CZAR RESOURCES LTD.

1981 Annual Report

CZAR RESOURCES LTD.
and Subsidiary Companies

Corporate Information

Board of Directors

Robert W. Lamond
Calgary, Alberta

Ian B. McMurtrie
Calgary, Alberta

Bonita O. Rawlyck
Calgary, Alberta

Christopher J. C. Bill
Toronto, Ontario

Brian C. Bentz
Vancouver, British Columbia

Officers

Robert W. Lamond
Chairman of the Board and Chief Executive Officer

Ian B. McMurtrie
President and Chief Operating Officer

Bonita O. Rawlyck
Senior Vice President, Finance and Chief Financial Officer

Trevor L. C. Williams
Senior Vice President

Anthony D. Convey
Vice President and General Manager, Canadian Operations

Allan R. Twa
Corporate Secretary

Sharon P. Runge
Treasurer

Officers of Czar Resources Inc.
U.S. Subsidiary

John A. Habbishaw
Vice President and General Manager

J. Michael Gatlin
Vice President and Assistant General Manager

Dean R. Broadhead
Controller

T. William Porter
Corporate Secretary

Annual Meeting

The Annual Meeting of Shareholders of Czar Resources Ltd. will be held at 2:30 p.m. Thursday, March 25, 1982, in the MacLeod Hall, Salon "C" of the Calgary Convention Centre, 110 Ninth Avenue S.E., Calgary, Alberta.

Corporate Office

10th Floor, 333 Fifth Avenue S.W.
Calgary, Alberta
T2P 3B6

U.S. Office

333 North Belt, Suite 400
Houston, Texas
77060

Division and Field Offices

Houston
333 North Belt, Suite 400
Houston, Texas 77060

Tulsa
124 East Fourth Street
Tulsa, Oklahoma 74101

Fort St. John
P.O. Box 6718
Fort St. John,
British Columbia V1J 4J2

Legal Counsel

Burnet, Duckworth & Palmer
32nd Floor, 425 First Street S.W.
Calgary, Alberta T2P 3L8

Porter & Clements
711 Polk, Suite 1200
Houston, Texas 77002

Auditors

Thorne Riddell
1400, Bow Valley Square II
205 Fifth Avenue S.W.
Calgary, Alberta T2P 2W4

Main Hurdman
2200 Dresser Tower
Houston, Texas 77002

Registrar & Transfer Agents

The Canada Trust Company
505 Third Street S.W.
Calgary, Alberta T2P 3E6

Wholly-Owned Subsidiaries

Czar Resources Inc.
Czar Developments Ltd.

Stock Listing

The Toronto Stock Exchange
234 Bay Street
Toronto, Ontario

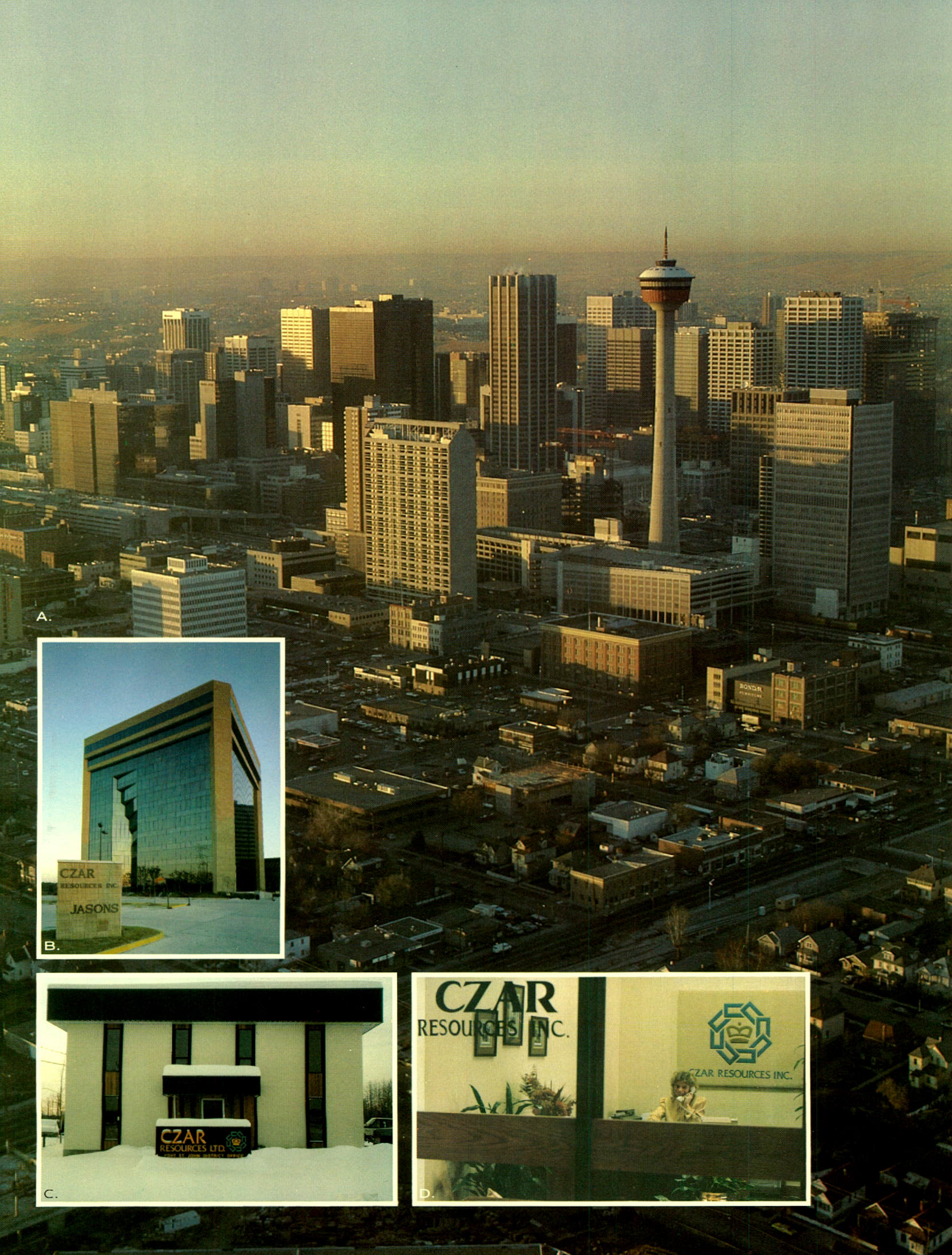
The Alberta Stock Exchange
3rd Floor, 300 Fifth Avenue S.W.
Calgary, Alberta

The Montreal Stock Exchange
The Stock Exchange Tower
800 Victoria Square
Montreal, Quebec

Trading Symbol — CZR

Photos on opposite page

A. Aerial photo of Calgary, Alberta, Canada — Location of corporate headquarters of Czar Resources Ltd.
B. Czar Resources Inc. Houston office — Houston, Texas.
C. Czar Resources Ltd. field office building — Fort St. John, B.C.
D. Czar Resources Inc. Tulsa, Oklahoma — reception area.

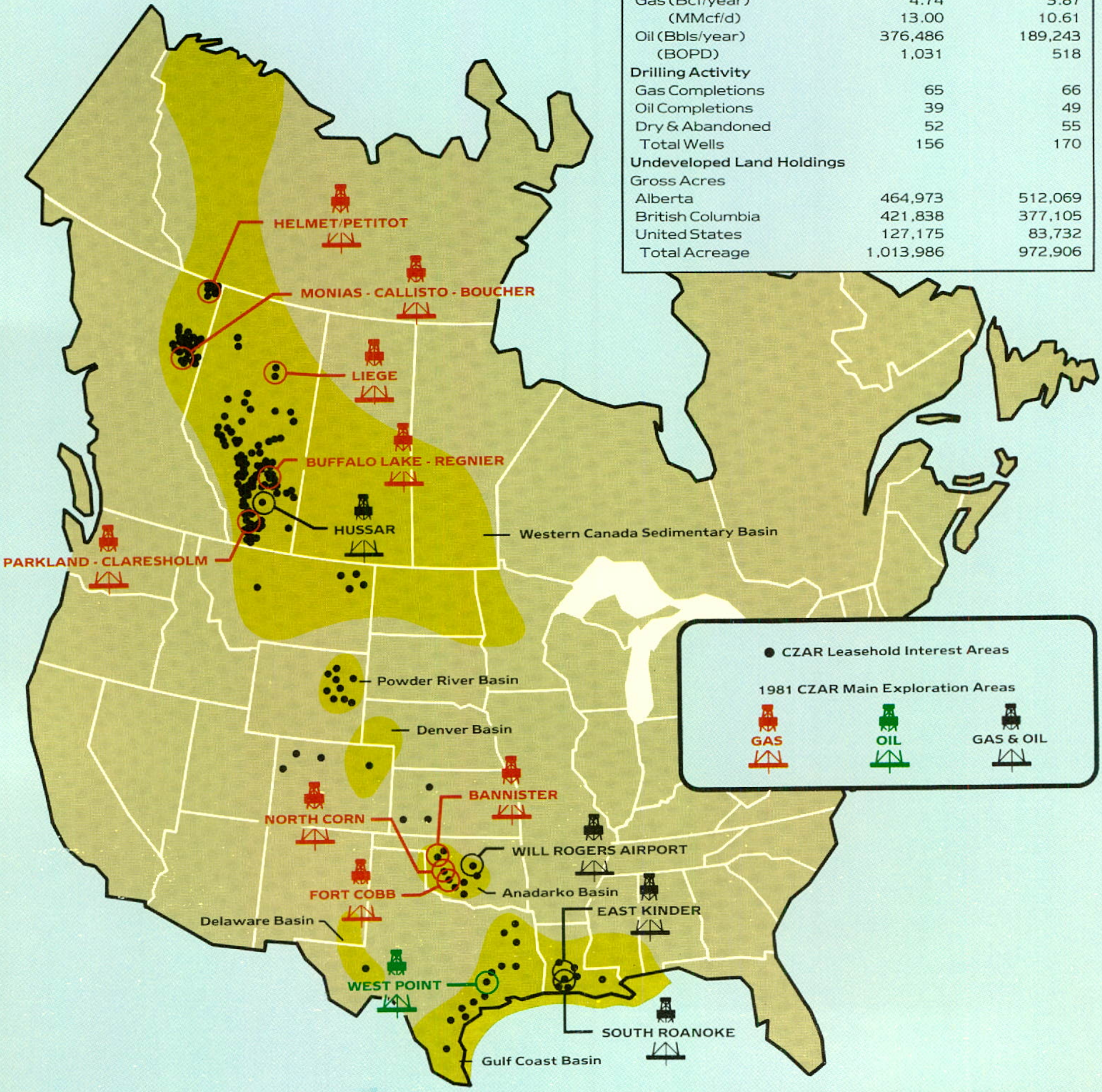

A.
CZAR
RESOURCES INC.
JASONS
B.
CZAR
RESOURCES LTD.
FORT ST. JOHN DISTRICT OFFICE
C.
CZAR
RESOURCES INC.
CZAR RESOURCES INC.
D.

CZAR RESOURCES LTD.
and Subsidiary Companies

Highlights

(for convenience to our shareholders all information is reported in Imperial Units)

	1981	1980 (Restated)
Revenue	$ 13,320,852	$ 8,884,779
Cash Flow	$ 1,143,005	$ 4,636,470
Cash Flow per Share	$ .11	$ .52
Net Earnings (Loss)	$ (4,681,340)	$ 1,330,682
Earnings per Share	$ (.44)	$ .14
Total Assets	$ 145,182,065	$109,804,920
Shares Issued		
- Common	11,628,553	9,613,553
- First Preference	—	—
Reserves		
Gas (Bcf)	271.8	221.4
Oil (Bbls)	2,413,800	3,082,000
Long Tons of Sulphur	76,675	—
Production		
Gas (Bcf/year)	4.74	3.87
(MMcf/d)	13.00	10.61
Oil (Bbls/year)	376,486	189,243
(BOPD)	1,031	518
Drilling Activity		
Gas Completions	65	66
Oil Completions	39	49
Dry & Abandoned	52	55
Total Wells	156	170
Undeveloped Land Holdings		
Gross Acres		
Alberta	464,973	512,069
British Columbia	421,838	377,105
United States	127,175	83,732
Total Acreage	1,013,986	972,906



To the Shareholders

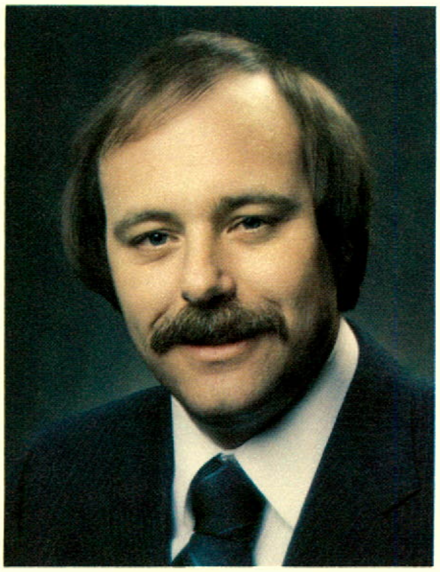
On behalf of the Board of Directors of Czar Resources Ltd. it is our pleasure to present to shareholders the annual report for the fiscal year ended October 31, 1981.

The year was highlighted by an expansion of the Company's reserve base, increased revenue, the delineation of a major accumulation of natural gas in the Province of British Columbia and, in the United States, by the development of major exploration opportunities in the State of Oklahoma. These positive elements have to a large degree been offset by high interest rates and additionally in Canada by the continuing impact of the National Energy Program. These factors have combined to erode investor confidence in the energy industry as well as increasing the short-term financial burdens for most independent resource companies including Czar Resources Ltd.

During fiscal 1981, revenue totalled $13,320,852 representing an increase of 50% over revenue for fiscal 1980. Production derived revenue increased 60% from $6,703,575 in 1980 to $10,239,235 in 1981. However, net loss for the period was $4,681,340 or $.44 per share due to increased debt service costs and a substantial increase of $3,908,142 in depletion and depreciation expense to $6,156,233. The large increase in depletion charges resulted from a reduction in the proven undeveloped reserve category in a recent independent engineering evaluation of Czar's Austin Chalk reserves. Production declines for producing oil wells in Gonzales County, Texas in excess of those anticipated resulted in a write-off of associated development locations but have had only a minimum impact on the proved production reserve base. The Company's cash flow was $1,143,005 or $.11 per share.

Czar is diligently working on a number of alternatives to reduce its bank debt position. Reduced interest payments would improve both cash flow and earnings and have a positive corporate effect during this present difficult financial climate.

Robert W. Lamond
Chairman of the Board
and Chief Executive Officer



Ian B. McMurtrie
President
and Chief Operating Officer

In April, 1981, $21,520,097 was raised through the sale of 1,800,000 common shares and 600,000 common share purchase warrants. Proceeds of this security sale were applied to reduce outstanding bank indebtedness. The Company converted its Canadian and American credit lines to long-term facilities which include deferral of principal repayments for two years. With the restructuring of the bank lines, Czar at year end had a working capital position of $3.1 million.

Czar's total reserves, after royalty, at the end of the reporting period were 271.8 billion cubic feet of gas, 2,413,800 barrels of oil, and 76,675 long tons of sulphur. The Company's future net income from these reserves using escalated prices and costs is $1.27 billion, a 43% increase over last year. In present value terms using a 15% discount factor, reserves increased 34% from $193 million at the end of fiscal 1980 to $260 million at the end of fiscal 1981. At a 20% discount, the reserve value increased from $143 million to $186 million at the end of fiscal 1981.

During the year, Czar continued the eighth drilling program agreement with its West German fund raising partner. Participation was primarily in development opportunities in Alberta and British Columbia that resulted from the activities of previous West German partnerships. In addition, the Company signed a joint venture agreement with a private Canadian company which provides $4 million for exploration during the 1981 and early 1982 drilling seasons.

In the United States, Czar, in conjunction with its fund raising partner raised $19.9 million (U.S.) through a public limited partnership. This program consisted of two offerings; the A-partnership which closed in June and the B-partnership which closed in July, 1981. Contributions of $14 million (U.S.) and $5.9 million (U.S.) respectively were received. Both programs, in conjunction with Czar's existing European partners have participated in all of the Company's U.S. exploration activities after their respective closings.

During 1981, Czar and its drilling fund and joint venture partners invested approximately $58 million on exploration in Canada and an additional $28 million (U.S.) in the United States. The majority of these expenditures occurred during the first half of the fiscal year due to a rapid contraction of the Company's drilling programs in reaction to the generally unfavourable economic climate.

The Company participated in 156 wells resulting in 39 oil wells and 65 gas wells for an overall success ratio of 67%. Except for further delineation of the large regional accumulation of natural gas in the Petitot area of northeast British Columbia, which, when ultimately developed could contain up to 3.5 trillion cubic feet of which Czar would control a substantial portion, the direction of your Company has been concentrated on projects related to early cash flow.

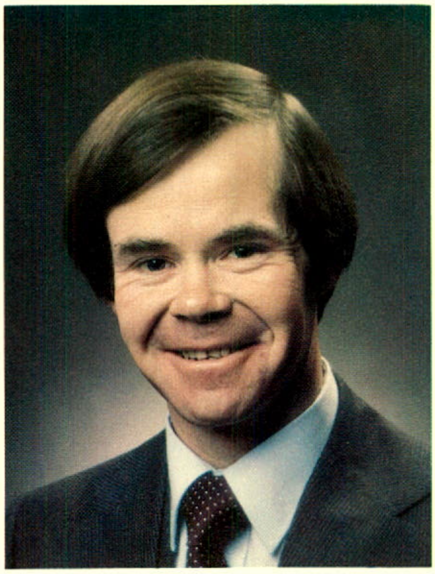
The gas contract negotiated with Sherritt Gordon Mines Ltd. has helped Czar to offset the lack of gas markets in Canada. Czar, its drilling fund and participating industry partners will supply approximately 212 Bcf of natural gas to Sherritt over a 15 year period at production rates of 28 MMcf/d beginning in early 1983 and escalating to 30 MMcf/d by 1985. Although the contract is at a moderate price discount, the economics of an earlier cash flow are very favourable when compared to the reality of continued lengthy shut-in periods for gas wells.

Subsequently, Czar obtained a second industrial consumer contract in the Province of Alberta. This deliverability contract calls for the sale from Czar and its partners of 10 to 14 MMcf/d. Production began in November, 1981 at approximately 8 MMcf/d and is expected to reach the maximum volume by March, 1982.

This contract, although subject to a slightly lower pricing provision, has the advantage of higher rates of take on a per well basis and additionally contains a clause whereby, if the Company can obtain a higher price for the gas, the purchaser must match the price or release Czar from the contract.

Czar's Canadian exploration efforts were concentrated predominantly in central and southern Alberta in areas dedicated to the gas sales contracts.

Bonita O. Rawlyck
Senior Vice President, Finance
and Chief Financial Officer



Trevor L. C. Williams
Senior Vice President

Major areas of development activity were at Parkland, Manito, Leahurst, Gadsby and Delia.

During the fourth quarter of the year, Czar was able to obtain from the British Columbia Petroleum Corporation a best efforts contract for an additional 14 MMcf/d from wells in the Nig Creek, Highway, Birch and Fireweed areas. Czar, through recent negotiations with the various sales and production agencies in British Columbia is encouraged that substantial sales from the Petitot area may commence as early as 1983. The Company will continue to be aggressive in searching for additional gas marketing opportunities.

In the United States, Czar continued to explore in the Gulf Coast areas of Texas and Louisiana but at a reduced level. Although certain disappointments were experienced in the Austin Chalk trend of Gonzales County, Texas, certain wells in the Salty Creek area continued to exhibit good production rates and may result in further development. In Oklahoma, during 1981, Czar had excellent early results with successful wells on the Fort Cobb, Oklahoma City airport and Bannister prospects in addition to further development in the North Corn area. Evaluation of the substantial oil potential in the Oklahoma City airport area will be the major thrust of Czar's 1982 United States program.

Exploration and development activities for the year 1982 will continue to be directed towards revenue generating projects. Regional exploration will be kept to a minimum. Budgeted Canadian expenditures will be limited to facilities and construction projects that are necessary to provide the cash flow in 1983 when the Sherritt gas contract escalates to 28 MMcf/d. Some operations will be consolidated and overhead will be closely monitored. The major goal of the Company in 1982 is a reduction in our debt load and all possibilities to accomplish this, including an infusion of equity capital in either Canada or the United

States, will be seriously pursued.

Subsequent to year end, the Directors of Czar announced an enlargement of the Board and certain promotions which reflect the Company's continuing development as an exploration and production company. The Company's Board has been expanded to include Bonita O. Rawlyck who also has been promoted to Senior Vice President, Finance and Chief Financial Officer, and Brian C. Bentz, Vice President of H. A. Simons (Overseas) Ltd. Czar's operations in the United States will be handled by John A. Habbishaw, Vice President and General Manager and J. Michael Gatlin, Vice President and Assistant General Manager. In addition, Dean R. Broadhead was promoted to the position of Controller.

In Canada, Trevor L. C. Williams was promoted to Senior Vice President with Anthony D. Convey being promoted to Vice President, General Manager to handle Canadian exploration and development operations. To assist in Canadian operations, the following additional appointments were made: P. Richard Ewacha to Manager Engineering, Sharon P. Runge to the position of Treasurer, Robert H. Johnston to Exploration Manager and Ronald E. Hall to Land Manager.

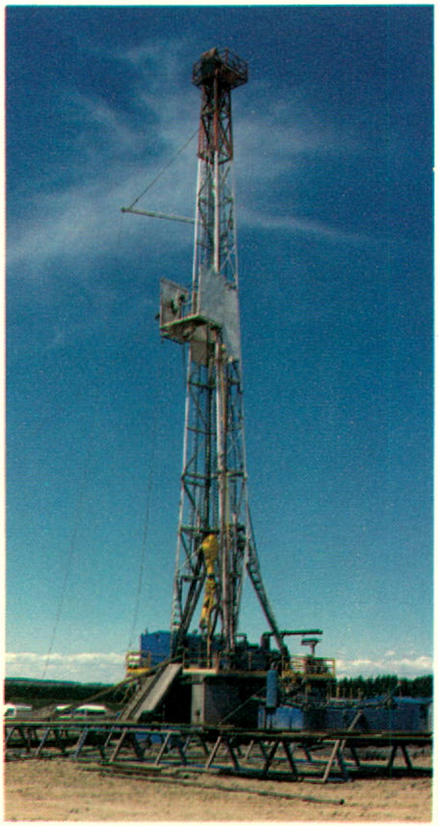
We wish to thank the staff of the Company in both Canada and the United States for their enthusiastic and dedicated contributions during the past year.

On Behalf of the Board,

R. W. Lamond
Chairman of the Board

Ian B. McMurtrie
President

Exploration Activities



Czar et al Monias 7-21-82-21-W6M

During 1981, Czar Resources Ltd. participated in 156 wells in Canada and the United States, of which 104 wells were classed as completed or potential oil or gas wells and 52 were abandoned. In Canada, the Company's drilling program concentrated in the central and southern portions of the Alberta sedimentary basin. This mature area offers the explorer potential for low risk, medium reserve, high deliverability wells in an area where tie-in costs are relatively low. This exploration philosophy was directed primarily at providing reserves for our existing gas sale contracts.

In British Columbia, the Company's program was limited to further delineation and honouring commitments in the Petitot gas field. Prior to the 1980-81 winter drilling season, the Company had planned a substantial exploration program for this area with several rigs retained on long-term contract. Despite the adverse effects of the National Energy Program and the withdrawal of our industry partners, Czar honoured its farmout commitments primarily on its corporate account. The exploration program was highly successful, further delineating a substantial regional gasfield. Recent positive developments in British Columbia in both pricing and marketing should support these decisions. Other drilling activities within British Columbia were restricted to a few development wells in areas where existing gas contracts were in place.

In the United States, Czar's activities concentrated on oil plays in Texas and oil and gas opportunities in Oklahoma. The Company is encouraged by recent developments in Oklahoma and will continue an aggressive exploration program in that state.

During 1981, the Company's gross acreage position increased from 972,906 gross acres to 1,013,986 gross acres. Expenditures on land acquisition and exploration and development drilling were $45 million.

Canadian Exploration

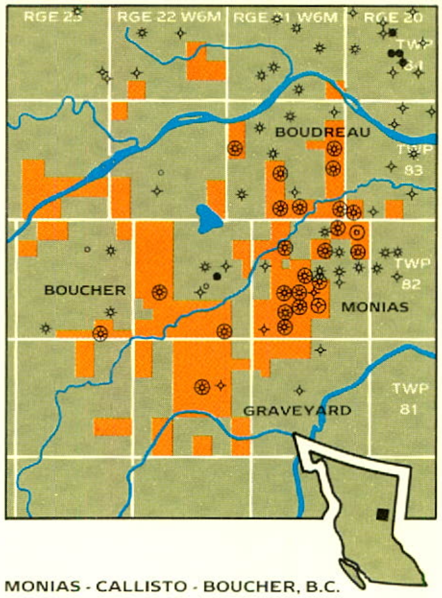
Monias - Callisto - Boucher, British Columbia

During 1981, Czar participated in two development wells in the Monias field, both on the western edge of the main Halfway pool. The wells were drilled to the Mississippian to evaluate the gas potential in the Belloy and Kiskatinaw formations. Log and drillstem test analyses indicate several gas bearing zones in each well. One Belloy zone in the Czar et al Monias 7-27-82-21 W6M well drillstem tested 3.6 MMcf/d from 20 feet of net pay. Although the Belloy gas is not contracted for sale in this area, the Halfway zone has been completed and has been on production at 3.1 MMcf/d at 810 psi flowing tubing pressure since September, 1981. Czar and its partners are currently producing 24 MMcf/d from Company operated wells in this area.

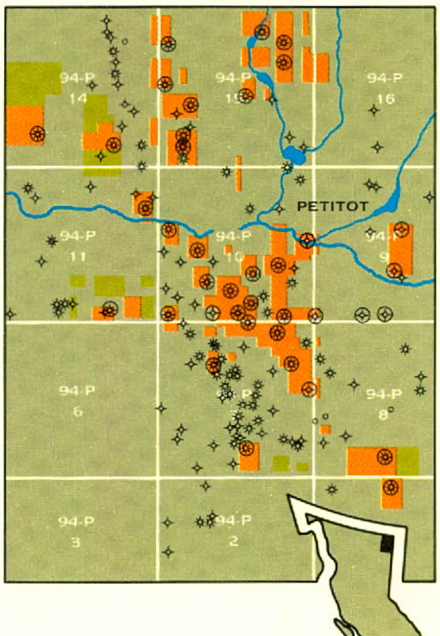
Helmet/Petitot, British Columbia

During the 1980-81 winter drilling season, Czar continued its exploration of the Jean Marie formation in the Helmet/Petitot area of northeast British Columbia. Of 17 wells drilled, 16 were cased as Jean Marie gas wells and one was abandoned. This program confirmed earlier indications of a substantial regional accumulation of natural gas over a 2,300 square mile area. Czar's three year exploration program of 38 wells has resulted in 28 Jean Marie gas wells, one Mississippian gas well, one dual zone Keg River and Jean Marie gas well and eight abandonments. The abandonments delineate the edge of the Jean Marie porosity and although most of the wells tested gas, they were deemed non-economic.

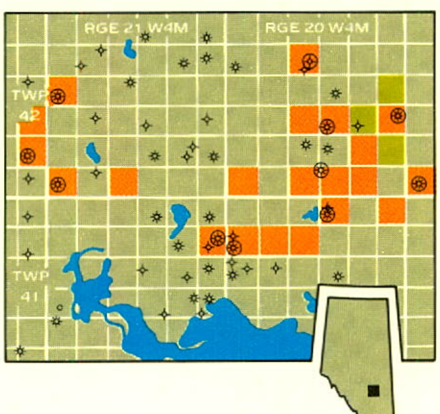
All wells drilled to date into the pool illustrate geological and pressure continuity indicative of a single large gas accumulation. Czar estimates the potential of the Jean Marie field to be 3 to 3.5 trillion cubic feet of recoverable gas within British Columbia. Czar's share of proven and probable recoverable reserves, from the drainage areas of the 30 productive wells as determined by an independent engineering firm are 49.9 Bcf.



MONIAS - CALLISTO - BOUCHER, B.C.



HELMET/PETITOT, B.C.



BUFFALO LAKE - REGNIER, Alberta

CZAR Interest Lands
CZAR Option Lands
CZAR Interest Well
Location
Oil Well
Gas Well
Dry & Abandoned

During the past winter, a substantial number of the wells were completed and flow tested. The majority were acidized and without any frac treatment, indicated single point absolute open flow rates ranging from 210 Mcf/d to as high as 23.5 MMcf/d.

Czar has closely monitored the production from two of its wells, c-18-A/94-P-10 and b-30-B/94-P-10, which have been on production for ten months over the last two winters. These wells have produced over 0.25 Bcf each and independent engineering analyses indicate recoverable reserves of 5.5 and 1.88 Bcf respectively. However, these reserve estimates may be conservative as bottom hole pressure measurements in material balance calculations for these wells indicate 23.1 and 4.4 Bcf of recoverable reserves respectively. Pressure measurements from the c-18-A well indicate a drainage area of up to ten sections. This data suggests that a development well program could be drilled on a wider spacing pattern which would result in more favourable economics.

Through the drilling of these 38 wells, Czar has earned an interest in approximately 200,000 acres of land. The Company also has options on additional lands that may be earned through future drilling.

Czar can now conclusively demonstrate both reserves and productivity from this area. The British Columbia Petroleum Corporation's recent submission to the Commissioner Inquiry on British Columbia's natural gas requirements, supply and surplus illustrated in a preliminary economic evaluation of gas reserves in unconnected areas that on a cost per unit volume basis the Helmet area had the lowest tie-in costs of all areas studied.

As a result the Company is hopeful that additional gas contracts for this area may be available earlier than anticipated.

Buffalo Lake - Regnier, Alberta

Since entering into a joint venture agreement covering exploration and development in a 25 township area of central Alberta, Czar and its partners have participated in ten wells. Of the six wells drilled in 1981, five were gas wells and one was abandoned. Reserves of 0.8 Bcf to 13.9 Bcf per section were established.

During 1981, two wells commenced production, Regnier 5-30-41-20 W4M and Buffalo Lake 6-19-42-21 W4M, at initial rates of 2.8 and 3.0 MMcf/d respectively.

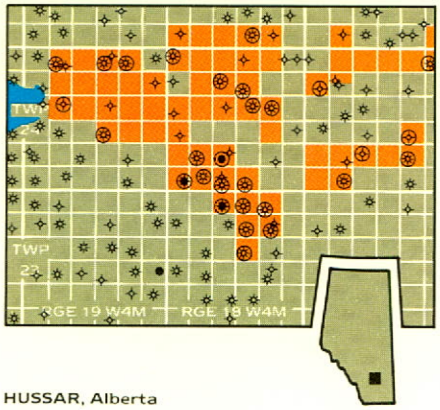
In the mapped area, Czar has earned an interest in 12,160 acres and has an additional 3,200 acres under option that may be earned through future drilling.

Hussar, Alberta

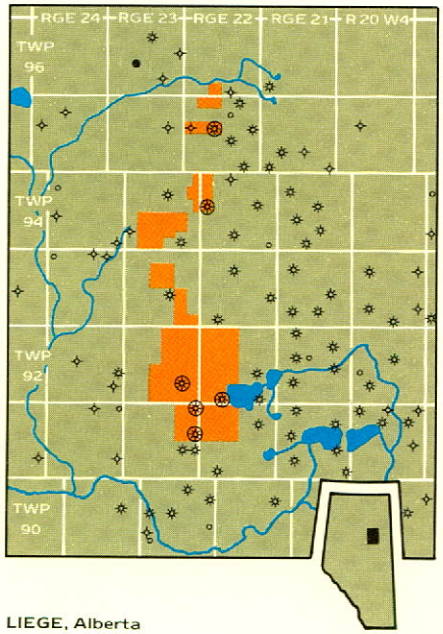
Czar continued development of its Hussar acreage by drilling seven wells during fiscal 1981. Four of these wells are currently producing gas to Czar's Hussar gas plant, one is a producing Basal Quartz oil well which qualifies for the New Oil Reference Price of approximately $46.00 per barrel, one is a suspended Milk River/Medicine Hat gas well and one well was dry and abandoned.

One of the recently drilled wells, Hussar 5-34-23-18 W4M encountered gas in an Upper Viking sand. The well was production tested with an AOF of 15.3 MMcf/d and has demonstrated sustained deliverability of 11 MMcf/d at 500 pounds pressure. Czar holds an interest in approximately 42,000 gross acres in the area.

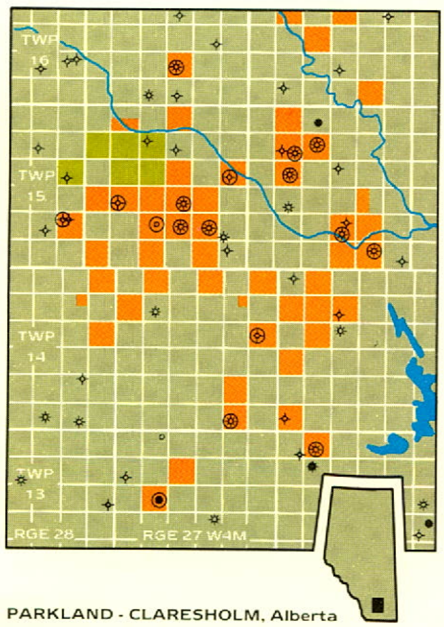
In 1982, the Company plans to drill at least three wells to evaluate the deeper gas and new oil potential. Also, a shallow gas drilling feasibility study is currently being undertaken for the purpose of exploiting shallow gas reserves in the Belly River, Milk River and Medicine Hat formations. All gas found is subject to a TransCanada PipeLines' reserve based, full price gas contract.



HUSSAR, Alberta



LIEGE, Alberta



PARKLAND - CLARESHOLM, Alberta

CZAR Interest Lands
CZAR Option Lands
CZAR Interest Well
Location
Oil Well
Gas Well
Dry & Abandoned

Liege, Alberta

At Liege, 85 miles west of Fort McMurray, Alberta, Czar Resources Ltd. drilled four shallow Grosmont gas wells during fiscal 1981. Recent discussions with a major gas purchaser indicates the likelihood of a full price, reserve base gas contract with delivery commencing in late 1983 or early 1984. Construction of a pipeline lateral into the Liege area is currently in progress with completion estimated by April 1, 1982. Czar holds an interest in and is operator of 52,000 gross acres within the Liege Grosmont pool limits. Should Czar obtain a contract, the Company anticipates participating in seven to ten wells during the 1982-83 winter drilling season.

Parkland, Alberta

The Parkland area is located approximately 50 miles south of Calgary. To date, the Company has interests in fifteen wells in the general area with one well currently drilling. During 1981, three of these wells were drilled and completed as gas wells. There are two major productive horizons in the area. The first one is a glauconite channel sand which trends across Czar's acreage. Several of the wells that penetrated the zone have production tested at rates up to 16.5 MMcf/d. The second zone is a regionally widespread, thick, low permeability Jurassic sandstone where average deliverabilities range between 1 and 2.5 MMcf/d with reserves of up to 17.4 Bcf/section.

Czar Resources Ltd. has requested bids from contractors to build a 25 MMcf/d gas processing plant in the Parkland area to supply gas to the Sherritt contract. Production is to start in the spring of 1983.

Czar currently has an interest in a gross 31,000 acres and an option on an additional 2,560 acres in the immediate area.

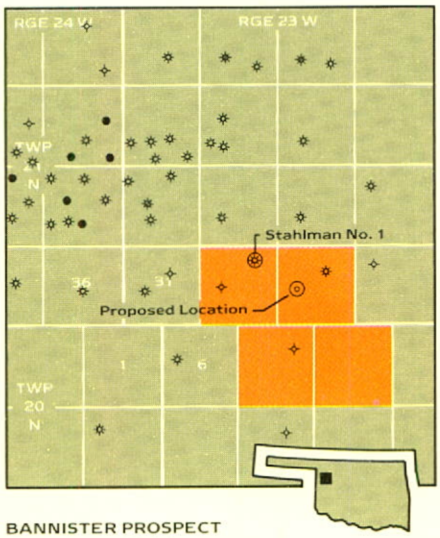
Additional drilling in the area will be carried out to help define reservoir limits and develop additional reserves in order to supplement the supply of gas to the proposed gas plant.

United States Exploration

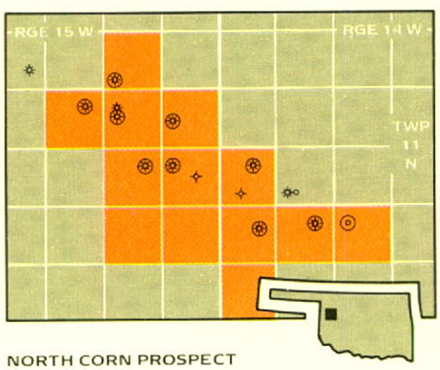
Bannister Prospect, Ellis County, Oklahoma

During 1981, Czar participated in the drilling of the Graham #1-32 Stahlman well which encountered multiple pays in four Morrow sands. Two of the zones were perforated, with the "D" sand flowing at 1 MMcf/d and the "B" sand flowing in excess of 4.4 MMcf/d with an AOF rate of 8.6 MMcf/d. Czar estimates 10.2 Bcf recoverable reserves from these two zones for a 640 acre spacing unit. Total reserve estimates, as determined by log analysis are 28.2 Bcf. This well is scheduled to commence production around March 15, 1982 at an estimated rate of 2.5 to 3 MMcf/d.

Czar and partners will participate in a development offset well which should encounter the same Morrow zones as in the #1-32 Stahlman well. Czar and fund partners will have a 25% interest in both wells.



BANNISTER PROSPECT
Ellis County, Oklahoma



NORTH CORN PROSPECT
Washita County, Oklahoma

CZAR Interest Lands
CZAR Interest Well
Location
Oil Well
Gas Well
Dry & Abandoned

North Corn Prospect, Washita County, Oklahoma

Czar continued its participation in the drilling and evaluation of the North Corn Prospect, Washita County, Oklahoma. Of the nine wells which Czar had committed to join in drilling, four are presently producing: the Katie, David, Suderman and Clarence. These wells are producing at rates between 1 MMcf/d and 4 MMcf/d from the Springer formation. Subsequent to year end, the Hamburger well was also placed on production from the Springer at more than 2 MMcf/d, and the Crowder well is presently being completed in this same formation after testing 2 MMcf/d from several sands. All of these wells have indicated pay in multiple shallow zones which are being evaluated for later development. Of the remaining three wells, one is waiting for pipeline connection, one is completing and one is drilling. All drilling and completion work is expected to be finished by the second quarter of 1982, and it is anticipated that all wells capable of production will be on stream by 1982 year end. Czar, on behalf of itself and its drilling fund partners, has working interests varying from 0.39% to 11.25%. It should be noted that the Springer formation is below 15,000′ and qualifies for deep gas pricing. This gas is currently contracted at \$8.50/Mcf (U.S.) with quarterly adjustments.

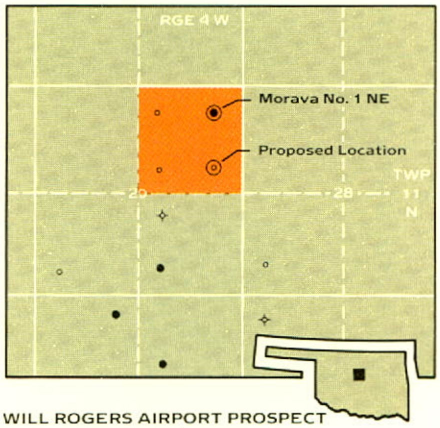
Will Rogers Airport Prospect, Oklahoma County, Oklahoma

During fiscal 1981, Czar became actively involved in a prospect which is an extension and development of the newly established Prue and Red Fork channel play in Oklahoma County.

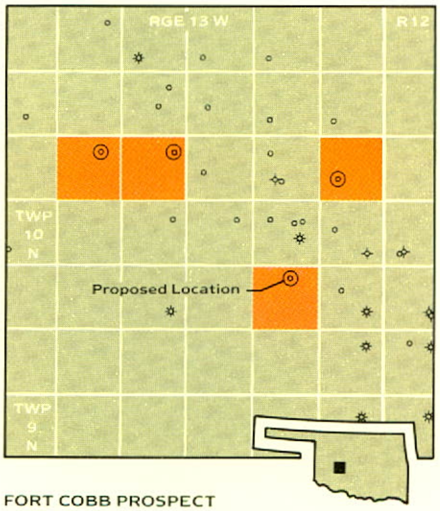
Czar drilled the Morava #1 which tested 188 BOPD and 796 Mcf/d from the Prue. The Red Fork was also tested and will be evaluated after the Prue is depleted.

Subsequent to the drilling of the Morava #1, the Company acquired drilling and completion information on several wells drilled by other operators in the area. Geological analysis of this data indicates a major multi-channel play trend.

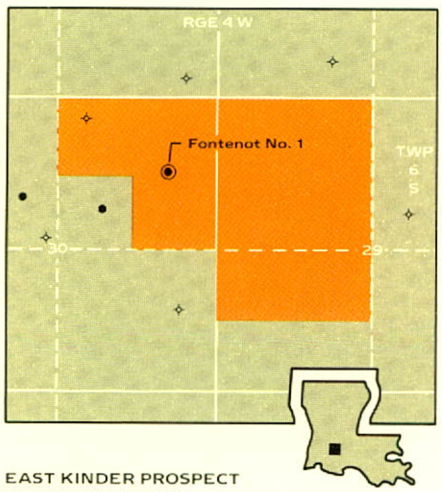
The Morava #1-A well has recently been drilled and is currently being completed for production. Two of the channel sands are indicated to be productive with one testing oil on a drillstem test from a section, that on log analysis indicates 48 feet of pay. Czar's budget projections for 1982 include seven development locations.



WILL ROGERS AIRPORT PROSPECT
Oklahoma County, Oklahoma



FORT COBB PROSPECT
Caddo County, Oklahoma



EAST KINDER PROSPECT
Allen Parish, Louisiana

CZAR Interest Lands
CZAR Interest Well
Location
Oil Well
Gas Well
Dry & Abandoned

Fort Cobb Prospect, Caddo County, Oklahoma

Czar was a participant in the drilling of three wells in the Fort Cobb Prospect. This is an area in the deep Anadarko Basin of Oklahoma that is extremely active with over 20 wells either drilling or licenced to develop a multi-reservoir structure similar to the North Corn feature described earlier. Initial wells on the structure have demonstrated deliverabilities from the deep Springer sand in excess of 5 MMcf/d per well and recent completions in the shallower Redfork have absolute open flow rates as high as 17.5 MMcf/d. In addition, many of the wells, from log analysis, indicate gas potential in several shallower horizons.

Two of the Czar wells were drilled to approximately 17,000 feet to evaluate Springer reservoirs as well as multiple shallower objectives. These wells have reached total depth after encountering encouraging gas shows; the third well is currently drilling. Czar and its drilling fund partners have working interests varying from 1.56% to 3.21%. Springer objectives are below 15,000 feet and qualify for deep gas pricing.

East Kinder Prospect, Allen Parish, Louisiana

During fiscal 1981, Czar participated in the drilling of the Fontenot #1 in Allen Parish, Louisiana. The lower of two productive zones in the well tested at a rate of 658 Mcf/d of gas and 45 BOPD and is currently awaiting pipeline connection. Czar and its drilling fund partners have a 25% working interest in the well and surrounding 390 acres.

South Roanoke Prospect, Jefferson Davis Parish, Louisiana

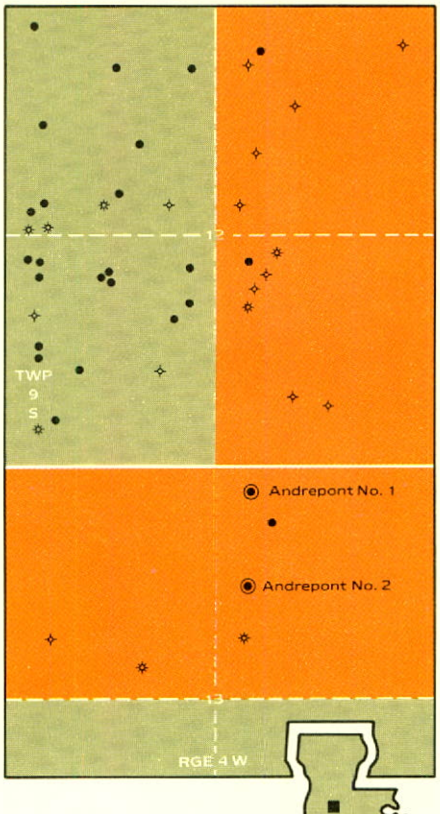
In 1981, Czar drilled and completed the Andrepont #1 well, which is currently flowing at 103 BOPD with 1540 psi flowing tubing pressure. Since April, 1981, this well has produced 29,000 barrels of oil and 40 MMcf of gas. The offset well, Andrepont #2, was completed at an initial rate of 55 BOPD. Czar and its drilling fund partners have a 50% working interest in the Andrepont #1 and an 81.25% working interest in the Andrepont #2.

Austin Chalk Trend

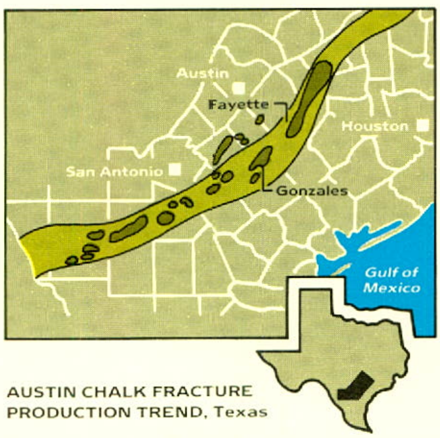
During fiscal 1981, Czar participated in the drilling of fourteen wells in the Austin Chalk Trend. Ten of the wells were completed as oil producers at initial flow rates averaging 75 BOPD. Czar's interest in these wells varies from 36% to 100%. These wells are currently producing at rates ranging from seven to fifty BOPD.

West Point Prospect, Fayette County, Texas

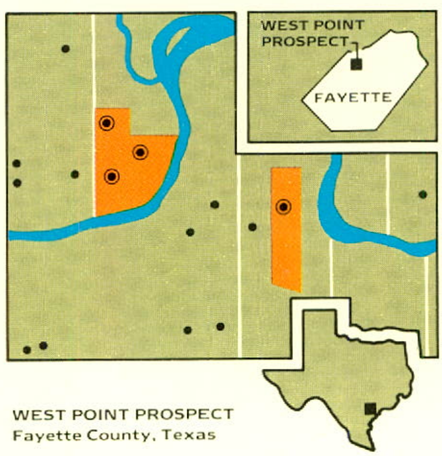
Four wells in the West Point Prospect of Fayette County, Texas, which were drilled in 1980 now have a cumulative production of 300,000 barrels of oil, with a current average daily production of 107 BOPD. Czar's working interest in this prospect ranges from 35% to 95%.



SOUTH ROANOKE PROSPECT
Jefferson Davis Parish, Louisiana



AUSTIN CHALK FRACTURE PRODUCTION TREND, Texas



WEST POINT PROSPECT
Fayette County, Texas

CZAR Interest Lands
CZAR Interest Well
Austin Chalk Fields
Austin Chalk Fracture Production Trend
Location
Oil Well
Gas Well
Dry & Abandoned

Reserves

The Company's proven and probable reserves at the October 31, 1981 fiscal year end were 271.8 Bcf of natural gas, 2,423.1 M barrels of oil and natural gas liquids and 76,675 long tons of sulphur. Natural gas reserve additions for 1981 were approximately 50.4 Bcf, an increase of 23% over 1980. Oil reserves decreased 21% as a result of increased production and reserve adjustments in the United States and southern Alberta.

Evaluations of the reserves were conducted by independent engineering consulting firms and are expressed as net reserves to the Company after deduction of Crown or freehold royalties. The Company's reserves as at October 31, 1981 had an undiscounted value of $1.27 billion, an increase of 43% over last year.

CZAR RESOURCES LTD.
Reserve Summary by Category
at October 31, 1981
(all figures are net after royalty)

	Oil M/Bbls	Gas MMcf	Sulphur Long Tons
CANADA			
Proved developed	1,249.1	171,343	74,322
Proved undeveloped		15,267	
Total Proved	1,249.1	186,610	74,322
Probable	219.7	82,555	2,353
Total Canada	1,468.8	269,165	76,675
UNITED STATES			
Proved developed			
producing	575.7(1)	1,286	
non-producing	56.1	232	
Proved undeveloped	305.7(2)	225	
Total Proved	937.5	1,743	
Probable	7.5	846	
Total United States	945.0	2,589	
Total Company	2,413.8	271,754	76,675

(1) Reflects higher than anticipated declines in Austin Chalk producing wells.

(2) Indicates a reduction in the proven undeveloped reserves base in the Austin Chalk trend.

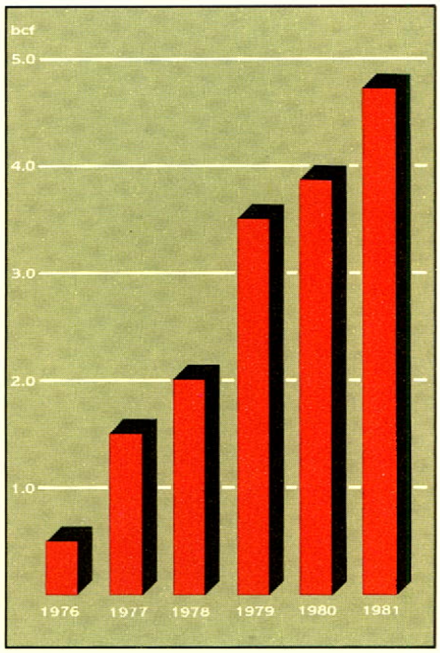
Production

Canadian Operations

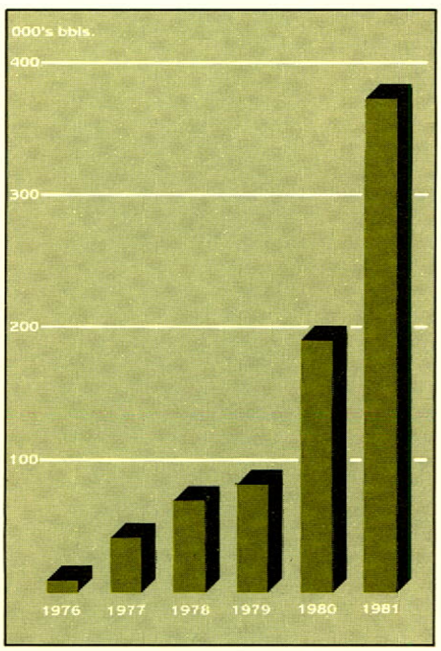
During 1981, net production of oil increased 7.5% to 129,834 barrels or approximately 356 b/d. Net production of natural gas increased by 20% to 4.6 Bcf per year or approximately 12.6 MMcf/d.

In Canada, oil wells were placed on production in Alberta at Hussar, Edson, Twining and Claresholm. The Hussar well (6-9-24-18 W4M) is capable of producing 700 barrels of oil per month (gross) and should qualify for the new oil price of $45.92/bbl. Czar's interest in the well is 7.5%. The Claresholm well (7-20-13-27 W4M), which initially went on production at a rate of 950 barrels per month, has been producing at a rate of 2,200 barrels per month since June, 1981 as a result of the Alberta Energy Resources Conservation Board's approval of our application for an increased daily allowable. Czar's share of production is 1,045 barrels per month.

Also in Canada, natural gas developments for the 1981 fiscal year included: in British Columbia, new gas contracts for seven wells located in the Birch, Fireweed, Highway and Nig Creek fields. All seven wells were tied-in during 1981 and have a combined deliverability of 14 MMcf/d (gross). It is expected that these wells will be on production early in 1982 and will provide Czar with net production of 5.6 MMcf/d. In the Monias area, the Czar et al 7-27-82-21 W6M well was placed on production at 3.1 MMcf/d to maintain deliverability to an existing contract. With the addition of the eight new wells, peak gas production from wells in British Columbia in which Czar has an interest will be approximately 70 MMcf/d of which 15 MMcf/d is net to the Company.



ANNUAL GAS PRODUCTION
(in billions of cubic feet)



ANNUAL OIL PRODUCTION
(in thousands of barrels)

In the Gadsby area of central Alberta, a Czar plant constructed in 1980 commenced operations in early 1981. Initially, four wells from the area were tied-in with an average throughput of 2.5 MMcf/d. These wells plus wells at Regnier, Sylvan Lake and Twining were used to meet the initial 5 MMcf/d requirements of the Sherritt contract. In May, 1981, an additional 1 MMcf/d from a Gadsby well commenced production into a small contract. Also during 1981, production facilities and tie-in pipelines were constructed at three more Gadsby wells with combined deliverabilities of 2.5 MMcf/d. These wells in conjunction with two wells at Manito (3 MMcf/d) and one at Buffalo Lake (2.5 MMcf/d) will be used to meet the initial requirements of the Alberta Gas Chemicals contract. Full production from these wells will be obtained in early 1982.

Also in Alberta at Hussar, four new gas wells with a combined deliverability of 10 MMcf/d (gross) were tied-in during the latter portion of fiscal 1981, resulting in a total field production capability of approximately 15 MMcf/d (gross). The additional gas was required to ensure our maximum contract was restored under a deliverability test performed in early fiscal 1982. At the time of writing this report, the test was conducted satisfactorily and the maximum daily contract quantity to TransCanada Pipelines was restored to 12.4 MMcf/d (gross) from a previous rate of 6.8 MMcf/d (gross). The Company's share of this full price contract is 1.75 MMcf/d.

At Medicine River, five Czar wells contracted to Pro-Gas went on stream in June, 1981, at an average rate of 8.5 MMcf/d (gross) and 350 barrels of condensate per day (gross).

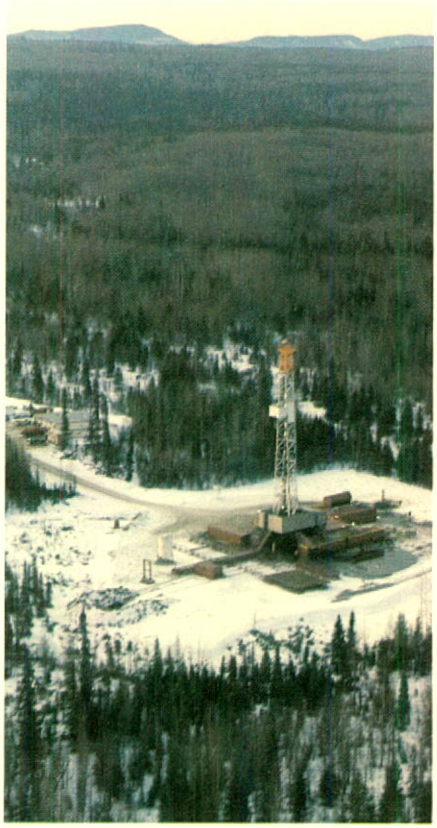
A solution gas dehydration and compression facility in the Lanaway field constructed in late 1980 and early 1981 went on stream in June, resulting in daily gas sales of 1.5 MMcf/d. The Company's interest in this facility is 225 Mcf/d.

United States Operations

In the United States, Czar continued its involvement in the Austin Chalk by placing thirteen wells on production in this south central Texas trend, bringing to thirty the number of producing wells in which Czar has an interest. These wells are currently producing approximately 760 BOPD, of which approximately 400 barrels of oil are net to the Company.

In Louisiana, the Andrepont #1 well was placed on production at 103 BOPD (net 52 BOPD to Czar and funds) and 142 Mcf/d (net 71 Mcf/d). Also during 1981, four gas wells in the North Corn, Oklahoma prospect began initial production at rates between 1 and 4 MMcf/d from the deep Springer gas zone.

Funding and Financing



Czar et al Gates 6-3-82-24-W6M
West Monias area, British Columbia

Funding and Financing

During fiscal 1981, Czar continued to use funds from drilling partnerships and joint ventures to carry out its exploration and development program. Through a public U.S. limited partnership, $19.9 million was raised for exploration in the United States.

In April of 1981, the Company raised net proceeds of $21.5 million through an issue of 1,800,000 common shares and 600,000 common share purchase warrants. These funds were used to pay down the Company's operating bank line of credit.

Gross revenue from production and other sources for the year increased 50% over the year ended October 31, 1980, to $13,320,852 from $8,884,779. The Company's cash flow from operations for 1981 is $1,143,005 or $.11 per share compared with 1980 which was $4,636,470 or $.52 per share. The net loss for the year was $4,681,340 or $.44 per share compared with a profit for 1980 of $1,330,682 or $.14 per share. This loss was the result of substantially higher depletion and depreciation charges in the United States, increased interest expense of $7,087,751 and higher general and administrative expenses. Higher operating activities in Canada and the increased U.S. staff accounted for the increased general and administrative expenses for the year. However, due to the slow down in activities subsequent to fiscal year end, the U.S. staff has been reduced to 59 employees. With additional staff reductions in Canada, Czar's overall number of employees has been reduced to 116.

The Company's operating bank line of credit was used to finance Czar's land acquisitions and drilling and development activities. Czar spent approximately $37.3 million for drilling and equipping wells drilled in 1981. In addition, $5.1 million was spent on land acquisitions and rentals and $2.4 million for production facilities.

Consolidated Statement of Changes in Financial Position

Year Ended October 31, 1981

	1981	1980
		(note 2)
WORKING CAPITAL DERIVED FROM		
Operations		
Net earnings (loss)	$ (4,681,340)	$ 1,330,682
Items not involving working capital	5,824,345	3,305,788
	1,143,005	4,636,470
Issue of long-term debt	59,570,165	—
Issue of common shares for cash, net of share issue expenses	22,550,727	24,503,624
	83,263,897	29,140,094
WORKING CAPITAL APPLIED TO		
Additions to fixed assets	45,293,972	52,916,871
Advances on behalf of drilling programs	1,379,885	—
Reduction of long-term debt	—	2,916,667
Dividends on first preference shares, Series A	—	149,947
Redemption of first preference shares, Series A, for cash	—	145,500
	46,673,857	56,128,985
INCREASE (DECREASE) IN WORKING CAPITAL POSITION	36,590,040	(26,988,891)
WORKING CAPITAL DEFICIENCY AT BEGINNING OF YEAR	(33,520,250)	(6,531,359)
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	$ 3,069,790	$(33,520,250)

Consolidated Balance Sheet

as at October 31, 1981

ASSETS	1981	1980
		(note 2)
CURRENT ASSETS		
Accounts receivable		
—trade	$ 15,389,770	$ 13,436,331
—drilling programs	8,610,573	16,874,506
Inventory of supplies, at lower of cost and net realizable value	3,590,498	2,422,455
	27,590,841	32,733,292
ADVANCES ON BEHALF OF DRILLING PROGRAMS (note 3)	1,379,885	—
FIXED ASSETS		
Petroleum and natural gas leases and rights including exploration, development and equipment thereon	123,669,825	79,649,673
Other	2,124,666	852,742
	125,794,491	80,502,415
Accumulated depletion and depreciation	9,583,152	3,430,787
	116,211,339	77,071,628
	$145,182,065	$109,804,920

Approved by the Board

Director

Director

LIABILITIES	1981	1980
CURRENT LIABILITIES		(note 2)
Bank indebtedness	$ 716,907	$ 47,693,636
Accounts payable and accrued liabilities	17,279,489	17,745,779
Drilling advances	6,524,655	814,127
	24,521,051	66,253,542
LONG-TERM DEBT (note 4)	59,570,165	—
DEFERRED INCOME TAXES	1,262,357	2,461,246

SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 5)		
Authorized		
600,000 First preference shares with a par value of $25 each, issuable in series		
15,000,000 Common shares without nominal or par value		
Issued		
11,628,553 Common shares	59,648,640	36,228,940
RETAINED EARNINGS (note 5 (a))	179,852	4,861,192
	59,828,492	41,090,132
	$145,182,065	$109,804,920

Consolidated Statement of Earnings

Year Ended October 31, 1981

	1981	1980
REVENUE		(note 2)
Production (net of petroleum and gas revenue tax - $253,788; 1980 - nil)	$ 10,713,349	$ 6,703,575
Principal and interest from property dispositions	1,808,253	1,490,260
Management fees	222,708	361,105
Other	576,542	329,839
	13,320,852	8,884,779
EXPENSES		
Production	2,282,367	1,002,821
General and administrative	4,523,669	1,438,610
Interest on long-term debt	6,509,476	223,514
Other interest	2,967,041	2,165,252
Interest capitalized	(3,958,167)	(526,301)
Depletion and depreciation	6,156,233	2,248,091
	18,480,619	6,551,987
Earnings (loss) before income taxes	(5,159,767)	2,332,792
INCOME TAXES		
Current (recovery)	(146,539)	(55,587)
Deferred (reduction)	(331,888)	1,057,697
	(478,427)	1,002,110
NET EARNINGS (LOSS)	$ (4,681,340)	$ 1,330,682
EARNINGS (LOSS) PER COMMON SHARE	$(.44)	$ .14

Consolidated Statement of Retained Earnings

Year Ended October 31, 1981

	1981	1980
BALANCE AT BEGINNING OF YEAR		
As previously reported	$ 4,565,083	$3,680,457
Adjustment due to change in accounting policies (note 2)	296,109	—
As restated	4,861,192	3,680,457
Net earnings (loss)	(4,681,340)	1,330,682
	179,852	5,011,139
Dividends on first preference shares, Series A	—	149,947
BALANCE AT END OF YEAR	$ 179,852	$4,861,192

Notes to Consolidated Financial Statements

Year Ended October 31, 1981

1. Accounting Policies

a) International Accounting Standards

The accounting principles used conform in all material respects with the International Accounting Standards adopted by the International Accounting Standards Committee.

b) Principles of Consolidation

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

c) Foreign Currency Translation

The accounts of the foreign subsidiaries are translated to Canadian dollars on the following basis:

(i) current assets, current liabilities and long-term debt at the rate of exchange in effect as at the balance sheet date;

(ii) fixed assets at the rate of exchange in effect at the date on which the respective assets were acquired; and

(iii) revenue and expenses (excluding depreciation and depletion which are translated at the same rate as the related assets) at the average rate of exchange for the year.

d) Petroleum and Natural Gas Operations

The Company follows the full cost method of accounting for petroleum and natural gas operations whereby all costs of exploring for and developing petroleum and natural gas reserves are capitalized by cost center. A separate cost center is established for each country in which the Company operates, presently Canada and the United States. Costs include land acquisition costs, geological and geophysical expenditures, carrying charges on non-producing property, costs of drilling both productive and non-productive wells, related overhead expenditures and capitalized interest related to major development projects. Costs of major development projects which require significant investment prior to determination of the quantities of proved reserves are excluded from the depletion calculation until the quantities of proved reserves are determined. Costs are depleted by cost center using the composite unit of production method based upon estimated proved developed reserves. In calculating depletion, natural gas reserves are converted to equivalent units of crude oil based on the relative net sales value of each product.

Under certain drilling programs, a significant portion of the consideration for the sale of properties by the Company to limited partnerships is payable to the Company by installments over a period approximating 26 years. Principal and interest payments, in the aggregate, may not exceed a fixed percentage of net revenue from the wells drilled. Unpaid principal installments total $52,786,577 at October 31, 1981 (1980 - $52,376,456). Such principal and interest payments will be recorded in the accounts of the Company as and when received.

All of the Company's exploration and development activities related to petroleum and natural gas are conducted with others; the accounts reflect only the Company's proportionate interest in such activities.

e) Depreciation

Depreciation of petroleum and natural gas production equipment and related facilities is provided on the composite unit of production method based on estimated proved developed reserves of each cost center. Depreciation of other equipment is provided on a straight-line basis at rates which are estimated to amortize the cost of the assets over their useful lives.

2. Change in Accounting Policies

In 1981 the Company adopted, retroactively, a policy for the identification of major development projects which require significant investment prior to determination of the quantities of proved reserves. The costs of such major development projects are excluded from the depletion calculation until the quantities of proved reserves are determined. Expenditures incurred in the acquisition, exploration and development of such major development projects amounted to approximately $26,000,000 at October 31, 1981 (1980 - $7,200,000). The Company also adopted the policy of capitalizing interest as a cost of development of such major development projects. As a result of the retroactive application of these policies, restated retained earnings as at October 31, 1980 and net earnings for the year ended October 31, 1980 have increased by $296,109 ($.04 per share). Net earnings for the year ended October 31, 1981 have increased by $2,244,868 ($.21 per share).

3. Advances on Behalf of Drilling Programs

The Company has advanced funds in respect of certain drilling programs to meet costs incurred which are in excess of the costs originally anticipated under such programs. These advances are recoverable from 75% of future production revenue of the programs.

Notes to Consolidated Financial Statements

Year Ended October 31, 1981

4. Long-Term Debt

	1981	1980
Bank loan, bearing interest at the prime rate of a Canadian chartered bank plus 3/4%	$ 44,050,000	$ —
U.S. dollar bank loan, bearing interest at the U.S. base rate of a Canadian chartered bank plus 3/4% ($12,934,549 U.S.)	15,520,165	—
	$ 59,570,165	$ —

The Company has entered into an agreement with its Canadian banker which provides for an available line of credit of $55,000,000. Principal repayments on the bank loan commence on March 1, 1983 at which time the balance outstanding on the bank loan will be converted to a term loan to be repaid in 96 equal consecutive monthly instalments.

The Company is renegotiating its credit arrangements with a Canadian chartered bank operating in the United States under which the U.S. dollar bank loan has been made. It is anticipated that a line of credit of approximately $9,000,000 U.S. will be established on or about February 28, 1982 which shall be reduced by $750,000 U.S. every three months commencing May 1, 1982 and the principal amount outstanding at March 1, 1983 will be repayable by 14 equal quarterly instalments commencing on May 1, 1983. Finalization of such credit arrangements will require reduction of the U.S. dollar bank loan to the authorized line of credit which reduction will be funded by additional borrowing under the line of credit with the Canadian banker.

Long-term debt is secured by an assignment of accounts receivable and certain petroleum and natural gas properties and revenue interests therein. The Company has agreed with its Canadian banker that it will not encumber any of its assets or dispose of any of its petroleum or natural gas properties, other than to its joint venture participants in the normal course of business, without, in each case, the consent of the bank.

5. Capital Stock

a) First Preference Shares, Series A

Retained earnings include a Capital Redemption Reserve Fund in the amount of $145,500 as required under the Companies Act (Alberta) in respect of the redemption of 5,820 first preference shares, Series A, which fund is not available for the payment of dividends.

b) Common Shares

Changes in issued common shares were:

	Number of Shares	Consideration
Balance at October 31, 1979	7,224,470	$ 3,064,336
Issued for cash less applicable share issue expenses of $1,070,301 (net of deferred income taxes of $856,480)	1,500,000	24,804,699
Issued for cash on exercise of stock options	108,644	555,575
Issued on conversion of first preference shares, Series A	780,439	7,804,330
Balance at October 31, 1980	9,613,553	36,228,940
Issued for cash less applicable share issue expenses of $1,877,903 (net of deferred income taxes of $868,973)	1,800,000	22,391,070
Issued for cash on exercise of stock options	215,000	1,028,630
Balance at October 31, 1981	11,628,553	$59,648,640

c) At October 31, 1981 directors, officers and employees held options to purchase 349,800 common shares of the Company at prices ranging from $5.31 to $16.43 per share. Such options are exercisable from time to time to October 1986.

Notes to Consolidated Financial Statements

Year Ended October 31, 1981

6. Commitments and Contingent Liabilities

Lease commitments in respect of office premises and other equipment at October 31, 1981 amount to $2,942,000 which will be expended as follows: 1982 - $1,071,000; 1983 - $1,009,000; 1984 - $638,000; and 1985 - $224,000.

Commitments in respect of long-term drilling rig contracts at October 31, 1981 amount to $3,919,000 which will be expended as follows: 1982 - $2,652,000; 1983 - $1,267,000.

The Company has entered into joint venture agreements with a number of limited partnerships for the exploration and development of properties. Costs incurred under these agreements are shared between the Company and such limited partnerships. Under certain of these agreements, costs attributable to the Company must exceed a specified percentage of costs attributable to the limited partnership. The Company has estimated that its maximum obligation in 1982 in order to meet this requirement is approximately $1,400,000. In addition, certain of the limited partnerships are required, beginning in 1981, to retire in each year up to a maximum of 10% of the limited partnerships' interests initially issued by the limited partnerships. The Company is required to purchase an interest in the assets of the limited partnerships to enable the limited partnerships to finance these obligations. The Company has estimated that its maximum potential obligation in 1982 in respect of such requirement is approximately $4,000,000.

7. Segmented Information

The Company has a single line of business, which is the exploration for and the development and production of oil and gas. Information about the Company's operations by geographic segment is as follows:

	1981	1980
Identifiable assets		
Canada	$101,544,718	$ 88,781,924
United States	43,637,347	21,022,996
Total	$145,182,065	$109,804,920

	Year Ended October 31, 1981		
	Canada	United States	Total
Production	$5,578,720	$5,134,629	$ 10,713,349
Principal and interest from property dispositions	1,766,878	41,375	1,808,253
	$7,345,598	$5,176,004	$ 12,521,602
Operating profit	$3,348,585	$ 734,417	$ 4,083,002
Other revenue			799,250
			4,882,252
General and administrative expense			4,523,669
Interest expense			5,518,350
			10,042,019
Loss before income taxes			$ (5,159,767)

Notes to Consolidated Financial Statements

Year Ended October 31, 1981

7. Segmented Information (continued)

	Year Ended October 31, 1980 (note 2) Canada	United States	Total
Production	$4,245,525	$2,458,050	$ 6,703,575
Principal and interest from property dispositions	1,429,654	60,606	1,490,260
	$5,675,179	$2,518,656	$ 8,193,835
Operating profit	$3,123,017	$1,819,906	$ 4,942,923
Other revenue			690,944
			5,633,867
General and administrative expense			1,438,610
Interest expense			1,862,465
			3,301,075
Earnings before income taxes			$ 2,332,792

8. Related Party Transactions

A significant shareholder, director and senior officer of the Company is a majority shareholder of a corporation which is the general partner of certain limited partnerships and the manager of certain other companies which have entered into joint ventures with the Company for the exploration and development of properties. At October 31, 1981 the said limited partnerships and companies were indebted to the Company in the aggregate amount of $9,990,458 (1980 - $13,833,365). In the year ended October 31, 1981 the charges made by the Company to such limited partnerships and companies totalled $48,032,918 (1980 - $31,730,352).

9. Statutory Information

During the year the Company paid remuneration of $706,894 to its senior officers (including the five highest paid employees). Three of the directors are also officers and received no remuneration in their capacity as directors. One director received remuneration of $5,000.

In 1980 the Company established a Management Compensation Plan by which gross overriding royalties are granted to employees. The gross overriding royalties are granted on all wells drilled after March 30, 1980 to a maximum of 2.5% of the Company's share of gross revenue.

Auditors' Report

We have examined the consolidated balance sheet of Czar Resources Ltd. as at October 31, 1981 and the consolidated statements of earnings, 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 October 31, 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, after giving retroactive effect to the change in method of accounting for petroleum and natural gas operations as explained in note 2, on a basis consistent with that of the preceding year.

Calgary, Canada
February 17, 1982

Thorne Riddell
Chartered Accountants

ABBREVIATIONS

Throughout this report standard oil and gas abbreviations have been used. Their explanation is as follows:

AOF	Absolute Open Flow
Bbl	Barrel
Bcf	Billion Cubic Feet
b/d	Barrels Per Day
BOPD	Barrels of Oil Per Day
Mcf	Thousand Cubic Feet
MMcf	Million Cubic Feet
MMcf/d	Million Cubic Feet Per Day
psi	Pounds Per Square Inch

CZAR RESOURCES LTD.

Printed in Canada