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**Giant Reef  
Petroleums Limited**

1983 ANNUAL REPORT



# Highlights of Fiscal 1983

## Operating revenue up 25%

Giant Reef's revenue  
\$1,856,981, up from \$1,486,291.

## Earnings up 43%

Net earnings \$1,164,286, up  
from \$816,709.

## No short or long-term debt

Paid off.

## Cash flow up 45%

Cash flow \$1,762,776, up from  
\$1,218,395.

## Working capital up 17%

Working capital \$2,020,149, up  
from \$1,720,075.

## COR rating 63%

For P.I.P. grants of 25% on  
exploration, and 15% on  
development.

### A. Land Holdings at March 31, 1983

	1983		1982	
	Gross Acres	Net Acres	Gross Acres	Net Acres
Alberta .....	55,644	7,129	40,364	6,648
British Columbia .....	3,337	641	3,334	640
Saskatchewan .....	10,369	1,860	—	—
TOTAL .....	69,350	9,630	43,698	7,288

### B. Production and Sales

At March 31, 1983

	Gross before Royalties	Net after Royalties
Crude oil & liquids — bbls. ....	33,945	23,360
Natural gas — mcf. ....	717,955	504,065
Sulphur — tonnes .....	2,365	2,029

### C. Reserves (by independent reservoir analysts)

Crude oil & liquids — bbls. ....	<b>Gross Proven</b> 430,900	<b>Net Proven</b> 239,600
	<b>Gross Probable</b> 259,400	<b>Net Probable</b> 177,200
<b>Total P &amp; P</b> .....	<b>693,000 bbls.</b>	<b>416,800 bbls.</b>
Natural gas — mcf. ....	<b>Gross Proven</b> 10,699,000	<b>Net Proven</b> 6,422,400
	<b>Gross Probable</b> 5,115,000	<b>Net Probable</b> 3,400,700
<b>Total P &amp; P</b> .....	<b>15,814,000 mcf.</b>	<b>9,823,100 mcf.</b>

### D. Present value of discounted future net revenue of \$41,672,100

	Discount Rate	
	10%	12%
	\$14,992,400	\$12,783,600



## Report to the Shareholders

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Dear Shareholder,

Your sleepy little giant is beginning to stir.

Under the capable guidance of management, Giant Reef Petroleum Ltd., has become an aggressive, junior resource company exploring for oil and gas with its own cash.

In 1982, your company participated in drilling 18 wells and ended this reporting period with a working capital in excess of \$2,000,000 after having paid off all its debts and dividend of 12¢ per share.

In 1983, your company anticipates it will drill with its partners, 18 additional wells in its discovery areas to further develop its properties. Giant Reef will also acquire and explore in new areas of Alberta and Saskatchewan. Management is very optimistic about future cash flow from New Oil Reference Price (NORP) but does not expect the oil and gas industry will return to the good times of the late 1970's. Giant Reef is in an excellent position to weather any bad times with its debt free position.

At a Directors' meeting in May 1983, Mr. P. D. Williams was elected Chairman of the Board and Mr. Jack Scrymgeour, President of the Company.

Your Directors have voted to establish a regular quarterly dividend. For the first quarter of the current year a dividend of \$0.04 per share was paid July 1st, 1983.

The Company wishes to thank everyone for their efforts and the shareholders for their support in 1982. We are certain that times in the oil and gas industry will get better.

ON BEHALF OF THE BOARD



Jack Scrymgeour  
President



# Exploration, Production and Development

Our total budget for exploration and development from funds generated internally for 1983-84 fiscal year is approximately \$2,000,000. This will be spent in oil prone areas with ready access to markets.

Of the 18 wells your company participated in the result was 3.2 out of 4 net wells for an 80% success rate.

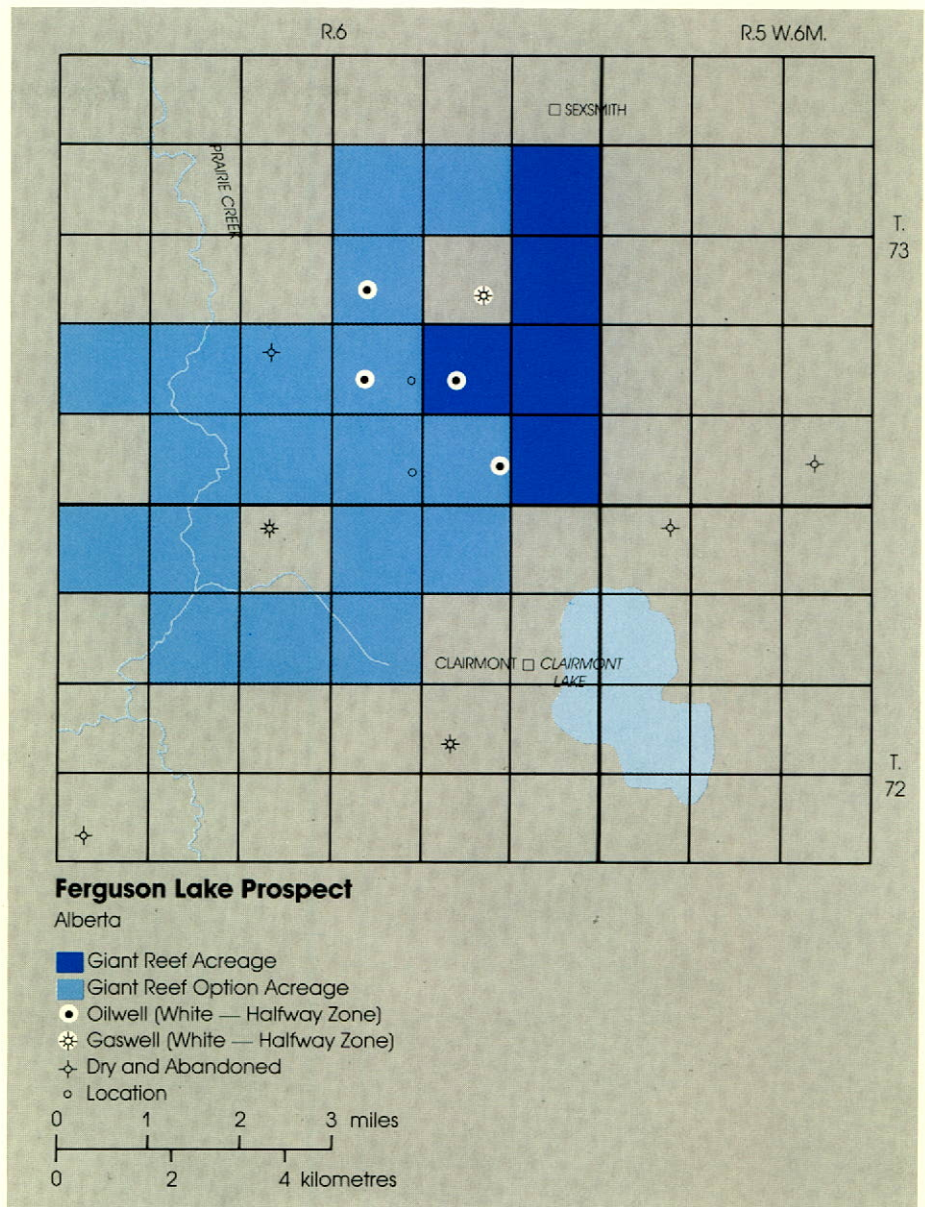
Our areas of interest:

## Alberta

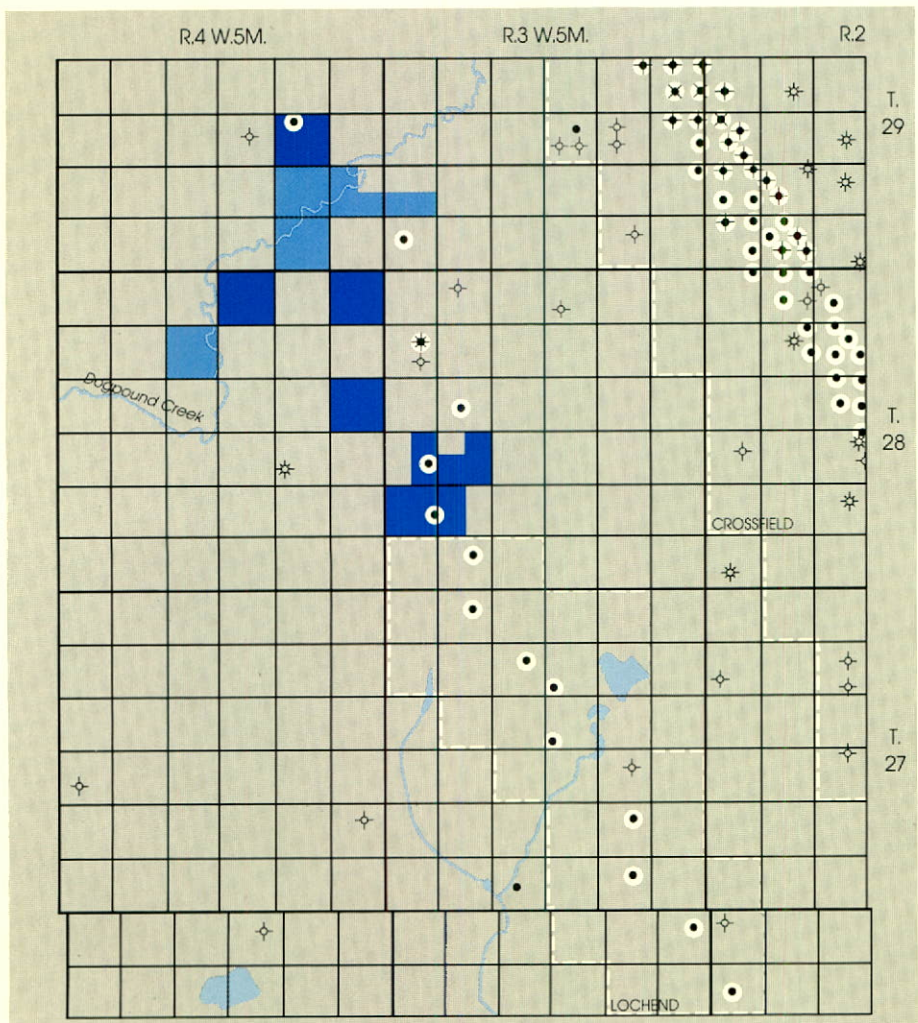
### Ferguson Lake

A discovery oil well (Forest et al Jones 6-11-73-6 W6M) was drilled in which Giant Reef has a working interest of 12.5%. Three additional oil wells were drilled to year's end. Your Company's share of total average daily production from all four wells at March 31st, 1983 was 21 bbls. per day.

Five more wells are planned during this current year.



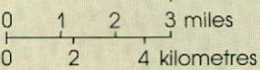




**Lochend Prospect**

Alberta

- Giant Reef Acreage
- Giant Reef Option Acreage
- Oilwell (White-Cardiam)
- ★ Gaswell
- ⊕ Dry and Abandoned
- Location
- Field Boundary

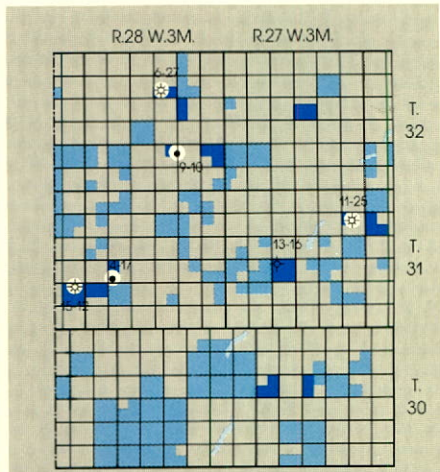


**Lochend**

Giant Reef's 15% participation in a discovery oil well, Westburne et al Lochend 8-7-28-3 W5M is producing 32 bbls. per day by year end. Two additional wells were drilled by March 31st, 1983. Four more wells are planned.

**Garrington**

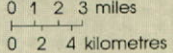
Your company has a 25% working interest in Lochiel Garrington 16-26-31-1 W5M, currently producing 35 b/d.



**Hoosier-Loverna-Fusilier Prospect**

Saskatchewan

- Giant Reef Acreage
- Giant Reef Option Acreage (Dome)
- ★ Gaswell
- Oilwell
- ⊕ Dry and Abandoned
- Location



**Saskatchewan**

**Hoosier - Loverna - Coleville**

To March 31st, Giant Reef had drilled the oil discovery well Westburne et al

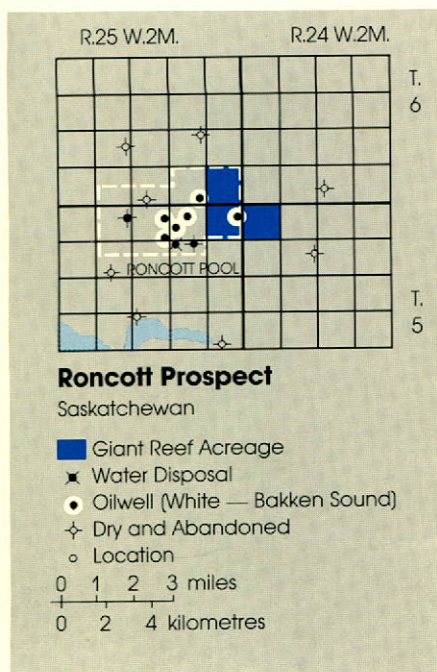
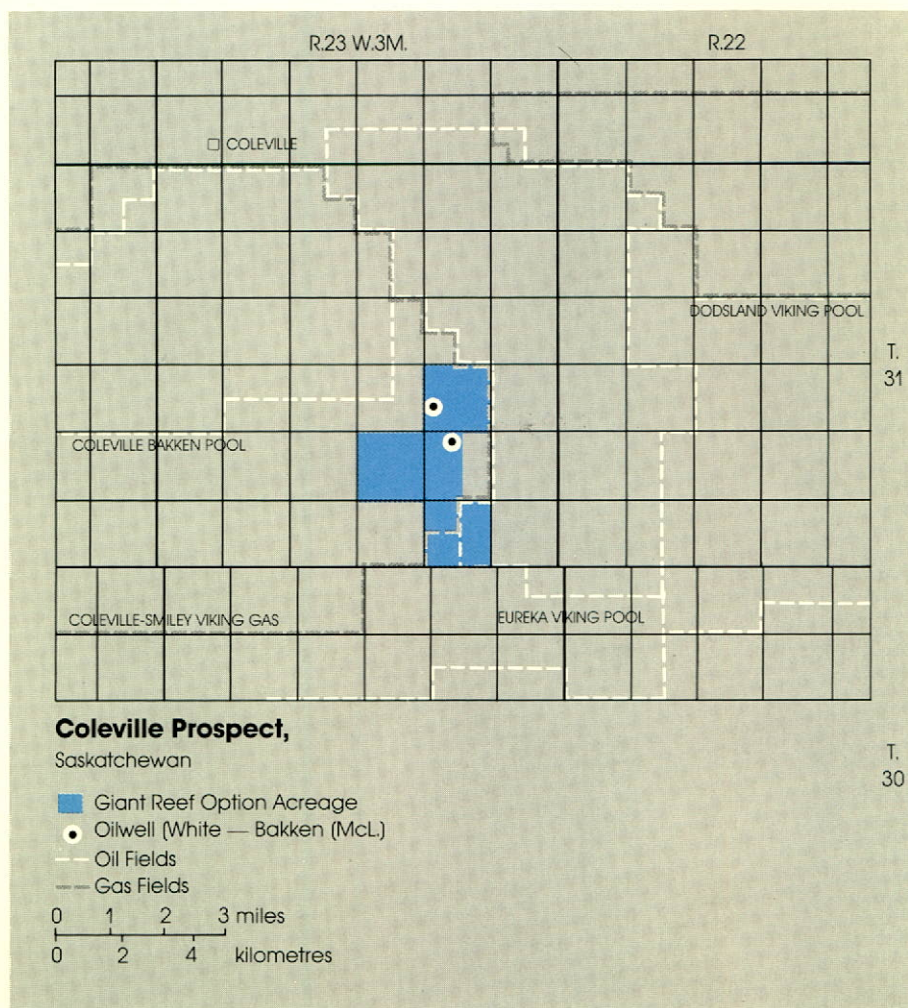


Coleville 5-14-31-23 W3M, and a follow up well was drilled with a working interest of 15% in each well.

The Company has a 50% working interest in one producing oil well, Westburne Loverna 4-17-31-28 W3M, and 30% interest in a potential gas well at 15-12-31-29 W3M.

The Company has a 30% interest in Westburne Fusilier 9-10-32-28 W3M.

Ten more wells are planned in the area for the current year.



### Roncott

During this reporting period, your Company participated for 27.08% in Westburne et al Roncott 9-36-5-25 W3M, a small producing oil well.

All of the above new oil wells qualify for the "new oil" price.



## Production

About 79% of your Company's net revenue was from gas sales, most of which were from the Quirk Creek field in Alberta, with contributions from Mannville and Birch areas. It should be mentioned, however, that other gas wells at Majorville and most noteworthy, at Eyremore, were put "on stream" this reporting year,

and will make a significant contribution to revenues during this next fiscal year. Our total gas sales however, are expected to remain about the same.

Some 10 of 13 new oil wells had been placed on production by March 31st, 1983. Although their influence on the total year's production is slight because of the timing involved, their performance over the full current year will certainly be felt. We expect our oil and liquids production to double.

## Five Year Selected Data

### Fiscal year end

Thousands of dollars except per share data

	1983	1982	1981	1980	1979
				(10 mos.)	
Net operating revenue . . . . .	<b>1,857</b>	1,486	1,415	1,364	1,264
Net earnings . . . . .	<b>1,164</b>	816	558	551	384
Shares outstanding . . . . .	3,329,802				
Earnings per share . . . . .	<b>0.35</b>	0.25	0.17	0.17	0.17
Cash flow from operations . . . . .	<b>1,757</b>	1,218	1,177	1,070	828
Cash flow per share . . . . .	<b>0.53</b>	0.37	0.35	0.32	0.25
Working capital . . . . .	<b>2,048</b>	1,720	1,028	216	(203 )
Dividends . . . . .	<b>0.12</b>	.06	—	—	—

### Price Range of Shares (VSE)

In dollars

Calendar Year	High	Low
1979 . . . . .	\$1.30	0.90
1980 . . . . .	3.15	1.55
1981 . . . . .	2.60	1.77
1982 . . . . .	2.75	2.00
1983 (To June)	<b>3.50</b>	<b>2.10</b>



# Balance Sheet

As At March 31, 1983

## ASSETS

	1983	1982
Current assets		
Cash and short-term deposits .....	<b>\$1,917,032</b>	\$1,729,704
Accounts receivable (Note 2) .....	<b>938,986</b>	397,292
Income taxes recoverable .....	<b>195,418</b>	363,854
	<b>3,051,436</b>	2,490,850
Investments and advances, at cost		
Investments (market value \$7,786; 1982 — \$5,662) .....	<b>3,236</b>	3,236
Other .....	<b>2,878</b>	2,878
	<b>6,114</b>	6,114
Property, plant and equipment at cost (Note 3) .....	<b>6,682,765</b>	5,253,299
Less accumulated depreciation and depletion .....	<b>1,592,211</b>	1,292,868
	<b>5,090,554</b>	3,960,431
Other .....	<b>2,500</b>	2,500
	<b>\$8,150,604</b>	\$6,459,895

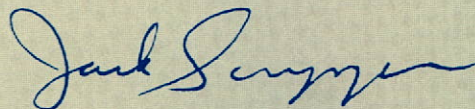
## LIABILITIES

Current liabilities		
Accounts payable and accrued liabilities .....	<b>\$ 139,781</b>	\$ 293,649
Income taxes payable .....	<b>46,780</b>	285,507
Due to parent company .....	<b>816,242</b>	—
Current portion of long-term debt .....	<b>—</b>	191,619
	<b>1,002,803</b>	770,775
Due to parent company .....	<b>—</b>	36,399
Long-term debt .....	<b>—</b>	191,620
Deferred revenue .....	<b>1,573,541</b>	914,568
Deferred income taxes .....	<b>1,299,996</b>	1,036,979
	<b>3,876,340</b>	2,950,341

## SHAREHOLDERS' EQUITY

Share capital		
Authorized		
5,000,000 common shares without nominal or par value		
Issued		
3,329,802 shares .....	<b>1,102,647</b>	1,102,647
Retained earnings .....	<b>3,171,617</b>	2,406,907
	<b>4,274,264</b>	3,509,554
	<b>\$8,150,604</b>	\$6,459,895

On behalf of the Board



Director



Director



# Statement of Earnings and Retained Earnings

## For The Year Ended March 31, 1983

	1983	1982
Revenues		
Oil and gas production .....	<b>\$1,856,981</b>	\$1,486,291
Operating expenses		
Oil and gas production .....	<b>425,186</b>	382,710
General and administrative .....	<b>117,346</b>	44,266
Dry holes and abandonments .....	<b>30,592</b>	139,418
Lease rentals .....	<b>7,503</b>	4,997
Depletion and depreciation .....	<b>299,343</b>	217,686
	<b>879,970</b>	789,077
Earnings from operations .....	<b>977,011</b>	697,214
Other revenue (expenses)		
Interest and other income .....	<b>224,254</b>	189,447
Interest and bank charges .....	<b>(35,070)</b>	(9,584)
Interest on long-term debt .....	<b>(29,481)</b>	(94,133)
	<b>159,703</b>	85,730
Earnings before income taxes .....	<b>1,136,714</b>	782,944
Recovery of (provision for) income taxes (Note 4)		
Current .....	<b>290,589</b>	78,347
Deferred .....	<b>(263,017)</b>	(44,582)
	<b>27,572</b>	33,765
Net earnings for the year .....	<b>1,164,286</b>	816,709
Retained earnings at beginning of year .....	<b>2,406,907</b>	1,789,986
Less dividends .....	<b>399,576</b>	199,788
Retained earnings at end of year .....	<b>\$3,171,617</b>	\$2,406,907
Earnings per share .....	<u>\$0.35</u>	<u>\$0.25</u>



# Statement of Changes in Financial Position

For The Year Ended March 31, 1983

	<u>1983</u>	<u>1982</u>
Source of funds		
From operations		
Net earnings for the year .....	<b>\$1,164,286</b>	\$ 816,709
Add items not requiring current outlay of funds		
Deferred income taxes .....	<b>263,017</b>	44,582
Depletion and depreciation .....	<b>299,343</b>	217,686
Dry holes and abandonments .....	<b>30,592</b>	139,418
	<b>1,757,238</b>	1,218,395
Increase in deferred revenue .....	<b>658,973</b>	264,302
Petroleum Incentives Program grants .....	<b>239,212</b>	—
Decrease in advance to affiliated company .....	<b>—</b>	348
	<b>2,655,423</b>	1,483,045
Application of funds		
Repayment of long-term debt .....	<b>191,620</b>	191,619
Additions to property, plant and equipment .....	<b>1,699,270</b>	124,916
Dividends .....	<b>399,576</b>	199,788
Repayment of advance from parent company .....	<b>36,399</b>	68,452
	<b>2,326,865</b>	584,775
Increase in working capital .....	<b>328,558</b>	898,270
Working capital at beginning of year .....	<b>1,720,075</b>	821,805
Working capital at end of year .....	<b>\$2,048,633</b>	<u>\$1,720,075</u>



# Notes to the Financial Statements

March 31, 1983

## 1. Summary of Significant Accounting Policies

### a) Parent company

82% of the Company's shares are owned by Westburne Petroleum and Minerals Ltd., a wholly-owned subsidiary of Westburne International Industries Ltd.

### b) Petroleum and natural gas properties

The Company follows the successful efforts method of accounting for costs of oil and gas properties. The costs of drilling and equipping successful wells are capitalized. Lease acquisition costs are capitalized and are subsequently expensed in the year of disposal, abandonment or surrender. All other exploration costs, including lease carrying costs, geological and geophysical costs and drilling costs of unsuccessful wells are expensed. Grants receivable under provincial and federal petroleum incentives programs are accrued in the accounts at the time the qualifying expenditures are made. The related expenditures are then reduced by the amount of the grants.

Costs pertaining to producing properties, lease and well equipment and the gas plant are depleted on the unit-of-production method based on proven reserves as calculated by independent engineers.

Expenditures for maintenance and repairs are charged to operations as incurred, while expenditures for renewals and betterments are capitalized.

Upon the sale or retirement of properties and improvements, the cost and accumulated depletion and depreciation are removed from the respective accounts and any gain or loss is included in earnings.

### c) Deferred revenue

Payments received for undelivered gas are deferred and are taken into income when deliveries are made or the make-up period expires.

### d) Income taxes

The Company follows the tax allocation method of accounting for income taxes. Provincial Government royalty refunds and tax credits have been taken into account in calculating the current year's income tax provision.

### e) Joint ventures

The majority of the Company's exploration and production activities related to oil and gas are conducted jointly with others, and accordingly, the accounts reflect only the Company's proportionate interest in such activities.

## 2. Petroleum Incentives Program

Under government legislation, the Company is eligible to apply for grants based on qualifying oil and gas expenditures. Included in accounts receivable is \$239,212 (1982 — Nil) with respect to grants accrued for the current year.



### 3. Property, Plant and Equipment

	<u>1983</u>	<u>1982</u>
Developed oil and gas properties .....	<b>\$3,641,992</b>	\$2,756,985
Gas plant .....	<b>1,295,510</b>	1,286,109
Undeveloped oil and gas properties .....	<b>890,209</b>	761,652
Equipment .....	<b>855,054</b>	448,553
	<b>6,682,765</b>	5,253,299
Accumulated depletion and depreciation .....	<b>1,592,211</b>	1,292,868
	<b><u>\$5,090,554</u></b>	<b><u>\$3,960,431</u></b>

### 4. Alberta Royalty Tax Credit

Current income taxes have been reduced by the Alberta Royalty Tax Credit in the amount of \$584,423 (1982 — \$371,572).

### 5. Related Party Transactions

The Company has been charged \$55,977 (1982 — \$6,000) by its parent for administrative services.

### 6. Dominant Industry

The Company has substantially all of its operations in the petroleum and natural gas industry. The majority of the Company's revenue is derived from oil and gas sales.

## Auditors' Report

### The Shareholders

#### Giant Reef Petroleums Limited

We have examined the balance sheet of Giant Reef Petroleums Limited as at March 31, 1983 and the statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was 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 financial statements present fairly the financial position of the Company as at March 31, 1983 and the results of its operations and the changes in its 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.

Calgary, Alberta  
June 6, 1983

Touche Ross & Co.  
Chartered Accountants



# Corporate Information

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**Head Office:**

200, 535 7th Ave. S.W.  
CALGARY, Alberta, T2P 0Y4  
Area Code (403) 233-6600

**Officers:**

P. D. WILLIAMS — *Chairman*  
J. SCRYMGEOUR — *President*  
D. B. MUIR — *Secretary*  
J. K. TOMS — *Controller*  
C. J. GALLIVAN — *Treasurer*

**Directors:**

P. D. WILLIAMS  
J. SCRYMGEOUR  
D. W. WESTCOTT  
C. A. RAUGUST  
H. M. ARMSTRONG  
N. McDUFFIE

**Bankers:**

BANK of MONTREAL  
604 - 8th Avenue S.W.  
CALGARY, Alberta, T2P 1G4

**Registrar and  
Transfer Agent:**

CANADA TRUST CO.,  
505 - 3rd Street S.W.  
CALGARY, Alberta, T2P 3E6  
901 West Pender St.,  
VANCOUVER, B.C.

**Auditors:**

TOUCHE ROSS & CO.  
3500, 700 - 2 St. S.W.  
CALGARY, Alberta, T2P 2W2

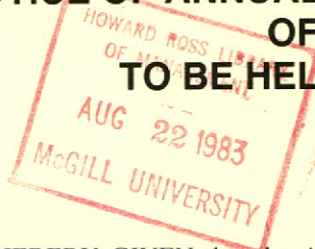
**Stock Listing:**

VANCOUVER STOCK EXCHANGE

# GIANT REEF PETROLEUMS LIMITED

200 - 535 Seventh Avenue S.W.,  
Calgary, Alberta T2P 0Y4

## NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON SEPTEMBER 9, 1983



NOTICE IS HEREBY GIVEN that the Annual and Special General Meeting of the Members of GIANT REEF PETROLEUMS LIMITED (the "Company"), will be held in the Boardroom, 200, 535 - 7 Ave. S.W., City of Calgary, Province of Alberta, on the 9th day of September, 1983, at the hour of 10:00 o'clock in the forenoon (Calgary time) for the purposes of:

- A. Receiving the report of the directors and the financial statements and auditors' report thereon for the year ended March 31, 1983.
- B. Electing directors for the ensuing year.
- C. Appointing auditors and authorizing the directors to fix their remuneration.
- D. Considering, and if thought fit, passing as a Special Resolution the Resolution set forth in the attached Information Circular on Page 5 under the heading "Continuance of the Company under the Business Corporations Act (Chapter B-15, Statutes of Alberta, 1981)" (which Act is herein referred to as the "Alberta Act") either with or without amendment or modification thereto as the Meeting may deem fit to approve.
- E. Transacting such other business as may properly be brought before the meeting.

TAKE NOTICE THAT PURSUANT TO THE COMPANY ACT, YOU MAY UNTIL SEPTEMBER 6, 1983 INCLUSIVE GIVE THE COMPANY A NOTICE OF DISSENT BY REGISTERED MAIL ADDRESSED TO THE COMPANY AT SUITE 1300, 999 W. HASTINGS STREET, VANCOUVER, B.C. V6C 2W5 WITH RESPECT TO THE RESOLUTION TO CONTINUE THE COMPANY UNDER THE ALBERTA ACT AS REFERRED TO ABOVE.

AS A RESULT OF GIVING A NOTICE OF DISSENT YOU MAY ON RECEIVING A NOTICE OF INTENTION TO ACT UNDER SECTION 231 OF THE ACT, REQUIRE THE COMPANY TO PURCHASE ALL YOUR SHARES IN RESPECT OF WHICH THE NOTICE OF DISSENT WAS GIVEN.

IF A MEMBER GIVES A NOTICE OF DISSENT AS REFERRED TO ABOVE, AND IF THE RESOLUTION CONTINUING THE COMPANY UNDER THE ALBERTA ACT IS PASSED BY 75% OR MORE OF THE MEMBERS REPRESENTED AT THE MEETING IN PERSON OR BY PROXY THEN IN ACCORDANCE WITH SECTION 231 OF THE COMPANY ACT OF THE PROVINCE OF BRITISH COLUMBIA (CHAPTER 59, R.S.B.C. 1979 AND AMENDMENTS THERETO), UPON THE COMPANY GIVING THE DISSENTING MEMBER NOTICE OF ITS INTENTION TO ACT ON THE AUTHORITY OF THE SAID RESOLUTION THE DISSENTING MEMBER IS THEN ENTITLED TO REQUIRE THE COMPANY TO PURCHASE, AND THE COMPANY UPON APPLICATION TO THE COURT CAN REQUIRE THE DISSENTING MEMBER TO SELL, ALL HIS SHARES IN RESPECT OF WHICH THE NOTICE OF DISSENT WAS GIVEN AT A PRICE AND ON TERMS THAT MAY BE FIXED BY THE COURT. THE RIGHTS GRANTED BY THIS SECTION CEASE TO BE AVAILABLE IF THE DISSENTING MEMBER ACTS

INCONSISTENTLY WITH HIS DISSENT OR, OTHER THAN WHILE ACTING SOLELY AS A PROXY HOLDER, CONSENTS TO OR VOTES IN FAVOUR OF THE RESOLUTION CONTINUING THE COMPANY UNDER THE ALBERTA ACT.

Only Members of record at the close of business on August 2nd, 1983 will be entitled to notice of and to vote at the Meeting.

DATED at Calgary, Alberta, this 15th day of August, 1983.

BY ORDER OF THE BOARD OF DIRECTORS

Brent Muir  
Secretary

**TO ALL MEMBERS:**

If you cannot attend the meeting, please sign and date the attached proxy form and return it in the enclosed envelope to the Company's Secretary, at the head office of the Company, 200, 535 - 7th Avenue S.W., Calgary, Alberta T2P 0Y4 or at the office of the Company's Register and Transfer Agent c/o Canada Trust Company, 505 - 3 Street, S.W., Calgary, Alberta, T2P 3E6. TO BE VALID, INSTRUMENTS OF PROXY MUST BE RECEIVED BY THE SECRETARY OF THE COMPANY OR HIS AGENT CANADA TRUST COMPANY NOT LATER THAN 4:30 P.M. (CALGARY TIME) ON SEPTEMBER 7, 1983.



# GIANT REEF PETROLEUMS LIMITED

## INFORMATION CIRCULAR AND PROXY STATEMENT

This Information Circular and Proxy Statement relates to the Annual and Special General Meeting of the Members of GIANT REEF PETROLEUMS LIMITED (the "Company"), called for Friday, the 9th day of September, 1983 and is FURNISHED IN CONNECTION WITH A SOLICITATION BY MANAGEMENT OF PROXIES FOR USE AT THAT MEETING. THE SOLICITATION WILL BE MADE AND THE COSTS THEREOF WILL BE BORNE BY THE COMPANY. SOLICITATION WILL ONLY BE MADE BY MAIL. It is anticipated that the Proxy Statement and form of proxy will be mailed to said Members on or about August 17, 1983.

The Annual Report of directors and financial statements of the Company for the fiscal year ended March 31, 1983 accompany this circular. Receipt at the meeting of the report of the directors, the financial statements of the Company for the year ended March 31, 1983 and the auditors' report thereon will not constitute approval or disapproval of any of the matters referred to in such reports and statements.

Unless otherwise indicated all amounts are expressed in Canadian dollars.

### PROXY INSTRUMENTS AND VOTING SECURITIES OUTSTANDING

The Board of Directors has fixed August 2, 1983 as the record date for determining Members of the Company entitled to notice of the meeting. A List of such Members will be available for examination at the offices of Canada Trust Company, 505 - 3rd Street S.W., Calgary, Alberta, during usual business hours after the said record date and will be available at the meeting. Each person named in the List of Members is entitled to vote at the Meeting the number of shares shown thereon opposite his name except to the extent that he has subsequently transferred ownership thereof. If any transferee establishes his ownership of such shares not later than 10 days before the Meeting and requests his name to be substituted in the Members' list in respect of such shares, then such transferee will be entitled to vote the transferred shares.

The quorum for the Meeting is two persons personally present, being members or representatives of corporate members, and holding or representing by proxy not less than 10% of the outstanding common shares entitled to vote. Each Member entitled to vote is entitled to one vote for each common share held.

As of August 15, 1983 there were issued and outstanding 3,329,802 common shares of the Company entitling the holders thereof to cast one vote for each such share. The following table sets forth information as of August 15, 1983 with respect to each person known to be the beneficial owner of shares carrying more than 10% of the voting rights attached to all shares of the Company.

Name and Address	Type of Ownership	Common Shares Owned	Percentage of Common Shares Owned
Westburne Petroleum & Minerals Ltd. 200 - 535 Seventh Ave. S.W., Calgary, Alberta T2M 0Y4	Beneficially and of Record	2,745,351	82.45%

### APPOINTMENT, REVOCATION AND VOTING OF PROXIES

A form of proxy is attached to the Notice of the Annual and Special General Meeting which accompanies this Information Circular and Proxy Statement. Instruments of proxy, to be valid, must be received by the Secretary of the Company or his Agent, Canada Trust Company, 505 - 3rd Street S.W., Calgary, Alberta T2P 3E6, not later than 4:30 P.M. (Calgary time) on September 7, 1983. If the shareholder is a corporation, the instrument of proxy shall be executed under the common seal of such corporation or the hand of an officer or attorney duly authorized in writing by such corporation, in which case the authority or a notarial copy thereof shall be deposited with the instrument of proxy. Any person or company giving a proxy will have the power to revoke such proxy by notice in writing delivered to the registered office of the Company at any time before 5:00 o'clock in the afternoon of September 8, 1983 or to the Chairman at the Meeting.



All shares represented by properly executed unrevoked proxies solicited hereby which are received by the Secretary or his Agent prior to 4:30 P.M. (Calgary time) on September 7, 1983 will be voted and, if a choice is stated with respect to any matter to be acted upon, will be voted in accordance with any instruction in respect of such choice. If no such instructions are specified, such shares will be voted in favour of the election as directors of management's nominees and also in favour of the appointment of auditors. If, for any reason, the instructions of a Member whose proxy is solicited are uncertain as they relate to the election of directors, then the shares represented by such proxy shall not be voted for any director.

A PROXY IN FAVOUR OF THE PERSONS DESIGNATED BY MANAGEMENT OF THE COMPANY WILL CONFER DISCRETIONARY AUTHORITY ON THE PERSONS APPOINTED WITH RESPECT TO:

(a) amendments or variations to matters identified in the said Notice of Meeting.

OR

(b) other matters which may properly come before the Meeting.

MANAGEMENT OF THE COMPANY IS NOT AWARE OF ANY SUCH AMENDMENTS, VARIATIONS OR OTHER MATTERS TO BE PRESENTED FOR ACTION AT THE MEETING.

THE PERSON OR COMPANY SUBMITTING THE PROXY SHALL HAVE THE RIGHT TO APPOINT A PERSON TO REPRESENT HIM OR IT AT THE MEETING OTHER THAN THE PERSON OR PERSONS DESIGNATED IN THE FORM OF PROXY FURNISHED BY THE COMPANY. SUCH APPOINTMENT MAY BE EXERCISED BY MERELY INSERTING THE NAME OF THE APPOINTED REPRESENTATIVE IN THE BLANK SPACE PROVIDED.

### ELECTION OF DIRECTORS

At the Annual and Special General Meeting it is proposed that six directors be elected until the next annual general meeting or until their successors are elected or appointed. There are presently six directors of the Company.

In accordance with the requirements of Section 135 of the Company Act of British Columbia, advance notice of the Meeting and election of directors was published on July 12, 1983 in the Vancouver Province.

Management has no knowledge that any of the following nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees do not stand for election or are unable to serve as such, the management nominees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion.

The following table sets forth certain information with respect to each of the six nominees for director.

<b>Name and Residence</b>	<b>First Elected as a Director</b>	<b>Common Shares Owned</b>	<b>Position with Company</b>	<b>Principal Occupation for Past 5 Years</b>
P. David Williams Calgary, Alberta	1980	500	Chairman and Director	President of Westburne Petroleum & Minerals Ltd.(1)
Cliff Raugust Calgary, Alberta	1981	—	Vice-President and Director	Vice President-Production Westburne Petroleum & Minerals Ltd.
Jack Scrymgeour Calgary, Alberta	1982	2,000	President and Director	Vice President of Westburne Petroleum & Minerals Ltd.
Druval W. Westcott Vancouver, B.C.	1980	—	Director	President of United Westburne Industries Limited (2)
H. Murray Armstrong Calgary, Alberta	1975	82,550	Director	President of HMA Holdings Ltd. (3)
Norton McDuffie Calgary, Alberta	1981	4,000	Director	Professor University of Calgary

### NOTES:

- (1) Westburne Petroleum & Minerals Ltd., whose office is located in Calgary, is principally engaged in oil and gas exploration.
- (2) United Westburne Industries Limited, whose office is located in Montreal, is a wholesale distributor of plumbing, heating and electrical supplies.



(3) HMA Holdings is a Calgary based investment company.

### **REMUNERATION OF DIRECTORS AND OFFICERS**

No direct remuneration has been paid by the Company to any of the Senior Officers or Directors of the Company other than Directors fees of \$7,000 paid to Directors of the Company other than those of the directors associated with any of the above-named Westburne companies.

Reference is made to the heading "Interest of Management and Other's in Material Transactions" and to "Management Contract" of this Information Circular for particulars of payments made or owing to Westburne Petroleum & Minerals Ltd.

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

On January 5, 1983, Westburne Petroleum & Minerals Ltd. received \$329,442 by reason of the Company's payment to its Members of a dividend of twelve cents per share, and on July 1, 1983, \$109,814 by reason of payment to its Members of a quarterly dividend of four cents per share.

During the fiscal year ended March 31, 1983 the Company acquired from Westburne Petroleum & Minerals Ltd. various interests in lands and exploration prospects and assumed responsibility for its proportionate seismic, drilling and completion costs under terms determined by the Company's Board of Directors to be fair and equitable in the circumstances and customary to the industry.

During the past fiscal year, in nine of the Company's prospects Westburne Petroleum & Minerals Ltd. conducted operations on behalf of the Company and other parties having participating interests in such lands, as a result of which, after deduction of applicable revenue and credits, the Company was indebted to Westburne Petroleum & Minerals Ltd. for \$1,049,592 being the Company's proportionate share of various expenditures related to such operations paid on its behalf by Westburne Petroleum & Minerals Ltd. After adjustment for miscellaneous expenses, this indebtedness was reduced by the partial offset of \$251,998 of expenditures paid by the Company on behalf of Westburne Petroleum & Minerals Ltd. relating to the Ferguson Lake project.

The management of the Company is not aware of any material interest, direct or indirect, of any Director or Senior Officer of the Company, any proposed nominee for election as Director of the Company, or any associate or affiliate of any such person in any transaction which was commenced during the last completed fiscal year of the Company or of any proposed transaction which in either case has materially affected or will materially affect the Company, other than as set forth in this present Information Circular.

### **CONTINUANCE OF THE COMPANY UNDER THE BUSINESS CORPORATIONS ACT (Chapter B-15, Statutes of Alberta, 1981)**

The Members will be asked to consider, and if thought fit, pass either with or without amendment a Special Resolution which will be proposed thereat in the following form:

"RESOLVED AS A SPECIAL RESOLUTION of the Company that the Company be continued as a corporation under the Business Corporations Act (Chapter B-15, Statutes of Alberta 1981) the officers of the Company, and each of them, being hereby authorized and directed to do all such acts and things, including, but not limited to, filing of Articles of Continuance under the said Act for the Company to become a corporation under the said Act, having a capital authorized in such amount and the same classes of shares as the presently authorized capital of the Company, the holders of which shall have, after giving effect to the provisions of the said Act, substantially identical rights to those now held as Members of the Company; and

FURTHER RESOLVED that following the issuance of a Certificate of Continuance under the said Act, the Directors of the Company be and they are hereby authorized and empowered to file with the British Columbia Registrar of Companies a copy of the Certificate of Continuance certified by the Alberta Registrar of Corporations and to enact a General By-law for the regulation of the business and affairs of the Company and its Members conforming as nearly as may be practical, having regard to the express provisions of the said Act, to the existing Articles of Association of the Company, such By-law and any subsequent amendment thereof enacted by the Directors prior to the next meeting of Members, to be operative until submitted to the Members for ratification at the next meeting of Members following enactment, all in accordance with the provisions of the said Act and the powers thereby conferred on the Directors of the Company."

The above Special Resolution authorizes and requires the Company to make application under Section 181 of the Business Corporations Act (Chapter B-15, Statutes of Alberta 1981) (hereinafter referred to as "ABCA") for a Certificate of Continuance of the Company under the ABCA, upon the issuance of which certificate the Company will cease to be subject to



the Company Act of the Province of British Columbia (Chapter 59, R.S.B.C. 1979 and amendments thereto, hereinafter called the "British Columbia Act") and the Company and its Members will then be governed by the provisions of the ABCA as if the Company had been incorporated thereunder. The change of governing jurisdiction will have no consequences under The Income Tax Act (Canada) for either the Company or any Member.

The ABCA is a Statute of Alberta which was proclaimed effective February 1, 1982. It is applicable to all new corporations incorporated under the laws of Alberta, and is also applicable to any corporation incorporated under the previously existing The Companies Act of Alberta and similar federal and provincial legislation, subject only to the making of application for continuance under the ABCA. Embodying a number of innovative provisions, the main thrust of the ABCA compared to previously existing legislation is to simplify corporate procedures, to broaden corporate powers and to strengthen and make uniform the rights and obligations of the shareholders, directors and corporation respectively one to the others by embodying such rights and obligations in the Act itself rather than in Articles of Association or By-laws.

As the officers and directors are primarily residents of Alberta and the operations of the Company are directed from, and principally take place within Alberta the directors of the Company are of the opinion that the continuation of the Company under the ABCA would facilitate the management of the Company and would reduce its administrative costs and, accordingly, would be in the best interests of the Company and its shareholders.

The following are among the principal differences between the rights of Members of the Company under the British Columbia Act and their rights as Shareholders of a corporation subject to the ABCA after continuance if the Special Resolution receives requisite approval by Members at the Meeting:

- (i) Under the ABCA a majority of the members of the Board of Directors must be resident Albertans. Under the British Columbia Act, the majority of the members of the Board of Directors must be ordinarily resident in Canada, one of whom must be ordinarily resident in British Columbia. Of the present six nominees for directors of the Company, all are resident Canadians, one of whom is ordinarily resident in British Columbia and five of whom are ordinarily resident in Alberta;
- (ii) Both under the ABCA and British Columbia Act the Company is required to have at least three directors; under the ABCA two of the directors cannot be officers or employees of the Company or its affiliates;
- (iii) The By-laws of a ABCA corporation for the regulation of its business and affairs in general correspond to the Articles of Association of a company incorporated under the British Columbia Act, however, many provisions normally found in the Articles of Association are found now in the ABCA itself. In addition, under the ABCA, By-laws are enacted by Directors and are valid and operative until the next meeting of Shareholders when they will cease to have effect unless then confirmed by resolution passed by only a majority of the votes cast at the meeting, due notice of the intention to propose such resolution having been given. Articles of Association of a company under the British Columbia Act may generally be amended or repealed only with the approval of 75% of the votes cast at a meeting of Members called for such purpose, but are ineffective for any purpose until a certified copy thereof is filed with the Registrar of Companies;
- (iv) Under the British Columbia Act, the Company, being a reporting company, is required to publish advance notice of any annual meeting at which a director is to be elected inviting written nominations for directors from Members holding in the aggregate not less than 10% of the voting shares of the Company. If any such nominations are received by the Company in accordance with the British Columbia Act, then the Company is required to include the name of any such nominees in the information circular to be sent by management of the Company. There is no similar provision or right under the ABCA.
- (v) Both the British Columbia Act and the ABCA provide shareholders with a right of dissent and other remedies upon the occurrence of certain events or in specific circumstances, all as set forth in the respective Acts.

Upon continuance of the Company under the ABCA, technical amendments will be made to the terms and conditions presently attached to the Company's shares, such modifications being as to form rather than affecting the substance of any rights held by the holder of any shares of any class. If the proposed special resolution is passed at the meeting, the Articles of Continuance will constitute the charter of the Company. Following the issuance of a Certificate of Continuance the Directors will enact a By-law for the general regulation of the affairs of the Company substantially to the same effect as the present Articles of Association adapted to the ABCA provisions.

To be effective, the proposed Special Resolution must be passed by not less than 75% of the votes cast at the Meeting by the Members who vote in person or by proxy in respect thereof. The Board of Directors recommends approval of the Special Resolution for authorizing continuance of the Company under the ABCA. The persons named in the enclosed instrument of proxy intend to vote in favour of the Special Resolution, unless the Member signing the instrument of proxy specifies that the instrument of proxy be voted against the Special Resolution.



## **APPOINTMENT OF AUDITORS**

Unless otherwise specified, proxies in the form accompanying the Notice of Meeting will be voted in favour of the appointment of Touche Ross & Co., who have acted as auditors of the Company since September 24, 1981, as auditors of the Company for the ensuing year. There is no relationship known to the Company between the Company and that firm other than in its capacity as independent chartered accountants. A representative of Touche Ross & Co. is expected to be present at the Members' Meeting with the opportunity to make a statement if he desires to do so and is expected to be available to respond to appropriate questions at the Meeting.

The Board of Directors has appointed an audit or similar committee.

## **MANAGEMENT CONTRACTS**

The Company's entire exploration, production and financial management is carried out by Westburne Petroleum & Minerals Ltd., the owner of 82.45% of the shares of the Company. The Company paid Westburne Petroleum & Minerals Ltd. management fees of \$55,977 for the year ended March 31, 1983 which fee was reviewed by your Board of Directors and determined to be equitably related to the level of activity of the Company versus that of its parent.

At March 31, 1983 the Company owed Westburne Petroleum & Minerals Ltd. \$816,242, which amount was repaid in full by June 10, 1983 and arose principally from the \$36,399 outstanding at March 31, 1982 in respect of the Company's prior purchase of an interest in land and management fees for the previous fiscal year, management fees of \$55,977 for the current fiscal year as referred to above, and the outstanding balance of various expenditures incurred by or on behalf of the Company but paid for by Westburne Petroleum & Minerals Ltd. as referred to under the heading "Interest of Management and Others in Material Transactions" of this Information Circular. During the year ended March 31, 1983, no interest was charged to, or paid by, the Company in respect of any of its indebtedness to Westburne Petroleum & Minerals Ltd.

## **OTHER BUSINESS**

Management is not aware of any matters to be brought before the Meeting other than those set forth in the notice therefore. If other matters are properly brought before the Meeting it is the intention of the persons named in the enclosed proxy to vote the proxy on such matters in accordance with their best judgment.

## **APPROVAL**

The contents of this Information Circular together with the sending thereto to all Members has been approved by the directors of the Company.

IT IS THE INTENTION OF THE MANAGEMENT NOMINEES, IF NAMED AS PROXY, TO VOTE FOR APPROVAL OF ALL OF THE FOREGOING.

DATED at the City of Calgary in the Province of Alberta, this 15th day of August A.D. 1983.

BY ORDER OF THE BOARD

BRENT MUIR  
Secretary











**Giant Reef Petroleums Limited**

1983 ANNUAL REPORT