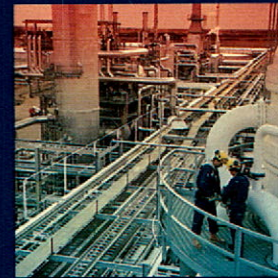
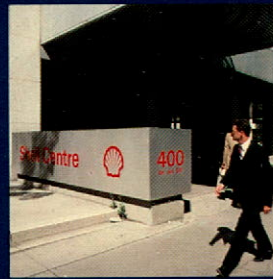


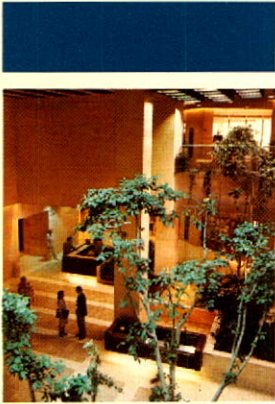


Shell Canada Limited

Annual Report 1984



Putting technology and people to work



A view of the main lobby of Shell Centre in Calgary, new corporate headquarters for Shell Canada Limited.

Contents

2	President's message
4	Directors
5	Highlights
6	Officers
7	Operations review
8	Resources Group
14	Products Group
18	Corporate/Business Services
21	Financial review
22	Performance and outlook
25	Accounting policies
26	Statements
29	Notes
37	Auditors' report
38	Five-year data
40	Supplemental disclosure
46	Accounting for inflation
48	Investor information

Shell Canada is a major energy resources company which excels in the development and application of advanced technology. Out of it flow economic and social benefits for Canadians.

This contribution is reinforced in a national corporate advertising program launched in 1984, using the theme "Shell Canada - Putting technology and people to work." That theme is carried throughout this report, with some scenes from the television commercials featured on the cover.

The Corporation, with assets of \$5.8 billion, is one of the largest integrated petroleum companies in Canada. It is a major producer of crude oil and natural gas liquids, one of the largest natural gas producers, Canada's largest sulphur producer, a significant producer of thermal and metallurgical coal, and a leading manufacturer, distributor and marketer of refined petroleum products and petrochemicals.

1984 financial performance

Shell Canada's 1984 earnings, before provision for an extraordinary item, were \$158 million, an increase of \$56 million over 1983. After the extraordinary costs associated with corporate reorganization, relocation and staff reductions, earnings totalled \$123 million. The increase over 1983 resulted primarily from improved margins for petroleum products.

Internally generated cash, up \$56 million at \$659 million, reflected higher operating income. Capital and exploration expenditures of \$479 million were \$267 million lower than in 1983 when major program expenditures for the Scotford refinery and chemical complex were made.

Unless the context indicates otherwise, the terms 'Shell', 'Shell Canada', 'Shell Canada Limited', 'Corporation', 'we', 'our' and 'its' are used interchangeably in this report to refer to Shell Canada Limited and consolidated subsidiaries.

On peut obtenir ce rapport en français sur demande.

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In 1984, with implementation of a comprehensive strategic plan, Shell Canada restructured its organization, moved the corporate headquarters to Calgary from Toronto and significantly downsized the staff and management of the Corporation. A number of corporate departments and Oil Products and Chemicals head office activities were transferred to Shell Centre in Calgary (left). The consolidation refocuses the organization on its significant oil and gas business and other investments in Western Canada. However, Shell Canada will continue as a national organization, maintaining strong oil products and petrochemicals operations across the country.

President's Message

Shell Canada recorded improved earnings in 1984 and began implementing its strategic plan. The result of these strategic initiatives will be a more profitable, streamlined, productive and responsive organization, poised to adapt to the rapid changes occurring in the national and international economies.

C. William Daniel, President and Chief Executive Officer, with Director Antoine Turmel at official opening of the Scotford complex.

Change and renewal characterized Shell Canada's progress in 1984. While Canadians elected a new government and began charting a new economic course, Shell prepared itself for the opportunities ahead.

The Corporation's earnings showed considerable improvement in 1984. After declining during the past three years, earnings rose to \$158 million, up from \$102 million in 1983. The higher earnings primarily reflect improved margins in Oil Products. Among other major achievements, the \$1.4 billion Scotford refinery and chemical complex was opened near Edmonton. In addition, Shell launched a first-stage, \$200 million expansion of its in-situ oil sands recovery project at Peace River in northern Alberta.

Key initiatives undertaken

At this time last year I emphasized the completion of our comprehensive strategic plan following a rigorous review of the Corporation's several businesses. Canada's economy, along with the rest of the world's, is undergoing fundamental structural change. Shell Canada has redefined its focus to adapt to the rapid changes taking place and to become much more competitive. As a consequence, Shell's strategic plan adopts a sharper focus on oil and natural gas investment opportunities, while promoting the long-term, nationwide strength of our oil and chemical products operations. We are concentrating our investments and initiatives where we have particular advantages and see the potential for long-term success.

The major task for Shell Canada during 1984 was to start implementing the strategic plan. There were three key 1984 initiatives: organizational restructuring, office consolidation and relocation to Calgary, and staff/management reduction. I am



confident the result will be a more streamlined, productive and responsive organization and a more profitable company.

The relocation of our corporate offices to Calgary from Toronto puts us on top of our major upstream business opportunities. In the restructuring, we significantly reduced the levels of management. A consolidated Business Services group has been created to provide professional and administrative support to both the upstream Resources Group and downstream Products Group. At the same time, we made major changes to our oil and chemical products business organizations to provide more focus on the customer and faster response to business opportunities.

Pro-active management style

Shell Canada is also in the process of reshaping its "corporate culture". We are placing a renewed emphasis on encouraging an entrepreneurial or risk-taking style within the Corporation. This means a more pro-active, involved management.

Furthermore, we continue to stress communication with all employees so that they can contribute more fully to the operation of the business while enhancing their careers. We recognize that they are fundamental to the success of your Corporation. We will succeed only with their active and enthusiastic support.

As we emphasized in our corporate advertisements, which were launched in 1984, technology is a critical part of our business. Technology – the blending of scientific knowledge and advanced engineering with the practical experience of individuals and teams – is the key to staying competitive during rapid global change. Under the technology plan implemented last year, we identified our major strengths and weaknesses and the main issues we need to address. Those plans are being fully integrated into our business objectives and strategies.

Outside the company, Shell is encouraged by the new business climate developing across the country. Shell Canada applauded the federal government's intentions to change the regressive sections of the National Energy Program (NEP) and adopt a positive attitude towards developing a new Canadian energy policy. As well, the government's emphasis on private enterprise and its broadly-based process of consultation with respect to economic initiatives are all welcome changes.

Overall, the combined impact of the healthier investment environment, a revised national energy policy, and the Corporation's revitalized operation bodes well for Shell Canada's financial outlook. As a national Corporation, involved in

everything from oil and gas exploration to the manufacturing and marketing of petroleum and chemical products, Shell Canada is well poised for growth.

Immensely rewarding years

I retire this spring, almost 11 years after being appointed President and Chief Executive Officer of Shell Canada. I welcome the nomination of J.M. MacLeod as my successor. My 38 years with Shell have been immensely rewarding, not only for the challenges I faced, but because of the thousands of people I came to know, both inside and outside the Corporation. I would like to thank all of them for their tremendous support and encouragement throughout the years. In particular, I thank Shell Canada's employees for their patience and hard work during a year of difficult transition.

Out of change comes growth. As a consequence of the outstanding efforts of the employees and the improved results that will be realized from the new strategic program, I know Shell Canada is better prepared than ever to move into the future. There is a renewed dedication to performance and a will to excel amid a mood of confidence and optimism. This revitalization promises a host of benefits in the years ahead for Shell Canada's shareholders, employees, customers, dealers and agents, as well as Canadians generally.

On behalf of the Board,



C. William Daniel
President and Chief Executive Officer
Calgary, Alberta, March, 1985

Board of Directors

at December 31, 1984



Sir Peter Baxendell, CBE
Chairman and Managing Director,
The "Shell" Transport and Trading Company, p.l.c.,
London, England



Peter J.G. Bentley, O.C.
President and Chief Executive Officer,
Canfor Corporation,
Vancouver



J.E. Czaja
Executive Vice President,
Shell Canada Limited,
Calgary

Audit Committee

Composed of Messrs. Bentley, Lodge and Turmel, reviews Shell's financial statements, the scope and results of the shareholders' auditors' work, the adequacy of internal accounting controls and internal audit programs, and the compliance with accounting and reporting standards.

Management Resources and Compensation Committee

Composed of Messrs. Bentley, Daniel, Light and Turmel, reviews and recommends to the Board succession plans for senior management and reviews and approves executive compensation.



C. William Daniel, O.C.
President and Chief Executive Officer,
Shell Canada Limited,
Calgary



Dr. James M. Ham, O.C.
Professor of Science,
Technology and Public Policy,
University of Toronto, Toronto



Walter F. Light
Chairman,
Northern Telecom Limited,
Mississauga



Lorne K. Lodge
Chairman and Chief Executive Officer,
IBM Canada Ltd., Markham



Margaret Southern
President,
Spruce Meadows Equestrian Centre,
Calgary



Donald J. Taylor
Executive Vice President,
Shell Canada Limited,
Calgary

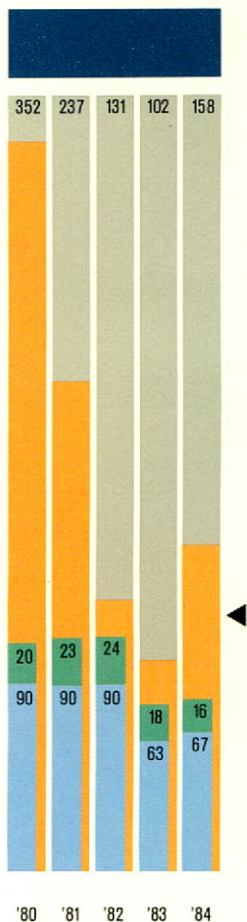


Antoine Turmel, O.C.
Chairman of the Board and Chief Executive Officer,
Provigo Inc., Montreal



L.C. van Wachem, CBE
President and Managing Director,
Royal Dutch Petroleum Company,
The Hague, Netherlands

Shell Canada – Financial and Operating Highlights

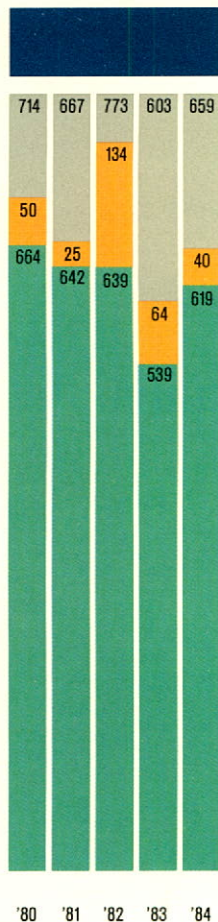


Earnings (\$ millions)

- Earnings before extraordinary item
- ◀ Earnings after extraordinary item

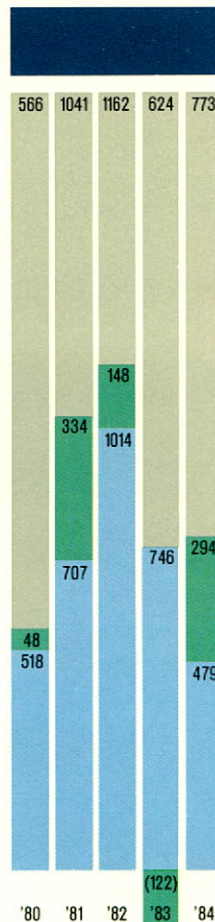
Dividends (\$ millions)

- Preferred
- Common



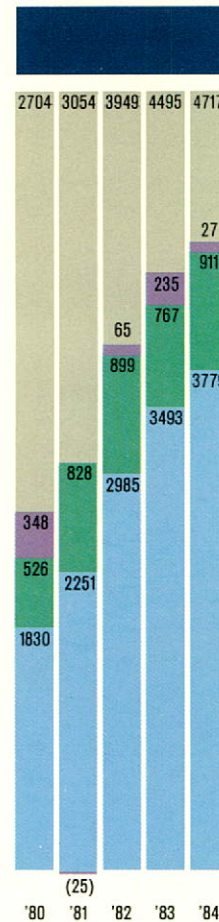
Cash internally generated (\$ millions)

- Other
- Cash from operations



Investment during the year (\$ millions)

- Working capital (excluding cash) and other investments
- Capital and exploration expenditures



Capital employed (\$ millions)

- Cash and short-term investments less short-term borrowings
- Working capital (excluding cash)
- Net fixed assets and other investments

Financial

(\$ millions, except per share amounts)	1984	1983
Earnings – before extraordinary item	158	102
– after extraordinary item	123	102
Return on average capital employed	4.2%	4.1%
Return on average common equity	4.8%	4.2%
Earnings per Class “A” Common Share		
– before extraordinary item	1.27	0.83
– after extraordinary item	0.96	0.83
Dividends paid per Class “A” Common Share	0.60	0.60
Adjusted for general inflation		
– earnings	22	7
– return on average capital employed	1.5%	1.4%

Operating

	1984	1983
Crude oil and natural gas liquids produced – gross (m ³ /d)	11 400	10 100
Natural gas produced and sold – gross (thousands of m ³ /d)	14 500	15 200
Sulphur sales – gross (tonnes/d)	3 960	3 590
Coal sales – gross (tonnes/d)	5 749	3 795
Crude oil processed by Shell refineries (m ³ /d)	33 600	31 900
Petroleum product sales (m ³ /d)	32 900	32 500
Chemical sales (tonnes/d)	1 667	1 378

Officers



at December 31, 1984

C. William Daniel
President and
Chief Executive Officer,
Calgary

J.E. Czaja
Executive Vice President,
Calgary

Donald J. Taylor
Executive Vice President,
Calgary

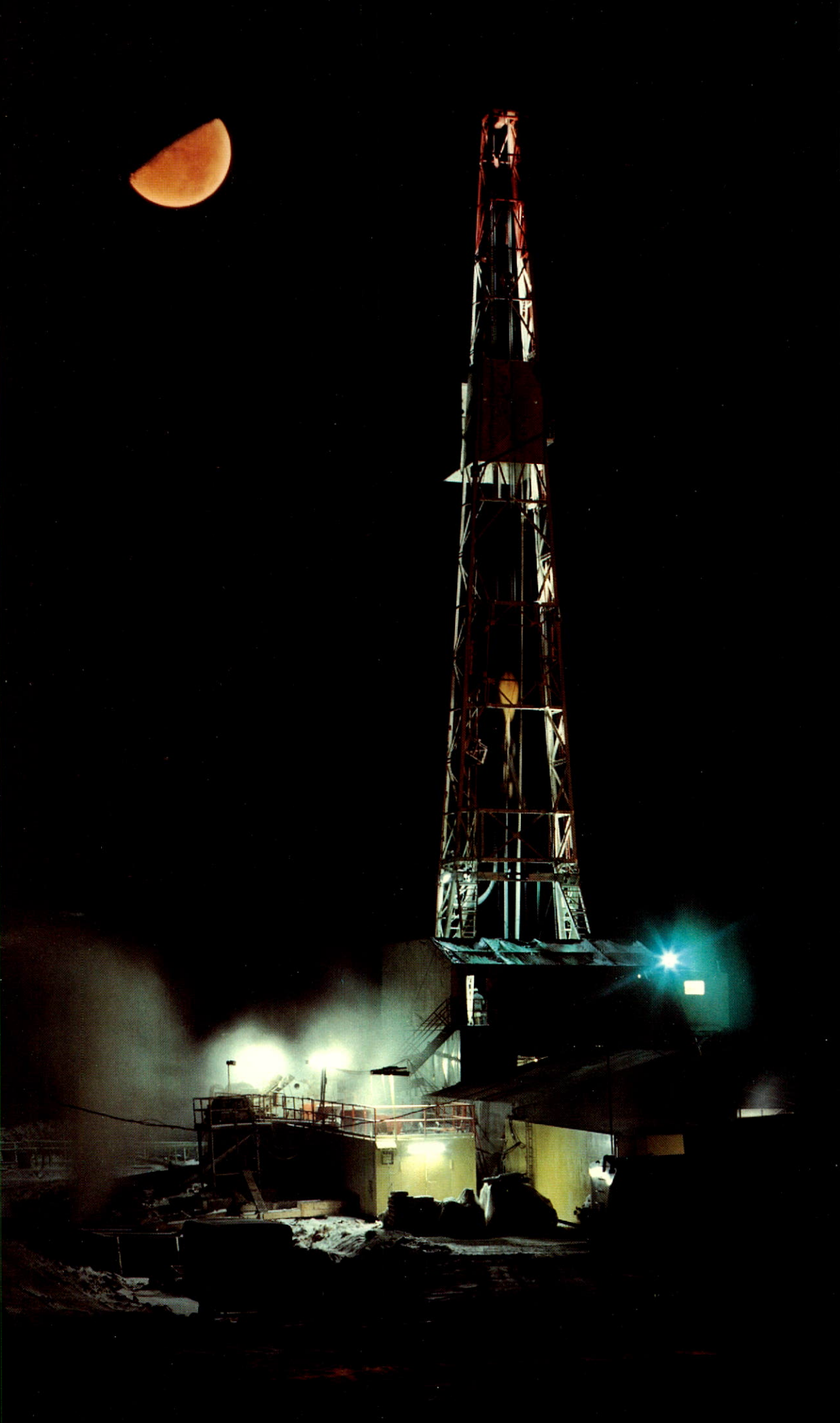
D.G. Stoneman
Senior Vice President
(Business Development),
Calgary

R.F. Taylor
Senior Vice President
(Business Services),
Calgary

G.B. Darou
Vice President (Finance)
and Treasurer,
Calgary

J.M. Killey
Vice President
(General Counsel)
and Secretary,
Calgary

G.L. Peterson
Controller,
Calgary



Shell Canada



Resources Group

Oil and Gas
In-situ oil sands
Enhanced oil recovery
Coal



Products Group

Oil Products
Chemicals



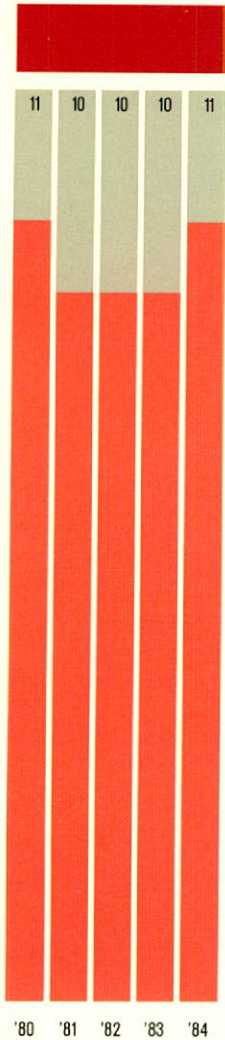
Corporate/Business Services

Finance
Information and Computing
Research
Human Resources

Drilling activity at Sturgeon Lake South in northwestern Alberta.

Resources Group

The Corporation continues to place renewed major emphasis on oil exploration and production in Western Canada. Shell drilled or participated in nine oil discoveries in 1984 and progress continued on oil sands in-situ and enhanced oil recovery. Offshore successes included two natural gas discoveries off Nova Scotia.



Gross production of crude oil and natural gas liquids rose 13 per cent over 1983
(thousands of cubic metres daily)

Shell Canada Resources' investment programs reflect a strategy of increased emphasis on improving oil reserves and production in Western Canada and continuing the Corporation's strong position in natural gas. At the same time, it is pursuing major East Coast exploration activity to follow up discovery successes of 1983 and 1984. Although natural gas export demand remained weak through 1984, the Corporation is positioning itself to increase gas sales when an expected market upturn occurs within the next two to three years.

There was an indicated shift during the year in government policy direction, both federal and provincial, as it affects the petroleum industry. A movement toward deregulated oil prices and revisions to the federal pricing system covering natural gas exports were steps toward improved cash flow prospects for the industry. These changes will allow oil and gas pricing to more closely reflect actual market conditions and better enable the industry to assess investment programs. However, a significant portion of investment is contingent on anticipated improvements by governments in the fiscal regime.

Shell regards the new federal gas export pricing policy as particularly important since it gives Canadian natural gas more flexibility in United States markets, serving as a clear signal that Canada will be price competitive during the current period of over-supply. The federal policy, announced in July, 1984, permits exporters to negotiate prices with customers, subject to approvals, as an option to selling under the administered pricing system. Exporters who negotiate prices must show that such transactions are expected to give Canada a greater economic return than under administered prices.

This new pricing flexibility should prevent further erosion of market shares in the United States and enable Canada to reposition itself as a major base-load supplier to U.S. customers, as well as strengthen Shell's prospects for increased export volumes as gas markets recover. U.S. demand may begin to show firmness in 1985 while domestic natural gas sales by Shell should increase moderately.

Shell's 1984 exploration and development activities were concentrated in the conventional producing regions of Western Canada and in offshore Nova Scotia. A total of \$202 million was spent in Western Canada and \$56 million in the Nova Scotia offshore. Fifty exploration and development wells were drilled, resulting in 26 successful oil wells and 10 successful gas wells. Nine oil discoveries were made in Western Canada. The 1983 Nova Scotia offshore gas discovery at Glenelg was followed in 1984 by gas discoveries at Alma F-67 and Uniacke G-72.

Net proved developed crude oil and condensate and natural gas reserves remained about the same in 1984, with revisions and additions slightly exceeding production for crude oil and condensate and slightly less than production for natural gas. Production exceeded additions and revisions for natural gas liquids and sulphur, in part due to the fact that 1984 natural gas additions were sweet, dry gas (no sulphur or natural gas liquids). It is worth noting that crude oil and condensate additions and revisions have matched production since 1982 after a period of declining reserves. Additional reserves data are shown on page 42 of this report.

Technology is the key component of Shell's successful steam drive bitumen recovery project at Peace River in northern Alberta. Agreements with governments in 1984 enable the Corporation to proceed toward commercial development of this major oil sands accumulation. The expansion is an important step in Shell's program to increase crude oil reserves and production potential. Reserve additions



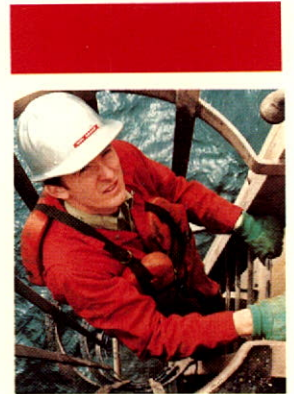
associated with the Peace River expansion are estimated to be 7.2 million cubic metres.

Enhanced oil recovery projects, being investigated for a number of Shell's existing fields, also hold promise of enlarging reserves and production capability by using advanced technology. While conventional production methods, on average, recover approximately 30 to 35 per cent of the original oil in place, miscible flooding has the potential of raising this a further 10 to 20 per cent to a total recovery of 40 to 55 per cent. These Shell activities – in particular, pursuing the use of carbon dioxide as a miscible solvent – underline a strategy of aggressively pursuing enhanced recovery investment opportunities.

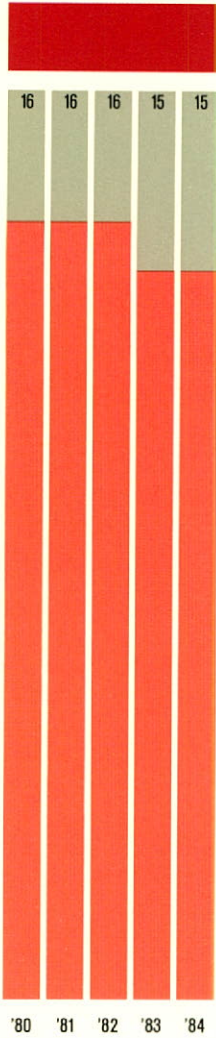
Crude oil developments

Shell increased the emphasis on oil exploration and production in Western Canada in 1984. The total number of Shell-operated exploration wells more than doubled and the percentage of successful wells was higher than in any year in the last decade. The Corporation drilled or participated in nine oil discovery wells – eight in central and northwestern Alberta at Wembley, Slave, Henderson, Sakwatamau, Sturgeon Lake South, Dunvegan and Rainbow and one in southeastern Saskatchewan at Lake Alma. Overall, these discoveries are expected to add approximately 800 000 cubic metres to Shell's proved oil reserves when delineation of these new pools is completed. Extensive seismic and exploratory drilling programs are scheduled in selected areas in Western Canada in 1985 and will be supplemented by work conducted by other companies on Shell lands as required through farm-out agreements.

The offshore drilling rig Sedco 709 as seen from the supply boat Heather Sea.



Mark Donahue climbs the crane pedestal of the rig Sedco 709 off Nova Scotia.



Gross natural gas volumes produced and sold were virtually unchanged from 1983
(millions of cubic metres daily)

Development drilling continued in several oil fields, including four wells at Manyberries in southeastern Alberta and two wells at Wembley.

As part of an ongoing program to improve oil production from existing Shell-operated fields, infill drilling (new wells spotted between currently operating wells) was conducted in the Benson and Midale fields of Saskatchewan, Alberta's Virginia Hills field and a number of outside operated fields. A total of 10 such infill wells were drilled in 1984.

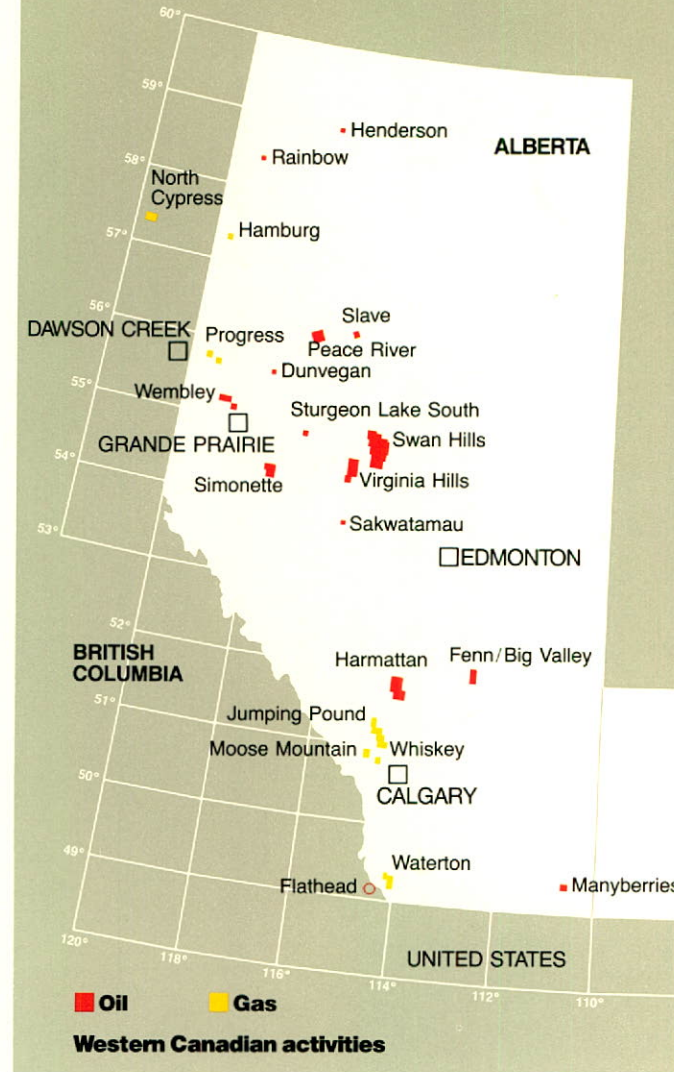
Enhanced recovery initiated

Infill programs also provide the basis for enhanced recovery projects initiated in some Shell-operated oil fields during 1984. At Midale, in addition to infill drilling, a carbon dioxide miscible flood pilot was started. Results of the pilot will be important in other Shell-interest fields in the region and the pilot activities could lead to commercial-scale projects by the late 1980s. An application for a small-scale commercial miscible flood in the Simonette field was filed with the Alberta Energy Resources Conservation Board.

Three delineation wells were drilled in the Flathead Valley of southeastern British Columbia to test the carbon dioxide potential of the area. Carbon dioxide, if present in sufficient volume, could be developed for use as an injectant in oil field recovery projects in Western Canada. Results from the three wells were encouraging and the program will continue in 1985.

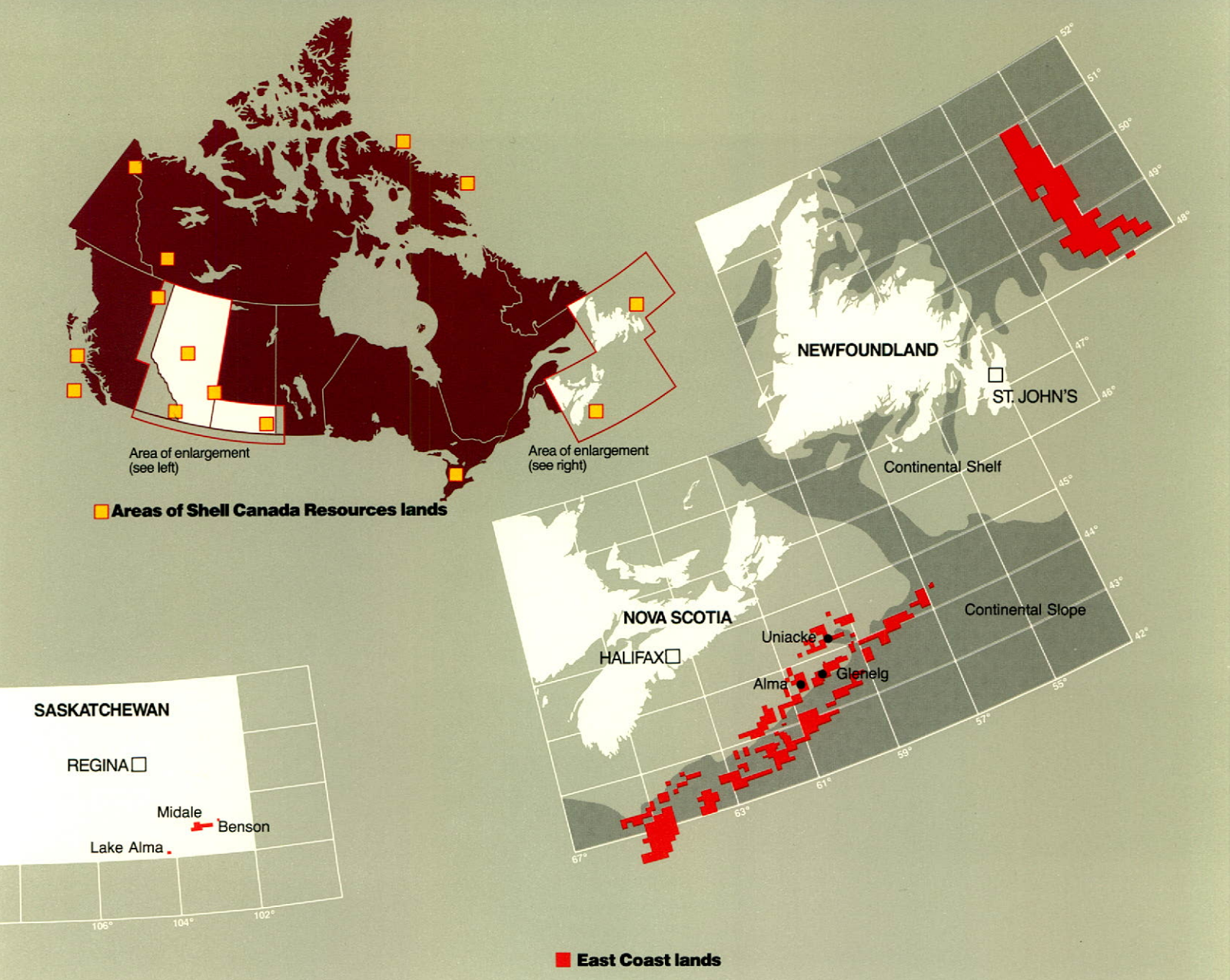
Expansion of Peace River project

Shell's plans for commercial development of the Peace River in-situ oil sands moved forward in 1984. Agreements were reached with the federal and Alberta governments on royalty and fiscal terms, and final approvals were received by year-end to quadruple production capability.



The go-ahead represents a major success for Shell's oil sands technology. On the basis of field tests and laboratory research which began in 1962, Shell developed a pressure-cycle steam drive process specifically designed for the geology of the Peace River area. For the last five years, the process has been effectively demonstrated in a pilot project at the site which achieved peak production of 410 cubic metres daily. The pilot wells will continue to be operated for about another five years.

Total initial cost of the first-stage expansion is estimated at \$200 million, with

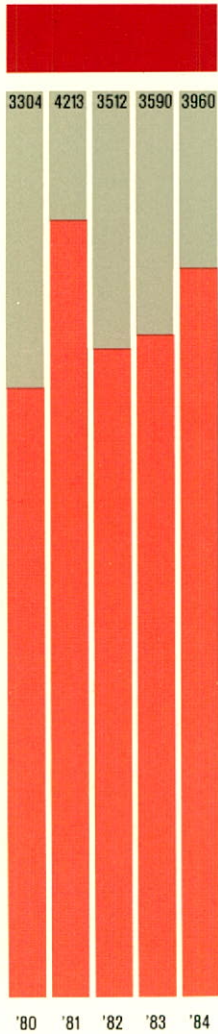


Shell Canada having a 50-per-cent share. Production capability of 1600 cubic metres a day is scheduled to be realized in late 1986. The project will involve drilling and completing approximately 200 wells and expanding steam generation and production facilities. Engineering design and development of cost estimates were begun in 1984. Site preparation and drilling started early in 1985. Construction will be carried out over a two-year period, requiring a peak work force of between 300 and 500 people. When in operation, the expanded project will employ more than 100 people. Additional wells and field facilities over the 30-year life of the expanded project could involve an estimated \$500 million investment. Shell is

evaluating the feasibility of further expansions on a timely basis.

Natural gas developments

Shell continued seismic and exploratory drilling programs in the Alberta and British Columbia foothills during 1984. Four wells were drilled in the Alberta foothills; two are awaiting evaluation and two were abandoned. In the northeastern British Columbia foothills, a test was drilled approximately six kilometres northwest of Shell's 1982 North Cypress gas discovery.



Sulphur sales rose 10 per cent in 1984
(tonnes daily)

The well flowed small volumes of gas on test and confirmed the northern extension of the structure. A second appraisal well is planned to delineate further the size of the accumulation. Development work proceeded in producing gas fields to maintain production levels required to meet existing gas sales contracts. This included the drilling of four wells in the Jumping Pound West field. A successful step-out well was drilled to the 1983 gas discovery at Hamburg in north-central Alberta.

Construction proceeded on the Progress gas plant and gathering system 65 kilometres northwest of Grande Prairie. Shell will operate the \$41 million centralized facility to process natural gas from four area fields, and has a 33 per cent share. Plant start-up is expected in late 1985. It is designed to produce 1.2 million cubic metres a day of marketable natural gas, 290 cubic metres daily of liquid petroleum products and 13 tonnes a day of sulphur.

The \$42 million Moose/Whiskey pipeline and gathering system west of Calgary is under construction and expected to be on stream in late 1985. The project will gather gas from five wells in the Moose field for delivery to a compressor station in the Canyon Creek Valley, then by main pipeline to a plant at Quirk Creek. A well at Whiskey will be tied into the main pipeline. Approval to process gas at the Quirk Creek plant was received early in 1984. Shell's initial share of contracted gas sales is expected to be approximately 300 000 cubic metres a day.

Sulphur sales volumes rebound

During the year, sulphur demand and prices rebounded strongly from the downturn of 1982-83. Shell's inventories declined in 1984 as sales volumes increased 10 per cent to an average of 3960 tonnes daily. Shell is Canada's largest producer and independent marketer of sulphur, with some 80 per cent of volumes directed to markets outside North America. For those markets, sulphur must be formed into pellets or granules. To increase



Duncan Cook and Pat Kerr with operator Bill Walsh in the technologically advanced control room which adjusts pressures and temperatures at the Peace River in-situ oil sands project.

Shell's forming capability, construction is proceeding at the Jumping Pound plant on an \$11 million unit with a planned capacity of 400 000 tonnes a year and anticipated start-up in the third quarter of 1985.

Frontier exploration activities

In 1984, Shell and partners continued exploration drilling and seismic programs offshore Nova Scotia which resulted in

two natural gas discoveries – Uniacke G-72 and Alma F-67 on the continental shelf 260 and 320 kilometres respectively east-southeast of Halifax. One test, South Desbarres 0-76, was abandoned.

Uniacke G-72 flowed gas from one zone and gas and water from a second zone, with minor amounts of condensate in the interval from 5110 to 5237 metres. Gas flow rates were 399 000 cubic metres and 353 000 cubic metres a day with 19 cubic metres a day of water. A test of the entire interval flowed gas at a rate of 583 000 cubic metres daily. Fluid rate was not measured in this test.

Alma F-67 flowed gas from three zones in the interval from 2872 to 2984 metres. Gas flow rates ranged from 316 000 to 842 000 cubic metres a day, with minor amounts of condensate.

A first appraisal well, Glenelg E-58A, was drilled to follow up the 1983 discovery on the Glenelg structure, 300 kilometres southeast of Halifax. Two zones flowed gas at initial daily rates of 695 000 and 310 000 cubic metres, although these rates declined during the tests. A second appraisal well, Glenelg H-38, was abandoned in January, 1985.

Additional drilling will be required to evaluate the commercial potential of the Glenelg, Alma and Uniacke discoveries. An appraisal well, Alma K-85, is being drilled.

During the year, the Corporation conducted seismic programs offshore Newfoundland at Gander and in the Mackenzie River Delta in the Northwest Territories.

Coal competition remains intense

Crows Nest Resources shipped 1 038 000 tonnes of metallurgical coal and 1 072 000 tonnes of thermal coal from its Line Creek mine in southeastern British Columbia in 1984, compared with 752 600 and 632 500 tonnes respectively in 1983. Product quality was maintained and customers' requirements were fully met during the year.

World coal markets, however, remain sluggish because of reduced demand for metallurgical coal by steel mills and lower

growth in thermal coal demand from power generation sectors.

Operations continue at the Line Creek mine under long-term contracts for one million tonnes annually of metallurgical coal to Japan and 1.5 million tonnes a year of thermal coal to Korea. These contracts are subject to periodic review in light of market conditions.

The Corporation, following a strategic review of the coal business, initiated plans in 1984 to maximize cash flow from Line Creek, place greater emphasis on more

Coal is loaded on train at Crows Nest Resources' Line Creek mine in southeastern British Columbia.



profitable metallurgical coal production, increase productivity and effect further cost reductions. A feasibility study was also completed on the Telkwa thermal coal project near Smithers, B.C. Owing to reduced growth in export demand for thermal coal, no commitment to proceed with this project is likely over the next several years. However, the necessary applications to the B.C. government for approval in principle will be made in 1985 so that the project can move forward when market conditions improve.

Products Group

A restructured Products Group is developing long-term competitive positions to achieve profitability levels above industry averages. Oil Products in 1984 improved refinery utilizations and continued to strengthen market positions. Marketing efforts by Chemicals complemented the successful launch of Scotford as well as full use of existing plants.

OIL PRODUCTS

The Oil Products division took positive steps toward improving productivity and profitability over the long term. Higher refinery utilizations and corresponding throughputs, in excess of the industry average, were made possible through continued consolidation of facilities.

Despite a continuing decline in gasoline demand in many Canadian regions and persistent industry refining over-capacity, the division is well placed to compete aggressively and successfully as a major oil products marketer. Reorganization resulted in replacing the three-region geographical configuration with two complexes, eastern and western, each a profit centre encompassing the supply, manufacturing, distribution and marketing facilities in its area. Both have a strong mandate for raising management performance standards in keeping with company-wide realignment and productivity expectations.

Refinery utilizations at Sarnia and Montreal in 1984 were near maximums, due in part to crude oil processing agreements with other manufacturers as well as the 1983 closing of Shell's refinery facilities at Oakville, Ontario, and St. Boniface, Manitoba. Refineries at Shellburn in British Columbia and Bowden in Alberta operated efficiently throughout the year at an average in excess of 85 per cent of capacity. These refineries will play an important role in 1985 by maintaining a balance of product supply throughout the western complex.

Scotford complex officially opened

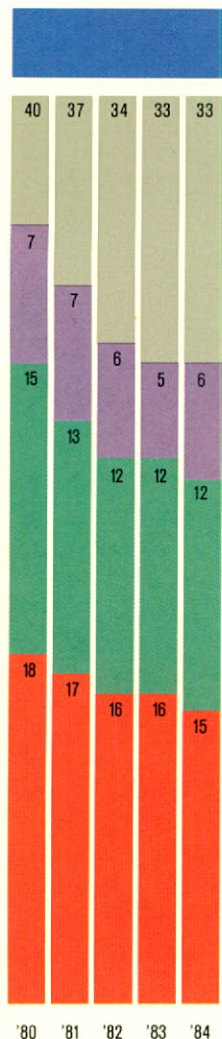
The \$1.4 billion Scotford, Alberta, refinery and petrochemical plant, the largest single project in Shell Canada's history, was completed on schedule and under budget and was officially opened in September, 1984. Start-up of both was under way by late summer and production reached anticipated levels by year-end, despite supply concerns and unseasonably cold weather in the fourth quarter.

State-of-the-art technology and equipment have been installed in the Scotford project. The new refinery is the world's first to process synthetic crude oil exclusively. Using feedstock from Alberta's oil sands, it provides Shell with significant cost efficiencies through higher yields and competitive product quality.

Initial process capacity of the refinery is 8000 cubic metres a day, with the capability to expand to 11 000 cubic metres daily. It is producing mainly transportation fuels for markets from northwestern Ontario through Western Canada, semi-finished feedstock for the Shellburn refinery in B.C. and benzene for the styrene monomer plant. In spite of lower-than-anticipated growth in the Western Canadian economy and continuing over-capacity, the refinery is expected to reach 85 per cent of capacity in 1985.

Marketing activities improved

In marketing activities, Oil Products' determination to continue a strong market position is reflected in a renewed drive to reinforce a customer focus in all operations, accenting practices that promote the long-term value of the customer to Shell. The Corporation is also increasing its direct involvement in broadening marketing operations, such as convenience food stores and car washes, in order to improve standards and enhance customer service.



Petroleum product sales increased marginally over 1983
(thousands of cubic metres daily)

Other products
Middle distillates
Gasolines



Successful pre-testing was completed in 1984 of a program designed to heighten the visibility and improve the appearance of Shell retail outlets. Oil Products is embarking on an upgrading plan over several years, with a number of service stations due for change in 1985.

Lubricants business expands

Lubricating oils and greases continued to experience sharply higher sales in 1984. Lubricants export sales were triple those in the previous year; grease sales were up 50 per cent. A new premium high-grade motor oil, TLO, was test-launched in Ontario during 1984 and, based on the early marketing success, will be introduced across the country in 1985.

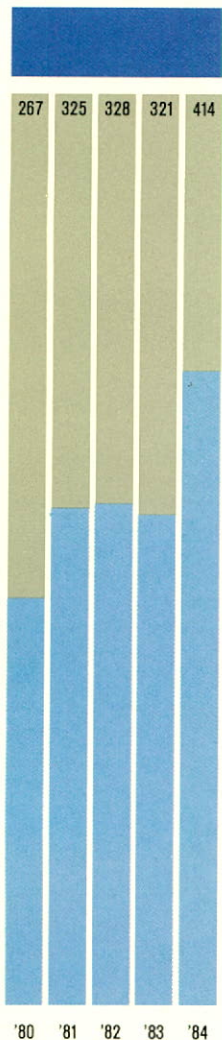
Oil Products completed development of a new process for packaging lubricants, using Shell-produced polypropylene in plastic bottle containers which attracted industry commendation for design. This marked Shell's first involvement in product packaging with polypropylene.

Canadian Oil, a subsidiary of Shell Canada, completed its first full year of production of re-refined oil base stock. Its Toronto plant, the largest of its kind in the world, is operating at full capacity, processing more than 40 million litres of used lubricating oil a year. About 75 per cent of this intake is recovered as useful product, used either by Shell or sold to other manufacturers. The environmental benefits of Canadian Oil's

Shell Canada is embarking on a program to heighten the visibility and improve the appearance of retail outlets. This busy self-serve station is in Montreal.



A new premium high-grade motor oil, TLO, displayed by Montreal dealer Laurent Picard, is being introduced by Shell across the country.



Chemical product sales revenues increased 29 per cent over 1983
(\$ millions annually)

recycling process, both in conserving a valuable resource and helping a waste disposal problem, continue to be noted by government and environmental groups. The \$22 million investment is achieving its early financial targets.

Await industry inquiry report

The Restrictive Trade Practices Commission inquiry into the petroleum industry, started in 1981, ended its public hearings in 1984. Its report to the federal government, detailing its recommendations and findings, is expected in 1985.

CHEMICALS

Shell Canada Chemical Company continued to increase sales tonnage, revenues and margins during 1984, in advance of improved prospects for further growth stimulated by economic recovery and favourable government policies. Although the Canadian economic upturn was not as robust as in the United States, Shell's Chemicals division recorded tonnage and revenue increases over 1983 of 21 per cent and 29 per cent respectively, due largely to increased export activity in various products. Moreover, the new federal government and the government of Alberta have both issued statements and papers identifying petrochemicals as a key industry for renewed development to 1990.

The Scotford styrene monomer plant, officially opened in September, is operating at planned high utilization. Similarly, the new hydrogenation plant at the Sarnia Manufacturing Centre in Ontario, commissioned earlier in the year, is meeting all expectations.

As a result of the reorganization, Shell Canada Chemical anticipates more efficient internal functioning while improving client services. It will remain located in Toronto, close to its domestic customer base.



Team members Jim Dobbie (seated), Mike Lim (foreground) and Erick Bennett in one of two micro-computer centres from where operations are monitored and controlled at the new Scotford refinery in Alberta.

Styrene marketing successful

The world-scale petrochemical plant at Scotford is the first in Alberta to manufacture styrene monomer, a building block in making plastics and synthetic rubber.

Benzene, a basic feedstock used in making styrene monomer, is supplied from the nearby new Shell refinery. A major advantage for Scotford is the availability of Alberta's plentiful supply of natural gas. Both the refinery and the petrochemical plant use gas for all energy requirements, with the gas supplied from Shell's own reserves. Natural gas is the source of hydrogen for upgrading synthetic crude and is also used to make ethylene, the second feedstock required for the manufacture of styrene monomer. Ethylene is being delivered by another producer under a long-term secure contract.

By the fourth quarter, the Scotford plant was operating at a high utilization rate, with most of the product exported. It is anticipated that the plant will be fully loaded by the end of 1985.

A highly successful marketing program, begun three years ago in anticipation of the plant coming on stream, resulted in a rapid build-up of sales domestically and to the U.S. and Pacific Rim countries. The program involved pre-sales to potential customers and the establishment of a distribution network, so that a marketing infrastructure was in place by the time Scotford came into production. Despite a current over-supply in worldwide styrene markets, inhibiting prices and margins, major contracts for Scotford styrene had been signed with customers in the U.S., Japan, Korea and other Southeast Asia countries by year-end. Negotiations were under way with end-users elsewhere.

Sarnia petrochemical developments

In response to increased international and domestic demand, sales of polypropylene from Shell's world-scale plant at Sarnia rose 16 per cent in 1984. With worldwide supply and demand for polypropylene in relative balance, sales tended to return firmer prices and reasonable margins throughout the year. Product was exported to 14 countries, including China, Indonesia and Thailand. The plant oper-

ated above design capacity throughout the year and the official capacity was re-rated to 80 000 tonnes. Work on further efficiencies continues so that Sarnia can operate at even higher throughput in 1985. Polypropylene is used for the manufacture of a wide variety of moulded plastic consumer goods, packaging and wraps, carpets, ropes and fine fibres.

A new hydrocarbon solvent hydrogenation unit at Sarnia permitted production and marketing of a wider range of higher quality industrial chemicals. Favourable

Shell Canada's styrene monomer plant, opened at Scotford, Alberta, in 1984, is operating at a high utilization rate, with most product exported.



competitive factors and market requirements, encouraging improved prices and margins, allowed for full use of solvent production facilities. While Canadian demand remains strong, indicating some improvement in secondary manufacturing, Sarnia's proximity to U.S. industrial markets was also a positive feature in expanded sales. Hydrocarbon solvents are used in many common industrial products, such as paints, printing inks, dry-cleaning solvents, and household and automotive specialties.

Corporate/Business Services

Shell is committed to make a growing contribution to Canadian hydrocarbon supplies and energy technology and expertise. Organization realignment is enabling it to be flexible and responsive in creating improved long-term value for shareholders and in contributing to the broader economic and social goals of society.



Material technologist Lynn Chandler measures surface tension of a hydrocarbon sample in research laboratory.

Consolidation in Calgary of all corporate and administrative functions has resulted in a more effective organization and will contribute to corporate performance. Following on this 1984 realignment, increased emphasis is being given to communicating with employees and to changing the corporate culture.

Within the new organizational structure, corporate departments comprise Research and Technology, Finance, Corporate Strategies, Public Affairs and Corporate Secretary, all of which report directly to the President.

The Business Services group has been created to provide professional and administrative services essential to the cost-effective operation of the Resources and Products groups. Its focus is in the areas of human resources, health and environment, information and computing, legal, purchasing, facilities and administrative services. The head of Business Services also reports to the President. Integration of business policies, technology and physical facilities contributes to an environment within which Shell employees can maximize their contribution and achieve personal growth and within which the performance of the Corporation will be enhanced.

Technology management emphasized

Nowhere is this emphasized more than in the technology generated by wide-ranging research efforts that give Shell a distinctive competence. This is a basic thrust of the corporate advertising program launched in 1984. With a broader mandate for technology management, Research and Technology helped develop a plan for the Corporation explicitly identifying and integrating new technology needs with business plans and strategies.

A strong commitment to domestic research and development is focused in laboratories in Calgary and Oakville. The new Calgary Research Centre reached full operations during the year, developing technologies to improve exploration and production of hydrocarbons, including enhanced oil recovery techniques. Other programs involve improving the steam drive process for bitumen recovery at the Peace River site in northern Alberta. Work is also carried out in supporting engineering and science disciplines, such as material corrosion and production chemistry.

Activities at the Oakville Research Centre concentrate on hydrocarbon and chemical refining and marketing needs. In this area, customers benefit from the development of quality products, such as the advanced performance motor oil, TLO, introduced in 1984. The centre also uses modern, fully-automated pilot plant facilities in major research on technologies to improve the commercial viability of oil sands bitumen upgrading. These same facilities help achieve more efficient operations at Shell's refining facilities, particularly Scotford which processes synthetic crude.

In addition to Shell Canada's strong domestic expertise, a cost-sharing agreement with Shell Internationale Research provides access to \$550 million of technology developments from Shell laboratories around the world. In 1984, Shell Canada paid \$11 million as its share of the agreement while receiving \$6 million of funding for domestic research programs.

Shell Canada's research and development operating expenditures in 1984, including the Shell Internationale agreement, totalled \$28 million as against \$29 million in 1983. Capital expenditures were \$4 million.

People: the key resource

The most important strength of Shell Canada is the quality of its people. The contribution of employees to overall efficiency and effective performance is vital,

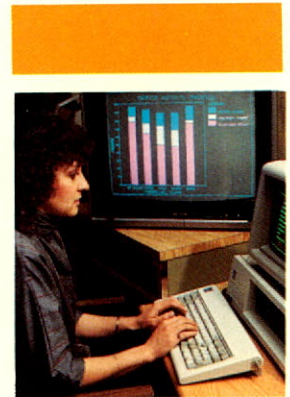


Senior technologist Lyle Serres operates keyboard console of the Calgary Research Centre's computerized tomography scanner (background) to study well core samples for enhanced oil recovery projects, using the same principles as hospital CAT scanners.

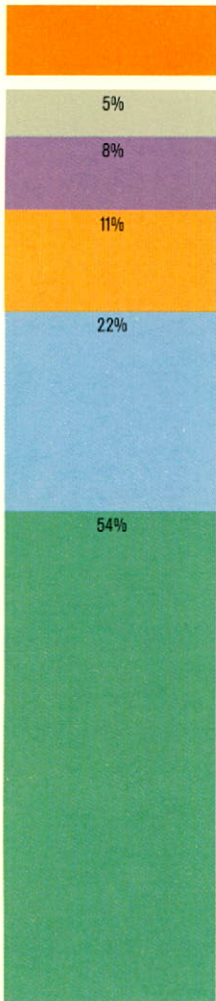
and continuing initiatives to encourage improved productivity, collectively and individually, are meeting with evident success.

Virtually every employee was impacted directly or indirectly by the organization realignment within the Corporation started in the second half of 1984. For some 400 employees and their families, the decision to centralize both corporate headquarters and western complex offices meant relocation to Calgary. Regrettably, there were others for whom no jobs existed in the new organization, and some who, for a variety of understandable personal reasons, decided not to relocate. For these employees, generous severance payments and job search assistance within their existing communities were provided by Shell. About 600 valued, long-term service employees elected early retirement under an enhanced voluntary retirement program. Nationally, the manpower staff reduction totalled approximately 1000.

For those who remain, the Corporation is committed to a work environment where people can flourish, contribute and grow; where imaginative and energetic men and women have the opportunity to realize their potential. The restructuring has created new job challenges, enhanced opportunities for direct participation in decision-making and greater involvement in the improvement process. Of the existing workforce, about 4200 employees are based in Western Canada and 2800 in Eastern Canada, thus ensuring Shell's national presence.



Bev Deering displays computer graphics on equipment in Shell Centre's newly constructed information centre.



**Shell Canada's 1984
'value added'**
(\$1 749 million)

- Dividends to shareholders (\$83)
- Interest to lenders of capital (\$131)
- Retained in the business (\$199)
- Employees wages and salaries (\$393)
- Royalties and taxes to governments (\$943)

In addition to the logistics of moving people to new locations, all computing facilities, except credit card processing, were moved to Calgary in a complex, highly organized transfer. This involved relocating a major computer, 16 000 magnetic tapes, and 10 mini-computers into a newly constructed 2200-square-metre controlled environment data centre. As well, a complete reorganization of Shell's telecommunications facility resulted in installation of new voice and data networks centred in Calgary to service Shell locations from coast to coast.

Health, safety and environment

In all activities, Shell maintains a consistent concern for environmental protection and human health and safety. As a result of reorganization in 1984, a number of these areas have been consolidated into one department.

To deal with product transportation emergencies, Shell designed and developed a formalized emergency response team system. Waste management techniques were also reviewed in 1984 to ensure early detection and control of potential groundwater contamination around sour gas plant operations. In East Coast offshore activities, Shell played a key role, unilaterally and in co-operation with the industry, in developing and implementing health, safety and environmental protection measures.

The Corporation, which already has established a computer-based health monitoring study of employees and retirees, initiated development in 1984 of a complementary industrial hygiene module to maintain an ongoing record of employee exposure to chemical and physical agents.

Partners with the community

Shell interacts at various levels in the communities in which it operates. Information exchanges are regularly carried on with public and community groups interested in and affected by proposed developments. Communication between industry, the public and government agencies is encour-

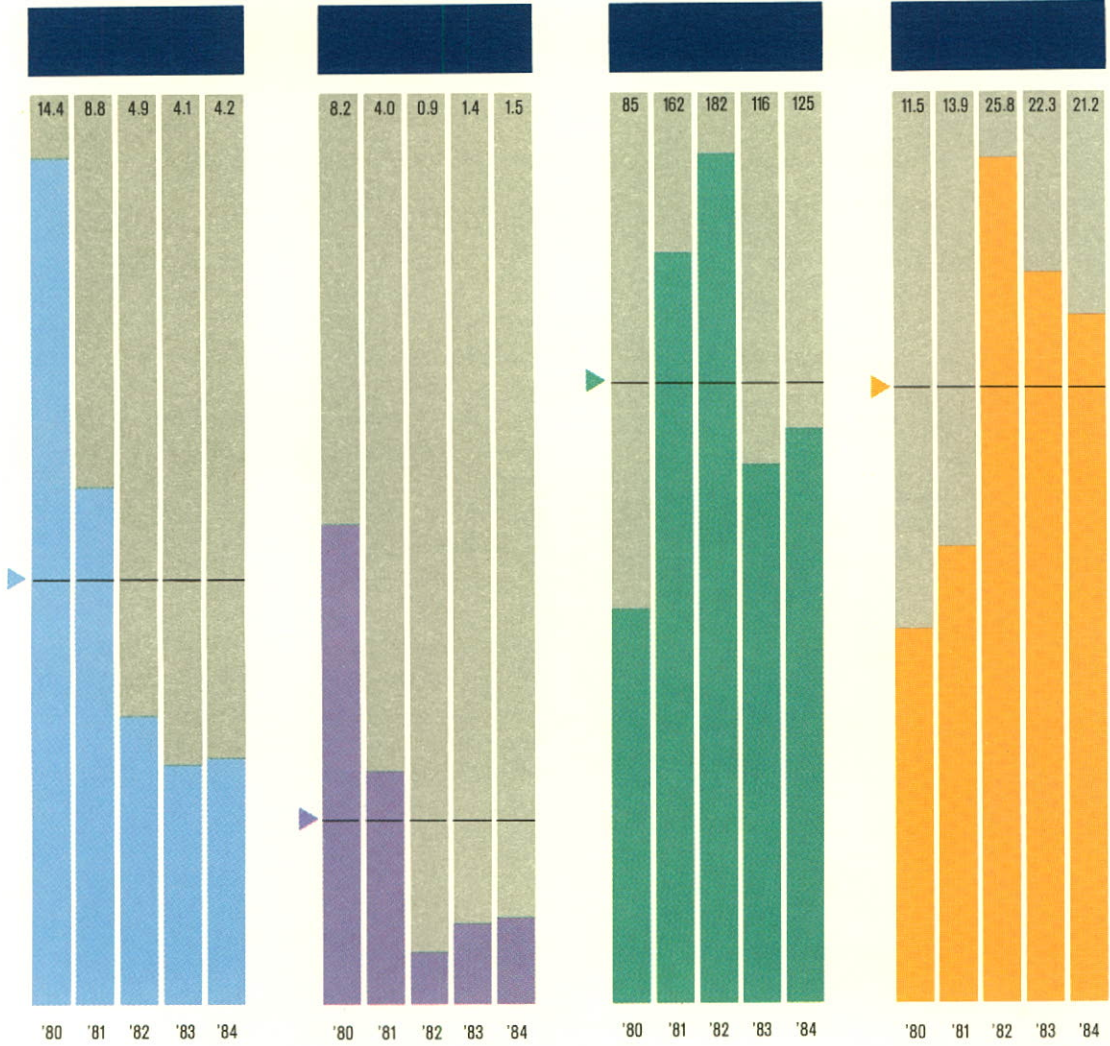
aged in order to evolve sound regulatory and policy approaches in the development of Canada's energy resources.

Substantial benefits flow to the Canadian economy from such resources development. Shell, for example, contributed close to \$700 million to Canada's balance of payments in 1984 through the export of coal, sulphur, natural gas and petroleum and chemical products.

Moreover, Shell Canada's added value to the economy – the difference between the cost of materials and services and revenues from product sales – amounted to \$1.7 billion in 1984. Of this total, governments received \$943 million (54 per cent) in royalties and taxes, employees earned \$393 million (22 per cent) in salaries, wages and contributions to pensions and social insurance, lenders of capital received \$131 million (eight per cent) in interest payments, shareholders received \$83 million (five per cent) in dividends, and the remaining \$199 million (11 per cent) was re-invested in the business.

As a technologically intensive corporation requiring a variety of goods and services, Shell actively promotes Canada's businesses with a policy giving preference to suppliers, consultants, contractors and service companies which offer a high level of Canadian content. Purchases in 1984 of goods and services, excluding crude oil, amounted to \$1.1 billion. Of this total, 88 per cent came from Canadian-based suppliers and 79 per cent, or about \$900 million, was spent on Canadian-made goods and services.

The Corporation invested \$1.9 million during 1984 in contributions to community organizations serving the interests of Canadians in such areas as health, social services, education, culture and sports. A notable example is the Canada-wide Science Fair Award to encourage and recognize the accomplishments of young Canadian students interested in developing their knowledge of science.



Return on average capital employed (%)
(historical cost basis)

▶ Five-year average 7.3%

Return on average capital employed (%)
(adjusted for inflation)

▶ Five-year average 3.2%

Reinvestment ratio* (%)

▶ Five-year average 134%

Long-term debt as a percentage of total capital employed

▶ Five-year average 18.9%

* Total cash invested as a percentage of cash internally generated from operations

Contents

- 22 Performance and outlook
- 25 Accounting policies
- 26 Statements
- 29 Notes
- 37 Auditors' report
- 38 Five-year data
- 40 Supplemental disclosure
- 46 Accounting for inflation

Financial performance and outlook

Improved results in 1984 primarily reflect higher margins for petroleum products. Positive economic and energy policy changes during 1985 should result in continued firming of petroleum margins and growth in demand for crude oil, natural gas, sulphur and petrochemicals.

Shell Canada's 1984 consolidated earnings before extraordinary item were \$158 million or \$1.27 per Class "A" Common Share, an increase from \$102 million (83 cents a share) in 1983 and \$131 million (\$1.07 a share) in 1982. Net earnings after extraordinary item were \$123 million or 96 cents per Class "A" Common Share.

The increase over 1983 was primarily the result of improved margins within Oil Products. The increase in earnings over the 1982 figures, however, resulted from higher earnings in the Resources segment, offset in part by increased corporate borrowing costs.

Extraordinary costs incurred in the year, associated with restructuring of the Corporation, relocating corporate headquarters to Calgary and reducing staff, amounted to \$35 million after tax. Additional charges having an estimated present value of \$31 million after tax, for the funding of an enhanced retirement option given to employees in the year, will be charged to earnings in future years. There were no extraordinary items in 1983. Earnings in 1982 included an unusual provision of \$17 million for the closure of the St. Boniface refinery.

Return on average capital employed was 4.2 per cent, compared with 4.1 per cent in 1983 and 4.9 per cent in 1982. The levels for 1984 and the two previous years were impaired by the inclusion of Scotford complex costs in the base without full-year contributions from this investment. Apart from this factor, however, returns continued to be deeply depressed when compared with the more acceptable levels of 12 to 14 per cent earned in the past and required to sustain the industry.

Dividends in 1984 remained at the 60-cents-per-share level which reflected a continued high percentage payout of earnings available to common shareholders. No new debt was acquired in the year. How-

ever, as a result of extensive financing activity in the past, borrowing costs continued to represent a significant charge against earnings.

Business segment earnings

Resources earnings for the year of \$164 million were up from \$154 million in 1983 and \$133 million in 1982. Higher prices and volumes for sulphur and higher crude oil production accounted for the gain over 1983. These factors were offset to some degree by higher exploration costs and write-offs. Natural gas volumes, which fell early in the year, showed strong recovery towards year-end. The overall decline in sales volumes of four per cent from 1983 impacted earnings to only a minor degree. Earnings from coal activities continued to be impaired by severe price competition internationally, although sales volumes have increased.

For Oil Products, 1984 earnings of \$71 million were \$48 million more than in 1983 and \$18 million more than in 1982, although 1982 earnings were reduced by the \$17 million provision for the closing of the St. Boniface refinery in Manitoba. The improvement over 1983 reflected better product margins, higher sales volumes of heavy fuel oils and petrochemical feedstocks, and an inventory gain of \$16 million after tax for the flow-through of a November increase in the Petroleum Compensation Charge. There were no significant inventory gains in 1983, but in 1982 increases in federal levies and wellhead crude prices added \$22 million to Oil Products earnings. The commencement of operations of the Scotford refinery impaired 1984 earnings somewhat, due to the inclusion of one-time start-up costs. Other operating costs were held to 1983 levels through cost containment and productivity improvement programs.

Chemicals segment earnings rose to \$9 million from \$8 million in 1983, but were below the \$14 million earned in 1982. Improved world economic conditions,

stimulating industrial chemical demand, resulted in increased export sales compared with the two previous years. Margins on most chemical products declined in 1983 but improved slightly in 1984. Depreciation costs rose substantially in 1984 due to the Scotford chemical plant start-up and partially offset the effect of higher sales volumes and improved margins.

1984 investment expenditures higher

Investment expenditures in 1984 amounted to \$773 million, compared with \$624 million in 1983 and \$1 162 million in 1982. The 1984 level was 125 per cent of the cash provided from the current year's operations (116 per cent for 1983 and 182 per cent for 1982). These expenditures were financed by internally generated funds and a drawdown of cash on hand. The 1984 reduction in capital expenditures due to the completion of the Scotford refinery and chemical complex was more than offset by a significant inventory increase.

Resources capital and exploration spending was \$246 million, up from \$204 million in 1983 but down significantly from \$378 million in 1982. The increase over 1983 primarily represented the acceleration of expenditures for an extensive enhanced oil recovery program, including infill drilling and the search for carbon dioxide for use as a miscible flooding agent. In addition, land acquisition and exploration for oil in Western Canada received increased emphasis.

Capital expenditures in the Oil Products segment were \$144 million, down from \$273 million in 1983 and \$313 million in 1982. This marked the completion of construction of the Scotford refinery. An upgrading of the Shellburn refinery in British Columbia, completed in 1983, when coupled with the Scotford project, resulted in the higher 1982 expenditure level.

Chemicals expenditures of \$74 million were reduced from 1983 and 1982 totals of \$260 million and \$288 million respectively. The decrease resulted from the com-

pletion of the styrene monomer plant adjacent to the new Scotford refinery.

Working capital increased significantly at year-end as a result of the Scotford complex start-up and the federal government's announced increase in the Petroleum Compensation Charge which is levied on refinery intake.

Cash generation improvement

Internally generated cash was \$659 million, compared with \$603 million in 1983 and \$773 million in 1982. The improvement over 1983 was the result of higher income from the operating segments. Cash from operations accounted for \$619 million, compared with \$539 million in 1983 and \$639 million in 1982. The remainder of the internally generated cash was comprised of additional monies received pursuant to take-or-pay gas contract agreements in the amount of \$25 million (1983 - \$42 million, 1982 - \$99 million) and proceeds from disposal of investments and properties, plant and equipment of \$15 million (1983 - \$22 million, 1982 - \$35 million).

Outlook for 1985

Shell expects that recovery from the deep and worldwide economic recession will continue throughout 1985 with inflation being held in control. For business overall, and in particular the petroleum industry, these economic prospects translate into encouragement for some growth in demand and more stability in consumer markets. The policy directions of the new federal government appear to be of a consultative and co-operative nature which will further support industrial revitalization in the petroleum sector. However, most of Shell's investment programs are predicated on improvements in the fiscal regime related to oil and gas exploration and development.

In 1985, natural gas sales are expected to improve somewhat as a result of the federal government's announced policy change to more competitive, market-related prices. Shell Canada will continue to exploit these new market opportunities in the United States to enhance its market share. However, with increased sales at lower prices, revenues will increase only modestly. Worldwide sulphur demand increased in 1984 and is forecast to remain high in 1985. In response to the firmer demand, steps are being taken to process sulphur stockpiles for export markets. Little improvement in oil product demand is forecast in 1985 as new demand will be offset by gains in energy efficiency, primarily in the automotive field. More significant increases in demand for petrochemicals are projected which will stabilize prices and improve volumes. Chemicals earnings are expected to exceed those of 1984, reflecting these factors.

As a result of the Corporation's restructuring, relocation and staff reductions, Shell expects to begin realizing improve-

ments in corporate performance during 1985 concurrent with measurable reductions in operating costs.

The 1985 capital and exploration program approximates \$500 million net of incentives and, with lower forecast working capital requirements, is expected to be entirely funded by internally generated cash. The program emphasizes the Resources segment which will spend more than 80 per cent of the funds. The major components are the Peace River oil sands expansion, East Coast exploration, enhanced oil recovery and significant exploration and development activity in Western Canada.

With the completion of the Scotford refinery and chemical complex, capital requirements of the Oil Products and Chemicals segments are significantly reduced. Expenditures are estimated at \$50 million, compared with \$218 million in 1984, mainly directed to retail outlet modernization.

Quarterly financial and stock-trading information

	1984					1983				
	1st	2nd	3rd	4th	Total Year	1st	2nd	3rd	4th	Total Year
Sales and other operating revenues (\$ millions)	1 398	1 383	1 404	1 549	5 734	1 222	1 280	1 391	1 407	5 300
Earnings before income taxes (\$ millions)	131	113	108	100	452	55	62	114	94	325
Earnings before extraordinary item (\$ millions)	51	35	33	39	158	17	21	39	25	102
Earnings after extraordinary item (\$ millions)	51	—	33	39	123	17	21	39	25	102
Earnings per share before extraordinary item (dollars)	0.42	0.28	0.25	0.32	1.27	0.13	0.16	0.35	0.19	0.83
Earnings per share after extraordinary item (dollars)	0.42	(0.03)	0.25	0.32	0.96	0.13	0.16	0.35	0.19	0.83
Cash dividends (dollars)										
Per Class "A" Common Share	—	0.30	—	0.30	0.60	—	0.30	—	0.30	0.60
Per Class "B" Common Share	—	1.20	—	1.20	2.40	—	1.20	—	1.20	2.40
Share prices* (dollars)										
High	27	26 ⁵ / ₈	26 ¹ / ₂	26 ¹ / ₄	27	26 ³ / ₈	25 ¹ / ₄	29 ¹ / ₂	27 ³ / ₈	29 ¹ / ₂
Low	23 ⁵ / ₈	23 ³ / ₈	19 ¹ / ₂	21 ¹ / ₈	19 ¹ / ₂	19 ¹ / ₄	21	24	22 ⁵ / ₈	19 ¹ / ₄
Close (end of period)	26 ¹ / ₂	23 ⁷ / ₈	26 ¹ / ₈	22 ¹ / ₄	22 ¹ / ₄	21 ¹ / ₂	24 ¹ / ₂	28	23 ⁵ / ₈	23 ⁵ / ₈
Shares traded** (thousands)	3 525	2 151	2 533	2 127	10 336	1 857	2 081	2 145	1 999	8 082

*Toronto Stock Exchange quotations

**Volume traded on the Montreal, Toronto, Alberta and Vancouver stock exchanges

Accounting policies

Shell Canada's consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada. The Corporation's major accounting policies are summarized as follows:

Principles of consolidation

The accounts of Shell Canada Limited and its subsidiary companies are included in the consolidated financial statements. Interests in oil and gas joint ventures are accounted for using the proportionate consolidation method.

Investments

Investments in companies in which Shell Canada exercises significant influence are accounted for using the equity method. Other long-term investments are recorded at cost with provision made where a permanent decline in the value of such investments has occurred.

Inventories

Inventories of crude oil, products and merchandise are stated at the lower of cost, applied on a "first-in, first-out" basis, and net realizable value. Materials and supplies are stated at the lower of cost and estimated useful value.

Exploration and development costs

The Corporation follows the successful efforts method of accounting for exploration and development activities. Under this method, acquisition costs of resource properties are capitalized. Exploratory drilling costs are initially capitalized and wells subsequently determined to be unsuccessful are charged to earnings. Other exploration and predevelopment costs, including geological and geophysical costs, are charged to earnings currently. All development costs are capitalized.

Depreciation and amortization

Depreciation and amortization on resource assets are provided on the unit of production basis. Costs of producing properties are depleted and gas plants depreciated over remaining proved reserves. The costs of non-producing properties are amortized in accordance with experience. Resource development expenditures are amortized over remaining proved developed reserves. Other plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

Deferred gas production revenue

Amounts received under take-or-pay contracts for future delivery of natural gas are recorded as deferred gas production revenue. The amounts are included in sales revenue when the related gas is delivered.

Retirement programs

The Corporation has retirement programs which cover virtually all employees. The annual cost of the programs includes current service costs, actuarial valuation adjustments and amortization of prior service costs over varying periods which approximate the remaining service lives of employees. These costs are charged to earnings and funded in accordance with actuarial recommendations.

Royalties and mineral taxes

Alberta royalties on crude oil obtained from its Crown leases are required to be delivered in kind, and accordingly are not reflected in these financial statements. All other royalty entitlements, which are not delivered in kind, and mineral taxes are reflected in the cost of purchased crude oil, petroleum products and other merchandise.

Government incentives and investment tax credits

Petroleum Incentive Program grants, investment tax credits and other government incentives, other than tax rate reductions, are accounted for as deductions from the related qualifying expenditures. Such government assistance is reflected in earnings immediately if the related qualifying expenditures are expensed, or through future depreciation and amortization provisions if the related qualifying expenditures are capitalized.

Interest

Interest costs are expensed as incurred.

Foreign currency translation

Long-term monetary liabilities are translated to Canadian dollars at rates of exchange in effect at the end of the period. Unrealized exchange gains and losses arising on translation are deferred and amortized over the remaining terms of these liabilities.

Consolidated statement of earnings
(\$ millions, except per share amounts)

	Year ended December 31	1984	1983	1982
Revenues				
	Sales and other operating revenues	5 734	5 300	5 149
	Dividends, interest and other income	28	36	40
		5 762	5 336	5 189
Expenses				
	Purchased crude oil, petroleum products and other merchandise	3 552	3 409	3 249
	Operating expenses	741	660	638
	Selling and general expenses	500	467	525
	Exploration and predevelopment expenses	99	88	157
	Depreciation, amortization and retirements	169	140	119
	Interest on long-term debt	131	133	76
	Petroleum and gas revenue taxes	118	114	125
	Income taxes (Note 16)	294	223	152
		5 604	5 234	5 041
Earnings				
	Earnings before unusual item	158	102	148
	Unusual item, after income tax (Note 3)	—	—	17
	Earnings before extraordinary item	158	102	131
	Extraordinary item, after income tax (Note 2)	35	—	—
	Earnings for the year	123	102	131
	Earnings per Class "A" Common Share (dollars)			
	Before extraordinary item	1.27	0.83	1.07
	After extraordinary item	0.96	0.83	1.07

**Consolidated statement of earnings
retained in the business**
(\$ millions)

	Year ended December 31	1984	1983	1982
Retained earnings				
	Balance at beginning of year	1 387	1 366	1 349
	Earnings for the year	123	102	131
		1 510	1 468	1 480
	Dividends paid (Note 14)	83	81	114
	Balance at end of year	1 427	1 387	1 366

The accompanying notes are an integral part of these statements.

**Consolidated statement of changes
in financial position**
(\$ millions)

	Year ended December 31	1984	1983	1982
Cash internally generated	Cash from operations (Note 4)	619	539	639
	Sales of properties, plant and equipment and miscellaneous items	15	22	35
	Deferred gas production revenue	25	42	99
		659	603	773
Cash invested	Capital and exploration expenditures	479	746	1 014
	Investments, long-term receivables and other **	150	10	77
	Working capital excluding cash (Note 5)	144	(132)	71
	773	624	1 162	
Dividends paid	Preferred shares	16	18	24
	Common shares	67	63	90
	856	705	1 276	
External financing	Cash surplus (deficiency) before external financing	(197)	(102)	(503)
	Capital stock	2	291	—
	Long-term debt	(13)	(19)	593
	(11)	272	593	
Net change	Increase (decrease) in cash *	(208)	170	90

*Cash comprises cash and short-term investments less short-term borrowings.

**Includes \$35 million, reflecting extraordinary item expense adjusted for non-cash amounts.

The accompanying notes are an integral part of these statements.

**Consolidated statement of
financial position**
(\$ millions)

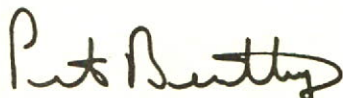
	1984	1983
As at December 31		
Assets		
Current assets		
Cash	107	71
Short-term investments, at cost which approximates market	—	164
Accounts receivable	808	733
Inventories		
Crude oil, products and merchandise	1 018	730
Materials and supplies	45	34
Prepaid expenses	19	15
	1 997	1 747
Investments, long-term receivables and other	296	204
Properties, plant and equipment (Note 7)	3 483	3 289
	5 776	5 240
Liabilities		
Current liabilities		
Short-term borrowings	80	—
Accounts payable and accrued liabilities	762	641
Income and other taxes payable	203	87
Long-term debt due within one year	14	17
	1 059	745
Long-term debt (Note 9)	998	1 002
Deferred gas production revenue	264	239
Deferred income taxes	976	817
Shareholders' investment		
Shareholders' investment		
Capital stock (Note 14)	761	759
Contributed surplus	291	291
Earnings retained in the business	1 427	1 387
Total shareholders' investment	2 479	2 437
Contingencies (Notes 11 and 12)		
	5 776	5 240

The accompanying notes are an integral part of these statements.

The consolidated financial statements have been approved by the Board.



C. William Daniel, Director



Peter J.G. Bentley, Director

1. Accounting policies

A summary of major accounting policies of Shell Canada is presented on page 25.

2. Extraordinary item

The extraordinary item represents the costs of \$70 million less income taxes of \$35 million associated with restructuring the Corporation's organization, relocating corporate headquarters to Calgary and reducing staff, including severance pay, relocation costs, the present value of additional pensions to those not otherwise entitled to early retirement and gain on the

disposal of the Head Office building in Toronto. Additional pension benefits, having a present value of \$55 million less related income taxes of \$24 million, payable under the enhanced voluntary retirement program to those entitled to retire early, will be provided out of earnings and funded over a period not exceeding 15 years.

3. Unusual item

In 1982, the Corporation announced the closing of refineries at Oakville, Ontario, and St. Boniface, Manitoba. Closing of the Oakville refinery had no adverse effect on earnings or financial position and no provision was recorded in the accounts in this regard. Closing of the St. Boniface refinery resulted in a one-time charge to

earnings in 1982 of \$32 million before reduction for deferred income taxes of \$15 million. This charge included the write-down of assets to net realizable value, and provisions for employee relocation, termination costs and other associated shut-down costs.

4. Cash internally generated from operations

(\$ millions)	1984	1983	1982
Earnings before extraordinary and unusual items	158	102	148
Exploration and predevelopment expenses	99	88	157
Expenses not requiring any outlay of cash			
Depreciation, amortization and retirements	169	140	119
Deferred income taxes	175	209	199
Other items	18	—	16
Cash from operations	619	539	639

5. Analysis of working capital changes excluding cash

Details of net changes in each element of working capital excluding cash are as follows:

December 31 (\$ millions)	1984	1983	1982
Increase (decrease) in accounts receivable	75	67	28
Increase (decrease) in inventories	299	(134)	104
Increase (decrease) in prepaid expenses	4	(31)	(11)
(Increase) decrease in accounts payable and accrued liabilities	(121)	19	(126)
(Increase) decrease in income and other taxes payable	(116)	(43)	76
(Increase) decrease in long-term debt due within one year	3	(10)	—
Net change in working capital excluding cash	144	(132)	71

6. Financial results by industry segment

Shell Canada operates principally in three industry segments: Resources, Oil Products and Chemicals. Segmented financial results are reported as if the segments were separate entities. Inter-segment sales of products, which are included as revenues in the segment making the transfer, are eliminated from total revenues of the Corporation. Inter-segment sales are accounted for at estimated market-related values.

Financial results by industry segment

(\$ millions)

Sales and other revenues
Inter-segment sales
Total revenues
Operating profit (loss)
Interest on long-term debt
Income taxes
Earnings before unusual item
Unusual item, after income tax
Earnings before extraordinary item
Extraordinary item, after income tax
Earnings for the year
Total assets
Capital employed*
Capital and exploration expenditures
Depreciation, amortization and retirements

*Capital employed is total assets less current liabilities.

7. Properties, plant and equipment

(\$ millions)	Cost	Accumulated depreciation and amortization*	1984 net book value	1983 net book value
Resources segment				
Exploration and development	1 707	551	1 156	1 109
Coal	384	39	345	353
Oil Products segment				
Refining	1 184	292	892	772
Marketing and transportation	450	215	235	257
Chemicals segment	873	81	792	738
Other	94	31	63	60
Total December 31, 1984	4 692	1 209	3 483	
Total December 31, 1983	4 416	1 127		3 289

*Principal depreciation and amortization rates:
 Resources segment — unit of production
 Other segments — straight line 4% to 13%

Resources			Oil Products			Chemicals			Other			Total		
1984	1983	1982	1984	1983	1982	1984	1983	1982	1984	1983	1982	1984	1983	1982
1 345	1 250	1 192	3 975	3 728	3 632	414	321	332	28	37	33	5 762	5 336	5 189
—	—	—	152	141	137	—	—	—	—	—	4	—	—	—
1 345	1 250	1 192	4 127	3 869	3 769	414	321	332	28	37	37	5 762†	5 336†	5 189†
478	432	307	97	27	108	16	14	22	(8)	(15)	(61)	583	458	376
—	—	—	—	—	—	—	—	—	131	133	76	131	133	76
314	278	174	26	4	38	7	6	8	(53)	(65)	(68)	294	223	152
164	154	133	71	23	70	9	8	14	(86)	(83)	(69)	158	102	148
—	—	—	—	—	(17)	—	—	—	—	—	—	—	—	(17)
164	154	133	71	23	53	9	8	14	(86)	(83)	(69)	158	102	131
—	—	—	—	—	—	—	—	—	(35)	—	—	(35)	—	—
164	154	133	71	23	53	9	8	14	(121)	(83)	(69)	123	102	131
1 781	1 729	1 722	2 703	2 235	2 065	1 006	869	627	286	407	246	5 776	5 240	4 660
1 617	1 599	1 542	2 095	1 673	1 569	977	838	568	28	385	270	4 717	4 495	3 949
246	204	378	144	273	313	74	260	288	15	9	35	479	746	1 014
105	85	67	37	30	35	18	12	10	9	13	7	169	140	119

†After elimination of inter-segment sales.

Resources comprises exploration and production activities for crude oil, bitumen, natural gas, gas liquids, sulphur, synthetic oils and coal.

Oil Products and *Chemicals* include the manufacture, distribution and marketing of refined products and chemical products respectively.

Other includes cash, short-term securities, pipeline investments, miscellaneous corporate ventures, long-term debt, general corporate facilities, unallocated corporate income and expenses, and interest on long-term debt.

8. Other statement of earnings information

The following amounts were charged to earnings: (\$ millions)

	1984	1983	1982
Maintenance and repairs	130	127	135
Short-term interest expense	2	7	14
Research and development	28	29	29

9. Long-term debt

(\$ millions)	Maturity	1984	1983
15¾% Debentures (1984 – U.S. \$96; 1983 – U.S. \$100)	1991	127	124
14¾% Debentures (1984 – U.S. \$125; 1983 – U.S. \$125)	1992	165	156
11¾% Debentures	1988	100	100
Sinking fund debentures			
Series 1 – 7½% (1984 – U.S. \$52; 1983 – U.S. \$56)	1994	69	70
2 – 9¼% (1984 – U.S. \$69; 1983 – U.S. \$75)	1996	91	93
9¾% Debentures	2003	119	120
14⅛% Debentures (1984 – U.S. \$200; 1983 – U.S. \$200)	1997	264	249
Promissory notes			
Floating rate*	1992	100	100
Other long-term obligations	Varying dates	34	30
		1 069	1 042
Included in current liabilities as due within one year		14	17
Unamortized balance of exchange gains and losses		57	23
Total		998	1 002

*Interest is payable monthly at three-quarters of one per cent below prime rates prevailing at Canadian chartered banks to August, 1986, subject thereafter to annual

renegotiation. In the event that agreements cannot be reached with respect to a new interest rate, the principal amount may be repaid in full without penalty.

Of the \$1 069 million long-term debt, the aggregate amount of payments required to meet sinking fund or retirement provisions will be \$14 million in 1985, \$18 million in 1986, \$15 million in 1987, \$115 million in 1988 and \$15 million in 1989.

The principal amounts of the U.S. debentures included above are expressed

in terms of Canadian dollars, translated at the rates of exchange prevailing on December 31, 1984 and 1983 respectively. Unrealized gains and losses arising on translation of long-term debt are deferred and amortized over the remaining term of the debt.

10. Pension costs

The Corporation's pension costs in 1984 were \$23 million (1983 – \$7 million; 1982 – \$27 million). The pension costs in 1984 included \$7 million which was provided as part of the extraordinary item. Due to favourable actuarial experience, the pension plan charge was reduced in 1984 by \$10 million (1983 – \$21 million; 1982 – \$0).

The most recent actuarial valuation was prepared as at December 31, 1984. A comparison of the accumulated pension benefits and pension net assets using an actuarial rate of return of eight per cent is:

December 31 (\$ millions)	1984*	1983
Actuarial present value of accumulated pension benefits		
Vested	486	343
Non-vested	12	29
Total	498	372
Market value of pension assets		
	501	417

*The Corporation has an unfunded liability, the present value of which is \$55 million, reflecting additional pension benefits arising out of the early retirements during 1984 under the enhanced voluntary retirement program. These additional benefits represent prior service pension costs which are being expensed and funded over a period not exceeding 15 years.

11. Commitments and contingencies

At December 31, 1984, the Corporation had non-cancelable operating leases with an initial or remaining term of one year or more, covering service stations, offshore drilling equipment, office space and other facilities. Future minimum payments (without reduction for related rental income) under such leases are estimated at \$77 million in 1985, \$35 million in 1986, \$26 million in 1987, \$22 million in 1988, \$17 million in 1989 and \$140 million thereafter.

The Corporation has agreed to guarantee indebtedness, totalling \$25 million, incurred by a major petroleum product customer.

To assure a long-term supply of ethyl-

ene, the Corporation entered into a take-or-pay contract which started in 1984 for a duration of 20 years to purchase 107 000 tonnes per annum representing 16 per cent of the output of an ethylene plant. The price of the product is to be determined on a cost of service basis which includes fixed and variable operating expenses, debt service and a specified return on capital to the owner of the plant. In certain circumstances, a portion of the commitment under the take-or-pay contract, not exceeding \$70 million, could be accelerated; such payment would have the effect of eliminating the debt service component of the take-or-pay contract.

12. Legal proceedings

Shell Canada Resources Limited is one of nine companies which, along with the Government of Alberta, are named as defendants in an action commenced by the Lubicon Lake Indian Band for a declaration for proprietary rights in certain lands and natural resources in northern Alberta, and for \$900 million for damages and past roy-

alties and revenues. Counsel has advised that the extent of the corporate defendants' liability cannot currently be determined but has expressed the opinion that it is unlikely the plaintiffs will succeed in establishing their claim to the natural resources or in their claim for damages.

13. Transactions with affiliated companies

Shell Canada, in the course of its regular business, has routine transactions at commercial rates with affiliates of the Royal

Dutch/Shell Group of Companies. Such transactions are not material in relation to the Corporation's overall activities.

14. Capital stock

(\$ thousands)	1984		1983		1982	
	Issued	Dividends	Issued	Dividends	Issued	Dividends
10 000 000 Series "A" Preferred Shares	250 000	15 856	250 000	17 390	250 000	24 512
100 4% Preference Shares	1 000	40	1 000	40	1 000	40
75 201 911 Class "A" Common Shares (1983 - 75 116 386; 1982 - 63 979 943)	480 387	45 121	478 841	41 732	188 218	57 537
9 087 039 Class "B" Common Shares	29 107	21 809	29 107	21 809	29 107	32 713
Total	760 494	82 826	758 948	80 971	468 325	114 802

Shell Canada Limited carries on business under the Canada Business Corporations Act. All classes of shares are without nominal or par value and are authorized in unlimited number.

Series "A" Preferred Shares

The holders of Series "A" Preferred Shares are entitled to receive cumulative preferential dividends fixed at a rate of one-half of the Canadian bank prime rate plus five-eighths of one per cent. These shares are retractable at the holder's option on February 15, 1989 at the price of \$25 per share plus accrued dividends. The shares are redeemable at the option of Shell Canada Limited on not less than 60 days notice, at a price equal to \$25 per share plus accrued dividends to the redemption date.

4% Preference Shares

The holder of the Preference Shares is entitled to receive fixed cumulative dividends at the rate of four per cent (4%) per annum. The Preference Shares may be redeemed at the amount paid up thereon plus accrued dividends.

Common Shares

On November 8, 1983, the Corporation issued 11 100 478 Class "A" Common Shares at \$26¹/₈ per share. Shell Investments Limited, a corporation within the Royal Dutch/Shell Group of Companies, purchased 8 730 678 of these shares, thereby maintaining its equity position in the Corporation at 78.7 per cent. The remaining 2 369 800 shares were purchased by the public.

The holder of the Class "B" Common Shares is entitled on a share-for-share basis to four times any amount paid or distributed by way of dividends or other distribution to the holders of Class "A" Common Shares.

15. Taxes and royalties

The following amounts were charged to earnings: (\$ millions)	1984	1983	1982
Items reported separately:			
Income taxes (excludes tax reductions of \$35 million for 1984 extraordinary item and \$15 million for 1982 unusual item)	294	223	152
Petroleum and gas revenue taxes	118	114	125
Items included in purchased crude oil, petroleum products and other merchandise:			
Crown royalties and mineral taxes	227	230	241
Royalties paid to private leaseholders	49	48	47
Petroleum compensation charges	286	317	520
Oil import compensation received	(116)	(101)	(236)
Canadian ownership charges	89	88	95
Federal sales taxes	220	204	199
Other taxes	48	47	46
Total	1 215	1 170	1 189
Items not included in revenues and expenses:			
Retail sales taxes collected for governments	580	608	584
Royalties paid in kind to the Alberta government	165	131	113

16. Income taxes

The income tax provision (\$294 million in 1984) in the consolidated statement of earnings is developed by applying Canadian federal and provincial statutory tax rates to pre-tax earnings, with adjustments as set out in the following table: (% of pre-tax earnings)	1984	1983	1982
Statutory rate (weighted average)	48.1	48.5	50.8
Increase (decrease) resulting from:			
Non-deductibility of crown royalties and other payments to provinces	39.7	52.8	59.1
Non-deductibility of petroleum and gas revenue taxes	12.6	16.9	20.0
Resource allowance and other abatement measures to partially offset non-deductibility of crown royalties	(31.3)	(40.9)	(47.2)
Depletion earned by exploration and development expenditures	(0.7)	(6.1)	(21.9)
Inventory allowance	(2.3)	(3.9)	(3.9)
Manufacturing and processing tax credit	(0.4)	(0.3)	(1.6)
Adjustments arising from re-assessments	0.5	0.9	(3.0)
Research allowance	—	—	(2.1)
Other	(1.1)	0.8	0.4
Effective income tax rate reflected in the statement of earnings	65.1	68.7	50.6
Deferred taxes included in the income tax provision related to: (\$ millions)			
Depreciation and amortization	157	199	192
Intangible drilling costs	7	12	3
Other	11	(2)	4
Total (excludes deferred tax reductions of \$17 million for 1984 extraordinary item and \$15 million for 1982 unusual item)	175	209	199

17. United States accounting principles and reporting practices

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada which differ in some respects from those generally accepted in the United States and include the following items (any other adjustments would not be material):

Foreign currency translation

Long-term debt denominated in foreign currencies is translated at the rate of exchange in effect at the end of the period. Unrealized exchange gains and losses arising on translation are deferred and amortized over the remaining terms of the debt. Generally accepted accounting principles in the United States (Financial Accounting Standards Board Statement #52) when applied in the case of the Corporation require that such gains or losses be reflected in income in the period in which they arise.

Capitalization of interest

Interest costs are expensed as incurred. United States accounting principles require capitalization of certain interest costs incurred on capital outlays.

Pension contribution

Actuarial gains and losses are charged to earnings in the year in which they occur. Under United States accounting principles such gains and losses are spread over current and future periods.

Extraordinary item

An extraordinary provision of \$35 million was charged against 1984 earnings to cover certain costs to restructure the Corporation's organization, relocate the corporate headquarters to Calgary and reduce staff. Additional pension costs under the enhanced retirement program, the present value of which is \$31 million, will be charged against earnings in future years. Under United States accounting principles, the extraordinary item together with the additional pension costs, totalling \$66 million after income taxes, would be included as an unusual item in earnings before extraordinary item in the consolidated statement of earnings and would not be shown net of the applicable income taxes.

If the Corporation's financial statements had been presented on the basis of United States accounting principles (including all

material adjustments), earnings and earnings per share would have been:

December 31 (\$ millions, except per share amounts)	1984	1983	1982
Earnings before extraordinary item as reported	158	102	131
Adjustments, net of applicable income taxes:			
Foreign currency translation	(26)	(4)	(3)
Capitalization of interest	49	68	31
Pension contribution	(5)	(11)	—
Unusual item	(66)	—	—
Earnings before extraordinary item as adjusted	110	155	159
Extraordinary item as adjusted	—	—	—
Earnings as adjusted	110	155	159
Earnings attributable to preferred shares	(16)	(17)	(24)
Earnings attributable to Class "A" Common Shares as adjusted	94	138	135
Earnings per Class "A" Common Share as adjusted	0.85	1.35	1.36

Auditors' report

To the Shareholders of Shell Canada Limited:

We have examined the consolidated statements of financial position of Shell Canada Limited as at December 31, 1984 and 1983 and the consolidated statements of earnings, earnings retained in the business and changes in financial position for each of the three years in the period ended December 31, 1984. 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 Corporation as at December 31, 1984 and 1983 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1984 in accordance with generally accepted accounting principles consistently applied.



Price Waterhouse
Calgary, Alberta
February 18, 1985

	Statement of earnings (\$ millions)				
	1984	1983	1982	1981	1980
Revenues					
Petroleum products	3 820	3 594	3 531	3 336	2 640
Natural gas	559	575	616	549	537
Crude oil and natural gas liquids	646	569	465	338	375
Chemicals	414	321	328	325	267
Other operating revenues	295	241	209	203	143
Sales and other operating revenues	5 734	5 300	5 149	4 751	3 962
Dividends, interest and other income	28	36	40	51	58
	5 762	5 336	5 189	4 802	4 020
Expenses					
Purchased crude oil, petroleum products and other merchandise	3 552	3 409	3 249	2 851	2 235
Operating expenses	741	660	638	580	440
Selling and general expenses	500	467	525	466	401
Exploration and predevelopment expenses	99	88	157	193	169
Depreciation, amortization and retirements	169	140	119	118	106
Interest on long-term debt	131	133	76	34	31
Petroleum and gas revenue taxes	118	114	125	69	—
Income taxes – current	119	14	(47)	164	256
– deferred	175	209	199	90	30
	5 604	5 234	5 041	4 565	3 668
Earnings					
Earnings before unusual item	158	102	148	237	352
Unusual item, after income tax	—	—	17	—	—
Earnings before extraordinary item	158	102	131	237	352
Extraordinary item, after income tax	35	—	—	—	—
Earnings for the year	123	102	131	237	352

	Statement of changes in financial position (\$ millions)				
Cash internally generated					
Cash from operations	619	539	639	642	664
Sales of properties, plant and equipment and miscellaneous items	15	22	35	2	13
Deferred gas production revenue	25	42	99	23	37
	659	603	773	667	714
Cash invested					
Capital and exploration expenditures	479	746	1 014	707	518
Investments, long-term receivables and other	150	10	77	32	10
Working capital excluding cash	144	(132)	71	302	38
	773	624	1 162	1 041	566
Dividends paid					
Preferred shares	16	18	24	23	20
Common shares	67	63	90	90	90
	856	705	1 276	1 154	676
Cash surplus (deficiency) before external financing	(197)	(102)	(503)	(487)	38
External financing					
Capital stock	2	291	—	—	1
Long-term debt	(13)	(19)	593	114	(27)
	(11)	272	593	114	(26)
Net change					
Increase (decrease) in cash	(208)	170	90	(373)	12

Five-year financial data

(continued)

	Financial position at year end (\$ millions)	1984	1983	1982	1981	1980
Working capital	Cash and short-term investments	107	235	65	38	348
	Short-term borrowings	(80)	—	—	(63)	—
	Other working capital	911	767	899	828	526
Capital employed	Total working capital	938	1 002	964	803	874
	Investments, long-term receivables and other	296	204	180	134	111
	Properties, plant and equipment – net	3 483	3 289	2 805	2 117	1 719
	Total capital employed	4 717	4 495	3 949	3 054	2 704
	Less: Long-term debt	998	1 002	1 019	424	311
	Deferred gas production revenue	264	239	197	98	75
	Deferred income taxes	976	817	608	424	334
	Series “A” Preferred Shares	250	250	250	250	250
	4% Preference Shares	1	1	1	1	1
	Common shareholders’ investment at book value	2 228	2 186	1 874	1 857	1 733
Total assets	5 776	5 240	4 660	3 778	3 449	
Data per common share *	Performance indicators (dollars)					
	Earnings — before extraordinary item	1.27	0.83	1.07	2.12	3.32
	— after extraordinary item	0.96	0.83	1.07	2.12	3.32
	Dividends paid	0.60	0.60	0.90	0.90	0.90
	Cash from operations (before exploration and predevelopment expenses)	5.40	5.11	6.12	6.18	6.42
	Shareholders’ investment	19.97	19.61	18.68	18.52	17.28
	Common shares outstanding at year end (millions)	112	111	100	100	100
Ratios	Shareholders (number at year end)	13 836	13 773	15 734	17 563	18 911
	Return on average capital employed (%) ⁽¹⁾	4.2	4.1	4.9	8.8	14.4
	Earnings attributable to common shares					
	as % of average common shareholders’ equity ⁽²⁾	4.8	4.2	5.8	11.8	20.6
	as % of revenues ⁽³⁾	1.9	1.6	2.1	4.4	8.3
	Common share dividends as % of earnings attributable to common shares ⁽⁴⁾	62.6	74.6	83.7	42.4	27.1
	Current assets to current liabilities ⁽⁵⁾	1.9	2.3	2.4	2.1	2.2
	Long-term debt as % of total capital employed ⁽⁶⁾	21.2	22.3	25.8	13.9	11.5
	Interest coverage ⁽⁷⁾	3.9	3.5	4.5	15.2	21.5
	Employee data	Salaries, wages and employee benefits (\$ millions)	393	376	394	332
Employees (number at year end)		7 136	7 975	8 611	8 822	8 045
Capital employed per employee (\$ thousands)		661	564	459	346	336

*Class “A” Common Share equivalent is calculated on the basis that the holder of a Class “B” Common Share is entitled, on a share-for-share basis, to four times any amount paid or distributed to a holder of a Class “A”

Common Share. Cash from operations and earnings per common share have been calculated using monthly weighted average Class “A” equivalents.

Definition of ratios

- (1) Earnings plus after-tax interest expense on long-term debt divided by average capital employed. Capital employed is total assets less current liabilities.
- (2) Earnings less dividends paid on preferred shares divided by average common shareholders’ equity. Common shareholders’ equity is total shareholders’ investment less preferred share capital.
- (3) Earnings less dividends paid on preferred shares divided by total revenues.
- (4) Common share dividends paid divided by earnings less dividends paid on preferred shares.
- (5) Total current assets divided by total current liabilities.
- (6) Long-term debt divided by total capital employed.
- (7) Pre-tax earnings plus interest on long-term debt divided by interest on long-term debt.

**Supplemental oil products and
chemicals disclosure**
(unaudited)

	1984	1983	1982	1981	1980
Production					
Crude oil processed by Shell refineries (thousands of cubic metres daily)	33.6	31.9	36.2	38.6	44.4
Rated refinery capacity at year end (thousands of cubic metres daily)	42.9	35.0	46.8	47.2	47.0
Average rated refinery capacity utilization (%)	93*	76*	77	82	94
Sales					
Petroleum product sales (thousands of cubic metres daily)					
Gasolines	14.8	15.5	16.1	17.2	18.3
Middle distillates	12.4	12.2	12.1	13.3	15.1
Lubricants, asphalts, heavy fuel oils and greases	5.7	4.8	5.7	6.6	7.0
Total	32.9	32.5	33.9	37.1	40.4
Petroleum product sales (\$ millions)					
Gasolines	1 901	1 846	1 830	1 665	1 248
Middle distillates	1 329	1 280	1 227	1 170	968
Lubricants, asphalts, heavy fuel oils and greases	590	468	474	501	424
Total	3 820	3 594	3 531	3 336	2 640
Retail outlets (number at year end)	3 478	3 433	3 512	3 628	3 626
Chemical sales (tonnes daily)	1 667	1 378	1 346	1 413	1 407
Chemical sales (\$ millions)					
Aromatics	124	79	84	87	74
Solvents and intermediates	137	118	118	122	98
Polymers and resins	129	104	78	71	60
Other	24	20	48	45	35
Total	414	321	328	325	267

*Reflects closing of Oakville and St. Boniface refineries in the last half of 1983 and start-up of Scotford refinery in the fourth quarter of 1984.

**Supplemental oil, gas and
coal disclosure** (unaudited)

	1984	1983	1982	1981	1980
Production					
Crude oil and natural gas liquids (thousands of cubic metres daily)					
Gross	11.4	10.1	10.0	10.0	11.3
Net	7.9	7.0	6.7	6.3	7.1
Natural gas (millions of cubic metres daily)					
Gross	14.5	15.2	16.4	16.4	16.3
Net	10.0	10.5	11.2	10.9	10.2
Sulphur – gross (thousands of tonnes daily)	3.1	3.3	3.2	3.4	3.4
Clean coal – gross (thousands of tonnes daily)	6.2	4.0	2.2	—	—
Sales					
Sulphur – gross (thousands of tonnes daily)	4.0	3.6	3.5	4.2	3.3
Coal – gross (thousands of tonnes daily)	5.7	3.8	2.0	—	—

Gross production includes all production attributable to Shell's interest before deduction of royalties; net production is determined by deducting royalties from gross pro-

duction. Net production figures are not applicable to sulphur and coal as royalties are applied to sales volumes rather than production volumes.

Supplemental oil, gas and coal disclosure
(continued)

Land holdings

Oil and gas at December 31, 1984

(thousands of hectares)

Onshore within the provinces

		Exploration rights		Leases	
		Gross	Net	Gross	Net
Conventional oil and gas:	Alberta	290	259	1 134	721
	Other	668	411	663	400
Synthetic oils:	Oil sands – mining			20	10
	– in-situ			168	84

Canada Lands

East Coast offshore:	Nova Scotia	3 014	1 228		
	Newfoundland	2 251	1 149		
	Baffin Bay and Davis Strait	1 512	1 512		
Northwest and Yukon Territories:	Mackenzie Delta	480	203		
	Other	25	19		
West Coast offshore		5 594	2 640		
Total		13 834	7 421	1 985	1 215

Gross hectares include the interests of others; net hectares exclude the interests of others.

Exploration rights are acquired from the Canadian government or the provinces through application or competitive bidding, and confer upon the holder the right to explore for crude oil, natural gas and sulphur and to lease the crude oil, natural gas and sulphur rights under a specified percentage of the lands covered. No deduction has been made to reflect that only a portion of these areas may be converted to lease.

The Canada Oil and Gas Act reserves to the Canadian government a 25 per cent carried interest in Canada Lands before a producing system is authorized. The above Canada Lands have not been discounted to reflect this carried interest.

Leases essentially confer upon the lessee the right to remove crude oil and natural gas from the property, subject to the payment of a rental and/or a reserved royalty.

Of the total leased lands, approximately 353 000 gross hectares or 142 000 net hectares in Western Canada, primarily in Alberta, are classified as developed lands.

Coal at December 31, 1984

(thousands of hectares)

		Licences and leases	
		Gross	Net
Alberta		205	151
British Columbia		47	47
Saskatchewan		2	2
Total		254	200

Coal land holdings have not been discounted to reflect the fact that Shell Canada has an undertaking with the Foreign Investment Review Agency (FIRA) to divest itself

of a 20 per cent undivided interest (or an equivalent amount approved by FIRA), or approximately 7000 hectares of coal lands in British Columbia by December 31, 1985.

Exploration and development wells drilled (conventional oil and gas)

	1984		1983		1982		1981		1980		
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net	
Exploration	Oil	6	5	2	2	4	4	3	1	1	1
	Gas	3	1	2	1	2	2	10	4	14	10
	Dry	11	10	14	11	19	17	33	29	52	45
	Total	20	16	18	14	25	23	46	34	67	56
Development	Oil	47	21	32	17	15	9	10	7	28	18
	Gas	11	9	7	6	12	9	5	4	14	11
	Dry	6	4	10	4	2	1	5	4	11	7
	Total	64	34	49	27	29	19	20	15	53	36
Total wells drilled	84	50	67	41	54	42	66	49	120	92	

Definitions

Exploration well – In general, a well drilled either in search of a new and as yet undiscovered pool of oil or gas, or with the expectation of significantly extending the limits of an established pool. All other wells are development wells.

Gross wells – The number of wells in which Shell Canada has a working interest.

Net wells – The aggregate of the numbers obtained by multiplying each gross well by the percentage working interest of Shell Canada therein, rounded to the nearest whole number.

Reserve quantity information

Estimation of reserve quantities is based on sound geological and engineering principles. However, the results are estimates based on judgmental interpretation of reservoir data. They are subject to revision as additional information regarding producing fields and technology becomes available and as economic and operating conditions change.

The Canadian government and provincial government royalty rates vary depending on prices, production volumes, the timing of initial production and changes in regulations. The net reserves set forth in the table to the right have been calculated on the basis of royalty rates in force as of the dates the estimates were made.

Shell Canada's estimated proved reserves (excluding any reserves in the Mackenzie Delta, Nova Scotia coast and other frontier areas) are all located in Canada, with approximately 90 per cent in Alberta.

Specific natural gas reserve additions due to outstep drilling were achieved in the Hamburg and Pouce Coupe areas. Crude oil and condensate reserve additions resulting from improved recovery by infill drilling occurred in the Alberta fields of Olds, Nipisi and Virginia Hills and the Saskatchewan fields of Benson and Midale.

Oil, gas and other reserves

Net proved developed and undeveloped reserves

Beginning of year
Revisions of previous estimates
Extensions, discoveries and other additions
Improved recovery methods
Production

End of year

Net proved developed reserves

Beginning of year
End of year

Gross proved developed and undeveloped reserves (at end of year)

Improved recovery reserves were added in Nipisi based on the initiation of a tertiary recovery scheme in this field. Outstep drilling added crude oil reserves in Manyberries, Slave and Wembley.

The significant volume of bitumen reserves for the first stage commercial development at Peace River are now included as proved undeveloped reserves based on the favourable performance of the pilot scheme and the initiation of construction of the commercial project. In addition, substantial potential reserves remain outside the current project area and continue to be included in the Other reserves table.

Supplemental oil, gas and coal disclosure
(continued)

Crude oil and condensate (million cubic metres)			Bitumen (million cubic metres)			Natural gas liquids (million cubic metres)			Natural gas (billion cubic metres)			Sulphur (million tonnes)		
1984	1983	1982	1984	1983	1982	1984	1983	1982	1984	1983	1982	1984	1983	1982
20.8	21.0	21.7	—	—	—	9.7	11.2	9.0	80.3	72.8	79.0	18.6	19.7	20.3
0.7	1.1	1.2	—	—	—	(0.4)	(0.8)	2.8	2.2	9.8	(2.5)	0.5	—	0.5
1.5	0.5	—	7.2	—	—	—	—	—	1.2	1.5	0.4	—	—	—
0.2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(2.2)	(1.8)	(1.9)	—	—	—	(0.7)	(0.7)	(0.6)	(3.7)	(3.8)	(4.1)	(1.1)	(1.1)	(1.1)
21.0	20.8	21.0	7.2	—	—	8.6	9.7	11.2	80.0	80.3	72.8	18.0	18.6	19.7
18.5	19.2	20.3	—	—	—	8.6	8.8	7.3	63.7	59.1	62.3	15.1	15.3	16.3
18.0	18.5	19.2	0.2	—	—	7.3	8.6	8.8	61.2	63.7	59.1	13.9	15.1	15.3
29.2	29.7	30.2	8.4	—	—	11.0	12.3	14.8	111.8	111.5	108.1	20.8	21.4	23.0

Definitions

Proved reserves – Estimated quantities of crude oil, bitumen, natural gas liquids, natural gas and sulphur which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs. These estimates are based on existing economic and operating conditions (prices, costs, royalties and income taxes) as of the date the estimate is made and include only natural gas volumes which have been contracted.

Proved developed reserves – Reserves which can be expected to be recovered through existing wells with existing equipment and operating methods.

Proved undeveloped reserves – Reserves which are expected to be recovered from new wells on undrilled acreage adjacent to producing acreage, or from existing wells where further significant expenditure is required.

Gross proved reserves – Reserve estimates before the deduction of royalty interests owned by others.

Net proved reserves – Reserve estimates after deduction of royalties and therefore only those quantities which Shell Canada has a right to retain.

Other reserves

Clean bituminous coal
(million tonnes)

	1984	1983	1982
Proved	48	52	53
Probable	127	132	132

Oil sands synthetic crude potential reserves
(million cubic metres)

	300	300	300
Mining (Athabasca)	300	300	300
In-situ (Peace River and Athabasca)	500-800	500-800	500-800

Supplemental oil, gas and coal disclosure
(continued)

The following supplementary information has been prepared in accordance with the provisions of Financial Accounting Standards Board (FASB) Statement #69. This statement has been adopted by the United

States Securities and Exchange Commission as a comprehensive set of disclosure requirements for conventional oil and gas producing activities.

Capitalized costs

December 31 (\$ millions)	1984	1983	1982
Unproved oil and gas properties	383	359	346
Proved oil and gas properties	1 324	1 246	1 200
	1 707	1 605	1 546
Accumulated depreciation and amortization	551	496	457
Net capitalized costs	1 156	1 109	1 089

The above represents conventional oil and gas exploration and development costs that are capitalized as properties, plant and equipment of the Resources segment's exploration and production operations

as shown in Note 7 of the financial statements. These costs are categorized between those properties with proved reserves and those properties with no proved reserves.

Costs incurred

Year ended December 31 (\$ millions)	1984	1983	1982
Property acquisition – unproved	36	21	15
Exploration costs	111	96	132
Development costs	89	57	128

The above costs were incurred by the Corporation in conventional oil and gas operations during the year, and include costs

that are capitalized or expensed when incurred.

Results of operations from producing activities

Year ended December 31 (\$ millions)	1984	1983	1982
Revenues	975	890	841
Less: Production costs	176	161	171
Petroleum and gas revenue taxes	118	114	125
Exploration expenses	96	82	131
Depreciation and amortization	89	75	72
Income taxes	327	291	241
Results of operations from producing activities	169	167	101

The above revenues and expenses exclude corporate overhead and other operating expenses and revenues not directly related to conventional oil and gas exploration

and producing activities. Consequently, the above results differ from those reported in the financial results of the Resources segment.

Supplemental oil, gas and coal disclosure

(continued)

Standardized measure of discounted future net cash flows

The following future net revenue information has been prepared in accordance with the provisions of FASB Statement #69. The information should be interpreted with considerable caution for the following reasons:

1. Actual future cash flows will differ from future net cash flows presented in that:
 - (a) Future cash flows will be derived not only from proved reserves but also from probable and potential reserves which ultimately become proved,
 - (b) Future, rather than current year, costs and prices will apply, and

- (c) Economic, regulatory and operating conditions will change.
2. The increase in present value does not represent cash available to the Corporation. Actual cash flows will be realized over the producing life of the reserves.
3. The increase in present value during the year tends to be dominated, in times of rising prices, by the effect of current year changes in crude oil and natural gas prices.

Because of these inherent limitations, the data shown below should not be construed as being the value of Shell Canada's oil and gas resource business.

	1984	1983	1982
Net cash flows			
Year ended December 31 (\$ millions)			
Future cash inflow*	15 667	15 006	13 669
Less: Future production and development costs	3 581	3 197	2 864
Petroleum and gas revenue taxes	1 794	1 816	2 089
Future income tax expense	6 002	5 687	5 092
Future net cash flows	4 290	4 306	3 624
Less: 10% annual discount for estimated timing of cash flow	2 292	2 358	2 008
Standardized measure of discounted future net cash flows from proved oil and gas reserves	1 998	1 948	1 616
Changes in net cash flows			
Sales, net of production costs**	(681)	(615)	(545)
Net changes in prices and production costs	208	197	587
Extensions, discoveries and improved recovery, less related costs**	156	92	16
Development costs incurred during the period	89	57	128
Revisions of previous quantity estimates**	112	399	110
Petroleum and gas revenue taxes	(100)	89	(522)
Accretion of discount	462	427	414
Net change in income taxes	(227)	(250)	58
Other	31	(64)	(325)
Net increase (decrease) for the year	50	332	(79)

*Future net cash flows were computed using year-end prices and costs, and year-end statutory tax rates that relate to existing proved developed and undeveloped oil and gas reserves in which the Corporation has mineral interests.

**Costs include petroleum and gas revenue taxes.

Although the rate of inflation has been substantially lower in 1983 and 1984, historical cost measures of income and financial condition remain distorted by the cumulative effect of prior years' high inflation rates.

Shell Canada has used both the Constant Dollar and Current Cost Accounting (CCA) methods to illustrate the impact of inflation on 1984 and 1983 operating results.

Shell Canada's presentation of CCA data follows the Canadian Institute of Chartered Accountants' pronouncement except that deferred taxes have been treated as a monetary item and CCA data are expressed in year-end general purchasing power dollars.

Inflation methodologies

The Statements of Earnings and Financial Position on pages 26 and 28 report the historical transactions of the Corporation in dollars having varying purchasing power determined by the year of expenditure. The Constant Dollar method attempts to eliminate the effects of general inflation by using the Gross National Expenditure Implicit Price Index to restate historical transaction balances to amounts having a constant purchasing power expressed in year-end 1984 dollars.

Under Current Cost Accounting, the reported costs of inventories and purchases are restated to represent the estimated costs of reproducing the same level of inventories and purchases at current prices, and the reported costs of properties, plant and equipment are restated to represent the valuations derived by the use of specific price indices which approximate cost changes experienced by the Corporation. These values are only broad indicators of the cost of replacing the assets at today's prices and do not represent appraised values nor indications that these underlying assets will necessarily be replaced in future.

There is still no acceptable method of determining the current cost of resource assets related to the exploration and development of existing oil and gas reserves. Being unique and finite, these resources

are not replaceable in kind. The current cost of drilling and equipping existing wells was estimated by using indices based on the industry's average drilling costs, while the costs of oil and gas leaseholds and rights were merely adjusted to reflect the effects of general inflation.

Interpretation of results

Even though inflation subsided in 1984, earnings attributable to common shares, measured in either Constant Dollar or Current Cost terms, continued to be significantly impaired when compared with historical values. This is principally due to the cumulative effect of higher inflation rates and current costs in previous years which continue to reflect their impact through depreciation charges. These charges were \$121 million higher under the Constant Dollar method and \$160 million higher under the Current Cost method. While the Corporation's net monetary liability position increased during the year, the effect of lower inflation in 1984 compared with 1983 is apparent in the decline of the purchasing power gain (\$49 million in 1984 versus \$80 million in 1983).

Income taxes

Canadian tax laws do not permit deductions for increased depreciation and other costs stemming from adjustments for the effects of inflation. Consequently, the Constant Dollar and Current Cost statements reflect income taxes (in year-end 1984 dollars) applicable to historical cost earnings.

Purchasing power gain

The purchasing power gain reflects the benefit of a net monetary liability position during inflationary periods as future obligations would be discharged with dollars of declining purchasing power.

Financing adjustment

The financing adjustment represents the purported benefit attributable to common shares that results from changes during the year in the portion of current cost of assets deemed to be financed with net monetary liabilities.

Constant dollar

Current cost

Accounting for inflation

(continued)

Statement of earnings attributable to common shares

In terms of general purchasing power at the end of 1984, except historical cost amounts	1984			1983		
	Historical cost	Constant dollar	Current cost	Historical cost	Constant dollar	Current cost
Year ended December 31 (\$ millions, except per share amounts)						
Revenues	5 762	5 788	5 788	5 336	5 527	5 527
Purchases	3 552	3 588	3 631	3 409	3 570	3 557
Operating and other expenses	1 589	1 605	1 605	1 462	1 526	1 526
Depreciation, depletion and amortization	169	290	329	140	273	325
Earnings before income taxes and extraordinary item	452	305	223	325	158	119
Income taxes – current	119	120	120	14	15	15
– deferred	175	176	176	209	216	216
Extraordinary item, after income taxes	35	36	36	—	—	—
	123	(27)	(109)	102	(73)	(112)
Purchasing power gain	—	49	—	—	80	—
Financing adjustment	—	—	76*	—	—	65*
Earnings (loss)	123	22	(33)	102	7	(47)
Preferred share dividends	16	16	16	17	17	17
Earnings (loss) attributable to common shares	107	6	(49)	85	(10)	(64)
Earnings (loss) per Class "A" Common Share (dollars)	0.96	0.05	(0.44)	0.83	(0.10)	(0.63)
Earnings as a % of average common shareholders' equity	4.8	0.1	(1.2)	4.2	(0.3)	(1.6)

*The financing adjustment would amount to \$30 million in 1984 (1983 – negative \$22 million) if calculated on the unrealized gain/(loss) of current costs.

Other supplementary information

In terms of the general purchasing power at the end of 1984 (\$ millions)	Properties, plant and equipment – net		Inventories	
	1984	1983	1984	1983
Current cost amount at beginning of year	5 130	5 062	772	999
Current year additions (reductions)	35	322	235	(167)
Increase (decrease) in current cost during the year	(9)	(47)	98	(23)
Inflation component of current cost increase	(130)	(207)	(20)	(37)
Current cost amount at end of year	5 026	5 130	1 085	772
Historical cost amount at end of year	3 483	3 289	1 063	764

Net assets on a Current Cost basis amount to \$3 862 million (1983 – \$4 065 million) in terms of general purchasing power at the end of 1984.

Five-year summary of earnings on constant dollar basis

In terms of the general purchasing power at the end of 1984 (\$ millions, unless otherwise indicated)	1984	1983	1982	1981	1980
Earnings attributable to common shares (historical cost)	107	85	107	214	332
Constant dollar restated earnings (loss) attributable to common shares	6	(10)	(20)	148	343
Earnings attributable to common shares as a % of average common shareholders' equity	0.1	(0.3)	(0.6)	4.1	10.0
Earnings as a % of average capital employed	1.5	1.4	0.9	4.0	8.2
Purchasing power of the Canadian dollar (amount needed on January 1 each year to purchase what \$1.00 would buy on December 31, 1984)	0.98	0.94	0.84	0.77	0.69

Shell Canada Limited

(incorporated under the laws of Canada)
Head office: Shell Centre,
400-4th Avenue S.W.,
Calgary, Alberta, T2P 2H5

Transfer agent and registrar

Shell Canada's transfer agent and registrar is The National Victoria and Grey Trust Company - Toronto, Montreal, Winnipeg, Calgary and Vancouver and its agent in Halifax, Canada Permanent Trust Company.

Changes of address or inquiries about shares and dividends should be directed to the transfer agent.

Stock exchange listings

The Class "A" Common Shares of Shell Canada Limited are listed on the Montreal, Toronto, Alberta and Vancouver stock exchanges. The stock symbol is SHC.

Form 10-K report

A copy of the Corporation's Form 10-K report for 1984, as filed with the Securities and Exchange Commission in the United States, is available to shareholders on request from the Corporation's Secretary.

Annual meeting

The annual meeting of shareholders will be held at 2:00 p.m. Wednesday, April 24, 1985, Macleod Hall Salon A of The Calgary Convention Centre, Calgary, Alberta.

Duplicate reports

Shareholders who receive more than one copy of Annual and Quarterly Reports, as a result of having their shareholdings represented by two or more share certificates, may wish to contact the transfer agent to have their holdings consolidated. It will not be necessary to forward share certificates.

Ownership and voting rights of Shell Canada Limited (at December 31, 1984)

Ownership of Shell Canada Limited is divided between Shell Investments Limited (SIL) and public shareholders. SIL's holdings include approximately 68 per cent of the Class "A" and 100 per cent of the Class "B" Common Shares which, when aggregated, represent a 79-per-cent ownership interest. However, while each Class "B" share has four times the value of a Class "A", it represents only one vote per share. Consequently, the SIL voting interest is 72 per cent.

The publicly-held Class "A" Common Shares (approximately 23.9 million) constitute 21 per cent ownership and 28 per cent voting interest.

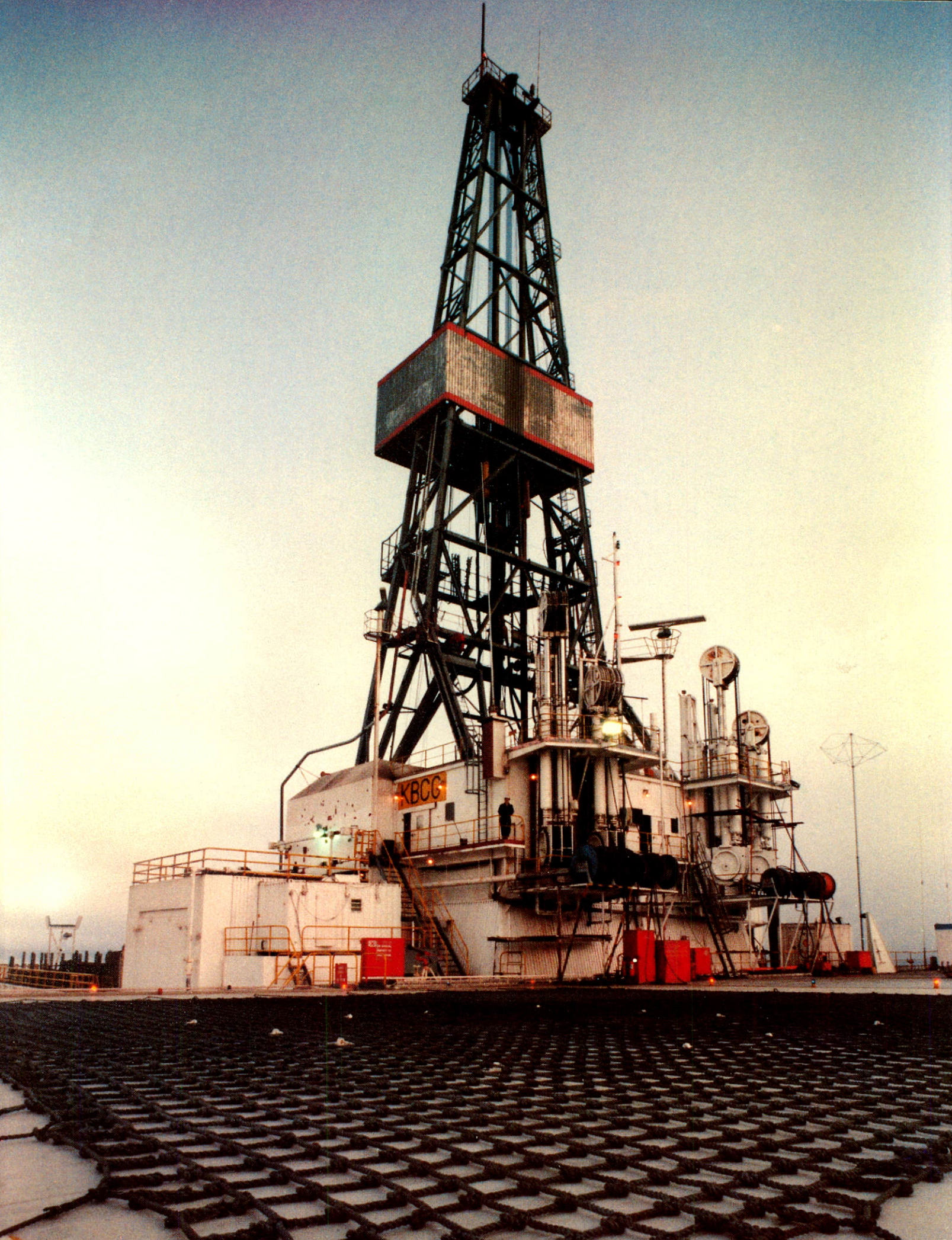
Shell Investments Limited is a Canadian company, wholly-owned by Shell Petroleum N.V. of the Netherlands which, in turn, is owned 40 per cent by The "Shell" Transport and Trading Company, p.l.c., an English company, and 60 per cent by Royal Dutch Petroleum Company of the Netherlands.



Approximate metric conversion factors

- 1 cubic metre of liquids = 6.29 barrels
- 1 cubic metre of gases = 35.3 cubic feet
- 1 tonne = 2 205 pounds
or 0.984 long ton
or 1.102 short tons
- 1 kilometre = 0.621 mile
- 1 hectare = 2.47 acres
- 1 litre = 0.22 gallon

The East Coast drilling rig Sedco 709 with helicopter deck and net in foreground. ►





For information:

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