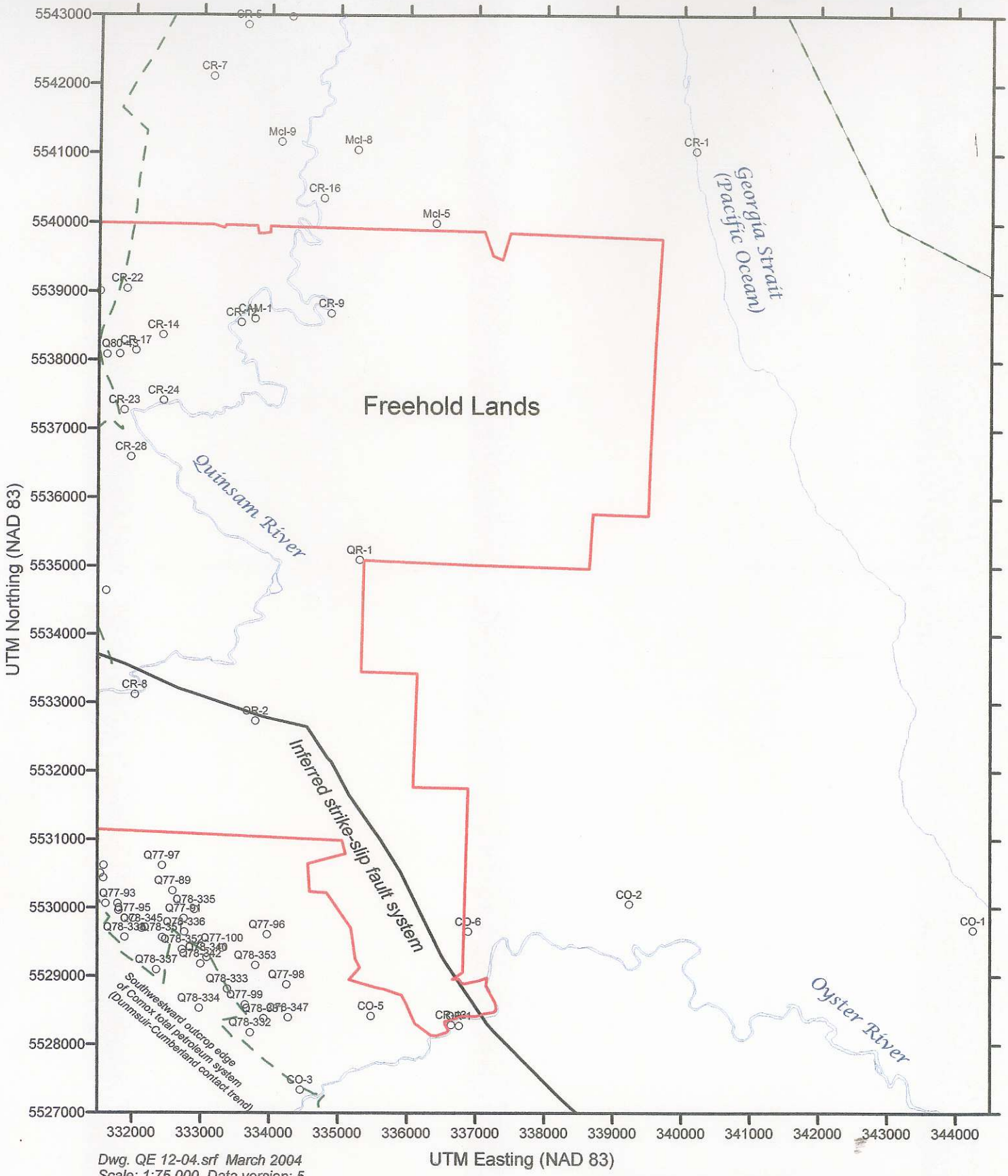
---

Proximate analysis (as-received basis):

| | Moisture | Volatile matter | Fixed carbon | Ash | Sulphur | CV (BTU/lb) AR | CV (BTU/lb) MMMF |
|---|---|---|---|---|---|---|---|
| 10" coal | 3.50 | 39.30 | 52.90 | 4.30 | 0.90 | 13080 | 13789 |

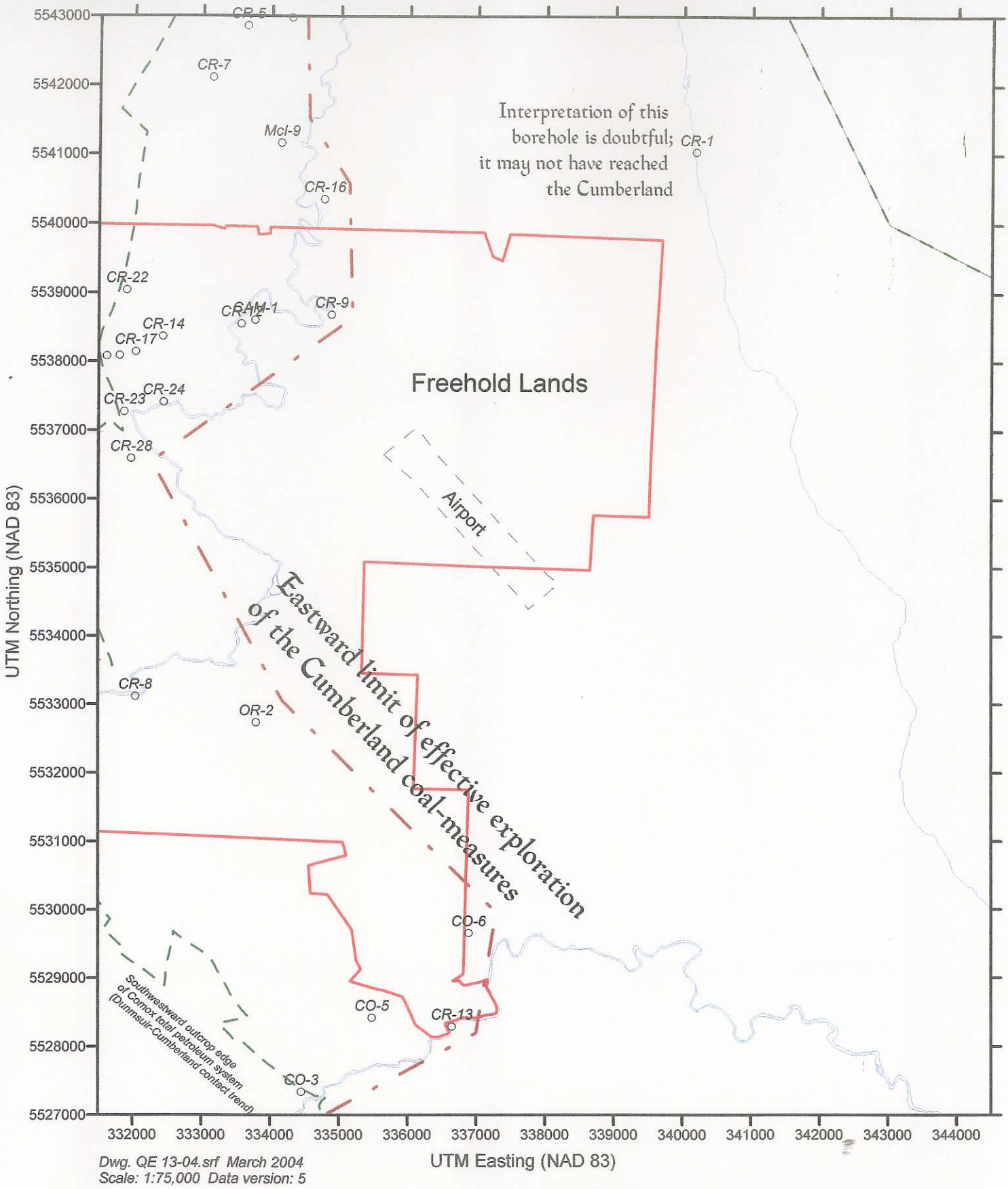
*Data source: Canadian Collieries (Dunsmuir) Ltd. files*

**Table 4:**
Coal quality of Oyster River outcrop
(Comox No.2 Rider coal bed)



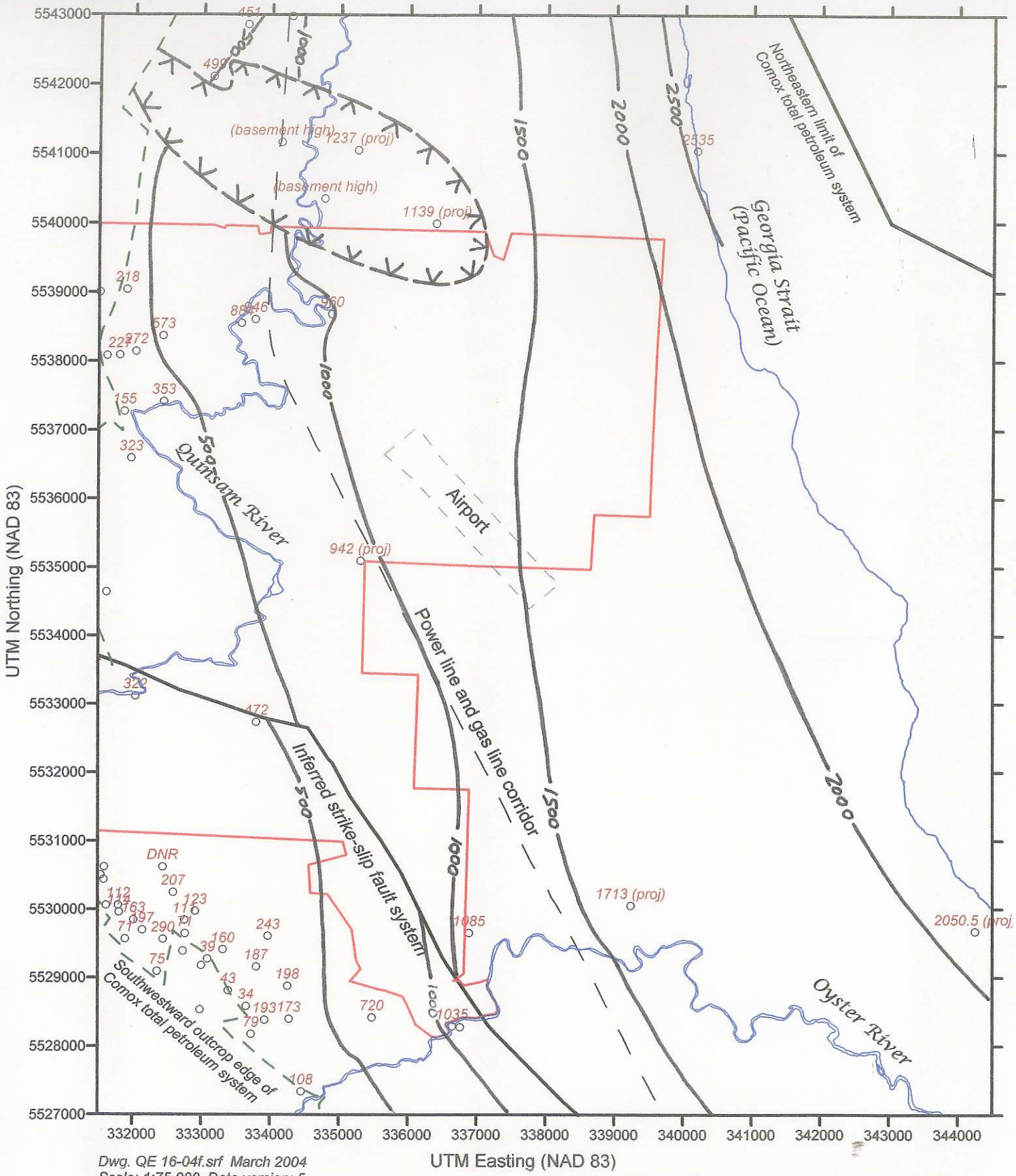

*Dwg. QE 12-04.srf March 2004*
*Scale: 1:75,000 Data version: 5*

Campbell River Prospect: Figure 1:
All Existing Borehole Locations



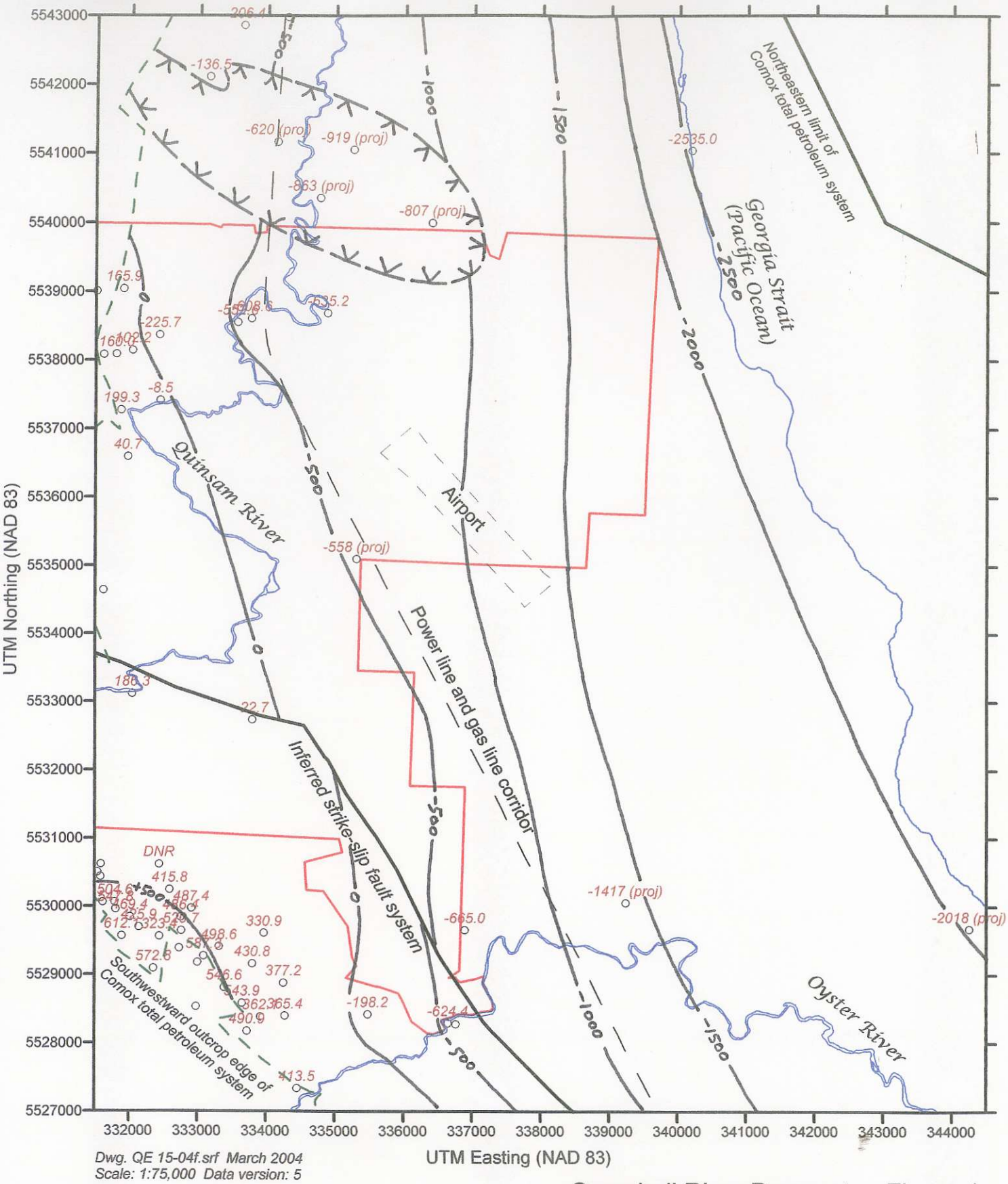

Dwg. QE 13-04.srf March 2004
Scale: 1:75,000 Data version: 5

Campbell River Prospect: Figure 2:
Existing valid tests of the Comox Formation
(boreholes that reached base of Cumberland)



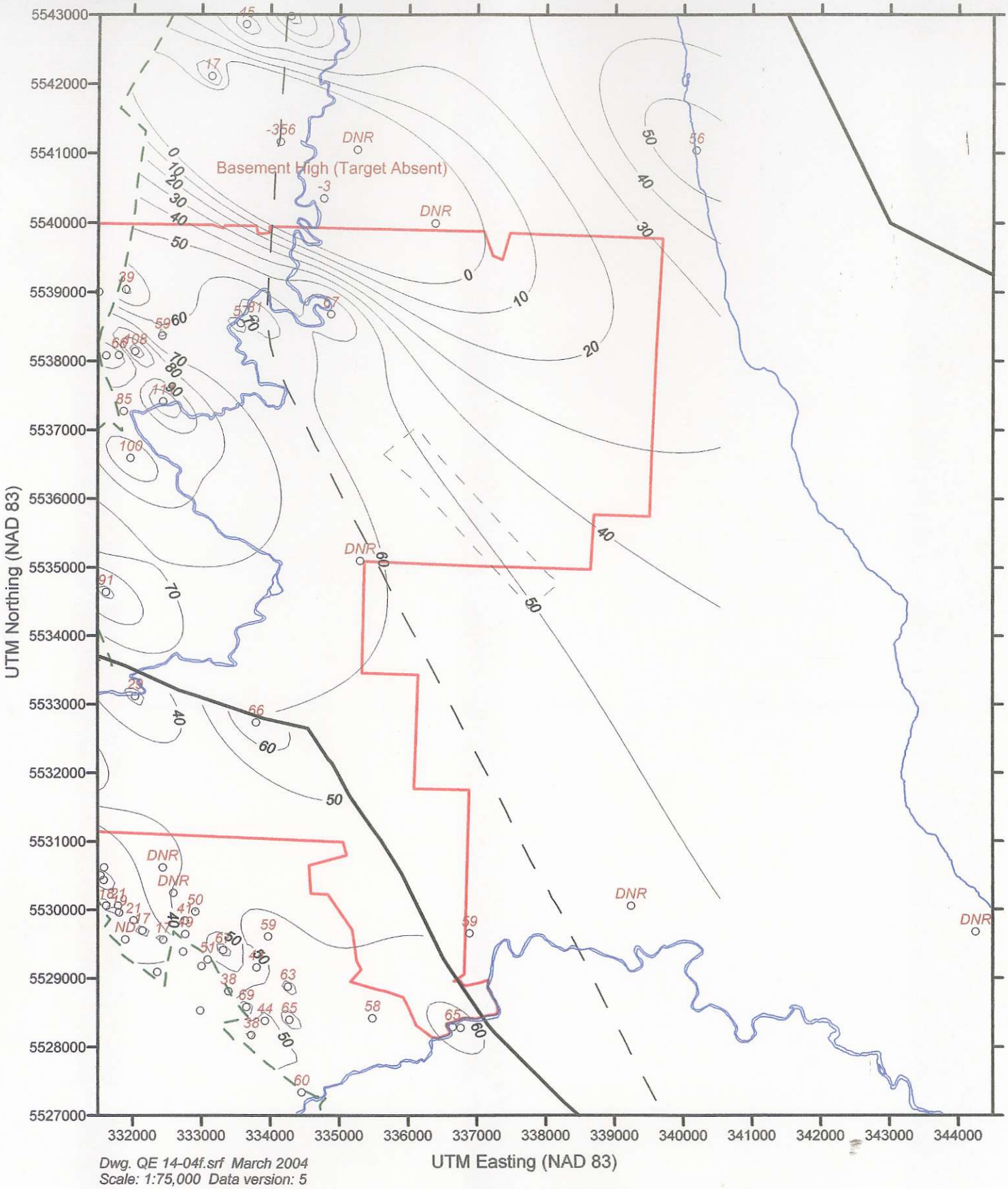

Dwg. QE 16-04f.srf March 2004
Scale: 1:75,000 Data version: 5

Campbell River Prospect: Figure 3:
Depth (feet) to top of
Upper Cumberland Target



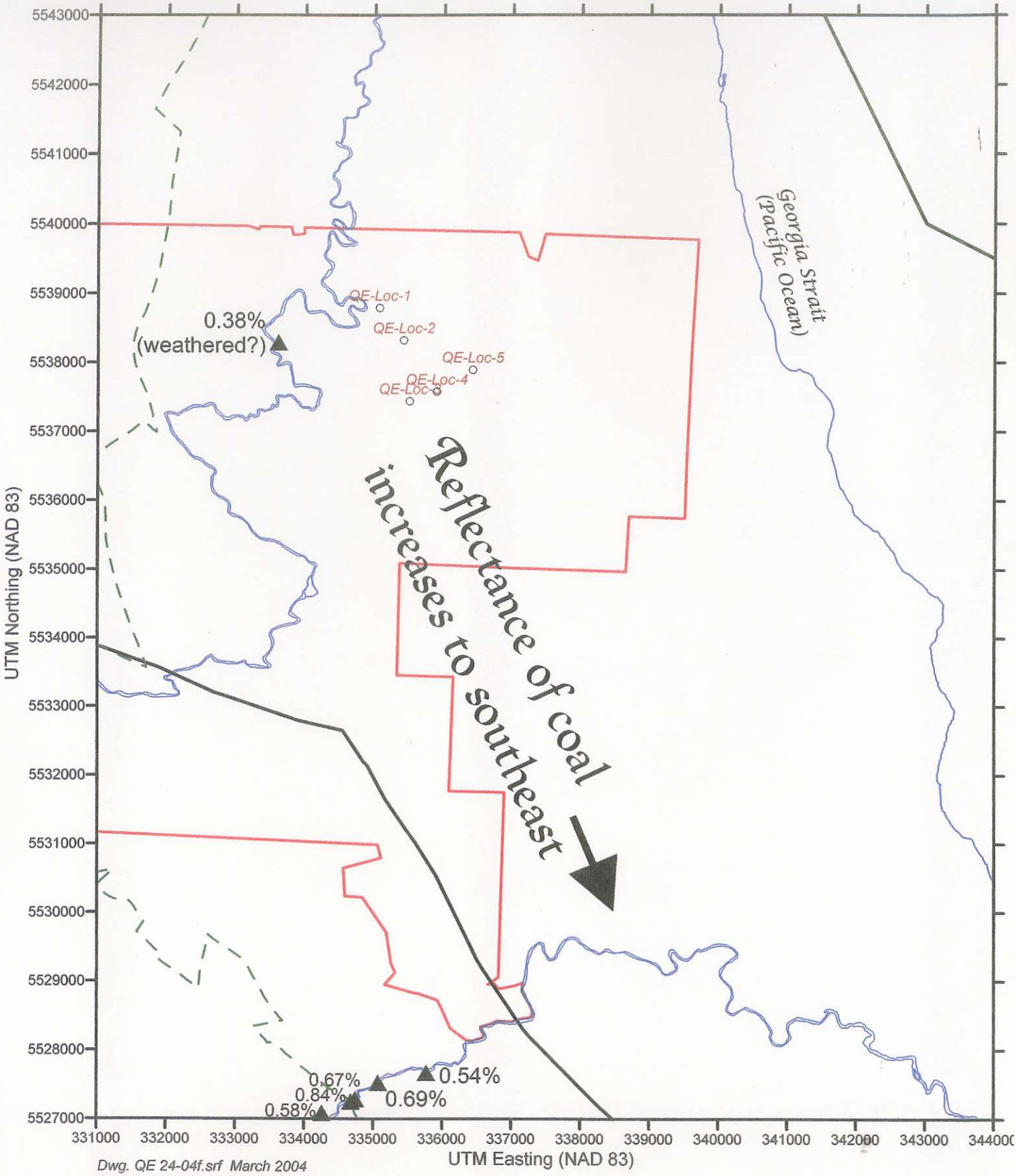

Dwg. QE 15-04f.srf March 2004
Scale: 1:75,000 Data version: 5

Campbell River Prospect: Figure 4: Elevation (feet) of top of Upper Cumberland Target




*Dwg. QE 14-04f.srf March 2004*
*Scale: 1:75,000 Data version: 5*

Campbell River Prospect: Figure 5:
Gross thickness (feet) of Upper Cumberland Target
(Interval from No.2 Rider roof to No.2A floor)

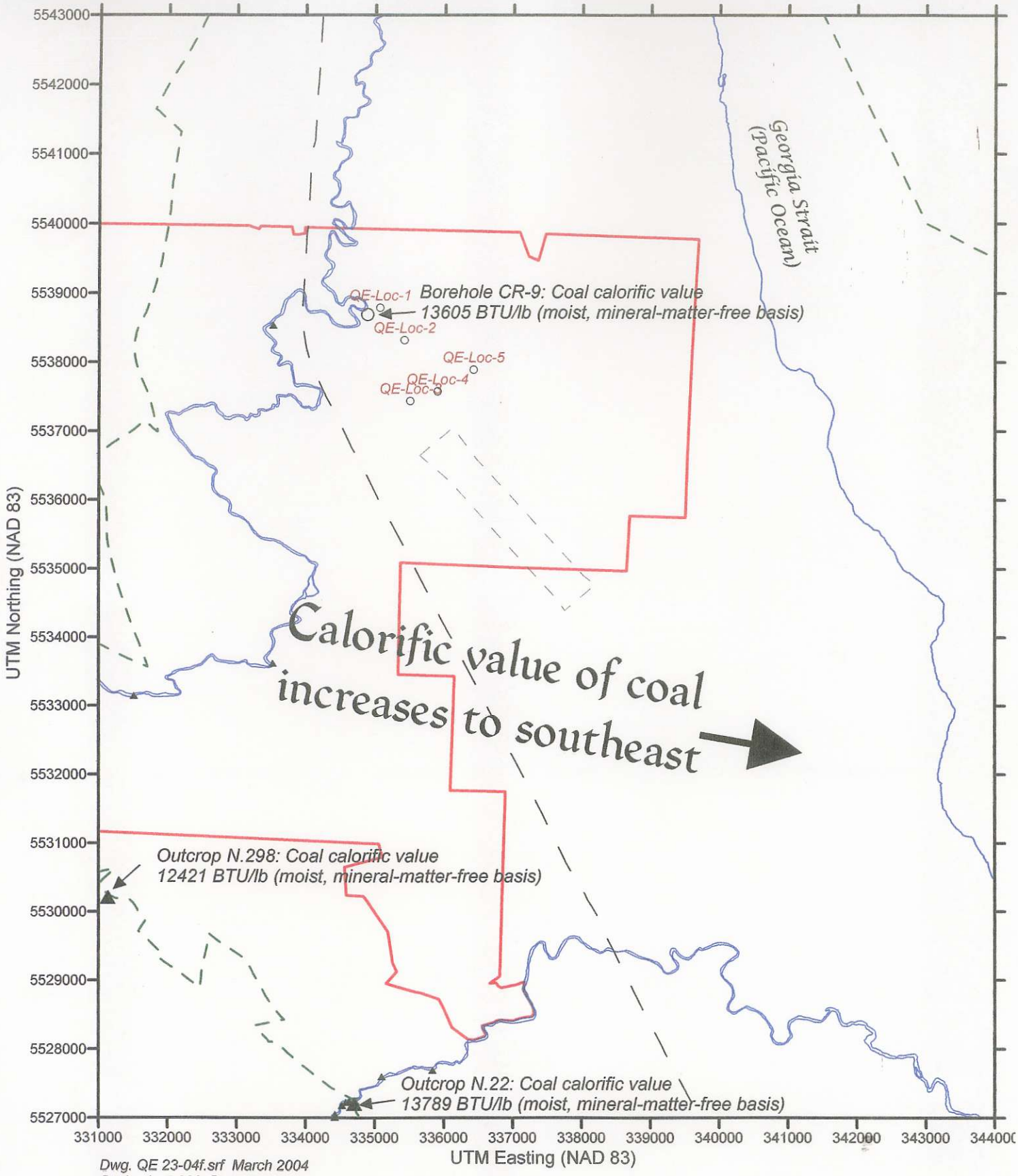



*Dwg. QE 24-04f.srf March 2004*
*Scale: 1:75,000 Data version: 5*

Legend:

▲ Comox coal outcrop with vitrinite reflectance (RoRand) data

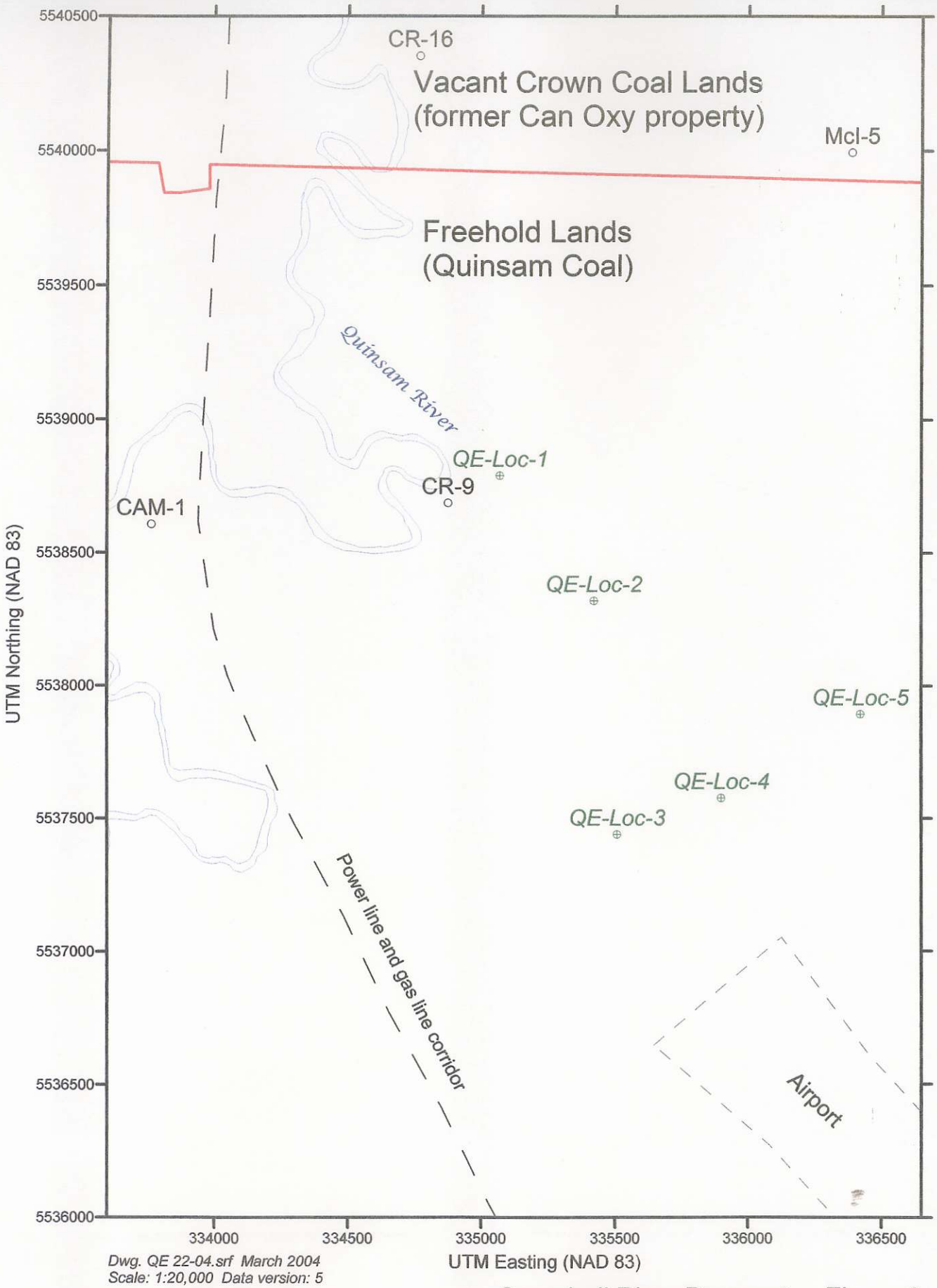
Campbell River Prospect: Figure 7: Coal Rank (Reflectance) Trends in the Comox Formation




Dwg. QE 23-04f.srf March 2004
Scale: 1:75,000 Data version: 5

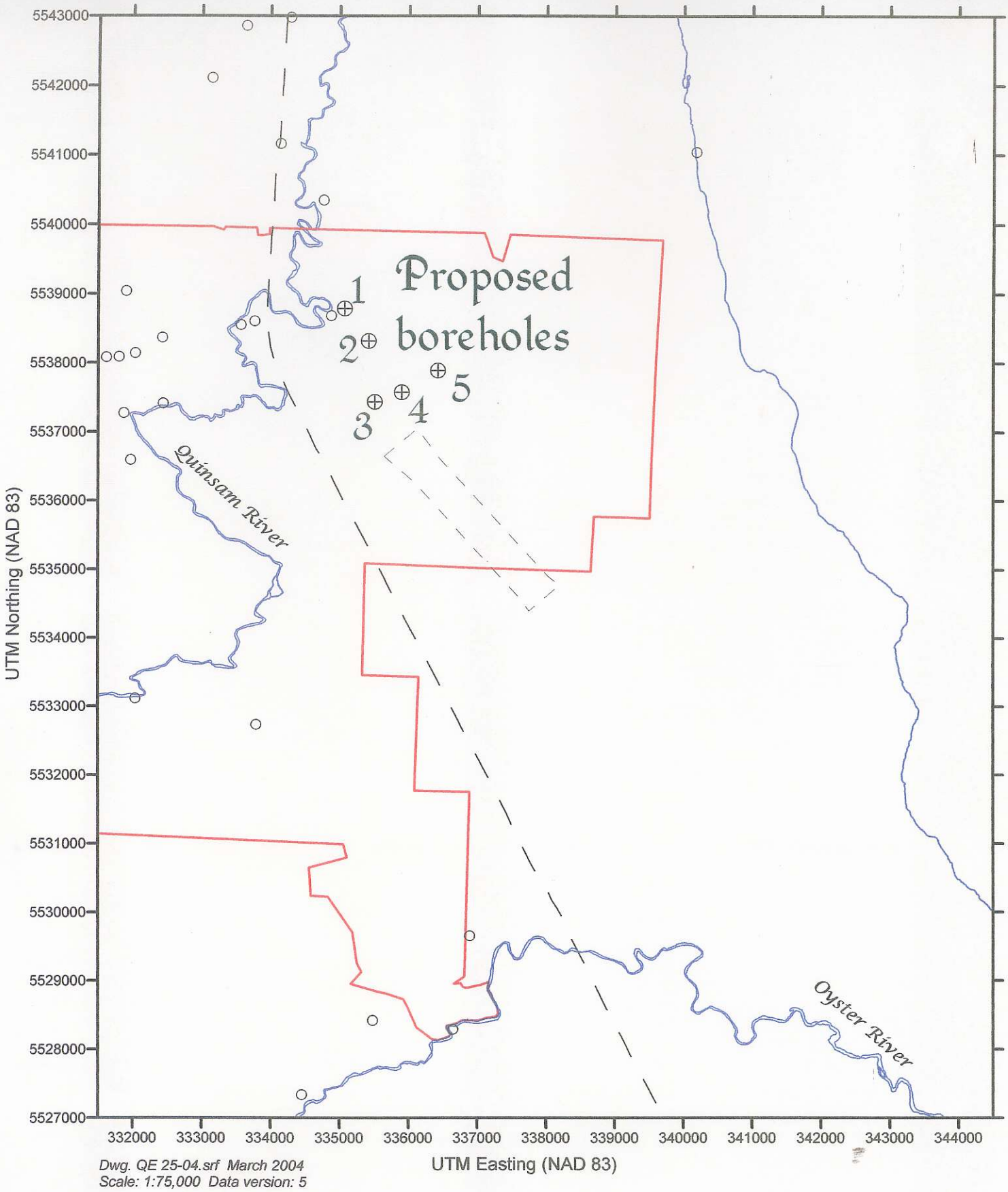
Legend:
- ▲ Outcrop with coal analysis
- ▲ Outcrop not yet analysed

Campbell River Prospect: Figure 8:
Coal Rank (Calorific Value) Trends
in the Comox Formation




*Dwg. QE 22-04.srf March 2004*
*Scale: 1:20,000 Data version: 5*

Campbell River Prospect: Figure 9:
Proposed Exploratory Boreholes
(Summer 2004 Programme)



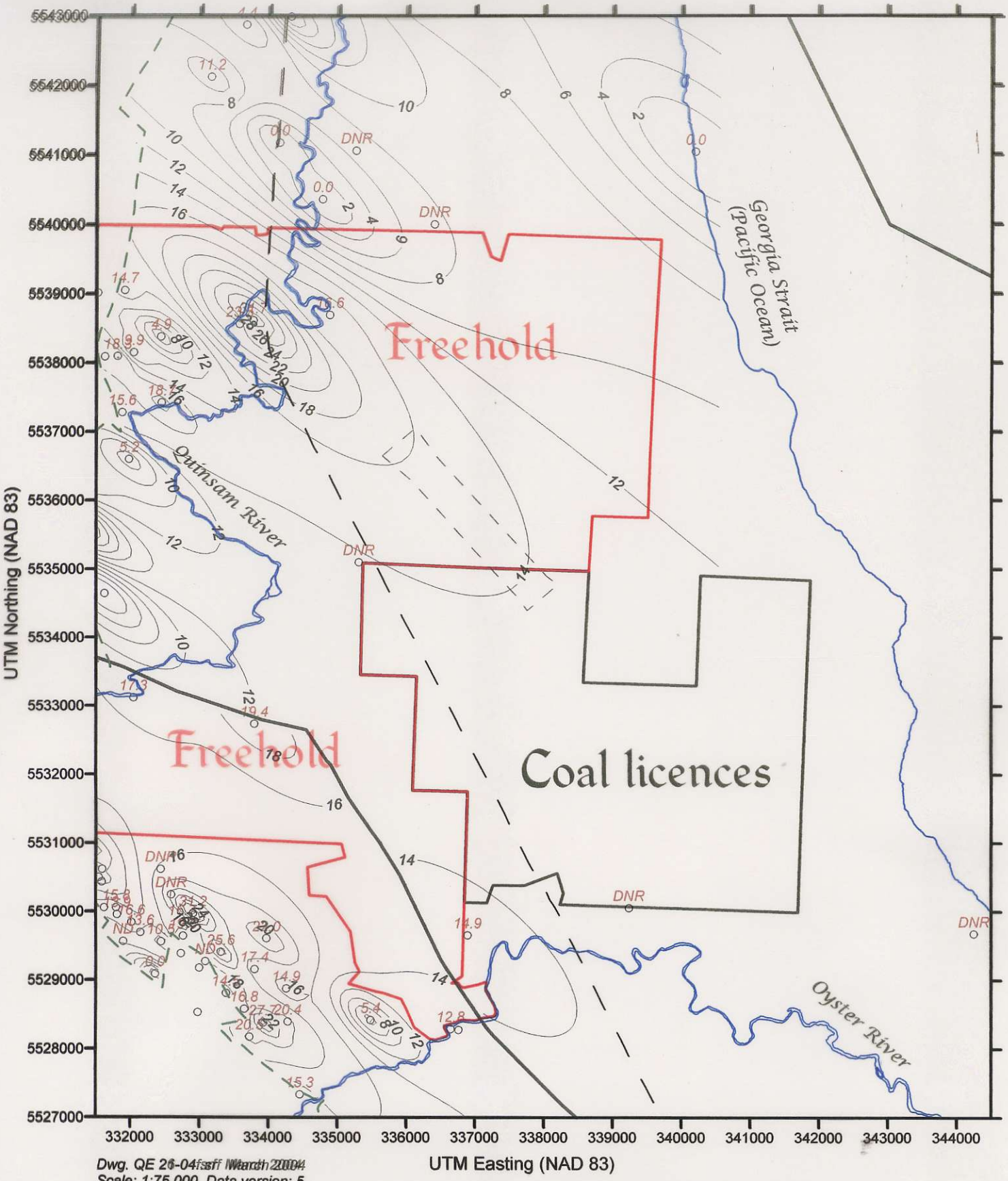

*Dwg. QE 25-04.srf March 2004*
*Scale: 1:75,000 Data version: 5*

Legend:

⊕ Proposed borehole

○ Existing valid test (see Figure 2)

Campbell River Prospect: Figure 10:
Summer 2004 exploration overlay



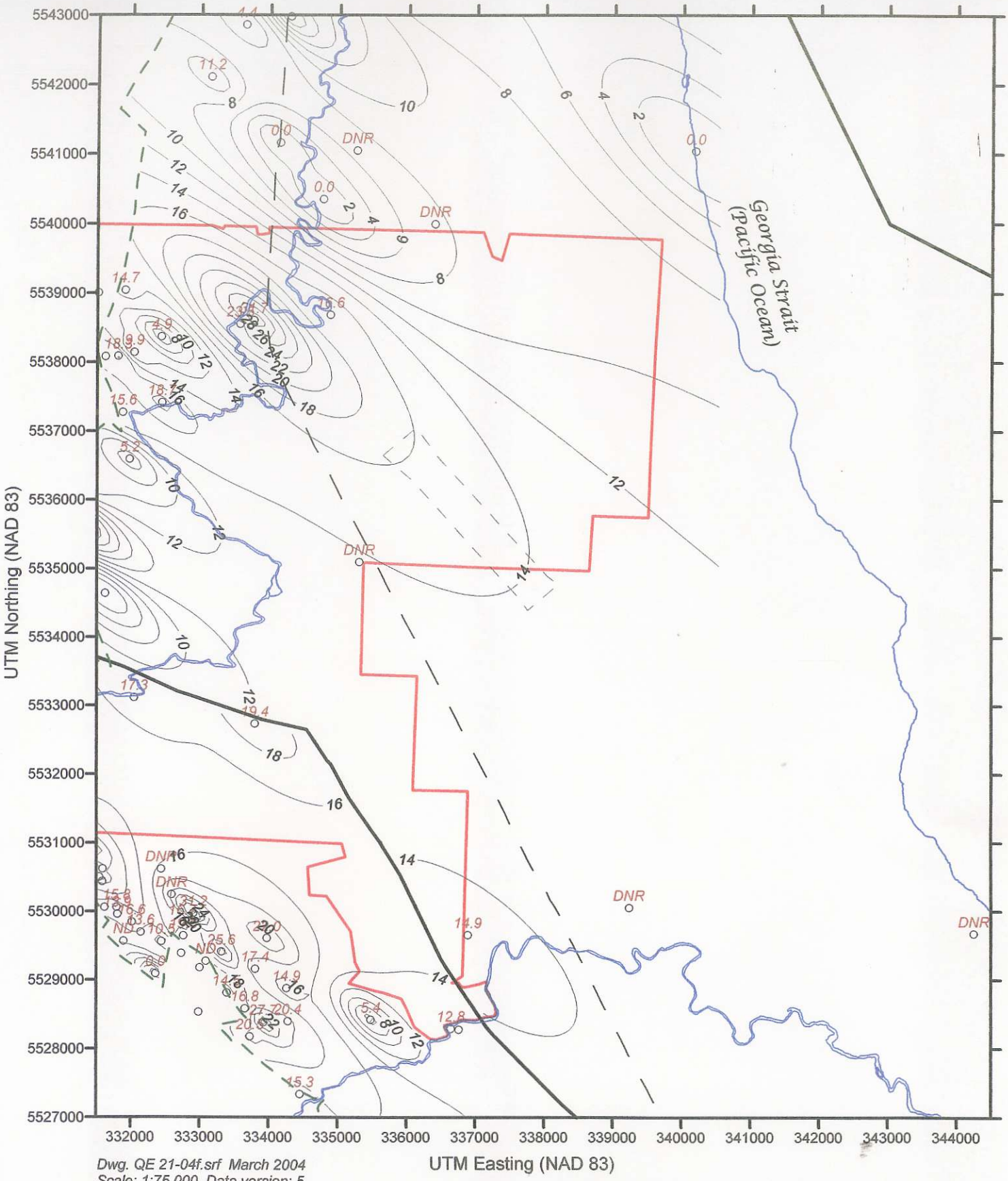

Dwg. QE 26-04fsff March 2004
Scale: 1:75,000 Data version: 5

Legend:

- Freehold land
- Eastern coal licence block

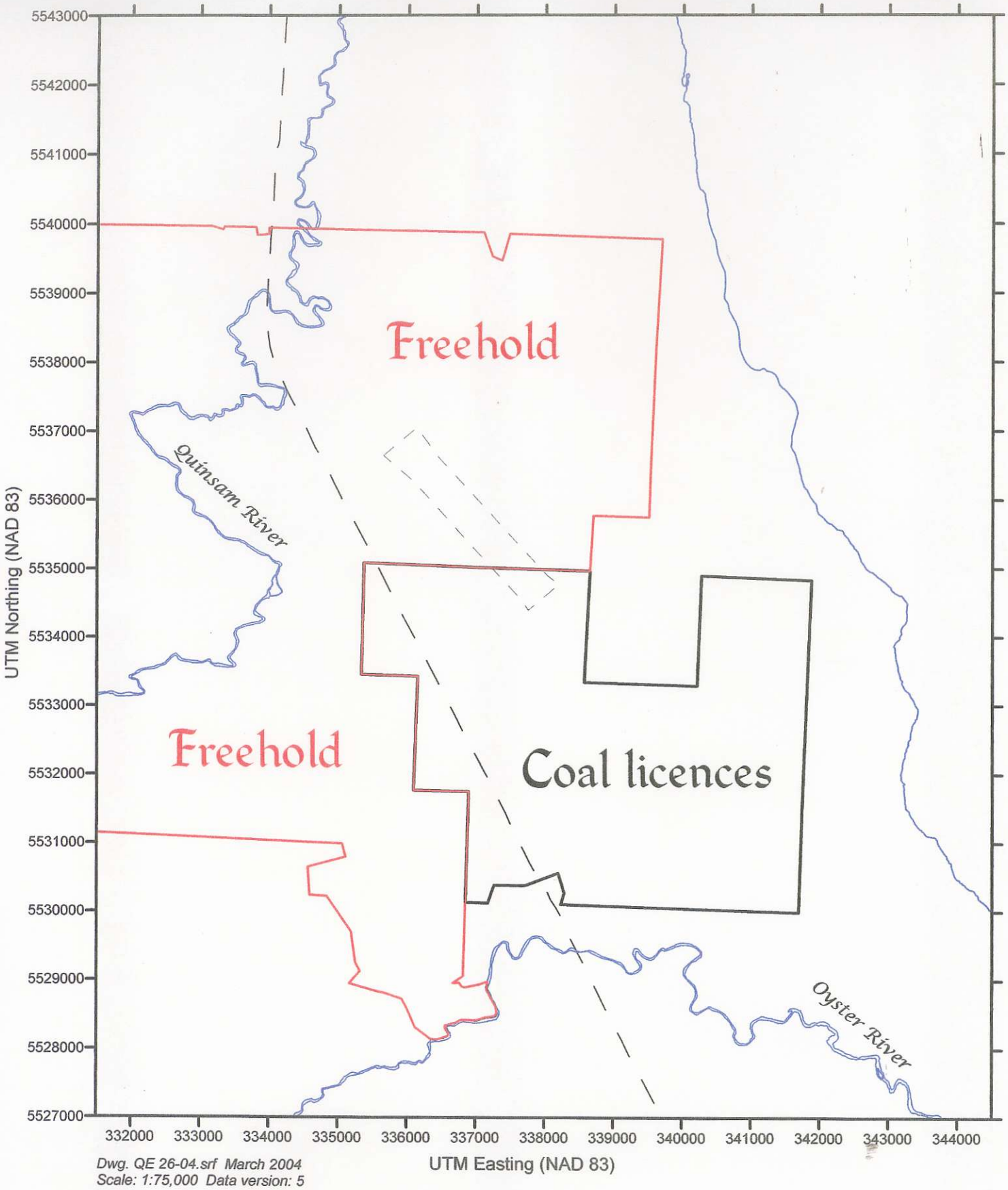
Campbell River Prospect: Figure 6:
Gross Coal (feet) in Upper Cumberland Target
(No.2 Rider, No.2 and No.2A coal beds --
coal and included rock bands)

Campbell River Prospect: Figure 11:
Land situation overlay




*Dwg. QE 21-04f.srf March 2004*
*Scale: 1:75,000 Data version: 5*

Campbell River Prospect: Figure 6:
Gross Coal (feet) in Upper Cumberland Target
(No.2 Rider, No.2 and No.2A coal beds --
coal and included rock bands)




*Dwg. QE 26-04.srf March 2004*
*Scale: 1:75,000 Data version: 5*

Legend:

Freehold land

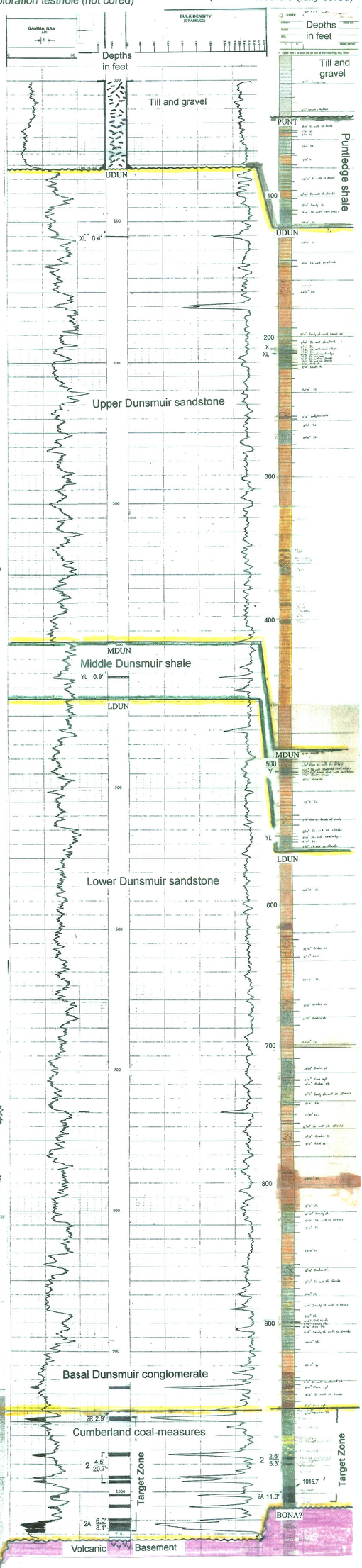
Eastern coal licence block

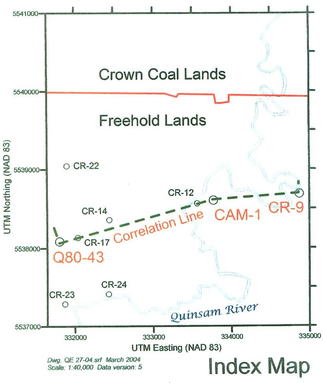
Campbell River Prospect: Land situation overlay

Figure 11:

Weldwood Campbell River CAM-1 (1975)
Coal exploration testhole (not cored)

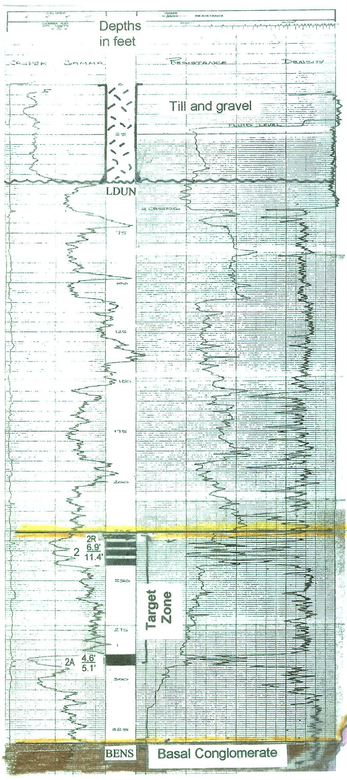
Canadian Collieries (Dunsmuir) Ltd.
Campbell River CR-9 (1954)
Coal exploration testhole (fully cored)




Index Map

Luscar Lower Quinsam Q80-43 (1980)
Coal exploration testhole (not cored)

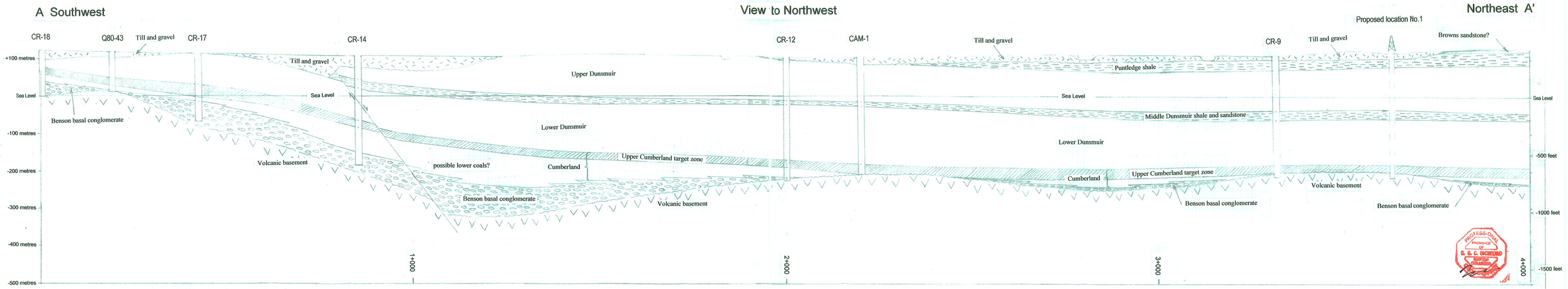


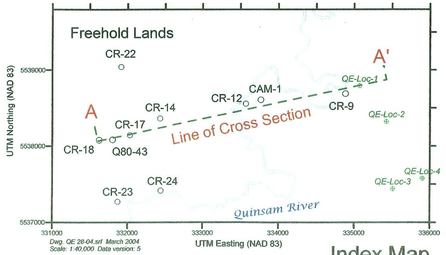
## Campbell River Prospect

Vancouver Island, Canada

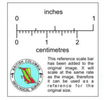
Well Correlations - North End of Property - West to East

| | | |
|---|---|---|
| Vertical scale: 1:480 | Horizontal scale: none | Geology by C.G. Cathyl-Bickford, P.Geo., March 2004 |
| Westwater Mining Ltd. consultants in applied geology | Dwg.: WR 20801/04 | Chart 1 |




Index Map




# Campbell River Prospect

Vancouver Island, Canada

## Interpretive Cross Section A-A' -- North End of Property Southwest to Northeast

| | |
|---|---|
| Vertical Scale: 1:5000<br>Horizontal Scale: 1:5000 | Geology by C.G. Cathyl-Bickford, P.Geo., March 2004 |
| Westwater Mining Ltd.<br>consultants in applied geology | Dwg.: WR 20802/04 — Chart 2 |