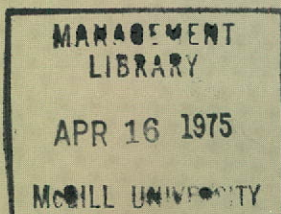


Annual Report
1974

ULSTER PETROLEUMS LTD.



Directors and Officers

Edward P. Kenney	President, Treasurer and Director
Hugh M. Considine	Secretary and Director
Charles P. Burnett III	Director
Dr. Allan Cree	Director
Francis J. O'Shea	Vice President, Production & Engineering

The Annual General Meeting of the Company will be held at 2:00 p.m., mountain daylight time on Wednesday, April 30th, 1975, at the Calgary Inn, Calgary, Alberta.

For the information of shareholders, the valuation day value of the Company's capital stock for capital gains tax purposes as published by the Department of National Revenue, Taxation, is \$1.46.

Directors' Report to the Shareholders

The Directors' report for 1974 together with audited financial statements for the year ending December 31, 1974 are presented herewith.

During the past year the Company's main impetus has been directed to the development and upgrading of producing facilities in our Medicine Hat gas area. New compression and dehydration plants have been installed and the reworking of old wells was completed during the latter part of 1974. During the year, the Company terminated its gas sales contract with Pan-Alberta Gas Ltd. and entered into a new gas sales contract with TransCanada PipeLines Limited. Deliveries under the TransCanada contract commenced late in the year at an initial price of 60¢/MCF. Our right to terminate the Pan-Alberta contract was questioned by that company and we accordingly applied to the Supreme Court of Alberta for an interpretation of agreements and confirmation of our right to cancel the contract. The Trial Division of the Supreme Court of Alberta upheld our rights to terminate. This decision was appealed by Pan-Alberta and the Appellate Division of the Supreme Court of Alberta set aside, without prejudice to the rights of the parties, the Trial Division's ruling. Further steps in this action are expected, however, unless the Courts decide otherwise, Ulster will continue to sell this gas to the present purchaser, TransCanada PipeLines Limited. Depending on the decision of the Courts, it is our intention to conduct extensive development drilling during the current year with as many as 30 wells being tentatively programmed. It is anticipated that if we are successful in maintaining our TransCanada contract, significantly higher gas prices will be realized by the end of 1975. The programs undertaken during 1974 and those contemplated during 1975 are financed under arrangements with our principal banker. It is intended that the Company's primary efforts will be directed to the development of this field during 1975 allowing substantial cash flows in the immediate future for other projects.

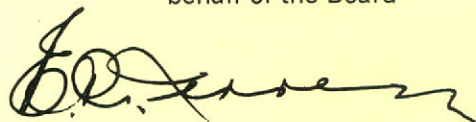
The accompanying financial statements indicate a significant increase in income from oil and gas sales for the year and are particularly revealing since our Medicine Hat gas field was shut in during the month of November and increased gas prices were received only for the month of December. Operating expenses have been maintained at a reasonable level. Approximately \$51,000 in General and Administrative Expenses were directly attributable to costs incurred in a proposal to acquire all of the outstanding shares of Osec Petroleum Canada Ltd.

which was not completed. It was determined that certain mining properties shown on the Company's accounts be written down from \$507,178 to \$20,000 to more clearly reflect the value of the properties in the opinion of management. This action has created an extraordinary loss of approximately \$0.09 per share. Your Directors anticipate significant improvements in cash flow of the Company for the forthcoming year.

During the latter part of 1974, some moderation was realized in the Province of Alberta with regard to the continuing resource conflict with the Federal Government. As a result of 1974 tax legislation by the Federal Government which created a form of double taxation on resource companies, the Province of Alberta subsequently implemented legislation to alleviate the impact of this discriminatory tax. It is felt that Ulster will not be liable for any additional federal tax for several years since we have accumulated a significant tax loss carry forward in addition to the benefits of the recent Alberta legislation. Regrettably, the attitudes of the socialistic government in the Province of Saskatchewan have not recognized any need for profit-motivated free enterprise within its borders and we, therefore, do not expect significant return on our investment in that Province. Many important intergovernmental decisions relating to our industry will be made during the next year in regard to exports, commodity prices and drilling incentives. The industry has lost considerable impetus during the last eighteen months due to political intervention with the resultant erosion of investment, equipment and skilled personnel. At the same time, the credibility and integrity of government in general has reached new lows.

Negotiations covering the proposed acquisition of all of the outstanding shares of Osec Petroleum Canada Ltd. by Ulster were discontinued in the latter part of 1974 and preliminary agreements between Osec and Ulster were terminated by mutual agreement of the parties.

Respectfully submitted on
behalf of the Board



President

Operations

Production and Reserves

Gas production during 1974 averaged 3.8 MMCF per day as compared with 2.1 MMCF per day during 1973. This production was principally attributed to the Company's Medicine Hat shallow gas properties in southeastern Alberta where additional drilling and extensive rework of old wells was completed during 1974. In addition, a new compression facility and dehydration plant were installed late in 1974 which required the shutdown of all production for approximately four weeks during hook up. For the first ten months of the year, gas was sold to Many Islands Pipelines Ltd. at \$0.22625 per MCF and deliveries to TransCanada PipeLines Limited commenced on November 29, 1974 at \$0.60 per MCF. Substantial development drilling is programmed in the Medicine Hat area for 1975. In addition, several gas wells, in which the Company has small interests, were tied into transmission facilities late in 1974 in the Drumheller, Retlaw and Big Bend areas.

Oil production averaged 115 barrels per day during 1974 as compared with 146 barrels per day in 1973. The majority of the Company's oil production has historically been obtained from the Province of Saskatchewan where present legislation does not provide for profitable operations and several of the Company's wells which, under normal circumstances would have been reworked and repaired, have in fact been suspended as non-profitable. The water flood results in the Plato Oil Unit have shown good response and this field would now be economical in a non-socialist state.

It is estimated that the Company's oil and gas reserves as at December 31, 1974 were as follows:

Proven Oil	409,200 Bbls.
Probable Oil	133,900 Bbls.
Proven Gas	50,311 MMCF
Probable Gas	51 MMCF

Exploration and Development

The Company participated in the drilling of a total of five wells during 1974 resulting in four gas completions and one dry hole. It is planned that a mini-

mum of 12 and possibly as many as 30 development wells will be drilled in the Medicine Hat area during 1975. The Company anticipates that exploratory drilling may be undertaken on the Company's properties in southern England and the North Sea during 1975.

Exploratory Properties

As of December 31, 1974 the Company held 10,742,823 gross acres and 2,939,383 net acres in Canada, United Kingdom, the United States and Australia. Interests in concessions in Italy were terminated in 1974 and early in 1975 the Company, in association with its partners, decided to drop its Australian concession in Queensland due to an adverse political climate.

Total acreages by areas as of December 31, 1974 are as follows:

CANADA:

	Gross	Net
Alberta	110,434	48,498
British Columbia	1,331	851
Manitoba	80	16
Ontario	1,300	73
Saskatchewan	7,640	3,496
Arctic (Permits)	1,309,453	482,788
Baffin (Permits)	544,159	81,624
Hudson Bay (Permits)	115,980	115,980
East Coast (Permits)	732,901	103,107
N.W.T. (Permits)	407,129	47,215
N.W.T. (Mining Properties)	1,800	1,800
TOTAL	3,232,207	885,448

FOREIGN:

United States (Leases)	23,453	14,017
(Lease Applications)	346,461	47,462
United Kingdom (Onshore)	1,744,555	872,277
North Sea	37,955	949
Australia—Queensland	4,476,922	1,119,230
TOTAL	6,629,346	2,053,935

ROYALTIES (1% - 5%)	881,270	—
TOTAL	10,742,823	2,939,383

ULSTER PETROLEUMS LTD.
and subsidiaries

Consolidated Statement of Earnings

YEAR ENDED DECEMBER 31, 1974
(with comparative figures for 1973)

	1974	1973
Revenue:		
Oil and gas sales	\$ 479,625	\$ 261,368
Interest and other income	20,865	23,648
	<u>500,490</u>	<u>285,016</u>
Expense:		
Production costs	232,998	208,117
General and administrative	251,339	167,728
Lease rentals—outside Canada	9,599	12,932
Depletion	163,706	84,554
Depreciation	93,372	73,805
Dry holes and abandonments—outside Canada	144,247	—
	<u>895,261</u>	<u>547,136</u>
Loss before extraordinary item	394,771	262,120
Extraordinary item—write down of mining properties	487,211	—
Net loss	<u>\$ 881,982</u>	<u>\$ 262,120</u>
Net loss per share:		
Before extraordinary item	\$ 0.08	\$ 0.05
Net loss	<u>\$ 0.17</u>	<u>\$ 0.05</u>

Consolidated Statement of Deficit

YEAR ENDED DECEMBER 31, 1974
(with comparative figures for 1973)

	1974	1973
Deficit, beginning of year	\$1,739,207	\$1,477,087
Net loss	881,982	262,120
Deficit, end of year	<u>\$2,621,189</u>	<u>\$1,739,207</u>

See accompanying notes.

ULSTER PETROLEUMS LTD.
and subsidiaries

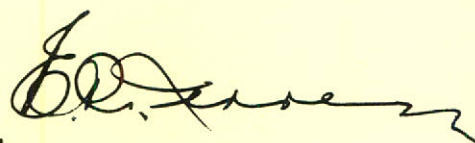
Consolidated Balance Sheet

DECEMBER 31, 1974

(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
ASSETS		
Current assets:		
Cash and term deposits	\$ 53,621	\$ 192,510
Accounts receivable	189,399	311,517
Prepaid expenses and deposits	1,371	11,623
Total current assets	<u>244,391</u>	<u>515,650</u>
Investments, at cost (No quoted market value)	57,586	57,586
Property, plant and equipment (Notes 1 and 2)	<u>4,484,161</u>	<u>4,088,077</u>
Mining properties, at cost less amount written off	20,000	507,178
Drilling deposits	<u>19,802</u>	<u>19,702</u>
	<u>\$4,825,940</u>	<u>\$5,188,193</u>

Approved on behalf of the Board:

 , Director

 , Director

See accompanying notes.

	<u>1974</u>	<u>1973</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 155,654	\$ 135,925
Current portion of bank loan	150,000	—
Total current liabilities	<u>305,654</u>	<u>135,925</u>
Bank loan (Note 3)	<u>350,000</u>	<u>—</u>
Shareholders' Equity:		
Capital Stock (Note 4):		
Shares without nominal or par value		
Authorized 8,000,000 shares;		
Issued 5,304,675 shares	6,791,475	6,791,475
Deficit	<u>2,621,189</u>	<u>1,739,207</u>
	<u>4,170,286</u>	<u>5,052,268</u>
	<u>\$4,825,940</u>	<u>\$5,188,193</u>

ULSTER PETROLEUMS LTD.
and subsidiaries

Consolidated Statement of Changes in Financial Position

YEAR ENDED DECEMBER 31, 1974
(with comparative figures for 1973)

	<u>1974</u>	<u>1973</u>
Funds provided:		
Bank loan	\$ 500,000	\$ —
Proceeds from sale of property, plant and equipment	19,125	271,448
Other	10,000	1,188
Total funds provided	<u>529,125</u>	<u>272,636</u>
Funds applied:		
Loss before extraordinary item	394,771	262,120
Items not involving funds	391,325	157,748
Funds applied to operations	<u>3,446</u>	<u>104,372</u>
Additions to property, plant and equipment	816,567	529,810
Current portion of bank loan	150,000	—
Other	100	20,397
Total funds applied	<u>970,113</u>	<u>654,579</u>
Decrease in working capital	440,988	381,943
Working capital, beginning of year	<u>379,725</u>	<u>761,668</u>
Working capital (deficiency) end of year	<u>\$ (61,263)</u>	<u>\$ 379,725</u>

See accompanying notes.

Notes to Consolidated Financial Statements

DECEMBER 31, 1974

1. Significant accounting policies:

(a) Principles of consolidation:

The consolidated financial statements include the accounts of Ulster Petroleum Ltd. and its subsidiary companies, all of which are wholly-owned.

Expenditures on petroleum and natural gas leases and rights of foreign subsidiaries are converted to Canadian dollars at the rate in effect on the date the transaction occurred.

(b) Petroleum and natural gas properties:

Canada:

The company follows the full cost method of accounting for its Canadian operations whereby all costs related to the exploration for and development of oil and gas reserves are capitalized. Costs capitalized include land acquisition costs, geological and geophysical expenditures, rentals on undeveloped properties, costs of drilling productive and non-productive wells and overhead directly related to exploration activities. The capitalized costs are being depleted on the unit of production method based on estimated proven recoverable reserves as determined by independent consultants. Depreciation of production and other equipment is provided on the diminishing balance method at the rate of 20% per annum.

Outside Canada:

The company's operations outside Canada are in the exploration stage. Costs related to the exploration for oil and gas reserves are capitalized pending the results of exploration in each area. Costs capitalized include land acquisition costs, geological and geophysical expenditures and drilling costs. If exploratory efforts are successful the costs will be depleted on the unit of production basis. If exploratory efforts are unsuccessful the costs incurred in the area are written off to earnings.

(c) Reclassification:

Certain 1973 figures in the consolidated balance sheet have been reclassified for comparative purposes.

2. Property, plant and equipment:

	Cost	Accumulated Depletion and Depreciation	Net book value	
			1974	1973
Petroleum and natural gas leases and rights including exploration and development thereon:				
Canada	\$3,313,099	\$542,147	\$2,770,952	\$2,677,804
United States	801,885	—	801,885	799,726
United Kingdom	321,795	—	321,795	279,957
Australia	27,882	—	27,882	43,502
	<u>4,464,661</u>	<u>542,147</u>	<u>3,922,514</u>	<u>3,800,989</u>
Production equipment	871,741	333,820	537,921	268,574
Other equipment	74,264	50,538	23,726	18,514
	<u>\$5,410,666</u>	<u>\$926,505</u>	<u>\$4,484,161</u>	<u>\$4,088,077</u>

3. Bank loan:

The bank loan bears interest at the rate of $\frac{1}{2}$ of 1% above the prime rate from time to time charged by a Canadian chartered bank. The loan is secured by assignments pursuant to Section 82 of the Bank Act covering interests in certain petroleum and natural gas properties. Although the bank loan is payable on demand under the agreed terms of repayment, approximately \$150,000 is payable annually.

4. Capital stock:

At December 31, 1973, employee stock options were outstanding covering 45,000 shares exercisable at \$2.20 per share. During the year an option was granted to an officer of the company covering 25,000 shares at \$2.20 per share exercisable up to December, 1979. In February, 1975 it was resolved that all existing stock options would be cancelled. It was further resolved that options totalling 75,000 shares be granted to full time directors, officers and employees at \$0.55 per share. It was further resolved that options covering 25,000 shares each at \$0.55 per share be granted to two directors who are not full time employees, subject to regulatory and shareholder approval. All such options are exercisable up to December 1980.

5. Remuneration of directors and officers:

The aggregate direct remuneration paid by the Company to directors and senior officers during the year amounted to \$109,550 (1973—\$83,650).

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Ulster Petroleums Ltd. and subsidiaries as of December 31, 1974 and the consolidated statements of earnings, deficit and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiaries as of December 31, 1974 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The figures for 1973 included for comparative purposes, are based on the consolidated financial statements of that year which were reported on by other chartered accountants.

Calgary, Alberta
March 13, 1975

PEAT, MARWICK, MITCHELL & CO.
Chartered Accountants

ULSTER PETROLEUMS LTD.

Information Circular and Proxy Statement

SOLICITATION OF PROXIES BY OR ON BEHALF OF MANAGEMENT

This Information Circular and Proxy Statement is furnished in connection with the solicitation of proxies by or on behalf of the management of Ulster Petroleum Ltd. (the "Company") for use at the Annual General Meeting of the shareholders of the Company to be held on April 30, 1975 and at any adjournment or adjournments thereof (the "Meeting"). It is expected that such solicitation will be primarily by mail. Proxies may also be solicited by directors, officers or regular employees of the Company personally or by telephone or telegraph without compensation, other than regular compensation. The Company will bear the cost of the solicitation of proxies by or on behalf of management. The Company will also reimburse brokers and banks for their out-of-pocket expenses in forwarding proxy soliciting material to the beneficial owners of the shares of the Company and requesting authority for the execution of forms of proxy. It is expected that this Information Circular and Proxy Statement and the proxy solicited herewith will be first sent to shareholders on or about April 9, 1975. The Company's principal executive office is located at 690 Pacific Plaza, 700 - 6th Avenue S.W., Calgary, Alberta, Canada, T2P 0T8.

SHAREHOLDERS ELIGIBLE TO VOTE AT THE MEETING

There is no record date for determining the holders of shares who may vote at the Meeting. All shareholders of the Company of record at the time of the Meeting will be entitled to vote. Each shareholder will be entitled to one vote for each share held by the shareholder. Not less than three shareholders representing in person or by proxy at least 10% of the outstanding shares of the Company, in respect of which the holders thereof are entitled to vote, constitute a quorum at meetings of shareholders.

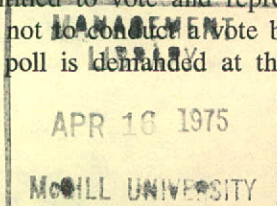
SHARES IN THE COMPANY OUTSTANDING AND MAJOR SHAREHOLDERS

The Company has outstanding 5,304,675 shares without nominal or par value which will be entitled to be voted at the Meeting. The Company does not expect any additional shares will be issued prior to the Meeting except shares which may be issued as a result of the exercise of outstanding options held by employees of the Company. OSEC Petroleum S.A., Luxembourg, a wholly-owned subsidiary of OSEC Petroleum AG, a company incorporated under the laws of the Federal Republic of West Germany, is the beneficial owner of 1,070,630 shares of the Company (approximately 20.18%) and is the only person or company known to management who beneficially owns more than 10% of the outstanding shares in the capital of the Company.

USE OF PROXIES AND DISCRETIONARY POWERS

A proxy in the accompanying form which is properly executed, duly returned and not revoked will be voted and, where a choice with respect to any matter to be acted upon has been specified therein, the shares represented thereby will, subject to Section 143 of The Companies Act (Alberta), be voted in accordance with the specification so made. Section 143 of the said Act provides as follows:

"If the aggregate number of shares represented at a meeting by proxies required to be voted against a particular matter or group of matters carries, to the knowledge of the chairman of the meeting, less than 5 per cent of the voting rights attached to the shares entitled to vote and represented at the meeting, the chairman of the meeting has the right not to conduct a vote by way of ballot on any such matter or group of matters unless a poll is demanded at the meeting."



IF NO INSTRUCTIONS ARE GIVEN WITH RESPECT TO THE PARTICULAR MATTER TO BE ACTED UPON, PROXIES WILL BE VOTED IN FAVOUR OF SUCH MATTER.

The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of the Meeting and with respect to other matters which may properly come before the Meeting, in which cases such proxy will be voted in accordance with the judgment of the persons named therein. At the date hereof, management knows of no such amendment, variation or other matter to come before the Meeting.

Appointment of a Different Proxy

THE PERSONS NAMED IN THE ENCLOSED FORM OF PROXY ARE DIRECTORS OF THE COMPANY.

A SHAREHOLDER DESIRING TO APPOINT SOME PERSON OTHER THAN THOSE NAMED IN THE ENCLOSED FORM OF PROXY TO REPRESENT SUCH SHAREHOLDER AT THE MEETING MAY DO SO BY EITHER (A) STRIKING OUT THE NAMES OF THOSE PERSONS PRINTED IN THE FORM OF PROXY AND INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE, OR (B) COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, THE COMPLETED INSTRUMENT OF PROXY SHOULD BE DEPOSITED WITH THE COMPANY, C/O THE CANADA TRUST COMPANY, 239 - 8TH AVENUE S.W., CALGARY, ALBERTA T2P 1B9, NOT LESS THAN 24 HOURS BEFORE THE TIME FOR HOLDING THE MEETING OR WITH THE CHAIRMAN OF THE MEETING ON THE DAY OF THE MEETING. ANY PERSON SO APPOINTED NEED NOT BE A SHAREHOLDER OF THE COMPANY.

Revocation of Proxies

A shareholder who has given a proxy has the power to revoke it at any time before it is used. Section 139 (4) of The Companies Act (Alberta) sets out a procedure for revoking proxies by the deposit of an instrument in writing at the head office of the Company at any time up to and including the last business day preceding the day of the Meeting or with the chairman of the Meeting on the day of the Meeting.

ELECTION OF DIRECTORS

Four directors are to be elected at the Meeting to serve until the next Annual Meeting of the shareholders of the Company or until their respective successors have been elected. Edward P. Kenney, one of the nominees for election as directors, is the President of the Company. Unless contrary instructions are given in the accompanying proxy, the persons named therein will vote for the election of the persons listed below all of whom are presently directors of the Company. Management does not contemplate that any nominee will be unable to serve as a director for any reason, but if that should occur prior to the Meeting, the persons named in the proxy reserve the right to substitute another person or persons of their choice as such nominee or nominees. The following information is submitted with respect to the nominees for election as directors:

<u>Name and Principal Occupation</u>	<u>Became a Director</u>	<u>Shares of the Company Beneficially Owned as at March 31, 1975 (1)</u>
CHARLES P. BURNETT III, Private Investor	1973	63,237
HUGH M. CONSIDINE, Director of the Company	1970	110,440
ALLAN CREE, Petroleum Exploration Consultant	1974	7,000
EDWARD P. KENNEY, President of the Company	1970	102,000

- (1) The information as to shares owned by each nominee, not being within the knowledge of Management, has, at the request of Management, been furnished by such nominee.

Charles P. Burnett III has been a private investor in Seattle, Washington, for more than five years. He is also Vice-President and a director of San Juan Products, Inc., a company engaged in the manufacture and installation of swimming pools, and a Director of Peoples National Bank of Washington. Mr. Burnett became a director of the Company in March, 1973.

Hugh M. Considine has been a director of the Company and its predecessor companies from June, 1968 until the present and, effective March 14, 1974, became Secretary of the Company.

Allan Cree was, for more than five years and until 1972, Manager of Exploration and later Coordinator of International Exploration, Cities Service International Inc. Since 1972, he has been a petroleum exploration consultant. He was a director of Osec Petroleum AG in 1972 and 1973 until his resignation in December, 1973. He became a director of the Company in January, 1974.

Edward P. Kenney has been a director of the Company and its predecessor, Ulster Petroleums Ltd., since 1964 and is the President and Treasurer of the Company.

REMUNERATION OF MANAGEMENT AND OTHERS

The following aggregate direct remuneration was paid by the Company and its subsidiaries during the fiscal year ended December 31, 1974 to the directors and/or officers of the Company as a group. The Company does not pay directors' fees.

(A) <u>No. of Persons in Group</u>	(B) <u>Capacities in which remuneration was received</u>	(C) <u>Aggregate Direct Remuneration</u>
5	As Officers or Consultants	\$109,550

No individual officer received remuneration during the fiscal year ended December 31, 1974 in excess of \$40,000.

The following table shows the amount set aside under the Pension Plan of the Company on behalf of officers of the Company during the fiscal year ended December 31, 1974 and the estimated annual benefits to such persons upon retirement. The plan is not available to directors of the Company, as such.

<u>No. of Persons in Group</u>	<u>Amount Set Aside</u>	<u>Annual Benefits</u>
2	\$5,000	It is impracticable to estimate future benefits under the Plan. The aggregate amount set aside to date is \$16,000. The Plan is a "Money Purchase Plan" under which directors as employees may contribute up to \$2,500 per year with the Company contributing an equal amount. Participants earn a 50% interest in the Company's contributions after five years' employment and an additional 10% in each of the five ensuing years.

OPTIONS TO PURCHASE SHARES

On February 18, 1975 all outstanding stock options under the Company's Employee Stock Option Plan were terminated and on the same date options, expiring December 31, 1980, to purchase 60,000 shares without nominal or par value of the Company at a price of \$0.55 per share were granted to three officers of the Company. The closing market price of the Company's shares on the Toronto Stock Exchange on February 18, 1975 was \$0.68; the option price being fixed at a discount of 20% as permitted by the regulations of the Toronto Stock Exchange.

On the same date, subject to obtaining the approval of the Toronto Stock Exchange, options to purchase 25,000 shares of the Company on the same terms were conditionally granted to each of two directors, Dr. Allan Cree and Charles P. Burnett III. Since these directors are not full time employees of the Company

it is a requirement of the Toronto Stock Exchange that the approval of shareholders be requested for the grant of stock options to these directors.

Accordingly shareholders will be asked to give specific approval to the grant of these options to Dr. Allan Cree and Charles P. Burnett III. Dr. Cree acts as geological consultant to the Company and Mr. Burnett acts as financial consultant to the Company. Both these gentlemen are very highly qualified in their respective fields and in the opinion of management the granting of these options will be in the Company's best interest.

As of March 31, 1975 all officers and directors as a group held options to purchase 60,000 shares without nominal or par value of the Company at an option price of \$0.55 per share: If the stock options to Dr. Cree and Charles P. Burnett III are approved, all officers and directors as a group will hold options to purchase 110,000 shares without nominal or par value of the Company at an option price of \$0.55 per share.

AUDITORS

The persons designated in the accompanying proxy intend to vote for the reappointment of Messrs. Peat, Marwick, Mitchell & Co., Chartered Accountants, Calgary, Alberta as Auditors of the Company to hold office until the next Annual Meeting of the Shareholders of the Company and to authorize the Board of Directors of the Company to fix the remuneration of such auditors.

GENERAL

Management of the Company does not propose to present any other matters for action at the Meeting and has not been informed that other persons intend to present any matters for action at the Meeting. If any other matters should properly come before the Meeting, however, it is intended that votes will be cast pursuant to the proxies hereby solicited in respect of such other matters in accordance with the best judgment of the persons named in the accompanying proxy.

EFFECTIVE DATE

Unless otherwise specifically indicated the information given herein is given as of March 31, 1975.

DATED at Calgary, Alberta, Canada this 9th day of April, 1975.

BY ORDER OF THE BOARD

H. M. Considine
Secretary

ULSTER PETROLEUMS LTD.

690 Pacific Plaza,
700 - 6th Avenue S.W.,
Calgary, Alberta, Canada
T2P 0T8

Notice of Annual General Meeting of the Shareholders

APRIL 30, 1975

NOTICE is hereby given that the Annual General Meeting of the Shareholders of Ulster Petroleums Ltd. (the "Company") will be held in the Banff Room of the Calgary Inn, 4th Avenue and 3rd Street S.W., Calgary, Alberta, on the 30th day of April, 1975 at 2:00 P.M. (Calgary Time) for the following purposes:

1. To receive the Annual Report of the directors and the financial statements of the Company and the Auditors' Report thereon for the fiscal year ended December 31, 1974;
2. To elect directors for the ensuing year;
3. To approve the granting of stock options to two directors who are not full time employees;
4. To appoint auditors for the ensuing year;
5. To transact such other business as may properly come before the meeting.

Shareholders who do not expect to attend the meeting in person are urged to return the enclosed proxy duly completed in the envelope provided. The proxy must be deposited with the Company in care of its agent, The Canada Trust Company, 239 - 8th Avenue S.W., Calgary, Alberta T2P 1B9 not less than 24 hours before the time for holding the meeting or with the chairman of the meeting on the day of the meeting.

DATED at Calgary, Alberta, April 9, 1975.

BY ORDER OF THE BOARD

H. M. Considine
Secretary

ULSTER PETROLEUMS LTD.

690 Pacific Plaza,
700 - 6th Avenue S.W.,
Calgary, Alberta, Canada
T2P 0T8

PROXY

THIS PROXY IS SOLICITED BY OR ON BEHALF OF THE MANAGEMENT OF ULSTER PETROLEUMS LTD.

The undersigned shareholder of Ulster Petroleum Ltd. hereby appoints EDWARD P. KENNEY, whom failing CHARLES P. BURNETT III, whom failing HUGH M. CONSIDINE or

to attend and to act as his nominee and to vote for and on his behalf at the Annual General Meeting of the Shareholders of the Company to be held on April 30, 1975 in the Banff Room of the Calgary Inn, 4th Avenue and 3rd Street S.W., Calgary, Alberta at 2:00 o'clock P.M. (Calgary Time) and at all adjournments of the said meeting, and revokes any prior form of proxy.

1. To elect as directors the nominees named in the Company's Information Circular which this proxy accompanies

VOTE _____

DO NOT VOTE _____

2. To approve the granting of a stock option to each of two directors to purchase 25,000 shares without nominal or par value of the Company

VOTE FOR _____

VOTE AGAINST _____

3. To reappoint Peat, Marwick, Mitchell & Co. as Auditors of the Company for the fiscal year ending December 31, 1975

VOTE FOR _____

VOTE AGAINST _____

The undersigned instructs said proxy to vote or not to vote on each of the matters itemized above as directed above after each item. IF NO DIRECTION IS GIVEN, SAID PROXY SHALL VOTE WITH RESPECT TO THE ELECTION OF DIRECTORS FOR THE NOMINEES LISTED IN THE INFORMATION CIRCULAR, AND VOTE TO APPOINT PEAT, MARWICK, MITCHELL & CO. AS AUDITORS. THE UNDERSIGNED HEREBY CONFERS ON HIS NOMINEE HEREIN A DISCRETIONARY AUTHORITY WITH RESPECT TO AMENDMENTS OR VARIATIONS TO THE MATTERS OUTLINED ABOVE AND WITH RESPECT TO MATTERS OTHER THAN THOSE LISTED IN THE NOTICE CALLING THE SAID MEETING AND WHICH MAY PROPERLY COME BEFORE SAID MEETING.

Dated this _____ day of April, 1975.

Signature of Shareholder

This form of proxy must be dated and executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized.

Auditors

Peat, Marwick, Mitchell & Co.
Calgary, Alberta

Bankers

Bank of Montreal
Calgary, Alberta

The Mercantile Bank of Canada
Calgary, Alberta

Registrars and Transfer Agents

The Canada Trust Company
Calgary, Vancouver, Winnipeg, Toronto and Montreal

Security Pacific National Bank
Los Angeles, California, U.S.A.

Stock Exchange Listing

Listed on the Toronto and Vancouver
Stock Exchanges and the Pacific Coast Exchange,
Los Angeles, California, U.S.A.

Subsidiary Companies

Ulster Oil Enterprises Ltd.

United States:
Ulster Petroleums, Inc.

United Kingdom:
Ulster Petroleums (Canada) Limited

