ASAMERA
OIL CORPORATION LTD.

1980 Annual Report

Contents

Corporate Information

Corporate Headquarters
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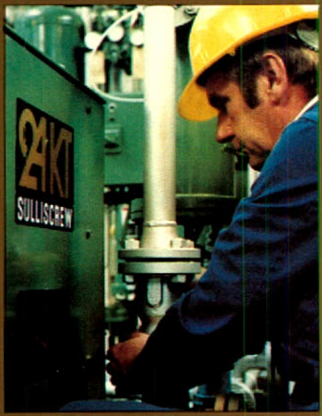
Stock Exchange Listings
The Toronto Stock Exchange (ASM)
Toronto, Ontario, Canada
American Stock Exchange Inc. (ASM)
New York, New York, U.S.A.

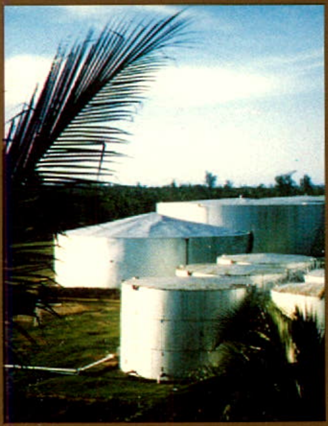
Transfer Agents
The Canada Permanent Trust Company,
Calgary, Alberta and Toronto, Ontario, Canada
The Royal Bank and Trust Company
New York, New York, U.S.A.

Auditors
Clarkson Gordon
Chartered Accountants
Calgary, Alberta, Canada

Announcement of Annual Meeting
The Annual Meeting of Shareholders will be held at 10:00 a.m. (MDT) on July 25, 1980 in the Glengarry Room at the Calgary Convention Centre, Calgary, Alberta, Canada.

Additional Information
Copies of the Annual Report on Form 10-K filed with the Securities and Exchange Commission of the United States are available without charge to shareholders by writing to the Corporate Secretary of the Company.





About the Company

Founded in 1925 as a small Alberta oil and gas exploration company, Asamera Oil Corporation Ltd. today is an independent international organization engaged in the exploration and production of oil and natural gas in various countries, the refining and marketing of petroleum products in the United States, the mining for minerals primarily in North America, and the distribution and rental of light and medium industrial machinery and equipment in Canada. Operations are carried out both directly and through subsidiaries and affiliates.

Corporate Head offices are located in Calgary, Alberta, Canada. Major subsidiary, affiliate and divisional offices are located in Denver, Colorado, U.S.A.; Hamilton, Bermuda; Singapore; Jakarta, Indonesia; Guadalajara, Jalisco, Mexico; Winnipeg, Manitoba; Edmonton and Calgary, Alberta, Canada. Asamera shares are traded on the Toronto and American Stock Exchanges under the symbol ASM.

Asamera's financial results for the fiscal year ended March 31, 1980, set several records. Net income reached a record $13,724,677 ($1.86 per share) compared with $4,400,812 ($0.60 per share) last year. Revenues of $270,266,997 and cash flow (including Indonesian Cost Recovery) of $44,368,615 were also new records for the Company.

Included in the financial results for the first time is Asamera's share of royalty payments on natural gas and condensate from Area "B", North Sumatra. In September 1979, a Court of Arbitration of the International Chamber of Commerce awarded Asamera Oil (Indonesia) Ltd. royalties of 4 cents a barrel on condensate production and 4 cents for each 4,617 cubic feet of gas produced and saved from Area "B". The award was confirmed by a United States District Court in April.

Asamera (Indonesia's) share of royalty payments to-date amounted to slightly over $2 million. The liquified natural gas (LNG) plant in Area "B" is presently processing gas through three out of the planned six "trains".

The Oil and Gas Division had an active and successful year.

In Area "A", North Sumatra, two exploratory discoveries were made during the latter part of the fiscal year. Delineation drilling is continuing and a 15-mile pipeline will be constructed to connect this production to existing facilities. It is estimated that discoveries to date have a production potential of about 2,000 barrels a day which should be on-stream by autumn.

Activities in Area "A" are being increased to include gas-condensate exploration because it now appears that Indonesia is desirous of increasing its LNG exports, and that Asamera will be able to participate in the additional facilities which would be constructed to produce this LNG. We believe Area "A" has excellent potential for gas-condensate discoveries. A seismic program is currently underway in the northwestern portion of the Contract Area close to Mobil's recent gas-condensate discoveries at Lho Soekon which are within 10 miles of the northern border of Area "A". Deep drilling to further delineate the Alur Siwah gas reservoir and to evaluate other potential reefal prospects is planned for fiscal 1981.

In Canada, the KanAmera Oil & Gas Program, in which Asamera is a co-general partner and a 10 per cent working interest participant, began operations in August 1979. This Program will spend 15 to 18 million dollars in the provinces of Alberta and British Columbia over a three-year period. To March 31, the Program participated in 13 exploratory and three development wells which resulted in three oil wells and six gas wells.

In the United States, exploration emphasis is still on prospect generation by seismic and geological mapping with follow-up leasing. This has yielded several prospects for drilling during fiscal 1981. A modest exploratory drilling program in fiscal 1980 resulted in two small oil discoveries. Nine development wells were drilled: five were completed as gas wells and two as oil wells.

The first two stages of the Denver refinery expansion, a new catalytic reformer and a new crude distillation unit, were completed near the end of the fiscal year. They have since completed a "shake-down" period and both are now in full operation. Engineering studies are almost complete and some equipment has been ordered for the third stage of the expansion, a new fluid catalytic cracking unit. This stage of the expansion may be postponed however until the crude feedstock for it is arranged.

The refinery is now operating at a throughput of 18,000 to 20,000 barrels a day and until the third stage is complete, maximum throughput will be approximately 25,000 barrels a day.

The refining and marketing sector of the Oil and Gas Division made a significant contribution to operating results again this year. Recently, profit margins have narrowed from last summer's high and could possibly be further affected by the current United States recession. However, the mid- and long-term prospects continue to look favorable for this segment of Asamera's operations.

Activities on the Company's mining projects in North America also continued at an active pace.

The fiscal 1980 exploration program on the Company's uranium activities in northern Saskatchewan had a twofold objective; firstly, to prove potential for economical mineable quantities of uranium from zones presently known to contain ore-grade mineralization and secondly, to continue the assessment of the uranium potential of the balance of the property. In the Dawn Lake zone, widely spaced drilling has tested 0.9 miles to the north and 1.25 miles to the south of this zone with encouraging uranium values or uranium associated features being identified throughout the length tested to date.

On the Hole No. 11 zone, widely spaced drilling has tested extensions some 1.25 miles to the north and 1.9 miles to the south of this zone. This drilling succeeded in discovering a

To the Shareholders

new zone named the 11-B zone, one-half mile southwest of the Hole No. 11 zone. Follow-up drilling has begun.

During the year, two separate farmouts were made on the central and southern portions of the acreage by the uranium joint venture participants under which Asamera contributed approximately one-half of its interest. Asamera has retained operatorship and its full 25 per cent interest in the northern portion comprising some 382,000 acres and containing the Dawn Lake, Hole No. 11, and 11-B zones.

Mining operations by Minera San Pedro Analco, Asamera's 49 per cent owned Mexican mining affiliate, improved substantially and resulted in a profit for the first time since commencing operations. Mill throughput increased by 43 per cent to 78,924 tons and a decision has been made to expand the mill capacity from 250 to 400 tons per operating day.

The Industrial Division continues to make an important contribution to Group income. Sales increased 19 per cent and operating profit increased 104 per cent. The rental business in western Canada is particularly strong and Certified Rentals is planning to open a third branch in Alberta and possibly one in Saskatchewan.

During the year, Mr. Frank W. McCamus joined Asamera Oil Corporation Ltd. as Senior Vice President, Operations and Dr. Michael C. Pick joined as Vice President, Exploration Oil and Gas. These gentlemen together bring to the Company over 50 years of experience in natural resources. Also during the year, Mr. Larry B. Thiessen, former Vice President, Finance, was appointed Senior Vice President, Finance and Administration.

At this year's Annual General Meeting of Shareholders, we will be putting forth a proposal to change the name of the Company from Asamera Oil Corporation Ltd. to Asamera Inc. The Company's present name does not reflect the diverse nature of its business; Asamera is known for more than its oil activities. The proposed name is also the same in both the English and French languages and, accordingly, can be utilized in all provinces of Canada without change.

Over the past several years Asamera has achieved a stronger and broader earnings base through its diversification. With cash flow increasing, we plan to continue an aggressive program of growth with emphasis on natural resource exploration. Capital expenditures for fiscal 1981 are presently planned to exceed $50 million.

The Board of Directors again wish to express their appreciation to the Asamera employees throughout the world whose dedication and fine efforts play an important part in the continuing growth and success of the Company.

R.G. Welty
President and
Chief Executive Officer

June 25, 1980

Exploration and Production

Indonesia

In Area "A", a total of 21 wells were drilled during fiscal 1980 compared with 24 during the previous fiscal year. Included in this drilling were 14 exploratory wells which resulted in two oil discoveries. Both of these discoveries are located in the southern portion of Asamera's Contract Area "A". The first discovery was the Merbau field, completed in August 1979. Follow-up delineation drilling was carried out during the remainder of calendar 1979. Production testing got underway during the first week of March 1980 and early indications are that the producing horizons in this discovery are of limited extent. The second discovery was made at the Peutouw field in February 1980, and is located approximately six miles north of the Merbau discovery. Initial test data indicates that the Peutouw field has a greater potential. However, a number of delineation wells will be required. The discovery well Peutouw A-1 drillstem tested 707 barrels of oil per day from two zones through a one-half inch choke. Three other zones flowed gas at rates of 160,000, 3.7 million and 2.8 million cubic feet per day respectively. Two delineation wells drilled since year-end drillstem tested 868 barrels of oil per day and 2,051 barrels per day on one-half inch chokes. Complete production tests must await installation of production facilities. A pipeline is being programmed from these two discoveries to the nearest gathering facilities at Iee Tabeue.

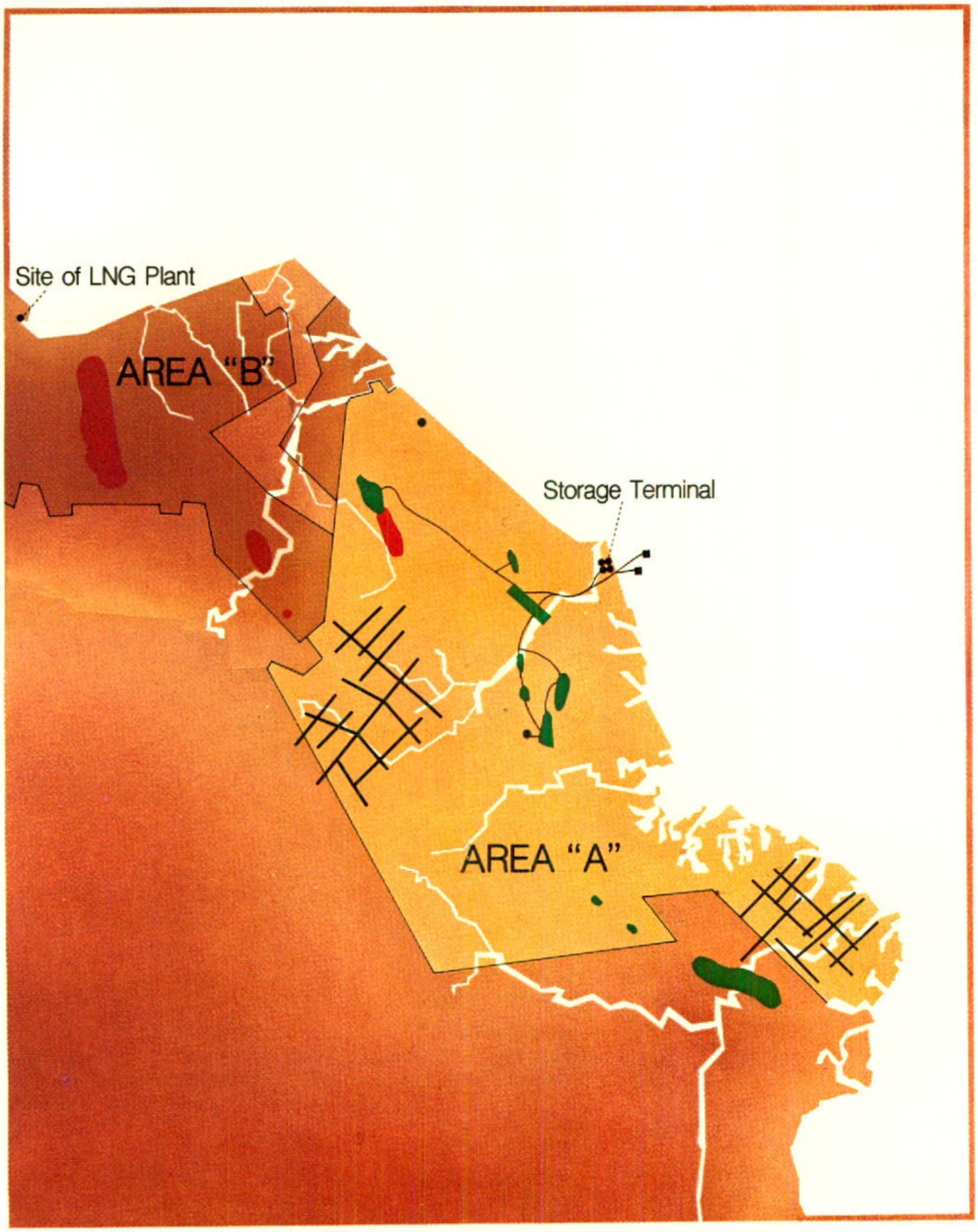
In the Tualang field, the primary producing field in Area "A", the Company drilled two development wells which were completed as oil producers.

The Company's shallow core hole program was continued throughout the year in a structurally complex area. The main objective of the shallow drilling was to locate faulting and provide sufficient data to make an interpretation for shallow oil accumulations. The shallow oil prospects are now being drilled on a continuous basis with a very good success ratio being attained. Four shallow oil wells have been completed, three of them being new pool discoveries, all at depths less than 2,000 feet. These wells are located in the Peudawa field and on initial production testing flowed at rates varying from 182 barrels per day to 1,098 barrels per day. A program to follow up these shallow discoveries will continue throughout fiscal 1981.

The Company's exploratory plans concerning Area "A" have changed during the past few months primarily due to Indonesia's desire to increase LNG (liquified natural gas) production and because it is believed that Area "A" has good potential for gas accumulations. Asamera is presently carrying out seismic operations in an effort to define deep reefal prospects for drilling in late 1980 or early 1981. The planned deep drilling will also involve delineation of our 1975 Alur Siwah gas discovery as well as evaluating new exploratory prospects.

Gross crude oil production from Area "A" during fiscal 1980 averaged 5,517 barrels per day, compared to 7,706 barrels per day during fiscal 1979. Production of 2,019,171 barrels during the fiscal year brings the cumulative production from Area "A" to 49,803,610 gross barrels. Revenues from Area "A" were again positively affected by crude oil price increases. Effective April 1, 1979, the price was U.S.$ 17.35 per barrel, and the last price increase (effective May 20, 1980) was from U.S.$ 32.75 per barrel to U.S.$ 34.75 per barrel, the current official selling price.

Drilling operations in the Corridor Block of South Sumatra continued to be hampered by logistics and drilling problems. During fiscal 1980, three exploration wells were drilled in the Mangunjaya field in an effort to evaluate the deeper zone potential.



North Sumatra – Area "A"

■ Natural Gas Fields — Pipelines
■ Oil Fields #/ Seismic

All but one of the three wells drilled to evaluate the deeper zones encountered problems caused mainly by a greater than normal down hole pressure condition. The three wells drilled are all oil wells. Initial production rates ranged from 200 to 400 barrels per day. A fourth well was being completed at year end and the program is to also drill one or two additional shallow zone oil wells in Mangunjaya prior to the rig being moved to new exploratory prospects.

A pilot testing program is being prepared to commence in the Bentayan field during the last half of 1980. The Bentayan field, which has never been produced, contains reserves of high pour-point, low gravity crude oil which requires blending with lighter gravity crude oil for efficient production and transportation. If the 1980 program results are positive and indicate a viable method of producing the Bentayan field, full scale development of the field could commence in late 1981.

Production of crude oil from the Tempino Area was initiated during fiscal 1980 following the rehabilitation of pipeline facilities owned by Pertamina. One development well was drilled in the Tempino field as part of a program to further delineate the Tempino Gumai sand reservoir. The well encountered a very tight productive sand section and will require further testing and possible stimulation before being fully evaluated. The well was completed as a low potential producer and will be placed on pump shortly. The rig is moving to the second of three approved development locations and should these be successful, an additional three wells will be considered.

The Panerokan field was placed on production in January 1980. Production history so far indicates the wells require remedial work to improve their production potential. These programs will be carried out during the second quarter of fiscal 1981.

Production from South Sumatra averaged 1,706 barrels per day compared to 440 barrels per day during fiscal 1979.

United States

Exploration and production operations in the United States were conducted through the Company's wholly-owned subsidiary, Asamera Oil (U.S.) Inc. Activities were concentrated in the Gulf Coast and Rocky Mountain regions. Emphasis still continues on prospect generation which includes both seismic data and lease acquisition. These efforts resulted in a number of prospects being matured for drilling in fiscal 1981.

During the year, the Company participated in the drilling of five exploratory wells which resulted in two small oil discoveries. Of nine development wells drilled, five were completed as gas producers and two as oil producers. A portion of the development drilling was on a prospect in Lincoln Parish, Louisiana. Delineation drilling to a gas well discovery in fiscal 1979 resulted in two new gas wells, one flowing 1.3 million cubic feet per day plus 45 barrels of condensate, and a second well which has recently been placed on-stream at an initial production rate of 150,000 cubic feet and 11 barrels of condensate per day. The Company has a 8.33 per cent working interest in this play.

Certain acreage with short lease terms remaining were also evaluated through farmout drilling in return for overriding royalty interests of varying percentages. Operations by the farmees resulted in a number of small gas well completions.

The Company continues to hold a 12.5 per cent interest in a 28,326 acre block in the Wyoming portion of the Overthrust Belt. Approximately 10 miles to the south, important discoveries have been made recently in deeper objectives than were tested on this block by a 9,400 foot well drilled in 1976.

Production during fiscal 1980 totalled 80,861 net barrels of oil from various producing properties in Texas, Wyoming, Nebraska, eastern Colorado and Utah and 92,654 net MCF of gas from producing properties in Louisiana, Colorado, Utah and Texas.

Plans for fiscal 1981 include continuation of joint venture exploration programs entailing sub-surface mapping, lease acquisition and drilling of matured prospects. Lease acquisition through purchase and farmin will be expanded, along with continued evaluation and mapping of presently undeveloped acreage. Areas of emphasis will continue to be the Williston Basin of North Dakota, Texas and Louisiana.

Canada

During the year, the Company, together with a private Canadian company, KanEnergy Ltd., completed the formation of an oil and gas drilling fund entitled KanAmera Oil & Gas Program. Asamera and KanEnergy are co-general partners in the Program which is managed jointly by the two. Approximately $15 million (Canadian funds) will be used for investment in oil and gas exploration and development to be carried out primarily in Alberta and British Columbia over a three-year period. In addition to contributions from investors, a United States company contributed, at the Program's inception, all of its Canadian oil and gas exploration acreage and producing properties in exchange for an interest in the Program. As a result, the Program acquired interests in 110,000 gross acres of land and about 40 wells and related production facilities. The Company, in addition to being a co-general partner, participates directly to the extent of 10 per cent in all exploration plays of the Program.

A substantial portion of initial efforts have been directed at acquiring pertinent geological and geophysical information, lease acquisition and generating new exploratory prospects. During fiscal 1980, the Program acquired interests in some 33,000 gross acres at provincial sales, purchased over 950 miles of seismic data and participated in the drilling of 13 exploratory wells and three development wells. This resulted in three wells being completed as oil wells, six as gas wells and six being dry and abandoned. A further well had production casing run as a potential gas discovery and testing was planned for the immediate future. Development drilling to the discoveries is programmed or underway.

North Sea

In the southern sector of the United Kingdom portion of the North Sea, the Company's wholly-owned subsidiary, Asamera Oil (U.K.) Ltd., holds interests varying from 23 to 11.5 per cent in Petroleum License P. 142. During fiscal 1976, the Company participated in the drilling of an exploratory well which tested gas from two zones at individual flow rates in excess of 12 million cubic feet per day on a half-inch choke. A 60-mile seismic program is planned during fiscal 1981 to attempt to define locations for a delineation well. Recent reinterpretation by the operator of seismic shot several years ago indicates that the structure may be larger than was originally contemplated.

Egypt

The Company holds a 23.73 per cent interest in the Hurghada concession located onshore Egypt. Activities during fiscal 1980 involved a review of geological and geophysical data and plans for fiscal 1981 involve a 70-mile seismic program and the possible drilling of two wells contingent upon seismic results.

Umm Al Qaiwain

During the year, the Company and its joint venture partners relinquished an offshore concession in the United Arab Emirate of Umm Al Qaiwain. An attempt to formalize an agreement to complete an exploratory gas discovery for production and to sell gas therefrom to the Government of Umm Al Qaiwain was unsuccessful.

Refining and Marketing

A strong performance by the Company's refining and marketing operations added significantly to revenues and net profit for the year.

Asamera's refinery expansion program was partially completed in fiscal 1980. The expanded Denver facilities when totally complete will boost overall capacity by approximately 90 per cent to a throughput in excess of 40,000 barrels per day. The expansion will result in improved yields of higher valued products - gasoline and distillate fuels, and allow for the production of sufficient quantities of high octane, unleaded gasoline to maintain a competitive marketing position. The operational efficiency of the refinery is greatly improved and a wider range of crude oils, both domestic and foreign, may be used as feedstock.

The first phase was completed in November when the new catalytic reformer was placed on-stream. The unit has a capacity to process up to 10,000 barrels per day of naphtha into a high octane, non-leaded gasoline component. Due to the inability of the old crude unit to produce sufficient naphtha, the new reformer operated for only a short period and then was deactivated until the new crude and vacuum unit was completed.

The second segment of the expansion plan was construction of a new crude and vacuum unit which was completed during the fourth quarter of fiscal 1980. This new unit will improve the product yields from the crude processed, reduce the amount of fuel required to process each barrel of crude and permit running high sulphur crudes which are more readily available and are lower in price. The crude/vacuum distillation unit is designed to process approximately 40,000 barrels a stream day of crude.

The final phase involves a variety of projects intended to provide for increased cracking capacity, to conserve energy, to meet environmental regulations and to reduce daily maintenance costs and increase operating periods between turnarounds. Programmed is the enlarging of the fluid catalytic cracking unit which will enable greater quantities of heavy gas oil to be converted into gasoline stock. Also under construction are a sulphur recovery plant and associated facilities for storage and loading.

Currently the refinery is operating in the range of 18,000 to 20,000 barrels of throughput daily. The Company continued to process crude made available from exchanges utilizing the Asamera Group's foreign crude oil and from short-and-long term purchase contracts. Incremental increases in throughput will occur as the additional planned units are completed, and as crude feedstocks are obtained at favorable economic prices. Until such time as the third phase is completed, the Company anticipates that throughput will be limited to approximately 25,000 barrels per day.

The Company's marketing efforts resulted in the sale of 240,795,000 gallons of refined petroleum products to wholesale clientele during the year. The expanded Denver refinery facilities will result in the ability to produce larger volumes of the products Asamera traditionally refined and marketed as well as new products such as commercial jet fuel, asphalt and flux for the roofing material industry.

During the year progress was made in the continuing effort to increase the efficiency of the retail marketing operation. The Company closed fifteen Asamera-brand service stations which were historically low volume and did not meet the Company's profitability criteria. Two additional service stations were acquired during the year and are being operated as Asamera-brand outlets. At year end there were 118 outlets in 12 western states of the United States. Of this total, 90 were Gasamat-brand service stations.

The installation of new electronic remote control dispensing systems and installation of new lighting in the Company's Gasamat chain of retail outlets was completed during the year. Capital improvements have resulted in greater operational efficiency for the Company's high-volume, cost efficient outlets.

Retail sales for the year were approximately 103,500,000 gallons of gasoline, a decrease of six per cent in volume from the previous year. In addition to motorists' conservation practices and higher product prices which lessened the retail demand for gasoline in the regions serviced by the Company's marketing operations, Gasamat restricted its purchase of gasoline from certain suppliers other than the Denver refinery for periods during the year because the prices for it were not favorable. Gasamat now purchases over 50 per cent of its gasoline from third parties, but this will be reduced substantially once the refinery expansion is fully completed. The cost increases in foreign and domestic crude oil supplies caused gasoline prices to rise throughout the year. However, the United States federal government controls gasoline, and the increases represent a pass-through of costs in accordance with the regulations.

Mexico

The operations of the mine and mill of Minera San Pedro Analco, S.A. de C.V., a 49 per cent owned affiliate of the Company, improved substantially during the year. Modernization of the mill operations and mechanization of the mine led to increased production and lower operating costs. Milling throughput was increased by 43 per cent over the previous year to 78,924 tons, from which a record 218,882 ounces of silver were produced.

An accelerated exploration and development program to explore and define the known and new ore zones at the Tesoral mine is underway. A second mine, the Esperanza, is being prepared to come onto production.

A decision to expand operations in Mexico was made during fiscal 1980. The present mill capacity at San Pedro Analco will be increased from 250 to 400 tons per operating day. The planned expansion will be completed by the fall of 1980.

During the year, the Company entered into option agreements to acquire interests in two silver exploration projects. The first option agreement covers a deposit in the State of Sinaloa, Mexico, where previous investigation indicated the existence of 727,000 metric tons of material that can be mined by open pit method with average grades of approximately five ounces of silver and .015 ounces of gold per ton. The second option covered a deposit in the State of Nayarit, Mexico.

During the option periods, work was carried out to confirm the grade and extent of the deposits and to check the metallurgy of the material, as well as confirm title to the properties. A decision was made to not proceed with developing the silver property in the State of Nayarit and examination of property in the State of Sinaloa is continuing.

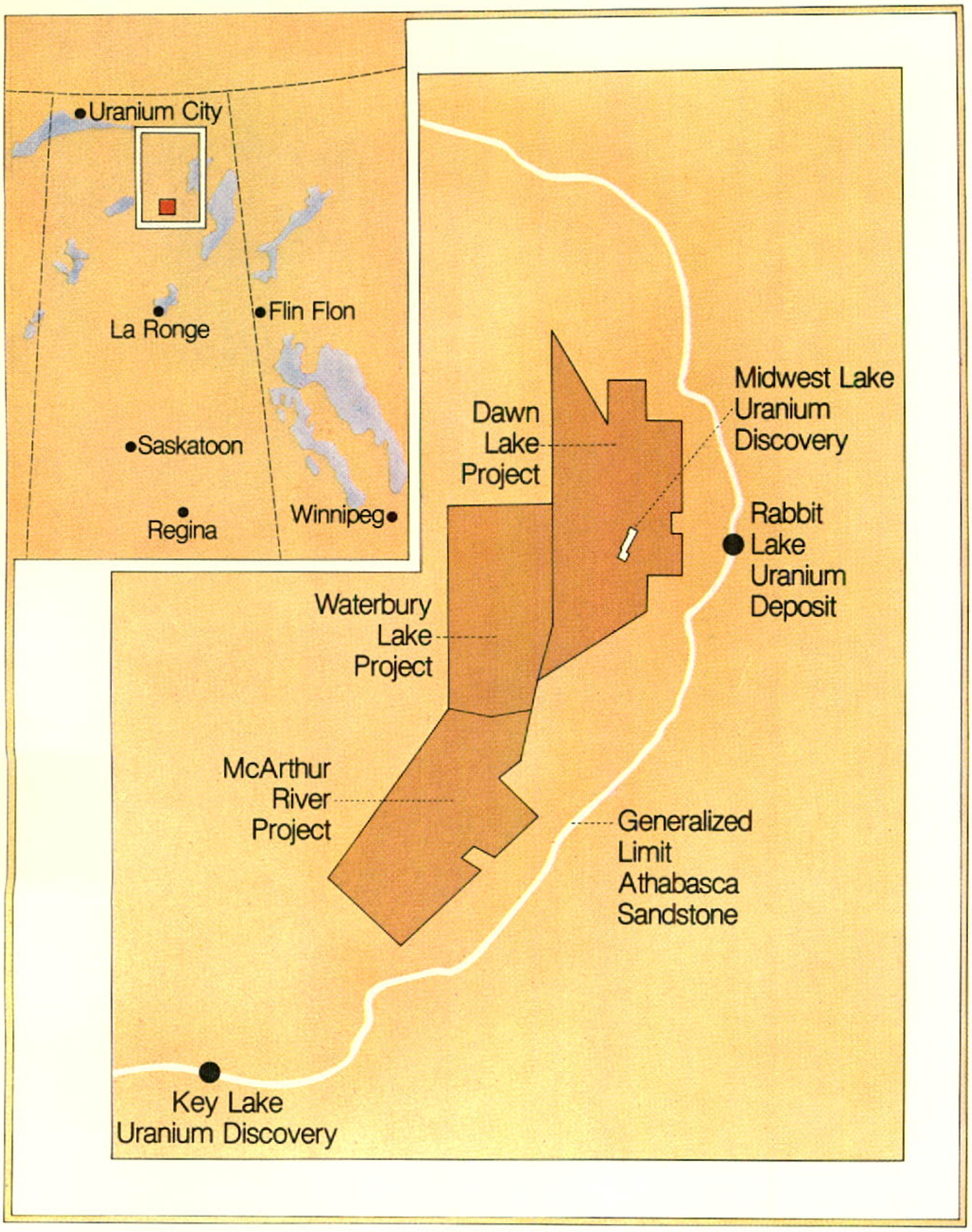
Northern Saskatchewan

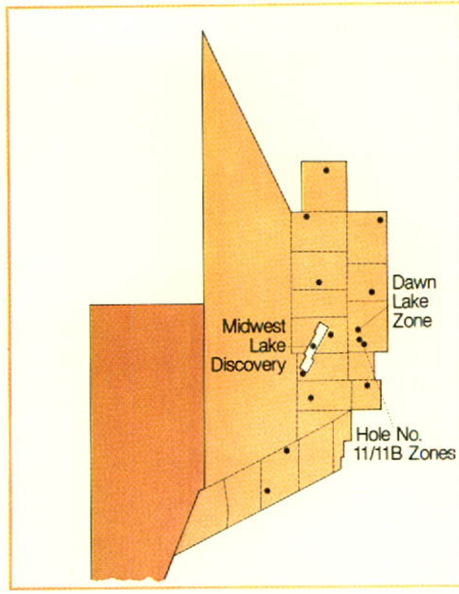
The Company's uranium exploration activity in northern Saskatchewan, Canada, continued during fiscal 1980. The program is being conducted on property consisting of 931,534 contiguous acres which lie within the Athabasca Sandstone Basin.

Work to date has identified 96 groups of electrical conductors of varying intensity scattered over the property. Although not all conductors have associated uranium, the mineralization sought is generally related to electrical conductors. Airborne electromagnetic surveys flown in 1977 and 1978 identified the conductors; ground geophysical and geochemical surveys then localized and further defined some of the conductors and provided targets for drilling. Exploratory diamond drilling commenced in March 1978 and has since discovered a total of 15 separate areas containing radioactive mineralization.

The objectives of the fiscal 1980 exploration program were twofold; firstly, to prove potential for economically mineable quantities of uranium along strike from zones presently known to contain economic grade uranium mineralization and secondly, to continue assessing the uranium potential of the balance of the property.

On two of the discoveries, exploratory drilling has been underway for over eighteen months. In the Dawn Lake zone, ore-grade mineralization has been encountered over a strike length of 2,600 feet; within this distance, drilling was completed along generally 165 foot line intervals and at 65 foot hole spacings. In addition, the associated conductor has been tested by widely spaced drilling at 985 foot and 1,970 foot intervals, for 0.9 miles to the north and 1.25 miles to the south. Encouraging uranium values or uranium associated features have been identified throughout the length tested to date. In the Hole No. 11 zone approximately 2,300 feet south of the Dawn Lake zone, drilling along 80 foot and 165 foot line intervals with the holes spaced 30 feet and 65 feet apart has intersected ore-grade mineralization over a 1,480 foot strike length. To the northeast of the Hole No. 11 zone the conductor extensions have been tested with 1,970 foot interval drilling for 1.25 miles, while to the southwest 660 and 985 foot interval drill holes have checked the zone for an additional 1.9 miles. This work succeeded in discovering a new zone, named 11B, some 2,625 feet southwest of the Hole No. 11 zone. This new zone has a potential strike length of 0.6 miles. Fill-in drilling of the 11B zone has started but not enough has been done to conclusively demonstrate continuity.





Dawn Lake Project
Northern Saskatchewan

• Radioactive Mineralization

Northern Saskatchewan Uranium Exploration Project

The ongoing regional reconnaissance drilling program has located twelve areas with anomalous values of uranium. Further diamond drilling is planned for these areas and on other conductors detailed by extensive ground geochemical and geophysical surveys.

The Company and certain of its joint venture partners have concluded two separate farmout agreements on lands located in the central and southern portions of the property.

In the central portion, comprising 229,840 acres, the Company farmed out 53 per cent of its interest to S.E.R.U. Nucleaire (Canada) Limited. The farmout decreases Asamera's interest in this central portion to 11.75 per cent. Future programs on this acreage will be conducted by S.E.R.U. on behalf of the joint venture participants. This area will be known as the Waterbury Lake Project.

In the southern portion, comprising 319,274 acres, the Company contributed one-half of its interest in the farmout to Phillips Petroleum Company Western Hemisphere. Asamera now has a 12.5 per cent interest in this southern portion. This area will now be referred to as the McArthur River Project and will be operated by the Saskatchewan Mining Development Corporation.

The Company has retained operatorship and its full 25 per cent interest in the northern portion of the joint venture acreage which has been named the Dawn Lake Project area. The northern portion consists of 382,420 acres and contains the previously discussed ore-grade mineralization encountered on the Dawn Lake and Hole No. 11/11B zones and eleven of twelve regional discoveries.

Australia

In December 1977, the Company agreed to participate as a non-operator, to the extent of 25 per cent in a three-phase uranium exploration program in the Cloncurry District of Queensland, Australia. The program was subsequently carried out over four acres in which uranium potential was indicated geophysically or by mineralized outcrop. The program included airborne radiometric and magnetic surveys which were followed up by ground geological, geophysical and geochemical programs. Results of the program were not encouraging.

During fiscal 1980, all property was relinquished with the exception of one "Authority to Prospect" block. On the retained acreage, consisting of 15,360 acres, three holes were drilled, all encountering some minor uranium mineralization. An airborne radiometric survey found an area with a broad scale radiometric anomaly on the northeast corner of the "Authority to Prospect" acreage. This mineralization will be the main target for the fiscal 1981 season.

Alaska

Experimental work was continued during the year in an effort to determine a method of overburden removal that is acceptable to environmental authorities. A three-stage drill program was undertaken to better establish values and to define the deposit. The initial results of the 16,000 foot program confirmed the existence of ore-grade material where tested. Minor sluicing operations during the year recovered 755 ounces of gold.

A major engineering firm has recently completed a prefeasibility study to evaluate and develop a method or methods of mining which will permit a profitable gold extraction. The proposals contained in that study will be field tested during the 1980 summer season. Sluicing operations will be carried out, as part of the field test, to help offset the costs of such work.

During fiscal 1980, the Company farmed out one-half of its interest in the Livengood placer gold property and related equipment to CNR Resources, Inc., in return for certain financial commitments from the farmee. Asamera has retained operatorship of the joint venture.

Yukon

In the Yukon Territory, the Company is participating as a non-operator in a joint venture conducting surface geological and geochemical surveys on lands northeast of the mining community of Mayo. The Prism Joint Venture (1977) program was designed to locate lead-zinc sulphide mineralization with silver values in sedimentary host rock. Based on the results of these surveys, several groups of claims were staked. During fiscal 1979, an active surface exploration program was conducted over the area of interest which consisted of 1,039 claims comprising approximately 52,000 acres. The field exploration undertaken during fiscal 1980 entailed the examination of thirteen separate zones of interest. The program consisted of 21,400 feet of diamond drilling, extensive trenching, completion of several large soil sampling grids and geological mapping. Results from the work completed during the 1979 field season indicated two zones of silver/lead/zinc mineralization. An area referred to as the Val South Hill zone has been drilled for a strike length of 820 feet and to a vertical depth of 590 feet. Average width is 13-16 feet. One portion of the structure averaged approximately nine ounces of silver per ton. The section drilled is open at both ends and at depth. In another area, named the Vera zone, drilling has encountered a strike length of 1,394 feet and vertical depth up to 330 feet. One portion of the structure averaged more than 10 ounces of silver per ton across 23 feet. The zone is open on strike and dip. The program for the upcoming season will be comprised of 16,100 feet of diamond drilling to further delineate the mineralization encountered in the Vera and Val South Hill zones and investigate the other mineralized occurrences. The Company holds a 14.17 per cent working interest in this joint venture which will revert to a 12.5 per cent following payout.

In the Pelly River area, the Company, with a 50 per cent working interest, was participating with a major mining company in the exploration of a large block of ground on which previous prospecting disclosed poorly defined mineralization in a volcanogenic environment. Inasmuch as known mines in the district have a similar type of mineralization, a more detailed investigation was considered justified. An examination of the area with ground geophysical, geochemical and geological surveys with follow-up diamond drilling failed to locate economic mineralization and, consequently, the joint venture agreement has been terminated and the rights to the area allowed to lapse.


24KT
SULLISCREW

Mandem

Mandem showed modest gains in its operating results. Sales increased by 14 per cent and income before taxes increased by four per cent. Each of the division's four marketing regions - Alberta/Yukon, Manitoba/Saskatchewan, Ontario and Quebec/Maritimes - recorded an improvement in their results for the fiscal year.

Major product groups performed well during the year with sales gains being made in the areas of engines, pumps, electrical generating equipment and air compressors. Included are such products as Wisconsin and Ford industrial engines, Twin Disc power transmissions, Peerless pumps, Kohler and Mandem generating sets and Sullair air compressors. Weakness appeared in some industrial product lines related to the construction industry, a sector of the economy which began to slow down during the year. Engineered product activity improved significantly as capital investment in plant and equipment increased in Canada.

Effective December 15, 1979, Mandem acquired the working assets of the southern Ontario distributor of Kohler generator sets. The product line provides a vehicle for expansion by the division into the Ontario generator market. The business operations are now being conducted under the name of Mandem at the division's Generator Systems Centre located in Toronto, Ontario.

Fiscal 1980 was the first year the division completed operations under the single "Mandem" identification. During the year, Mandem continued with a program of up-grading and enhancing its distribution facilities to better service its customers. The division moved to new premises in Calgary and Moncton and renovated its Montreal facility.

In fiscal 1981, Mandem looks forward to improved sales and income, as the division continues to strengthen its position as a Canadian distributor of industrial equipment.

Certified Rentals Ltd.

Fiscal 1980 was a record year for Certified Rentals Ltd. in rentals, sales and operating income. A widespread and growing demand for rental equipment from the oil and gas, petrochemical, mining, construction and manufacturing industries of western Canada created the strong growth. Certified Rentals has established itself as one of the most widely known and highly respected equipment rental firms in the region.

The new Calgary branch was in operation for the complete year and made a significant contribution to both revenues and profit. The Edmonton branch continued to show excellent growth during the year and will be expanding its warehousing and service facilities in the near future.

The demand for rental equipment in Alberta has facilitated the desire to develop a third branch in the province. Certified Rentals is presently in the process of doing a marketing and feasibility study for a branch operation in Red Deer, Alberta. Consideration is also being given to a fourth branch, which would be located outside the Province.

Vacusan Systems Limited

Market acceptance of the vacuum sewage transportation and collection system progressed during the year and results for fiscal 1980 were encouraging. While the market penetration of the "On-Line" system and certain "Vacuum Toilet" system applications continued to be much slower than originally anticipated, the Company did experience a good growth in sales and almost reached a break-even position.

Vacusan's marketing efforts were directed towards both land-based and marine installations.

Land-based vacuum toilet systems were installed for use in ski resorts, a provincial park, industrial and commercial complexes, shopping centres, drive-in theatres, marinas and trailers.

The marine market for vacuum toilet systems improved during fiscal 1980. Vacusan supplied a number of "Mini-holding" systems for tug boats and small vessels and expects this market to continue to expand. A larger vacuum toilet system was supplied to the Canadian Department of National Defence for a deep diving vessel.

Effective April 1, 1980, the Company at a nominal cost increased its ownership in Vacusan to 100 per cent.

Financial Statements

ASSETS

	1980	1979
CURRENT:		
Cash and short term deposits	$ 12,145,534	$ 10,756,818
Marketable securities (market value $1,413,358; 1979 - $1,443,705)	755,708	807,933
Accounts receivable	27,027,462	22,657,446
Inventories (Note 2)	40,638,815	21,191,217
Prepaid expenses	252,649	1,122,097
	80,820,168	56,535,511
INVESTMENTS IN AFFILIATED AND OTHER COMPANIES (Note 3)	3,880,799	4,465,218
PRODUCTION SHARING INTERESTS	15,752,010	15,058,476
PROPERTY AND EQUIPMENT:		
Petroleum and natural gas properties and related equipment (less accumulated depreciation and depletion of $2,037,576; 1979 - $1,655,282)	3,674,874	8,068,159
Land, buildings and equipment (less accumulated depreciation and amortization of $8,165,644; 1979 - $6,583,317) (Note 4)	47,555,611	21,740,022
Mineral properties and related equipment (less accumulated depreciation and depletion of $304,600; 1979 - $239,850)	3,852,531	3,361,067
Construction in progress	3,907,326	8,493,380
	58,990,342	41,662,628
SUPPLY AND DISTRIBUTION RIGHTS (less accumulated amortization of $858,696; 1979 - $623,017)	850,227	615,183
	$160,293,546	$118,337,016

See accompanying notes to financial statements.

Consolidated Balance Sheet

March 31, 1980 and 1979
(U.S. Dollars)

LIABILITIES

	1980	1979
CURRENT:		
Short term bank indebtedness – secured	$ 7,250,655	$ 15,528,241
Accounts payable and accrued liabilities	42,659,483	21,947,540
Income taxes payable	617,406	930,563
Dividends payable	1,233,847	952,801
Current portion of long term debt	3,224,221	3,217,345
Deferred income taxes	5,686,208	570,000
	60,671,820	43,146,490
LONG TERM DEBT (Note 5)	34,100,952	22,346,373
DEFERRED INCOME TAXES	1,987,000	1,010,915
MINORITY INTEREST IN SUBSIDIARIES	532,706	365,104
SHAREHOLDERS' EQUITY:		
Capital (Note 6) Issued – 7,384,250 (1979 – 7,358,300) shares	3,384,872	3,090,675
Contributed surplus	18,542,721	18,542,721
Retained earnings	41,073,475	29,834,738
	63,001,068	51,468,134
	$160,293,546	$118,337,016

On behalf of the Board:

Director

Director

See accompanying notes to financial statements.

Consolidated Statement of Income and Retained Earnings

For the years ended March 31, 1980 and 1979 (U.S. Dollars)

	1980	1979
INCOME:		
Sales of refined products and crude oil	$232,488,988	$141,389,616
Sales of machinery and equipment	28,281,651	23,831,415
Income from production sharing interests	4,760,478	3,673,272
Royalty income (Note 8)	2,523,219	704,571
Interest and other income	1,635,360	1,817,028
Gain on sale of marketable securities	35,734	140,830
Share of income (loss) of affiliated company	541,567	(160,324)
	270,266,997	171,396,408
EXPENSES:		
Cost of sales of refined products and crude oil	194,653,133	124,532,753
Cost of sales of machinery and equipment	18,023,039	16,153,012
Cost of mineral operations, net	133,311	552,468
Exploration expense	7,345,982	2,831,045
General, administrative and selling expenses	16,435,924	14,374,682
Depreciation, depletion and amortization	3,638,206	3,170,952
Interest expense (Note 5)	7,086,146	3,294,202
Minority interest in earnings of subsidiaries	191,537	57,183
Income taxes (Note 7)	9,035,042	2,029,299
	256,542,320	166,995,596
NET INCOME FOR THE YEAR	13,724,677	4,400,812
RETAINED EARNINGS BEGINNING OF YEAR	29,834,738	27,317,619
	43,559,415	31,718,431
DIVIDENDS	2,485,940	1,883,693
RETAINED EARNINGS END OF YEAR	$ 41,073,475	$ 29,834,738
NET INCOME PER SHARE	$ 1.86	$ 0.60

See accompanying notes to financial statements.

Consolidated Statement of Changes in Financial Position

For the years ended March 31, 1980 and 1979 (U.S. Dollars)

	1980	1979
SOURCE OF WORKING CAPITAL:		
Net income for the year	$13,724,677	$ 4,400,812
Items not requiring a current outlay of funds:		
Share of (income) loss of affiliated company	(541,567)	160,324
Depreciation, depletion and amortization	3,638,206	3,170,952
Long term deferred income taxes	976,085	988,709
Minority interest in earnings of subsidiaries	191,537	57,183
Other	256,907	–
	18,245,845	8,777,980
Exploration expense	7,345,982	2,831,045
Cash flow from operations before exploration expense	25,591,827	11,609,025
Recovery of production sharing expenditures	18,776,788	10,905,271
Proceeds from the sale of fixed assets	1,985,925	–
Issue of shares	294,197	244,541
Long term debt relating to refinery expansion	14,900,000	7,200,000
Other long term debt	–	11,643,021
	61,548,737	41,601,858
APPLICATION OF WORKING CAPITAL:		
Production sharing expenditures	19,470,322	14,689,276
Petroleum and natural gas expenditures	3,112,280	5,438,026
Land, buildings and equipment	5,012,163	2,643,488
Refinery expansion	20,473,502	7,644,633
Mineral property expenditures	1,565,780	1,403,195
Investment in affiliated and other companies	(996,135)	471,786
Reduction in long term debt	3,145,421	7,482,240
Transfer of deferred income taxes to income taxes payable	–	1,144,000
Dividends	2,485,940	1,883,693
Other	520,137	54,336
	54,789,410	42,854,673
INCREASE (DECREASE) IN WORKING CAPITAL	6,759,327	(1,252,815)
WORKING CAPITAL BEGINNING OF YEAR	13,389,021	14,641,836
WORKING CAPITAL END OF YEAR	$20,148,348	$13,389,021

See accompanying notes to financial statements.

Notes to Consolidated Financial Statements

March 31, 1980 and 1979

1. Significant accounting policies

(a) *Consolidation and foreign exchange*

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada which do not differ in any material respect from accounting principles generally accepted in the United States in relation to these financial statements.

The consolidated financial statements include the accounts of all subsidiaries. All significant intercompany accounts and transactions are eliminated. The cost of purchased subsidiaries is allocated to net assets based upon their fair value as at date of purchase. The Company's proportionate share of the accounts of its joint ventures, which are not material, are included in the consolidated financial statements.

The Company follows the policy of reporting in U.S. dollars since substantially all of its operations are transacted in this currency. Accounts kept in other currencies have been translated to U.S. dollars on the following basis: current assets (other than inventories) and liabilities and non-current liabilities at exchange rates prevailing at the date of the balance sheet, non-current assets and inventories at the exchange rates prevailing when acquired and revenues and expenses at the average rate of exchange for the year except for depreciation, depletion and amortization, which are at the average historical rates of the related assets. Translation adjustments are included in income.

(b) *Marketable securities*

Marketable securities are carried at the lower of cost determined on a first-in, first-out basis and market.

(c) *Inventories*

Inventories are carried at the lower of cost and net realizable value. The cost of industrial machinery and equipment inventory is determined on a first-in, first-out basis whereas the cost of crude oil, refined products and petroleum related material and supplies inventory is determined on an average cost basis.

(d) *Investment in affiliated and other companies*

The investment in affiliated company is accounted for on the equity basis since the Company has significant influence in its operations. Investments in other companies are carried at the lower of cost and estimated realizable value.

(e) *Production sharing interests*

All costs relating to the Company's interests in production sharing and technical assistance agreements, including costs of related negotiations, signature bonuses and other non-refundable costs, are deferred. In view of the similarity of these agreements and the unusual risks associated with such ventures, all of the deferred costs are accumulated in a single cost centre. The proceeds received from oil or natural gas sales which represent recovery of costs in accordance with the agreements are deducted from the cumulative total of the deferred costs and the remaining proceeds are credited to income. If the net deferred costs should exceed the estimated future cost recovery proceeds, such excess would be expensed.

(f) *Petroleum and natural gas properties and related equipment*

The Company follows the successful efforts method of accounting for costs of oil and gas properties. Under this method, lease acquisition costs are capitalized and all lease carrying costs are expensed. Costs of drilling and equipping successful exploratory wells and all development wells are capitalized. The carrying value of such wells is not in excess of estimated net realizable value. All other exploration costs, including geological and geophysical costs and costs of unsuccessful exploratory wells, are expensed. Capitalized unproved lease costs are periodically reviewed and, when necessary, a provision for impairment of the carrying value is made on the basis of experience rates, drilling results and other available data. The carrying values attributable to unproved leases which subsequently become productive are transferred to proved properties.

Depreciation and depletion are computed on a field basis using the unit-of-production method. The computations relating to (i) capitalized lease acquisition costs for proved properties are based upon estimated proved oil and gas reserves and (ii) capitalized exploratory and development costs are based upon estimated proved developed oil and gas reserves.

Gains or losses from normal dispositions of oil and gas properties and related equipment are charged or credited to accumulated depreciation and depletion as long as the remainder of the assets constituting the amortizable base continues to produce oil and gas; otherwise such gains or losses are included in income.

(g) *Land, buildings and equipment*

The costs of acquisition and renewals and betterments of a permanent nature pertaining to land, buildings and equipment are capitalized. Regular maintenance and repair costs are expensed. Costs incurred under periodic maintenance programs required by refinery processing facilities are expensed over the estimated period of benefit, generally twelve to eighteen months. Depreciation and amortization is provided, principally on the straight-line method, over the estimated useful lives of the assets at effective annual rates varying from 4 to 33 per cent.

(h) *Mineral properties and related equipment*

Costs relating to the exploration for minerals are accounted for on a project basis. Such costs are capitalized pending the outcome of exploration in each project area. Costs pertaining to non-producing projects are expensed at the time the project is deemed to be non-productive.

(i) *Supply and distribution rights*

Supply and distribution rights are recorded at cost and are being amortized on a straight-line basis over their estimated useful lives of five to seven years.

(j) *Crude oil equalization receipts and payments*

Receipts and payments under the United States Department of Energy's crude oil cost equalization program are included in cost of refined products in the period the related product is refined.

(k) *Pension plans*

The Company has various benefit-based pension plans. Costs, as actuarially determined, are funded currently.

(l) *Income taxes*

The Company follows the tax allocation method of accounting under which income taxes are provided at current rates on income for the year which is subject to income tax after elimination of permanent differences between accounting and taxable income. Investment tax credits are reflected as reductions in income tax expense in the year utilized.

2. Inventories

	1980	1979
Industrial machinery and equipment	$10,303,012	$ 8,329,858
Crude oil and refined products	29,079,645	11,675,725
Petroleum related materials and supplies	1,256,158	1,185,634
	$40,638,815	$21,191,217

3. Investments in affiliated and other companies

	1980	1979
Affiliated company:		
Minera San Pedro Analco S.A. de C.V.	$ 3,440,849	$ 3,895,417
Other companies:		
Shares and debentures	251,996	408,696
Other	187,954	161,105
	$ 3,880,799	$ 4,465,218

4. Land, buildings and equipment

	1980			1979
	Cost	Accumulated Depreciation and Amortization	Net Book Value	Net Book Value
Land	$ 4,948,008	$ -	$ 4,948,008	$ 4,835,363
Buildings	5,234,376	1,479,257	3,755,119	4,056,963
Equipment	43,778,724	5,804,425	37,974,299	12,195,839
Aircraft	1,376,138	687,211	688,927	544,051
Leasehold improvements	384,009	194,751	189,258	107,806
	$55,721,255	$ 8,165,644	$47,555,611	$21,740,022

5. Long term debt

	1980	1979
Bank loan, maturing December 31, 1984, repayable in quarterly installments of $475,000 to September 30, 1984 with one final installment of $950,000 at maturity. Interest was payable monthly at 2 per cent over the bank prime rate. Effective March 31, 1980 and thereafter, interest is payable at 1 3/4 per cent over the bank prime rate (effective rate of 21 1/4 per cent at March 31, 1980)	$ 9,500,000	$11,400,000

	1980	1979
Bank loan, repayable in 24 equal quarterly installments commencing the earlier of completion of the Company's U.S. refinery expansion and modernization program and June 30, 1981. Interest was payable monthly at 2 1/4 per cent over the bank prime rate. Effective March 31, 1980 and thereafter, interest is payable at a 1 3/4 per cent over the bank prime rate (effective rate of 21 1/4 per cent at March 31, 1980)	22,100,000	7,200,000
Note, maturing January 3, 1985, repayable in annual installments of $728,571 plus interest at 1 1/4 per cent over the bank prime rate (effective rate of 20 3/4 per cent at March 31, 1980)	3,642,857	4,371,429
Bank loans, mortgages, promissory note and other indebtedness, repayable over periods to 1987, at interest rates varying with bank prime rates or between 5 and 10 per cent	2,082,316	2,592,289
	37,325,173	25,563,718
Current portion included above	3,224,221	3,217,345
	$34,100,952	$22,346,373

On March 2, 1979, the Company's wholly-owned subsidiary, Asamera Oil (U.S.) Inc., entered into a loan agreement with a consortium of banks. Under the terms of the loan agreement, Asamera Oil (U.S.) Inc. incurred, during fiscal 1979, long term debt of $11,400,000 for the purpose of replacing certain other long and shorter term debt and further agreed to incur total long term debt of $22,100,000 to partially finance its refinery expansion and modernization program. The loan agreement includes requirements with respect to working capital, debt to equity and debt service coverage ratios and limitations on borrowings, investments, payment of dividends and sales of assets by the borrowing company.

In respect of approximately $36,200,000 (1979 - $24,100,000) of the total debt outstanding at March 31, 1980, certain real estate, retail marketing properties and equipment, oil and gas properties and refinery assets have been pledged as collateral security. The balance of the debt is unsecured.

The aggregate amount of payments estimated to be required in each of the next five years to meet debt obligations outstanding at March 31, 1980, is as follows: 1981 - $3,224,221; 1982 - $6,852,191; 1983 - $6,526,784; 1984 - $6,532,743; 1985 - $6,474,224.

Included in interest expense is interest on long term debt of $5,684,873 (1979 - $1,209,047).

6. Capital

During the year ended March 31, 1980, 25,950 (1979 - 27,200) shares were issued on exercise of options for $294,197 (1979 - $244,541).

At March 31, 1980, 282,950 (1979 - 310,900) shares of the Company's Capital Stock were reserved under a Stock Option Plan. Options to purchase shares under the plan are outstanding as follows:

	March 31 1980	March 31 1979
To directors and officers of the Company at prices in Canadian dollars ranging from $9.56 to $20.87 (1979 - $9.56 to $19.75) per share and exercisable on various dates to March 31, 1985 (1979 - to July 28, 1983)	116,850	65,500
To employees of the Company and its subsidiaries at prices in Canadian dollars ranging from $9.56 to $20.87 (1979 - $9.56 to $19.75) per share and exercisable on various dates to March 31, 1985 (1979 - to July 28, 1983)	62,465	37,150
	179,315	102,650

7. Income taxes

Details of income tax expense are as follows:

	1980	1979
	(Thousands of dollars)	
Current:		
Federal	$ 429	$ 360
Provincial	48	150
Foreign	2,658	869
	3,135	1,379
Deferred:		
Federal	(87)	(52)
Provincial	(27)	(22)
Foreign	6,014	724
	5,900	650
Income tax expense	$ 9,035	$ 2,029

Deferred taxes are provided for timing differences between taxable income and income reported for financial statement purposes. The sources of the timing differences which gave rise to deferred taxes and the tax effects are shown below:

	1980	1979
	(Thousands of dollars)	
Allowance to reduce certain inventory to last-in, first-out basis	$ 7,601	$ -
Crude oil entitlements receivable	(714)	416
Investment tax credits	(1,838)	(398)
Accelerated depreciation	724	388
Other	127	244
Total	$ 5,900	$ 650

The normal Canadian income tax rate is 46 per cent. The difference between this rate and the effective tax rate of 39 per cent in fiscal 1980 and 31 per cent in fiscal 1979 is the result of the following:

	1980	1979
	(Thousands of dollars)	
Expected tax expense	$10,557	$ 2,984
Foreign rate differentials	557	304
Foreign income not expected to be subject to Canadian taxes in the foreseeable future	(1,636)	(1,269)
Investment tax credits	(2,130)	(325)
Losses for which no tax benefits have been recorded	1,659	530
Other	28	(195)
Income tax expense	$ 9,035	$ 2,029

8. Litigation

On September 24, 1979 the Court of Arbitration of the International Chamber of Commerce issued an arbitration award confirming the contractural right of the Company's wholly-owned subsidiary, Asamera Oil (Indonesia) Ltd., and a joint venture partner to royalties on all past and future production of natural gas, natural gas condensate and crude oil from an area in North Sumatra, Indonesia which had been farmed out to Mobil Oil (Indonesia) Inc. in 1968. This decision was appealed by Mobil Oil (Indonesia) Inc. to the United States District Court for the Southern District of New York, which court subsequently entered judgement confirming the arbitration award on April 10, 1980. Royalty income, net of unrecovered legal costs, in the amount of $1,503,927 has been included in fiscal 1980 income. Amounts relating to prior years were not material.

9. Business segments

The Company has four principal business segments as confirmed by the Board of Directors. "Exploration and Production" includes the exploration for, development of and production of crude oil and natural gas reserves. "Refining and Marketing" includes the refining of crude oil and the wholesale and retail marketing of refined petroleum products. "Mining" includes the exploration for, development of and production of mineral reserves. "Industrial" includes the distribution of light to medium sized industrial machinery and equipment.

"Operating profit (loss)" represents revenues less direct operating expenses. Such expenses for exploration and production include unproductive oil and gas exploration costs determined in accordance with the successful efforts method of accounting utilized by the Company.

The following tables summarize the Company's revenues, operating profit, total assets, depreciation, depletion and amortization expense and capital expenditures by (a) business segment and (b) geographic area for fiscal 1980 and 1979.

Table (a) (Amounts in thousands of dollars)

	Business Segment					
	Exploration and Production	Refining and Marketing	Mining	Industrial	Other	Total
Fiscal 1980:						
Revenue	$10,013	$230,414	$ 144	$28,372	$1,468	$270,411
Adjustments and eliminations						(144)
Total revenue						$270,267
Operating profit (loss)	$ 279	$ 30,206	$ (493)	$ 2,749	$ -	$ 32,741
Unallocated expenses net of unallocated revenue						1,953
Corporate expense						750
Interest expense						7,086
Minority expense						192
Income before income taxes						$ 22,760
Identifiable assets	$36,295	$ 88,337	$4,800	$18,756	$9,424	$157,612
Corporate assets						2,682
Assets at March 31, 1980						$160,294
Depreciation, depletion and amortization	$ 419	$ 2,442	$ 112	$ 297	$ 368	$ 3,638
Capital expenditures	$22,583	$ 24,815	$1,566	$ 357	$ 313	$ 49,634
Fiscal 1979:						
Revenue	$ 7,144	$139,771	$ 442	$23,964	$ 517	$171,838
Adjustments and eliminations						(442)
Total revenue						$171,396
Operating profit (loss)	$ 1,686	$ 9,742	$ (664)	$ 1,346	$ -	$ 12,110
Unallocated expenses net of unallocated revenue						1,603
Corporate expense						726
Interest expense						3,294
Minority interest						57
Income before income taxes						$ 6,430
Identifiable assets	$36,968	$ 50,300	$3,893	$15,590	$9,956	$116,707
Corporate assets						1,630
Assets at March 31, 1979						$118,337
Depreciation, depletion and amortization	$ 407	$ 2,142	$ 120	$ 263	$ 239	$ 3,171
Capital expenditures	$20,127	$ 9,743	$1,403	$ 341	$ 205	$ 31,819

Table (b) (Amounts in thousands of dollars)

	Geographic Area				
	Canada	United States	Indonesia	Other	Total
Fiscal 1980:					
Revenue	$29,180	$233,311	$ 7,920	$ –	$270,411
Adjustments and eliminations					(144)
Total revenue					$270,267
Operating profit (loss)	$ 2,279	$ 26,799	$ 7,896	$ (4,233)	$ 32,741
Unallocated expenses net of unallocated revenue					1,953
Corporate expense					750
Interest expense					7,086
Minority interest					192
Income before income taxes					$ 22,760
Identifiable assets	$22,934	$100,315	$30,710	$ 3,653	$157,612
Corporate assets					2,682
Assets at March 31, 1980					$160,294
Depreciation, depletion and amortization	$ 345	$ 3,293	$ –	$ –	$ 3,638
Capital expenditures	$ 2,591	$ 27,375	$19,374	$ 294	$ 49,634
Fiscal 1979:					
Revenue	$24,047	$142,636	$ 5,123	$ 32	$171,838
Adjustments and eliminations					(442)
Total revenue					$171,396
Operating profit (loss)	$ 1,315	$ 5,975	$ 4,960	$ (140)	$ 12,110
Unallocated expenses net of unallocated revenue					1,603
Corporate expense					726
Interest expense					3,294
Minority interest					57
Income before income taxes					$ 6,430
Identifiable assets	$18,053	$ 63,083	$19,249	$16,322	$116,707
Corporate assets					1,630
Assets at March 31, 1979					$118,337
Depreciation, depletion and amortization	$ 309	$ 2,862	$ –	$ –	$ 3,171
Capital expenditures	$ 1,586	$ 13,408	$14,793	$ 2,032	$ 31,819

10. Supplemental oil and gas information

(a) *Costs incurred in oil and gas exploration and production operations.*

Set out below are the costs, both capitalized and expensed, which were incurred during the years ended March 31, 1980 and 1979 with respect to the Company's oil and gas operations (in thousands of dollars):

	Property Acquisition	Exploration	Development	Production	Depreciation, Depletion, Amortization and Valuation Allowance
Canada					
1980	$235	$ 394	$ 9	$ 5	$ 3
1979	-	3	2	1	3
United States					
1980	181	2,146	713	1,351	996
1979	743	2,784	456	1,224	1,904
Indonesia					
1980	-	7,588	1,809	7,476	-
1979	-	5,241	1,058	5,724	-
Other					
1980	-	376	-	-	-
1979	-	2,089	-	-	-
Total					
1980	416	10,504	2,531	8,832	999
1979	743	10,117	1,516	6,949	1,907

"Property acquisition" costs relate to the capital cost of acquiring oil and gas properties. "Exploration" costs include the costs of drilling exploratory wells, geological and geophysical expenses and the carrying costs of undeveloped properties. "Development" costs include costs incurred to obtain access to proved reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas. "Production" (lifting) costs include costs incurred to operate and maintain wells and related equipment.

(b) *Capitalized costs relating to oil and gas exploration and production operations.*

The following table sets out capitalized costs of oil and gas interests together with related accumulated depreciation, depletion and amortization as at March 31, 1980 and 1979 (in thousands of dollars):

	Production Sharing Interests	Petroleum and Natural Gas Properties	Accumulated Depreciation, Depletion and Amortization
Canada			
1980	$ -	$ 421	$ 10
1979	-	44	7
United States			
1980	-	5,292	2,027
1979	-	5,627	1,648
Indonesia			
1980	15,752	-	-
1979	7,288	-	-
Other			
1980	-	-	-
1979	7,770	4,052	-
Total			
1980	15,752	5,713	2,037
1979	15,058	9,723	1,655

Accounting policies relating to Production Sharing Interests, Petroleum and Natural Gas Properties, and related Accumulated Depreciation, Depletion and Amortization are set out in Note 1.

(c) *Other information (unaudited).*

(i) Reserve recognition accounting. The Company is required to provide, as supplementary information, an unaudited summary of oil and gas producing activities prepared on the basis of reserve recognition accounting. This information is contained in the Company's Form 10-K, a copy of which is available upon request.

(ii) Oil and gas reserve quantities. The following table sets forth estimated quantities of recoverable proved crude oil, natural gas and natural gas liquids and details of changes in such quantities during fiscal 1979 and 1980. Natural gas liquids are combined with crude oil quantities. Indonesian reserve quantities are before deduction of host government participation. All other reserve quantities are after deduction of applicable royalties. Recoverable reserves cannot be measured exactly and all reserve estimates are therefore subject to revision. Further discussion regarding determination of estimated reserve quantities is contained in the Company's Form 10-K, a copy of which is available upon request.

Estimated Crude Oil and Natural Gas Reserves

(Crude Oil - Thousands of Standard Tank Barrels; Natural Gas - Millions of Cubic Feet)

	Canada		United States		Indonesia		Middle East		Total	
	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas
Proved developed and undeveloped reserves:										
At April 1, 1978	–	444	641	1,894	42,526	319,407	321	35,358	43,488	357,103
Changes during fiscal 1979:										
Revisions of previous estimates	–	1	(8)	(1,431)	(13,507)	(323,669)	–	–	(13,515)	(325,099)
Extensions, discoveries and other additions	–	–	17	16	356	4,262	–	–	373	4,278
Production	–	(25)	(138)	(66)	(1,870)		–	–	(2,008)	(91)
At March 31, 1979	–	420	512	413	27,505	–	321	35,358	28,338	36,191
Changes during fiscal 1980:										
Revisions of previous estimates	–	(236)	(194)	(225)	(10,665)	64,980	(321)	(35,358)	(11,180)	29,161
Extensions, discoveries and other additions	13	1,008	13	573	1,558	–	–	–	1,584	1,581
Production	–	(22)	(81)	(93)	(1,836)	–	–	–	(1,917)	(115)
At March 31, 1980	13	1,170	250	668	16,562	64,980	–	–	16,825	66,818
Proved developed reserves:										
At March 31, 1979	–	277	309	186	14,195	–	–	–	14,504	463
At March 31, 1980	9	898	250	668	5,868	16,080	–	–	6,127	17,646

11. Quarterly financial data (unaudited)

Quarterly financial data for fiscal 1980 and 1979 is summarized in the following table.

	Quarter Ended June 30	September 30	December 31	March 31	Total
	(Thousands except per share amounts)				
Fiscal 1980:					
Sales and other operating revenue	$54,726	$64,824	$72,977	$77,740	$270,267
Costs and expenses	51,327	61,121	70,799	73,295	256,542
Net income	$ 3,399	$ 3,703	$ 2,178	$ 4,445	$ 13,725
Net income per share	$ .46	$ .50	$ .30	$ .60	$ 1.86
Fiscal 1979:					
Sales and other operating revenue	$41,891	$42,379	$41,900	$45,226	$171,396
Costs and expenses	41,334	41,352	40,544	43,765	166,995
Net income	$ 557	$ 1,027	$ 1,356	$ 1,461	$ 4,401
Net income per share	$ .08	$ .14	$ .18	$ .20	$ .60

Financial data, as previously reported, for the first three quarters of fiscal 1980 has been restated above to reflect the addition of royalty income and related income tax expense resulting from a favorable arbitration award as discussed in Note 8.

Auditor's Report

To the Shareholders of
Asamera Oil Corporation Ltd.

We have examined the consolidated balance sheet of Asamera Oil Corporation Ltd. as at March 31, 1980 and 1979 and the consolidated statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at March 31, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in Canada applied on a consistent basis.

Clarkson Gordon
Chartered Accountants

Calgary, Canada
June 16, 1980.

Management's Analysis and Discussion of the Summary of Operations

1980 compared with 1979

The Company's net income for fiscal 1980 amounted to $13,724,677 ($1.86 per share) compared with net income for fiscal 1979 of $4,400,812 ($0.60 per share).

The major factor contributing to the increase in earnings when comparing fiscal 1980 with fiscal 1979 was increased profitability from the sale of refined petroleum products, the positive effect of which was partially offset by higher exploration expense and interest expense.

Current year sales and cost of sales of refined petroleum products increased by $91,099,372 or 64 per cent and $70,120,380 or 56 per cent respectively when compared with fiscal 1979. A nine per cent increase in sales volumes together with rapidly increasing sales prices and related costs of product during fiscal 1980 were responsible for the overall sales and cost of sales increases. Higher gross margin percentages throughout the current year resulted in a significant improvement in profitability from such operations.

Sales and cost of sales of machinery and equipment increased by $4,450,236 or 19 per cent and $1,870,027 or 12 per cent respectively when comparing fiscal 1980 with fiscal 1979. The increase in sales together with the disproportionate increase in cost of sales reflect a strong market demand for such products during fiscal 1980. In addition, current year results include a full year of operations for two distribution outlets opened during fiscal 1979.

Income from production sharing interests, which results from operations carried out under Production Sharing and Technical Assistance Agreements in Indonesia, increased by $1,087,206 or 30 per cent when comparing fiscal 1980 with fiscal 1979. This increase was primarily due to higher crude oil prices being realized during the current fiscal year. Although the Company did experience production declines in its North Sumatra Contract Area "A" during fiscal 1980, increased production from the Company's Corridor and Tempino Areas in South Sumatra resulted in an overall net production decrease of approximately one per cent. Tempino production was shut-in for all of fiscal 1979 due to pipeline problems.

Royalty income increased by $1,818,648 or 258 per cent when compared with fiscal 1979. During fiscal 1980, a royalty-related dispute with Mobil Oil (Indonesia) Inc. was finally concluded through arbitration proceedings whereby the Company received confirmation of its entitlement to royalty on all past and future natural gas, natural gas condensate and crude oil production from an area in North Sumatra, Indonesia referred to as Area "B". Gross royalty therefrom to March 31, 1980 amounted to $2,037,752. This amount, less legal and other related costs not recoverable under the arbitration award, accounts for the majority of the increase in royalty income.

Interest income declined by $109,529 or 11 per cent when comparing fiscal 1980 with fiscal 1979. This decrease resulted from a lower level of term deposits, the negative effect of which was somewhat offset by the realization of higher interest rates.

Transactions in marketable securities during fiscal 1980 resulted in a net gain of $35,734 compared with $140,830 during the prior year.

The Company owns a 49 per cent equity interest in Minera San Pedro Analco S.A. de C.V., a Mexican company engaged in the mining of silver and associated minerals in Mexico. For the current fiscal year, the Company included in income, $541,567 representing the Company's equity share of an operating profit realized by this affiliated company. Earnings for the prior fiscal year included a charge of $160,324 representing the Company's equity share of an operating loss incurred during that period. The improvement in current year profitability of this affiliated company is attributable to increased mill throughput, the realization of higher selling prices for silver and a general improvement in the efficiency of the entire operation.

Testing operations continued at the placer gold prospect in Alaska during fiscal 1980. The Company's share of related costs were however reduced from that of the prior year. During the latter part of fiscal 1979, the Company completed a two-year obligation to conduct operations and incur all related expenditures in exchange for an interest in the property and related equipment. Current year costs were further reduced as the result of an agreement whereby a third party can, upon the incurrence of certain expenditures, earn up to one-half of the Company's interest in the property. Costs attributable to the Company for such mineral operations, net of its share of revenues from production test runs, have been designated "cost of mineral operations, net" in the consolidated statement of income.

Unproductive oil and gas exploration costs amounted to $7,345,982 and $2,831,045 for fiscal 1980 and 1979 respectively. During fiscal 1980, an oil and gas concession agreement for an area offshore Umm al Qaiwain was terminated. Attempts to conclude a contract with the host government allowing for production and sale of natural gas from a discovery well were unsuccessful. The Company has accordingly charged against income, $4,075,469 of related exploration costs during the current year. The balance of such costs during fiscal 1980 resulted from exploration activity in the United States.

The increase in general, administration and selling expense during the current fiscal year amounting to $2,061,242 or 14 per cent resulted mainly from increased activity of the Company and the effects of general inflationary trends in the economy.

Total interest expense during fiscal 1980 increased by $3,791,944 when compared with the prior year. Interest on long-term debt increased by $4,475,826 largely as the result of long-term borrowings incurred to finance a portion of the expansion and modernization program at the Company's U.S. refinery. Higher prime lending rates experienced during the current year also caused such expense to increase. A reduction in the utilization of short-term operating lines of credit, made possible by improved profitability of operations during fiscal 1980, coupled with higher current year interest rates resulted in a net decrease of $683,882 in other interest.

Income tax expense for fiscal 1980 increased by $7,005,743 when compared with fiscal 1979. Such increase results almost entirely from increased profitability of U.S. refining and marketing operations.

1979 compared with 1978

The Company's net income for fiscal 1979 amounted to $4,400,812 ($0.60 per share) compared with net income for fiscal 1978 of $963,560 ($0.13 per share).

A number of major factors affect the comparison of fiscal 1979 earnings with earnings for fiscal 1978. Fiscal 1979 earnings include increased profitability of U.S. refining and marketing operations, a lesser amount of unsuccessful oil and gas exploration costs and a reduction in mineral related costs. Earnings of the prior year include the negative effect of a reduction in the carrying value of investments in certain affiliated companies.

Sales and cost of sales of refined petroleum products increased by $39,532,542 and $35,058,461 respectively accounting for the majority of the increase in gross revenues and expenses during fiscal 1979. Approximately 68 per cent and 73 per cent respectively of such increases resulted from the inclusion of a full year of operations of 90 retail gasoline outlets acquired January 1, 1978. The balance of the increases in sales and cost of sales of refined petroleum products resulted almost totally from higher sales prices and related costs of product. Improved gross margin percentages, primarily during the latter part of the year, resulted in increased profitability for such operations over that of fiscal 1978.

Refining operations were interrupted for a short period of time during fiscal 1979 as the result of an explosion and fire at an adjacent refinery. A related business interruption insurance recovery in the amount of $346,367 has been included in sundry income.

Sales of machinery and equipment for fiscal 1979 showed an increase of $2,916,058 or 14 per cent over fiscal 1978. This increase is attributable to the operation of two additional distribution outlets which became fully operative during the year and to a strengthening in market demand for such industrial products during fiscal 1979. The positive effect of the increased sales coupled with additional operating costs associated with the new outlets and the effect of general inflation on all operating costs, resulted in moderately increased profitability of such operations during fiscal 1979.

The Company records income from production sharing interests in accordance with the related agreements as they exist from time to time. An amendment to Indonesian Production Sharing Agreements caused income oil proceeds from Area "A" production to be included in "Income from Production Sharing Interests" on a pre-tax basis during fiscal 1979. Related Indonesian income taxes of $1,622,889 are included in fiscal 1979 income tax expense. Area "A" production accounts for the majority of income from production sharing interests at present. Such production decreased by four per cent when compared with the prior year. This production decrease resulted mainly from a combination of normal field decline, which the Company attempts to mitigate through enhanced recovery procedures, and new production which was initiated during the second quarter of fiscal 1979. Although changes in production levels normally have the greatest impact on the amount of oil income attributable to the Company, such income is also affected under the terms of the Production Sharing agreements by the balance of unrecovered costs from prior years, current year expenditure levels, Indonesian domestic crude oil supply obligations and crude oil sales prices.

Royalty income during fiscal 1979 decreased by $161,766 or 19 per cent, primarily due to a lesser amount of crude oil production realized by the farmee from areas in Indonesia to which the royalty pertains.

The decline in interest income of $380,988 or 31 per cent during fiscal 1979 resulted from decreased levels of term deposits, the negative effect of which was somewhat offset by improvements in interest rates realized on such investments.

The Company places a moderate percentage of its working capital in marketable securities. Transactions in such investments resulted in a net gain of $140,830 compared with a net loss of $173,331 in fiscal 1978.

The Company owns a 49 per cent equity interest in Minera San Pedro Analco S.A. de C.V., a Mexican company engaged in the mining of silver and associated minerals in Mexico. Included in earnings for fiscal 1979 and 1978 are charges of $160,324 and $118,713 respectively, representing the Company's equity in operating losses incurred by this affiliated company.

During fiscal 1978, the Company carried out operational testing to determine the production potential of a phosphate debris prospect in Florida and a placer gold prospect in Alaska. In Florida, testing operations indicated a non-commercial rate of recovery of phosphate concentrate and as a result, during October 1977, a decision was made to discontinue such tests and related expenditures. In Alaska, testing operations continued during fiscal 1979 at the placer gold prospect. The aggregate direct cost of these mineral operations, net of revenues realized from production test runs, is designated as "cost of mineral operations, net" in the consolidated statement of income.

Unproductive oil and gas exploration costs during fiscal 1979 and 1978 resulted primarily from exploration activity in the United States. Such costs decreased by $1,866,137 or 40 per cent due mainly to a reduction in drilling activity during fiscal 1979.

General, administrative and selling expense increased by $2,376,246 or 20 per cent during fiscal 1979. Major factors which contributed to the current year increases in such costs were general, administrative and selling expense associated with the added operation of 90 retail gasoline outlets acquired January 1, 1978 and two additional equipment distribution outlets which became fully operative during fiscal 1979. Other factors increasing such expense included the addition of both professional and clerical staff and the effects of general inflationary trends in the economy.

Interest expense increased by $1,598,790 or 94 per cent over fiscal 1978. Of such increase, $1,154,426 resulted from greater utilization of short-term lines of credit, principally to finance the additional operations of 90 retail gasoline outlets acquired January 1, 1978 and to finance, on an interim basis, costs relating to the Company's U.S. refinery expansion and modernization program. The balance of the increase in interest expense was primarily due to outstanding long-term debt resulting from the January 1, 1978 acquisition of the additional retail outlets and to long term debt incurred (under a new loan agreement with a consortium of banks) for the purpose of partially financing the refinery construction program. Short and long term interest expense also increased as the result of higher prime lending rates in both Canada and the United States during fiscal 1979.

During fiscal 1978, the Company recorded as a charge to income, a reduction of $1,590,094 in the carrying value of its investment in certain affiliated companies.

Income tax expense for fiscal 1979 includes Indonesian income taxes of $1,622,889 relating to income oil proceeds which are now received on a pre-tax basis in accordance with revised Indonesian Production Sharing Agreement terms. In the past, such taxes were deducted before distribution of related oil proceeds and as a result, at that time, income from production sharing interests was recorded net of tax. The requirement that the Company pay Indonesian income taxes has had no effect on net income from such operations. The remaining increase of $1,194,306 in income tax expense resulted primarily from increased profitability of the Company's refining and marketing operations during fiscal 1979.

Market Information

Market Price by Quarter on the American Stock Exchange

	Fiscal year ended March 31, 1980 High	Fiscal year ended March 31, 1980 Low	Fiscal year ended March 31, 1979 High	Fiscal year ended March 31, 1979 Low
First	$\$17\frac{1}{8}$	$\$13\frac{1}{2}$	$\$15\frac{1}{8}$	$\$10\frac{1}{4}$
Second	$18\frac{3}{4}$	$14\frac{5}{8}$	$20\frac{5}{8}$	14
Third	$22\frac{1}{8}$	$13\frac{5}{8}$	$19\frac{1}{4}$	12
Fourth	$27\frac{5}{8}$	$14\frac{1}{8}$	$18\frac{3}{8}$	$14\frac{5}{8}$

Market Price by Quarter on the Toronto Stock Exchange (Canadian Funds)

	Fiscal year ended March 31, 1980 High	Fiscal year ended March 31, 1980 Low	Fiscal year ended March 31, 1979 High	Fiscal year ended March 31, 1979 Low
First	$\$20\frac{1}{8}$	$\$15\frac{1}{2}$	$\$17\frac{1}{8}$	$\$11\frac{5}{8}$
Second	$21\frac{3}{4}$	17	$23\frac{7}{8}$	16
Third	$25\frac{7}{8}$	$16\frac{1}{4}$	$22\frac{3}{4}$	14
Fourth	$31\frac{1}{2}$	17	$21\frac{1}{8}$	$17\frac{5}{8}$

Cash Dividends Per Share by Quarter (Canadian Funds)

	Fiscal year ended March 31, 1980	Fiscal year ended March 31, 1979
First	–	–
Second	20¢	15¢
Third	–	–
Fourth	20¢	15¢

Five Year Financial Summary

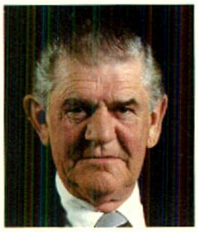
(Thousands of U.S. Dollars)

SUMMARY OF OPERATIONS	1980	1979	1978	1977	1976
Income					
Sales of Refined Products and Crude Oil	$ 232,489	$141,390	$101,857	$67,158	$18,919
Sales of Machinery and Equipment	28,282	23,831	20,915	22,478	15,260
Income from Production Sharing Interests	4,760	3,673	2,279	3,137	7,033
Royalty Income	2,523	704	866	978	700
Other Income	851	960	480	575	580
Interest Income	784	857	1,238	1,216	1,339
Gain (Loss) on Marketable Securities	36	141	(173)	198	1,178
Share of Income (Loss) of Affiliated Company	542	(160)	(119)	–	–
	270,267	171,396	127,343	95,740	45,009
Expenses					
Cost of Sales of Refined and Crude Oil Products	194,653	124,533	89,474	57,929	16,657
Cost of Sales of Machinery and Equipment	18,023	16,153	13,970	15,003	10,348
Cost of Mineral Operations, Net	133	552	1,363	–	–
Exploration Expense	7,346	2,831	4,697	5,304	976
General, Administrative and Selling Expenses	16,436	14,375	11,999	10,149	4,959
Depreciation, Depletion and Amortization	3,638	3,171	2,271	1,438	357
Interest on Long Term Debt	5,685	1,209	765	438	68
Other Interest	1,401	2,085	930	821	293
Write Down of Investment in Affiliated Companies	–	–	1,590	335	334
Minority Interest in Earnings of Subsidiaries	192	57	108	107	124
Income Taxes	9,035	2,029	(788)	2,239	824
	256,542	166,995	126,379	93,763	34,940
Net Income	$ 13,725	$ 4,401	$ 964	$ 1,977	$10,069
Net Income Per Share (in dollars)	$ 1.86	$ .60	$ .13	$ .27	$ 1.37
Other Financial Information					
Working Capital	$ 20,148	$ 13,389	$ 14,642	$26,148	$25,164
Long Term Debt	34,101	22,346	10,986	7,206	947
Shareholders' Equity	63,001	51,468	48,706	49,739	49,744
Cash Flow From Operations before exploration expense	25,592	11,609	10,100	9,159	11,350
Cash Flow From Operations Plus Recovery of Production Sharing Expenditures before exploration expense	44,369	22,514	19,896	23,492	29,212
Capital, Exploration and Production Sharing Expenditures:					
Production Sharing	19,470	14,689	14,493	11,853	16,307
Petroleum and Natural Gas	3,112	5,438	7,324	3,207	5,769
Mineral (Including Mexican silver property investment)	1,570	1,844	1,453	1,872	1,164
Land, Buildings, Plant and Equipment	25,486	10,288	10,976	9,738	1,090

Directors

P. D. Bowlen,
President, Northern Development Company Limited; Chairman of the Board, Regent Drilling Company Limited, Edmonton

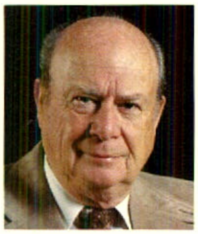
D. G. H. Bowman, QC,
Partner, Stikeman, Elliott, Robarts and Bowman, Toronto



D. M. Cannon,
Vice President, Asamera Oil Corporation Ltd., Vancouver

T. P. Gallagher,
President, Asamera Oil (U.S.) Inc., Denver

S. P. King,
Vice President, Asamera Oil Corporation Ltd., Calgary



H. N. Stewart,
Financial Consultant, Calgary

R. G. Welty,
President and Chief Executive Officer, Asamera Oil Corporation Ltd., Calgary

Officers and Senior Management

Robert G. Welty
President and
Chief Executive Officer

Frank W. McCamus
Senior Vice President
Operations

Larry B. Thiessen
Senior Vice President
Finance and Administration

Donald H. Buchholz
Vice President
Mining - Canada and Australia

Keith G. Cameron
Vice President
Administration and Corporate Controller

Donald M. Cannon
Vice President

Terry B. Jackson
Vice President
Industrial Products Division

Stuart P. King
Vice President

Ralf M. Kleine
Vice President
Mining - United States and Mexico

Michael C. Pick
Vice President
Exploration

Clifford F. Watts
Vice President
Drilling and Production

Glen G. Olmstead
Corporate Secretary

Ronald J. Russell
Corporate Solicitor

Officers and Senior Management

Asamera Oil (Indonesia) Ltd.
(Wholly owned)
Morris E. Kittleson, *President*
Andrew N. Alexeiev, *Vice President*
Michael A. Bruce, *Controller*
Edwin Mortimer, *Secretary*
Lesley Hamer, *Assistant Secretary*
A.J. Tupamahu, *General Manager*

Asamera Oil (U.S.) Inc.
(Wholly owned)
Terry P. Gallagher, *President*
William D. Narva, *Senior Vice President, Administration*
Ed G. Schroeder, *Senior Vice President, Operations*
Elwood E. Amen, *Vice President Retail Sales*
Homer D. Austin, *Vice President Production*
Robert J. Humbert, *Vice President Refining*
Kent B. Johnson, *Vice President Supply and Distribution*
Royce Kline, *Vice President Wholesale Sales and Transportation*
John R. Wingert, *Vice President Exploration*
Larry H. Kenfield, *Controller*
John P. Guthrie, *Treasurer and Assistant Secretary*

Asamera (South Sumatra) Ltd.
(Wholly owned)
Morris E. Kittleson, *President*
Andrew N. Alexeiev, *Vice President*
Michael A. Bruce, *Controller*
Edwin Mortimer, *Secretary*
Lesley Hamer, *Assistant Secretary*
Carl F. Bergmann, *General Representative*

Overseas Management, A Division of Asamera Oil (U.S.) Inc.
Bill C. McBride, *General Manager*

Minera San Pedro Analco S.A. de C.V. (49% owned)
Carlos G. Shelley, *President and General Manager*

Mandem, A Division of Asamera Oil Corporation Ltd.
Bryan V. White, *Vice President and General Manager*
Robert J. Penston, *Controller*

Vacusan Systems Limited
(Wholly owned)
Flemming P. Jespersen, *Vice President and General Manager*

Certified Rentals Ltd.
(60% owned)
Howard L. Walger, *Vice President and General Manager*

Other Operating Subsidiaries
Asamera Oil (U.K.) Ltd.
Asamera (Overseas) Ltd.
Asamera Petroleum Corporation
Gasamat Oil Corp. of Colorado
Asamera Minerals (U.S.) Inc.

Asamera Group of Companies

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