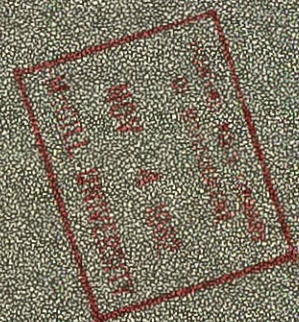
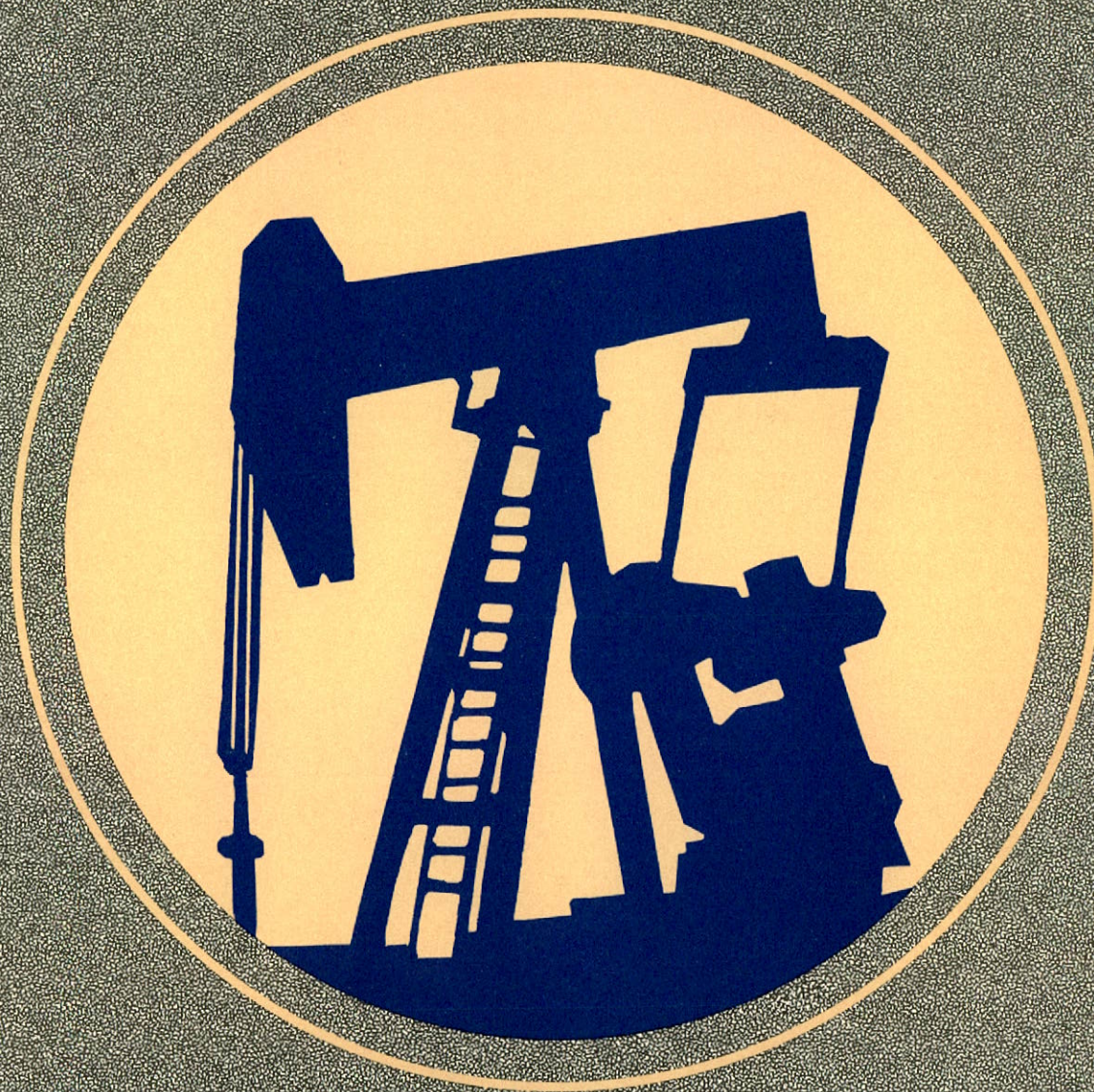
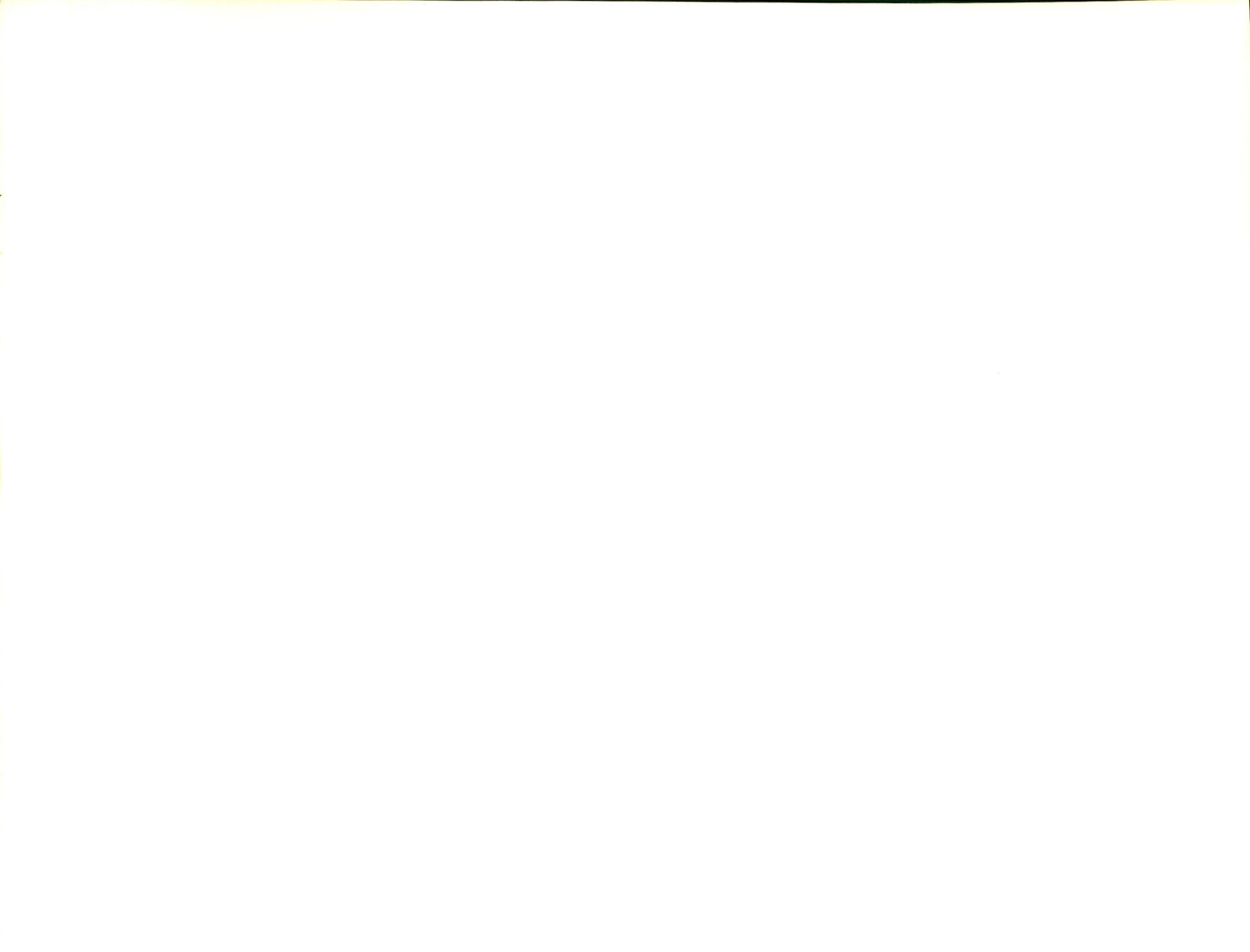




Midcon Oil & Gas Limited

ANNUAL REPORT 1981





MIDCON OIL & GAS LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the annual meeting of shareholders of MIDCON OIL & GAS LIMITED (the "Corporation") will be held in the Board Room at 372 Bay Street, 11th Floor, Toronto, Ontario, on Wednesday, the 14th day of October, 1981 at the hour of 12:00 noon, Toronto time, for the following purposes:

1. to receive and consider the Annual Report including the report of the directors and the financial statements of the Corporation for the fiscal year ended June 30, 1981 together with the report of the auditors thereon,
2. to elect directors,
3. to appoint auditors and authorize the directors to fix their remuneration, and
4. to transact all other business which may properly come before the meeting or any adjournment or adjournments thereof.

A copy of the above mentioned Annual Report and an Information Circular are enclosed. Shareholders who are unable to be present in person are requested to fill in, sign, date and return the accompanying form of proxy in the envelope provided for that purpose.

DATED at Toronto, Ontario, this 15th day of September, 1981.

T. P. FISCHER
Secretary-Treasurer

MIDCON OIL & GAS LIMITED

INFORMATION CIRCULAR

as of September 15, 1981

SOLICITATION OF PROXIES

This information circular is furnished in connection with THE SOLICITATION BY THE MANAGEMENT OF MIDCON OIL & GAS LIMITED (the "Corporation") of proxies to be used at the meeting of the shareholders of the Corporation (and any and all adjournments thereof) to be held at the time and place and for the purposes set forth in the accompanying notice of the meeting. The solicitation will be primarily by mail. Proxies may also be solicited personally by regular employees of the Corporation at nominal cost. The cost of such solicitation by management will be borne by the Corporation.

APPOINTMENT AND REVOCATION OF PROXIES

THE PERSONS DESIGNATED IN THE ACCOMPANYING FORM OF PROXY ARE NAMED BY MANAGEMENT. A SHAREHOLDER HAS THE RIGHT TO APPOINT SOME OTHER PERSON, WHO NEED NOT BE A SHAREHOLDER, TO ATTEND AND ACT FOR HIM AND ON HIS BEHALF AT THE MEETING AND HE MAY EXERCISE THIS RIGHT BY INSERTING SUCH OTHER PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE CORPORATION OR TO THE CHAIRMAN OF THE MEETING PRIOR TO VOTING.

A shareholder who has given a proxy may revoke it either (a) by completing a proxy bearing a later date and depositing it with the Corporation not later than the last business day preceding the day of the meeting or with the chairman of such meeting on the day of the meeting, or (b) by completing written notice of revocation, which must be executed by the shareholder or by his attorney authorized in writing and depositing the notice at the registered office of the Corporation 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. A proxy may only be revoked with respect to matters that have not been acted on prior to revocation.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The only class of voting securities of the Corporation outstanding and entitled to vote at the meeting are common shares. The Corporation has outstanding 4,300,000 common shares, each of which is entitled to 1 vote.

No record date has been fixed for the determination of the shareholders who may vote at the meeting. Accordingly shareholders of record on the list prepared pursuant to the Canada Business Corporations Act as at the time of the meeting shall be entitled to vote thereat.

To the knowledge of the directors and officers of the Corporation, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to all shares of the Corporation other than Yellowknife Bear Resources Inc., 360 Bay Street, Toronto, Ontario which owns of record and beneficially 3,173,216 (73.8%) of the outstanding common shares of the Corporation. Yellowknife Bear Resources Inc. is a public company, the common shares of which are listed on The Toronto Stock Exchange. To the knowledge of the directors and officers of the Corporation there is no person or company who beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of Yellowknife Bear Resources Inc. which carry more than 10% of the voting rights attached to all shares of that company.

No voting securities carrying more than 10% of the voting rights attached to all voting securities of the Corporation or of the subsidiary of the Corporation are beneficially owned, directly or indirectly, or controlled or directed by any proposed director and his associates or affiliates.

ELECTION OF DIRECTORS

The board of directors of the Corporation presently consists of 5 directors to be elected annually. The persons named in the enclosed form of proxy intend to vote for the election, as directors, of the nominees whose names are set forth below unless such authority is withheld. 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 the persons named in the accompanying form of proxy reserve that right to vote for another nominee in their discretion unless authority to vote in the election of directors is withheld. Each director elected will hold office until the next annual meeting or until his successor is otherwise duly elected in accordance with the by-laws of the Corporation.

The following table and notes thereto state the names of all the persons proposed to be nominated for election as directors, all other positions and offices with the Corporation and any of its significant affiliates now held by them, their principal occupations or employments, the period or periods during which they served as directors of the Corporation and the approximate number of shares of the Corporation and of Yellowknife Bear Resources Inc. and Inter-Rock Oil Co. of Canada Limited beneficially owned, directly or indirectly, or over which control or direction is exercised by each of them.

<u>Name and Principal Occupation</u>	<u>Positions and Offices</u>	<u>Director of the Corporation during the following period or periods</u>	<u>Shares of Yellowknife Bear Resources Inc.</u>	<u>Shares of Midcon Oil & Gas Limited</u>	<u>Shares of Inter-Rock Oil Co. of Canada Limited</u>
J. Douglas Streit, P.Eng., Geologist, President and General Manager of Yellowknife Bear Resources Inc.	Director, Director of Inter-Rock Oil Co. of Canada Limited	July, 1957	50,000	125,853	1
Robert G. Price, Petroleum Engineer Vice-President and Exploration Manager of Yellowknife Bear Resources Inc.	Vice-President, Director and Vice-President of Inter-Rock Oil Co. of Canada Limited	July, 1968	1	10	1
*William E. Rearden, Company Executive		July, 1967	3,500	16,000	nil
*C. William Streit Company Executive	President and a Director of Inter-Rock Oil Co. of Canada Limited	July, 1975	5,069	200	121
*H. C. Kerr, Q.C., Lawyer		June, 1973	nil	nil	nil

NOTE

The information as to shares beneficially owned, not being within the knowledge of the Corporation, has been furnished by the respective directors individually.

5,000 shares of the corporation registered in the name of Mr. Kerr are owned by a corporation which is owned by his family.

All nominees have held the principal occupations indicated for more than 5 years.

*Indicates a member of the audit committee. There is no executive committee of the board of directors.

REMUNERATION OF MANAGEMENT

- The aggregate remuneration paid or payable by the Corporation and its subsidiary during the Corporation's last completed financial year to directors of the Corporation in their capacity as directors of the Corporation and its subsidiary was \$11,500. The aggregate remuneration paid or payable by the Corporation and its subsidiary during the Corporation's last completed financial year to officers of the Corporation in their capacity as officers or employees of the Corporation and its subsidiary who received an aggregate remuneration per person in excess of \$40,000 in that year was nil.

NATURE OF REMUNERATION EARNED

REMUNERATION OF DIRECTORS	Directors' fees	Salaries	Bonuses	Non-accountable expense all	Estimated Pension Benefits	Others	Total
(A) Number of directors: 5							
(B) <i>Body Corporate incurring the expense</i>	\$ 6,500	\$10,000		nil	nil	nil	\$16,500
Midcon Oil & Gas Limited	5,000	5,000		nil	nil	nil	10,000
Inter-Rock Oil Co. of Canada Limited							
REMUNERATION OF OFFICERS							
(A) Number of officers: 3							
(B) <i>Body Corporate incurring the expense</i>		nil		nil	nil	nil	nil
Midcon Oil & Gas Limited		12,000		nil	nil	nil	12,000
Inter-Rock Oil Co. of Canada Limited							
TOTALS	\$11,500	\$27,000		nil	nil	nil	\$38,500

2. The estimated aggregate cost to the Corporation and its subsidiary in or in respect of the last completed financial year of all pension benefits proposed to be paid under any pension or retirement plan upon retirement at normal retirement age to the persons mentioned in paragraph 1 was nil.
3. The aggregate of all remuneration payments (other than payments of the type reported under paragraph 1 or 2) made in or in respect of the Corporation's last completed financial year by the Corporation or its subsidiary pursuant to an existing plan to each person referred to in paragraph 1 was nil and, the amount proposed to be made in the future is nil, excluding payments to be made for, or benefits to be received from, the Canada Pension Plan or similar government plan or under a pension or retirement plan of the Corporation or its subsidiary.
4. There are no options to purchase securities of the Corporation or its subsidiary that, since the commencement of the Corporation's last completed financial year, were granted to or exercised by any of the persons mentioned in paragraph 1.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Corporation or its subsidiary, no proposed nominee for election as a director of the Corporation, and none of their respective associates or affiliates is or has been indebted to the Corporation or its subsidiary at any time since the beginning of the last completed financial year of the Corporation.

APPOINTMENT OF AUDITORS

Unless such authority is withheld the persons named in the accompanying form of proxy intend to vote for the appointment of Hilborn Ellis Grant & Co., Chartered Accountants, Toronto, as auditors of the Corporation and the authorization of the directors to fix their remuneration. They or their predecessor firms have been auditors of the Corporation for more than the past 5 years.

MANAGEMENT CONTRACTS

During the last completed fiscal year the Corporation and its subsidiary paid \$17,042 for head office rental and secretarial fees to The J. Bradley Streit Corporation, Suite 1000, 360 Bay Street, Toronto, Ontario, a private company of which J. Douglas Streit, C. William Streit and W. E. Rearden (3 of the directors of the Corporation) were officers, directors and shareholders.

GENERAL

On any ballot that may be called for with respect to the election of directors or the appointment of auditors and the authorization of the directors to fix their remuneration, shares represented by each properly executed proxy appointing the persons named by management in the accompanying form of proxy **WILL BE VOTED FOR THE ELECTION OF DIRECTORS AND FOR THE APPOINTMENT OF AUDITORS AND THE AUTHORIZATION OF THE DIRECTORS TO FIX THEIR REMUNERATION AS STATED UNDER THOSE HEADINGS IN THIS CIRCULAR UNLESS THE SPECIFICATIONS IN THE PROXY DIRECT THE SHARES TO BE WITHHELD FROM VOTING IN CONNECTION THEREWITH.**

The accompanying form of proxy, when properly signed, confers discretionary authority with respect to amendments or variations to matters identified in the accompanying notice of the meeting and other matters that may properly come before the meeting. The management of the Corporation presently knows of no such amendments, variations or other matters to come before the meeting.

The contents of this circular and the sending of it to each director and shareholder of the Corporation and to the auditors of the Corporation have been approved by the directors of the Corporation.

J. DOUGLAS STREIT
President



OFFICERS AND DIRECTORS

OFFICERS

J. DOUGLAS STREIT President
R. G. PRICE Vice-President
T. P. FISCHER Secretary-Treasurer

DIRECTORS

H. C. KERR, Q.C. Toronto
C. W. STREIT Toronto
R. G. PRICE Calgary
W. E. REARDEN Toronto
J. DOUGLAS STREIT Toronto

AUDITORS

HILBORN ELLIS GRANT & CO. Toronto, Ontario

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE
Toronto, Ontario

TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA
Toronto and Calgary

EXPLORATION OFFICE

717 - 7TH AVENUE S.W.
Calgary, Alberta T2P 0Z3

EXECUTIVE OFFICE

ROOM 1000, 360 BAY ST.
Toronto, Ontario M5H 2W3



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To the Shareholders,
MIDCON OIL & GAS LIMITED

Your directors submit for your consideration, the Annual Report of your Company with attached Financial Statements, Balance Sheet and Auditors' Report for the fiscal year ended June 30th, 1981.

FINANCIAL

Oil and Gas Revenue increased slightly during the current year. However with increased Income Taxes and the Federal Government's Petroleum and Gas Revenue Tax combined, earnings declined 6¢ per share. They were reduced from 30¢ per share in 1980 to 24¢ in 1981. During the year, Income Tax and Petroleum and Gas Revenue Tax amounted to a total of 19¢ per share.

OPERATING REPORT

The principal assets of Midcon are located in Southeastern Alberta in the area covered by Map #1 and consist of the following:

- 1) A 50% interest in South Alberta Pipe Lines Ltd.
- 2) Remaining proven recoverable gross pipeline natural gas reserves owned by Midcon estimated to be 736,000,000 cubic metres or 26 billion cubic feet at existing average Alberta natural gas prices.

SOUTH ALBERTA PIPE LINES LTD.

Midcon owns a 50% interest in this gas transmission system which consists of a 72.5 Kilometre, by 27 cm. main line from Etzikom to Medicine Hat plus a 20 cm. main lateral in the Medicine Hat gasfield, and a number of smaller gathering lines. In addition to carrying gas produced by Midcon, this pipeline acts as a contract carrier for gas produced by other operators in the South East Alberta Area.

South Alberta delivers low pressure gas to the City of Medicine Hat and high pressure gas to the fertilizer plants at Medicine Hat. Throughputs for the year ended Dec. 31, 1981 are forecast to increase to 1,726,910 cubic metres/day (62,500,000 cu. ft.) which is about 90% of present pipeline capacity. As a result of increased throughput there will be no increase in pipeline tariff this year but the increased volume will boost South Alberta pipeline revenues.

Canadian Montana, a wholly owned subsidiary of Montana Power, owns substantial gas reserves in S.E. Alberta just south of the Etzikom terminal of our pipeline. They formerly exported this gas to Montana but have now obtained other sources of natural gas and thus plan to sell their S.E. Alberta gas properties. The most likely way to market these reserves would be via our pipeline to Medicine Hat to tie in to the Alberta Gas Trunk Line (Nova) pipeline system. If this should take place, South Alberta could loop and upgrade our pipeline to handle this increased load which could double the pipeline throughput.

GAS PRODUCTION OPERATIONS

Midcon sells natural gas under two long term contracts to the City of Medicine Hat (until 1985) and to Western Co-operative Fertilizers Ltd. (until 1987). For the year ended June 30, 1981 Midcon gas sales averaged about 170,000 cubic metres (5,985 M.C.F.) per day. Unfortunately these contracts contain no significant price escalation clauses so our average gas selling price for the past year was only 4.0¢ per cubic metre or \$1.14 per M.C.F. which is far below the average Alberta gas sales price. We are unwilling to spend additional capital funds to carry out development drilling to maintain minimum contract gas deliveries at these low gas sales prices and deliveries have now fallen below minimum contract levels. We are now discussing a proposal with both customers under which they would pay increased prices for gas if we carry out a development drilling program to maintain contract gas deliveries. No agreement has yet been finalized.

EXPLORATION

On March 13, 1980, Midcon Oil & Gas entered into a joint venture participation agreement with Allaro Resources Ltd., under which Midcon will contribute \$250,000. per year for a three year period to an oil and gas exploration and acquisition program to be managed by Allaro.

Mr. Alastair H. Ross, left the position of President and Chief Executive Officer of both Pembina Pipe Lines Ltd. and Western Decalta Petroleum Ltd., to organize and manage Allaro. He now has commitments of about 6 million dollars per year for a three year period to this Allaro program. Allaro has already acquired several land interests and has made many oil and gas discoveries but it is too early to highlight specific projects.

INTER-ROCK OIL CO. OF CANADA LIMITED

Midcon owns a 59.76% interest in this Company which is operated by Midcon Management.

Inter-Rock owns a 0.28363% interest in the unitized Nevis gas field and sells its Nevis natural gas production to Trans Canada Pipelines Ltd. In addition, Inter-Rock owns a 2.0833% interest in the unitized Buffalo Lake Oilfield and a 12½% interest in seven D-3 oilwells in the Erskine oilfield.

Inter-Rock holds an 11.11% of interest in the Hunt-Inter-Rock 3-27 capped D-3 gas well located 2 Kilometres S.W. of the Buffalo Lake oilfield. Last year a gas conservation scheme which projected collecting gas from the 3-27 well, the Buffalo Lake Oilfield, and BP and Shell East Buffalo Lake oilwells, was approved. However, Shell withdrew and sold their well to Erskine Operators Ltd. Meanwhile the Erskine Operators have approved a gas collection scheme and all parties have signed Authorization for Expenditures for the project. The gas pipeline is now under construction. Inter-Rock has a sales contract with Trans Canada Pipelines Limited to market this gas and gas sales should start late this year or early in 1982.

Toronto, Ontario
September 14, 1981.

Respectfully submitted,
On behalf of the Board of Directors,

J. DOUGLAS STREIT,
President.

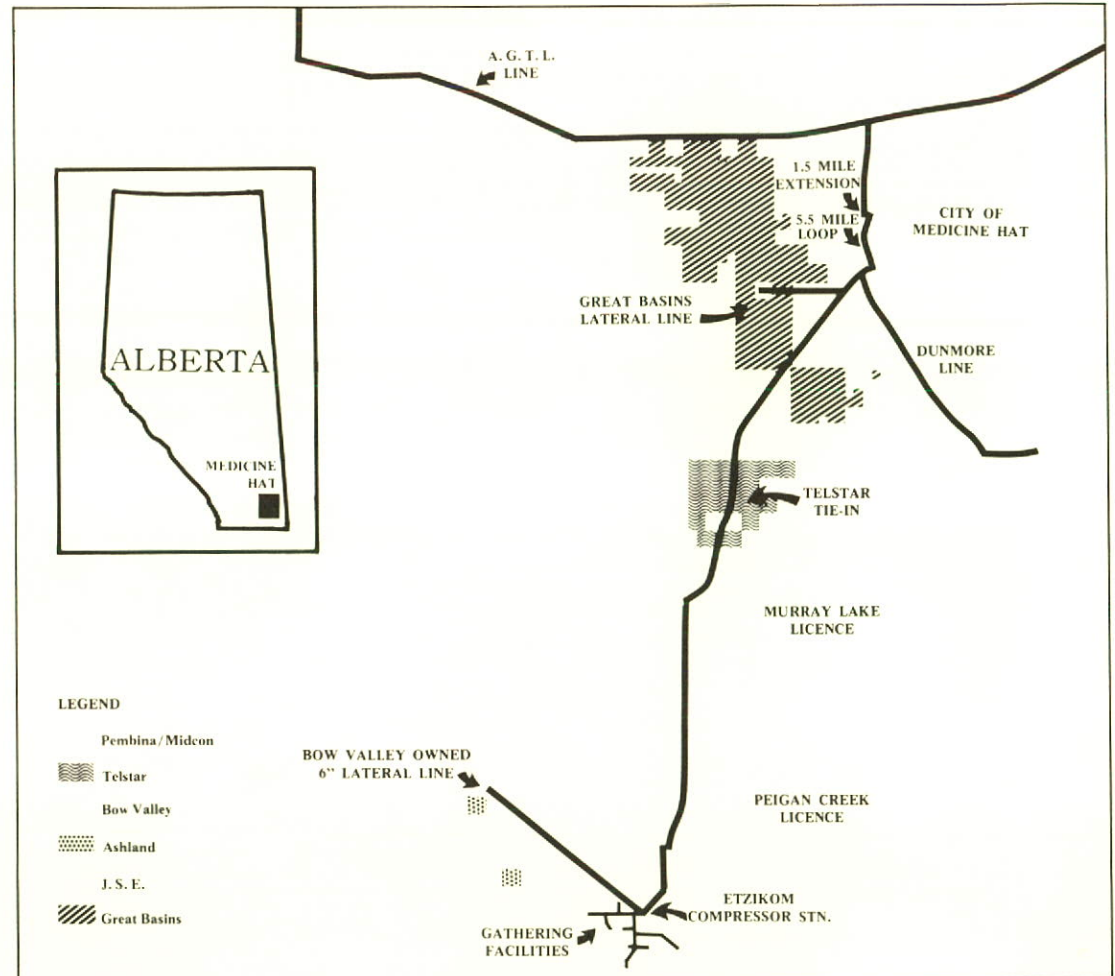


SI CONVERSION TABLE

To convert from	To	Multiply by
Cubic metre (m ³)	barrel (bbl)	6.293
Thousands of cubic metres (10 ³ m ³)	thousand cubic feet (mcf)	35.494
Tonne (t)	long ton (lt)	0.984
Metre (m)	foot (ft)	3.281
Kilometre (km)	mile (mi)	0.621
Hectare (ha)	acre (ac)	2.471

Examples:

- 10³m³ = one thousand cubic metres
- 10⁶m³ = one million cubic metres
- 10⁹m³ = one billion cubic metres



SOUTH ALBERTA PIPE LINES LTD.

PIPE LINE SYSTEM

CONSOLIDATED BALANCE SHEET

June 30, 1981

.....					
ASSETS	1981	1980	LIABILITIES	1981	1980
Current Assets			Current liabilities		
Cash	\$ -	\$ 55,880	Bank indebtedness	\$ 75,190	\$ -
Term deposits	1,637,475	1,590,000	Accounts payable and accrued		
Sundry receivables	445,507	430,922	liabilities	137,982	100,524
	<u>2,082,982</u>	<u>2,076,802</u>	Income and revenue taxes payable	287,068	362,226
Investments				<u>500,240</u>	<u>462,750</u>
Yellowknife Bear Resources Inc.,			Deferred revenue	-	13,927
shares at cost (market value			Deferred income taxes	1,059,800	1,068,500
\$1,387,500; 1980 - \$1,687,500)	507,747	507,747	Minority interest	201,024	187,477
Equity in shares and debentures of					
South Alberta Pipe Lines Limited	819,500	810,500			
Other shares, at cost less amounts					
written off	6,001	6,001			
	<u>1,333,248</u>	<u>1,324,248</u>			
Advances on account of exploration			SHAREHOLDERS' EQUITY		
expenses	62,409	62,500	Capital stock		
Property, plant and equipment - at cost	3,212,922	3,144,157	Authorized		
Accumulated depreciation, depletion and			5,000,000 common shares without		
amortization	1,014,390	936,538	par value		
	<u>2,198,532</u>	<u>2,207,619</u>	Issued		
Other assets	3,505	3,505	4,300,000 common shares	3,353,505	3,353,505
	<u>\$5,680,676</u>	<u>\$5,674,674</u>	Retained earnings	566,107	588,515
				<u>3,919,612</u>	<u>3,942,020</u>
				<u>\$5,680,676</u>	<u>\$5,674,674</u>

Approved on behalf of the Board

J. DOUGLAS STREIT,
Director
WILLIAM E. REARDEN,
Director



CONSOLIDATED STATEMENT OF INCOME
Year ended June 30, 1981

**CONSOLIDATED STATEMENT
OF CHANGES IN FINANCIAL POSITION**
Year ended June 30, 1981

	1981	1980		1981	1980
Oil and gas revenue	<u>\$2,680,782</u>	<u>\$2,574,307</u>	Working capital provided by		
Royalties	588,703	617,915	Operations		
Production, processing and transportation	354,134	289,773	Net income for the year	\$1,052,592	\$1,175,893
Depreciation, depletion and amortization	<u>77,853</u>	<u>84,129</u>	Items not affecting working capital		
	<u>1,020,690</u>	<u>991,817</u>	Equity in income of South		
	<u>1,660,092</u>	<u>1,582,490</u>	Alberta Pipe Lines Limited	(134,000)	(126,000)
Equity in income of South Alberta Pipe			Dividend from South Alberta		
Lines Limited	<u>134,000</u>	<u>126,000</u>	Pipe Lines Limited	50,000	-
Other income			Gas and oil permits abandoned	12,477	-
Dividends received	12,000	12,000	Increase in minority interest	13,547	48,851
Interest earned	264,754	198,266	Depreciation, depletion and		
Profit on sale of fixed asset	-	2,602	amortization	77,853	84,129
	<u>276,754</u>	<u>212,868</u>	Deferred income taxes	(8,700)	120,000
General and administrative expenses	(168,567)	(134,114)		1,063,769	1,302,873
Gas and oil exploration permits abandoned	(12,478)	-	Proceeds of redemption of investments	75,000	75,000
Petroleum and gas revenue tax	(82,400)	-	Sale of fixed asset	-	2,398
Income before income taxes and minority			Deferred revenue	(13,927)	13,927
interest	<u>1,807,401</u>	<u>1,787,244</u>		1,124,842	<u>1,394,198</u>
Income taxes - current	746,628	442,500	Working capital used for		
- deferred (reduction)	(8,700)	120,000	Advances on account of exploration		
Minority interest in income of subsidiary	<u>16,881</u>	<u>48,851</u>	expenses	(91)	62,500
	<u>754,809</u>	<u>611,351</u>	Additions to property, plant and		
Net income for the year	<u>\$1,052,592</u>	<u>\$1,175,893</u>	equipment	81,243	80,150
Earnings per share before deferred income			Dividends	1,075,000	645,000
taxes	\$.24	\$.30	Dividends paid to minority interests	-	70,812
Net earnings per share	\$.24	\$.27		1,156,152	858,462
			Increase (decrease) in working capital	(31,310)	535,736
			Working capital, beginning of the year	1,614,052	1,078,316
			Working capital, end of the year	<u>\$1,582,742</u>	<u>\$1,614,052</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended June 30, 1981

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	1981	1980
Balance, beginning of the year	\$ 588,515	\$ 57,622
Add: Net income for the year	1,052,592	1,175,893
	1,641,107	1,233,515
Deduct: Dividends paid	1,075,000	645,000
Balance, end of the year	<u>\$ 566,107</u>	<u>\$ 588,515</u>

AUDITORS' REPORT

To the Shareholders of Midcon Oil & Gas Limited

We have examined the consolidated balance sheet of Midcon Oil & Gas Limited as at June 30, 1981 and the consolidated statements of income, 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 consolidated financial statements present fairly the financial position of the company as at June 30, 1981 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.

Toronto, Ontario
July 24, 1981



Chartered Accountants

1. Accounting Policies

a) Basis of consolidation

The consolidated financial statements include the accounts of the company and its subsidiary, Inter-Rock Oil Co. of Canada Limited and the company's proportionate share of the assets, liabilities, revenues and expenses of the Allaro Resources Joint Venture.

b) Investment in South Alberta Pipe Lines Limited

The company owns 50% of the issued and outstanding common shares of South Alberta Pipe Lines Limited. The company also holds 50% of the issued and outstanding 10½% Floating charge Debenture due March 1, 1985 at a cost of \$300,000. The investment is accounted for on the equity basis.

c) Exploration and development costs

Exploration expenditures, non-productive development expenses, dry-hole costs and the carrying charges on properties are charged to expense. Property acquisition costs are capitalized.

d) Depreciation, depletion and amortization

Capitalized costs of oil and gas properties and well costs are charged against earnings on the unit-of-production method using estimated recoverable oil and gas reserves. Depreciation of other plant and equipment is based on the estimated service lives of the assets. Depreciation on production equipment is calculated on the straight line method. Depreciation of other plant and equipment is calculated on the diminishing balance method.

e) Income taxes

The company provides for income taxes on the tax allocation basis whereby the provision for income taxes each year is computed on the basis of depreciation and other charges reflected in the statement of income rather than on the related amounts claimed in the company's tax returns.

2. The aggregate direct remuneration paid to the directors and the senior officers of the company and its subsidiary in the year ended June 30, 1981 was \$40,167.

3. Allaro Resources Joint Venture

The company's share of the Allaro Resources Joint Venture as at the year end of the joint venture, December 31, 1980 accounted for on a proportionate consolidation basis is summarized as follows:

Assets	<u>\$69,771</u>
Liabilities	3,750
Equity	<u>66,021</u>
	<u>\$69,771</u>
Interest income	<u>\$ 3,521</u>

All expenses of the joint venture have been capitalized. Advances subsequent to December 31, 1980 are shown as advances on account of exploration expenses of \$62,409.

4. General and administrative expenses include the following:

	1981	1980
Directors' fees and salaries	\$ 26,500	\$ 24,500
General and office	19,645	12,887
Legal and audit	38,315	19,415
Rent and office services	18,500	18,260
Salaries and fees — management and office	43,184	40,932
Shareholders' reports and expenses	11,135	9,931
Transfer and registrar expense	11,288	8,189
	<u>\$168,567</u>	<u>\$134,114</u>



