



A&B Geoscience Corporation

**Quarterly Report to Shareholders for the Three Months ended
*March 31, 2002***

BC FORM 51-901F (previously Form 61)

Quarterly Report

ISSUER DETAILS

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CONTACT PERSON:	Jeremy C. A. Little
CONTACT'S POSITION:	President, Chief Executive Officer and Chairman of the Board of Directors
DATE OF REPORT:	May 29, 2002
FOR QUARTER ENDED:	March 31, 2002
CURRENCY:	U.S. Dollars

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.



Jeremy C. A. Little
May 29, 2002



Nicholas W. Baxter
May 29, 2002

SCHEDULE "A" – FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (Expressed in U.S. Dollars)

Unaudited – prepared by management

	Mar 31, 2002	Dec 31, 2001
ASSETS		
Current		
Cash and equivalents	533,683	90,129
Accounts receivable and prepayments	2,950,116	393,722
	3,483,799	483,851
Investments	525,063	—
Capital assets	1,566	34,740
Oil and gas properties	5,787	5,294,227
	4,016,215	5,812,818
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	1,315,303	1,247,267
	1,315,303	1,247,267
Long-term debt	—	2,650,000
	1,315,303	3,897,267
Shareholders' equity		
Capital stock	13,549,696	13,244,138
Share subscriptions received	1,006,125	305,557
Deficit	(11,854,909)	(11,634,144)
	2,700,912	1,915,551
	4,016,215	5,812,818

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

SCHEDULE "A" – FINANCIAL STATEMENTS (continued)**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT**

THREE MONTHS ENDED (Expressed in U.S. Dollars)

Unaudited – prepared by management

	3 Months to Mar 31, 2002	3 Months to Mar 31, 2001
GENERAL AND ADMINISTRATIVE EXPENSES		
Amortization	235	305
Office and miscellaneous	4,321	6,216
Professional fees	140,143	45,880
Rent	5,836	4,467
Transfer agent and filing fees	4,039	1,736
Travel	22,555	2,900
Wages	74,860	45,027
	(251,989)	(106,531)
Gain on deemed disposal of interest in subsidiaries	24,963	—
Foreign exchange gain (loss)	8,100	(2,291)
Interest and other (expense) income	(859)	12
Loss from continuing operations	(219,785)	(108,810)
(Loss) gain from discontinued operations	(980)	93,231
Loss for the period	(220,765)	(15,579)
Deficit, beginning of period	(11,634,144)	(11,242,532)
Deficit, end of period	(11,854,909)	\$ (11,258,111)
Loss per share from continuing operations	(0.005)	(0.003)
(Loss) gain per share from discontinued operations	(0.000)	0.002
Loss per share	(0.005)	(0.001)
Weighted average number of shares outstanding	44,257,391	40,528,908

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

SCHEDULE "A" – FINANCIAL STATEMENTS (continued)**CONSOLIDATED STATEMENTS OF CASH FLOWS**

THREE MONTHS ENDED (Expressed in U.S. Dollars)

Unaudited – prepared by management

	3 Months to Mar 31, 2002	3 Months to Mar 31, 2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from continuing operations	(244,748)	(108,810)
Items not affecting cash		
Amortization	235	305
Changes in non-cash working capital items		
(Increase) in accounts receivable	(46,672)	(37,470)
Increase in accounts payable	1,820,824	89,280
Cash provided by (used in) operating activities	1,529,639	(56,695)
Cash provided by (used in) discontinued operations	(980)	93,231
CASH FLOWS FROM FINANCING ACTIVITIES		
Share subscriptions received in advance	1,006,125	—
Cash provided by financing activities	1,006,125	—
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of capital assets	—	(627)
Disposal of interest in subsidiaries	(543,535)	—
Oil and gas property costs	(1,547,695)	(972,962)
Cash used in investing activities	(2,091,230)	(973,589)
Net change in cash and equivalents during period	443,554	(937,053)
Cash and equivalents, beginning of period	90,129	986,711
Cash and equivalents, end of period	533,683	49,658

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

SCHEDULE "A" – FINANCIAL STATEMENTS (continued)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

THREE MONTHS ENDED MARCH 31, 2002 (Expressed in U.S. Dollars)

Unaudited – prepared by management

1. BASIS OF PRESENTATION

These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries Commonwealth Oil & Gas Company Limited and Commonwealth Gobustan Limited (all incorporated under the laws of Anguilla, British West Indies) and Addison & Baxter Limited (incorporated under the laws of the United Kingdom), and its 84.0625% owned subsidiary Gobustan Operating Company Ltd. (incorporated under the laws of Anguilla). Significant inter-company balances and transactions are eliminated on consolidation. On March 28, 2002, following a reorganisation, the Company's interests in Commonwealth Gobustan Limited and Gobustan Operating Company Ltd. were diluted so that the Company now has a 37.17% interest in Commonwealth Gobustan Limited and an indirect 37.17% interest in Gobustan Operating Company Ltd.. Following the reorganisation these companies are treated as associated undertakings and are consolidated using the equity method. The comparative figures consolidate all of the results, assets and liabilities of Commonwealth Gobustan Limited and 84.0625% of the results, assets and liabilities of Gobustan Operating Company Ltd., reflecting the status of those companies as subsidiaries during the periods reported.

The interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. All financial summaries included are presented on a comparative and consistent basis showing the figures for the corresponding period in the preceding year. The preparation of financial data is based on accounting principles and practices consistent with those used in the preparation of annual consolidated financial statements. Certain information and footnote disclosure normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. These interim period statements should be read together with the audited consolidated financial statements and the accompanying notes included in the Company's latest annual report. In the opinion of the Company, its unaudited interim consolidated financial statements contain all adjustments necessary in order to represent a fair statement of the results of the interim periods presented.

2. NATURE OF OPERATIONS

The Company's principal business activity is acquiring and developing oil and gas properties.

3. SEGMENTED INFORMATION

The Company operates in one industry segment, the exploration and development of oil and gas properties in the Azerbaijan Republic.

SCHEDULE "B" – SUPPLEMENTARY INFORMATION

(Expressed in U.S. Dollars)

1. Oil and Gas Properties

During the three months ended March 31, 2002, Commonwealth has capitalised exploration and development costs as follows:

	3 Months to Mar 31, 2002
Balance, beginning of period	5,294,227
Communications	5,653
Field operating expenses	21,505
General	3,194
Professional fees	71,528
Travel	9,546
Wages and benefits	113,326
	224,752
Equalization and other payments	(1,325,000)
	4,193,979
Balance transferred on deconsolidation	(4,188,192)
Balance, end of period	5,787

2. Associated Companies

Commonwealth Oil & Gas Company Limited held a 37.17% interest in Commonwealth Gobustan Limited ("CGL") with effect from March 28, 2002. CGL held a 100% interest in Gobustan Operating Company Ltd. ("GOCL") with effect from March 28, 2002.

The summarised operating results of these associated companies during the three months ended March 31, 2002 were as follows:

	CGL	GOCL
Turnover	—	—
Profit for the period	—	—

SCHEDULE "B" – SUPPLEMENTARY INFORMATION (continued)

(Expressed in U.S. Dollars)

The summarised balance sheets as at March 31, 2002 were as follows:

Capital assets, investments and oil and gas properties	3,752,773	572,186
Current assets	1,828,807	39,524
	<hr/>	<hr/>
	5,581,580	611,710
	<hr/>	<hr/>
Current liabilities	4,168,980	603,710
Shareholders' equity	1,412,600	8,000
	<hr/>	<hr/>
	5,581,580	611,710
	<hr/>	<hr/>

3. Professional Fees

During the three months ended March 31, 2002, the following was paid as professional fees:

Audit	(5,712)
Legal	137,701
Other	8,154

4. Expenditure to Parties not at Arm's Length

During the three months ended March 31, 2002, the following was paid or accrued in respect of salaries and travel expenses to executive officers:

Salaries	114,473
Travel expenses	22,744

5. Securities Issued and Options Granted

(a) During the three months ended March 31, 2002, 3,000,000 new common shares were issued for a total cash consideration of CDN\$480,000 (equivalent to US\$305,557).

Date of Issue	Number of units	Price	Proceeds
January 11, 2002	3,000,000	CDN\$0.16	CDN\$480,000

SCHEDULE "B" – SUPPLEMENTARY INFORMATION (continued)

(Expressed in U.S. Dollars)

(b) During the three months ended March 31, 2002 share subscriptions were received in advance in the amount of CDN\$1,600,000 (equivalent to US\$1,006,125).

(c) No options were granted in the period.

6. Authorised and Issued Share Capital

As at March 31, 2002 the share capital consisted of the following:

Authorised:	100,000,000 common shares, without par value	
Issued and Outstanding		Amount
44,934,408		13,833,067
Treasury Shares		
(310,350)		(283,371)

7. Options, Warrants and Convertible Securities

As at March 31, 2002 options were outstanding to purchase an aggregate of 1,137,500 common shares at an exercise price of CDN\$0.16 each at any time up to June 21, 2004.

As at March 31, 2002 4,405,500 share purchase warrants were outstanding and exercisable as follows:

- i) 1,405,500 at \$0.20 per share to April 12, 2002;
- ii) 3,000,000 at \$0.20 per share to June 5, 2002;
- iii) 1,405,500 at \$0.30 per share to October 11, 2002;
- iv) 3,000,000 at \$0.30 per share to December 5, 2002;
- v) 1,405,500 at \$0.40 per share to April 12, 2003;
- vi) 3,000,000 at \$0.40 per share to June 5, 2003;
- vii) 1,405,500 at \$0.50 per share to October 12, 2003; and
- viii) 3,000,000 at \$0.50 per share to December 5, 2003.

SCHEDULE "B" – SUPPLEMENTARY INFORMATION (continued)

(Expressed in U.S. Dollars)

8. Shares in Escrow or Subject to a Pooling Agreement

As at March 31, 2002 there were no shares in escrow or subject to a pooling agreement.

9. Directors

As at March 31, 2002 the following were directors:

Jeremy C.A. Little, Chairman
Nicholas W. Baxter
Graham Crabtree
Donald R. Curtis
Roland J. Favre
Malcolm C. Hope-Ross
Alastair D. McBain

SCHEDULE "C" – MANAGEMENT DISCUSSION AND ANALYSIS

(Expressed in U.S. Dollars)

1. Description of Business

A&B Geoscience Corporation (the "Company") acquires and develops oil and gas properties in the Azerbaijan Republic. The Company's shares are listed for trading on the TSX Venture Exchange under the symbol "ABG".

The Company and its active subsidiaries are incorporated in Anguilla, British West Indies, except for Addison & Baxter Limited which is incorporated in the United Kingdom. The Company also has eight inactive subsidiaries, the businesses of which were discontinued in past fiscal years. As detailed in the Company's Annual Reports for 2001, 2000 and 1999, the assets and liabilities of these subsidiaries are not consolidated in the Company's financial statements. These subsidiaries are in various stages of being wound up or liquidated.

2. Discussion of Operations and Financial Condition

Accounts receivable increased from \$393,722 as at December 31, 2001 to \$2,950,116 as at March 31, 2002 as a result of the inclusion in the consolidated financial statements of the loan from Commonwealth Oil & Gas Company Limited to its 37.17% owned associate Commonwealth Gobustan Limited, which was previously excluded when the latter was wholly owned.

The amounts capitalised in respect of exploration and development costs in the three months ended March 31, 2002 include the following:

Professional Fees

Petroleum engineering	25,727
Environmental	12,609
Accountancy	38,638
Audit	(3,056)
Legal	(2,390)

Investments of \$525,063 represent the Company's share of the net assets of its associated companies Commonwealth Gobustan Limited and Gobustan Operating Company Ltd..

Accounts payable and accrued liabilities will be discharged from the proceeds of the major financing (see 3 below).

An analysis of professional fees is set out in Note 3 to Schedule "B".

SCHEDULE "C" – MANAGEMENT DISCUSSION AND ANALYSIS (continued)

(Expressed in U.S. Dollars)

Wages have increased over the comparable period as a result of the executive officers of the Company receiving no salaries for part of the comparable period. An analysis of transactions with related parties is set out in Note 4 to Schedule "B".

The Company is not a party to any legal proceedings. The Company is not in default under any debt or other contractual obligations. The Company is not in breach of any corporate, securities or other laws or of its listing agreement with the TSX Venture Exchange.

The Company has no pending material transactions which would require regulatory approval.

No management changes were made in the three months ended March 31, 2002.

Investor relations is currently managed internally. Shareholders and prospective investors who wish to receive news releases and corporate information from the Company should e-mail their contact details to abg@btclick.com for inclusion in the Company's investor relations database. News releases and corporate information are also available via the Company's website at www.abgexp.com.

At the special general meeting on March 27, 2002, shareholders approved by special resolution the sale of 169 common shares of Commonwealth Gobustan Limited to Rosco S.A..

3. Material Events and Financings since the Last Fiscal Year End**(a) Events in First Quarter 2002**

On January 11, 2002 the Company issued 3,000,000 units to Rosco S.A. at CDN\$0.16 per unit, each unit being comprised of one common share and one warrant to acquire one additional common share of the Company for two years at a price of CDN\$0.20 until June 5, 2002, at a price of CDN\$0.30 for the period June 6, 2002 until December 5, 2002, at a price of CDN\$0.40 for the period December 6, 2002 until June 5, 2003 and at a price of CDN\$0.50 for the period June 6, 2003 until December 5, 2003.

On February 18, 2002 Commonwealth Gobustan Limited purchased the 12.75% share of the EDPSA formerly owned by Sooner Gobustan Petroleum Company Ltd.. Commonwealth Gobustan Limited now holds 80% of the EDPSA. An affiliate of the State Oil Company of the Azerbaijan Republic ("SOCAR") holds the remaining 20% carried interest.

At the special general meeting on March 27, 2002, shareholders approved by ordinary resolution the private placement of an aggregate of 13 million units of the Company at a price of \$0.16 per unit to Rosco S.A. and the resulting change of control of the Company to Rosco S.A..

SCHEDULE "C" – MANAGEMENT DISCUSSION AND ANALYSIS (continued)

(Expressed in U.S. Dollars)

On March 28, 2002 the Company's subsidiary Commonwealth Gobustan Limited issued 169 new common shares to Rosco S.A. in consideration for US\$1,412,500. This share subscription constitutes 62.83% of the issued and outstanding common shares of Commonwealth Gobustan Limited. The Company's wholly owned subsidiary Commonwealth Oil & Gas Company Limited continues to hold 100 issued common shares, constituting 37.17% of the issued and outstanding common shares of Commonwealth Gobustan Limited.

On March 28, 2002 Rosco S.A. paid US\$2,650,000 to retire the outstanding long-term debt of Commonwealth Oil & Gas Company Limited.

On March 28, 2002 Rosco S.A. undertook to provide a non-recourse development loan of US\$20,000,000 to complete the Minimum Obligatory Work Program of the EDPSA ("MOWP"), which was extended in January 2002 for two years until November 27, 2003.

(b) Subsequent Events

On April 5, 2002 the Company issued 6,250,000 units to Rosco S.A. at CDN\$0.16 per unit, each unit being comprised of one common share and one warrant to acquire one additional common share of the Company for two years at a price of CDN\$0.20 until August 14, 2002, at a price of CDN\$0.30 for the period August 15, 2002 until February 14, 2003, at a price of CDN\$0.40 for the period February 15, 2003 until August 14, 2003 and at a price of CDN\$0.50 for the period August 15, 2003 until February 14, 2004. Also on April 5, 2002, the Company issued a further 3,750,000 units to Rosco S.A. at CDN\$0.16 per unit, each unit being comprised of one common share and one warrant entitling the holder to acquire one additional common share of the Company for two years at a price of CDN\$0.20 until August 21, 2002, at a price of CDN\$0.30 for the period August 22, 2002 until February 21, 2003, at a price of CDN\$0.40 for the period February 22, 2003 until August 21, 2003 and at a price of CDN\$0.50 for the period August 22, 2003 until February 21, 2004.

Final TSX Venture Exchange approval has been received by the Company for above transactions with Rosco S.A..

On April 12, 2002, following the completion of the transactions with Rosco S.A., the Company announced the appointment of Mr Roland J. Favre of Geneva, Switzerland and Mr Alastair D. McBain of London, England as directors subject to filing of personal information forms with the TSX Venture Exchange and the British Columbia Securities Commission.

SCHEDULE "C" – MANAGEMENT DISCUSSION AND ANALYSIS (continued)

(Expressed in U.S. Dollars)

4. Financings, Principal Purposes and Milestones

The proceeds of the three private placements to Rosco S.A., the proceeds from Rosco S.A.'s subscription for shares of Commonwealth Gobustan Limited and the retirement by Rosco S.A. of Commonwealth's long-term debt, which amount in total to US\$5.36 million, will retire all of the Company's long term and current liabilities and will provide the Company with working capital through to the completion of the MOWP.

5. Liquidity and Solvency

Following the major financing, the Company is now in a position to meet its ongoing obligations as they become due.