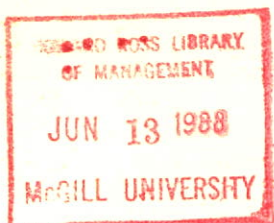


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ANNUAL REPORT 1988



GIANT REEF PETROLEUMS LIMITED



CORPORATE PROFILE

Giant Reef Petroleum Limited is a Canadian independent oil and gas exploration and production company based in Edmonton, Alberta. The Company explores for, produces and markets oil, natural gas liquids, natural gas and sulphur. In September 1987, Numac Oil & Gas Ltd. acquired 84% of the outstanding stock of the Company and assumed management of its corporate and operating activities. Giant Reef's shares are listed on the Vancouver Stock Exchange under the symbol GRP.

ANNUAL MEETING

The Annual Meeting of the Shareholders of Giant Reef Petroleum Limited will be held on Thursday, June 30, 1988 at 9:00 o'clock in the forenoon in the Boardroom of the Company offices, 1400, Petroleum Plaza — South Tower, 9915 - 108 Street, Edmonton, Alberta.

CONTENTS

To Our Shareholders	1
Exploration and Development	2
Land	4
Reserves	4
Production	5
FINANCIAL	
Management Discussion	5
Financial Statements	7
Notes to Financial Statements	10
Corporate Information	12

ABBREVIATIONS

bpd	— barrels per day
mcf	— thousand cubic feet
mmcf	— million cubic feet
mcf/d	— thousand cubic feet per day

HIGHLIGHTS

FINANCIAL (thousands, except per share amounts)	1988	1987
Gross Revenue	\$ 3,043	\$ 3,203
Cash Flow from Operations	\$ 2,381	\$ 2,274
Net Earnings	\$ 354	\$ 1,011
Per Common Share		
Cash Flow from Operations	\$ 0.73	\$ 0.70
Net Earnings	\$ 0.11	\$ 0.31
Gross Capital Expenditures	\$ 4,217	\$ 2,196
Total Assets	\$ 18,536	\$ 10,151
Working Capital	\$ 4,629	\$ 1,485
Shareholders' Equity	\$ 10,700	\$ 6,031
Common Shares Outstanding	3,269,352	3,269,352

RESERVES

(proven and probable)

Crude Oil and Liquids		
barrels	1,088,771	686,596
Natural Gas		
millions of cubic feet	11,951	9,829
Sulphur		
long tons	98,379	89,787

PRODUCTION

Crude Oil and Liquids		
barrels	84,632	83,889
Natural Gas		
thousands of cubic feet	736,023	676,000

LAND HOLDINGS

Gross Acres	165,585	108,876
Net Acres	29,642	16,450

All amounts in this report are in Canadian dollars unless otherwise stated. All production and reserve statistics are on a pre-royalty basis, unless otherwise stated.

TO OUR SHAREHOLDERS

In September of 1987 Numac Oil & Gas Ltd. acquired 84% of the outstanding stock of your Company and assumed management of its corporate and operating activities. Management's intention is to expand the business activities of Giant Reef with the principal objective of increasing hydrocarbon reserves and production, thereby enhancing shareholder value. To that end several initiatives have been taken.

Being of the view that it is in the best interests of the Company's shareholders that capital resources be directed towards exploration and development activities, your Board of Directors suspended the payment of dividends effective September 30, 1987. This decision has the effect of increasing funds available for corporate purposes by approximately \$654,000 per year.

On March 23, 1988 Giant Reef closed the private placement of one million special share purchase warrants at \$4.75 per warrant. Each warrant entitles the holder thereof to acquire one common share of Giant Reef at no additional cost. A prospectus will be filed in respect of the warrants and the common shares to be issued upon exercise thereof. Upon issuance of a receipt for the prospectus the proceeds of the private placement will be paid to the Company. It is anticipated that the net proceeds, being approximately \$4,400,000, will be received by the end of August of this year. These funds, combined with significant positive cash flow, will enable the Company to further expand its exploration and development program. This financing will also contribute towards our objective of expanding Giant Reef's shareholder base.

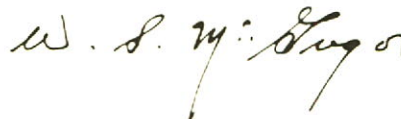
Further, in order to position Giant Reef for a more active exploration program, management has concentrated on increasing the Company's inventory of exploratory acreage. During the twelve months ended March 31, 1988 the Company's working interest acreage position increased by 80% to 29,642 net acres. Subsequent to March 31, 1988 the Company has acquired an average working interest of 16% in an additional 11,360 acres, primarily as an extension of land holdings in its Red Earth North oil play.

Crude oil and natural gas liquids production averaged 232 barrels per day, essentially unchanged as compared to the prior year. Increased crude oil production was offset by lower natural gas liquids production. Crude oil selling prices increased by 22% to an average of \$21.44 per barrel. Gas production increased by 9% to 2,011 thousand cubic feet per day; however, average gas selling prices declined by 27% to \$1.38 per mcf.

Notwithstanding increased gas production and increases in both crude oil production volumes and prices, 1988 gross revenue declined by \$160,133 compared with 1987 primarily due to significantly lower gas selling prices. Increased operating expenses associated with a scheduled maintenance shut-down of the Quirk Creek gas plant and reduced Alberta Royalty Tax Credits adversely impacted both cash flow and earnings for fiscal 1988. Despite these factors, cash flow increased by \$107,795 to \$2,381,444 due to the recovery of \$653,481 of income taxes paid in prior years. The recovery of income taxes was offset by a corresponding increase in deferred taxes which, combined with the factors referred to above, resulted in net earnings declining to \$354,080.

Gross proved and probable crude oil and natural gas liquids reserves at year-end were 1,088,771 barrels, an increase of 59% compared with March 31, 1987. Proved reserves after production increased by 91,993 barrels and probable reserves, primarily due to the proposed implementation of enhanced recovery programs in two of the Company's major fields, increased by 310,182 barrels. Gross proved and probable gas reserves at year-end were 11,951 million cubic feet, an increase of 22%. Proved reserves after production increased by 1,300 million cubic feet and probable reserves increased by 822 million cubic feet. Additions to gas reserves are primarily attributable to a positive re-assessment of reservoir performance at the Company's Quirk Creek gas field.

As noted above, our principal objective will be to enhance shareholder value through additions to hydrocarbon reserves. Specifically, our efforts will be concentrated on prospects which will provide immediate cash flow. We are confident that Giant Reef has the financial and management resources to achieve this objective. We look forward to justifying your continued support.



William S. McGregor
Chairman and Chief Executive Officer



Stewart D. McGregor
President and Chief Operating Officer

Edmonton, Alberta
June 8, 1988

EXPLORATION AND DEVELOPMENT

The economics of oil and gas exploration and development in Western Canada are particularly attractive for relatively small exploration companies. Exploration and development drilling costs are partially funded by the Canadian Exploration and Development Incentive Program which contributes 33⅓% of such costs to September 30, 1988 and 16⅔% of such costs thereafter. Further, essentially all new oil wells drilled prior to November 1, 1988 receive a three-year royalty holiday. Oil wells drilled in the succeeding twelve months will receive a one-year royalty holiday. These programs have the effect of substantially enhancing the economics of oil and gas exploration and development activities. We are also encouraged by the recent improvement and relative stability of crude oil selling prices. Having regard to this attractive fiscal environment, it is management's intention to expand Giant Reef's exploration and development drilling program during fiscal 1989. Increased activity will be funded by the Company's positive cash flow and the proceeds of the financing referred to earlier in this report.

During fiscal 1988 Giant Reef participated in the drilling of 21 wells, 6 of which were cased for crude oil production and 2 for gas production. The Company's most notable crude oil discoveries were in north central Alberta at **Red Earth** and **Red Earth North** and at **Valhalla** in northwestern Alberta.

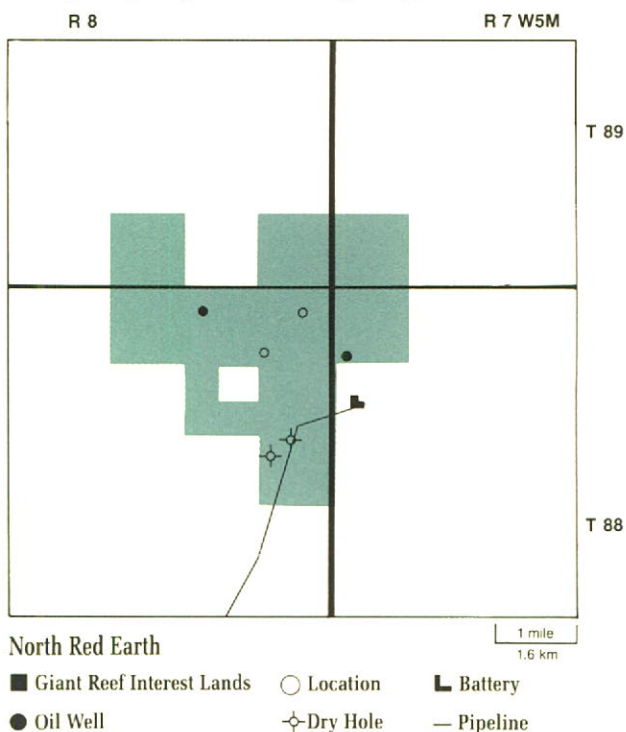
At **Red Earth** the Company participated in a successful Granite Wash oil well where it earned a 25% working interest in 160 acres pursuant to a farmin agreement. The well was put on production in early 1988 and is currently producing at the rate of approximately 75 bpd.

Giant Reef recently commenced an ambitious exploration program at **Red Earth North**, a new exploration area approximately 10 miles northeast of the main **Red Earth** field. This area is prospective for oil production in the Granite Wash sand. To date the Company has acquired a working interest of 25% in 6,240 gross acres in this play, including 2,400 acres purchased at the June 1, 1988 Crown sale. Extensive seismic has been purchased or conducted over these lands resulting in the identification of several Granite Wash anomalies. During the first quarter of calendar 1988, Giant Reef participated in the drilling of four wells on these lands, two of which have been cased for oil and are currently on production. The remaining two wells were suspended over spring break-up. Drilling and whipstocking operations will recommence when surface conditions allow. Further

particulars of this program must remain confidential pending future land sales. However, based upon preliminary results of the Company's drilling program and successful drilling by others in the area, we are optimistic that this play has the potential to significantly increase the Company's crude oil reserves and production. A multi-well program will be conducted by the Company during the balance of 1988. A crude oil battery and pipeline facilities have recently been constructed in close proximity to the Company's acreage which will facilitate production from the Company's land.

At **Valhalla** Giant Reef has a working interest of 18.75% in 1,600 oil prospective acres. During fiscal 1988, Giant Reef participated in two exploratory wells on these lands. A well at 16-32-74-8 W6M was cased for Triassic Halfway oil and has been producing at the rate of 150 bpd since August of 1987. The other well was dry and abandoned. Additional locations are being considered for this acreage in the coming year.

During the past year Giant Reef purchased a 10% working interest in 6,247 acres of heavy oil prospective acreage in the Lloydminster area of Saskatchewan and participated in the drilling of two wells on these lands. A well at **Hillmond** was cased for heavy oil production and the second well was abandoned. The acquisition and drilling of additional heavy oil prospective acreage is planned for 1988.





LAND

During the fiscal year ended March 31, 1988, Giant Reef increased its net working interest acreage by 80% to 29,642 acres. Most of these additions occurred subsequent to assumption of management responsibility by Numac Oil & Gas Ltd. in late September, 1987. The Company's average working interest in these acreage additions was 19%. Purchases accounted for 41,447 gross (8,504 net) acres at an average cost of \$84 per acre. The balance of the acreage was acquired pursuant to farmin agreements.

Subsequent to year-end, the Company was successful in acquiring an average working interest of 16% in 11,360 gross (1,821 net) acres at Crown sales at a cost of \$328,695 (\$181 per acre). The vast majority of these purchases were an extension of the Company's Red Earth North play (760 net acres at an average cost of \$315 per acre). Giant Reef now has a working interest of 25% in 6,240 acres in this oil prospective area where an active drilling program is presently in progress.

Other additions to land holdings were in such key areas as Niton, Seal, Panny/Peerless, Mitsue and the Elmworth area of Alberta. Other acquisitions were in the gas prone Dawson area of British Columbia and in the Tangleflags, Lashburn, Hillmond and Reflex Lakes heavy oil areas of Saskatchewan.

Petroleum and natural gas rights as of March 31, 1988 were:

Working Interest Acreage	Gross Acres	Net Acres
Alberta	133,804	24,399
British Columbia	11,757	1,830
Saskatchewan	18,687	3,413
	<u>164,248</u>	<u>29,642</u>
Royalty Interest Acreage	1,337	—
TOTALS	<u><u>165,585</u></u>	<u><u>29,642</u></u>

GIANT REEF PETROLEUMS LIMITED

14th Floor, 9915 - 108 Street
Edmonton, Alberta T5K 2G8

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 30, 1988

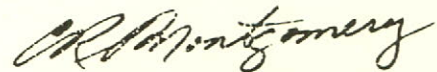
NOTICE IS HEREBY GIVEN that the annual and a special meeting of the shareholders of GIANT REEF PETROLEUMS LIMITED (the "Corporation") will be held in the Boardroom of Numac Oil & Gas Ltd., Petroleum Plaza, South Tower, 1400, 9915 - 108 Street, Edmonton, Alberta, on the 30th day of June, 1988 at the hour of 9:00 o'clock in the forenoon (Edmonton time) for the purposes of:

1. Receiving the financial statements of the Corporation for the year ended March 31, 1988 and the auditors' report thereon;
2. Electing directors for the ensuing year;
3. Appointing auditors for the ensuing year;
4. Approving by special resolution the amendment of the Articles of Continuance of the Corporation by:
 - (a) redesignating the existing shares of the Corporation as "Common Shares";
 - (b) deleting the maximum consideration for which the Common Shares may be issued;
 - (c) increasing the maximum number of Common Shares which may be issued from 5,000,000 shares to an unlimited number of shares;
 - (d) adding certain rights, privileges, restrictions and conditions to the Common Shares; and
 - (e) creating an unlimited number of Preferred Shares issuable in series;
5. Approving the issuance of 1,000,000 Common Shares of the Corporation upon the exercise of the 1,000,000 special share purchase warrants issued by the Corporation on March 23, 1988; and
6. Transacting such other business as may properly be brought before the meeting.

An Information Circular accompanies this Notice and describes the nature of the business to be conducted at the meeting in detail and sets out the text of the special resolution to be submitted to the meeting.

DATED at the City of Edmonton, in the Province of Alberta, this 8th day of June, 1988.

BY ORDER OF THE BOARD OF DIRECTORS



C. R. S. MONTGOMERY
Secretary

NOTE:

If you cannot attend the meeting, please sign and date the attached form of proxy and return it in the enclosed envelope to the Corporation's Secretary, at the head office of the Corporation, Petroleum Plaza, South Tower, 1400, 9915 - 108 Street, Edmonton, Alberta T5K 2G8 or at the office of the Corporation's Registrar and Transfer Agent, The Canada Trust Company 505 - 3rd Street, Calgary, Alberta T2P 3Y8. To be valid, instruments of proxy must be received by the Secretary of the Corporation or by The Canada Trust Company not later than twenty-four hours before the time appointed for the meeting.

GIANT REEF PETROLEUMS LIMITED

INFORMATION CIRCULAR

for Annual and Special Meeting of Shareholders to be held June 30, 1988 and Adjournments

This Information Circular is furnished in connection with the solicitation of proxies by the management of Giant Reef Petroleum Limited (the "Corporation") to be used at the annual and special meeting of shareholders of the Corporation to be held on June 30, 1988 at 9:00 o'clock in the forenoon (Edmonton time) in the Boardroom of Numac Oil & Gas Ltd., Petroleum Plaza, South Tower, 1400, 9915 - 108 Street, Edmonton, Alberta, and at any adjournments thereof, for the purposes set forth in the Notice of Meeting accompanying this Information Circular. The cost of solicitation by management will be borne by the Corporation.

The information contained in this Information Circular is given as of May 31, 1988 unless otherwise noted. All amounts are expressed in Canadian dollars.

APPOINTMENT OF PROXYHOLDERS AND REVOCATION OF PROXIES

The management nominees named in the enclosed form of proxy are directors of the Corporation. **A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON, WHO NEED NOT BE A SHAREHOLDER, AS HIS PROXYHOLDER TO ATTEND AND ACT FOR HIM AT THE MEETING INSTEAD OF THE MANAGEMENT NOMINEES DESIGNATED IN THE FORM OF PROXY. TO EXERCISE SUCH RIGHT THE SHAREHOLDER MUST INSERT THE NAME OF THE PROXYHOLDER IN THE BLANK SPACE PROVIDED FOR THAT PURPOSE AND MUST DELETE OR STRIKE OUT THE NAMES OF THE MANAGEMENT NOMINEES.**

Proxies given by shareholders for use at the meeting may be revoked at any time prior to their use. In addition to revocation in any other manner permitted by law, a shareholder giving a proxy may revoke the proxy by an instrument in writing 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, and deposited either at the head office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such meeting on the day of the meeting or adjournment thereof, and upon either of such deposits the proxy is revoked.

EXERCISE OF DISCRETION BY PROXYHOLDERS

The enclosed form of proxy affords shareholders an opportunity to specify that the shares registered in their name shall be voted for or against or withheld from voting for the matters set forth in the form of proxy. The management nominees named in the enclosed form of proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them on any ballot that may be called for. **IN THE ABSENCE OF SUCH DIRECTION, SUCH SHARES WILL BE VOTED FOR THE ELECTION OF DIRECTORS, THE APPOINTMENT OF AUDITORS, THE AMENDMENT OF THE ARTICLES OF CONTINUANCE AND THE ISSUANCE OF 1,000,000 COMMON SHARES OF THE CORPORATION, AS STATED UNDER THOSE HEADINGS IN THIS INFORMATION CIRCULAR.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to any amendments or variations to matters identified in the notice of meeting and to any other business which may properly come before the meeting. At the time of printing this Information Circular, the management of the Corporation knows of no such amendments, variations or other business to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are presently 3,269,352 issued and outstanding shares of the Corporation. Each share confers upon the holder thereof the right to one vote.

The Corporation has prepared, as of the close of business on June 7, 1988, a list of shareholders entitled to receive the Notice of Meeting and the number of shares of the Corporation held by each such shareholder. A shareholder named in the list is entitled to vote the shares shown opposite his name at the meeting except to the extent that such holder has transferred the ownership of his shares after June 7, 1988 and the transferee of those shares established that he owns the shares and demands, not later than one day before the meeting, that his name be included in the list of shareholders before the meeting, in which case the transferee is entitled to vote such shares at the meeting. Any shareholder may examine the list of shareholders during usual business hours at the head office of the Corporation or at the meeting.

The register of transfers will not be closed.

Numac Oil & Gas Ltd., which owns beneficially and of record 2,745,351 shares of the Corporation (representing 84% of the issued and outstanding shares) is the only person known to the directors or senior officers of the Corporation to own beneficially, either directly or indirectly, or exercise control or direction over more than 10% of the outstanding shares of the Corporation.

ELECTION OF DIRECTORS

It is proposed that five directors be elected until the next annual meeting of shareholders or until their successors are elected or appointed.

ON ANY BALLOT THAT MAY BE CALLED FOR AT THE MEETING, UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS PROXY THAT HIS SHARES ARE TO BE WITHHELD FROM VOTING IN THE ELECTION OF DIRECTORS, THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED FOR THE ELECTION OF THOSE PERSONS NAMED BELOW AS DIRECTORS OF THE CORPORATION. Management does not contemplate that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, proxies will not be voted with respect to such vacancy.

The following table sets forth the names of all persons proposed to be nominated for election as directors, their principal occupations or employments during the past five years, the period during which they have been directors of the Corporation, and the approximate number of securities of the Corporation beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them. The information contained herein as to securities beneficially owned, directly or indirectly, or over which control or direction is exercised is based upon information furnished to the Corporation by the respective nominees.

Name	Principal Occupation	Date first Elected as Director	Shares of the Corporation Beneficially Owned as at May 11, 1988
John T. Ferguson (1)	President, Princeton Developments Ltd., a real estate development corporation	Sept. 24, 1988	6,500
Alex N. MacIver	Partner, Jackson, Arlette, MacIver and Skitsko, Barristers and Solicitors	Sept. 30, 1988	5,000
William S. McGregor	President and Chief Executive Officer of Numac Oil & Gas Ltd., an oil and gas exploration and development corporation	Sept. 24, 1988	146,300 (2)
Stewart D. McGregor (1)	President and Chief Operating Officer of the Corporation since September 24, 1988. Executive Vice-President of Numac Oil & Gas Ltd. since June, 1984. Vice-President, Corporate Affairs of Numac Oil & Gas Ltd. from April, 1980 to June, 1984	Sept. 24, 1988	50,000

Bruce W. Watson
(1)

President, Wrangler Resources Ltd., and oil
and gas exploration and development
corporation

Sept. 24, 1988 5,000

NOTES:

1. Member of audit committee.
2. Of the 146,300 shares, 141,300 are beneficially owned by W. S. McGregor Investments Ltd., a personal holding corporation over which Mr. W. McGregor has voting control.

COMPENSATION OF DIRECTORS

At a directors' meeting held on September 30, 1987, it was decided that the Corporation pay to each director \$2,500 as an annual retainer, \$500 for each personal attendance and \$250 for each telephone attendance at a directors' meeting and \$250 for each personal attendance and \$125 for each telephone attendance at a directors' committee meeting. Directors who are officers do not receive fees for either board or committee meetings. The Corporation paid \$6,750 in directors' fees for the period September 24, 1987 to March 31, 1988. Prior to the acquisition by Numac Oil & Gas Ltd. on September 24, 1987 of all of the issued and outstanding shares of the Corporation owned by Westburne Petroleum & Minerals Ltd., the Corporation paid \$9,850 directors' fees to H. Murray Armstrong and to H. A. McQueen for acting as directors for the period commencing April 1, 1987 and ending on September 30 and September 24, 1987, respectively, and for prior periods during which the payment of directors' fees were suspended.

EXECUTIVE COMPENSATION

The Corporation presently has six executive officers. The Corporation has not paid any compensation to these or its former executive officers for services rendered during the fiscal period ending March 31, 1988.

EMPLOYEES PRODUCTION INCENTIVE PLAN

The Corporation is not a party to any employee incentive plans although it continues to have obligations pursuant to an Employee Production Incentive Plan established by Westburne Petroleum & Minerals Ltd. described below.

Effective February 8, 1986 the Corporation became a participant with Westburne Petroleum & Minerals Ltd. in an Employee Production Incentive Plan (the "Plan") pursuant to which certain executive officers of the Corporation and of Westburne Petroleum & Minerals Ltd. were entitled to quarterly compensation payments based upon the value of equivalent royalty interests in the Corporation's share of production from wells drilled on lands in which the Corporation has an interest. The royalty is based upon the Corporation's share of production revenue less well operating expenses attributable to wells commenced after February 8, 1986. During the fiscal year ended March 31, 1988 payments aggregating \$38,657 were made under the Plan of which \$14,505 was paid to executive officers of the Corporation.

The Corporation's participation in the Plan was terminated effective September 24, 1987 following the acquisition by Numac Oil & Gas Ltd. of all of the issued and outstanding shares of the Corporation owned by Westburne Petroleum & Minerals Ltd. provided, however, that this termination did not affect the existing participants' rights under the Plan. The Plan contemplates that participants in the Plan shall continue to be entitled to receive compensation payments under the Plan even after their termination of employment with the Corporation in respect of wells commenced prior to termination provided that the amount of future payments in respect of wells commenced less than five years prior to termination may be reduced in certain events. The amounts which may be payable in the future to former executive officers of the Corporation who are participants in the Plan are not presently ascertainable as such amounts are dependent upon future production and its value at that time.

MANAGEMENT

Prior to September 24, 1987, the Corporation's entire exploration, production and financial management was carried out by Westburne Petroleum & Minerals Ltd., 200, 535 Seventh Avenue S.W., Calgary, Alberta T2P 0Y4, for which it was paid \$60,000 (for the period April 1, 1987 to September 24, 1987). Seismic, drilling and completion operations on the Corporation's properties were also conducted on its behalf by Westburne Petroleum & Minerals Ltd. under terms determined by the Corporation's management to be fair and equitable and customary to the industry. Costs of such operations were borne and paid for by Westburne Petroleum & Minerals Ltd. and, pursuant to joint operating agreements between the companies, were periodically rebilled to the Corporation. Following the acquisi-

tion on September 24, 1987 by Numac Oil & Gas Ltd. of all of the issued and outstanding shares of the Corporation owned by Westburne Petroleum & Minerals Ltd., these functions were undertaken by Numac Oil & Gas Ltd., for which it was paid \$60,000 (for the period September 24, 1987 to March 31, 1988).

Numac Oil & Gas Ltd. has entered into an agreement with the Corporation effective April 1, 1988 whereby it has agreed to manage all phases of the Corporation's business and affairs for which it will be paid an amount equal to a graduated percentage of gross capital expenditures relating to property, plant and equipment (8% of expenditures up to and including \$1,000,000, 6% of expenditures in excess of \$1,000,000 and up to and including \$2,000,000 and 4% of expenditures in excess of \$2 million), 6% of operating expenses and \$25,000 per year for corporate services. The Agreement will become effective upon approval by the Vancouver Stock Exchange.

The following table lists the persons who are known to the directors or senior officers of the Corporation to be insiders, as such term is defined in the Securities Act (Alberta), of Numac Oil & Gas Ltd.

Name	Municipality of Residence
Alex N. MacIver	Edmonton, Alberta
Stewart D. McGregor	Edmonton, Alberta
William S. McGregor	Edmonton, Alberta
William Darcy McKeough	Chatham, Ontario
Jack W. Robbins	Jenkintown, Pennsylvania
Bruce W. Watson	Calgary, Alberta
Ronald D. Larmour	Edmonton, Alberta
C. R. S. Montgomery	Edmonton, Alberta
Wilfred J. Wilson	Edmonton, Alberta
Michael F. Blair	Don Mills, Ontario
Vernon L. Horte	Calgary, Alberta
James H. Pletcher	Edmonton, Alberta
The Enfield Corporation Limited	Toronto, Ontario

APPROVAL OF ISSUANCE OF COMMON SHARES

At the meeting, the shareholders will be asked to consider and, if thought fit, to pass a resolution approving the issuance of 1,000,000 Common Shares of the Corporation upon the exercise of the 1,000,000 special share purchase warrants issued by the Corporation on March 23, 1988. **ON ANY BALLOT THAT MAY BE CALLED FOR AT THE MEETING, THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE RESOLUTION IN THE ABSENCE OF DIRECTIONS TO THE CONTRARY.**

On March 23, 1988, the Corporation issued by private placement 1,000,000 special share purchase warrants (the "Special Warrants") at \$4.75 per Special Warrant. The Special Warrants were issued pursuant to the terms of a Warrant Indenture dated March 23, 1988 between the Corporation and The Canada Trust Company. Each Special Warrant entitles the holder to acquire one Common Share of the Corporation at no additional cost. A prospectus will be filed in Alberta and Ontario in respect of the Special Warrants and the Common Shares to be acquired upon the exercise of the Special Warrants so that the Common Shares acquired upon the exercise of Special Warrants after the issuance of receipts for such prospectus may be sold at any time by the holders thereof without restriction under the applicable securities legislation. Each Special Warrant must be exercised during the period commencing on the later of the date of the approval of the shareholders of the Corporation of the issuance of the Common Shares and the date of the Certificate of Amendment amending the Articles of Continuance of the Corporation by deleting the maximum consideration for which Common Shares may be issued and ending on the earlier of:

- (a) 45 days after the day upon which a receipt for a final prospectus relating to the distribution of Common Shares has been issued by the securities commissions or similar regulatory authorities in each of the provinces of Ontario and Alberta; and
- (b) November 15, 1988.

In the event that on or prior to September 30, 1988, the shareholders of the Corporation have not approved the issuance of the Common Shares or the Corporation has not obtained a Certificate of Amendment amending the

Articles of Continuance, then each warrant holder shall be entitled to require the Corporation to purchase his Special Warrants for \$4.85 per Special Warrant.

The Corporation intends to use the proceeds from the private placement to fund its drilling and exploration program in the Province of Alberta.

Numac Oil & Gas Ltd. has acquired 250,000 Special Warrants. Merry-Mac Investments Inc., a private holding corporation over which William S. McGregor has voting control, has acquired 25,000 Special Warrants.

AMENDMENT OF ARTICLES OF CONTINUANCE

At the special meeting, the shareholders will also be asked to consider and, if thought fit, to pass a special resolution amending the Articles of Continuance of the Corporation by:

- (a) redesignating the existing shares of the Corporation as "Common Shares"
- (b) deleting the maximum consideration for which the Common Shares may be issued;
- (c) increasing the maximum number of Common Shares which may be issued from 5,000,000 shares to an unlimited number of shares;
- (d) adding certain rights, privileges, restrictions and conditions to the Common Shares; and
- (e) creating an unlimited number of Preferred Shares issuable in series.

The text of the special resolution authorizing the amendment is annexed as Exhibit I to this Information Circular. **ON ANY BALLOT THAT MAY BE CALLED FOR AT THE MEETING, THE COMMON SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE SPECIAL RESOLUTION IN THE ABSENCE OF DIRECTIONS TO THE CONTRARY.**

The Articles of Continuance of the Corporation presently provide that the shares of the Corporation may not be issued for a consideration greater than \$2.00 per share. The shares have recently been trading on the Vancouver Stock Exchange at prices well above this amount. In order to enable the directors of the Corporation to authorize the issuance of shares of the Corporation for fair value, the Articles of Continuance must be amended to delete the maximum consideration for which the shares may be issued. This amendment is required in order to issue the Common Shares issuable upon the exercise of the Special Warrants issued by the Corporation on March 23, 1988 (see "Approval of Issuance of Common Shares").

It may be necessary for the Corporation to raise funds in the future for its ongoing business purposes by issuing shares. In order to enable the Corporation to have immediate access to capital markets, it is proposed to increase the maximum number of Common Shares which may be issued from 5,000,000 shares to an unlimited number of shares and to create an additional class of Preferred Shares, issuable in series, in an unlimited number.

The special resolution authorizing the amendment to the Articles of Continuance is required to be passed by a majority of not less than two-thirds of the votes cast by shareholders who vote in person or by proxy. If the special resolution is passed, Articles of Amendment will be filed with the Registrar of Corporations. The amendments will become effective when the Registrar of Corporations issues a certificate of amendment.

APPOINTMENT OF AUDITORS

Management proposes to nominate Deloitte Haskins + Sells, Chartered Accountants, as auditors of the Corporation to hold office until the close of the next annual meeting of shareholders. Deloitte Haskins + Sells were first appointed as auditors of the Corporation on September 30, 1987.

ON ANY BALLOT THAT MAY BE CALLED FOR AT THE MEETING, THE SHARES REPRESENTED BY PROXIES IN FAVOUR OF MANAGEMENT NOMINEES WILL BE VOTED IN FAVOUR OF THE APPOINTMENT OF DELOITTE HASKINS + SELLS AS AUDITORS OF THE CORPORATION, UNLESS A SHAREHOLDER HAS SPECIFIED IN HIS PROXY THAT HIS SHARES ARE TO BE WITHHELD FROM VOTING IN THE APPOINTMENT OF AUDITORS.

At the annual meeting of shareholders of the Corporation held on September 30, 1987, Touche Ross & Co. were nominated for appointment as auditors of the Corporation. In view of the acquisition of control of the Corporation by Numac Oil & Gas Ltd. on September 24, 1987, Touche Ross & Co. declined to stand as nominee for appointment as auditor. As at September 30, 1987 there were no disagreements between the Corporation and Touche Ross & Co.:

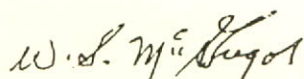
- (a) relating to the audits of the two most recent fiscal years;
- (b) representing disagreements between personnel of the Corporation responsible for presentation of its financial statements and personnel of Touche Ross & Co. responsible for authorizing issuance of reports and comments with respect to the Corporation;
- (c) relating to any matter of audit scope or procedure or any matter of accounting principles or practices or financial statements disclosure; or
- (d) which would have caused Touche Ross & Co., if it had been elected as auditor, to refer to the matter in its report on the audited financial statements for the fiscal year ending March 31, 1988 or in its comments on unaudited interim financial information.

Further, there has not been any adverse or qualified opinion contained in any Touche Ross & Co. reports on the annual financial statements for the two completed fiscal years preceding September 30, 1987 or any similar reservation contained in any Touche Ross & Co. report or comments on interim financial information for the period commencing April 1, 1987 and ending June 30, 1987. Annexed as Exhibit II to this Information Circular is a letter dated June 1, 1988 from Touche Ross & Co. confirming this information.

CERTIFICATE

THE FOREGOING CONTAINS NO UNTRUE STATEMENT OF A MATERIAL FACT AND DOES NOT OMIT TO STATE A MATERIAL FACT THAT IS REQUIRED TO BE STATED OR THAT IS NECESSARY TO MAKE A STATEMENT NOT MISLEADING IN THE LIGHT OF THE CIRCUMSTANCES IN WHICH IT WAS MADE.

DATED at the City of Edmonton, in the Province of Alberta, this 8th day of June, 1988.



WILLIAM S. MCGREGOR
Chief Executive Officer



RONALD D. LARMOUR
Treasurer

EXHIBIT I

This is Exhibit I referred to in the foregoing Information Circular of Giant Reef Petroleum Limited dated June 8, 1988.

AMENDMENT TO ARTICLES

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. Pursuant to subsections 167(1)(c), (d) and (e) of the Business Corporations Act, Article 3 of the Articles of the Corporation be and it is hereby amended:

- (a) by redesignating the existing shares as "Common Shares", deleting the maximum consideration for which such shares may be issued, increasing the maximum number of such shares that the Corporation is authorized to issue from 5,000,000 to an unlimited number of shares and changing the rights, privileges, restrictions and conditions attached to the Common Shares so that the rights, privileges, restrictions and conditions attached to the Common Shares shall read as set out in the attached Schedule A; and
- (b) by increasing the capital of the Corporation by the creation of an additional class of shares, to be designated as "Preferred Shares", in an unlimited number, issuable in series, each such Preferred Share having attached thereto the rights, privileges, restrictions and conditions set out in the attached Schedule A;

so that Article 3 of the Articles of the Corporation shall read as set out in Schedule A attached hereto.

2. Upon Articles of Amendment having become effective in accordance with the provisions of the Business Corporations Act, the Articles of the Corporation shall be amended accordingly.

3. Any director or proper officer of the Corporation be and is hereby authorized and directed to do all acts and things and to execute (whether under the corporate seal of the Corporation or otherwise) all documents as he deems necessary or desirable for the implementation of this resolution, including the execution and the delivery to the Registrar of Corporations of Articles of Amendment in duplicate.

SCHEDULE A

The Corporation is authorized to issue:

- (a) One class of shares, to be designated as "Common Shares", in an unlimited number; and
- (b) One class of shares, to be designated as "Preferred Shares", in an unlimited number, issuable in series;

such shares having attached thereto the following rights, privileges, restrictions and conditions:

A. COMMON SHARES

The Common Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) the right to one vote at all meetings of shareholders of the Corporation, except meetings at which only holders of a specified class of shares are entitled to vote;
- (b) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive any dividend declared by the Corporation; and
- (c) subject to the prior rights and privileges attaching to any other class of shares of the Corporation, the right to receive the remaining property and assets of the Corporation upon dissolution.

EXHIBIT I (continued)

B. PREFERRED SHARES

The Preferred Shares shall have attached thereto the following rights, privileges, restrictions and conditions:

- (a) the Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may, before the issue thereof, be determined by resolution of the directors of the Corporation;
- (b) subject to the provisions of the Business Corporations Act, the directors of the Corporation may by resolution fix from time to time before the issue thereof the designation, rights, privileges, restrictions and conditions attaching to each series of the Preferred Shares; and
- (c) the Preferred Shares of each series may with respect to the payment of dividends and the distribution of assets in the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, be entitled to a preference over the Common Shares of the Corporation and over any other shares of the Corporation ranking junior to the Preferred Shares. The Preferred Shares of any series may also be given such other preferences, not inconsistent with the provisions hereof, over the Common Shares of the Corporation and over any other shares of the Corporation ranking junior to the Preferred Shares as may be fixed in accordance with the provisions hereof.

EXHIBIT II

This is Exhibit II referred to in the foregoing Information Circular of Giant Reef Petroleum Limited dated June 8, 1988.

Touche Ross & Co.
Chartered Accountants
3500 Scotia Centre
700 - 2nd Street S.W.
Calgary, Alberta T2P 0S7
Telephone: 403 267-1700
Telex: 03-825530
Telecopier: 403 264-2871

 **Touche Ross**

June 1st, 1988

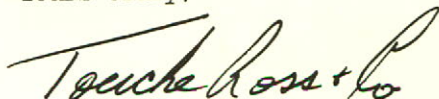
Alberta Securities Commission
Edmonton, Alberta

Gentlemen:

RE: GIANT REEF PETROLEUMS LIMITED
Change of Auditor of Reporting Issuer

In accordance with paragraph 5 of National Policy #31 Change of Auditor of Reporting Issuer, we confirm that we have read the information contained in the Giant Reef Petroleum Limited Information Circular dated June 8th, 1988 pertaining to Appointment of Auditors and are in agreement with the information set forth therein.

Yours truly,



/ljk



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