Westcoast Petroleum Ltd.

C

1979 Annual Report

CONTENTS

Financial and Operating Highlights 1
Report to the Shareholders 2
Exploration and Development 5
Production 10
Oil and Gas Reserves 12
Heavy Oil Resources 13
Pipeline Operations 15
Financial Statements 16
  Notes to Statements 20
  Management's Analysis 22
  Five Year Summary 23
Directors and Officers 24

THE COMPANY

Westcoast Petroleum Ltd. was formed in 1971 on the statutory amalgamation of Westcoast Production Co. Ltd. and Western Pacific Products & Crude Oil Pipelines Ltd. Of the 4924 Company shareholders registered at December 31, 1979, 2868 reside in Canada and the remaining 2056 are largely resident in the United States. Westcoast Transmission Company Limited, which has its Head Office in Vancouver, British Columbia, is the major shareholder and holds 55.2% (fully diluted) of the Company's issued share capital.

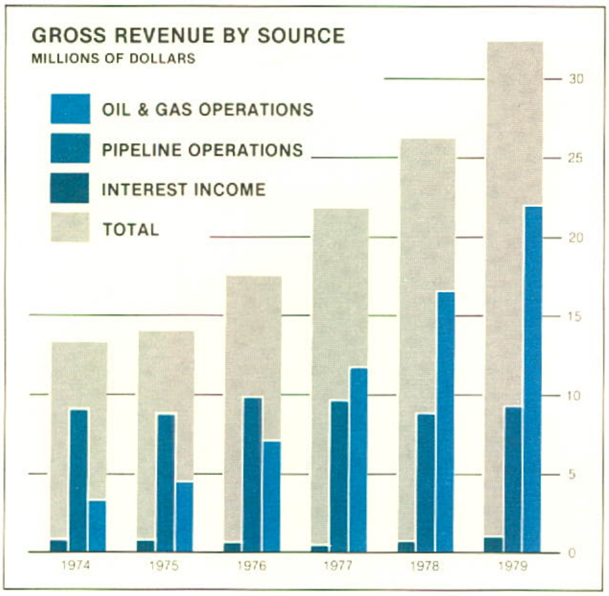
Westcoast Petroleum is engaged in conventional oil and gas exploration and production in Western Canada, largely in the Provinces of Alberta and British Columbia where the Company holds in excess of 2,300,000 gross acres of oil and gas rights. In addition, the Company holds substantial heavy oil sands interests in the Suffield and Cold Lake areas of Alberta and owns and operates a 505 mile crude oil pipeline in British Columbia. In accord with its current policy, the Company is directing its entire cash flow along with a controllable degree of debt financing into the continued expansion of its oil and gas operations. The Company employs 106 people, 72 of which are located in Alberta and 34 in British Columbia.

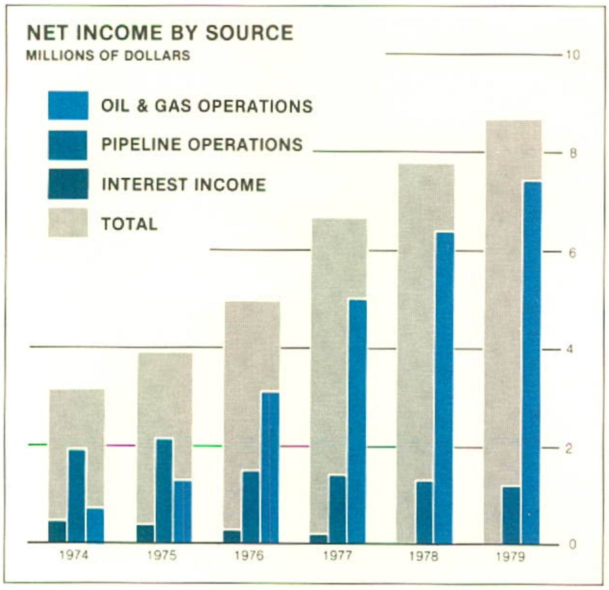
Gas plant operated by Westcoast Petroleum at Silver, British Columbia

WESTCOAST PETROLEUM LTD.

1979 ANNUAL REPORT

FINANCIAL AND OPERATING HIGHLIGHTS





	1979	1978
FINANCIAL		
Total Revenue	**$32,214,000**	$26,187,000
Cash Flow	**23,039,000**	19,837,000
Per share fully diluted	**3.39**	2.93
Net Income	**8,606,000**	7,731,000
Per share fully diluted	**1.27**	1.14
Capital Expenditures	**27,092,000**	28,819,000
OPERATING - DAILY		
Production		
Natural Gas *(million cubic feet)*	**39.5**	30.5
Crude Oil & Liquids *(barrels)*	**2,370**	2,278
Pipeline Throughput *(barrels)*	**30,760**	28,600
DRILLING STATISTICS		
Gross Wells drilled	**112**	112
Exploratory	**76**	66
Development	**36**	46
Gas Completions	**35**	42
Oil Completions	**14**	27
Cased for Evaluation	**17**	8
LAND		
Gross acres	**7,314,100**	8,249,100
Net acres	**1,827,000**	2,304,600

ANNUAL MEETING

The Annual Meeting of the Shareholders will be held on April 24, 1980 at 9:00 a.m. Pacific Standard Time, in the Hyatt Regency Hotel, Vancouver, British Columbia. Formal notice of the Annual Meeting and proxy material are being mailed to all registered shareholders with a copy of this report.

REPORT TO THE SHAREHOLDERS

Total revenue and net income, along with oil and gas production, again recorded gains over the previous year and established new highs in these four categories. Revenue from all sources in 1979 reached $32,214,000, which is a 23% increase over 1978. Cash flow from operations rose 16% to $23,039,000 and net income advanced to $8,606,000 or $1.27 per share, fully diluted, compared with $1.14 for the previous year.

Oil and gas revenue, which increased 32% over 1978, contributed 68% of total corporate revenue and 86% of net income, while pipeline operations provided 28% of total revenue and 14% of net income.

Despite the generally suppressed gas markets, Westcoast's natural gas sales increased nearly 30% to record a new high of 39.5 million cubic feet (MMcf) per day. Of this gain, approximately 5 MMcf per day was attributable to the Maleb and Suffield fields in Alberta and the remaining gain of 4 MMcf per day came from various fields in British Columbia with Silver providing the largest increment. In addition to actual gas sales, the Company received prepayments for gas not taken during the year of $681,000 which is recorded on the Balance Sheet under long term liabilities and will be taken into income when the purchasers nominate for the deficiencies. Oil sales increased by 4% to 2370 barrels per day compared with 1978 daily production of 2278 barrels.

During 1979 the tariff formula for the Company's crude oil pipeline was adjusted upward to provide a more equitable return on rate base - approximately 13.9% - which resulted in earnings from the system for the year of $1,225,000, or just slightly below the pipeline's earnings in the previous year. Pipeline throughput increased from 28,600 barrels per day in 1978 to 30,760 barrels per day in 1979, thereby arresting an eight year decline trend in deliveries from the system. This directly reflects an increase in oil production in north-eastern British Columbia resulting from the greatly accelerated drilling activity in this area during the past three to four years.

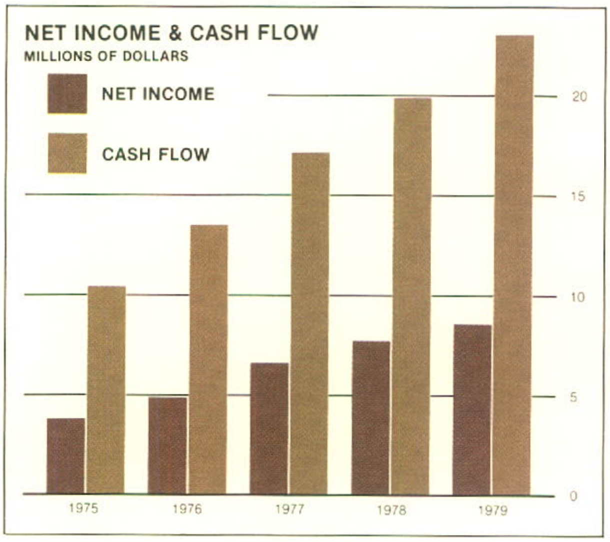
Capital expenditures for the year amounted to $27,092,000, which was down slightly from the previous year largely because several anticipated drilling projects operated by others did not get underway as scheduled. Of the total capital expenditures, $18,932,000 was spent on exploration, including $7,290,000 on land acquisition and the balance of $8,160,000 on well completions and production facilities. In the area of the Company's principal activity, namely British Columbia and Alberta, some 104,500 gross acres of new land was acquired in 1979 to maintain the land inventory in these two provinces, after surrenders and deletions, at 2,368,970 gross acres or slightly ahead of 1978.

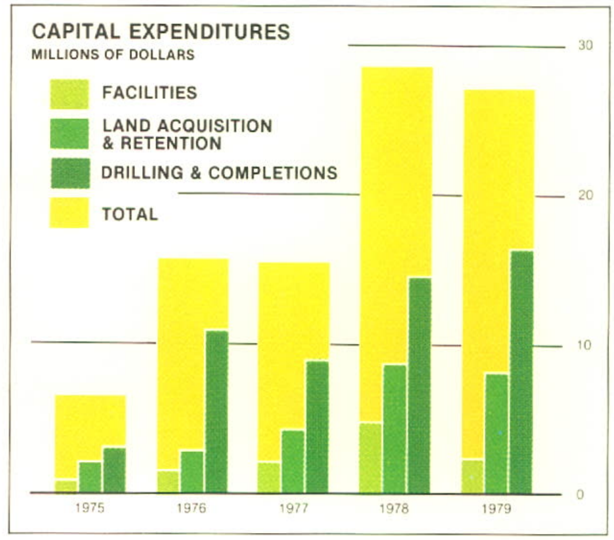
The Company, directly and indirectly, participated in 76 exploratory and 36 development wells during the year of which 14 were completed as oil wells, 35 as gas wells and a further 17 cased for evaluation.

In July of 1979, the Company entered into an agreement with West German interests which have undertaken to raise $12,000,000 in that country for a drilling fund to be operated by Westcoast. The initial funds raised are to be expended on the drilling of approximately 16 exploratory prospects located on lands held by Westcoast in Alberta and British Columbia under terms whereby the Fund will bear 80% of the drilling and completion costs of each earning well to earn a 35% interest in the subject well and prospect acreage. The 16 exploratory prospects farmed out to the Fund are to be drilled in addition to the Company's normal budgeted exploratory drilling program. Two wells under the Fund had been commenced and were in progress at the close of the year. A change in the tax laws of West Germany in October 1979, however, has retarded the sale of the Fund to the extent that further drilling on the farmout program under the Fund will be delayed until some time after April 1980.

Attention continues to be directed to the Company's increasingly important heavy oil holdings. Work is underway on a cyclic combustion pilot plant at Suffield, with full field operations scheduled for 1980. Plans will be finalized in the coming year for the commencement of a cyclic steam stimulation pilot at Manatokan. Both these projects are dealt with in more detail elsewhere in this report.

Proven gas reserves at December 31, 1979, after accounting for this year's production of 14.4 billion





cubic feet, showed a very slight gain over the previous year and, as calculated by the Company's engineers, stood at 345 billion cubic feet. Proven and probable gas reserves at the same date were estimated at 400.4 billion cubic feet. Additions to the Company's proven conventional oil reserves during the year fell some 807,000 barrels short of oil production for the same period; as a consequence, the Company's proven oil reserves at the end of the year were estimated at 7,655,000 barrels while the total proven and probable oil reserves were estimated to be 11,764,000 barrels.

Capital expenditures for 1980 as presently budgeted will exceed $33,700,000, which is an increase of nearly 25% over 1979 expenditures and substantially higher than any previous year in the Company's history. These expenditures will utilize the Company's entire cash flow and, in addition, fully deplete present working capital of $9,700,000. As a result, steps will be taken towards the end of the coming year to secure additional debt financing through the Company's substantial remaining debt capacity.

Included in the capital budget is provision for direct participation in approximately 45 exploratory wells. The scheduled drilling in the Sikanni and Hasler Creek areas in British Columbia, in particular, is fully expected to add substantially to the Company's proven gas reserves on the basis of the large gas potential evident in these areas from present well and seismic control.

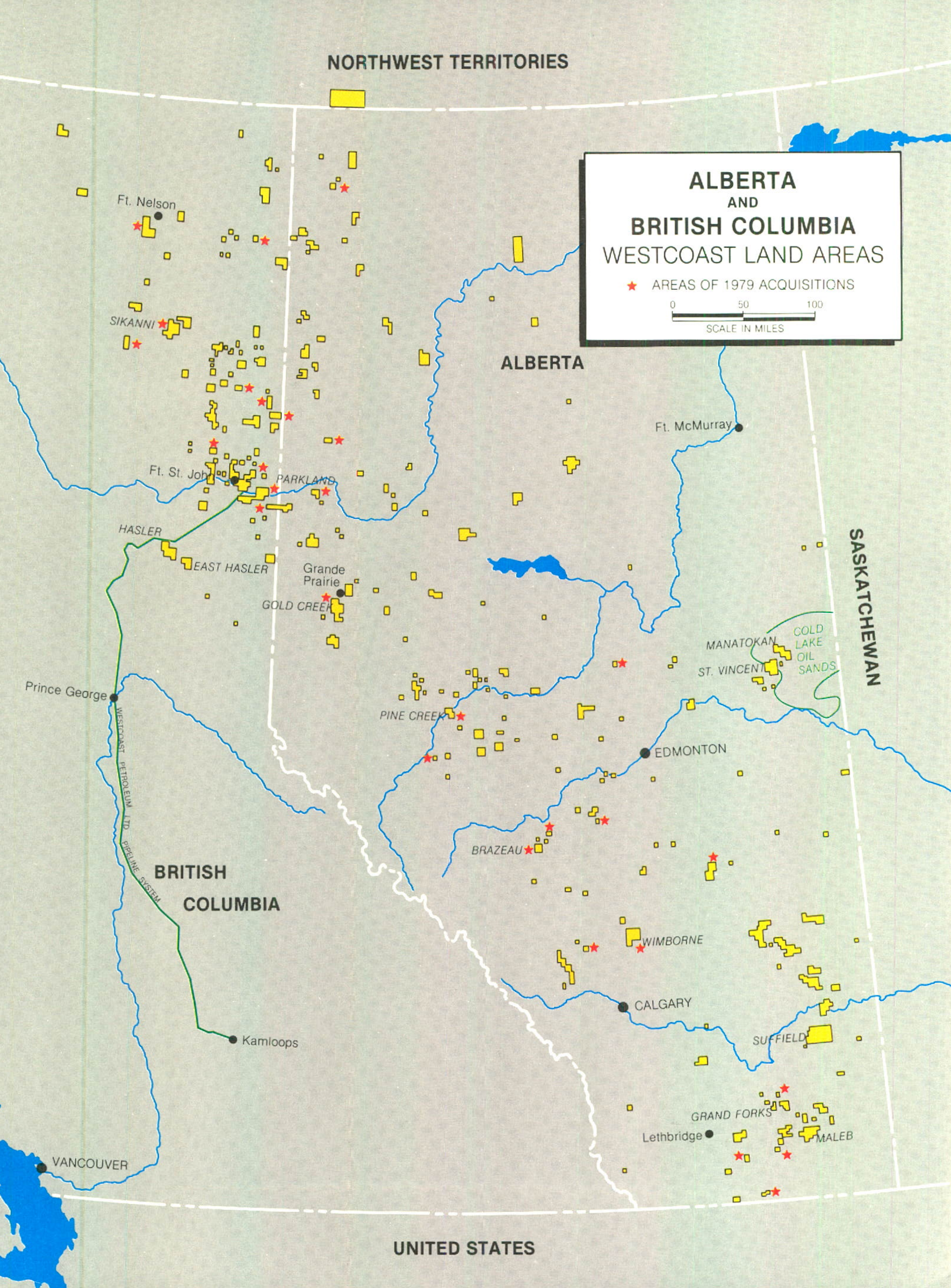
When attempting a forecast of cash flow and net earnings for 1980 considerable uncertainty prevails concerning employment of the appropriate oil and gas prices. The wellhead price of oil at the beginning of 1980 was $14.75 per barrel and is scheduled to rise to a minimum of $15.75 on July 1, 1980. The price of gas in Alberta effective February 17, 1980, after factoring in the proportionate flow-back of an increase of $1.02 U.S. on that date for export gas, will be $2.47, with an expected rise to approximately $2.53 about July 1, 1980. On the assumption of the foregoing minimum prices and with oil and gas production at an anticipated equivalent level to 1979, cash flow for 1980 is conservatively forecast to rise to about $24.5 million. Due to escalating royalties, however, and a corresponding increase in the effective tax rate, net income is not expected to increase appreciably over 1979.

On October 1, 1979 Mr. Frank A. Ronaghan, Vice President Production, retired from Westcoast and on October 15, 1979 Mr. Lewis H. Swan resigned from his position as Vice President Finance and Treasurer to take up other employment. The Board wishes to express its sincere gratitude to both these gentlemen for their past service to Westcoast Petroleum. The Board also gratefully acknowledges the skills, dedication and loyalty of all the employees, so essential to the continued success of the Company.

On behalf of the Directors

President and Chief Executive Officer

CALGARY, Alberta
March 1, 1980


ALBERTA
AND
BRITISH COLUMBIA
WESTCOAST LAND AREAS
AREAS OF 1979 ACQUISITIONS
0
50
100
SCALE IN MILES
NORTHWEST TERRITORIES
ALBERTA
BRITISH COLUMBIA
SASKATCHEWAN
UNITED STATES
Ft. Nelson
SIKANNI
Ft. St. John
PARKLAND
HASLER
EAST HASLER
Grande Prairie
GOLD CREEK
Prince George
WESTCOAST PETROLEUM LTD PIPELINE SYSTEM
Kamloops
VANCOUVER
Ft. McMurray
MANATOKAN
ST. VINCENT
COLD LAKE OIL SANDS
PINE CREEK
EDMONTON
BRAZEAU
WIMBORNE
CALGARY
SUFFIELD
GRAND FORKS
Lethbridge
MALEB

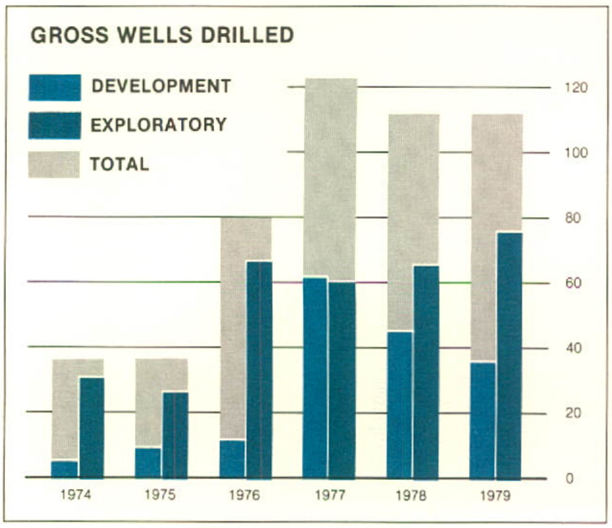
EXPLORATION AND DEVELOPMENT

In 1979, the Company again carried out an active exploration and development program with expenditures for drilling, geophysical and land amounting to $24.7 million, approximately one million dollars over the record level established in 1978 in these categories.

During the year, emphasis continued on the evaluation of prospects held by the Company in the general Fort St. John areas of northeast British Columbia and in the Gold Creek area of west central Alberta. In addition, the gas potential of the Sikanni area in British Columbia was expanded, a second gas discovery was recorded in the Pine Creek area of central Alberta and a new gas discovery was developed in the Maleb area of southeastern Alberta. Drilling activity for the year remained at the same level as in 1978 with the Company participating in 112 wells. Of these wells, 76 were exploratory and 36 were development.

An analysis of the 1979 drilling is shown in the accompanying tables. A new category of wells -Cased for Evaluation - has been incorporated this year in order to more properly identify those wells which, while cased, did not fully confirm the presence of meaningful quantities of oil or gas during drilling and hence require extensive production testing to determine their ultimate status.

Oil and gas properties acquired at land sales during 1979 totalled 104,527 gross acres (42,663 net acres) at a cost to the Company of $7.3 million. New land representation was acquired on 28 prospects with expenditures nearly equally divided between Alberta and British Columbia.



1979 DRILLING RESULTS

TOTAL WELLS
(Direct and Indirect Participation)

	1979 Gross	1979 Net	1978 Gross	1978 Net
Exploratory				
Oil	**4**	**1.0**	4	1.7
Gas	**20**	**8.7**	28	10.0
Cased	**15**	**6.5**	7	3.5
Abandoned	**37**	**11.7**	27	13.0
	76	**27.9**	66	28.2
Development				
Oil	**10**	**2.0**	23	6.5
Gas	**15**	**5.8**	14	5.7
Cased	**2**	**0.8**	1	1.0
Service	**1**	**0.5**	—	—
Abandoned	**8**	**4.1**	8	2.1
	36	**13.2**	46	15.3
	112	**41.1**	112	43.5

GEOGRAPHICAL DISTRIBUTION

	Alberta	British Columbia	Total
Oil	13	1	14
Gas	28	7	35
Cased	13	4	17
Service	1	—	1
Abandoned	32	13	45
	87	25	112

SIGNIFICANT COMPLETIONS

Field/Area	Number	Type	Net Interest
ALBERTA			
Brazeau	1	Gas	20%
Gold Creek	2	Oil	25%
Grand Forks	6	Oil	17.8-50%
Maleb	6	Gas	50-100%
Pine Creek	1	Gas	33⅓%
St. Vincent	3	Gas	25%
Suffield	1	Oil	30%
Wimborne	1	Gas	25%
BRITISH COLUMBIA			
Parkland	1	Gas	33⅓%
Sikanni	3	Gas	33⅓%

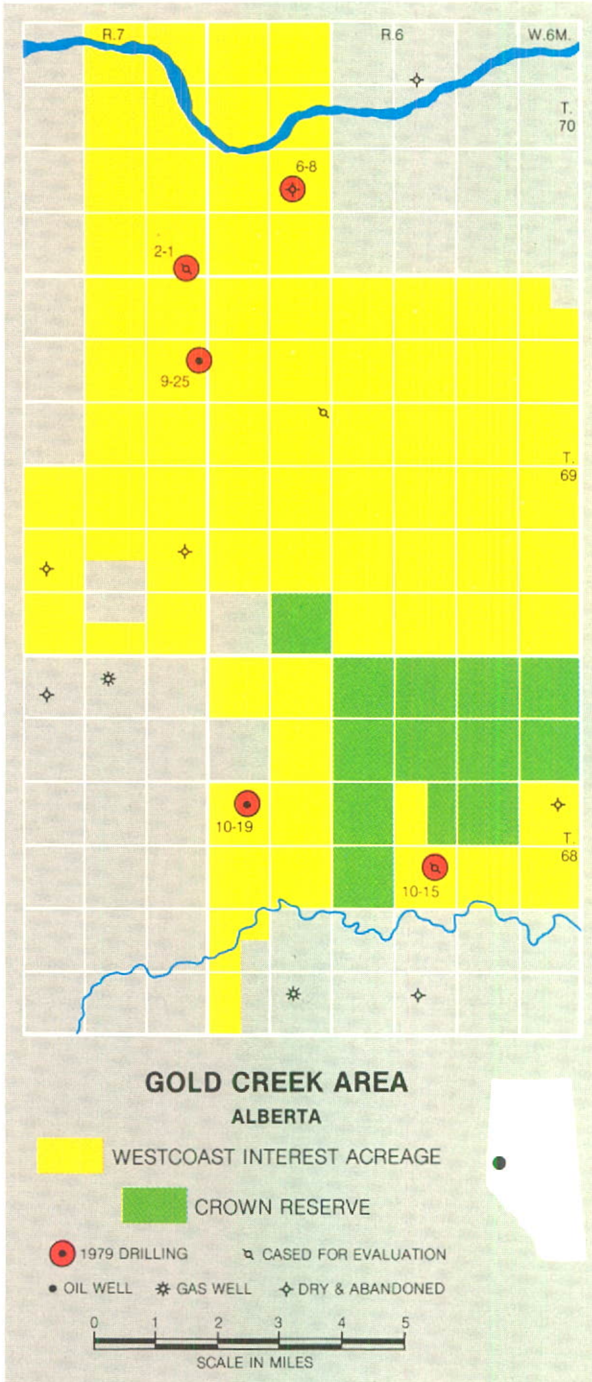
ALBERTA

The Company participated in a total of 87 wells in Alberta during 1979, of which 41 were completed as either gas or oil wells and an additional 13 were cased for further evaluation. Major activity during the year involved the evaluation of lands in the Gold Creek, Pine Creek, St. Vincent, Maleb and Grand Forks areas.

During 1979, the Company acquired an interest in 45,123 gross acres (23,560 net acres) in Alberta at a net cost of $3.8 million. Major purchases were made in the Gold Creek, Sweetgrass, Pine Creek, Brazeau, Shekelie and Worsley areas. In addition, farmins were concluded in the Grassy Lake and Coutts areas of southeastern Alberta covering a further 35,000 acres. Geophysical activity during 1979 resulted in the acquisition of 825 miles of new data.

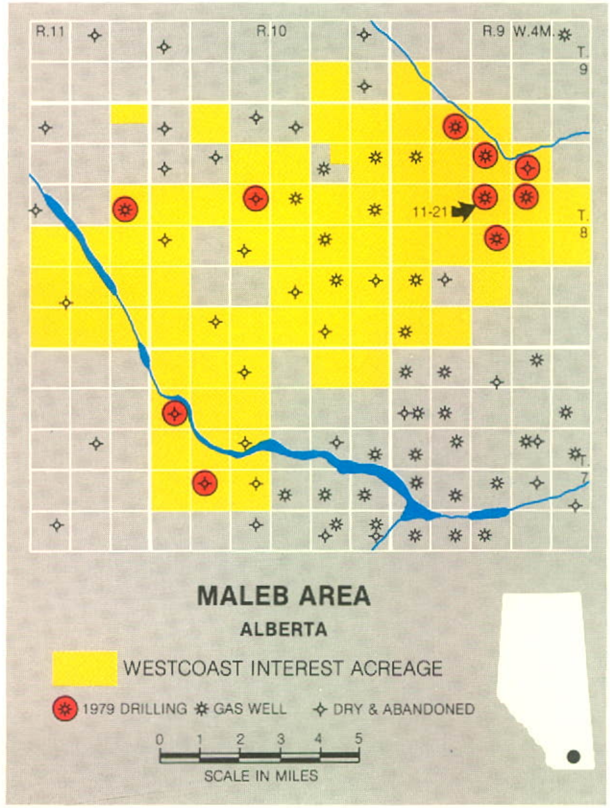
Evaluation drilling continued in the Gold Creek area of west central Alberta where Westcoast holds a 25% interest in 48,960 acres, including a 10,240-acre P&NG Licence acquired in early 1979 at a net cost to the Company of $1.3 million. Five Triassic tests were drilled during the year, of which two were completed as oil discoveries, two cased for further evaluation and one well abandoned. The 10-19-68-6 W6M and 9-25-69-7 W6M wells were completed as oil wells in a Triassic dolomite section and are capable of producing 200 and 75 barrels of 37° API oil per day respectively. Both wells have been subjected to extensive testing in order to fully evaluate the quality of the reservoir and these results are currently being analyzed prior to commencing additional step-out drilling. The two wells cased for evaluation will require major completion programs in order to fully appraise the potential gas reservoirs in low porosity Cretaceous sands. Similar possible gas reservoirs are also present in the two oil wells.

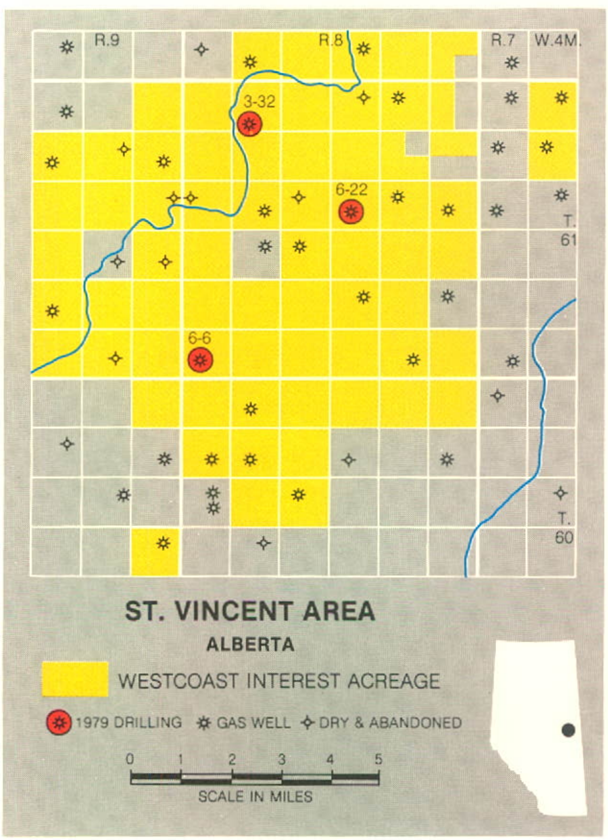
At Pine Creek, the Company participated in the drilling of the 6-16-57-19 W5M well which encountered 50 feet of gas pay in the Nordegg formation. Upon initial completion, the 6-16 well flowed gas at rates up to 2.7 MMcf per day. Subsequent to drilling of this discovery, the Company acquired a 33⅓% interest in a further 1120 acres of P&NG Leases at a net cost of $304,000 and now holds a 33⅓% interest in 9,120 acres in this area. Additional drilling is scheduled in 1980 in order to more fully delineate the potential productive area.

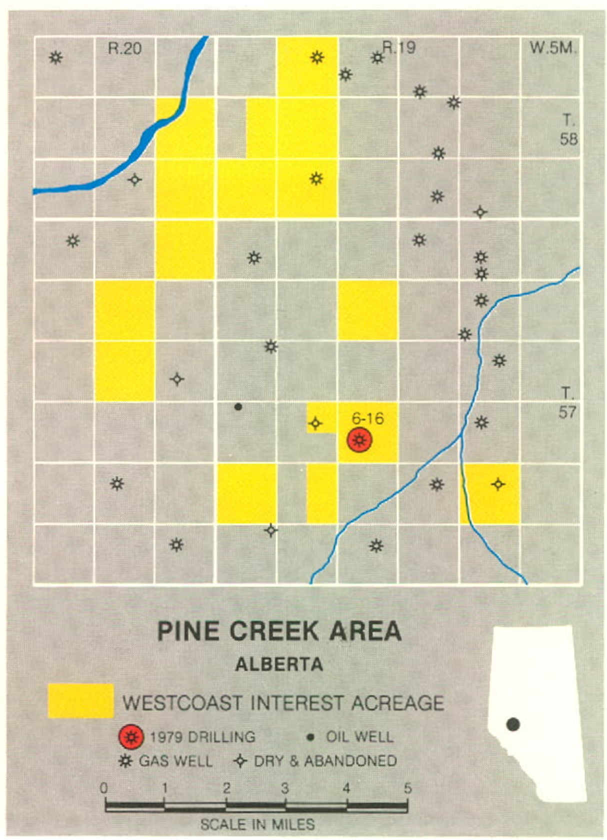


Additional drilling success was encountered during the year at Maleb in southeastern Alberta where the Company commenced gas production in 1977 from a portion of some 48,480 gross acres of P&NG Leases Westcoast holds in the area. In early 1979, a wholly owned test well located east of the present production - Westcoast Granlea 11-21-8-9 - was completed as a Taber Sand gas discovery with 10 feet of net pay which tested gas at the rate of 1.3 MMcf per day. Subsequent to the discovery, four additional wholly owned gas wells were drilled and completed and will be tied into the Maleb producing system during 1980. Further drilling on this block is scheduled for the coming year.

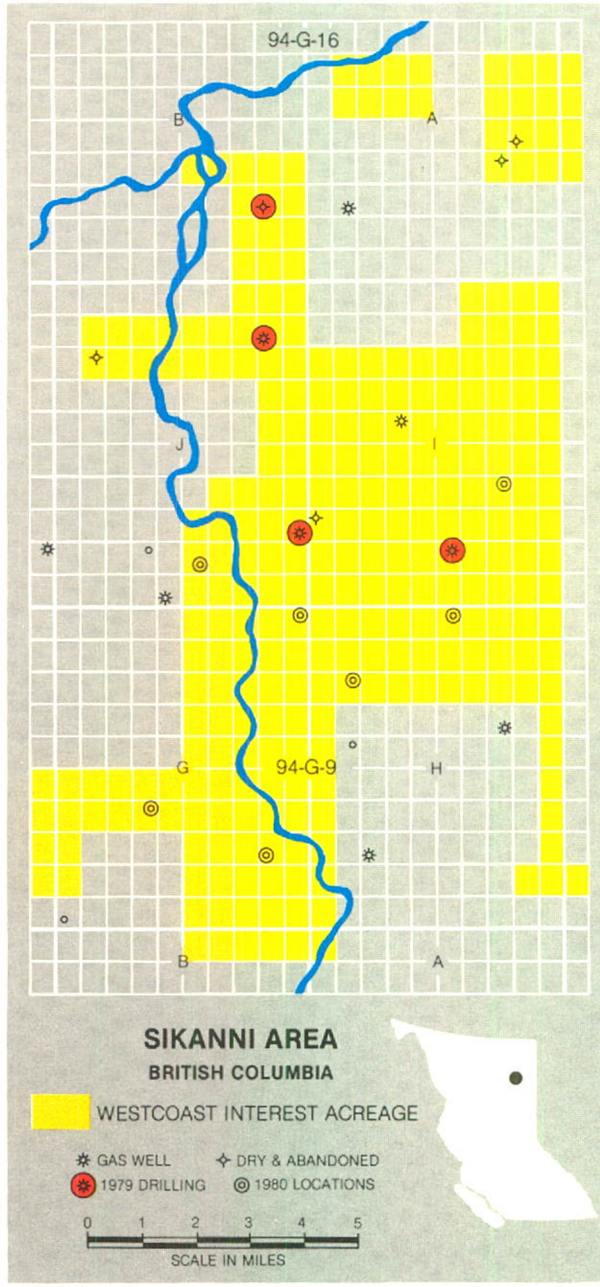
The evaluation of the 37,400-acre St. Vincent project continued during 1979 with the successful drilling of three additional gas wells, bringing the total number of shut-in gas wells on these Company lands to twenty. Westcoast has a 25% interest in eighteen of the St. Vincent wells and a 33⅓% interest in the remaining two. It is anticipated that production from the area will commence in early 1981.







BRITISH COLUMBIA



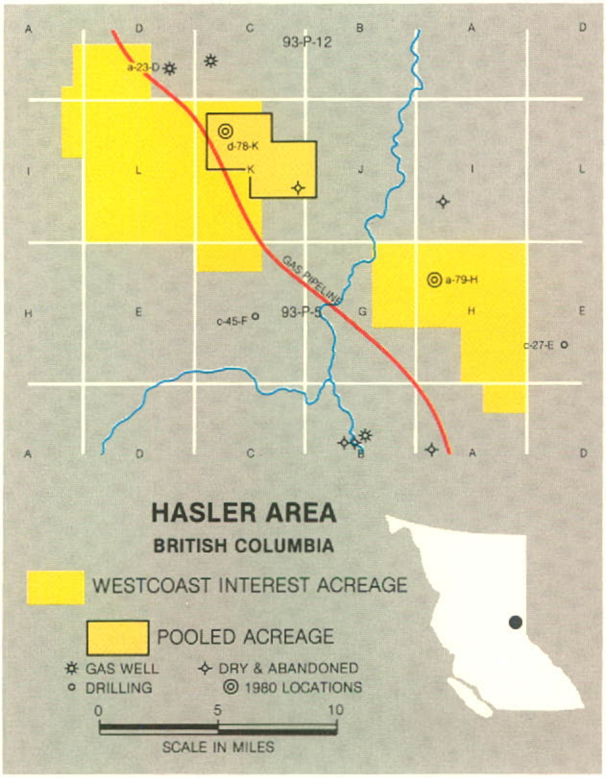
During 1979, the Company's activity in British Columbia continued to be primarily concentrated in the general Fort St. John and Sikanni areas. By year end, Westcoast had participated in a total of 25 wells in British Columbia of which eight were completed as either gas or oil wells and one was cased for further evaluation. A total of 59,404 gross acres of oil and gas rights (19,103 net acres) were purchased in British Columbia during 1979 at a cost to the Company of $3.5 million with major acquisitions being made at Sikanni, Donis, Pouce Coupe, Wolverine and Parkland. In addition, a farmin on a 12,800-acre block in the Pine River area was negotiated. The Company's geophysical activity in British Columbia increased slightly over the previous year with the acquisition of 461 miles of seismic data.

As reported in 1978, the Company participated as to a 33⅓% interest in a Halfway zone gas discovery in the Sikanni area. During early 1979, four step-out wells were drilled in the area resulting in three additional Halfway zone gas wells and one abandonment. These wells encountered up to a maximum of 40 feet of pay and upon completion have tested gas at rates up to 3 MMcf per day. Following the 1979 drilling program, the Company acquired a 33⅓% interest in three P&NG Drilling Reservations containing 21,580 acres at a net cost of $1.9 million; as a result Westcoast now holds a 33⅓% interest in approximately 46,000 acres located within the apparent productive area. During the winter of 1980, the Company will be operating two rigs in the Sikanni area with a minimum of seven additional wells scheduled for drilling. Including the Westcoast and partner activity, it is anticipated that some 15 wells will be drilled in the immediate Sikanni area in early 1980.

At Parkland, the Company participated in the drilling of the Two Rivers 11-30-82-15 W6M well which was cased in order to fully evaluate indicated gas and oil zones in the Halfway and Permo Penn horizons. Production testing of the Permo Penn indicates a marginal oil zone having a high gas-oil ratio and current testing of the lower portion of the Halfway zone is yielding gas at the rate of 1.5 MMcf per day with some condensate and water. The Company holds a 33⅓% interest in a 21,381-acre P&NG Permit at Parkland and subsequent to drilling the 11-30 well, a 33⅓% interest was acquired in a further 1248 acres at a net cost of $234,000. Additional drilling is planned for the area in 1980.

Westcoast's land holdings in the foothills belt of northeastern British Columbia in the general Sukunka-Grizzly Valley gas producing area continue to be of significant importance to the Company. These lands are located along the route of the pipeline which now services the area and consist of a 100% interest in a 21,073-acre block at East Hasler and a 37½% interest in a 37,886-acre block at Hasler.

As previously reported, the Hasler block is offset to the north by a competitor well in a-23-D/94-P-12 which flowed gas at a rate of 10.6 MMcf per day from a 165-foot interval in the Triassic. Currently, the East Hasler block is being offset by a scheduled 16,000-foot Mississippian test in c-27-E/93-P-6. In both cases, seismic data indicates that the structures on which these wells are located extend into the Company's holdings.



During late 1979, arrangements were concluded to drill a test well on each of the Company's Hasler area blocks. A farmout was negotiated on the East Hasler block whereby the farmee will drill a 14,000-foot Halfway well at no cost to the Company. The well, estimated to cost $6.5 million, will be located on a structure separate to the one now being tested by offset drilling referred to above. Westcoast will retain a 50% interest in the well and East Hasler lands. With respect to the Hasler block, negotiations have been completed with an offsetting land holder to pool a limited amount of acreage located on a common structure on which a joint 12,500-foot Triassic well will be drilled at an estimated cost of $5.8 million. Westcoast will hold an 18¾% interest in the pooled lands and the test well while retaining a 37½% interest on the balance of the structure to be tested and the remaining Hasler block acreage.

Both of the foregoing wells will commence in early 1980 and should be completed by year end. These wells represent the first direct evaluation on the Company's Hasler area holdings.

LAND

During 1979, the Company's land holdings were reduced by approximately 935,000 acres as a result of continued surrenders in the Yukon and Arctic Islands as lands, largely judged as non-prospective, reached expiry. As indicated earlier in this report, the Company purchased a gross 104,527 acres of land in Alberta and British Columbia during the year, which, after providing for land surrenders and reductions, enabled the Company to maintain its land holdings in these two provinces at approximately 2,369,000 acres.

SUMMARY OF LAND HOLDINGS

	December 31, 1979		December 31, 1978	
	Gross Acres	**Net Acres**	Gross Acres	Net Acres
CANADA				
Alberta	**1,501,110**	**827,213**	1,499,596	847,089
British Columbia	**867,861**	**298,591**	859,518	295,082
Yukon	**194,787**	**180,389**	641,617	399,512
Northwest Territories	**79,456**	**22,775**	79,456	22,775
Arctic Islands	**4,670,934**	**498,068**	5,168,903	740,113
Total Acres	**7,314,148**	**1,827,036**	8,249,090	2,304,571
Total Hectares	**2,952,980**	**735,517**	3,326,246	929,263

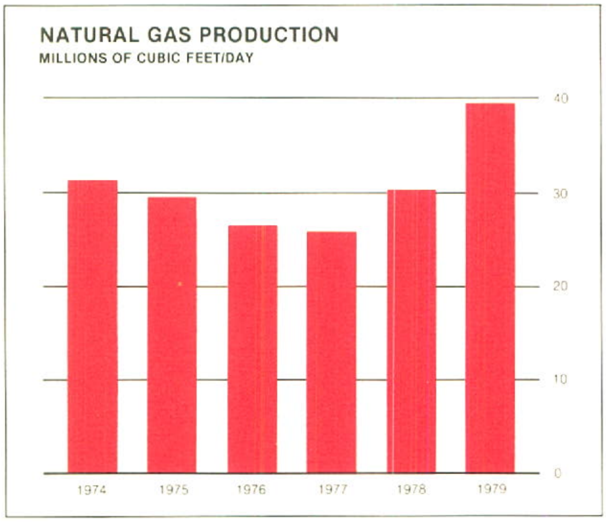
PRODUCTION

NATURAL GAS

Gas production in 1979 attained a new high for the Company, increasing nearly 30% over the previous year to average 39.5 MMcf per day compared with 30.5 MMcf per day in 1978. Total gas production for the year was 14.4 billion cubic feet. Gas production in the fourth quarter of the year averaged 45.1 MMcf per day, which again demonstrates the Company's present producing capacity when required by demand.

Of the total gain in gas production in 1979 over the previous year, approximately 5 MMcf per day was recorded in Alberta, principally from Maleb and Suffield, while the remaining gain of 4 MMcf per day came from various fields in British Columbia led by an increase of 2 MMcf per day at Silver.

With no certainty of new gas coming on stream in the forthcoming year, gas production for 1980 is forecast to remain at approximately the same level as that reached in 1979. In this regard, Westcoast has executed gas purchase contracts with Pan-Alberta Gas Ltd. for a total daily nomination of 9.2 MMcf per day contingent on gas exports facilitated by the pre-building of the eastern and western legs of the Foothills Pipe Lines' segment of the Alaska Highway Pipe Line project. Notwithstanding the possibility that the western leg of Foothills could be in operation by the end of 1980, there is uncertainty at this time, as alluded to above, as to which of the substantial gas reserves now under contract to Pan-Alberta would be initially placed on production to meet the 240 MMcf per day required for the western leg.



NATURAL GAS PRODUCTION
(thousand cubic feet, before royalty deduction)

	1979	1978
Alberta		
Pouce Coupe	**343,988**	302,017
Marten Hills Unit	**206,676**	203,638
Stanmore	**1,548,130**	1,431,284
Hanna	**1,466,768**	1,382,178
Atlee	**113,388**	40,756
Provost	**185,465**	135,942
West Viking Unit	**22,173**	22,142
Bashaw	**133,393**	231,661
Maleb	**3,485,555**	2,495,807
Suffield	**1,418,138**	765,831
Grand Forks	**74,924**	107,545
Carson Ck. N.	**79,595**	76,150
Horsefly	**21,928**	33,904
Others	**58,788**	37,778
	9,158,909	7,266,633
British Columbia		
Charlie Lake Unit 1	**64,215**	37,228
Ft. St. John	**900,898**	700,447
Buick Creek	**546,096**	641,598
North Pine	**598,005**	496,817
Stoddart	**55,349**	68,671
Siphon	**670,530**	413,221
Parkland	**929,577**	920,470
Clarke Lake	**40,868**	49,216
Goose	**142,926**	69,483
Silver	**894,020**	217,851
Flatrock	**92,539**	51,272
Beavertail	**51,952**	38,091
Airport	**36,857**	27,982
Fort St. John 11-34	**113,725**	75,491
Beg	**70,200**	14,001
Others	**57,354**	43,930
	5,265,111	3,865,769
Total Mcf	**14,424,020**	11,132,402
Total 10^3m^3	**406,382**	313,644

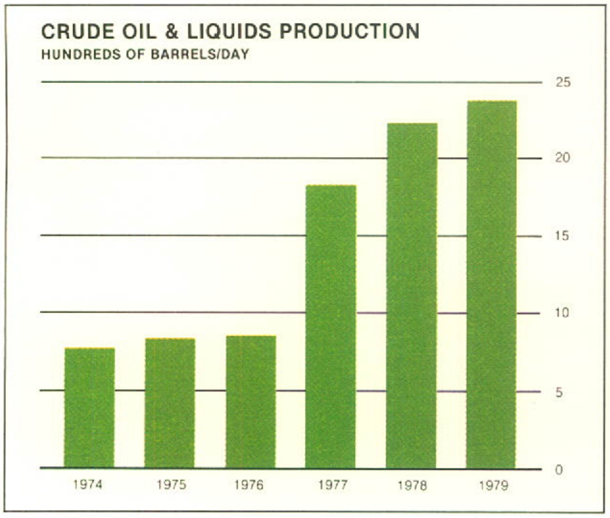
CRUDE OIL

Crude oil and liquids production in 1979 recorded a marginal increase of 4%, or 92 barrels of oil per day, to reach an average daily oil production of 2370 barrels compared with 2278 barrels of oil per day in 1978. Total oil production for the year was 865,018 barrels of which nearly 94%, or 811,000 barrels, came from Alberta production and the balance from British Columbia.

Small production gains were made at the Grand Forks and Carson Creek Units. Oil production from Suffield, on the other hand, was slightly lower than the previous year, largely because of curtailment of production due to water-oil ratio penalties. A water disposal system was installed in South Jenner field during the fourth quarter and an application submitted to the Energy Resources Conservation Board for good production practise for the Ram Hill pool, both of which steps should result in higher primary production from Suffield in the coming year.

OIL AND GAS PRICES

A crude oil price of $12.75 per barrel was in effect for the first six months of the year and a price of $13.75 per barrel for the last half. Three wellhead price increases during the year raised the price of gas in Alberta from an average of $1.57 per Mcf to $2.10 per Mcf by year end. Although no domestic price increases for gas took place in British Columbia during the year, increases in the export price had the effect of raising the new gas price from $1.03 to $1.19 per Mcf and old gas from $0.78 to $0.95 per Mcf by year end, both the latter prices being net of royalty. The Company's average net back in 1979 for production from all sources, after royalty and operating expenses, was $6.72 per barrel of crude oil and $0.93 per Mcf of gas.



CRUDE OIL AND LIQUIDS PRODUCTION
(barrels before royalty deduction)

	1979	1978
Alberta		
Rainbow	**8,539**	4,699
Grand Forks	**651,762**	641,208
Carson Creek	**67,047**	53,253
Suffield	**59,417**	63,641
Stanmore	**11,205**	12,534
Hanna	**5,730**	5,226
Others	**7,599**	849
	811,299	781,410
British Columbia		
Charlie Lake Unit 1	**8,454**	9,264
Peejay Unit	**5,961**	6,315
Pacific Arco Peejay	**5,699**	6,896
South Inga Unit 2	**29,036**	24,215
Others	**4,569**	3,371
	53,719	50,061
Total Barrels	**865,018**	831,471
Total m³	**137,460**	132,129

Drilling - Westcoast et al Pine 6-16-57-19 W5

OIL AND GAS RESERVES

After providing for the year's depletion of 14.4 billion cubic feet and revisions and discoveries, the Company's gas reserves at December 31, 1979 were estimated at 345 billion cubic feet, or just slightly ahead of the gas reserves at the close of the previous year. Total proven and probable gas reserves at the end of the year were estimated to be 400.4 billion cubic feet.

Proven conventional oil reserves at December 31, 1979 were estimated by Company engineers to be 7,655,000 barrels, which is a net reduction of 806,800 barrels from the previous year after a deduction of 865,000 barrels for the year's production offset to a minor extent by a net addition of 58,200 barrels of new reserves. Proven and probable oil reserves at the close of the year were estimated at 11,764,000 barrels.

OIL AND GAS RESERVES

(before deduction of crown and freehold royalties)

	Crude Oil & Liquids (barrels)	Natural Gas (thousand cubic feet)
PROVEN		
Reserves at December 31, 1978	8,461,800	343,918,500
Production - 1979	(865,000)	(14,424,000)
Discoveries and Extensions	181,000	17,605,000
Engineering re-appraisals	(122,800)	(2,107,500)
Reserves at December 31, 1979	7,655,000	344,992,000
PROBABLE		
Reserves at December 31, 1979	4,109,000	55,398,000
TOTAL — PROVEN AND PROBABLE	11,764,000	400,390,000

METRIC (1979-12-31)	Proven	Probable	Total
OIL - m^3	1,216,465	652,980	1,869,445
GAS - 10^3m^3	9,719,800	1,560,800	11,280,600

Oil pipeline maintenance

HEAVY OIL RESOURCES

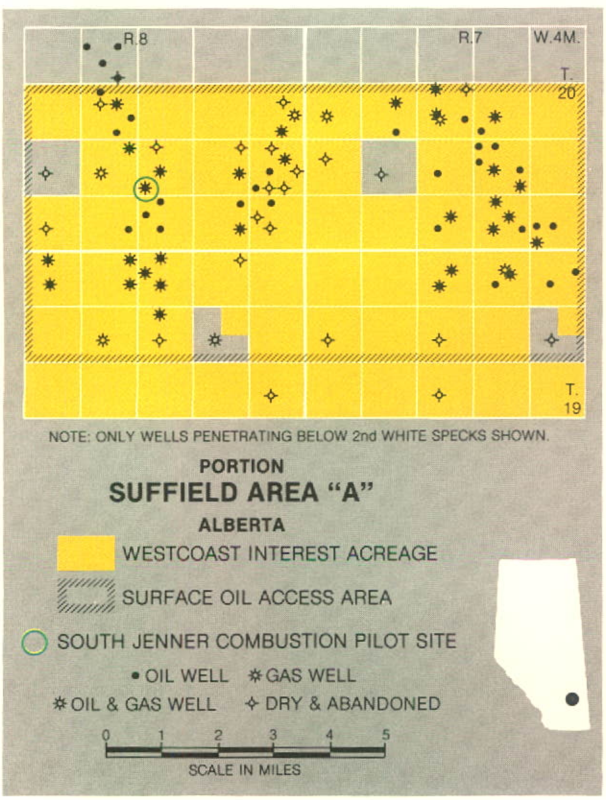
The Company holds substantial heavy oil interests that are becoming an increasingly important asset as the world price of oil continues to rise and known sources of conventional oil deplete. These interests are contained largely in the Company's acreage holdings in Suffield Area "A" in southeastern Alberta and under the Manatokan oil sand properties in the general Cold Lake area of east central Alberta.

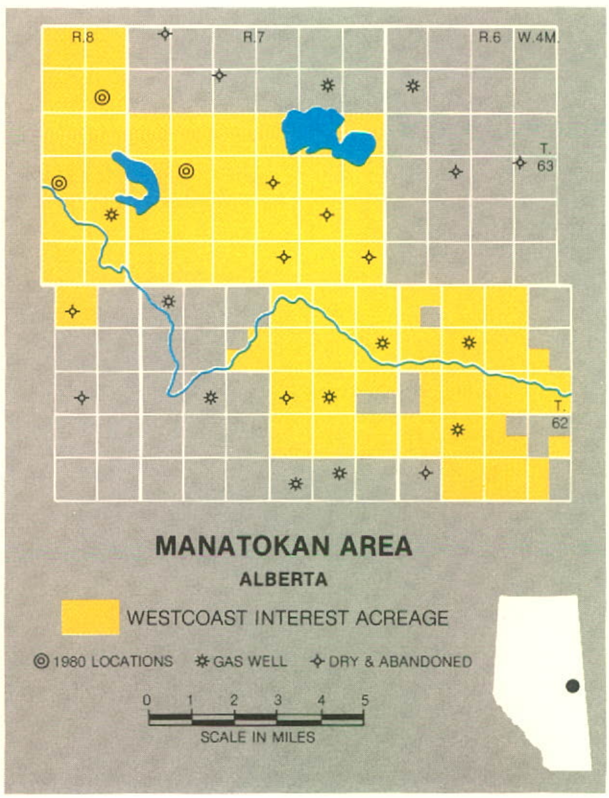
In Suffield, Westcoast has a 30% working interest in an estimated 450 million barrels of heavy oil in place contained in four separate pools within Area "A" and ranging in gravity from 9° to 17° API. Although total conventional production from the three pools located within the year-round surface access area is currently averaging 600 barrels per day, the full economic potential of these substantial oil deposits can only be realized through effective tertiary or enhanced oil recovery methods.

In regard to the latter, operations are in progress to commence a cyclic combustion (fire flood) pilot which engineering studies suggest, on a theoretical basis only, could result in recoveries approaching 40% of the oil in place. Injectivity and combustion tube tests for the pilot have been completed successfully and work on the design of the facilities is underway. The pilot site has been selected in the South Jenner pool and the drilling of an injector and four producing wells is scheduled for completion by May 31, 1980. Two observation wells will be drilled in the fourth quarter of the year and the fire flood is expected to be in operation by the end of 1980.

The Company's wholly owned Manatokan oil sands properties consist of 41,120 acres held under Oil Sands lease and permit. A recent study conducted by outside consultants estimates the total heavy oil in place within the various oil bearing Lower Cretaceous Sands under these lands to be 4.2 billion barrels. Computer simulation studies of cyclic steam stimulation followed by steam flooding indicate a theoretical recovery of 32.5% of oil in place by this process, the economic viability of which requires testing by an on-site pilot plant.

Although an offer from a major corporation to undertake field operations for cyclic steam stimulation on the Manatokan property has been under consideration, the Company is at present more seriously examining the advisability of assuming the full cost of a steam stimulation pilot plant for its own account on this potentially highly valuable asset.





Drilling at Sikanni, British Columbia

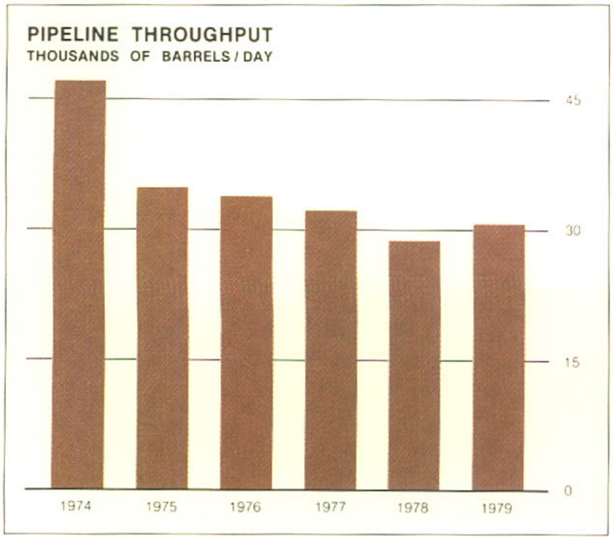
PIPELINE OPERATIONS

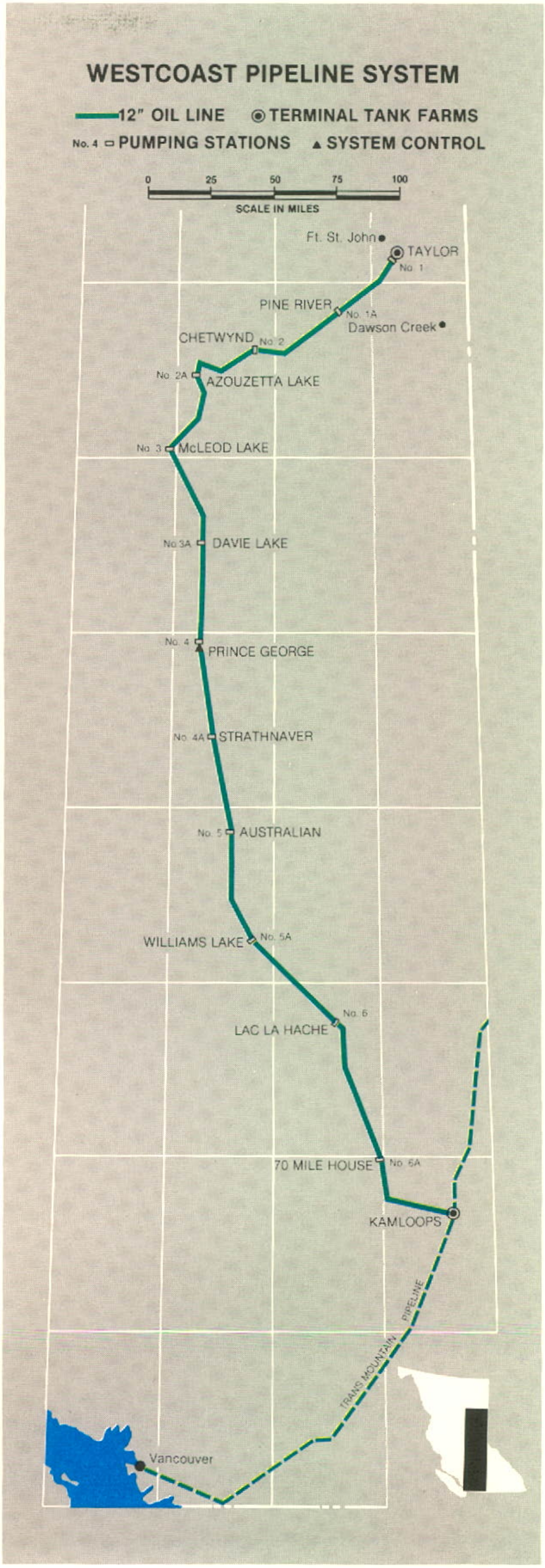
Deliveries from the Company's crude oil pipeline system during 1979 averaged 30,760 barrels per day which is a 7.5% increase over 1978 deliveries of 28,600 barrels per day. This increase also marks the first reversal in the trend of declining throughput which has taken place for the past eight years.

The rate of return currently in effect for the pipeline is 16.5% on equity which equates to approximately 13.9% on rate base. Net income attributable to the pipeline in 1979 on this allowed rate was $1,225,000, which compares with $1,281,000 for the previous year.

As a result of the increase in pipeline throughput and a commensurate reduction in the unit depreciation rate, the Company was able to post a tariff reduction of approximately 18%, effective October 1, 1979, without impairing the required return of revenue from the system. It should be noted that the expenditures of $709,000 incurred in the 1978 repair and security program, and referred to in the previous Annual Report, were reversed from the rate base in 1979 and expensed against income at the request of the regulatory authorities.

Exploratory and development drilling in northeastern British Columbia continued at a high level in 1979, during which period 74 new wells were completed as reported oil producers. With exploration and development drilling expected to continue indefinitely at this accelerated pace, further additions to the total crude oil reserves remaining to be moved by the Company's pipeline system appear assured.





WESTCOAST PETROLEUM LTD.

CONSOLIDATED BALANCE SHEET

December 31, 1979 and 1978

ASSETS

	1979	1978
CURRENT		
Short term investments	$ 12,343,000	$ 16,116,000
Accounts receivable	6,550,000	7,954,000
	18,893,000	24,070,000
PROPERTY, PLANT AND EQUIPMENT at cost (Note 2)	198,372,000	171,877,000
Less accumulated depreciation and depletion	59,223,000	51,093,000
	139,149,000	120,784,000
OTHER at cost less amounts amortized		
Deferred charges	110,000	145,000
Debt discount and expense	377,000	400,000
	487,000	545,000
	$158,529,000	$145,399,000

On behalf of the Board:

Director.

Director.

See accompanying notes

LIABILITIES AND SHAREHOLDERS' EQUITY

	1979	1978
CURRENT		
Accounts payable and accrued charges	$ 8,381,000	$ 9,490,000
Current maturities of long term debt	811,000	824,000
	9,192,000	10,314,000
LONG TERM DEBT (Note 3)	22,667,000	23,517,000
DEFERRED INCOME TAXES	30,742,000	25,112,000
GAS PRODUCTION PREPAYMENT (Note 5)	1,285,000	604,000
SHAREHOLDERS' EQUITY		
Share capital (Note 4) —		
Authorized:		
1,340,000 $1.50 exchangeable (convertible) redeemable voting preferred shares of $25 par value		
15,000,000 common shares of $2 par value		
Issued:		
167,968 preferred shares (1978 - 247,009)	4,199,000	6,175,000
6,455,495 common shares (1978 - 6,267,438)	12,911,000	12,535,000
	17,110,000	18,710,000
Contributed surplus (Note 4)	40,422,000	38,637,000
Retained earnings	37,111,000	28,505,000
	94,643,000	85,852,000
	$158,529,000	$145,399,000

AUDITORS' REPORT

To the Members of Westcoast Petroleum Ltd.

We have examined the consolidated balance sheets of Westcoast Petroleum Ltd. as at December 31, 1979 and 1978 and the consolidated statements of income, retained earnings, contributed surplus and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1979 and 1978 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis during the period.

Calgary, Canada
January 24, 1980

Clarkson Gordon
Chartered Accountants

CONSOLIDATED STATEMENT OF INCOME

Years Ended December 31, 1979 and 1978

	1979	1978
REVENUES		
Pipeline	$ 9,220,000	$ 9,013,000
Oil and gas sales	22,008,000	16,610,000
Investment income	986,000	564,000
	32,214,000	26,187,000
EXPENSES		
Pipeline operations	2,992,000	2,521,000
Production	2,388,000	1,651,000
General and administrative	1,037,000	855,000
Interest on long term debt	2,388,000	1,323,000
Depreciation	3,741,000	3,635,000
Depletion	4,987,000	3,301,000
Amortization of deferred charges and debt discount	75,000	70,000
	17,608,000	13,356,000
INCOME BEFORE INCOME TAXES	14,606,000	12,831,000
PROVISION FOR INCOME TAXES		
Current	370,000	—
Deferred	5,630,000	5,100,000
	6,000,000	5,100,000
NET INCOME FOR THE YEAR	$ 8,606,000	$ 7,731,000
EARNINGS PER COMMON SHARE		
Basic	$1.33	$1.23
Fully diluted	$1.27	$1.14

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Years Ended December 31, 1979 and 1978

	1979	1978
Balance at beginning of year	$28,505,000	$20,774,000
Net income for the year	8,606,000	7,731,000
Balance at end of year	$37,111,000	$28,505,000

See accompanying notes

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

Years Ended December 31, 1979 and 1978

	1979	1978
Balance at beginning of year	$38,637,000	$36,318,000
Additions (Note 4)		
Upon exercise of stock options	125,000	28,000
Upon conversion of preferred shares	1,660,000	2,291,000
Balance at end of year	$40,422,000	$38,637,000

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended December 31, 1979 and 1978

	1979	1978
FUNDS WERE OBTAINED FROM:		
Operations		
Net income for the year	$ 8,606,000	$ 7,731,000
Add items not involving funds		
Depreciation, depletion and amortization	8,803,000	7,006,000
Provision for deferred income taxes	5,630,000	5,100,000
Cash flow from operations	23,039,000	19,837,000
Gas production prepayment	681,000	604,000
Issue of long term debt	—	20,000,000
Common shares issued for cash	185,000	45,000
	23,905,000	40,486,000
FUNDS WERE USED FOR:		
Property acquisition and carrying costs	8,248,000	8,717,000
Property development costs	16,434,000	14,633,000
Pipeline capital expenditures	—	709,000
Equipment	2,410,000	4,760,000
Reduction and retirement of long term debt	850,000	850,000
Long term debt financing expense	18,000	387,000
	27,960,000	30,056,000
INCREASE (DECREASE) IN WORKING CAPITAL	(4,055,000)	10,430,000
WORKING CAPITAL AT BEGINNING OF YEAR	13,756,000	3,326,000
WORKING CAPITAL AT END OF YEAR	$ 9,701,000	$13,756,000

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1979 and 1978

1. Summary of significant accounting policies

The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates and approximations which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Westcoast Production Co. (Africa) Ltd. and Dover Petroleum Company, both of which are inactive.

Short Term Investments

Short term investments are carried at cost which approximates market value.

Property, Plant and Equipment

The Company follows the full cost method of accounting wherein all costs related to the acquisition of, exploration for and development of oil and gas reserves are capitalized and depleted by a composite unit-of-production method based on total estimated proven reserves.

Depreciation is provided at rates designed to amortize the cost of the following assets over their estimated useful lives:

- Production equipment — unit-of-production method based on estimated total proven producing reserves;
- Pipeline assets, including pipeline right-of-way — throughput method based on estimated remaining volumes of oil available to be transported by the pipeline system.

Income Taxes

The Company accounts for income tax by the tax allocation method, whereby income tax expense is determined as the amount that would be payable if statutory tax deductions for drilling, exploration and property acquisition costs and for capital cost allowances did not exceed the related depletion and depreciation provisions charged against income.

The excess of income tax expense over income tax actually payable is reported as provision for deferred income taxes. If this policy, which the Company adopted on January 1, 1974, had been applied on a retroactive basis, deferred income taxes would have been increased by approximately $8,100,000 and retained earnings reduced accordingly.

Deferred Charges

The Company has deferred certain charges relating to the installation of a pipeline communications system which are being amortized on a straight-line basis to December 31, 1982.

2. Property, Plant and Equipment

	1979	1978
Pipeline right-of-way	**$ 3,750,000**	$ 3,750,000
Pipeline & related equipment	**36,796,000**	37,395,000
Production equipment	**16,783,000**	14,373,000
Oil & gas properties	**141,043,000**	116,359,000
	198,372,000	171,877,000
Deduct		
Accumulated depreciation	**35,191,000**	32,048,000
Accumulated depletion	**24,032,000**	19,045,000
	59,223,000	51,093,000
	$139,149,000	$120,784,000

3. Long Term Debt

Long term debt due after one year consists of:

	1979	1978
Term bank loan (secured) with interest at ½ of 1% per annum above the prime bank rate	**$ 1,692,000**	$ 1,792,000
6½% Subordinate Debentures, Series A due December 31, 1981 (unsecured) subject to annual redemptions to 1980	**975,000**	1,725,000
10% Sinking Fund Debentures, First Series due December 1, 1993	**20,000,000**	20,000,000
	$ 22,667,000	$ 23,517,000

Long term debt repayments required in each of the five years subsequent to December 31, 1979 are as follows: $811,000 in 1980, $2,325,000 in 1981, $1,350,000 in 1982, $1,350,000 in 1983 and $2,642,000 in 1984.

The term bank loan is secured by a demand note, however the bank has agreed to accept principal payments of $100,000 each year with the remaining balance due December 31, 1984. Debt discount and expense is being amortized over the term of the related issue.

4. Share Capital

During 1979 options to purchase 9,000 common shares were granted to employees as follows: 3,000 shares at $16.875, 3,000 shares at $20.25 and 3,000 shares at $22.37.

During 1979, 29,975 common shares were issued upon exercise of employees' stock options. The excess of the consideration received over the par value of the shares issued amounted to $125,000 and was credited to contributed surplus. In addition 8,500 common share options were terminated during the year.

Common shares were reserved and exercisable at December 31 as follows:

	1979	1978
(i) For stock options outstanding to:		
Officers		
At $6.00 to April 21, 1986	**19,000**	43,000
At $3.50 to February 26, 1985	**4,350**	11,200
At $6.50 to May 10, 1986	**19,000**	19,500
At $7.75 to July 22, 1986	**9,000**	5,000
Employees		
At $3.50 to February 26, 1985	**3,500**	3,500
At $7.75 to April 21, 1987	**9,900**	15,900
At $11.25 to October 18, 1986	**2,625**	6,000
At $12.125 to December 18, 1986	**25,250**	27,000
At $16.875 to April 2, 1987	**3,000**	—
At $20.25 to July 19, 1987	**3,000**	—
At $22.37 to August 15, 1987	**3,000**	—
	101,625	131,100
(ii) For the exchange of preferred shares	**335,936**	494,018

The outstanding preferred shares are exchangeable for common shares on the basis of two common shares for each preferred share.

During 1979 the Company issued 158,082 common shares with an aggregate par value of $316,000 upon conversion of 79,041 preferred shares with an aggregate par value of $1,976,000. The excess of consideration received over the par value of the common shares issued ($1,660,000) was credited to contributed surplus.

5. Gas Production Prepayment

Certain purchasers of natural gas are required to pay for minimum quantities each year and have up to 10 years to take delivery of any gas paid for but not taken, with payment adjusted to prices in effect at delivery date. The Company received payments of $681,000 during 1979 and $604,000 during 1978 for gas not delivered.

6. Statutory Information

The aggregate remuneration paid during the years to directors and senior officers (including the five highest paid employees) of the Company amounted to $394,000 in 1979 and $353,000 in 1978.

At December 31, 1979 the Company had a staff of 106 permanent employees whose aggregate remuneration for the year was $2,680,000 compared with $2,427,000 in 1978. Of the total, 76 employees are engaged in the oil and gas production and exploration activities of the Company and reside largely in Alberta while the remaining 30 employees are engaged in the operation of the Company's oil pipeline in British Columbia.

MANAGEMENT'S ANALYSIS OF SUMMARY OF OPERATIONS

1979 COMPARED WITH 1978

Net income for 1979 was $8.6 million, an increase of $875,000 or 11% over 1978. Cash generated from operations amounted to $23 million, an increase of $3.2 million or 16% over the previous year. Increased production of natural gas and crude oil during the year and increases in prices for these products, were the main reasons for the increase in net income.

Oil and Gas Sales — The increase of 32% in revenue from oil and gas during 1979 resulted from increases in production of natural gas of 30% and in crude oil of 4%, combined with increases in wellhead prices for both products. Increased natural gas production was from new areas and new wells in existing areas placed on production during the last half of 1978 in northeastern British Columbia and from increased nominations in the Suffield and Maleb areas of southeastern Alberta.

Investment Income — The increase in 1979 of $422,000 or 75% was the result of investment in term deposits of funds surplus to the Company's immediate needs. Increases in term deposit rates also contributed to the increase in investment income.

Pipeline Operations Expense — A maintenance and repair program together with increased cost of wages, supplies and fuel resulted in increased pipeline operations expense of 19% in 1979 compared with 1978.

Production Expenses — Increased production during 1979 and new areas brought into production during the last half of 1978 were the main reasons for the increase in operating expenses of $737,000 in 1979. In addition, increases in wage and maintenance and repair costs contributed to the increased cost of production expenses.

General and Administrative — The increase in general and administrative expenses in 1979 resulted from increased salary costs and the implementation of an employee savings plan with matched company contributions.

Interest on Long Term Debt — New borrowing during 1978 resulted in the increase in interest expense of $1.1 million in 1979.

Depletion — Depletion expense increased $1.7 million in 1979 as a result of increased production together with higher unit depletion rates because of increasing cost of finding and developing new oil and gas reserves.

1978 COMPARED WITH 1977

Net income increased by $1.1 million or 17% over the previous year and cash generated from operations increased by $2.7 million or 16%.

Oil and Gas Sales — Oil and gas revenue increased by 40% over 1977; this gain reflects a 20% increase in production combined with further increases in wellhead prices which became effective during 1978. Oil production alone showed a 25% growth over 1977 as a result of higher production rates from the Grand Forks Lower Mannville Unit and the Suffield area. Gas sales increased by 17% over the comparable 1977 period. The major increase was from Maleb which went on stream in December, 1977 and averaged 6.8 MMcf per day during 1978.

Investment Income — The increase in investment income largely relates to the surplus funds available to the Company as a result of additional long-term debt financing completed during 1978.

Production Expenses — New gas production operations at Maleb and Silver combined with increased oil operations at Suffield and Grand Forks were the principal factors in contributing to the increase in production expenses in 1978.

Interest on Long Term Debt — The increase in interest expense on long-term debt results from the issue in 1978 of $20 million principal amount of 10% Sinking Fund Debentures.

Depletion — The increase in depletion charges over 1977 reflects higher 1978 production rates as previously referred to, combined with higher unit finding costs of new oil and gas reserves.

Amortization of Deferred Charges — The deferred charge write-off for 1978 includes an amount relating to the financing expenses associated with the 1978 long-term debt issue.

* * * * * *

Additional information and comments regarding the Company's operations are included elsewhere in this report.

WESTCOAST PETROLEUM LTD.

FINANCIAL SUMMARY

(thousands of dollars except per share amounts)

	1979	1978	1977	1976	1975
Revenue:					
Pipeline	$ 9,220	$ 9,013	$ 9,676	$ 9,780	$ 8,686
Oil and gas sales	22,008	16,610	11,760	7,124	4,500
Investment income	986	564	347	603	801
	32,214	26,187	21,783	17,507	13,987
Expenses:					
Pipeline operations	2,992	2,521	2,543	2,185	2,011
Production	2,388	1,651	1,050	702	606
General and administrative	1,037	855	696	645	522
Interest on long term debt	2,388	1,323	389	506	399
Depreciation	3,741	3,635	3,632	3,560	1,672
Depletion	4,987	3,301	2,157	1,257	1,576
Amortization of deferred charges & debt discount	75	70	48	48	48
	17,608	13,356	10,515	8,903	6,834
Income before income taxes	14,606	12,831	11,268	8,604	7,153
Provision for income taxes:					
Current	370	—	—	—	—
Deferred	5,630	5,100	4,650	3,700	3,300
	6,000	5,100	4,650	3,700	3,300
Net income for the year	$ 8,606	$ 7,731	$ 6,618	$ 4,904	$ 3,853
Cash generated from operations	$23,039	$19,837	$17,105	$13,469	$10,449
Per common share - fully diluted					(1)
Net income	$1.27	$1.14	$ .98	$ .73	$ .57
Cash generated	$3.39	$2.93	$2.53	$2.00	$1.56

(1) Effective January 1, 1975 the conversion right of preferred shares changed from 2½ to 1 to 2 to 1.

(2) In some instances figures from earlier years have been changed from those previously published to reflect subsequent changes in reporting practices.

OPERATING SUMMARY

	1979	1978	1977	1976	1975
Pipeline throughput (barrels per day)	30,760	28,600	32,100	33,800	34,900
Natural gas sales (million cubic feet per day)	39.5	30.5	26.0	26.6	29.7
Crude oil & liquids production (barrels per day)	2,370	2,278	1,822	866	840
Net acreage	1,827,036	2,305,000	2,531,000	3,091,000	3,867,000
Employees	106	97	90	80	75

DIRECTORS

John Anderson
Executive Vice President
and Chief Operating Officer
Westcoast Transmission Company Limited
Vancouver, B.C.

Edward J. Crowther +
President
Reid, Crowther & Partners Limited
Calgary, Alberta

Ernest A. Hutchinson, Q.C. +
Barrister and Solicitor
MacKimmie Matthews
Calgary, Alberta

Robert H. Laurence *
President and Chief Executive Officer
of the Company

Edwin C. Phillips
President and Chief Executive Officer
Westcoast Transmission Company Limited
Vancouver, B.C.

L. Jack Smith +
Vice President Finance and Treasurer
Westcoast Transmission Company Limited
Vancouver, B.C.

Thomas W. Whittingham *
Vice President - Exploration
of the Company

** Member of Executive Committee*
+ Member of Audit Committee

OFFICERS

Robert H. Laurence
President and Chief Executive Officer

Thomas W. Whittingham
Vice President - Exploration

Ronald C. Browning
Treasurer (appointed January 1, 1980)

Allan J. Kostyniuk
Vice President - Production

Peter J. Ramsay
Vice President - Pipeline Operations

John Cummings
Secretary

EXECUTIVE OFFICE

1100 Aquitaine Tower
540 - 5th Avenue S.W.
Calgary, Alberta T2P 0M2

REGISTERED OFFICE
15th Floor, Westcoast Building
1333 West Georgia Street
Vancouver, B.C. V6E 3K9

PRINCE GEORGE OFFICE
1515 Nicholson Street
Prince George, B.C. V2N 1V7

TRANSFER AGENTS
Preferred Shares
Montreal Trust Company - Canada

Common Shares
Montreal Trust Company - Canada
Citibank - New York, N.Y.

REGISTRARS
Preferred Shares
Montreal Trust Company - Canada

Common Shares
Montreal Trust Company - Canada
The Royal Bank and Trust Company
New York, N.Y.

AUDITORS
Clarkson Gordon
Calgary, Alberta

STOCK EXCHANGE LISTINGS
Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

STOCK MARKET INFORMATION

The principal markets for the Company's voting shares in Canada are The Toronto Stock Exchange, The Montreal Stock Exchange and The Vancouver Stock Exchange under the symbol "WPL" for the common shares and "WPL.PR.A." for the preferred shares. In the United States, the common stock is traded on the NASDAQ Over-the-Counter Market under the symbol "WPRDF".

The trading prices of the Company's voting shares (by class) on The Toronto Stock Exchange for the past two fiscal years are set out in the following table:

	1979				1978			
	Quarter				Quarter			
	1st	2nd	3rd	4th	1st	2nd	3rd	4th
Common Shares								
High	$17.75	$24.62	$31.75	$36.00	$12.37	$11.87	$13.25	$13.50
Low	12.87	15.50	20.25	23.00	10.25	10.37	10.75	9.75
Preferred Shares								
High	36.00	50.12	63.50	70.00	25.25	23.50	26.65	27.00
Low	25.37	31.00	39.25	47.50	20.75	20.25	22.00	19.12

Above trading prices in Canadian Funds.

Printed in Canada