

**Cubix Investments Ltd.**  
**Schedule C**  
Management Discussion and Analysis  
March 31, 2003

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**Description of Business**

Cubix Investments Ltd. ("Cubix") is an investment holding firm, which takes early equity and/or debt positions primarily in junior energy companies. Cubix' management's primary objective is to search for innovative investments opportunities, which will add to the equity value for its shareholders.

**Discussion of Operations and Financial Conditions**

During the last fiscal year ended June 30, 2002, Gemini Energy Corp. ("Gemini") arranged a working capital loan (the "Loan") with Cubix. Pursuant to the loan agreement, Gemini has available principal advances to a maximum amount of \$6,000,000, \$1,000,000 less than the loan limit of \$7,000,000. Cubix has advanced a total principal amount of \$5,300,000 US to date against a \$7,000,000 US line of credit. The term of the Loan is 60 months but may be repaid earlier in Gemini's discretion; the loan limit will be permanently reduced by any payments made on account of principal in the future. Interest is calculated monthly at 15%, compounded annually and is payable quarterly. Gemini has the option to defer payment of interest due so that the outstanding principal of the loan is increased by the amount of the interest deferred. Interest may only be deferred to a maximum of \$1,000,000 and no interest may be deferred that would increase the outstanding principal to be in excess of the loan limit. The Loan is not convertible to equity. As security for the Loan, Gemini will grant second charge security over its assets.

During the fiscal year ended June 2001, Cubix entered into a written agreement with a management company wholly-owned by a director of the Company to assist in providing administrative, compliance and accounting services and to assist in identifying investment opportunities for the Company. The agreement has a term of one year and is automatically renewed for successive one-year terms if not cancelled by either party.

During the first quarter ended September 30, 2002, Cubix purchased an aggregate total of 1,425,000 shares of Nation Energy Inc. ("Nation") for a total purchase price of \$379,099 Cdn. This purchase was consistent with the Company's purpose in increasing its early equity position in junior energy companies, particularly in the energy sector. As a result of these transactions, the Company now owns 11,010,000 shares or approximately 70% of the issued and outstanding common shares of Nation. In November 2001, Nation entered into a farm-in agreement with Olympia Energy under which it agreed to share the development costs and revenues for a natural gas project in Alberta, Canada. Under the terms of the Farm-in Agreement, Nation agreed to fund 25% of the cost to drill and complete a 4,800-meter well to earn a 15% interest after payout. A completion program was attempted on the well and the well flowed small amounts of gas and large amounts of salt water. Various attempts to shut off the salt water have been unsuccessful to date. Based on the results, Nation recorded an impairment of \$1,200,000 during the period ended December 2002.

During the second quarter ended December 31, 2002, the Company was not able to file the fourth quarter financial statements and mail the Annual General Meeting material in a timely manner due to delays in the audit of the year-end financial statements. Therefore the Company's Annual General Meeting of shareholders scheduled for December 12, 2002 was postponed to February 24, 2003. As a result, the British Columbia Securities Commission and Alberta Securities Commission issued the Company with a cease trade order and the TSX Venture Exchange suspended the Company's shares from trading as of November 28, 2002.

Also during the second quarter, the Company purchased an aggregate total of 93,800 shares of Gemini Energy Corp. through various purchases on the TSX Venture Exchange for a total purchase price of \$149,831 Cdn. These purchases were also consistent with the Company's purpose in increasing its equity position in the junior growth companies, primarily in the energy sector. As a result, the Company now owns 5,762,700 shares of Gemini Energy Corp.

During the third quarter, the Company filed its year-end and first quarter financial statements. This resulted in the British Columbia Securities Commission and Alberta Securities Commission lifting the cease trade order previously issued and the TSX Venture Exchange approving the Company for reinstatement. Effective February 4, 2003, the Company's shares resumed trading on the TSX Venture

Exchange. Also during the quarter, the Company held its Annual General Meeting of shareholders in Bermuda on February 24, 2003 and all resolutions put before the shareholders were approved.

The third quarter ending March 31, 2003 resulted in an aggregate comprehensive foreign exchange gain of \$2,060,105 US. The interest and other miscellaneous income amounted to \$1,193,493 US, when combined with a \$1,200,000 US booked write-down and operating expenses of \$660,142 US resulted in a net income for the period of \$2,169,391 US. The net increase in cash for the nine-month period was \$2,092,732 US leaving the cash on hand and cash equivalents at the end of the period in the amount of \$38,056,936 US.

The Company is one of fourteen named defendants in a lawsuit brought by a former employee and consultant for some of the corporate defendants, in the Arapahoe District Court, State of Colorado. The complaint does not specify the monetary damages sought by the plaintiff and his consulting company, however related pleadings indicated he is seeking \$100,000,000 US. The complaint groups together several corporate entities and refers to them as a single entity and as a result it is impossible to determine which claims specifically apply to the Company. Management of the Company is of the opinion that there are substantial defenses to the claim brought by the Plaintiff and intends to vigorously defend the lawsuit. Management and legal counsel are currently unable to assess the likelihood of loss or make a reasonable estimate of the amount thereof. A large part of the Company's legal fees with respect to the preparation for the trial were incurred during the last fiscal year, which explains the significant reduction in professional fees for this period (\$289,682 US) compared to the same period last year (\$675,441 US).

### **Liquidity and Solvency**

As of March 31, 2003 the Company has a net working capital of \$37,829,681 US.

### **Investor Relations**

The Company maintains a website, <http://www.cubixinvestments.com> and shareholders are encouraged to direct any inquiries to the Company's e-mail address, [info@cubixinvestments.com](mailto:info@cubixinvestments.com) which is the most effective and efficient avenue for shareholder communications. The Company does not have any contracts or arrangements with third parties for investor relations.