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POWDER RIVER BASIN GAS CORP  
Form 10KSB  
March 31, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-KSB

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004  
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TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-31945  
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POWDER RIVER BASIN GAS CORP.  
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(Name of small business issuer as specified in its charter)

104, 3208 8th Avenue NE  
Calgary, Alberta T2A 7V8  
(403) 263-4145  
-----

(Address of principal executive office & telephone number)

Colorado  
-----

84-1521645  
-----

(State of incorporation)

(IRS Employer Identification #)

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

Securities registered under Section 12(g) of the Exchange Act: Common  
Stock, \$.001 par value

Check whether the issuer (1) has filed all reports required to be  
filed by Section 13 or 15(d) of the Securities Exchange Act of 1934  
during the preceding 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.

Check if disclosure of delinquent filers in response to Item 405 of  
Regulation SB is not 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 issuer's revenues for the most recent fiscal year:  
2004 \$2,184,880

The aggregate market value of the voting and non-voting common equity  
held by non-affiliates computed by reference to the average bid and asked  
price of such common equity, as of December 31, 2004 was \$20,998,544.

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The current number of shares outstanding of Powder River Basin Gas Corporation common stock is 104,050,961 as of December 31, 2004.

## Documents Incorporated by Reference

Powder River Basin Gas Corporation incorporates by reference in Part III of this Form 10-KSB, the registrant's Report on Form 8-K, as amended, with exhibits thereto, filed December 31, 2004 under the Securities Act of 1933.

Transitional Small Business Disclosure Format (check one): [ ] Yes [X] No

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## Description of Business

Powder River Basin Gas Corporation ("PRVB" or the "Company") was incorporated as Celebrity Sports Network in the State of Colorado on August 27, 1999. On September 5, 2001; Celebrity Sports Network acquired Powder River Basin Gas Corporation, a private corporation incorporated in the State of Colorado on June 13, 2001. Subsequently, Celebrity Sports Network changed the name of the corporation from Celebrity Sports Network to Powder River Basin Gas Corporation.

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Celebrity Sports Network was formed in an effort to broaden the scope of appearances available to current and former professional athletes. The company intended to assist athletes in refining their speaking and presentation skills to increase marketability, gain a market for the athletes, and market the athletes for speaking engagements. From inception, Celebrity Sports Network has remained a development stage company, with primary focus on organizational matters, acquiring candidate athletes as clients, and developing its marketing and business plans. Due to disappointing results; operational losses, lack of working capital, and less than acceptable results from initial business plan implementations; Celebrity Sports Network decided to explore other business opportunities, both within and outside the sports management industry. Ultimately, Celebrity Sports Network has acquired and become Powder River Basin Gas Corporation.

### Business

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Powder River Basin Gas Corporation is an oil and gas exploration company that is engaged in the evaluation and development of coalbed methane (CBM) reserves as well as shallow oil reserves within the Powder River Basin in the State of Wyoming.

Powder River Basin Gas Corporation's focus has been in obtaining leasehold interests in acreage within the Powder River Basin, currently a most prolific coalbed methane gas exploration play in the domestic United States. Its attributes include low cost, shallow depth drilling and completion; a proven play with major operators and an existing and expanding infrastructure; greater and longer production yields when comparing cost/benefit analyses to other basins and, a very low exploration risk.

As of December 31, 2004, Powder River Basin Gas Corporation owns a total of 11,878 acres in thirteen different leases within Converse, Crook, Johnson, and Sheridan counties. The company has a 100 percent working interest in most of their leases to date. Powder River Basin Gas Corporation's leases are adjacent to larger CBM developers and operators such as Western Gas Resources, Williams Companies, Phillips Petroleum, J.M. Huber and others. This close proximity to other operators allows PRVB to benefit from the established infrastructure of gathering systems, pipelines, electricity sources, roads, etc.

As of January 2002, Powder River Basin Gas Corporation has drilled and completed two CBM wells in their Zullig Lease, located just west of Clearmont, Wyoming in Sheridan County. Both wells are reported completed in the Monarch coal seam, which is located at a depth of approximately 800 feet. One of the two wells was tested and produced at an initial rate of 702 Mcf (thousand cubic) per day. The company expects to produce 300 Mcf per day from these wells, which will extend yields and maintain production consistency. In addition, Powder River Basin Gas Corporation drilled eleven other wells on the lease to a minimal depth of ten percent of their total depth in order to meet certain state requirements in reducing the well spacing from eighty acres to forty acres.

As of December 31, 2003, the Company completed a purchase of 960 acres in Arcadia Parish, Louisiana.

During 2004, the Company also purchased a 25% working interest in a 9 well re-work program in Oklahoma. Five wells have been re-worked and were put in production during 2004 with the remaining four to be completed in 2005.

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The Company also purchased a 22 well re-work program in Louisiana in November of 2004 and well re-work was started immediately with all wells to be in production in 2005.

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### Pricing

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Powder River Basin Gas Corporation's average cost to drill, complete and tie-in a CBM well to existing infrastructure is estimated to be \$75,000 per well.

Powder River Basin Gas Corp.'s average cost to recomplete the existing wells on the new acquisitions is estimated at \$15,000 per well.

### Plan of Operation

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PRVB's short-term focus will continue to be on developing and monetizing its CBM and shallow oil assets within the Powder River Basin and to seek additional opportunities to expand its current asset base as well as pursue other acquisitions that will enhance shareholder equity.

PRVB plans to recomplete an additional six wells on Arcadia Parish property as well as pursue acquisitions of small production properties.

Powder River Basin Gas Corp. will continue to aggressively pursue a program of re-work projects where-in properties can be purchased and wells re-completed and brought on production.

Powder River Basin Gas Corp. will also continue to develop and monetize its CBM and shallow oil & gas assets in the Powder River Basin.

### Marketing

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Powder River Basin Gas Corporation will review and analyze their available options to sell at the wellhead or transport their production to the highest value markets and will implement those options that generate the highest overall value for the Company. The available natural gas pipelines near the Company's acreage include: Bitter Creek Pipeline, Williston Basin Interstate Pipeline, Fort Union, MIGC, and Northern Pipeline. It is anticipated that no additional processing or treating will be necessary to meet pipeline specifications.

Powder River is currently marketing Oil and Gas to Shell Oil, Conoco Phillips, Farmland Coop, 88 oil and Gas, Kinder Morgan and Texas Gas Corp.

### Description of Properties

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Powder River Basin Gas Corporation's offices are located in Calgary, Alberta and Tulsa, Oklahoma.,

As of November 2001, Powder River Basin Gas Corporation had 80 to 100 percent working interest in the following CBM and shallow oil leases:

Lease	County	Net Acres	Gross Acres
-----	-----	-----	-----

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Cranston	Crook	1,934	1,934
Franklin	Crook	620	1,944
Griffith(1)	Crook	320	640
Griffith (2)	Crook	160	320
Griffith (3)	Crook	440	600
Kanode	Crook	920	1,000
Olds (D-Road)	Crook	200	640
Olds (Keyhole)	Crook	120	480
Karmon	Johnston	320	320
Noteboom	Johnston	800	800
Legerski	Sheridan	340	360
Robb	Sheridan	1,486	2,520
Zullig	Sheridan	256	320
-----	-----	-----	-----
		7,916	11,878

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Producing properties at Dec. 31-2004

Leonard Heirs	Acadia Parish	960	100% working interest
Osage Project	Osage County	960	25% working interest
Springhill Project A	Webster Parish	154	100% working interest
Springhill Project B	Bossier Parish	440	100% working interest
Converse County	Converse County	1815	100% working interest

Legal Proceedings

The company had an uncontested judgment which was filed in the state of Colorado on December 31, 2003 in the amount of \$111,500. The company management was not served notice and was unaware of this action..

On December 31, 2003 the company had an outstanding judgment in the amount of \$111,500.

An additional judgment surfaced during 2004 in the amount of 72,079 . Neither of these was disclosed to current management and were not reported by the Company contracted to search corporate records when the control changed in December 2003.

Both were settled during 2004.

Management is not aware of any further outstanding court actions.

Submission of Matters to a Vote of Security Holders

None during the year ended December 31, 2004.

Market for Common Equity and Related Stockholder Matters

Market Information

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The common stock of Powder River Basin Gas Corporation is traded on the OTC Bulletin Board under the symbol PRVB.

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Holders

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Powder River Basin Gas Corporation has 104,050,961 shares of common stock

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outstanding as of December 31, 2004.

Powder River Basin Gas Corporation has approximately 400 shareholders.

### Dividend Policy

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Powder River Basin Gas Corporation has never paid dividends on its common stock and does not anticipate paying any dividends in the foreseeable future. Management anticipates that earnings will be retained to fund the company's working capital needs and expansion of the business.

### Management's Discussion and Analysis

The Company's operations consist primarily of exploration and development of oil and gas properties. While oil and natural gas are the principal products currently produced by the Company, the Company does not refine or process the oil and natural gas that it produces. The Company sells the oil and gas it produces under short-term contracts at market prices in the areas in which the producing properties are located, generally at F.O.B. field prices posted by the principal purchaser of oil in such areas.

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### Results of Operations

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#### Revenues

The Company recognized its first ever revenue during 2004. The Company had no revenue in 2003 and at the end of the first quarter of 2004 had revenue of 39,063.

The Company completed its first year under current management with a total revenue of \$2,184,880.

#### Costs and Expenses

The Companies general and administrative expenses for the fiscal year ended December 31, 2004 were \$554,854.

Commissions and professional fees	-	472,646
Interest Expense	-	47,007
Lease operating expense	-	97,025
Total	-	1,171,532

The Company's general and administrative expenses for the fiscal year ended December 31, 2003 were \$204,528.

The Company went through a change of control in May of 2003 and again went through a complete change of control and management in December of 2003. The Company had no change of control or change of management in 2004. The Company realized a net profit of \$1,007,575 for the fiscal year ended December 31, 2004.

#### Net Income (Loss)

#### Liquidity and Capital Resources

#### Non-Cash Transactions

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Accounts Payable

Current Liabilities

History of Losses  
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Operational Management  
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The Company was taken over by new management at the end of December 2003 and during the first quarter of 2004 a new team was put in place that is qualified to maximize the potential of the company's assets.

Need for Additional Financing for Growth  
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The Company will be pursuing additional capital by way of private funding and possible joint ventures to complete development of existing properties as well as further acquisitions during 2005.

Well re-completion will continue from existing cash flow.

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Acquisition Risks  
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The Company's business strategy includes focused acquisitions of producing oil and natural gas properties in addition to the existing well program re-work program. Any such future acquisitions will require an assessment of the recoverable reserves, future oil and natural gas prices, operating costs, potential environmental and other liabilities and other similar factors. It generally is not feasible to review in detail every individual property involved in an acquisition. Ordinarily, review efforts are focused on the higher-valued properties. However, even a detailed review of all properties and records may not reveal existing or potential problems; nor will it permit the Company to become sufficiently familiar with the properties to assess fully their deficiencies and capabilities. Inspections are not always performed on every well, and potential problems, such as mechanical integrity of equipment and environmental conditions that may require significant remedial expenditures, are not necessarily observable even when an inspection is undertaken. Even if problems are identified, the seller may be unwilling or unable to provide effective contractual protection against all or part of such problems. There can be no assurance that oil and natural gas properties acquired by the Company will be successfully integrated into the Company's operations or will achieve desired profitability objectives.

Inability to Develop Additional Reserves  
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The Company's future success as an oil and natural gas producer, as is generally the case in the industry, depends upon its ability to find, develop and acquire additional oil and natural gas reserves that are economically recoverable. Except to the extent that the Company conducts successful development activities or acquires properties containing proved reserves, the Company's proved reserves will generally decline as reserves are produced. There can be no assurance that the Company will be able to locate additional reserves or that the Company will drill economically productive wells or acquire properties containing proved reserves.

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### Certain Industry and Marketing Risks

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The Company's operations are subject to the risks and uncertainties associated with drilling for, producing and transporting of oil and natural gas. The Company's future ability to market its natural gas and oil production will depend upon the availability and capacity of natural gas gathering systems and pipelines and other transportation facilities. Federal and state regulation of oil and natural gas production and transportation, general economic conditions, changes in supply and in demand all could materially affect the Company's ability to market its oil and natural gas production.

### Effects of Changing Prices

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The future financial condition and results of operations of the Company depend upon the prices it receives for its oil and natural gas and the costs of acquiring, developing and producing oil and natural gas. Oil and natural gas prices have historically been volatile and are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are also beyond the Company's control. These factors include, without limitation, the level of domestic production, the availability of imported oil and natural gas, actions taken by foreign oil and natural gas producing nations, the availability of transportation systems with adequate capacity, the availability of competitive fuels, fluctuating and seasonal demand for natural gas, conservation and the extent of governmental regulation of production, weather, foreign and domestic government relations, the price of domestic and imported oil and natural gas, and the overall economic environment. A substantial or extended decline in oil and/or natural gas prices could have a material adverse effect on the Company's estimated value of its natural gas and oil reserves, and on its financial position, results of operations and access to capital. The Company's ability to maintain or increase its borrowing capacity, to repay current or future indebtedness and to obtain additional capital on attractive terms is substantially dependent upon oil and natural gas prices.

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The Company uses the full cost method of accounting for its investment in oil and gas properties. Under the full cost method of accounting, all costs of acquisition, exploration and development of oil and gas reserves are capitalized into a "full cost pool" as incurred, and properties in the pool are depleted and charged to operations using the unit-of-production method based on the ratio of current production to total proved oil and gas reserves. To the extent that such capitalized costs (net of accumulated depreciation, depletion and amortization) less deferred taxes exceed the SEC PV-10 (present value discounted at 10% as dictated by the SEC) of estimated future net cash flow from proved reserves of oil and gas, and the lower of cost or fair value of unproved properties after income tax effects, such excess costs are charged against earnings. Once incurred, a write-down of oil and gas properties is not reversible at a later date even if oil or gas prices increase.

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CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2004 and 2003

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/Letterhead/	

INDEPENDENT AUDITORS' REPORT

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To the Stockholders and Board of Directors  
Powder River Basin Gas Corp.  
Calgary, Alberta, Canada

We have audited the accompanying consolidated balance sheets of Powder River Basin Gas Corp. as of December 31, 2004 and 2003 and the related consolidated statement of operations, stockholders' equity and comprehensive income and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, audits of its internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by

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management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Powder River Basin Gas Corp. as of December 31, 2004 and 2003 and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/S/ Chisholm, Bierwolf & Nilson, LLC

Chisholm, Bierwolf & Nilson, LLC  
Bountiful, Utah  
February 23, 2005

### POWDER RIVER BASIN GAS CORP Consolidated Balance Sheets

ASSETS -----	December 31, -----	
	2004	2003
	-----	-----
<b>CURRENT ASSETS</b>		
Cash	\$ 168,539	\$ -
Accounts receivable (Notes 1 and 4)	1,081,719	-
Total Current Assets	1,250,258	-
PROPERTY AND EQUIPMENT, NET (Notes 1 and 2)	12,896	-
<b>OIL AND GAS PROPERTIES USING FULL COST ACCOUNTING (Note 1)</b>		
Properties not subject to amortization	1,669,114	2,330,265
Properties being amortized	1,063,674	-
Accumulated amortization	(5,630)	-
Net Oil and Gas Properties	2,727,158	2,330,265
<b>OTHER ASSETS</b>		
Deposits	15,500	-
Total Other Assets	15,500	-
<b>TOTAL ASSETS</b>	<b>\$ 4,005,812</b>	<b>\$ 2,330,265</b>

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The accompanying notes are an integral part of these financial statements.

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POWDER RIVER BASIN GAS CORP  
Consolidated Balance Sheets (Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31,	
	2004	2003
CURRENT LIABILITIES		
Accounts payable	\$ 23,094	\$ 8,778
Accrued expenses	-	48,193
Note payable, related party (Notes 3 and 4)	137,226	200,000
Notes payable (Note 3)	354,700	411,400
Total Current Liabilities	515,020	668,371
Total Liabilities	515,020	668,371
COMMITMENTS AND CONTINGENCIES (Note 5)		
STOCKHOLDERS' EQUITY		
Common stock; par value \$0.001 per share; authorized 200,000,000 shares; 104,050,961 and 84,387,833 shares issued outstanding, respectively	104,050	84,387
Capital in excess of par value	6,115,479	5,316,524
Other comprehensive income (Note 7)	2,705	-
Accumulated deficit	(2,731,442)	(3,739,017)

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Total Stockholders' Equity	3,490,792	1,661,894
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,005,812	\$ 2,330,265
	=====	=====

The accompanying notes are an integral part of these financial statements.  
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POWDER RIVER BASIN GAS CORP  
Consolidated Statements of Operations

	December 31,	
	2004	2003
	-----	-----
REVENUE		
Oil and gas sales	\$ 248,328	\$ -
Property and working interest sales (Note 8)	1,936,552	-
	-----	-----
Total Revenue	2,184,880	-
	-----	-----
EXPENSES		
Depreciation, depletion and amortization	5,773	-
General and administrative	554,854	204,528
Commissions on working interest sales	472,646	-
Lease operating costs	97,025	-
Legal and professional	-	-
Travel	-	-
Loss on abandonment of lease	-	354,217
	-----	-----
Total Expenses	1,130,298	558,745
	-----	-----
NET OPERATING INCOME (LOSS)	1,054,582	(558,745)
	-----	-----
OTHER INCOME (EXPENSE)		
Interest expense	(47,007)	(49,240)
	-----	-----
Total Other Income (Expense)	(47,007)	(49,240)
	-----	-----
NET INCOME (LOSS) BEFORE INCOME TAXES	1,007,575	(607,985)
INCOME TAXES (Note 1)	-	-
	-----	-----
NET INCOME (LOSS)	\$ 1,007,575	\$ (607,985)
	=====	=====
BASIC INCOME (LOSS) PER COMMON SHARE (Note 1)	\$ 0.01	\$ (0.02)
	=====	=====
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	92,967,515	39,616,189
	=====	=====

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The accompanying notes are an integral part of these financial statements.  
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POWDER RIVER BASIN GAS CORP  
Consolidated Statements of Comprehensive Income (Loss)

	December 31,	
	2004	2003
	-----	-----
NET INCOME (LOSS)	\$ 1,007,575	\$ (607,985)
OTHER COMPREHENSIVE INCOME		
Foreign currency translation adjustments	2,705	-
	-----	-----
Total Other Comprehensive Income (Note 7)	2,705	-
	-----	-----
NET COMPREHENSIVE INCOME (LOSS)	\$ 1,010,280	\$ (607,985)
	=====	=====

The accompanying notes are an integral part of these financial statements.  
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POWDER RIVER BASIN GAS CORP  
Consolidated Statements of Stockholders' Equity and Comprehensive Income  
For the Years Ended December 31, 2004 and 2003

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	Common Stock		Paid-In Capital	Other Compre- hensive Income	Accumulated Deficit	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance, December 31, 2002	20,437,833	\$ 20,437	\$3,870,467	\$ -	\$ (3,131,032)	(920,000)	\$ (920)
Shares issued to a related party for debt reduction valued at \$0.07 per share	4,700,000	4,700	343,000	-	-	-	-
Shares issued for settlement of accounts payable and accrued wages at \$0.009 per share	16,000,000	16,000	131,317	-	-	-	-
Shares issued for services rendered at \$0.023 per share	5,250,000	5,250	115,500	-	-	-	-
Shares issued for the acquisition of Arcadia Project at \$0.023 per share	38,000,000	38,000	836,000	-	-	-	-
Shares issued for services at \$0.023 per share	-	-	20,240	-	-	920,000	920
Net loss for the year ended December 31, 2003	-	-	-	-	(607,985)	-	-
Balance, December 31, 2003	84,387,833	84,387	5,316,524	-	(3,739,017)	-	-

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Common stock issued for conversion of debt at \$0.023 per share	3,440,856	3,441	76,559	-	-	-	-
Common stock issued for cash at \$0.04 per share	2,500,000	2,500	97,500	-	-	-	-
Common stock issued for cash at \$0.04 per share	1,250,000	1,250	48,750	-	-	-	-
Common stock issued for debt financing costs and interest at \$0.024 per share	2,918,939	2,919	65,899	-	-	-	-
Balance Forward	94,497,628	\$ 94,497	\$5,605,232	\$ -	\$ (3,739,017)	-	\$ -

The accompanying notes are an integral part of these financial statements.  
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POWDER RIVER BASIN GAS CORP  
Consolidated Statements of Stockholders' Equity and Comprehensive Income  
For the Years Ended December 31, 2004 and 2003

	Common Stock		Paid-In Capital	Other Comprehensive Income	Accumulated Deficit	Treasury Stock	
	Shares	Amount				Shares	Amount
Balance Forward	94,497,628	\$ 94,497	\$5,605,232	\$ -	\$ (3,739,017)	-	\$ -
Common stock issued for cash at \$0.04 per							

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share	1,250,000	1,250	48,750	-	-	-	-
Common stock issued for cash at \$0.04 per share	2,000,000	2,000	78,000	-	-	-	-
Common stock issued for conversion of debt at \$0.064 per share	4,583,333	4,583	286,817	-	-	-	-
Common stock issued for services at \$0.05 per share	1,100,000	1,100	53,900	-	-	-	-
Common stock issued for services at \$0.07 per share	620,000	620	42,780	-	-	-	-
Foreign currency translation adjustment	-	-	-	2,705	-	-	-
Net income for the year ended December 31, 2004	-	-	-	-	1,007,575	-	-
Balance, December 31, 2004	104,050,961	\$104,050	\$6,115,479	\$ 2,705	\$ (2,731,442)	-	\$ -
	=====	=====	=====	=====	=====	=====	=====

The accompanying notes are an integral part of these financial statements.

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POWDER RIVER BASIN GAS CORP.  
Consolidated Statements of Cash Flows

	December 31,	
	-----	
	2004	2003
	-----	

CASH FLOWS FROM OPERATING ACTIVITIES



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Net income (loss)	\$1,007,575	\$(607,985)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Common stock issued for services rendered	98,400	141,910
Common stock issued for retirement of accounts payable and accrued expenses	68,818	177,318
Loss on abandonment of leases	-	354,217
Depreciation, depletion and amortization	5,773	-
Changes in operating assets and liabilities:		
Increase in accounts receivable	(1,081,719)	-
Increase in deposits	(15,500)	-
Increase (decrease) in accounts payable and accrued expenses	(33,877)	(106,002)
	-----	-----
Net Cash Provided by (Used in) Operating Activities	49,470	(40,542)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(13,039)	-
Relinquishment of leases/sale of interest in leases	255,274	-
Expenditures for oil and gas property development	(230,297)	(172,014)
	-----	-----
Net Cash Used in Investing Activities	11,938	(172,014)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable and long-term liabilities	(250,574)	-
Proceeds from notes payable and long-term liabilities	75,000	200,000
Proceeds from issuance of common stock	280,000	-
	-----	-----
Net Cash Provided by Financing Activities	104,426	200,000
	-----	-----
EFFECT OF CURRENCY EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	2,705	-
	-----	-----
NET INCREASE (DECREASE) IN CASH	168,539	(12,556)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	-	12,556
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 168,539	\$ -
	=====	=====

The accompanying notes are an integral part of these financial statements.

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POWDER RIVER BASIN GAS CORP.  
Consolidated Statement of Cash Flows (Continued)

	December 31,	
	-----	-----
	2004	2003
	-----	-----

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### CASH PAID FOR:

Interest	\$	22,226	\$	-
Income taxes	\$	-	\$	-

### NON-CASH FINANCING ACTIVITIES:

Common stock issued to retire accounts payable	\$	68,818	\$	177,318
Common stock issued for services rendered	\$	98,400	\$	141,910
Common stock issued for satisfaction of debt and interest	\$	440,218	\$	317,699
Oil & gas properties acquired through the issuance of debt	\$	427,500	\$	-

The accompanying notes are an integral part of these financial statements.

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### POWDER RIVER BASIN GAS CORP.

Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

#### NOTE 1 -ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Organization

The Company was incorporated under the laws of Colorado on August 27, 1999 as Celebrity Sports Network, Inc. The principal activities since inception have been organizational matters and obtaining financing. The Company was formed in an effort to broaden the scope of public appearances available to current and former professional athletes. The Company, however, changed their operations in 2001 through a reverse acquisition with Powder River Basin Gas Corp., an oil and gas company.

Power River Basin Gas Corp. (PRBG) was incorporated in the state of Colorado on June 13, 2001. The Company is engaged in the business of assembling and managing a portfolio of undeveloped acreage in the Powder River basin coal bed methane (CBM) play in Sheridan County, Wyoming. This acreage is located in a proven geological setting and near operators such as Western Gas Resources, Barrett Resources,

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Phillips Petroleum, J.M. Huber and others. The Company has leasehold interests in 8,097 net acres. Two wells have been drilled on one lease and eleven additional wells have been spudded. During 2004, the Company also purchased a 960 acre oil and gas lease in Louisiana which has nine wells. Five of the wells are in production and the other four require rework and cleanout to be activated. In November 2004, the Company purchased twenty-two wells in Louisiana, which also require rework and cleanout to be activated. Also during 2004, the Company purchased a 25% working interest in nine wells in Osage County, Oklahoma.

Pursuant to a reverse acquisition and reorganization agreement, PRBG was acquired by Celebrity Sports on September 5, 2001. At the time of the acquisition, the Company changed its name to Power River Basin Gas Corp. and issued 9,000,000 shares of common stock for all the issued and outstanding stock of PRBG; thus, making PRBG a wholly-owned subsidiary of the Company. Because PRBG is the accounting acquirer in the reverse acquisition, all financial history in these financial statements are that of PRBG.

The Company issued 9,000,000 shares of common stock for the receipt of 9,000,000 shares of PRBG, therefore, an adjustment to the shares outstanding was necessary to reflect the other shareholders of the Company at the time of acquisition. No goodwill was recorded in the acquisition, and the purchase method of accounting was issued in recording the business combination.

### b. Accounting Method

The Company's consolidated financial statements are prepared using the accrual method of accounting. The Company has elected a December 31 year-end.

### c. Basis of Consolidation

The consolidated financial statements include the accounts of Celebrity Sports Network, Inc. and PRBG. All significant inter-company accounts and transactions have been eliminated in the consolidation.

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POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

### d. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. In these consolidated financial statements assets and liabilities involve extensive reliance on management's estimates.

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Actual results could differ from those estimates.

### e. Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents.

### f. Bad Debts

Bad debts on receivables are charged to expense in the year the receivable is determined uncollectible, therefore, no allowance for doubtful accounts is included in the consolidated financial statements. Amounts determined as uncollectible are not significant to the overall presentation of the consolidated financial statements.

### g. Revenue and Cost Recognition

#### Oil and Gas Properties

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The full cost method is used in accounting for oil and gas properties. Accordingly, all costs associated with acquisition, exploration, and development of oil and gas reserves, including directly related overhead costs, are capitalized. In addition, depreciation on property and equipment used in oil and gas exploration and interest costs incurred with respect to financing oil and gas acquisition, exploration and development activities are capitalized in accordance with full cost accounting. Capitalized interest for the years ended December 31, 2004 and 2003 was \$0. All capitalized costs of proved oil and gas properties subject to amortization are being amortized on the unit-of-production method using estimates of proved reserves. Investments in unproved properties and major development projects not subject to amortization are not amortized until proved reserves associated with the projects can be determined or until impairment occurs. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. As of December 31, 2003, proved oil and gas reserves had been identified on one of the Company's oil and gas properties, however, no extraction had begun until 2004; therefore, no amortization has been recorded for the year ending December 31, 2003. During the year ended December 31, 2004, the Company recorded depletion of \$5,630 on its properties. All other wells are incomplete as of December 31, 2004 and 2003.

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POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

#### NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### h. Income (Loss) Per Share

The computation of income (loss) per share of common stock is based on the weighted average number of shares outstanding at the date of the consolidated financial statements.

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	Income (Loss) (Numerator)	Shares (Denominator)	Per-Share Amount
	-----	-----	-----
For the year ended December 31, 2004:			
Basic EPS			
Income to common stockholders	\$ 1,007,575	92,967,515	\$ 0.01
	=====	=====	=====
For the year ended December 31, 2003:			
Basic EPS			
Loss to common stockholders	\$ (607,985)	39,616,189	\$ ( 0.02)
	=====	=====	=====

i. Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss, tax credit carry-forwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The income tax provision differs from the amount of income tax as determined by applying the U.S. federal income tax rate of 34% to pretax income (loss) from operations due to the following:

	For the Years Ended December 31,	
	2004	2003
	-----	-----
Net income (loss)	\$ 1,007,575	\$ (607,985)
Stock issued for services	98,400	141,910
Depreciation and amortization	(16,000)	-
NOL carryforward applied to current year	(1,089,975)	-
Valuation allowance	-	466,075
	-----	-----
Net tax provision	\$ -	\$ -
	=====	=====

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POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(Continued)

### i. Income Taxes (Continued)

At December 31, 2004, the Company had net operating loss carryforwards of approximately \$1,000 that may be offset against future taxable income from the year 2005 through 2024. No tax benefit has been reported in the December 31, 2004 financial statements since the potential tax benefit is offset by a valuation allowance of the same amount.

Net deferred tax assets (liabilities) consist of the following components:

	December 31,	
	2004	2003
Operating loss carryforwards	\$ 300	\$ 337,000
Valuation allowance	(300)	(337,000)
Net deferred tax assets (liabilities)	\$ -	\$ -
	=====	=====

Due to the change in ownership provisions of the Tax Reform Act of 1986, net operating loss carryforwards for Federal income tax reporting purposes are subject to annual limitations. Should a change in ownership occur, net operating loss carryforwards may be limited as to use in the future years.

### j. Property and Equipment

Property and equipment is stated at cost. Expenditures that materially increase useful lives are capitalized, while ordinary maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, ranging as follows:

Vehicles	5 years
Computer equipment	3 years

### k. Impairment of Long-Lived Assets

In accordance with Financial Accounting Standards Board Statement No. 121, the Company records impairment of long-lived assets to be held and used or to be disposed of when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount. At December 31, 2004 and 2003, no impairments were recognized.

### l. Financial Instruments

The recorded amounts of financial instruments, including cash equivalents, accounts payable and accrued expenses, and long-term debt approximate their market values as of December 31, 2004 and 2003. The Company has no investments in derivative financial instruments.

POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

m. Concentrations of Risk

Functional Currency & Foreign Currency Translation  
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The Company's functional currency is the U.S. dollar. In accordance with the Statement of Financial Accounting Standard No. 52, FOREIGN CURRENCY TRANSLATION, the assets and liabilities denominated in foreign currency are translated into U.S. dollars at the current rate of exchange existing at period end and revenues and expenses are translated at average monthly exchange rates. Related translation adjustments are reported as a separate component of stockholders' equity, whereas, gains or losses relating from foreign currency transactions are included in the results of operations.

Cash  
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The Company has, in its bank account, funds in excess of the \$100,000 that is federally insured. In the event of the failure of the bank, the Company would sustain a loss of funds that exceed \$100,000. At December 31, 2004, the amount of funds in a single account that exceeded the federally insured limit was \$68,539.

n. Newly Adopted Pronouncements

On December 16, 2004, the FASB issued SFAS No. 123(R), SHARE-BASED PAYMENT, which is an amendment to SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION. This new standard eliminates the ability to account for share-based compensation transactions using Accounting Principles Board ("APB") Opinion No. 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and generally requires such transactions to be accounted for using a fair-value-based method and the resulting cost recognized in our financial statements. This new standard is effective for awards that are granted, modified or settled in cash in interim and annual periods beginning after June 15, 2005. In addition, this new standard will apply to unvested options granted prior to the effective date. The Company will adopt this new standard effective for the fourth fiscal quarter of 2005, and has not yet determined what impact this standard will have on its consolidated financial position or results of operations.

In November 2004, the FASB issued SFAS No. 151, INVENTORY COSTS AN AMENDMENT OF ARB NO. 43, CHAPTER 4. This Statement amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). Paragraph 5 of ARB 43, Chapter 4, previously stated that ". . . under some circumstances, items such as idle facility expense, excessive spoilage, double freight, and rehandling costs may be so abnormal as to require treatment as current period charges. . . ." This Statement requires

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that those items be recognized as current-period charges regardless of whether they meet the criterion of "so abnormal." In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. This statement is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. Management does not believe the adoption of this Statement will have any immediate material impact on the Company.

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POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

n. Newly Adopted Pronouncements (Continued)

In December 2004, the FASB issued SFAS No. 152, ACCOUNTING FOR REAL ESTATE TIME-SHARING TRANSACTIONS, which amends FASB statement No. 66, Accounting for Sales of Real Estate, to reference the financial accounting and reporting guidance for real estate time-sharing transactions that is provided in AICPA Statement of Position (SOP) 04-2, Accounting for Real Estate Time-Sharing Transactions. This statement also amends FASB Statement No. 67, Accounting for Costs and Initial Rental Operations of Real Estate Projects, to state that the guidance for (a) incidental operations and (b) costs incurred to sell real estate projects does not apply to real estate time-sharing transactions. The accounting for those operations and costs is subject to the guidance in SOP 04-2. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

In December 2004, the FASB issued SFAS No. 153, EXCHANGE OF NONMONETARY ASSETS. This Statement addresses the measurement of exchanges of nonmonetary assets. The guidance in APB Opinion No. 29, Accounting for Nonmonetary Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This Statement is effective for financial statements for fiscal years beginning after June 15, 2005. Earlier application is permitted for nonmonetary asset exchanges incurred during fiscal years beginning after the date of this statement is issued. Management believes the adoption of this Statement will have no impact on the financial statements of the Company.

The implementation of the provisions of these pronouncements are not expected to have a significant effect on the Company's consolidated financial statement presentation.

NOTE 2 - PROPERTY AND EQUIPMENT



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Property and equipment consisted of the following:

	December 31,	
	2004	2003
Vehicles	\$ 8,600	\$ -
Computer equipment	4,439	-
Totals	13,039	-
Less: accumulated depreciation	(143)	-
Property and Equipment Net	\$ 12,896	\$ -

Depreciation expense for the years ended December 31, 2004 and 2003 was \$143 and \$-0-, respectively.

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POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

NOTE 3 - NOTES PAYABLE

Notes payable are detailed in the following schedules:

	December 31,	
	2004	2003
Note payable to a company, due in total in January 2002, including interest at 10%.	\$ -	\$ 86,400
Note payable to an individual, due in total in January 2003, including interest at 12%.	-	25,000
Note payable to an individual, due on demand, non-interest bearing.	146,000	40,000
Convertible debenture to a company, due in total by conversion of stock, including interest at 6%.	-	260,000
Note payable to a related company, due on demand, including interest at 12%.	137,226	200,000
Note payable to a company, due on demand, non-interest bearing.	208,700	-
Total Notes Payable	491,926	611,400
Less: related party note	(137,226)	(200,000)

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Less: current portion	(354,700)	(411,400)
	-----	-----
Total Long-Term Notes Payable	\$ -	\$ -
	=====	=====

### NOTE 4 - RELATED PARTY TRANSACTIONS

As of December 31, 2004, the Company was owed \$265,193 from a related company. This amount is included in accounts receivable.

As of December 31, 2004 and 2003, the Company had a note payable due to a related company in the amount of \$137,226 and \$200,000, respectively. The note payable is due upon demand and bears interest at 12% per annum.

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POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

### NOTE 5 - COMMITMENTS AND CONTINGENCIES

The Company has entered into various oil and gas leases from several land owners. Associated with the agreements, the Company is committed to various royalty agreements ranging from 15% to 25% of gross revenue production. Some of the leases also provide for a minimum royalty. As of December 31, 2004 and 2003, no royalties were due.

### NOTE 6 - STOCK TRANSACTIONS

During 2003, the Company issued a total of 20,700,000 shares of common stock in settlement of \$347,700 of related party debt and \$147,317 of accounts payable and accrued wages. Accordingly, \$474,317 has been charged to additional paid in capital.

In September 2003, the Company issued 5,250,000 shares of common stock for services rendered on behalf of the Company. The services were valued at a total amount of \$126,000.

On December 16, 2003, the Company issued 38,000,000 shares of common stock to acquire an oil and gas property. The property was valued using the average fair market value of the Company's common stock during the month of December multiplied by the number of shares issued. Therefore, the property was valued at a total price of \$874,000.

During 2003, the Company issued 920,000 shares of treasury stock for services rendered. Total value of the services was \$21,160.

On February 24, 2004, the Company issued 3,440,856 shares of common stock in satisfaction of \$260,000 of notes payable at \$0.023 per share.

On June 4, 2004, the Company issued 2,500,000 shares of common stock for cash at \$0.04 per share.

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On August 3, 2004, the Company issued 1,250,000 shares of common stock for cash at \$0.04 per share.

On August 3, 2004, the Company issued 2,918,939 shares of common stock in satisfaction of debt financing costs and interest at \$0.024 per share.

On September 1, 2004, the Company issued 1,250,000 shares of common stock for cash at \$0.04 per share.

On September 24, 2004, the Company issued 2,000,000 shares of common stock for cash at \$0.04 per share.

On September 24, 2004, the Company issued 4,583,333 shares of common stock for the conversion of debt at \$0.064 per share.

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POWDER RIVER BASIN GAS CORP.  
Notes to the Consolidated Financial Statements  
December 31, 2004 and 2003

NOTE 6 - STOCK TRANSACTIONS (Continued)

On September 24, 2004, the Company issued 1,100,000 shares of common stock for the reduction of wages at \$0.05 per share.

On December 6, 2004, the Company issued 620,000 shares of common stock for sales bonuses at \$0.07 per share.

NOTE 7 - OTHER COMPREHENSIVE INCOME

The Company reports other comprehensive income in accordance with Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS No. 130"). SFAS No. 130 establishes standards for reporting in the financial statements all changes in equity during a period, except those resulting from investments by and distributions to owners. The cumulative effect of foreign currency translation adjustments to a cash account held by the Company in Canadian dollars, which is included in other comprehensive income in the stockholders' equity section, consisted of the following:

	December 31,	
	2004	2003
Balance, beginning of year	\$ -	\$ -
Effect of currency exchange rate changes	2,705	-
Balance, end of year	\$ 2,705	\$ -

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### NOTE 8 - SALE OF INTERESTS IN OIL AND GAS PROPERTIES

During the year ended December 31, 2004, the Company made sales of working interest in certain of its oil and gas properties to various unrelated parties that resulted in revenues of \$1,936,552. The Company had no such revenues during the year ended December 31, 2003.

### NOTE 9 - SUBSEQUENT EVENTS

Subsequent to December 31, 2004, the Company granted approximately 7,000,000 warrants to purchase shares of common stock with exercise prices ranging from \$0.10 - \$0.24 per share with exercise periods ranging from one to two years.

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POWDER RIVER BASIN GAS CORP.  
S.F.A.S. 69 Supplemental Disclosures  
December 31, 2004 and 2003  
(Unaudited)

#### S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES

(1) Capitalized Costs Relating to  
Oil and Gas Producing Activities

	December 31,	
	2004	2003
Proved oil and gas producing properties and related lease and well equipment	\$ 1,063,674	\$450,706
Accumulated depreciation and depletion	(5,630)	-
Net Capitalized Costs	\$ 1,058,044	\$ 450,706

(2) Costs Incurred in Oil and Gas Property  
Acquisition, Exploration, and Development Activities

For the Years Ended December 31,	
2004	2003

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Acquisition of Properties

Proved	\$	-	\$	-
Unproved		-		-
Exploration Costs		-		-
Development Costs		612,968		172,014

The Company does not have any investments accounted for by the equity method.

(3) Results of Operations for Producing Activities

	For the Years Ended December 31,	
	2004	2003
Sales	\$ 248,328	\$ -
Production costs	(97,025)	-
Depreciation and depletion	(5,630)	-
Results of operations for producing activities (excluding corporate overhead and interest costs)	\$ 145,673	\$ -

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POWDER RIVER BASIN GAS CORP.  
S.F.A.S. 69 Supplemental Disclosures (Continued)  
December 31, 2004 and 2003  
(Unaudited)

S.F.A.S. 69 SUPPLEMENTAL DISCLOSURES (Continued)

(4) Reserve Quantity Information

	Oil BBL	Gas MCF
Proved developed and undeveloped reserves: Balance, December 31, 2003	451,960	601,600
Change in estimates	-	-
Production	(5,497)	(80)
Balance, December 31, 2004	446,463	601,520
Proved developed reserves:	Oil	Gas

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	BBL	MCF
	-----	-----
Beginning of the year ended December 31, 2004	451,960	601,600
End of the year ended December 31, 2004	446,463	601,520

The Company has reserve studies and estimates prepared on the various properties acquired and developed. The difficulties and uncertainties involved in estimating proved oil and gas reserves makes comparisons between companies difficult. Estimation of reserve quantities is subject to wide fluctuations because it is dependent on judgmental interpretation of geological and geophysical data.

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## SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Registrant caused this report to be signed on its behalf of the undersigned, thereunto duly authorized.

Powder River Basin Gas Corp.

March 31, 2005

/S/ Brian Fox

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Brian Fox, President, CEO, CFO