ASSURE ENERGY INC
Form 10KSB
April 15, 2003

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-KSB

(Mark One)

|X| ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended: December 31, 2002

OR

|_| TRANSITION REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _______________ to _______________

Commission file number: 333-61714

ASSURE ENERGY, INC.
(Exact name of small business issuer as specified in its charter)

DELAWARE	13-4125563
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
2750-140 4TH AVENUE, S.W. CALGARY, ALBERTA, CANADA	T2P 3N3
(Address of principal executive offices)	(Postal Code)

Issuer's telephone number: (403) 266-2787

Securities registered under Section 12(b) of the Act: NONE

Securities registered under Section 12(g) of the Act: NONE

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No |_|

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. |_|

State registrant's revenues for its most recent fiscal year: $1,136,896.

As of April 8, 2003, there were 15,366,000 shares of the registrant's common stock, par value $0.001, issued and outstanding. Of these, 15,366,000 shares are held by non-affiliates of the registrant. The market value of securities held by non-affiliates is $47,404,110 based on the average bid and asked price of $3.085 for the registrant's common stock on April 8, 2003.

Transitional Small Business Disclosure Format (check one): Yes |_|; No |X|

DOCUMENTS INCORPORATED BY REFERENCE

If the following documents are incorporated by reference, briefly describe them and identify the part of the Form 10-KSB (e.g., Part I, Part II, etc.) into which the document is incorporated: (1) any annual report to security holders; (2) any proxy or information statement; and (3) any prospectus filed pursuant to Rule 424(b) or (c) of the Securities Act of 1933, as amended ("Securities Act").
Not Applicable.

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FORWARD-LOOKING STATEMENTS

Except for historical information, this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such forward-looking statements involve risks and uncertainties, including, among other things, statements regarding our business strategy, future revenues and anticipated costs and expenses. Such forward-looking statements include, among others, those statements including the words "expects," "anticipates," "intends," "believes" and similar language. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause or contribute to such differences include, but are not limited to, those discussed in the section "Plan of Operation". You should carefully review the risks described in other documents we file from time to time with the Securities and Exchange Commission. You are cautioned not to place undue reliance on the forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly release any revisions to the forward-looking statements or reflect events or circumstances after the date of this document.

PART I

ITEM 1. DESCRIPTION OF BUSINESS

GENERAL

BUSINESS

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 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 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. Pursuant to a related Registration Rights Agreement, as amended, dated as of April 23, 2002, between us and the Assure Oil & Gas Corp. shareholders, we have agreed to register the common stock forming part of the units (the "Unit Shares") and the common stock underlying the Class A Warrants (the "Class A Warrant Shares") and Class B Warrants (the "Class B Warrant Shares") by October 1, 2003. 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 crown land sales 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 5 producing oil wells with working interests therein ranging from 50-95%. Current oil production to Assure Oil & Gas Corp. from these oil wells is approximately 24 barrels of oil per day. 4 of these wells also produce gas that nets to Assure Oil & Gas Corp. approximately 17 barrels of oil equivalent per day. Assure Oil & Gas Corp. has 7 other gas wells that net to Assure Oil & Gas Corp. approximately 100 barrels of oil equivalent per day. Working interests in these 7 gas wells vary from 16.67% to 63%. Assure Oil & Gass Corp. also has 1 non-producing oil well. No new oil or gas wells are currently being drilled by Assure Oil & Gas Corp.

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 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).

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$2,282,200) consisting of (i) 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.; (ii) 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 (iii) 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 "Item 3. 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 5 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 6 producing oil wells with working interests therein ranging from 50% to 100%. Current oil production net to Westerra 2000 Inc. from these oil wells is approximately 160 barrels of oil per day. Westerra 2000 Inc. also has 7 producing gas wells, each with a working interest of 60%. Current gas production net to Westerra 2000 Inc. from these gas wells is approximately 200 barrels of oil equivalent per day. Westerra 2000 Inc. also has 5 non-producing gas wells but has no plans to abandon any of these wells at this time. Westerra 2000 Inc. has 1 shut in oil well which is scheduled to come on line shortly. No new oil or gas wells are currently being drilled by Westerra 2000 Inc.

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.

Effective September 23, 2002 we entered into a Consulting Agreement with Primoris Group Inc., ("Primoris") an Ontario corporation pursuant to which Primoris provides us with corporate media and investor relations services. The agreement has a 61 week term which expires on November 30, 2003 unless mutually extended. Under the agreement, we pay Primoris $5,500 per month. Further, effective October 1, 2002, we issued to Primoris an option to purchase 200,000 shares of our restricted common stock for a period of 2 years from issuance at a price of $2.75 per share. The shares underlying the options contain piggyback registration rights until such time that the underlying shares are eligible for sale pursuant to Rule 144 of the General Rules and Regulations under the Securities Act of 1933, as amended. These piggyback registration rights do not apply to registration statements relating solely to employee benefit plans, business combinations, or changes in domicile.

On March 6, 2003 we entered into a share purchase agreement (the "Share Purchase Agreement") with 5 shareholders (the "Shareholders") of Quarry Oil & Gas Ltd., ("Quarry") an Alberta, Canada corporation respecting our proposed purchase of 6,750,000 Quarry shares from the shareholders for an aggregate purchase price of CDN $8,962,650 (approximately US $5,800,000) or CDN $1.3278 per share. These shares represent 47.28% of Quarry's outstanding common shares. The closing of the Share Purchase Agreement, as amended on March 26, 2003, is subject to the approval of the TSX Venture Exchange, Quarry's bank and certain other conditions. Quarry is a junior oil and gas exploration and development company based on Calgary, Alberta whose common shares are listed on the TSX Venture Exchange under the symbol "QUC". Quarry's average daily production is currently approximately 1200 barrels of oil equivalent per day. Quarry has a stable oil production base in Alberta and has recently added significant gas production from its discoveries in northeast British Columbia where it has access to a large base of undeveloped lands. It has developed an extensive portfolio of natural gas prospects to facilitate future growth.

The Share Purchase Agreement contains a covenant by us to engage in one of the following post closing activities:

- present to Quarry an experienced, previously successful management team for Quarry, subject to the reasonable consent of the Shareholders;

- make, within 60 days of closing, an offer to acquire the remaining Quarry shares at a price of not less than CDN $1.3278 per share; or

- subscribe, within 90 days of closing, to a material private placement of Quarry at a subscription price per share of CDN $1.3278.

Subsequent to the period covered by the report, 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. The Agreement, provides for the payment of a $50,000 fee to TGR and for the issuance of 100,000 5 year warrants, 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.

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 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.

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.

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 1,400,00 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.

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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 Series A Preferred Stock. The Series A 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 there of 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 warrant. Each full warrant entitles the holder to purchase one share of our common stock at a price of $2.50 per share for a period of five years, commencing February 26, 2003. The shares comprising part of the units have yet to be issued but will be issued shortly.

On March 15, 2003 we completed a $4,500,000 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 prime rate charged by Citibank in New York. 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 balances 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. In consideration of the financing, we also issued 450,000 warrants to the investor dated March 15, 2003. Each warrant entitles the holder to purchase 1 share of our common stock at a price of $3.10 per share during the 5 year period commencing July 1, 2003.

SUPPLIES AND SUPPLIERS

Any raw materials required by us in the operation of our business are available at competitive rates from many suppliers. We are not dependent on any one supplier for raw materials.

RESEARCH AND DEVELOPMENT

We have not engaged in any research and development activities since our inception.

CUSTOMERS

No single customer accounts for a significant portion of our revenues.

COMPETITION

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.

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

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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 extents, 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.

GOVERNMENT REGULATION

As an oil and gas company with operations in Alberta, Canada and Saskatchewan, Canada we are subject to the rules and regulations of the Alberta Energy and Utilities Board (the "EUB") and the Saskatchewan Industry and Resources ("SIR"). The function of both the EUB and SIR is to insure that the discovery, development and delivery of oil and gas and other natural resources takes place in a manner that is fair, responsible and in the public interest. The EUB and SIR establish guidelines which we follow with respect to our oil and gas operations. Our operating costs are materially affected by these requirements.

EMPLOYEES

At the present time, our only employees are our two executive officers. We utilize independent contractors for our other service requirements.

PATENTS, TRADEMARKS AND LICENSES

We do not have any patents, trademarks, licenses, franchises, concessions, royalty agreements or labor contracts.

ITEM 2. DESCRIPTION OF PROPERTY

Our executive offices consist of approximately 1,836 square feet of space which Assure Oil & Gas Corp. subleases at 140-4th Avenue SW, Calgary, Alberta. The sublease which commenced on October 1, 2002 continues through December 30, 2005. Under the sublease we pay CDN$4,674.81 per month (approximately US$3,115 per month). Our president and our independent contractors including a production accountant, accountant, geologist, land administrator and engineer work from this location. We believe this space is sufficient to handle our present and immediate future needs. In the event our sublease is terminated for any reason or not renewed upon the expiration of the present term, space sufficient to handle our then present and expected future needs is available from several alternative sources at comparable rates.

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ITEM 3. LEGAL PROCEEDINGS

On February 19, 2003 Gary Freitag, Garth R. Keyte and Evan Stephens filed a Statement of Claim against Assure Oil & Gas Corp. in the Court of Queen's Bench of Alberta, Canada Judicial District of Calgary seeking judgment in the sum of CDN$350,0000 (approximately US $221,000) together with interest thereon at the rate of 6% per annum from January 15, 2003. The action relates to CDN$350,000 that was placed in trust as part of the May 30,2002 Share Purchase Agreement between Assure Oil & Gas Corp. and the three shareholders of Westerra 2000 Inc. Plaintiffs claim the money should have been released to them on or about January 15, 2003, the date of resolution of certain title deficiencies that existed at the time the Share Purchase Agreement was executed. We have filed a Statement of Defense and Counterclaim based upon our assertion that certain of the Westerra 2000 Inc. wells that had been purchased in consideration of a report that indicated they were proven/producing wells were and are in fact non-producing and that the shareholders had agreed to a holdback of the CDN$350,000 pending the wells being brought on to production. We further asserted that since the wells are not on production the holdback has been forfeited and is not payable. While we believe our position has merit we can offer no assurance as to the outcome of this matter.

No other legal proceedings are pending to which we or any of our property is subject, nor to our knowledge are any such proceedings threatened.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matter was submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET INFORMATION

Our common stock is quoted on the OTC Bulletin Board of the National Association of Securities Dealers, Inc. (the "NASD") under the symbol "ASUR." From November 6, 2001 until May 1, 2002, the date we changed our name from Inventoy.com, Inc. to Assure Energy, Inc., our stock was quoted under the symbol "INVY." The following table sets forth, for the periods and fiscal quarters indicated, the high and low closing bid prices per share of our common stock, as derived from quotations provided by Pink Sheets, LLC. Such quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions. Prices after March 6, 2002 reflect the 4:1 forward stock split which took effect after the close of business on March 6, 2002. Prices after September 17, 2002 reflect the aforementioned 4:1 forward stock split and the 3:2 forward stock split which took effect after the close of business on September 17, 2002.

PERIOD INDICATED ORQUARTER ENDED	HIGH BID	LOW BID
November 6, 2001 - December 31, 2001	$ .05	$ .01
January 2, 2002 - March 6, 2002	$ .06	$ .05
March 7, 2002 - March 31, 2002	$ .25	$ .01
June 30, 2002	$ 2.45	$ .02
July 1, 2002 - September 17, 2002	$ 4.00	$ 2.45
September 18, 2002 - September 30, 2002	$ 3.05	$ 3.05
December 31, 2002	$ 3.06	$ 3.05

HOLDERS

As of April 7, 2003, there were approximately 39 record holders of our common stock.

DIVIDENDS

We have never declared any cash dividends with respect to our common stock. Future payment of dividends is within the discretion of our board of directors and will depend on our earnings, capital requirements, financial condition and other relevant factors. Although there are no material restrictions limiting, or that are likely to limit, our ability to pay dividends on our common stock, we presently intend to retain future earnings, if any, for use in our business and have no present intention to pay cash dividends on our common stock.

RECENT SALES OF UNREGISTERED SECURITIES

The information set forth below discusses the amount of securities sold on the dates provided and does not take into account the effects of our March 2002 4:1 forward stock split or our September 2002 3:2 forward stock split, except to the extent the date of issuance was after the date of one or both of the splits.

On March 15, 2003 we issued a six-year, $4,500,000 promissory note (the "Note") together with 450,000 5 year warrants (the "Warrants") to 1 person. Each Warrant entitles the holder to purchase one share of our common stock at a price of $3.10 per share. The issuance of the Note and Warrants was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

On February 26, 2003 we completed a $2,400,750 equity financing in which we sold 1,067,000 units to 2 persons at a purchase price of $2.25 per unit. Each unit consists of 1 share of our common stock and one-half warrant. Each full warrant entitles the holder to purchase one share of our common stock at a price of $2.50 per share for a period of five years commencing February 26, 2003. The issuance was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

On December 28, 2002, Assure Oil & Gas Corp. issued a six year CDN $1,000,000 promissory note (the "Note") to 1 person. The issuance of the Note was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

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Effective October 1, 2002 we issued 20,000 non statutory stock options to James Golla, each exercisable, upon vesting, to purchase one share of our common stock at a price of $2.75 per share during the three year period ending September 30, 2005. The issuance was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

Effective October 1, 2002 we issued 200,000 non-statutory stock options to 1 person for consulting services, each exercisable upon issuance to purchase one share of our common stock at a price of $2.75 per share during the two year period ending September 30, 2004. The issuance was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

Effective October 1, 2002 we issued 100,000 non-statutory stock options to Harvey Lalach, each exercisable upon vesting to purchase one share of our common stock during the three year period ending September 30, 2005, at a price of $2.75 per share. The issuance was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

On August 27, 2002 we sold 5,250 shares of our Series B Preferred Stock at a price of $100 per share or $525,000 on an aggregate basis to 1 person. The sale was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

As of June 1, 2002 we sold 17,500 shares of our Series A Preferred Stock at a price of $100 per share or $1,750,000 on an aggregate basis to 3 persons. The sales were made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

On May 8, 2002 we completed a $1,750,000 equity financing in which we sold 1,400,000 units to 3 persons at a purchase price of $1.25 per unit. Each unit consisted of 1 share of our common stock and 1 common stock purchase warrant, each exercisable for the purchase of an additional share of our common stock. The sale was made in reliance on the exemption from registration provided by Rule 506 of Regulation D under the Securities Act of 1933, as amended.

In connection with our April 23, 2002 Acquisition Agreement with Assure Oil & Gas Corp. and the shareholders of Assure Oil & Gas Corp. we issued an aggregate of 2,400,000 units to the shareholders of Assure Oil & Gas Corp. Each unit consisted of 1 share of our common stock, 1 Class A Warrant and 1 Class B Warrant. Each Class A Warrant and Class B Warrant is exercisable for the purchase of 1 additional share of our common stock. The sale of the units was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

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.

In July 2001, we issued 10,000 shares of our common stock to Ron Beit-Halachmy at a price of $.001 per share in consideration of his serving as one of our directors. The sale of the stock was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

In October 2000 and December 2000, respectively, we issued 250,000 shares of our common stock to Kaplan Gottbetter & Levenson, LLP, in exchange for legal services rendered, and 250,000 shares of our common stock to Dunlap Industries Ltd., in exchange for financial consulting services rendered. For purposes of the foregoing transactions, the shares were valued at $.10 per share. The sales of the stock were made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

In July 2000 we issued 300,000 shares of our common stock to each of Ed Kaplan and Douglas Kaplan at a price of $.001 per share or $300 on an aggregate basis. The sales were made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

In July 2000 we issued 3,000,000 shares of our common stock to Kaplan Design Group in exchange for 27 toy designs. These shares were valued at $.001 per share or $3,000 on an aggregate basis. The sale was made in reliance on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

ITEM 6. PLAN OF OPERATION

We were incorporated on August 11, 1999 in the state of Delaware 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 manufacturers' 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 Agreement with Assure Oil & Gas Corp. ("Assure O&G").

Assure O&G is actively engaged in the exploration, development, acquisition and production of petroleum and natural gas (P&NG) properties primarily located in Western Canada. In October 2000 Assure O&G 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 O&G has acquired varying interests, through farmout participations, asset purchases, crown land sales and corporate acquisitions, of both producing and prospective P&NG properties in the Western Sedimentary Basin of Western Canada.

On May 30, 2002 Assure O&G entered into a Share Purchase Agreement with the 3 shareholders of Westerra 2000 Inc. ("Westerra"), wherein Assure O&G acquired

Westerra, an Alberta, Canada corporation engaged in the exploration, development and production of oil and gas properties primarily located in Saskatchewan, Canada.

We plan to continue to explore, develop and acquire P&NG properties over the next twelve months to increase cash flow, and to build P&NG reserves. We anticipate engaging in 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 and corporate acquisitions. We also may from time to time acquire, or enter into strategic alliances with, complementary businesses to achieve these objectives.

We anticipate that our presently available capital resources together with expected oil and gas cash flow from our existing oil and gas production will be sufficient to fund our current oil and gas operations during the next twelve months. We intend to fund our acquisition strategy and new exploration programs during the next twelve months from oil and gas cash flow, working capital, sales of our securities and other available sources of financing. Our employee levels are expected to increase during the next twelve months in direct proportion to the anticipated expansion of our oil and gas exploration program and available cash resources. We do not presently anticipate any purchases or sales of plant or significant equipment other than the purchase of pump jacks which are used to enhance oil production and equipment utilized to transport gas to processing facilities. Alternatively, we may rent, lease or subcontract for the use of such equipment. We do no expect to engage in any material research and development activities during the next twelve months. The exploration of and drilling for oil and gas reserves is risky, uncertain and capital intensive. No assurance can be given that we will increase our oil and gas operations to the extent we anticipate or that if increased, our new acquisitions and exploration programs will prove to be successful.

ITEM 7. FINANCIAL STATEMENTS

The financial statements and supplementary data are included beginning immediately following the signature page to this report. See Item 13 for a list of the financial statements and financial statement schedules included.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND

FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

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EXECUTIVE OFFICERS, DIRECTORS AND KEY EMPLOYEES

Directors serve until the next annual meeting of the stockholders; until their successors are elected or appointed and qualified, or until their prior resignation or removal. Officers serve for such terms as determined by our board of directors. Each officer holds office until such officer's successor is elected or appointed and qualified or until such officer's earlier resignation or removal. No family relationships exist between any of our present directors and officers.

The following table sets forth certain information, as of April 8, 2003, with respect to our directors and executive officers.

Name	Positions Held	Age	Date of Election or Appointment as Director
Harvey Lalach	President, Chief Executive and Financial Officer, Director	37	September 12, 2002
James Golla	Secretary, Treasurer, Director	70	April 23, 2002

The following is a brief account of the business experience of each of our directors and executive officers during the past five years or more.

Harvey Lalach has served as a director for us since September 12, 2002, as a vice president from September 19, 2002 through December 6, 2002, as our president and chief executive officer since December 6, 2002 and as our chief financial officer since December 13, 2002. He also serves as president, chief executive and financial officer and as a director for each of Assure Oil & Gas Corp. and Westerra 2000 Inc. He is currently also the vice-president and a director of Instapay Systems Corp., a company that provides encryption technology for debit credit card transactions, whose common shares are publicly traded on the OTC Bulletin Board. Mr. Lalach was employed in the investment industry from 1987 to 1997 where he served as a securities trader, a floor trader and ultimately a branch manager for Green Line Investor Services, Inc. Mr. Lalach was the manager of administration and corporate relations for Goldtex Resources Ltd., a public mining company listed on TSX Venture Exchange Inc., from July 1997 to November 1998. He was the founder, president and director of GlobalNetCare, Inc. an Internet company whose shares are publicly traded on the OTC Bulletin Board, from November 1998 to March 2001. From September 2001 to July 2002, Mr. Lalach was the vice-president and director of Aubryn International Corp., a company that was mining for spring water in Southern California whose shares are publicly on the OTC Bulletin Board.

Mr. Golla has served as a director of ours since April 23, 2002. He served as our interim president and chief executive officer from August 1, 2002 until September 12, 2002. He has served as our secretary and treasurer since August 1, 2002. Mr. Golla was a sports and business journalist with the Globe and Mail, Canada's national newspaper, from 1954 until his retirement in November

1996. Mr. Golla is also currently a director of Altair Nanotechnologies Inc. and has been since May 1994, a company that is developing nanomaterial products and is listed on the NASDAQ small-cap market. Mr. Golla is a director of several other public companies including Apogee Minerals Ltd. (since February 1998), a public oil and gas exploration company listed on the TSX Venture Exchange, Inc., European Gold, a public gold exploration company listed on the TSX Venture Exchange, Inc., Radiant Energy Corp., a high tech company manufacturing products for the airline industry listed on the TSX Venture Exchange, Inc., and Barton Bay Resources, a public oil and gas company listed on the TSX Venture Exchange, Inc.

BOARD OF DIRECTORS

Our directors presently receive no remuneration for acting as such. Directors may however be reimbursed their expenses, if any, for attendance at meetings of the Board of Directors. Our Board of Directors may designate from among its members an executive committee and one or more other committees. No such committees have been appointed to date.

COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

Our common stock is not registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Accordingly, our officers, directors and principal shareholders are not subject to the beneficial ownership reporting requirements of Section 16(a) of the Exchange Act.

ITEM 10. EXECUTIVE COMPENSATION

The following table sets forth information concerning the total compensation paid or accrued by us during the three fiscal years ended December 31, 2002 to (i) all individuals that served as our chief executive officer or acted in a similar capacity for us at any time during the fiscal year ended December 31, 2002 and (ii) all individuals that served as executive officers of ours at any time during the fiscal year ended December 31, 2002 that received annual compensation during the fiscal year ended December 31, 2002 in excess of $100,000.

SUMMARY COMPENSATION TABLE

		Annual Compensation			Long-Term Compensation			
Name and Principal Position	Fiscal Year Ended December 31,	Salary	Bonus	Other Compen-sation	Options/ SARs	Restricted Stock Awards	LTIP Payouts	A

Ed Kaplan							
President and CEO	2002	0	0	0	0	0	0
	2001	0	0	0	0	0	0
	2000	0	0	0	0	0	0
Doug Kaplan							
President and CEO	2002	0	0	0	0	0	0
	2001	0	0	0	0	0	0
	2000	0	0	0	0	0	0
James Golla							
President and CEO	2002	0	0	0	20,000(1)	0	0
	2001	0	0	0	0	0	0
	2000	0	0	0	0	0	0
Suzanne West							
President and CEO	2002	$31,150(2)	0	0	0(3)	0	0
	2001	0	0	0	0	0	0
	2000	0	0	0	0	0	0
Harvey Lalach							
President and CEO	2002	$ 10,384	0	0	100,000(4)	0	0
	2001	0	0	0	0	0	0
	2000	0	0	0	0	0	0