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ASSURE ENERGY INC
Form S-4/A
October 31, 2003

As filed with the Securities and Exchange Commission on October 31, 2003
Registration No. 333-107233

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

PRE-EFFECTIVE AMENDMENT NO. 1
TO FORM S-4
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

ASSURE ENERGY, INC.

(Name of Small Business Issuer in its Charter)

Canada

1311

None

(State or jurisdiction of incorporation organization) (Primary Standard Industrial Classification Code Number) (I.R.S. Employer Identification No.)

2750-140 4th Avenue S.W., Calgary, Alberta, Canada T2P 3N3
(403) 266-2787

(Address and telephone number of principal executive offices)

Copies of communications to:

Adam S. Gottbetter, Esq.
Gottbetter & Partners, LLP
630 Third Avenue
New York, New York 10017

Approximate date of commencement of proposed sale to the public: Upon consummation of the continuance described herein.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

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Title of each class of securities to be registered	Amount to be registered	Proposed maximum aggregate offering price per share	Proposed aggregate offering price
Common Stock, \$.001 par value	16,433,000	\$3.025 (1)	\$49,709,825 (1)
Common Stock, \$.001 par value	1,548,100	\$4.345 (2)	\$6,726,495 (2)
Total	17,981,100		

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, as amended, on the basis of the average of the bid and ask prices reported on July 17, 2003 on the over-the-Counter Bulletin Board for the common stock, par value \$.001 per share, of Assure Energy, Inc., a Nevada corporation which will become common stock, \$.001 par value, of Assure Energy, Inc., an Alberta Canada corporation, on a one-for-one basis pursuant to the continuance and conversion described in this Registration Statement. Payment of the registration fee for these shares was made at the time of the original filing of the Registration Statement on July 22, 2002.

(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, as amended, on the basis of the average of the bid and ask prices reported on October 24, 2003 on the over-the-Counter Bulletin Board for the common stock, par value \$.001 per share, of Assure Energy, Inc., a Nevada corporation which will become common stock, \$.001 par value, of Assure Energy, Inc., a Canadian corporation, on a one-for-one basis pursuant to the continuance and conversion described in this Registration Statement.

(3) Includes \$4,573.30 previously paid.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SECTION 8(a), MAY DETERMINE.

PROSPECTUS

ASSURE ENERGY, INC.
 2750-140 4th Avenue, S.W.
 Calgary, Alberta, Canada T2P 3N3

17,981,100 SHARES OF COMMON STOCK

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Our board of directors and persons holding a majority of our outstanding common shares have approved a plan of continuance and conversion that will change our domicile from Nevada to Alberta, Canada. We presently have 17,981,100 shares of common stock issued and outstanding and will have 17,981,100 shares of common stock outstanding at the effective time of our reincorporation in Alberta.

Our common stock is currently listed for trading on the NASD Over-The-Counter Bulletin Board (the "OTCBB") under the symbol ASUR. Upon the effectiveness of our reincorporation in Alberta we will be considered a foreign private issuer under the Securities Act of 1933, as amended and our common stock is expected to be listed for trading on the OTCBB under the symbol ASURF.

SEE "RISK FACTORS," BEGINNING ON PAGE 10 FOR A DISCUSSION OF CERTAIN RISKS, INCLUDING TAX EFFECTS, RELATING TO THE CONVERSION AND THE OWNERSHIP OF OUR COMMON SHARES.

PLEASE NOTE THAT NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

October 31, 2003

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SUMMARY

THIS SUMMARY PROVIDES AN OVERVIEW OF THE INFORMATION CONTAINED IN THIS PROSPECTUS AND DOES NOT CONTAIN ALL OF THE INFORMATION YOU SHOULD CONSIDER. THEREFORE, YOU SHOULD ALSO READ THE MORE DETAILED INFORMATION SET FORTH IN THIS DOCUMENT, INCLUDING THE FINANCIAL STATEMENTS OF THE COMPANY. THE SYMBOL "\$" REFERS TO UNITED STATES DOLLARS.

In this prospectus, unless otherwise indicated or the context otherwise requires, we will refer to Assure Energy, Inc., a Nevada corporation herein referred to as Assure Nevada and Assure Energy, Inc, an Alberta Canada corporation herein referred to as Assure Canada as "we", "us", "our" or "the Company". The procedure by which we will change our domicile from Nevada to Alberta, Canada is referred to as a conversion or a continuance.

THE COMPANY

We are actively engaged in the exploration, development, acquisition and production of petroleum and natural gas properties primarily located in Western Canada. We own varying interests through farmout participations, asset purchases, and acquisitions of crown land rights of both producing and prospective oil and gas properties. For a more detailed discussion of our operations see "Business of Assure Energy, Inc." beginning on page 34. Our principal executive office is located at 2750-140 4th Avenue, S.W., Calgary, Alberta, Canada, telephone (403) 266-2787.

After the continuance, we will be a Canadian corporation governed by the Alberta Business Corporations Act. We will continue to conduct the business in which we are currently engaged. Our operations and employees presently exist entirely within Canada, and therefore there will be no material effect on operations. Our business and operations following the conversion will be identical in most respects to our current business, except that we will no longer be subject to the corporate laws of the State of Nevada but will be subject to the Alberta Business Corporations Act. The Alberta company hereinafter referred to as Assure Canada, will be liable for all the debts and obligations of the Nevada company, hereinafter referred to as Assure Nevada, and the officers and directors of the Alberta company will be the officers and directors of the Nevada company. The material differences between the laws will not materially affect our business but will affect your rights as a stockholder. The differences between the applicable laws of the two jurisdictions is discussed in greater detail under the heading "Comparative Rights of Stockholders" beginning on page 26.

FACTORS YOU SHOULD CONSIDER

The conversion, which will have the effect of transferring our domicile from Nevada to Alberta, Canada will not have any effect on your relative equity or voting interests in our business. You will continue to hold exactly the same number and type of shares which you currently hold. The continuance will, however, result in changes in your rights and obligations under applicable corporate laws. In addition, the continuance may have tax consequences for you.

REASONS FOR THE CONVERSION

We believe that the continuance to Alberta Canada will more accurately reflect our operations, all of which are based in Canada. Since entering our current line of business, we have not had any operations in the U.S. We also believe the continuance to Alberta, Canada may enable us to benefit from new financing opportunities that may be available to us as a Canadian corporation.

RISK FACTORS RELATED TO THE CONVERSION TRANSACTION

Factors such as possible adverse tax consequences and stock price volatility of our common stock following the continuance may affect your interest in owning Assure Canada common shares. In evaluating the merits of the proposed conversion, you should carefully consider the risk factors included in this prospectus beginning on page 10.

MATERIAL TAX CONSEQUENCES FOR STOCKHOLDERS

The following is a brief summary of the material tax consequences the continuance will have for stockholders. Stockholders should consult their own tax advisers with respect to their particular circumstances. A more detailed summary of the factors affecting the tax consequences for stockholders is set out under "Material United States Federal Tax Consequences" and "Material Canadian Income Tax Consequences."

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

On the date of the continuance, the Nevada company must recognize any gain but not any losses to the extent that the fair market value of any of its assets exceeds its taxable basis in such assets. The calculation of any potential gain will need to be made separately for each asset held. No loss will be allowed for any asset that has a taxable basis in excess of its fair market value. We do not believe that any of our assets have a fair market value which is greater or significantly greater than their respective tax basis. Accordingly, we do not expect to recognize material taxable gains as a result of the continuance.

U.S. holders of our stock will not be required to recognize any gain or loss as a result of the continuance. A U.S. stockholder's adjusted basis in the shares of the Alberta company will be equal to such stockholder's adjusted basis in the shares of the Nevada company. A U.S. stockholder's holding period in the shares of the Alberta company will include the period of time during which such stockholder held his or her shares in the Nevada company. For a more complete discussion of the U.S. Income Tax Consequences, please see "Material United States Federal Income Tax Consequences" beginning on page 19.

CANADIAN INCOME TAX CONSEQUENCES

On our continuance to Alberta, Canada, the Alberta company will be deemed to dispose of and to immediately re-acquire its assets at their fair market value. If the fair market value of the assets exceed the taxable basis in the assets a tax will be due. Pre-continuance losses are available for use in Alberta.

A Canadian stockholder will not realize a disposition of their Nevada shares on

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the continuance to Alberta. To the extent a deemed dividend is paid by the Nevada company to a Canadian stockholder, the amount of the dividend will be included in their income. For a more complete discussion of the Canadian Income Tax Consequences, please see "Material Canadian Income Tax Considerations" beginning on page 23.

HOW THE CONVERSION WILL AFFECT YOUR RIGHTS AS A STOCKHOLDER

You will continue to hold the same shares you now hold following the continuance of the company to Alberta, Canada. However, the rights of stockholders under Nevada law differ in certain substantive ways from the rights of stockholders under the Alberta Business Corporations Act. Examples of some of the changes in stockholder rights which will result from continuance are:

- o Under Nevada law, unless otherwise provided in the charter, stockholders may act without a meeting by written consent of the majority of the voting power of the outstanding common stock entitled to vote on the matter, and notice need not be given to stockholders. Under Alberta law, stockholders may only act by way of a resolution passed at a duly called meeting unless all stockholders otherwise entitled to vote consent in writing.
- o Under Nevada law, a charter amendment requires approval by vote of the holders of a majority of the outstanding stock. Under Alberta law, an amendment to a corporation's charter requires approval by the holders of a two-thirds majority of the outstanding stock represented in person or by proxy.
- o Dissenter's rights are available to stockholders under more circumstances under Alberta law than under Nevada law.
- o Stockholders have a statutory oppression remedy under Alberta law that does not exist under Nevada law. It is similar to the common law action in Delaware for breach of fiduciary duty, but the Alberta remedy does not require stockholders to prove that the directors acted in bad faith.
- o A director's liability may not be limited under Alberta law as it may under Nevada law.
- o Under Nevada law, unless otherwise provided in the charter or by-laws, a majority of the voting power constitutes a quorum for the transaction of business at a shareholders' meeting. In all matters, other than the elections of directors, the affirmative vote of the majority of shares present in person or by proxy constitutes the act of the stockholders. Under Alberta law, unless otherwise provided in the by-laws, a majority of the voting power constitutes a quorum for the transaction of business at a shareholders' meeting. However, Alberta companies may provide that a quorum is deemed present when as little

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as 5% of the issued and outstanding share capital is present. Our proposed by-laws contain a provision that provides a quorum is deemed present when 12.5% or more of the issued and outstanding share capital is present. Except where the Alberta

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Business Corporation Act requires approval by a special resolution, being approved by a two-thirds majority of the shares present in person or represented by proxy and entitled to vote on the resolution, a simple majority of the shares present in person or represented by proxy and entitled to vote on a resolution is required to approve a resolution properly brought before the shareholders.

For a more detailed discussion of the differences in the rights of stockholders under Nevada and Alberta law see "Comparative Rights of Stockholders" beginning on page 26.

PRICE VOLATILITY

We cannot predict what effect the continuance will have on the market price prevailing from time to time or the liquidity of our shares.

ACCOUNTING TREATMENT OF THE CONVERSION

For U.S. accounting purposes, conversion of our company from a Nevada corporation to an Alberta one represents a transaction between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost, in accordance with the guidance for transactions between entities under common control in Statement of Financial Accounting Standards No. 141, Business Combinations. The historical comparative figures of Assure Canada will be those of Assure Nevada.

Upon the effective date of the conversion, we will be subject to the securities laws of the province of Alberta. We will qualify as a foreign private issuer in the United States. Before our continuance in Alberta, Canada, we prepared our consolidated financial statements in accordance with generally accepted accounting principles ("GAAP") in the United States. As a Canadian domestic issuer, we will be required to prepare our annual and interim consolidated financial statements in accordance with Canadian generally accepted accounting principles. For purpose of our annual disclosure obligations in the United States, we will annually file in the United States consolidated financial statements prepared in accordance with Canadian GAAP together with a reconciliation to US GAAP.

SUMMARY FINANCIAL INFORMATION

THE FOLLOWING SUMMARY FINANCIAL INFORMATION FOR THE YEARS ENDED DECEMBER 31, 2002 AND DECEMBER 31, 2001 INCLUDES BALANCE SHEET AND STATEMENT OF OPERATIONS DATA FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASSURE NEVADA. THE SUMMARY FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED JUNE 30, 2003 INCLUDES BALANCE SHEET AND STATEMENT OF OPERATIONS DATA FROM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASSURE NEVADA. THE INFORMATION CONTAINED IN THIS TABLE SHOULD BE READ IN CONJUNCTION WITH OUR "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS" AND THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOMPANYING NOTES INCLUDED HEREIN.

The financial statements of Assure Nevada have been prepared in accordance with accounting principles generally accepted in the United States. The application of Canadian generally accepted accounting principles, which will be applicable to our financial statements following the conversion, would not result in any material differences from the Assure Nevada financial statements.

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Income Statement Data:

	Year Ended December 31, 2002 -----	Year Ended December 31, 2001 -----
Revenues	\$1,136,896	\$-
Net Income (Loss)	\$(792,162)	\$ (59,383)
Net Income (Loss) Per Share	\$ (0.03)	\$ (0.002)
Weighted Average Number of Shares Outstanding	27,924,740	31,070,762

Balance Sheet Data:

	December 31, 2002 -----	December 31, 2001 -----	
Current Assets	\$2,424,724	\$17,289	\$
Total Assets	\$7,161,203	\$20,289	\$
Current Liabilities	\$1,028,100	\$6,144	\$
Total Liabilities	\$1,733,040	\$6,144	\$
Stockholders' Equity	\$5,428,163	\$14,145	\$

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RISK FACTORS

An investment in our common shares involves certain risks. In evaluating us and our business, investors should carefully consider the following risk factors in addition to the other information included or incorporated by reference in this prospectus.

RISKS RELATING TO THE CONTINUANCE

We May Owe Taxes As A Result Of The Continuance If Our Conclusions Relating To The Value Of Our Assets Are Incorrect

For U.S. tax purposes, on the date of continuance, we will be treated as though we sold all of our property and received the fair market value for those properties. We will be taxed on any income or gain realized on that "sale." If the fair market value of any of our assets is greater than our tax basis in such assets, we will have taxable gain on the deemed "sale".

We reviewed our assets, liabilities and paid-up capital and believe that we will not owe material U.S. federal income taxes as a result of the continuance. We believe that the fair market value of most of our assets is not in excess of our tax basis in such assets. We further believe that the fair market value for those assets with a fair market value that is in excess of the tax basis for such assets is not materially excessive. Accordingly, we believe that little or no U.S. taxes will be owed as a result of the proposed continuance. It is possible that the facts on which we based our assumptions and conclusions could

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change before the continuance is completed. We have not applied to the federal tax authorities for a ruling on this matter and do not intend to do so. We have also made certain assumptions regarding the tax treatment of this transaction in order to reach our conclusions and it may be possible for some of these assumptions to be interpreted in a different manner which would be less favorable to us. You should understand that it is possible that the federal tax authorities will not accept our valuations or positions and claim that we owe more taxes than we expect as a result of this transaction.

The Stock Price Of Our Common Shares May Be Volatile. In Addition, Demand In The United States For Our Shares May Be Decreased By The Change In Domicile.

The market price of our common shares may be subject to significant fluctuations in response to variations in results of operations and other factors. Developments affecting the oil and gas industry including oil and gas price fluctuations could also have a significant impact on the market price for our shares. In addition, the stock market has experienced a high level of price and volume volatility. Market prices for the stock of many similar companies have experienced wide fluctuations which have not necessarily been related to the operating performance of such companies. These broad market fluctuations, which are beyond our control, could have a material adverse effect on the market price of our shares.

We cannot predict what effect, if any, the conversion will have on the market price prevailing from time to time or the liquidity of our common shares. The change in domicile may decrease the demand for our shares in the United States. The decrease may not be offset by expected increased demand for our shares in Canada.

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RISKS RELATING TO THE COMPANY

We Have A Limited Operating History With Respect To Our Current Business. This Makes An Evaluation Of Our Business Difficult.

We were formed in Delaware in August 1999 to engage in a toy business. No operations in this area were ever commenced. Commencing with our April 23, 2002 acquisition of Assure Oil & Gas Corp., followed by Assure Oil & Gas Corp.'s May 30, 2002 acquisition of Westerra 2000 Inc., we became an oil and gas company. Through Assure Canada, we are committed to continue and expand these operations. Through our wholly owned subsidiary, Assure Holdings Inc., we also own approximately 48.5% of the outstanding common shares of Quarry Oil & Gas Ltd., a junior oil and gas exploration and development company based in Calgary, Alberta. Both Assure Oil & Gas Corp. and Westerra 2000 Inc. have limited operating histories. Accordingly, we have limited performance history on which you can evaluate our future performance. We are at an early stage of development and it is possible that we may not achieve the revenues that we anticipate. If that occurs, we will receive less than our anticipated income from our operations and our profitability will suffer. Before investing, you should carefully evaluate the risks, uncertainties, expenses and difficulties frequently encountered by early stage companies.

Our Future Success Is Dependent On The Performance And Continued Service Of Our Chief Executive Officer, And Our Ability To Attract And Retain Skilled Personnel.

Our performance and future operating results are dependent on the continued service and performance of Harvey Lalach, our president and chief executive and

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financial officer. To the extent that the services of Mr. Lalach become unavailable, our business or prospects may be adversely affected. Should we be required to do so, we do not know whether we would be able to employ an equally qualified person or persons to replace Mr. Lalach. We do not currently maintain "key man" insurance for any of our executive officers or other key employees and do not intend to obtain this type of insurance following the completion of this offering. If we are successful in further developing our business, we will require additional managerial, administrative and support personnel. Competition for highly-qualified personnel is intense, and we cannot assure that we can retain our key employees or that we will be able to attract or retain qualified personnel in the future. The loss of the services of any of our management or other key employees and our inability to attract and retain other necessary personnel could have a material adverse effect on our financial condition, operating results, and cash flows. See "Directors, Executive Officers, Promoters and Control Persons".

Our Competitors Have Greater Financial and Human Resources Than We Do. This May Give Them A Competitive Advantage

The oil and gas industry is highly competitive. We encounter competition from numerous companies in all or our activities, particularly in acquiring rights to explore for crude oil and natural gas. Most of our competitors are larger and have substantially greater financial and human resources than we do.

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The oil and gas business involves large-scale capital expenditures and risk-taking. In the search for new oil and gas reserves, long lead times are often required from successful exploration to subsequent production. Operations in the oil and gas industry depend on a depleting natural resource. The number of areas where it can be expected that oil and gas will be discovered in commercial quantities is constantly diminishing and exploration risks are high. Areas where oil or gas may be found are often in remote locations where exploration and development activities are capital intensive and operating costs are high.

Our future success will depend, to a significant extent, on our ability to make good decisions regarding our capital expenditures, especially when taking into consideration our limited resources. We can give no assurance that we will be able to overcome the competitive disadvantages we face as a small company with limited capital.

We Do Not Intend To Pay Dividends On Our Common Stock For The Foreseeable Future.

We have not paid any cash dividends, nor do we contemplate or anticipate paying any dividends upon our common stock in the foreseeable future.

We May Need Additional Financing Which May Not Be Available And, If Available, Might Only Be Available On Unfavorable Terms. Our Failure To Obtain Financing, If Needed, Would Hinder Our Operations And Our Ability To Achieve Profitability.

We have principally funded our operations to date through sales of our equity and debt securities. We expect to continue to raise funds in the future through sales of our debt or equity securities and through loans until such time, if ever, as we are able to operate profitably. There can be no assurance given that we will be able to obtain funds in such manner or on terms that are beneficial to us. Our inability to obtain needed funding can be expected to have a material adverse effect on our operations and our ability to achieve profitability.

We Have A History Of Losses And An Accumulated Deficit And Expect To Continue to

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Incur Losses Until We Establish Profitable Business Operations. This Could Drive The Price Of Our Stock Down

We have experienced operating losses since our inception. As at June 30, 2003 we had accumulated deficit in the amount of \$1,775,857. We expect to incur additional operating losses until we are able to establish profitable business operations. If we fail to establish profitable business operations and continue to incur losses, the price of our common stock can be expected to fall.

The Continuance Into Alberta, Canada May Materially Affect Shareholders' Rights.

Alberta law is materially different from Nevada law, under which Assure Nevada is currently incorporated. We cannot assure you that the differences between Alberta law and Nevada law will not materially affect the interests of our shareholders. See "Comparative Rights of Shareholders."

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Sales Of Shares Eligible For Future Sale Could Depress The Market Price For Our Common Stock.

We presently have issued and outstanding:

- o 17,981,100 shares of our common stock
- o options to purchase 120,000 shares of our common stock at an exercise price of \$2.75 per share
- o options to purchase 305,000 shares of our common stock at an exercise price of \$3.00 per share
- o warrants to purchase 8,835,400 shares of our common stock at exercise prices ranging from \$.333 to \$3.10 per share
- o 17,500 shares of convertible Series A Preferred Stock
- o 5,250 shares of convertible Series B Preferred Stock.

None of our outstanding shares of Series A or Series B Preferred Stock are presently convertible. All but 3,600,000 of our outstanding warrants are presently exercisable. Market sales of large amounts of our common stock, or the potential for those sales even if they do not actually occur, may have the effect of depressing the market price of our common stock. In addition, if our future financing needs require us to issue additional shares of common stock or securities convertible into common stock, the supply of common stock available for resale could be increased which could stimulate trading activity and cause the market price of our common stock to drop, even if our business is doing well.

There Is A Limited Public Market For Our Common Stock. Unless Such Market Is Expanded You May Have Difficulty Selling Shares Of Our Common Stock.

To date there has been only a limited and sporadic public market for our common stock. There can be no assurance that an active and more reliable public market will develop in the future or, if developed, that such market will be sustained. Purchasers of shares of our common stock may, therefore, have difficulty in reselling such shares. As a result, investors may find it impossible to

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liquidate their investment in us should they desire to do so. Our common stock is currently traded in the over-the-counter market and quoted on the OTC Bulletin Board. As at the date hereof, we are not eligible for inclusion in NASDAQ or for listing on any national stock exchange. At the present time, we are unable to state when, if ever, we will meet the Nasdaq application standards. Even if we meet the minimum requirements to apply for inclusion in The Nasdaq SmallCap Market, there can be no assurance that approval will be received or, if received, that we will meet the requirements for continued listing on the Nasdaq SmallCap Market. Further, Nasdaq reserves the right to withdraw or terminate a listing on the Nasdaq SmallCap Market at any time and for any reason in its discretion. If we are unable to obtain or to maintain a listing on the Nasdaq SmallCap Market, quotations, if any, for "bid" and "asked" prices of the common stock would be available only on the OTC Bulletin Board where our

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common stock is currently quoted or in the "pink sheets". This can result in an investor's finding it more difficult to dispose of or to obtain accurate quotations of prices for our common stock than would be the case if our common stock were quoted on the Nasdaq Small Cap Market. Irrespective of whether or not our common stock is included in the Nasdaq SmallCap system, there can be no assurance that the public market for our common stock will become more active or liquid in the future.

CONTINUANCE AND CONVERSION

BACKGROUND OF THE CONTINUANCE AND CONVERSION

The Board of Directors of Assure Nevada and the holders of a majority of its outstanding common stock have determined that it is advisable to change the company's domicile from Nevada to Alberta, Canada. Management of Assure Nevada has determined that a conversion will be the most effective means of achieving the desired change of domicile. The Nevada Revised Statutes allow a corporation that is duly incorporated, organized, existing and in good standing under Nevada law to convert into a foreign entity pursuant to a plan of conversion approved by the stockholders of the Nevada corporation.

Under the continuance and conversion, Articles of Conversion will be filed with the Secretary of State of Nevada and Articles of Continuance, along with other documents required by the Alberta Business Corporation Act, will be filed with the Registrar of Corporations in the Province of Alberta. Upon the filings, we will be continued as an Alberta company and will be governed by the laws of Alberta, Canada. The assets and liabilities of the Alberta company immediately after the consummation of the conversion will be identical to the assets and liabilities of the Nevada company immediately prior to the conversion. The current officers and directors of the Nevada company will be the officers and directors of the Alberta company. The change of domicile will not result in any material change to the business of Assure Nevada and will not have any effect on the relative equity or voting interests of our stockholders. Each previously outstanding share, option and warrant of Assure Nevada will become one share, option and warrant of the Alberta company. The change in domicile will, however, result in changes in the rights and obligations of current Assure Nevada stockholders under applicable corporate laws. For an explanation of these differences see "Comparative Rights of Stockholders". In addition, the merger may have adverse tax consequences for stockholders. For a more detailed explanation of the circumstances to be considered in determining the tax consequences, see "Material United States Federal Tax Consequences" and "Material Canadian Tax Consequences."

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Pursuant to Sections 92A.120 and 78.320 of the Nevada Revised Statutes, the board of directors and the holders of a majority of the outstanding common stock of Assure Nevada have adopted resolutions approving the plan of conversion. The effect of this conversion will be to change the domicile of Assure Nevada from Nevada to Alberta, Canada. Assure Nevada shall file with the Secretary of State of Nevada Articles of Conversion and shall file a Notice of Registered Office, a Notice of Directors and Articles of Continuance with the Registrar under the Alberta Business Corporations Act. Upon the filing of the Plan of Conversion in accordance with Section 92A.205 of the Nevada

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Revised Statutes and payment to the Secretary of State of Nevada of all prescribed fees, the conversion shall become effective in accordance with Section 92A.240 of the Nevada Revised Statutes. Upon receipt of the Articles of Continuance and payment of all applicable fees, the Registrar shall issue a Certificate of Continuance, and the continuance shall be effective on the date shown in the certificate.

REASONS FOR THE CHANGE OF DOMICILE

We believe that the continuance to Alberta, Canada will more accurately reflect our present operations as an oil and gas company, which have always been in Canada. Further, all of our employees are located in Canada. We also believe the continuance to Alberta may enable us to benefit from new financing opportunities which may become available to us. Furthermore, a majority of our issued and outstanding common stock is owned of record by non-U.S. residents. Accordingly, upon the continuance, we will be considered a "foreign private issuer" under the Securities Act of 1933, as amended.

EFFECTIVE TIME OF THE CONVERSION

The continuance and conversion will become effective upon:

- o The delivery of duly executed articles of conversion to the Secretary of State of the State of Nevada in accordance with Section 92A.205 of the Nevada Revised Statutes.
- o The issuance of a Certificate of Continuance by the Director of Business Corporations under the Alberta Business Corporations Act.

We anticipate that the Articles of Conversion and Articles of Continuance will be filed promptly after the effective date of the Registration Statement of which this Prospectus is a part.

CONDITIONS TO THE CONSUMMATION OF THE CONVERSION

The Board of Directors and the holders of a majority of the outstanding common stock of Assure Nevada have adopted and approved the plan of conversion. The only other material actions required to consummate the conversion are the filing of the Articles of Conversion with the Secretary of State of Nevada and the filing of Articles of Continuance, along with other documents required by the Alberta Business Corporations Act, with the Alberta Registrar of Corporations.

EXCHANGE OF SHARE CERTIFICATES

No exchange of certificates that, prior to the effective time of the

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continuance, represented shares of Assure Nevada common stock is required with respect to the continuance and the transactions contemplated by the conversion plan. Promptly after the effective time of the conversion, we shall mail to each record holder of certificates that immediately prior to the effective time of the conversion represented shares of Assure Nevada common stock, a letter of

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transmittal and instructions for use in surrendering those certificates. Upon the surrender of each certificate formerly representing Assure Nevada stock, together with a properly completed letter of transmittal, we shall issue in exchange a share certificate of Assure Canada and the stock certificate representing shares in the Assure Nevada shall be cancelled.

STOCK OPTIONS AND WARRANTS

As of the effective time of the conversion, all warrants and options to purchase shares of Assure Nevada common stock granted or issued prior to the effective time of the conversion will become warrants and options to purchase shares in Assure Canada as continued under the Alberta Business Corporations Act.

THE BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE CONTINUANCE AND PLAN OF CONVERSION DESCRIBED IN THIS PROSPECTUS

In reaching its decision, the board reviewed the fairness to Assure Nevada and its stockholders of the proposed continuance and considered, without assigning relative weights to, the following factors:

- o The fact that all of the company's operations, assets and employees and current principal executive offices are currently located in Canada.
- o The belief of the board of directors that the continuance may provide new financing opportunities for the company.
- o The belief that there will be minimal or no tax consequences to Assure Nevada from the proposed continuance.
- o The fact that stockholders holding a majority of Assure Nevada's outstanding common shares will have consented to the continuance.

Without relying on any single factor listed above more than any other factor, the board of directors, based upon their consideration of all such factors taken as a whole, concluded that the proposals are fair to Assure Nevada and its stockholders.

DISSENTERS' RIGHTS

Under Section 92A.120 of the Nevada Revised Statutes, (the "NRS") the approval of the board of directors of a company and the affirmative vote of the holders of at least a majority of its outstanding shares on the record date for a stockholder vote are required to approve a conversion and adopt a plan of conversion. Our board of directors and holders of a majority of our outstanding shares have approved our plan of conversion by written consent. Public announcement of the conversion was first announced, after the close of trading, on September 11, 2003 via a press release. We are granting dissenters rights to all shareholders of record as of the effective time of the conversion that have owned their shares since on or before September 11, 2003 and did not consent to the conversion.

All eligible shareholders that comply with the dissenters rights procedures provided for in Chapter 92A of the NRS will be entitled to payment in cash of the fair value of their Assure Nevada shares together with accrued interest thereon. This discussion is qualified in its entirety by reference to Sections 92A.300 to 92A.500 of the NRS. A copy of Sections 92A.300 to 92A.500 of the NRS will be provided to all eligible shareholders. If an eligible shareholder fails to take any action required by Nevada law, their right to dissent in connection with the conversion will be waived or terminated.

Within 10 days after the effective time of the conversion, we will send notice of the effective time of the conversion and the availability of dissenters' rights to each eligible shareholder. The notice will:

- o state where the demand for payment must be sent and where and when certificates for Assure Nevada shares are to be deposited;
- o supply a form for demanding payment;
- o be accompanied by a copy of Sections 92A.300 through 92A.500 of the NRS;

An eligible shareholder to whom a dissenter's notice is sent must, by the date set forth in the dissenter's notice:

- o demand payment;
- o certify whether the stockholder acquired beneficial ownership of the shares before the close of trading on September 11, 2003; and
- o deposit his or her certificates in accordance with the terms of the dissenter's notice.

Eligible shareholders who do not demand payment or deposit their certificates where required, each by the date set forth in the dissenter's notice, will not be entitled to demand payment for their shares under Nevada law governing dissenters' rights.

Within 30 days after receipt of a valid demand for payment, we will pay each dissenter who complied with the procedures described by the Nevada dissenters' rights statute the amount we estimate to be the fair value of the shares, plus accrued interest. The payment will be accompanied by:

- o our balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, a statement of income for that fiscal year, a statement of changes in shareholders' equity for that fiscal year and the latest available interim financial statements, if any;
- o a statement of our estimate of the fair value of the shares;
- o an explanation of how the interest was calculated;

- o a statement of dissenters' rights to demand payment under Section 92A.480 of the NRS; and
- o a copy of Sections 92A.300 through 92A.500 of the NRS.

An eligible dissenter may notify us in writing of the dissenter's own estimate of the fair value of the shares and interest due, and demand payment based upon his or her estimate, less our fair value payment or offer for payment, or reject the offer for payment made by us and demand payment of the fair value of the dissenter's shares and interest due if the dissenter believes that the amount paid or offered is less than the fair value of the dissenter's shares or that the interest due is incorrectly calculated. A dissenter waives his right to demand such payment unless the dissenter notifies us of his demand in writing within 30 days after we made or offered payment for the dissenter's shares.

If a demand for payment remains unsettled, we will commence a proceeding within 60 days after receiving the demand for payment and petition the court to determine the fair value of the shares of Assure Nevada common stock and accrued interest. If we do not commence the proceeding within the 60-day period, we will be required to pay each dissenter whose demand remains unsettled the amount demanded.

Each dissenter who is made a party to the proceeding is entitled to a judgment:

- o for the amount, if any, by which the court finds the fair value of the dissenter's shares, plus interest, exceeds the amount paid by us; or
- o for the fair value, plus accrued interest, of the dissenter's after-acquired shares for which we elected to withhold payment pursuant to Nevada law.

Under Nevada law, the fair value of shares of Assure Nevada common stock means the value of the shares immediately before the consummation of the conversion, excluding any increase or decrease in value in anticipation of the conversion unless excluding such increase or decrease is inequitable. The value determined by the court for the Assure Nevada common stock could be more than, less than, or the same as the conversion consideration, but the form of consideration payable as a result of the dissent proceeding would be cash.

The court will determine all of the costs of the proceeding, including the reasonable compensation and expenses of any appraisers appointed by the court. The court will assess the costs against us, except that the court may assess costs against all or some of the dissenters, in the amounts the court finds equitable, to the extent that the court finds the dissenters acted arbitrarily, vexatiously or not in good faith in demanding payment. The court may also assess the fees and expenses of the counsel and experts for the respective parties, in amounts the court finds equitable:

- o against us in favor of all dissenters if the court finds we did not substantially comply with the Nevada dissenters' rights statute; or

- o against either us or a dissenter in favor of any other party,

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if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously or not in good faith with respect to the dissenters' rights provided under the Nevada dissenters' rights statute.

If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated, and that the fees for those services should not be assessed against us, the court may award to those counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

If a proceeding is commenced because we did not pay each dissenter who complied with the procedures described by the Nevada dissenters' rights statute the amount we estimated to be the fair value of the shares, plus accrued interest, within 30 days after receipt of a valid demand for payment, the court may assess costs against us, except that the court may assess costs against all or some of the dissenters who are parties to the proceeding, in amounts the court finds equitable, to the extent the court finds that such parties did not act in good faith in instituting the proceeding. The assessment of costs and fees, if any, may also be affected by Nevada law governing offers of judgment.

The foregoing summary of the rights of eligible dissenting stockholders does not purport to be a complete statement of such rights and the procedures to be followed by stockholders desiring to exercise any available dissenters' rights. The preservation and exercise of dissenters' rights require strict adherence to the applicable provisions of Nevada law.

MATERIAL UNITED STATES FEDERAL TAX CONSEQUENCES

GENERAL

The following sections summarize material provisions of United States federal income tax laws that may affect our stockholders and us. Although this summary discusses the material United States federal income tax considerations arising from and relating to the continuance, it does not purport to discuss all of the United States consequences that may be relevant to our stockholders, nor will it apply to the same extent or in the same way to all stockholders. The summary does not describe the effect of the U.S. federal estate tax laws or the effects of any state or local tax law, rule or regulation, nor is any information provided as to the effect of any other United States or foreign tax law, other than the income tax laws of the United States to the extent specifically set forth herein.

The tax discussion set forth below is based upon the facts set out in this prospectus and upon additional information possessed by our management and upon representations of our management. The tax discussion is included for general information purposes only. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular stockholder. The following does not address all aspects of taxation that may be relevant to you in light of your individual circumstances and tax situation. YOU ARE STRONGLY ADVISED AND ARE EXPECTED TO CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS REGARDING THE UNITED STATES INCOME TAX CONSEQUENCES OF THE CONTINUANCE IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

This portion of the summary applies to U.S. holders who own our common shares as

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capital assets. U.S. holders include individual citizens or residents of the United States, corporations (or entities treated as corporations for U.S. federal income tax purposes), and partnerships organized under the laws of the United States or any State thereof or the District of Columbia. Trusts are U.S. holders if they are subject to the primary supervision of a U.S. court and the control of one or more U.S. persons with respect to substantial trust decisions. An estate is a U.S. holder if the income of the estate is subject to U.S. federal income taxation regardless of the source of the income. U.S. holders who own interests indirectly through one or more non-U.S. entities or carry on business outside the United States through a permanent establishment or fixed place of business, or U.S. holders who hold an interest other than as a common shareholder, should consult with their tax advisors regarding their particular tax consequences.

This summary also describes certain U.S. federal income tax consequences to Canadian holders following the continuance, who are specifically those persons resident in Canada who own our common shares as capital assets. The discussion is limited to the U.S. federal income tax consequences to Canadian holders of their ownership and disposition of the common shares of the company as a result of the continuance and assumes the Canadian holders have no other U.S. assets or activities.

This discussion is based on the Internal Revenue Code of 1986, as amended, adopted and proposed regulations thereunder, Internal Revenue Service ("IRS") rulings and pronouncements, reports of congressional committees, judicial decisions, and current administrative practice, all of which are subject to change, perhaps with retroactive effect. Any such change could alter the tax consequences discussed below. No ruling from the IRS will be requested concerning the U.S. federal income tax consequences of the continuance. The tax consequences set forth in the following discussion are not binding on the IRS or the courts and no assurance can be given that contrary positions will not be successfully asserted by the IRS or adopted by a court. As indicated above, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular U.S. holders in light of their personal circumstances or to U.S. holders subject to special treatment under the U.S. Internal Revenue Code, including, without limitation, banks, financial institutions, insurance companies, tax-exempt organizations, broker-dealers, S corporations, individual retirement and other deferred accounts, application of the alternative minimum tax rules, holders who received our stock as compensation, persons who hold notes or stock as part of a hedge, conversion, or constructive sale transaction, straddle, or other risk-reduction transaction, persons that have a "functional currency" other than the U.S. dollar, and persons subject to taxation as expatriates. Furthermore, this discussion does not address the tax consequences applicable to holders that are treated as partnerships or other pass-through entities for U.S. federal income tax purposes.

This summary does not address the U.S. federal income tax consequences to a U.S. holder of the ownership, exercise, or disposition of any warrants or options.

U.S. TAX CONSEQUENCES TO THE COMPANY

While the continuance of the Company from Nevada to Alberta, Canada is actually a migration of the corporation from Nevada to Alberta, Canada, for tax purposes, the continuance is treated as the transfer of our assets to the Alberta company in exchange for stock of the Alberta company. This is to be followed by a distribution of the stock in the Alberta company to our stockholders, and then the exchange by Assure Nevada's stockholders of their Assure Nevada stock for

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Assure Canada stock. As a Nevada company, we must recognize gain (but not loss) on the assets held by us at the time of the conversion to the extent that the fair market value of any of our assets exceeds their respective basis in the assets. The calculation of any potential gain will need to be made separately for each asset held by Assure Nevada. No loss will be allowed for any asset that has a taxable basis in excess of its fair market value. We do not believe the current fair market value of the assets held by Assure Nevada exceeds or materially exceeds their respective basis. Accordingly, we are not expecting Assure Nevada to recognize material taxable gains as a result of the continuance.

U.S. TAX CONSEQUENCES TO U.S. AND CANADIAN SHAREHOLDERS

The continuance should be treated by shareholders as the exchange by them, of their stock for stock of the Alberta company. The shareholders will not be required to recognize any U.S. gain or loss on this transaction. A shareholder's adjusted basis in the shares of Assure Canada received in the exchange will be equal to such shareholder's adjusted basis in the shares of Assure Nevada surrendered in the exchange. A shareholder's holding period in the shares of Assure Canada received in the exchange should include the period of time during which such shareholder held his or her shares in Assure Nevada.

CONTROLLED FOREIGN CORPORATION CONSIDERATIONS

There is currently no single U.S. shareholder of Assure Nevada that owns (directly or indirectly) at least 10% of the Assure Nevada shares. Further, the total combined ownership of all U.S. shareholders is less than 50%. Therefore, the Controlled Foreign Corporation ("CFC") rules under Internal Revenue Code ("IRC") Sections 951 - 959 will not apply to Assure Canada and its U.S. shareholders immediately after the continuance. Any United States person who owns (directly or indirectly) 10% or more of the total combined voting power of all classes of stock entitled to vote of a foreign corporation, such as Assure Canada, will be considered a "United States shareholder" under the CFC rules. If, in the future, "United States shareholders" (as defined above) own more than 50% of the total combined voting power of all classes of Assure Canada stock entitled to vote or own more than 50% of the value of Assure Canada stock, Assure Canada will be considered to be a CFC for U.S. tax purposes. In such situation, the "United States shareholders" would likely be subject to the effects of the CFC rules, and should consult with their tax advisors regarding their particular tax consequences.

FOREIGN PERSONAL HOLDING COMPANY CONSIDERATIONS

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There is not currently a group of five or fewer U.S. shareholders of Assure Nevada that owns (directly or indirectly) more than 50% of the Assure Nevada shares. Therefore, the Foreign Personal Holding Company ("FPHC") rules under IRC Sections 551 - 558 will not apply to Assure Canada immediately after the continuance. If, in the future, any group of five or fewer U.S. shareholders owns (directly or indirectly) more than 50% of Assure Canada's stock, the U.S. shareholders may be subject to the FPHC rules, depending on the type of income earned by the company. Should that situation occur, the U.S. shareholders should consult with their tax advisors regarding their particular tax consequences.

PASSIVE FOREIGN INVESTMENT COMPANY CONSIDERATIONS

After the continuance, Assure Canada and every U.S. shareholder of Assure Canada will need to annually evaluate whether Assure Canada is a Passive Foreign

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Investment Company ("PFIC") under IRC Sections 1291 - 1298. If, at any time after the continuance, Assure Canada were considered a PFIC, the company and all U.S. shareholders of Assure Canada would need to consider various potential reporting requirements, tax elections, and tax liabilities imposed under the PFIC rules. In such situation, the company and all U.S. shareholders should consult with their tax advisors regarding their particular tax consequences.

If Assure Canada generates revenues in any tax year that are at least 75% passive income (dividends, interest, royalties, rents, annuities, foreign currency gains, and gains from the sale of assets generating passive income), Assure Canada will be considered a PFIC for that year and for all future years. In addition, if 50% or more of the gross average value of Assure Canada's assets in any tax year consist of assets that would produce passive income (including cash and cash equivalents held as working capital), Assure Canada will be considered a PFIC for that year and for all future years.

POST-CONTINUANCE U.S. TAXATION OF INCOME, GAINS AND LOSSES

After the continuance, Assure Canada will not have any U.S. activities or operations. As long as Assure Canada does not develop a permanent establishment in the U.S., the operations of Assure Canada will not be subject to U.S. income tax. If Assure Canada receives dividends, interest, rent, or royalties from any U.S. entity, those amounts will be subject to withholding tax (which will be withheld and remitted to the US Treasury by the U.S. entity paying the dividends or interest) under the convention between the United States of America and Canada with respect to taxes on income and capital. Depending on the particular situation, such amounts may be available to offset taxes imposed by the country of residence of a particular stockholder.

POST-CONTINUANCE SALE OF ASSURE CANADA SHARES

A U.S. shareholder who sells his or her shares of Assure Canada will generally recognize capital gain (or loss) equal to the amount by which the cash received pursuant to sale of the shares exceeds (or is exceeded by) such holder's adjusted basis in the shares surrendered. If the U.S. shareholder's holding period for the Assure Canada shares (which includes the holding period for the Assure Nevada shares) is less than one year, the U.S. shareholder will recognize ordinary income (or loss) on the sale of his or her shares.

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POST-CONTINUANCE DIVIDENDS ON ASSURE CANADA SHARES

Any dividends received by U.S. shareholders of Assure Canada will be recognized as ordinary income by the shareholders for U.S. tax purposes. Any Canadian tax withheld by Canada Customs & Revenue Agency on such dividends will be available as a foreign tax credit to the U.S. shareholders. In general, any Canadian income tax withheld from dividends paid to U.S. shareholders can be used by the shareholder to offset the U.S. income tax assessed on the dividends. The amount of the Canadian taxes that can be used as a foreign tax credit will depend on the particular tax situation of each U.S. shareholder. Each U.S. shareholder should consult with a tax advisor regarding the calculation of any available foreign tax credit available in his or her particular tax consequences.

MATERIAL CANADIAN TAX CONSEQUENCES

GENERAL

The following sections summarize material provisions of Canadian federal income

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tax laws that may affect our stockholders and us. Although this summary discusses the material Canadian federal income tax considerations arising from and relating to the continuance, it does not purport to discuss all of the Canadian tax consequences that may be relevant to our stockholders, nor will it apply to the same extent or in the same way to all stockholders. The summary does not describe the effects of any provincial or local tax law, rule or regulation, nor is any information provided as to the effect of any other Canadian federal or foreign tax law, other than the income tax laws of Canada to the extent specifically set forth herein.

The tax discussion set forth below is based upon the facts set out in this prospectus and upon additional information possessed by our management and upon representations of our management. The tax discussion is included for general information purposes only. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular stockholder. The following does not address all aspects of taxation that may be relevant to you in light of your individual circumstances and tax situation. YOU ARE STRONGLY ADVISED AND ARE EXPECTED TO CONSULT WITH YOUR OWN LEGAL AND TAX ADVISORS REGARDING THE CANADIAN INCOME TAX CONSEQUENCES OF THE CONTINUANCE IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES.

CANADIAN INCOME TAX CONSIDERATIONS

The following general summary is our understanding of the Canadian federal income tax consequences of the proposed continuance of Assure Nevada to Alberta, Canada as it applies to Assure Canada and to those individual Canadian resident stockholders to whom shares of the Nevada company constitute "capital property" for the purposes of the Income Tax Act (Canada) (the "Act"). This summary also describes the principal Canadian federal income tax consequences of the proposed continuance of Assure Nevada to Alberta, Canada to non-resident individual stockholders who do not carry on business in Canada. Stockholders should consult their own Canadian tax advisors on the Canadian tax consequences of the proposed continuance.

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This summary is based upon our understanding of the current provisions of the Act, the regulations thereunder in force on the date hereof (the "Regulations"), any proposed amendments (the "Proposed Amendments") to the Act or Regulations previously announced by the Federal Minister of Finance and our understanding of the current administrative and assessing policies of the Canada Customs and Revenue Agency. This description is not exhaustive of all possible Canadian federal income tax consequences and does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action other than the Proposed Amendments, nor does it take into account provincial or foreign tax considerations, which may differ significantly from those discussed herein.

CONSEQUENCES OF CONTINUANCE TO ALBERTA, CANADA

CANADIAN CORPORATION

As a result of being granted articles of continuance to Alberta, Canada, Assure Canada will be deemed to have been incorporated in Alberta, Canada from that point onwards, and not to have been incorporated elsewhere.

NOT FOREIGN PROPERTY

As of the date of continuance, Assure Canada shares will not be considered

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foreign property for investment by a registered pension plan, registered retirement savings plan or deferred profit sharing plan. It is not likely that the Assure Canada shares will ever be considered foreign property.

DEEMED DISPOSITION

As a result of the continuance to Alberta, Canada, Assure Canada will be deemed to have disposed of, and immediately reacquired, all of its assets at their then fair market value. Gains arising on the deemed disposition of taxable Canadian property (if any) are taxable in Canada (subject to exclusion by the Canada-United States income tax treaty). Since all of our property is located in Canada, all of our property is taxable Canadian property.

Pre-continuance accrued gains on a subsequent disposition by Assure Canada are not subject to further Canadian tax. Pre-continuance accrued losses are available for future use in Canada. The effect of this provision is that Assure Canada's assets are re-stated for Canadian income tax purposes at their fair market value as at the time of continuance to Canada.

NEW FISCAL PERIOD

We will be deemed to have a year-end immediately prior to our continuance to Alberta, Canada. For Canadian income tax purposes, Assure Canada will be able to choose a new fiscal year end falling within the 12 months following the date of continuance.

CONSEQUENCES OF CONTINUANCE TO CANADIAN STOCKHOLDERS

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NO DEEMED DISPOSITION

A stockholder will not realize a disposition of their Assure Nevada shares on the continuance to Canada. For Canadian income tax purposes, the income tax cost of their Assure Canada shares will be equal to the income tax cost of their Nevada shares. On a subsequent sale of Assure Canada shares, a capital gain or loss will result equal to the proceeds of disposition less the income tax cost of their Assure Canada shares and any related selling costs.

DEEMED DIVIDEND

The deemed disposition of Assure Nevada's assets will result in a decrease in the income tax cost of certain of its assets. To the extent there is an adjustment in the income tax cost of Assure Canada's assets, a corresponding adjustment to the paid up capital of Assure Canada's shares will be made to insure their paid up capital does not exceed the difference between the adjusted income tax cost of its assets (as adjusted by the deemed disposition) and its outstanding liabilities. Since a decrease in Assure Canada's paid up capital is required, such decrease is allocated pro-rata amongst Assure Canada's shares.

If an increase in the income tax cost of Assure Canada's asset values is realized, Assure Canada may elect to increase the paid up capital of its shares prior to continuing to Canada. In the event Assure Canada makes such an election, it will be deemed to have paid a dividend to its stockholders. Canadian stockholders that are deemed to have received such a dividend must include that dividend in income. In such a situation, the amount of the dividend will be added to the stockholders' income tax cost of their Assure Canada shares. Since the tax consequences would be detrimental to individual stockholders if we were to increase the income tax cost, we will not be making

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such an election.

INTEREST EXPENSE

Assure Nevada's continuance to Canada will not affect the deductibility of interest incurred on money borrowed to purchase shares of Assure Nevada. Generally, interest that is currently deductible will continue to be deductible by a stockholder after our continuance to Canada, as long as the stockholder continues to own Assure Canada shares.

CONSEQUENCES OF CONTINUANCE TO NON-RESIDENT STOCKHOLDERS

On the continuance of Assure Nevada to Alberta, the income tax cost of a non-resident's Assure Canada shares will be equal to their fair market value at the time of continuance to Alberta. A subsequent disposition of Assure Canada shares by a non-resident stockholder will not be subject to tax in Canada provided his shares are not taxable Canadian property.

To the extent Assure Canada pays a dividend to a non-resident stockholder, such dividend is subject to a 25% withholding tax (to be reduced by an income tax treaty between Canada and the non-resident stockholder's country of residence). Under the treaty, most shareholders of Assure Canada would be subject to a 15% withholding tax. Any shareholders that are corporation and that own 10% or more of Assure Canada would be subject to a 5% withholding tax.

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COMPARATIVE RIGHTS OF STOCKHOLDERS

After the conversion, the stockholders of the former Nevada corporation will become the holders of shares of a Canadian company organized under the Alberta Business Corporations Act. Differences between the Nevada Revised Statutes and the Alberta Business Corporations Act, will result in various changes in the rights of stockholders of Assure. It is impractical to describe all such differences, but the following is a description of the material differences. This description is qualified in its entirety by reference to the Nevada Revised Statutes and the Alberta Business Corporations Act.

ELECTION AND REMOVAL OF DIRECTORS

NEVADA. Any director, or the entire Board, may be removed with or without cause, but only by the vote of not less than two thirds of the voting power of the company at a meeting called for that purpose. The directors may fill vacancies on the board.

ALBERTA, CANADA. Any director, or the entire Board, may be removed with or without cause, but only by a majority vote at a meeting of shareholders called for that purpose. The directors may fill vacancies on the Board subject to the provisions of the articles of the corporation and the Alberta Business Corporations Act.

INSPECTION OF STOCKHOLDERS LIST

NEVADA. Under Nevada law, any stockholder of record of a corporation who has held his shares for more than six months and stockholders holding at least 5% of all of its outstanding shares, is entitled to inspect, during normal business hours, the company's stock ledger and make extracts therefrom. Nevada Law also provides that a Nevada company may condition such inspection right upon delivery of a written affidavit stating that inspection is not desired for any purpose

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not related to the stockholder's interest in the company.

ALBERTA, CANADA. Under Alberta law, where a corporation has previously distributed its shares to the public, any person may, on payment of a reasonable fee, require a corporation to furnish a list setting out the names and addresses of the stockholders of a corporation and the number of shares held by each stockholder. In order to obtain such a list, a statutory declaration must also be provided confirming that the list will only be used in connection with an effort to influence voting of the stockholders, an offer to acquire securities of the corporation or any other matter relating to the affairs of the corporation.

TRANSACTIONS WITH OFFICERS AND DIRECTORS

NEVADA. Under Nevada law, contracts or transactions in which a director or officer is financially interested are not automatically void or voidable if:

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- o the fact of the common directorship, office or financial interest is known to the board of directors or committee, and the board or committee authorizes, approves or ratifies the contract or transactions in good faith by a vote sufficient for the purpose, without counting the vote or votes of the common or interested director or directors;
- o the contract or transaction, in good faith, is ratified or approved by the holders of a majority of the voting power;
- o the fact of common directorship, office or financial interest known to the director or officer at the time of the transactions is brought before the board of directors for actions; or
- o the contract or transaction is fair to the corporation at the time it is authorized or approved.

Common or interested directors may be counted to determine presence of a quorum and if the votes of the common or interested directors are not counted at the meeting, then a majority of directors may authorize, approve or ratify a contract or transaction.

ALBERTA, CANADA. Under Alberta law, a material contract or transaction between a corporation and one or more of its directors or officers, or between a corporation and another entity in which a director or officer of the corporation is a director or officer, or in which the director or officer has a material interest in, is not invalid nor is the director or officer accountable to the corporation for any profit realized, if the director or officer has disclosed the nature and extent of his interest and the contract or transaction was approved by the directors or the shareholders and it was reasonable and fair to the corporation at the time it was approved. Interested directors may be counted for the purpose of determining a quorum at a meeting of directors called to authorize the contract.

LIMITATION ON LIABILITY OF DIRECTORS; INDEMNIFICATION OF OFFICERS AND DIRECTORS

NEVADA. Nevada law provides for discretionary indemnification made by the corporation only as authorized in the specific case upon a determination that

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indemnification of the director, officer, employee or agent is proper in the circumstances. The determination must be made either:

- o by the stockholders;
- o by the board of directors by majority vote of a quorum consisting of directors who were not parties to the actions, suit or proceeding;
- o if a majority vote of a quorum consisting of directors who were not parties to the actions, suit or proceeding so orders, by independent legal counsel in a written opinion; or
- o if a quorum consisting of directors who were not parties to the actions, suit or proceeding cannot be obtained, by independent legal counsel in a written opinion.

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The articles of incorporation, the bylaws or an agreement made by the corporation may provide that the expenses of officers and directors incurred in defending a civil or criminal action, suit or proceeding must be paid by the corporation as they are incurred and in advance of the final disposition of the actions, suit or proceeding, upon receipt of an undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he is not entitled to be indemnified by the corporation. The provisions do not affect any right to advancement of expenses to which corporate personnel other than directors or officers may be entitled under any contract or otherwise by law. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to Nevada law does not exclude any other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation or any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, for either an action in his official capacity or an action in another capacity while holding office, except that indemnification, unless ordered by a court or for the advancement of expenses, may not be made to or on behalf of any director or officer if his acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and was material to the cause of action. In addition, indemnification continues for a person who has ceased to be a director, officer, employee or agent and inures to the benefit of the heirs, executors and administrators of such a person.

ALBERTA, CANADA. Alberta law provides that a corporation may indemnify a director or officer or former director or officer of the corporation against costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment reasonably incurred by the individual, in respect of a proceeding to which such person was a party by reason of being or having been a director or officer, if the person:

- o acted honestly and in good faith with a view to the best interests of the corporation; and
- o in the case of a criminal or administrative proceeding enforced by a monetary penalty, he had reasonable grounds for believing his conduct was lawful.

Where the indemnity is in respect of an action by or on behalf of the corporation for a judgment in its favor to which the director or officer is made party, such indemnity is only available if the director or officer fulfills

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those conditions.

VOTING RIGHTS WITH RESPECT TO EXTRAORDINARY CORPORATE TRANSACTIONS

NEVADA. Approval of mergers and consolidations, amendments to the articles of incorporation, and sales, leases or exchanges of all or substantially all of the property or assets of a corporation, whether or not in the ordinary course of business, requires the affirmative vote or consent of the holders of a majority of the outstanding shares entitled to vote, except that, unless required by the articles of incorporation, no vote of stockholders of the corporation surviving a merger is necessary if:

- o the merger does not amend the articles of incorporation of the corporation,

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- o each outstanding share immediately prior to the merger is to be an identical share after the merger, and
- o either no common stock of the corporation and no securities or obligations convertible into common stock are to be issued in the merger, or the common stock to be issued in the merger, plus that initially issuable on conversion of other securities issued in the merger does not exceed 20% of the common stock of the corporation outstanding immediately before the merger.

ALBERTA, CANADA. Approvals of amalgamations (except amalgamations between a corporation and wholly owned subsidiaries), continuances into other jurisdictions, share consolidations, business combinations, and sales, leases or exchanges of substantially all the property of a corporation, other than in the ordinary course of business of the corporation requires approval by the stockholders by a two-thirds majority vote at a duly called meeting.

STOCKHOLDERS' CONSENT WITHOUT A MEETING

NEVADA. Unless otherwise provided in the articles of incorporation or the bylaws, any actions required or permitted to be taken at a meeting of the stockholders may be taken without a meeting if, before or after taking the actions, a written consent is signed by the stockholders holding at least a majority of the voting power, except that if a different proportion of voting power is required for such an actions at a meeting, then that proportion of written consent is required. In no instance where actions is authorized by written consent need a meeting of the stockholders be called or notice given.

ALBERTA, CANADA. Any action required or permitted to be taken at a meeting of the stockholders may be taken by a written resolution signed by all the stockholders entitled to vote on such resolution.

STOCKHOLDER VOTING REQUIREMENTS

NEVADA. Unless the articles of incorporation or bylaws provide for different proportions, a majority of the voting power, which includes the voting power that is present in person or by proxy, regardless of whether the proxy has authority to vote on all matters, constitutes a quorum for the transactions of business. In all matters other than the election of directors and certain corporate actions, including approval of amendments to the articles of incorporation for which Chapter 98 of the Nevada Revised Statutes imposes special voting requirements, the affirmative vote of the majority of shares

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present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Under Nevada law, charter amendments require approval by persons holding a majority of a corporation's outstanding voting shares without regard to the number of shares that may be present at a meeting in person or by proxy. Directors must be elected by a plurality of the votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, a majority of the voting power of the class or series that is present in person or by proxy, regardless of whether

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the proxy has authority to vote on all matters, constitutes a quorum for the transaction of business. An act by the stockholders of each class or series is approved if a majority of the voting power of a quorum of the class or series votes for the actions.

ALBERTA, CANADA. Unless the by-laws otherwise provide, a quorum of stockholders is present for a meeting if the holders of a majority of the shares entitled to vote at the meeting are present in person or represented by proxy. It is common practice for companies to provide for a quorum of stockholders to be deemed present when as little as 5% of the issued and outstanding share capital entitled to vote is present in person or represented by proxy. Our proposed bylaws provide that a quorum of shareholders is present at a meeting of shareholders if at least 2 persons are present in person or by proxy who hold or represent by proxy, in the aggregate, not less than 12.5% of the shares entitled to be voted at the meeting. This provision may be detrimental to the rights of shareholders owning a majority of our voting shares. As a result thereof, resolutions may be passed at shareholders meeting not attended by such shareholders that would have otherwise not been subject to a vote. Except where the Alberta Business Corporations Act requires approval by a special resolution, requiring approval by a two-thirds majority of the shares present in person or represented by proxy and entitled to vote on the resolution, a simple majority or the shares present in person or represented by proxy and entitled to vote on a resolution is required to approve any resolution properly brought before the stockholders. Where the articles of a corporation provide for cumulative voting, stockholders voting at an election of directors have the right to a number of votes equal to the votes attached to the shares held by such stockholder multiplied by the number of directors to be elected and stockholders may cast all such votes in favor of one candidate for director or may distribute the votes among the candidates in any manner. The holders of a class or series of shares are entitled to vote separately on proposals to amend the articles of a corporation where such amendment affects the rights of such class or series in a manner different than other shares of the corporation. A vote to approve any such amendment is passed if approved by a two-thirds majority of the voting power of the class or series represented in person or by proxy at a meeting called to approve such amendment.

DIVIDENDS

NEVADA. A corporation is prohibited from making a distribution to its stockholders if, after giving effect to the distribution, the corporation would not be able to pay its debts as they become due in the usual course of business or the corporation's total assets would be less than its total liabilities (plus any amounts necessary to satisfy any preferential rights).

ALBERTA, CANADA. A corporation is prohibited from declaring or paying a dividend if there are reasonable grounds for believing that the corporation, is or would

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after the payment be, unable to pay its liabilities as they become due or the realizable value of the corporation's assets would be less than the total of its liabilities and stated capital of all classes.

ANTI-TAKEOVER PROVISIONS

NEVADA. Nevada's "Acquisition of Controlling Interest Statute" applies to Nevada corporations that have at least 200 shareholders, with at least 100 shareholders of record being Nevada residents that do business directly or indirectly in Nevada. Where applicable, the statute prohibits

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an acquiror from voting shares of a target company's stock after exceeding certain threshold ownership percentages, until the acquiror provides certain information to the company and a majority of the disinterested shareholders vote to restore the voting rights of the acquiror's shares at a meeting called at the request and expense of the acquiror. If the voting rights of such shares are restored, shareholders voting against such restoration may demand payment for the "fair value" of their shares (which is generally equal to the highest price paid in the transaction subjecting the stockholder to the statute). The Nevada statute also restricts a "business combination" with "interested shareholders", unless certain conditions are met, with respect to corporations which have at least 200 shareholders of record. A "combination" includes:

- o any merger with an "interested stockholder," or any other corporation which is or after the merger would be, an affiliate or associate of the interested stockholder;
- o any sale, lease, exchange, mortgage, pledge, transfer or other disposition of assets, to an "interested stockholder," having an aggregate market value equal to 5% or more of the aggregate market value of the corporation's assets; an aggregate market value equal to 5% or more of the aggregate market value of all outstanding shares of the corporation; or representing 10% or more of the earning power or net income of the corporation;
- o any issuance or transfer of shares of the corporation or its subsidiaries, to the "interested stockholder," having an aggregate market value equal to 5% or more of the aggregate market value of all the outstanding shares of the corporation;
- o the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by the "interested stockholder";
- o certain transactions which would result in increasing the proportionate percentage of shares of the corporation owned by the "interested stockholder"; or
- o the receipt of benefits, except proportionately as a stockholder, of any loans, advances or other financial benefits by an "interested stockholder."

An "interested stockholder" is a person who, together with affiliates and associates, beneficially owns (or within the prior three years, did beneficially own) 10% or more of the corporation's voting stock. A corporation to which this statute applies may not engage in a "combination" within three years after the interested stockholder acquired its shares, unless the combination or the

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interested stockholder's acquisition of shares was approved by the board of directors before the interested stockholder acquired the shares. If this approval was not obtained, then after the three year period expires, the combination may be consummated if all applicable statutory requirements are met and either:

- o the board of directors of the corporation approves, prior to such person becoming an "interested stockholder", the combination or the purchase of shares by the "interested stockholder"; or the combination is approved by the affirmative vote of holders of a majority of voting power not beneficially owned by the "interested stockholder" at a meeting called no earlier than three years after the date the "interested stockholder" became such; or

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- o the aggregate amount of cash and the market value of consideration other than cash to be received by holders of common shares and holders of any other class or series of shares meets certain minimum requirements set forth in the statutes, and prior to the consummation of the "combination", except in limited circumstances, the "interested stockholder" will not have become the beneficial owner of additional voting shares of the corporation.

ALBERTA, CANADA. There is no provision under Alberta law similar to the Nevada Acquisition of Controlling Interest Statute.

APPRAISAL RIGHTS; DISSENTERS' RIGHTS

NEVADA. Nevada law limits dissenters rights in a merger, when the shares of the corporation are listed on a national securities exchange included in the National Market System established by the National Association of Securities Dealers, Inc. or are held by at least 2,000 shareholders of record, unless the shareholders are required to accept in exchange for their shares anything other than cash or

- o shares in the surviving corporation if the surviving corporation is publicly listed on a national securities exchange or held by more than 2,000 shareholders;
- o shares in another entity that is publicly listed on a national securities exchange or held by more than 2,000 shareholders; or
- o any combination of cash or shares in an entity described above.

Also, the Nevada law does not provide for dissenters' rights in the case of a sale of assets.

ALBERTA, CANADA. Under the Alberta Business Corporations Act stockholders have rights of dissent where the corporation amends its articles to change any provisions restricting or constraining the issue or transfer of ownership of shares of a class, or to add, change or remove restrictions on the business or businesses the corporation may carry out. Stockholders also have dissent rights where a corporation proposes to amalgamate, other than with a wholly owned subsidiary corporation, continue to another jurisdiction, or sell, lease or

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exchange all or substantially all of its property.

STATUTORY OPPRESSION REMEDY

NEVADA. There is no provision under Nevada law similar to the Alberta Oppression Remedy Statute described below.

ALBERTA, CANADA. Under the Alberta Business Corporations Act, shareholders, creditors, or officers and directors of a corporation may apply to a court for relief for acts or omissions by a corporation, or its officers, directors, or other affiliates that are oppressive or unfairly prejudicial to or that unfairly disregard the interests of such persons. The court may issue an order:

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- o restraining the conduct complained of;
- o appointing a receiver;
- o to regulate a corporation's affairs by amending its articles or bylaws;
- o declaring that any amendment made to the articles or bylaws pursuant to the above operates notwithstanding any unanimous shareholder agreement made before or after the date of the order, until the court otherwise orders;
- o directing an issue or exchange of securities;
- o appointing directors in place of or in addition to all or any of the directors then in office;
- o directing a corporation, subject to Section 34(2) of the Alberta Business Corporations Act, or any other person to purchase securities of a security holder;
- o directing a corporation or any other person to pay to a security holder any part of the money paid by the security holder for securities;
- o directing a corporation, subject to Section 43 of the Alberta Business Corporations Act, to pay a dividend to its shareholders or a class of its shareholders;
- o varying or setting aside a transaction or contract to which a corporation is a party and compensating the corporation or any other party to the transaction or contract;
- o requiring a corporation, within a time specified by the court, to produce to the court or an interested person financial statements in the form required by Section 155 of the Alberta Business Corporations Act or an accounting in any other form the court may determine;
- o compensating an aggrieved person;
- o directing rectification of the registers or other records of a corporation under Section 244 of the Alberta Business Corporations Act;

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- o for the liquidation and dissolution of the corporation
- o directing an investigation under Part 18 of the Alberta Business Corporations Act to be made;
- o requiring the trial of any issue;
- o granting leave to the applicant to:

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- o bring an action in the name and on behalf of the corporation or any of its subsidiaries, or
- o intervene in an action to which the corporation or any of its subsidiaries is a party, for the purpose of prosecuting, defending or discontinuing an action on behalf of the corporation or any of its subsidiaries.

ACCOUNTING TREATMENT

The continuance of our company from Nevada to Alberta, Canada represents, for U.S. accounting purposes, a transaction between entities under common control. Assets and liabilities transferred between entities under common control are accounted for at historical cost, in accordance with the guidance for transactions between entities under common control in Statement of Financial Accounting Standards No. 141, Business Combinations. The historical comparative figures of Assure Canada will be those of Assure Nevada.

Upon the effective date of the conversion, we will be subject to the securities laws of Alberta, Canada as those laws apply to Canadian domestic issuers. We will qualify as a foreign private issuer in the United States. Before our continuance in Alberta, we prepared our consolidated financial statements in accordance with generally accepted accounting principles ("GAAP") in the United States. As a Canadian domestic issuer, we will be required to prepare our annual and interim consolidated financial statements in accordance with Canadian generally accepted accounting principles. For purpose of our annual disclosure obligations in the United States, we will annually file in the United States consolidated financial statements prepared in accordance with Canadian GAAP together with a reconciliation to US GAAP.

BUSINESS OF ASSURE ENERGY, INC.

General

We were incorporated on August 11, 1999 in the State of Delaware under the name Inventoy.com, Inc. with the objective to license toy designs to toy manufacturers and to act as a toy inventor's agent in licensing toy designs developed by others. We expected to market such toy designs by both direct meetings with toy manufactures' representatives and through a web site that could give manufacturers the opportunity to review pictures and descriptions of new inventions at a single source to decide whether a face-to-face meeting would be useful. Given the effect of an overcrowded .com business environment, no operations in this area were ever commenced. Accordingly we looked at other ventures of merit for corporate participation as a means of enhancing shareholder value. This strategy resulted in our April 23, 2002 Acquisition

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Agreement with Assure Oil & Gas Corp., an Ontario, Canada corporation, and the shareholders of Assure Oil & Gas Corp.

The Acquisition Agreement principally involved our acquisition of all of Assure Oil & Gas Corp.'s issued and outstanding capital stock, making Assure Oil & Gas Corp. a wholly owned subsidiary of ours, in exchange for 2,400,000 units, each unit consisting of one share of our

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common stock, one Class A Warrant and one Class B Warrant. Each Class A Warrant, as amended, entitles the holder thereof to acquire one share of our common stock at a price of \$.50 per share at any time or from time to time during the four year period commencing on October 1, 2003 and expiring on September 30, 2007. Each Class B Warrant, as amended, entitles the holder thereof to acquire one share of our common stock at a price of \$1.00 per share at any time or from time to time during the four year period commencing on July 1, 2004 and expiring on June 30, 2008. As the result of the September 17, 2002 3:2 forward stock split the 2,400,000 units became 3,600,000 units, consisting of 3,600,000 shares, 3,600,000 Class A Warrants and 3,600,000 Class B Warrants. Similarly, the exercise price for each Class A Warrant became \$.333 and the exercise price for each Class B Warrant became \$.667 per share. In connection with the Acquisition Agreement, Ed Kaplan, one of our directors at that time, resigned and was replaced by James Golla, a designee of Assure Oil & Gas Corp. Further, on May 1, 2002 we amended our Certificate of Incorporation to change our name from Inventoy.com, Inc. to Assure Energy, Inc.

Assure Oil & Gas Corp. is actively engaged in the exploration, development, acquisition and production of petroleum and natural gas properties primarily located in Western Canada. In October 2000 Assure Oil & Gas Corp. commenced its oil and gas operations as part of an initiative to create cash flow by participating in a Farmout Agreement to drill a prospective Elkton zone natural gas well. To date, Assure Oil & Gas Corp. has acquired varying interests, through farmout participations, asset purchases and acquisitions of crown land rights in approximately 3200 gross acres (3040 net acres) of both producing and prospective petroleum and natural gas properties in the Western Sedimentary Basin of Western Canada. Assure Oil & Gas Corp. has seven producing oil wells with working interests therein ranging from 16.88%-95%. Assure Oil & Gas Corp.'s share of the average daily production for the past three months from these oil wells is approximately 28 barrels of oil per day. Six of these oil wells also produce gas that contributes to Assure Oil & Gas Corp. the equivalent of approximately 31 barrels of oil equivalent per day. Assure Oil & Gas Corp. has three other gas wells that contribute to Assure Oil & Gas Corp. approximately 71 barrels of oil equivalent per day. Working interests in these gas wells vary from 10.83% to 95%. Assure Oil & Gas Corp. currently has one abandoned and three shut in gas wells. Assure Oil & Gas Corp. is currently drilling one deep test well to the Wabamum formation in the Doe East area of Alberta.

Assure Oil & Gas Corp. plans to continue to explore, develop or acquire petroleum and natural gas properties to increase cash flow, and to build petroleum and natural gas reserves. Assure Oil & Gas Corp. anticipates an exploration program that could include infill drilling of current proved and producing properties, seismic interpretation of prospective properties and exploratory drilling. Acquisitions could include lands, licenses and leases, producing well bores or corporate acquisitions. Assure Oil & Gas Corp. also may from time to time acquire, or enter into strategic alliances with complementary business to achieve these objectives.

On March 14, 2002 we signed an asset purchase agreement with Inventoy.com

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International, Inc., through which we assigned all of our rights, titles and exclusive interests in and to all patents, trademarks, trade names, technical processes, know-how and other intellectual property that was associated with our business at that time (toy designs), including the twenty seven (27) toy designs we acquired from Kaplan Design Group upon our formation, in exchange for all of the outstanding shares of Inventoy.com International, Inc. (100 shares, par value \$.001).

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On May 30, 2002 Assure Oil & Gas Corp. entered into a Share Purchase Agreement with the three shareholders of Westerra 2000 Inc., an Alberta, Canada corporation engaged in the exploration, development and production of oil and gas properties primarily located in Alberta and Saskatchewan, Canada. Pursuant to the Share Purchase Agreement, Assure Oil & Gas Corp. acquired all of the capital stock of Westerra 2000 Inc. The purchase price was CDN\$3,450,000 (approximately US\$2,100,000) consisting of:

- o CDN\$2,677,703.55 paid, on behalf of Westerra 2000 Inc., to Alta Gas Services Inc. pursuant to a June 1, 2001 Loan Agreement between Westerra 2000 Inc. and Alta Gas Services Inc.;
- o CDN\$422,296.45 paid to the three shareholders of Westerra 2000 Inc. on a pro rata basis in proportion to their share ownership in Westerra 2000 Inc.; and
- o CDN\$350,000 (approximately US \$221,000) payable to the three shareholders of Westerra 2000 Inc. on a pro rata basis in proportion to their share ownership in Westerra 2000 Inc. following the resolution of title deficiencies on certain properties.

The parties deemed the effective date of the Acquisition Agreement to be April 1, 2002. As a consequence thereof, Assure Oil & Gas Corp. paid an additional CDN\$34,164.98 to Alta Gas Services Inc., which represented additional interest due under the loan agreement. As a further consequence, net revenues and prepaid expenses of Westerra 2000 Inc., attributable to the period ending after April 1, 2002 but received by Westerra 2000 Inc. prior to May 30, 2002, were credited to Assure Oil & Gas Corp. The title deficiencies referred to above were resolved in January 2003 but we have not released the CDN \$350,000 to the three shareholders of Westerra 2000 Inc. based on our contention that certain Westerra 2000 Inc. wells that had been reported to us to be proven/producing wells have not, in fact, been on production. Consequently, the three shareholders commenced an action against us in Calgary, Alberta on February 19, 2003 seeking release of the CDN \$350,000 together with interest. See "Legal Proceedings."

The Share Purchase Agreement also provided that within 60 days of Assure Oil & Gas Corp.'s recoupment of the CDN\$3,450,000 Purchase Price in the form of net revenue from the acquired Westerra 2000 Inc. natural gas production, Assure Oil & Gas Corp. had to give notice thereof to the three shareholders of Westerra 2000 Inc., who within 30 days of receipt of such notice, could elect to acquire an aggregate 25% working interest in such natural gas production for no additional consideration.

Westerra 2000 Inc. owns certain natural gas and oil interests in approximately five sections of land (3,200 acres gross - 1,920 acres net) in the Lloydminster area along the provincial border of Alberta and Saskatchewan (the "Westerra interests"). Westerra 2000 Inc. has six producing oil wells with working

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interests therein ranging from 50% to 100%. Westerra 2000 Inc.'s share of the average daily production for the past three months from these oil wells is approximately 130 barrels of oil per day. Westerra 2000 Inc. also has eight producing gas wells, each with a working interest of 60%. Westerra 2000 Inc.'s share of the average daily production for the past three months from these gas wells is approximately 153 barrels of oil equivalent per day, based upon the standard gas conversion ratio where six million cubic feet of gas equals one barrel of oil. Westerra 2000 Inc. has one suspended and one abandoned oil well. No new oil or gas wells are currently being drilled by Westerra 2000 Inc.

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On August 27, 2002 we entered into a Stock Exchange Agreement with Inventoy.com International, Inc., Kaplan Design Group, Douglas Kaplan, Ed Kaplan and Ron Beit-Halachmy. At the time of the Stock Exchange Agreement, Kaplan Design Group, Douglas Kaplan, Ed Kaplan and Ron Beit-Halachmy (collectively the "Shareholders") owned an aggregate of 14,440,000 shares of our common stock (the "Shares"). Pursuant to the Stock Exchange Agreement, the Shareholders exchanged the Shares for all of the issued and outstanding shares of Inventoy.com International, Inc., our inactive wholly-owned subsidiary. Inventoy.com International, Inc. owned patents, trademarks, tradenames, technical processes, know-how and other intellectual property intended to be utilized in a business involving the licensing of toy designs developed by others. The Shareholders included certain founders of ours that contributed the Inventoy assets to us upon our formation. The Shares had been received by the Shareholders in consideration of their contribution of the Inventoy assets. The decision to sell Inventoy.com International, Inc. to the Shareholders was based upon the determination that Inventoy International, Inc. did not fit into our current operations which primarily consist of the exploration, development, and acquisition of petroleum and gas properties located in Western Canada. Pursuant to the Stock Exchange Agreement, the Shares were cancelled and returned to the status of authorized but unissued shares.

On July 28, 2003 we completed the acquisition of 6,267,500 common shares of Quarry Oil & Gas Ltd. ("Quarry"), pursuant to a March 6, 2003 Share Purchase Agreement (the "Share Purchase Agreement") among us, Quarry, and certain Quarry shareholders including Al J. Kroontje, Trevor G. Penford, Karen Brawley-Hogg, Donald J. Brown and Troon Investments, Ltd. (collectively the "Sellers"). We subsequently received an additional 482,500 Quarry shares from the Sellers resulting in our aggregate purchase of 6,750,000 Quarry shares (the "Acquisition Shares") pursuant to the Share Purchase Agreement. These 6,750,000 shares together with the 169,900 Quarry shares already owned by us represent approximately 48.5% of the outstanding common shares of Quarry. The Acquisition Shares were purchased by us at a price of CDN \$1.3278 (approximately US\$.95) per share or CDN \$8,962,650 (approximately US \$6,434,107) on an aggregate basis. In furtherance of the Share Purchase Agreement, on July 28, 2003 Harvey Lalach was appointed the president and chief executive officer of Quarry.

The Share Purchase Agreement provided for the transfer of certain Quarry assets (the "Excluded Assets") by Quarry, prior to closing, to a Quarry subsidiary, 51% of which was sold to the Sellers on the closing date of the Share Purchase Agreement, at a purchase price of CDN\$867,662 (approximately US\$622,877). The purchase price represented 51% of the adjusted net book value of the Excluded Assets as at the date of the Share Purchase Agreement. The Share Purchase Agreement also provided for the payment by Quarry to Al Kroontje or his designees, the sum of CDN\$592,500 (approximately US\$425,344) representing (i) salary compensation to Mr. Kroontje for the six years ended December 31, 2000 when Mr. Kroontje did not receive any compensation for serving as an officer and director of Quarry; (ii) severance pay; and (iii) a retirement allowance.

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Payment in full was made to Mr. Kroontje at closing. In furtherance of our obligations under the Share Purchase Agreement, in September 2003, we presented to Quarry and the Sellers, an experienced, previously successful management team for Quarry. The members of the management team are Harvey Lalach, Colin McNeil, Tim Chorney,

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Cam Bogle, Colin Emerson and Trevor Penford. Since August 29, 2003, Messrs. Chorney, Bogle and Emerson have been employed by Assure Oil & Gas Corp. in the capacities of Operations Manager, Land Manager, and Exploration Manager, respectively. Through Assure Oil & Gas Corp., we are presently negotiating a Management Services Agreement with Quarry whereby we will supply Quarry with the services of certain of our employees that have management or operational expertise including, but not limited to, the services of Messrs. Chorney, Bogle and Emerson. In consideration thereof, Quarry will pay us a monthly fee equal to a percentage of the costs incurred by us in providing such services.

Quarry is a junior oil and gas exploration and development company based in Calgary, Alberta, Canada whose common shares are listed on the TSX Venture Exchange under the symbol "QUC". Quarry's average daily production is currently approximately 1100 barrels of oil equivalent per day. Quarry has a stable oil production base in Alberta, Canada. It has recently added significant gas reserves from its discoveries in northeast British Columbia, Canada where it has access to a large base of undeveloped lands. Quarry has also developed a portfolio of natural gas prospects to facilitate future growth.

On April 7, 2003 we entered into a Consulting Agreement with TGR Group, LLC, ("TGR") a Nevada limited liability company, pursuant to which TGR provides public relations services on our behalf. Pursuant to the Agreement, as amended, we paid a \$25,000 fee to TGR and issued 100,000 5 year warrants to TGR, each exercisable for the purchase of 1 share of our restricted common at a price of \$3 per share. Piggyback registration rights apply with respect to the shares underlying the warrants. These piggyback registration rights do not apply to registration statements relating solely to employee benefit plans, business combinations or changes in domicile.

On March 25, 2003 we entered into a one year Consulting Agreement with Investormedia Group pursuant to which Investormedia Group provides us with strategic planning and media services, including assistance with creating market awareness of our company. In consideration of these services, we pay Investormedia Group a monthly retainer of \$2,500 plus a fee equal to 15% of the of the gross cost of services engaged or facilitated by Investormedia Group. In certain mutually agreed upon instances, the fee can be reduced to 5%. On June 21, 2003 we authorized Investormedia Group to include a report on us in a newsletter with an estimated circulation of 300,000 persons. In consideration thereof, we paid Investormedia Group an aggregate of \$326,585 consisting of typesetting, printing and mailing costs and a 5% agency fee.

Stock Splits

Following the close of business on March 6, 2002 we effected a 4:1 forward stock split in favor of our shareholders of record as of the close of business on February 25, 2002. Pursuant to the stock split our 5,221,000 shares of common stock issued and outstanding on the record date were increased to 20,884,000 shares of common stock.

Following the close of business on September 17, 2002 we effected a 3:2 forward stock split in favor of our shareholders of record as of the close of business

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on September 10, 2002. Pursuant to the stock split our 10,244,000 shares of common stock issued and outstanding on the record date were increased to 15,366,000 shares.

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Nevada Reincorporation

On September 11, 2003 we reincorporated from Delaware to Nevada for the sole purpose of taking advantage of the Nevada continuance statute. The reincorporation was effected through a Plan and Agreement of Merger between Assure Energy, Inc., a Delaware corporation, hereinafter referred to as Assure Delaware, and Assure Nevada. The Merger was approved by the holders of a majority of the outstanding shares of Assure Delaware. Pursuant to Delaware Law, dissenting Assure Delaware shareholders were given appraisal rights. No dissenting shareholders to whom appraisal rights applied made written demand for appraisal within the required period for doing so.

Financing Transactions

During the period October 2000 through April 2001 we engaged in a private offering of up to 1,500,000 shares of our common stock at a price of \$.10 per share. The offering was completed in April 2001 with the sale of 1,111,000 shares of our common stock to 42 people resulting in gross proceeds of \$111,100. The offering was made in reliance on Rule 506 of Regulation D under the Securities Act of 1933, as amended. The information set forth above does not take into account the effects of our March 6, 2002 and September 17, 2002 stock splits.

On April 23, 2002 we completed a \$1,250,000 debt financing with an accredited investor. The debt was evidenced by our demand promissory note dated April 23, 2002 and bore interest at the rate of 1% above the prime rate charged by Citicorp. The note was subsequently cancelled and the principal amount thereof was utilized to purchase \$1,250,000 of our Series A Preferred Stock. The note was issued pursuant to the exemption from registration contained in Section 4(2) of the Securities Act of 1933, as amended.

On May 8, 2002 we completed a \$1,750,000 equity financing with three accredited persons pursuant to the exemption from the registration provisions of the Securities Act of 1933, as amended, provided by Rule 506 of Regulation D. In connection therewith, we issued an aggregate of 1,400,000 units at a purchase price of \$1.25 per unit. Each unit consists of one share of our common stock and one common stock purchase warrant. Each warrant as amended, entitles the holder to purchase one share of our common stock at a price of \$1.50 per share for a period of four years commencing July 1, 2003. As the result of the September 17, 2002 3:2 forward stock split the 1,400,000 unit shares became 2,100,000 shares and the 1,400,000 warrants became 2,100,000 warrants, each with an exercise price of \$1.00 per share. Both the shares underlying the units and the shares underlying the unit warrants have piggyback registration rights.

As of June 1, 2002 we entered into a Preferred Stock Purchase Agreement with three accredited persons pursuant to which we sold them 17,500 shares of our Convertible Series A Preferred Stock at a price of \$100 per share (the "Stated Value") or an aggregate of \$1,750,000. The Series A Preferred Stock was issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. One of the purchasers was the purchaser of our \$1,250,000 note described above, which pursuant to a Note Termination and Conversion Agreement with us dated as of June 1, 2002 terminated the April 23, 2002 note referred to above and applied the \$1,250,000 principal amount thereof to the purchase of 12,500 shares of our

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Series A Preferred Stock. The Series A

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Preferred Stock is convertible by the holder after 2 years, or if called for redemption by us, into units. The initial conversion price for the conversion of the Series A Preferred Stock is \$1.50 of Stated Value. Each unit consists of one share of our common stock and one common stock purchase warrant. Each warrant entitles the holder thereof to purchase one share of our common stock at a price of \$1.75 per share at any time during the four year period commencing one year after the date of issuance. Piggyback registration rights apply to the shares underlying the units and unit warrants issuable upon conversion of the Series A Preferred Stock. As the result of the September 17, 2002 3:2 forward stock split, the initial conversion price of the Series A Preferred Stock became \$1.00 of Stated Value and the exercise price for each share underlying the unit warrants issuable upon conversion of the Series A Preferred Stock became approximately \$1.166 per share. The holders of the Series A Preferred Stock are entitled to receive out of funds legally available for the payment of dividends, dividends in cash or stock at the rate of 5% per annum on the Stated Value of each share of Series A Preferred Stock. Dividends on the Series A Preferred Stock are cumulative from the issuance date.

As of August 27, 2002 we entered into a Preferred Stock Purchase Agreement with an accredited person pursuant to which we sold such person 5,250 shares of our Convertible Series B Preferred Stock at a price of \$100 per share (the "Stated Value") or an aggregate of \$525,000. The Series B Preferred Stock was issued pursuant to Section 4(2) of the Securities Act of 1933, as amended. The Series B Preferred Stock is convertible by the holder after 2 years, or if called for redemption by us, into units. The initial conversion price for the conversion of the Series B Preferred Stock is \$1.75 of Stated Value. Each unit consists of one share of our common stock and one common stock purchase warrant. Each warrant entitles the holder thereof to purchase one share of our common stock at a price of \$2.00 per share at any time during the four year period commencing one year after the date of issuance. Piggyback registration rights apply to the shares underlying the units and the unit warrants issuable upon conversion of the Preferred Stock. As the result of the September 17, 2002 3:2 forward stock split, the initial conversion price of the Series B Preferred Stock became approximately \$1.166 of Stated Value and the exercise price for each share underlying the unit warrants issuable upon conversion of the Series B Preferred Stock became approximately \$1.333 per share. The holders of the Series B Preferred Stock are entitled to receive out of funds legally available for the payment of dividends, dividends in cash or stock at the rate of 5% per annum on the Stated Value of each share of Series B Preferred Stock. Dividends on the Series B Preferred Stock are cumulative from the issuance date.

On December 28, 2002 Assure Oil & Gas Corp. completed a CDN \$1,000,000 debt financing with an accredited investor. The debt is evidenced by a six year promissory note which bears interest at the rate of 3 1/2% above the prime rate charged by Royal Bank of Canada in Toronto. No interest or principal is due on the note during the first year of the note. On the first anniversary of the note, all interest then due on the note is payable in full. Thereafter, for the balance of the term of the note, interest and principal is payable quarterly. The debt is subordinated to all present and future bank debt of ours, including our subsidiaries.

On February 26, 2003 we completed a \$2,400,750 equity financing in which we sold 1,067,000 units to 2 accredited investors at a price of \$2.25 per unit. Each unit consists of 1 share of our common stock and 1/2 warrant. Each full warrant entitles the holder to purchase one share of our common stock at a price of

\$2.5