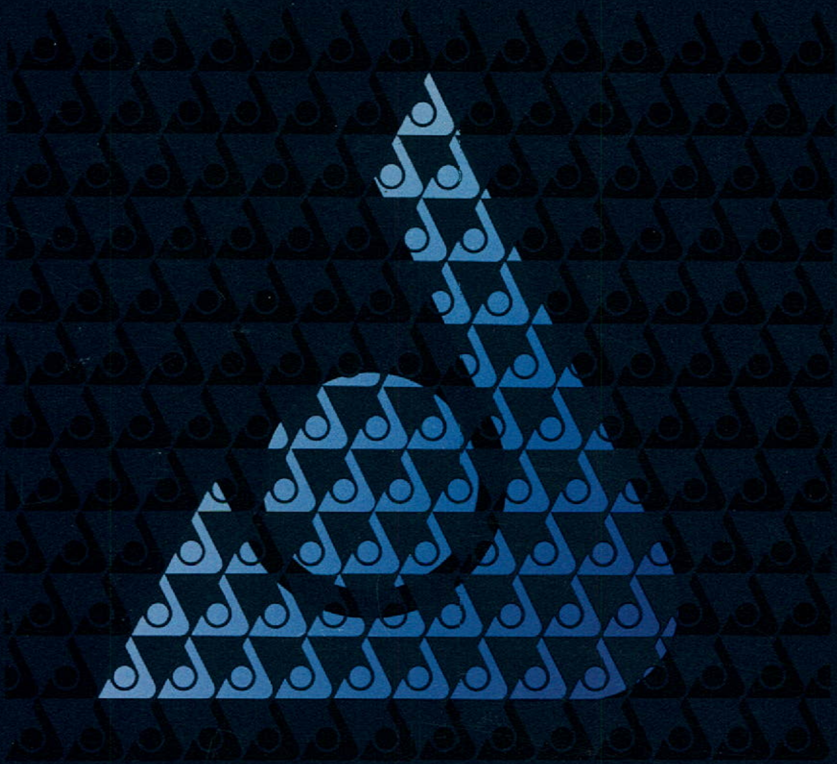
Annual Report 1983



NOVA, AN ALBERTA CORPORATION

NOVA
AN ALBERTA
CORPORATION

NOVA, AN ALBERTA CORPORATION, incorporated by special act of the Province of Alberta, is a major Canadian energy company headquartered in Calgary.

Formed in 1954 to build, own and operate a province-wide natural gas transportation system, NOVA has expanded its business base in recent years, concentrating on additional resource development and petrochemical activities. Assets currently total $6.8 billion.

The Company now operates through five business sectors: Gas Transportation & Marketing, Petroleum, Petrochemicals, Manufacturing, and Consulting & Research.

NOVA is a public, shareholder-owned company trading on the Toronto, Montreal and Alberta stock exchanges.

PRINCIPAL SUBSIDIARIES, AFFILIATES & DIVISIONS

Gas Transportation & Marketing
Alberta Gas Transmission Division
Foothills Pipe Lines (Yukon) Ltd.
Trans Québec & Maritimes Pipeline Inc.
Pan-Alberta Gas Ltd.

Petroleum
Husky Oil Ltd.
Novalta Resources Ltd.

Petrochemicals
Novacor Chemicals Ltd.
The Alberta Gas Ethylene Company Ltd.
Diamond Shamrock Alberta Gas
Alberta Gas Chemicals Ltd.
A. G. Pipe Lines Companies

Manufacturing
NOVA Energy Systems Inc.
Grove Valve and Regulator Company
WAGI International S.p.A.
NovAtel Communications Ltd.
Western Star Trucks Inc.
CNG Fuel Systems

Consulting & Research
Novacorp International Consulting Ltd.
Novacorp Engineering Services Ltd.
NOVA/Husky Research Corporation Ltd.

Other
Novalta Properties Ltd.

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Directors' Report. Comparing 1983 to 1982, a slight improvement in consolidated net income to another new high was achieved, but we also report a decline in earnings per share. As 1983 began, management expected to resume the Company's normal upward motion in earnings per common share by increasing net income by more than the new preferred dividend obligations incurred in 1982. However, it did not take long to see that a very difficult environment was continuing for several of our main business sectors and that even the 1982 level of earnings per share could not be maintained.

Therefore, the objective of resuming earnings per share growth has been carried over to 1984 and become an even higher management priority. New directions have been chosen to reach this objective. Earnings per share growth has been missing recently in NOVA's record of management performance and it can be an important ingredient in stock market price.

One of the new directions recommended by management and approved by the Board for year-end 1983 was an accounting write-down of deferred costs or "seed money" and certain other investments of past years. An impact of this accounting treatment was a reduction in the reinvested earnings account. Another was to give the stock market a signal that NOVA had decided to be less aggressive in its attack on a wide variety of new energy industry challenges. That approach produced fast asset growth through 1982 but does not have to be continued. Benefits of this reduced investment pattern

CONSOLIDATED FINANCIAL HIGHLIGHTS

(thousands of dollars except for share data)

	1983	1982
Operating revenue	**$3,823,005**	$3,500,066
Net operating income	**$ 544,063**	$ 511,699
Income before extraordinary items	**$ 150,733**	$ 150,524
Extraordinary items	**$ 115,605**	$ —
Net income	**$ 35,128**	$ 150,524
Earnings (loss) per common share		
Before extraordinary items		
Basic	**$ 0.60**	$ 0.80
Fully diluted	**$ 0.58**	$ 0.74
After extraordinary items		
Basic	**$ (0.38)**	$ 0.80
Fully diluted	**$ (0.38)**	$ 0.74
Dividends paid per Class "A" common share	**$ 0.40**	$ 0.40
Average number of common shares outstanding (thousands)	**118,478**	114,341
Additions to plant, property and equipment	**$ 933,807**	$1,221,953
Investment in plant, property and equipment (cost)	**$6,589,882**	$5,658,708
Investment in plant, property and equipment (net)	**$5,541,801**	$4,870,523
Total consolidated assets	**$6,796,056**	$6,333,029

should be faster improvement in future earnings per share and less earnings exposure from new projects, particularly those that do not produce immediate returns to investors. These accounting write-downs, together with losses on disposition of certain manufacturing facilities, resulted in extraordinary losses for 1983 of $115.6 million, after tax—a large figure that was disturbing to some shareholders when announced. Subsequent shareholder calls to management and business editorial comment have reassured many shareholders about the Company's write-down decisions but, to be sure they are understood, we are devoting much of our message this year to the explanations.

During 1983, expenditures were discontinued on several developmental projects—the Arctic Pilot Project, the Nova Scotia Synthetic Fuel Study, and the extension of the TQM pipeline beyond Quebec City. Each of these projects had good rationale initially but it became evident they would not proceed in this decade. We also decided to write off, for accounting purposes, all previous costs associated with the Arctic Pilot Project and certain costs on Phase II (the main northern segment) of the Alaska Highway Gas Pipeline, which we are sure will be built in the future but has been deferred. All expenditures associated with Alberta oil sands development were written off, although we continue to believe NOVA will help to lead the next new oil sands mining project. We do not, however, perceive encouragement for such a project at present. As and when Canada's future oil sands and northern gas pipeline projects can occur, the value of our prior work and permits will be realized. The accounting write-downs of 1983 may then turn out to have been very conservative but, we feel, are timely in the present business atmosphere.

We do point out that while some of our projects have now been written down, they have already provided the Company with a position in viable new businesses that would not have existed at all if the larger projects had not been pursued in the 1970s. Examples are the Phase I installation of the Alaska Highway Gas Pipeline and the Montreal-Quebec City segment of TQM. The Company's participation in these two installations will contribute approximately $30 million, after tax, to 1984 earnings.

One particular investment of $23 million written off was unusual enough to require specific explanation. In 1980, the Company started buying common shares of Nu-West Development Corporation for the purpose of gaining a negotiating position after a Nu-West subsidiary obtained the other 50% interest in our affiliate, Alberta Gas Chemicals Ltd. However, since such purchases, Nu-West's share price declined and the Company's management feels there is little prospect currently of realizing the Nu-West acquisition cost, which is several times present market. It therefore wrote off the entire

NOVA
AN ALBERTA
CORPORATION

NOTICE OF ANNUAL MEETING

NOTICE is hereby given that the Annual Meeting of NOVA, AN ALBERTA CORPORATION (the "Corporation") will be held at the NOVA Head Office Building, 801 Seventh Avenue S.W., Calgary, Alberta on Friday, May 4, 1984 at 3:30 o'clock in the afternoon, Calgary time, for the following purposes, namely:

1. to receive the financial statements of the Corporation for the year ended December 31, 1983 and the reports of the Directors and the Auditors;
2. to elect certain Directors as provided in the NOVA, AN ALBERTA CORPORATION Act;
3. to appoint Clarkson Gordon as the Auditors; and
4. to transact such other business as may properly be brought before the Meeting.

Only holders of Class "A" common shares and holders of Class "B" common shares of record at the close of business on March 30, 1984 are entitled to notice of, and to attend, the Annual Meeting.

Details of the limited voting rights attaching to the Class "A" common shares and to the Class "B" common shares respectively are set forth in the accompanying Information Circular.

By Order of the Board of Directors

R.C. MILNER
Vice President, Treasurer
and Corporate Secretary

Calgary, Alberta
March 12, 1984

TO: Holders of Class "A" common shares

If you are unable to attend in person, please complete and sign the enclosed form of proxy and forward it in the enclosed self-addressed envelope to the Corporate Secretary of the Corporation, c/o National Trust Company, Limited, 150 Toronto Dominion Square, Calgary, Alberta T2P 9Z9, to reach that address no later than 24 hours before the time fixed for the Annual Meeting.

NOVA
AN ALBERTA
CORPORATION

INFORMATION CIRCULAR

GENERAL

This Information Circular is furnished in connection with the solicitation of proxies by the management of NOVA, AN ALBERTA CORPORATION (the "Corporation") for use at the Annual Meeting to be held on Friday, May 4, 1984 at 3:30 o'clock in the afternoon, Calgary time, at the NOVA Head Office Building, 801 Seventh Avenue S.W., Calgary, Alberta and at any adjournment thereof. Enclosed is a form of proxy for use at the Annual Meeting. A copy of the Annual Report and Financial Statements of the Corporation for the fiscal year ended December 31, 1983 to be presented to the Annual Meeting, is also enclosed.

Pursuant to the By-laws of the Corporation, instruments of proxy must be received by the Corporate Secretary of the Corporation, c/o National Trust Company, Limited, 150 Toronto Dominion Square, Calgary, Alberta T2P 9Z9 no later than 24 hours before the time fixed for the Annual Meeting.

REVOCABILITY OF PROXY

An instrument of proxy may be revoked by the person giving it at any time prior to the exercise thereof. If a person who has given a proxy attends personally at the Annual Meeting at which such proxy is to be voted, such person may revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney authorized in writing and deposited either at the head office of the Corporation, 801 Seventh Avenue S.W., Calgary, Alberta T2P 2N6 at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the chairman of such Meeting on the day of the Meeting, or any adjournment thereof, and upon either of such deposits the proxy is revoked.

PERSONS MAKING THE SOLICITATION

The solicitation is made on behalf of the management of the Corporation and the costs thereof will be borne by the Corporation. It is expected that the solicitation will be primarily by mail. Proxies may also be solicited by personal interviews, telephone or telegraph, by Directors, officers and employees of the Corporation.

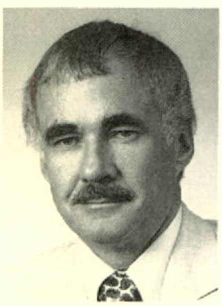
CLASS "A" COMMON SHARES AND PRINCIPAL HOLDERS THEREOF

At the date of this Information Circular, the Corporation has outstanding 121,787,735 Class "A" common shares. Each Class "A" common share confers upon the holder the right to one vote for the purpose only of electing seven Directors. Only holders of Class "A" common shares of record at the close of business on March 30, 1984 are entitled to notice of, to attend, and to vote for seven Directors at the Annual Meeting. Each of the four Class "B" common Group IV shares also confers upon the holder the right to one vote in such election. At the date of this Information Circular, no person or company, to the knowledge of the Directors or senior officers of the Corporation, beneficially owns, directly or indirectly, Class "A" common shares carrying more than 10% of the voting rights attached to all Class "A" common shares of the Corporation.

ELECTION OF DIRECTORS

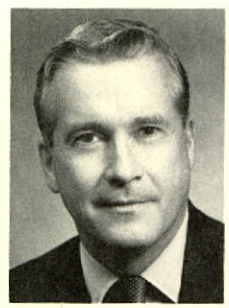
The NOVA, AN ALBERTA CORPORATION Act provides for a Board of Directors consisting of fifteen persons. The information given herein with respect to each of the Directors is based upon information furnished to the Corporation by such Director.

Seven Directors are to be elected at the Annual Meeting by the holders of Class "A" common shares and by the holders of the four Class "B" common Group IV shares to hold office until the next Annual Meeting or until their successors are elected or appointed. Each person proposed to be nominated for election by the holders of Class "A" common shares and by the holders of the four Class "B" common Group IV shares is set forth immediately below and is currently a Director of the Corporation. Proxies in favour of the persons named in the accompanying form of proxy will be voted in favour of the election as Directors of the seven persons as set forth. The management does not contemplate that any of the nominees will be unable to serve as a Director but, if that should occur for any reason prior to the Annual Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. The number of Class "A" common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each Director is as follows: S. Robert Blair, 52,000; Arthur J.E. Child, 10,000; Harley N. Hotchkiss, 18,000; William A. Howard, 7,551; Peter L.P. Macdonnell, 1,500; H.J. Sanders Pearson, 2,280; Robert L. Pierce, 229,401.



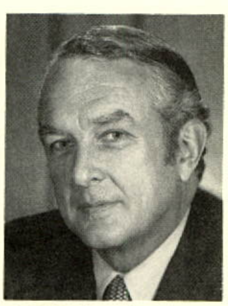
** **S. Robert Blair** served initially as a non-management Director of the Corporation during the 1960's, then entered full-time management of the Corporation in December, 1969. He is President and Chief Executive Officer of the Corporation and resides in the City of Calgary.

** **Arthur J.E. Child** has been a Director of the Corporation since July 17, 1972. He resides in the City of Calgary and is the President and Chief Executive Officer of Burns Foods Limited, a company engaged in food processing.



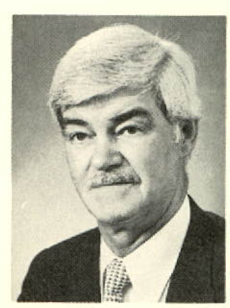
Harley N. Hotchkiss has been a Director of the Corporation since May 11, 1979. He resides in the City of Calgary and is President of Harman Resources Ltd., and other private companies investing in oil and gas, real estate and agriculture.

William A. Howard has been a Director of the Corporation since May 13, 1977. He is a partner in the law firm of Howard, Mackie, and resides in the City of Calgary.



* **Peter L.P. Macdonnell** has been a Director of the Corporation since July 17, 1972. He is a partner in the law firm of Milner & Steer, and resides in the City of Edmonton.

** **H.J. Sanders Pearson** is Chairman of the Board of the Corporation. He has been a Director of the Corporation since July 17, 1972. He resides in the City of Edmonton and is Chairman and Chief Executive Officer of Century Sales & Service Limited, a company engaged in the distribution of industrial tools and fasteners.



Robert L. Pierce is Executive Vice President of the Corporation. He has been a Director since May 13, 1977. He resides in the City of Calgary.

*Member of the Audit Committee.

**Member of the Management Resources and Compensation Committee.

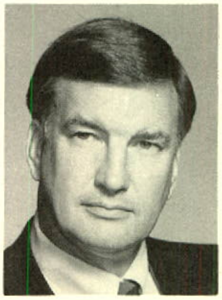
Four Directors are to be elected at the Annual Meeting by the holders of Class "B" common shares, voting as a class upon nominations received at the Meeting, to hold office until the next Annual Meeting or until their successors are elected or appointed. The Class "B" common shares are divided into four groups. Groups I, II, III and IV are allocated to, respectively, utility companies, gas export companies, gas producers and four Directors appointed by the Lieutenant Governor in Council of Alberta. At the date of this Information Circular, the Corporation has outstanding 1,665 Class "B" common shares.

The Directors presently in office and who have been elected by the holders of Class "B" common shares are those persons set forth immediately below. Each such Director has held his present principal occupation or executive position with the same or associated firms for the past five years, except in the case of J. Edward Baugh. The number of Class "A" common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each Director is as follows: J. Edward Baugh, 832; Frederick A. McKinnon, 4,188; A. Ernest Pallister, 13,800; Ronald D. Southern, nil.

J. Edward Baugh served as a Director of the Corporation from July 25, 1968 to November 3, 1978 and since May 7, 1982. He resides in the City of Calgary and is President of Ted Baugh Resource Consultants Ltd., a company engaged in resource management. Prior to August, 1981 he was Senior Vice President of Petrofina Canada Inc.

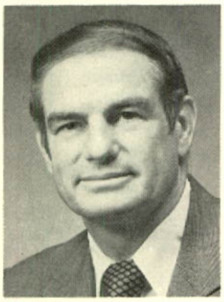
* **Frederick A. McKinnon** has been a Director of the Corporation since January 10, 1975. He is retired from BP Canada Inc., and resides in the City of Calgary.

A. Ernest Pallister has been a Director of the Corporation since December 1, 1978. He resides in the City of Calgary and is President of Pallister Resource Management Ltd., a company engaged in resource management.



* **Ronald D. Southern** has been a Director of the Corporation since May 19, 1978. He resides in the City of Calgary and is the President and Chief Executive Officer of ATCO LTD., a company engaged in natural resource services, property development, manufacturing and utilities - generation and transmission.

Four Directors are appointed by the Lieutenant Governor in Council of Alberta. The Directors presently in office and who have been appointed by the Lieutenant Governor in Council are set forth immediately below. Each such Director has held his present principal occupation or executive position with the same or associated firms for the past five years, except in the case of Donald R. Getty. The terms of appointment of John R. McCaig and Daryl K. Seaman will expire at the termination of the Annual Meeting in 1985 and the terms of appointment of Donald R. Getty and J. Joseph Healy will expire at the termination of the Annual Meeting in 1986. The number of Class "A" common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by each Director is as follows: Donald R. Getty, nil; J. Joseph Healy, 1,200; John R. McCaig, 7,500; Daryl K. Seaman, 81,900.



Donald R. Getty has been a Director of the Corporation since May 2, 1979. He resides in the City of Edmonton and is the President of D. Getty Investments Ltd., a company engaged in resource development and investments. Prior to March, 1979 he was Minister of Energy and Natural Resources of the Province of Alberta.

J. Joseph Healy has been a Director of the Corporation since April 19, 1977. He resides in the City of Edmonton and is the President of Healy Motors Limited, a company engaged in transportation.

* **John R. McCaig** has been a Director of the Corporation since July 17, 1972. He resides in the City of Calgary and is the Chairman and Chief Executive Officer of Trimac Limited, a company engaged in transportation and resource services.

** **Daryl K. Seaman** has been a Director of the Corporation since April 9, 1973. He resides in the City of Calgary and is Chairman of Bow Valley Industries Ltd., a company engaged in natural resource services, exploration and development.

*Member of the Audit Committee.

**Member of the Management Resources and Compensation Committee.

INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

The following Directors and senior officers are indebted to the Corporation or its subsidiaries in the manner and to the extent set forth in the table below in respect of the purchase of Class "A" common shares purchased under the Executive Share Option Plan:

Director or senior officer	Largest aggregate amount of indebtedness in 1983	Current outstanding amount of indebtedness	Interest rate
Robert L. Pierce	$1,866,749	$1,866,749	Nil
William C. Rankin	$1,057,824	$1,057,824	Nil
John E. Feick	$ 457,500	$ 457,500	Nil
Bruce W. Simpson	$ 165,625	$ 165,625	Nil
Ronald D. Dooley	$ 99,375	$ 99,375	Nil
Donald G. Olafson	$ 186,675	$ 186,675	Nil

All the above individuals reside in the City of Calgary.

REMUNERATION OF MANAGEMENT AND OTHERS

(i) REMUNERATION OF DIRECTORS AND OFFICERS

The following table sets forth the remuneration paid or payable by the Corporation and its subsidiaries for the year ended December 31, 1983:

	Nature of remuneration		
	Aggregate remuneration	Cost of pension benefits	Future *
Fifteen Directors of the Corporation in their capacity as Directors			
From the Corporation and wholly-owned subsidiaries	$ 270,857	—	—
From partially-owned subsidiaries			
Husky Oil Ltd.	30,500	—	—
Pan-Alberta Gas Ltd.	17,200	—	—
	$ 318,557	—	—
Five senior officers in receipt of the largest amounts of remuneration	$2,501,453	$154,000	$345,000
Nineteen officers, including the above five senior officers, receiving over $50,000 **	$4,427,456	$299,599	$495,000

* These amounts relate to payments to be made under a Bonus Plan established in September, 1981 to reward and provide incentive for selected officers and employees.

** Includes members of the Consolidated Management Committee who are not corporate officers of the Corporation.

(ii) STOCK OPTIONS

Since January 1, 1983 the following options were granted under the Employees Incentive Stock Option Plan (1982) to senior officers as a group. No consideration was received by the Corporation for the granting of any options.

Number of Class "A" common shares	Date of grant	Expiration date	Price per share	30 day price range of Class "A" common shares preceding date of grant on The Toronto Stock Exchange	
				High	Low
24,000	April 15, 1983	April 14, 1988	$8.75	$8.50	$8.375
2,507,500 ***	December 9, 1983	December 8, 1993	$6.875	$6.625	$6.50
20,000	December 9, 1983	December 8, 1988	$6.875	$6.625	$6.50

*** Prior to the Corporation granting these options the recipients had surrendered to the Corporation for cancellation outstanding options for a total of 1,177,500 Class "A" common shares under the Corporation's Executive Share Option Plan pursuant to which Plan such officers would have been entitled to borrow the purchase price from the Corporation on an interest-free basis. The options for 2,507,500 shares granted on December 9, 1983 carry no right to borrow the purchase price from the Corporation and there are no other stock option plans under which the optionee can borrow the purchase price from the Corporation.

Since January 1, 1983 the following options were exercised under the Employees Incentive Stock Option Plan, the Employees Incentive Stock Option Plan (1982) and the Executive Share Option Plan by senior officers as a group:

Quarter	Number of Class "A" common shares purchased	Purchase price per share	Price range of Class "A" common shares on The Toronto Stock Exchange	
			High	Low
1983				
January 1 - March 31	20,700	$5.25	$9.375	$7.875
	500	$5.00		
April 1 - June 30	12,000	$8.416	$9.375	$7.875
	60,000	$7.625		
	15,000	$5.25		
	9,600	$5.00		
	3,000	$6.625		
July 1 - September 30	40,000	$6.625	$8.375	$6.75
October 1 - December 31	10,300	$5.00	$7.375	$6.125
1984				
January 1 - March 12	4,250	$6.625	$7.750	$6.50

No options have been granted to, or exercised by, and no options are held by any Director of the Corporation who is not a full time employee of the Corporation.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

A substantial portion of the Corporation's consolidated net operating income is derived from the operation of gas transportation services. The Corporation provides gas transportation services primarily under cost of service transportation contracts and its principal customers are: TransCanada PipeLines Limited, Alberta and Southern Gas Co. Ltd., Pan-Alberta Gas Ltd., Consolidated Natural Gas Limited, ProGas Limited, Westcoast Transmission Company Limited, Many Islands Pipe Lines (Canada) Ltd., and Westcoast Transmission Company (Alberta) Ltd. Gas export companies which are holders of Class "B" common Group II shares join with the other holders of Class "B" common shares in electing four Directors.

By Order of the Board of Directors

R.C. MILNER
Vice President, Treasurer
and Corporate Secretary

Calgary, Alberta
March 12, 1984

MCARA PRINTING LIMITED
Calgary, Alberta, Canada

investment to leave for future such value as may be obtainable but cannot be estimated now.

These write-downs were a major step taken by management but other initiatives were taken as well.

Despite a strong general recovery in the U.S. economy, two sectors—energy equipment and petroleum refining and marketing—continued in a slump, with industry-wide losses occurring throughout 1983. We are involved in both sectors and decided to reduce our presence in them. Accordingly, plant shutdowns or sales were completed in several of our U.S. operations, resulting in large operating cost reductions.

In addition, the Company restrained salary increases in 1983 below industry norms and has applied an absolute freeze on salaries of Company officers in 1984.

Future prospects and the Company's main businesses are the subject of the President's Report, which follows this discussion. It is clear 1984 is a year of continuing tough choices and there will be decisions made involving elimination of other aspects of our business and the disposal of assets. It is time to work on showing a better return on the large amounts of new capital invested in the last decade. It is also time to record that this Company has accomplished a great deal beneficial to the industrial development of the province of Alberta and of Canada. We can talk with pride of the amount of viable new business and employment created in our expansive years, including the hundreds of thousands of construction man-hours that have gone into projects initiated and carried out by NOVA.

In recent years, a large part of the consolidated capital program of the NOVA group has been implemented by Husky Oil Ltd., particularly for exploration and production expenditure in western Canada and recently in the Atlantic offshore. The pace of Husky's 1984 exploration activity, in the Grand Banks area offshore Newfoundland and the gas condensate play offshore Nova Scotia, has been stepped up significantly.

NOVA's own cash requirements for 1984 will be decreased considerably from past years. At the start of the year, they were projected to be $250 million compared to about $430 million in 1983. The capital program comprises about $100 million for Alberta gas transmission facilities, which are normally debt funded, and about $150 million net for petrochemical, petroleum and other investments. It is not expected the Company will be issuing any new equity in 1984 but will handle its capital requirements by medium- to long-term debt, short-term commercial paper and bank lines of credit.

We have been hearing from some sources that the deliberate broadening of the Company's business base in the 1970s has made NOVA complex and so are trying to improve communication to the investing public and other interested parties in various ways. A communications campaign will be run in 1984, partly in response to the very useful comments received from a number of shareholders last year when the questionnaire included in our annual report was returned.

We hope you will find this annual report informative and specific to business conditions and future expectations. We continue to encourage our shareholders to contact the Company directly for further information or comments.

The directors take the opportunity here to acknowledge the important contribution made to the Company by W. J. (Bill) Deyell, who retired in 1983 after 23 years of ever-increasing responsibility in operations and executive areas. Our sincere thanks also to a dedicated and loyal group of employees who we feel are more than equal to meet the challenges that lie ahead.

Respectfully submitted on behalf of
the Board of Directors,

Chairman

President &
Chief Executive Officer

Calgary, Alberta
March 23, 1984

President's Report. In a few pages, I will summarize management's view of how 1984 may evolve for our main business sectors.

Earnings growth in 1984 is possible and we will try hard for it, although markets for natural gas, petrochemicals and oilfield services and equipment still exhibit slow demand and low prices. These sectors were described by one Houston investment banker visiting our Calgary head office as "struggling to get back up onto their knees worldwide." NOVA as a corporation is doing better than that, but times surely are tough in some of our sectors.

Our natural gas transmission business has of course some downside protection because of its regulated nature. However, sharp reduction in natural gas market demand has brought unusual stress to the natural gas industry generally, and it has been suggested that pipeline companies should get lower rates of return for the service they provide to the industry. In August 1983, we agreed with our customers and a representative group of Alberta producers to reduce our Alberta Gas Transmission Division rate of return on equity from 16.25% to 15.00%. This meant 1983 earnings from the Alberta gas transmission system fell below budget and ended up only slightly above 1982 actual earnings, although we provided over 20% growth in rate base in that year.

In 1983, compared to the previous two years, rate base expansion was slowed considerably with less growth in the Alberta system and with completion of Phase I of the Alaska Highway Gas Pipeline and the mainline from Montreal to Quebec City owned by Trans Québec & Maritimes Pipeline Inc. For 1984, the Alberta Gas Transmission Division capital budget is about $100 million, with an additional $22 million budgeted for a gas delivery lateral to the Cold Lake area.

In the winter of 1983-84, we have seen substantial growth in gas deliveries within Alberta, particularly to our own petrochemical markets, and a little growth in Canadian markets nationally, but very depressed demand in our U.S. markets where Canadian sellers have sometimes come under serious competitive danger. Through affiliates, NOVA has done a great deal to build more markets for Alberta gas in the past decade—by creating new petrochemical demand, pipeline system extensions and marketing opportunities through Pan-Alberta Gas Ltd.—but present conditions make it extremely difficult to build further markets. This part of our business will probably stay more or less even for the next few years.

The Alberta petrochemical industry, which we helped to found in the 1970s, is dependent for profitability on reasonably healthy world markets and competitive feedstock costs in Alberta. Unfortunately, neither of those elements has been present in 1983 or so far in 1984. Most of our petrochemical business is based on the ethane component of natural gas, for which we are paying the Alberta border export price rather than the competitive industrial gas price within the province. The ethane is upgraded first to ethylene, a basic feedstock, and then much of it is further upgraded in the manufacture of a wide range of petrochemical products.

The two petrochemical derivative products of most importance to NOVA are polyvinyl chloride, manufactured at Fort Saskatchewan, Alberta, since 1979, and linear low-density polyethylene, to be produced at our nearly completed plant at Joffre, Alberta, starting in the summer of 1984.

Our ethylene supply contracts with various customers are on a cost-of-service basis and provide a stable source of income that will increase in 1984 with the completion of the second ethylene plant. The polyvinyl chloride and polyethylene plants operate at full risk to the usual market environments and are totally sensitive to production cost versus market price and demand. The polyvinyl chloride plant has lost money since it commenced operation, due to its historical high capital cost and recent low commodity price. Our share of its loss for 1983, at $5.6 million after tax, before extraordinary items, was smaller than before, and we hope to see some further improvement in 1984.

Our original decision to enter into the manufacture of polyvinyl chloride may still prove correct; it is a product basic to an integrated petrochemical industry and provides a host of opportunities for further upgrade of the product to the commercial and retail level. This is, however, a volatile situation that today is extremely difficult to prophesy. In any case, the establishment of the Alberta ethylene business needed that particular facility at the time.

Our linear low-density polyethylene plant may encounter market price and demand problems on start-up later this year, but we have good reason to expect it to be highly competitive in the future. This plant is based on the new energy-efficient UNIPOL technology, which produces a much stronger polyethylene than those in current use and has gained good market acceptance. Several plants using this or other new technology are starting up worldwide, and initial competition will be stiff and will point up again the urgency of obtaining competitive feedstock cost in Alberta for development of export markets, such as the United States and Asia.

Our other petrochemical commodity participation is in methanol. NOVA currently owns half of Alberta Gas Chemicals Ltd. which produces methanol at three plants in Medicine Hat, Alberta, and has 49% of another plant in New Zealand that started up in 1983. Methanol is in oversupply worldwide and the imbalance is not expected to correct quickly. Until 1983, we had profitable operations but, with the downward pressure on price caused by new capacity, an after-tax loss of $4.3 million, before extraordinary items, was booked last year for our half share. Methanol losses may quite likely continue through 1984 and later; however, we do have some advantage in that our Alberta facilities on a combined basis are relatively new and efficient with a low cost base. The methanol operation is being run very lean and all practical steps have been taken to reduce production costs. It has been able to retain a strong, established customer base which has kept it producing at or near capacity and selling all product.

Other parts of our petrochemical business, including participation in an ethane gathering system, an ethane extraction plant and the Cochin products pipeline, continue as a group to operate at a profit into 1984.

In petrochemicals, NOVA's particular blend of cost-of-service production and full market risk exports gives some helpful stability in downside conditions, which was exactly how we meant our industry involvement to work out. We are hanging in now and trusting that more competitive gas feedstock cost and the cyclical nature of this industry will lead to a future turnaround. Meanwhile, for 1984 and 1985, we expect this sector to be moderately profitable even if less so than in 1982.

In manufacturing, the petroleum equipment sector stayed severely depressed in 1983 and into 1984 because of poor markets, particularly in the United States. Historically, the manufacture of energy equipment, through companies located in the U.S. and Italy, was the most profitable of our investments. Even under the bad market conditions of 1983, the Italian operation on its own had its second best year ever, making an after-tax profit of $21 million, before extraordinary items, but that will be hard to repeat in 1984 and we expect a lesser profit contribution.

Throughout the year, we commented on the unusual losses being incurred on the translation of foreign currency, primarily the translation of Italian lira earnings to Canadian dollars. At the end of 1983, the Company adopted the new method of translation of foreign currency financial statements, as recommended by The Canadian Institute of Chartered Accountants, which has helped earnings reports.

The U.S. manufacturing operation had a bad year in 1983, experiencing an after-tax loss of about $12 million, before extraordinary items. Several actions have been taken since the business fall-off started in 1982, including the closing or sale of some plants and the amalgamation of the product lines of the two main plants in Reno, Nevada, and Oakland, California, into the Oakland plant. These actions have also involved drastic staff reductions with the current staff level now at approximately 400 versus nearly 1,000 people in 1982. By making these moves, we feel we should be able to break even in the U.S. in 1984 and start showing profits again in 1985.

In Italy, steps have also been taken to consolidate some operations and reduce operating expenditures in existing plants.

Taken together, we believe our decisions in 1982-83 will achieve the cost reductions needed to get through the present period and put us in a strong position to be competitive now and when the market again returns in volume.

Most other operations reported in the manufacturing sector are still sufficiently new as to have little impact on total earnings. However, I will take this opportunity to discuss briefly our entry into the cellular mobile telephone business, which surprised some. It need not have been all that surprising because our partner, Alberta Government Telephones, has developed the largest mobile phone service in the world and NOVA has been the largest user of that equipment in Alberta. When the time grew ripe for hard driving international marketing and accelerated product development, the NovAtel Communications Ltd. team came together rapidly and has started up effectively, having good initial success in marketing its product domestically and in parts of the U.S. Agreement was reached in late 1983 with a Korean company to license our technology for manufacture and sale in that country. We now believe NovAtel might start showing a profit earlier than usual, although I say this with some caution as that business is still in a start-up mode. The future market potential is huge.

Husky Oil Ltd. (68% owned by NOVA) publishes its own shareholder reports, so I will just comment on its prospects for 1984.

Husky's Canadian operations should follow their good year in 1983, particularly in the Heavy Oil Division, with continuing growth in income contribution in 1984.

Husky's new and very large exploration activity in the Grand Banks oil play off Newfoundland and the natural gas and condensate play off Nova Scotia should bring a high level of excitement into 1984, 1985 and 1986. In those plays, Husky has a top petroleum lands position in highly prospective areas for exploration of large quantities of oil and gas. In early 1984, Husky in Canada may be close to getting the Bi-Provincial heavy oil development and upgrading project into place, which would add very materially to its strength as the largest producer of heavy crude oil in Canada.

Husky's U.S. operation experienced large losses in refining and marketing operations for the first six months of the year, to the extent that it was just barely profitable in its overall U.S. operation for the year. So in fact Husky's profits in 1983 all came from the Canadian company. We are seeing some improvement in U.S. refining and marketing in early 1984, but probably not enough to justify continuing in that downstream activity in future years.

The necessary procedures to wind up and/or sell this part of the business were started in 1983. Several marketing outlets have already been sold at a real estate profit.

Besides the main business activities described, NOVA is increasingly involved in international engineering projects through Novacorp International Consulting Ltd., using in particular our base of pipeline expertise.

This is a strong organization with good people and skills, ready to participate actively in new projects as our main business markets come back.

However, the prime job of NOVA's management in 1984 is to improve earnings per share performance and by that process try to improve the immediate market price of our shares.

Bob Blair

SHAREHOLDER INFORMATION

Shareholders are cordially invited to attend the Company's annual meeting. It will be held on Friday, May 4, 1984, at 3:30 p.m. in the NOVA head office building, 801 Seventh Avenue S.W., Calgary, Alberta.

Dividend reinvestment and share purchase plan. The Company has a Dividend Reinvestment and Share Purchase Plan that provides shareholders with an opportunity to reinvest their cash dividends in Class "A" common shares at 95% of the weighted average price of Class "A" shares sold on The Toronto Stock Exchange on the dividend payment date. Shareholders may also make optional cash payments and acquire additional Class "A" shares without paying brokerage commissions.

Those wishing to obtain further information about the plan may contact: National Trust Company, Limited, Stock Transfer Department, 10th Floor, Home Oil Tower, 150 Toronto Dominion Square, 320 Eighth Avenue S.W., Calgary, Alberta T2P 3B2. Telephone (403) 263-1460.

The Dividend Reinvestment and Share Purchase Plan is not available to residents of the United States of America or any of the territories or possessions thereof.

Duplicate annual reports. Holders of NOVA securities may receive more than one copy of our annual report and other material. We make an effort to eliminate duplications; however, if securities of the same class or series are registered in different names and addresses, multiple copies will be received. In those instances, security holders should contact either the appropriate registrar or the Company to consolidate their holdings under one name.

Corporate information. Literature on various aspects of the Company's business is available from the corporate communications department at the head office address listed on page 52 of this report.

NOVA welcomes questions from shareholders, and these may be directed to the Manager, Investor Relations, by writing to the head office or by telephone at (403) 290-7543.

Share data. Share data, including information on transfer agents and registrars, is included on the inside back cover of this report.

Rapports annuels en français. Les personnes désirant des exemplaires en français du présent rapport sont priées de s'adresser au secrétaire de la Compagnie.

Gas Transportation & Marketing

Assets:	**$2.4 billion**
Revenue:	**$1.5 billion**
Net Operating Income:	**$314 million**

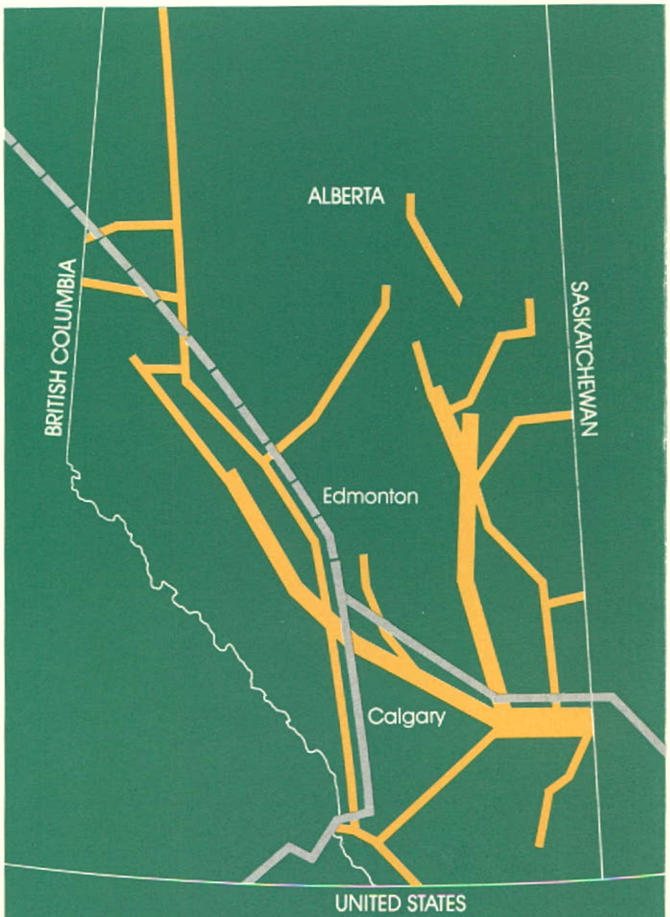
NOVA's original business base of transporting Alberta natural gas continues to play a very important role. The Company is a partner in two other major gas pipeline systems: Phase I of the Alaska Highway Gas Pipeline and the Trans Québec & Maritimes Pipeline. Through an affiliate, NOVA is also involved in the marketing of natural gas.

ALBERTA GAS TRANSMISSION SYSTEM

Activity:	Transmission of natural gas within Alberta for eight major export customers and intraprovincial deliveries.
Operator:	NOVA's Alberta Gas Transmission Division (100% owned)
Facilities:	8,266 miles of pipeline; 39 compressor stations with combined horsepower of 537,890; 717 receipt and major delivery meter stations (at December 31, 1983).
1983 Receipts:	1.8 trillion cubic feet
1983 Average Rate of Return:	13.95%

OPERATING HIGHLIGHTS:

- Volumes carried by NOVA's Alberta system were somewhat lower than last year, but a volume record was set during December's cold spell. System receipts were at high levels for 16 days during the month, with a peak day receipt for the year of 7.9 billion cubic feet recorded on December 24.
- Return on rate base was decreased effective August 1 from 14.15% to 13.67% and incorporates a 15.00% return on common equity, down from 16.25%. The action was initiated by NOVA after consultation with its customers and review with Alberta producers. The reduction recognized a trend toward the lower returns to equity being allowed regulated pipeline companies, while at



GAS TRANSPORTATION ACTIVITY IN ALBERTA
Alberta Gas Transmission System
Alaska Highway Gas Pipeline System
Phase I
Phase II

the same time better reflecting short-term interest rates and changes in the Company's capital structure.

- A total of 448 miles of pipeline was added to the system during 1983. The largest projects were the Heart River lateral in the Peace River area, the Hoole lateral northeast of Slave Lake, and the Rumsey-Scollard lateral in central Alberta.
- Compression additions during the year totalled 6,088 horsepower, with new stations completed at Meikle River, Spirit River and Cardinal Lake, all in northwestern Alberta.
- As part of an ongoing program to ensure the system's integrity, selected sections of the system were monitored with an electronic inspection tool. In addition, a hydrostatic test was performed on a 227-mile section of pipeline in the Peace River area of northern Alberta.
- A major study was completed of the computerized gas supply and control system, and a long-range plan has been established for upgrading the system and providing contingency capability. Modifications over the next two years will significantly improve capacity and efficiency.
- At Empress, real-time measurement systems were installed, allowing more exact and current measurement of gas volumes leaving the province for domestic and export markets. These systems replace manual charting procedures with computer information gathering. In addition, the configuration of control valves and piping for the station was modified, and connections put in place for new straddle plants that extract liquid products from the natural gas stream.
- Increased sales within the province during the year led to a dramatic rise in requests for intraprovincial movement of natural gas. The number of customers serviced rose by nearly one-third to 89; contracts serviced, by nearly one-half to 413.
- Plans for a new service centre at Airdrie were announced in April 1983. The new facility, to replace three existing sites in Calgary, is expected to be ready for occupancy in the spring of 1985 and will house approximately 200 employees.
- In keeping with NOVA's commitment to increasing native involvement in the Company's operations, a native affairs department is maintained within the division. The department's role is to work with governments and native communities and to provide advice and support regarding native issues to the NOVA group of companies.

ALASKA HIGHWAY GAS PIPELINE SYSTEM

Activity:	Transmission of surplus Alberta natural gas (Phase I) and eventual transport of Alaskan gas to markets in the United States (Phase II).
Operator:	Foothills Pipe Lines (Yukon) Ltd. (50% owned)
Facilities (Phase I):	527 miles of pipeline in southern Alberta, Saskatchewan and British Columbia; 4 compressor stations.
1983 Receipts:	171.3 billion cubic feet
1983 Average Rate of Return:	12.95%

OPERATING HIGHLIGHTS:

- Phase I throughput for the year was below anticipated volumes, but severe weather conditions in December brought an increase to near contracted levels for a few days. Maximum day receipts were recorded earlier in the year (on February 11, 1983), when a total volume of 975 million cubic feet was transported. Average day receipts for the year were 469 million cubic feet, with 106 million cubic feet carried on the western leg and 363 million cubic feet on the eastern leg.
- Eastern leg facilities, including three new compressor stations, were virtually complete by year end, and the section marked its first full year in service. The capital cost for Phase I is about $930 million.
- Developments on Phase II, the northern portion of the Alaska Highway system, included the granting of easements establishing the pipeline corridor through the Yukon. Although the leading company in the U.S. consortium sponsoring the project changed ownership, the new owners have expressed continuing commitment to Phase II construction once market conditions improve.
- With Foothills now functioning as an operating company, additional staff cuts have been made to recognize the uncertainty in timing of construction for Phase II. At year end, there were about 140 full-time Foothills employees.

TQM PIPELINE SYSTEM

Activity:	Transmission of natural gas within Quebec, from St. Lazare to Quebec City.
Operator:	Trans Québec & Maritimes Pipeline Inc. (50% owned)
Facilities:	212 miles of pipeline; 9 meter stations (at December 31, 1983).
1983 Receipts:	60,118 million cubic feet
1983 Average Rate of Return:	12.63%

OPERATING HIGHLIGHTS:

- Mainline facilities connecting Trois-Rivières and Quebec City were completed in August, and deliveries began shortly thereafter. The system, including a number of short laterals, is effectively complete, as the extension into New Brunswick and Nova Scotia has been deferred pending evaluation of East Coast gas reserves.
- Maximum day receipts of 276 million cubic feet were recorded on December 20. The utilization rate of existing facilities will increase in 1984 with the connection of additional laterals to be built by Quebec distributors.
- The capital cost of facilities in service at year end was approximately $440 million, financed 75% by debt and 25% by equity. TQM is currently negotiating long-term debt financing.
- Following National Energy Board hearings which were concluded in February, a decision is expected shortly setting cost-of-service parameters for 1984. At present, the rate of return on rate base is 12.90%, with a return to equity of 15.60% after tax.

NATURAL GAS MARKETING

Activity:	Gas brokerage—contracting for purchase of natural gas throughout Alberta for sale primarily outside the province.
Operator:	Pan-Alberta Gas Ltd. (50.005% owned)
1983 Exported Volumes:	149.5 billion cubic feet
1983 Sales Revenues:	$1.0 billion
1983 Average Rate of Return:	13.40%

OPERATING HIGHLIGHTS:

- Markets in the United States continued to decline significantly in early 1983, making it difficult for customer companies to meet "take and pay" purchase obligations for deliveries through Phase I of the Alaska Highway Gas Pipeline. Following discussions with producers and downstream buyers, an interim arrangement was negotiated in May and amended later. The agreement allows "take and pay" of a minimum 40% of annual contracted volumes and "take or pay" of volumes equivalent to about 30% more, and provides for non-refundable cash payments to producers totalling $85 million. The amended agreement has been approved by both Canadian and U.S. government agencies and is in effect through October 1984. There have been no changes in the long-term commitments of the contracts.
- In April, the federal government announced that the price of Canadian export gas would be reduced from $4.94 to $4.40 per million British thermal units and in July introduced an incentive plan that allows a further reduction to $3.40 for high-volume exports. This arrangement applies until November 1984, when introduction of a long-term gas export policy is expected. For domestic consumers, the price is stabilized until 1985 under the federal/Alberta energy agreement. The agreement provides for price increases to producers over the same period.
- Approvals for new exports and extensions to the terms of existing licences were granted to Pan-Alberta in early 1983. They allow export of 0.6 trillion cubic feet of gas from Niagara Falls over 12 years beginning in 1985 and of an additional 1.5 trillion cubic feet from Kingsgate, British Columbia, and Monchy, Saskatchewan, through 1992. The latter will be transported through the Alaska Highway Gas Pipeline's Phase I portions, and authorization has been given in the United States for import of corresponding volumes provided a pricing agreement is reached by October 1986.
- Sales within Canada were maintained at a fairly consistent level during 1983, despite the general decline in the North American natural gas market.

Petroleum

Assets: **$2.7 billion**
Revenue: **$1.7 billion**
Net Operating Income: **$179 million**

Petroleum activities continue to be a major component of NOVA's revenues, with the focus on increased investment in the Canadian frontier areas, enhanced recovery of heavy oil, and conventional exploration and production in Canada and the United States. Operations in the petroleum sector are carried out mainly through Husky Oil Ltd. (68% owned), a fully integrated oil company which publishes its own annual report.

EXPLORATION & PRODUCTION

CANADA

Activity:	Frontier exploration off the East Coast and in the Beaufort Sea; exploration for and production of oil and natural gas in Alberta and Saskatchewan.
Operator:	Husky Oil Ltd. (68% owned), through its subsidiary, Husky Oil Operations Ltd.
Frontier Undeveloped Acreage Position:	8.1 million gross acres (at December 31, 1983)
Wells Drilled:	2 gross (0.8 net) exploratory
Heavy Oil Undeveloped Acreage Position:	1.3 million gross acres (at December 31, 1983)
Wells Drilled:	52 gross (37.7 net) exploratory; 147 gross (134.0 net) development
Average Crude Oil Production:	28,450 barrels per day
Light Oil/Natural Gas Undeveloped Acreage Position:	1.2 million gross acres (at December 31, 1983)
Wells Drilled:	26 gross (13.9 net) exploratory; 53 gross (14.5 net) development
Average Crude Oil/NGL Production:	9,950 barrels per day (NGLs are natural gas liquids.)
Average Natural Gas Sales:	59.7 million cubic feet per day

OPERATING HIGHLIGHTS:

- The largest farm-in in the history of the Canada Lands, negotiated in the fall, has positioned Husky in an area on Newfoundland's Grand Banks in the vicinity of the Hibernia, Hebron and Ben Nevis oil discoveries. The area has excellent oil potential, and the agreement is significant in terms of work commitments, which will earn a maximum 14% interest in 4.7 million acres. An initial well was begun in November and results should be available soon. Two more are being drilled this spring, with results expected in late 1984.
- On the gas-prone Scotian Shelf, Husky is earning substantial interests in several major landholdings. Two wells were drilled and abandoned in 1983; no significant hydrocarbons were encountered. Two additional wells began drilling in January 1984.
- Commitments in the Beaufort Sea were expanded, giving Husky rights to earn interests up to 17.5% in several good geological prospects. Three wells were spudded in 1983; one was plugged in 1984

and abandoned as a dry hole. The remaining two will be completed in 1984; one of them yielded encouraging results before being suspended in response to severe ice conditions.

- Heavy oil production, a major contributor to Husky's cash flow, set a record when it exceeded 30,000 barrels a day in September. About 80% of this production is now eligible for the New Oil Reference Price (NORP). Enhanced oil recovery projects contributed about a fifth of the total, and steps are being taken to expand this program in the Cold Lake area of Alberta. These projects permit recovery of up to 40% of the oil in place, compared to approximately 10% using conventional methods.

- Heavy oil, in order to be refined into high-value fuels such as gasoline or diesel fuel, must first be converted or upgraded into synthetic crude oil. To accomplish this, Husky has proposed an upgrader facility that would process about 50,000 barrels of heavy oil feedstock per day and supply synthetic crude oil to refineries in various regions of Canada. The proposal is under consideration by the governments of Canada, Alberta and Saskatchewan, and a decision is expected in 1984.

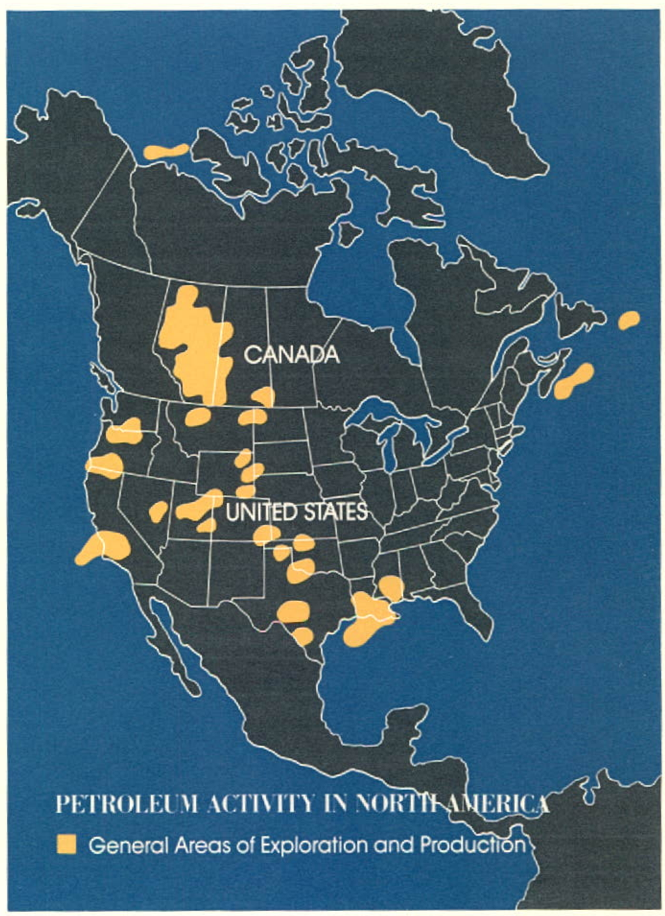
- The heavy oil pipeline network in western Canada was expanded to take advantage of increasing industry production in eastern Alberta. Two new pipeline extensions were completed at a cost of $20 million.

- Selective acquisition and aggressive exploration of high quality light oil prospects in Alberta continued, with virtually all reserve additions qualifying for NORP pricing. Exploratory drilling activity centred in the Golden/Evi area of the Peace River Arch in the province's north-central region. In addition, major seismic programs proceeded and land purchases were made in west-central Alberta, including some in the Sturgeon Lake area. Work is continuing on the Fenn West play of south-central Alberta.

- Husky's gross proved and probable reserves of heavy and light oil in Canada at year end were approximately 244.1 million barrels of crude oil and NGLs and 558.4 billion cubic feet of natural gas.

UNITED STATES/INTERNATIONAL

Activity:	Exploration for and production of oil and natural gas in 12 states, as well as five countries outside North America.
Operator:	Husky Oil Ltd. (68% owned), through its subsidiaries, Husky Oil Company and Husky Oil International Ltd.
United States	
Undeveloped Acreage Position:	2.5 million gross acres (at December 31, 1983)
Wells Drilled:	40 gross (18.9 net) exploratory; 106 gross (26.6 net) development
Average Crude Oil/ NGL Production:	18,500 barrels per day
Average Natural Gas Sales:	34.4 million cubic feet per day
International	
Undeveloped Acreage Position:	15.5 million gross acres (at December 31, 1983)
Wells Drilled:	4 gross (0.9 net) exploratory; 1 gross (0.3 net) development
Average Crude Oil Production:	2,850 barrels per day



OPERATING HIGHLIGHTS:

- Exploratory drilling resulted in two major oil discoveries in the United States: one in Nye County, Nevada, tested at 1,820 barrels per day; the other, offshore Louisiana, tested at 1,070 barrels per day. Significant gas finds were made offshore Louisiana and in Menard County, Texas. Exploration is also proceeding in California, Oregon, Utah, Colorado, Montana, Wyoming, New Mexico and Mississippi.
- Despite a gradual decline in U.S. industry production rates over the past four years, Husky's production has remained stable. The Tulare Lake field in California, where Husky has major interests, has proved to be a particularly valuable contributor, with daily production at year end reaching 5,000 barrels of oil—up from 2,000 in 1982—and 9.2 million cubic feet of gas. Other development drilling activity was concentrated in Louisiana, Texas, Nebraska, Colorado and Wyoming.
- Husky's gross proved and probable U.S. reserves at year end amounted to 64.1 million barrels of crude oil and NGLs and 171.6 billion cubic feet of natural gas.
- Internationally, efforts are being made in the Philippines to add to existing production. Other activity included continuing exploration in the North Sea, seismic evaluation offshore Senegal, and geological and seismic analysis in preparation for a well offshore East Java, Indonesia. A large holding in Indonesia was surrendered, owing to disappointing exploration results and high geological risk. International operations were transferred to the Calgary head office from Houston.

REFINING & MARKETING

Activity:	Refining of crude oil and wholesale and retail marketing of refined petroleum products.
Operator:	Husky Oil Ltd. (68% owned), through its subsidiaries, Husky Oil Operations Ltd. (Canada) and Husky Oil Company (U.S.)
Facilities:	Canada—Refineries at Lloydminster, Alberta, and Prince George, British Columbia; 325 branded marketing outlets. U.S.—Refineries at Cheyenne, Wyoming, and North Salt Lake, Utah; 698 branded marketing outlets.
Average Refinery Throughput:	55,870 barrels per day
Average Refined Product Sales:	65,830 barrels per day

OPERATING HIGHLIGHTS:

- In refinery operations, the major event was the start-up in May of the new, state-of-the-art heavy oil refinery at Lloydminster. Design capacity is 25,000 barrels of crude oil blend per day. Aggressive marketing of asphalt is resulting in good sales. Declining markets in Canada for light oil products resulted in somewhat lower throughput for the Prince George refinery. In the United States, following a refinery closure in 1982, only two facilities were operating and these consequently experienced higher throughput and improved efficiencies.
- In marketing, Canadian retail operations were reviewed with the aim of improving profitability. Among the steps taken was a program to dispose of less viable locations and acquire ones with greater potential. The U.S. refining, marketing and distribution functions were consolidated, and substantial savings are anticipated as a result.

OTHER EXPLORATION & PRODUCTION

Activity:	Exploration for and production of oil and natural gas in Alberta and Saskatchewan.
Operator:	Novalta Resources Ltd. (100% owned)
Total Acreage Position:	1.2 million gross acres (at December 31, 1983)

OPERATING HIGHLIGHTS:

- Novalta Resources Ltd. is also a contributor within the Petroleum sector, concentrating its oil and gas exploration and production activity in Alberta. A significant increase in cash flow and profitability was experienced in 1983, with gas sales averaging 22 million cubic feet per day and sales of oil and NGLs at 305 barrels per day.

Petrochemicals

Assets:	**$1.3 billion**
Revenue:	**$522 million**
Net Operating Income:	**$50 million**

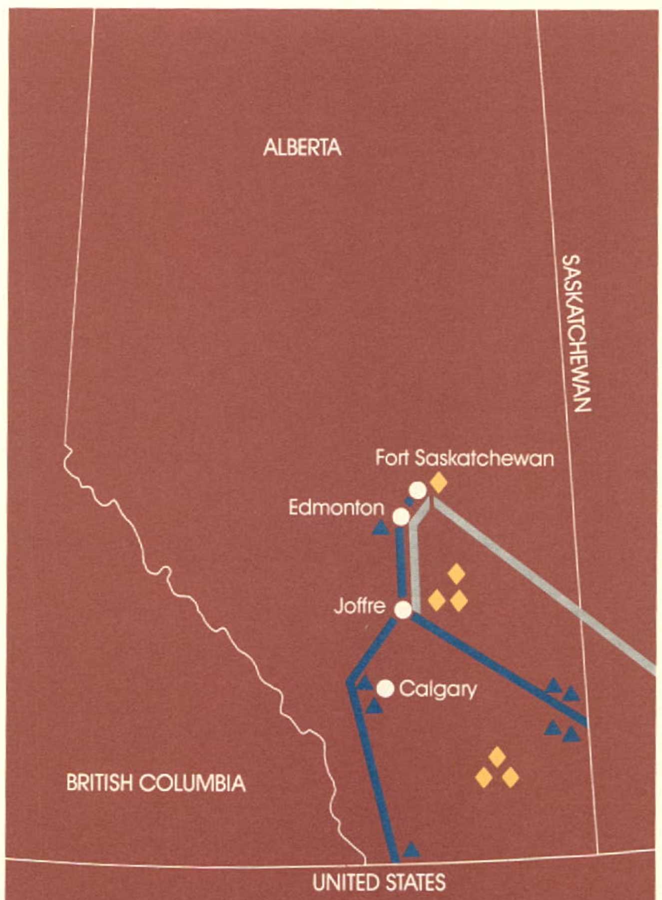
NOVA's involvement in petrochemicals includes production of ethylene, polyethylene, polyvinyl chloride and methanol, as well as liquids extraction and product pipelines. These interests are directed and managed by Novacor Chemicals Ltd. (100% owned).

ETHYLENE

Activity:	Production of ethylene from ethane feedstock.
Operator:	The Alberta Gas Ethylene Company Ltd. (100% owned)
Facilities:	Plant at Joffre, Alberta; second plant under construction at the same site.
Design Capacity:	2.7 billion pounds per year (both plants)
Marketing:	Marketed for use in manufacturing derivative products.

OPERATING HIGHLIGHTS:

- The first ethylene plant operated for most of the year at near design capacity, a dramatic improvement over the severe market-related cutbacks experienced in 1982. A stringent cost-reduction program was implemented, and significant savings were realized in both operating and administrative areas. The high plant utilization rate, along with advances in energy conservation, was a major contributor to this effort.
- Plant staff was cited for outstanding safety performance after operating for a full year with no lost-time accidents. In addition, there were few accidents in which injuries were sustained, placing the plant's accident frequency rating among the lowest in Canada.
- The second ethylene plant was 88% complete at year end and is scheduled to begin operating at mid-year. Construction has proceeded ahead of schedule and the cost, now budgeted at $520 million, will be well under the original estimate.



PETROCHEMICAL ACTIVITY IN ALBERTA

Construction at the Joffre site proceeded smoothly, with the work force peaking in the fall of 1983 at about 1,900 tradesmen. Over the three-year period of construction, approximately 5.9 million man-hours, including engineering and supervision, were logged in building the new plants.

A large portion of the long-term debt financing for the second ethylene plant is being provided by a partnership sponsored by customer companies, which has agreed to underwrite 76% of the plant's construction costs. In February 1984, $150 million (U.S.) of this debt, formerly held at floating rates, was placed in 10-year term financing at a fixed rate of 12.2%.

Production from both ethylene plants is contracted to purchasers under take-or-pay, cost-of-service contracts. NOVA is purchasing about 38% of the second plant's production for use as feedstock in the Company's polyethylene plant.

With the completion of the second ethylene plant, the Joffre complex will be by far the largest Canadian producer of this product. Canadian capacity is just under five billion pounds per year, and NOVA's capacity will account for more than half of that figure.

A new natural gas liquids extraction plant at Empress, Alberta, was completed and successfully commissioned and started processing gas for liquids recovery in November 1983. The cost of this facility will be about $150 million, considerably below initial forecasts. This plant will be a major supplier of ethane feedstock for the new ethylene plant. Ethane can be recovered by the plant at a rate of approximately 34,000 barrels per day. NOVA has a 25% interest in this facility.

POLYETHYLENE

Activity:	Production of linear low-density polyethylene from ethylene feedstock.
Operator:	Novacor Chemicals Ltd. (100% owned)
Facilities:	Plant under construction at Joffre, Alberta, to be completed in July 1984.
Design Capacity:	600 million pounds per year
Marketing:	To be sold to processors in North America and the Pacific Rim for use in such products as films, coatings, pipes and insulation materials.

OPERATING HIGHLIGHTS:

At year end, engineering for the linear low-density polyethylene plant had been finalized and construction was four-fifths complete. Construction is proceeding on schedule and under budget, with start-up anticipated at mid-year. The cost at completion is expected to be about $410 million.

The plant will employ, under licence, the Union Carbide UNIPOL process, the most advanced technology available today for producing polyethylene.

Various polyethylene resin grades were pre-marketed during the year, with sales targets met and a solid customer base established. The sales force was substantially increased.

Technical services in production and product applications will be provided to customers by the new Novacor Technical Centre in Calgary. The centre, operating since September, has fully equipped, state-of-the-art laboratories and the facilities to duplicate commercial production conditions for thermoplastic processing. The centre's 60,000 square feet of space includes processing facilities, testing and analytical laboratories and a well-stocked technical library. The quality of resins produced by the derivative plants is monitored at the centre, and new developments in the petrochemical field are evaluated.

POLYVINYL CHLORIDE

Activity:	Production of polyvinyl chloride (PVC).
Operator:	Diamond Shamrock Alberta Gas (50% owned)
Facilities:	Plant at Fort Saskatchewan, Alberta.
Design Capacity:	220 million pounds per year
Marketing:	Sold primarily in North America for use by the construction and automotive industries.

OPERATING HIGHLIGHTS:

In its first full year of operation under Novacor's management, the polyvinyl chloride plant achieved good production levels, reaching near nameplate capacity by year end. Design modifications have been made and a new computerized process control system implemented, providing more consistent operation, higher productivity and improved quality.

- The product line has been upgraded, and better quality resins are now being produced and sold. Market share in specific areas of the U.S. and western Canada has been expanded, and the customer base broadened.

METHANOL

Activity:	Production of methanol from natural gas feedstock.
Operator:	Alberta Gas Chemicals Ltd. (50% owned)
Facilities:	Three plants at Medicine Hat, Alberta; one plant (24.5% NOVA interest) in New Zealand.
Design Capacity:	2,400 short tons per day at Medicine Hat; 1,320 short tons per day in New Zealand
Marketing:	Sold largely in North America and the Pacific Rim countries for use in making formaldehyde and other chemicals.

OPERATING HIGHLIGHTS:

- The methanol plants at Medicine Hat produced at full capacity throughout the year. However, methanol prices have decreased substantially because of the recent worldwide recession and the current excess in global capacity, particularly in North America. In addition, the costs of feedstock increased as a result of the National Energy Program which called for increases in natural gas prices and new federal taxes.
- The operating company, one of the leading international marketers of methanol, is working aggressively to develop motor fuel uses for this product. The expectation is that worldwide demand would increase substantially if a healthy fuel market could be established.
- The new Petralgas plant on New Zealand's North Island was completed within budget and on schedule, beginning operation in October. The start-up was very successful, and the plant has been operating well above design capacity. Much of the technology and design used in this plant was developed at Medicine Hat, and Alberta Gas Chemicals is responsible for marketing all production. Natural gas feedstock for the plant is being obtained from the Maui gas field, an offshore gas discovery which is connected by pipeline to the New Zealand mainland.

PRODUCT PIPELINES & STORAGE

Activity:	Interests in the Alberta Ethane Gathering System, the Cochin Pipe Line and ethylene storage facilities.
Owners:	A. G. Pipe Lines Companies (100% owned)
Facilities:	550 miles of pipeline for the transport of ethane in Alberta; 1,870 miles of pipeline in Canada and the United States for transport of ethane, ethylene and propane; cavern storage for ethylene at Fort Saskatchewan, Alberta.

OPERATING HIGHLIGHTS:

- Output from eight ethane extraction plants, located near Edmonton and Calgary and elsewhere in south and central Alberta, is gathered and transported to the Joffre plant site, to the western terminus of the Cochin Pipe Line or to an ethane storage facility near Edmonton. The ethane gathering system operated satisfactorily throughout the year.
- The Cochin Pipe Line (20% owned by NOVA), which extends 1,870 miles from near Edmonton southeast into the United States and back into Canada at Windsor, Ontario, operated at about 80% of capacity during the year.
- Ethylene storage operations continued, and capacity will be available during 1984 for customers being supplied from the expanded production facilities at Joffre.

Manufacturing

Assets:	**$244 million**
Revenue:	**$129 million**
Net Operating Income:	**$800 thousand**

NOVA's activities in this sector have historically centred on the manufacture of valves and other flow control equipment under the direction of NOVA Energy Systems Inc. (100% owned). More recently, the Company has entered into joint ventures in the production of high technology telecommunications equipment and the manufacture of trucks and compressed natural gas (CNG) conversion equipment.

VALVES & FLOW CONTROL EQUIPMENT

Activity:	Manufacture and marketing of high quality valves, flow control equipment and systems; consulting services in pipeline hydraulics.
Operators:	Grove Valve and Regulator Company (100% owned), WAGI International S.p.A. (100% owned)
Facilities:	Two plants in the United States; four plants in Italy.
Marketing:	Sold for use by the energy industry worldwide.

OPERATING HIGHLIGHTS:

- During 1983, the international oil and gas equipment market continued to be very weak, depressing revenue of NOVA's valve and flow control group by about 39%. U.S. operations incurred losses of about $12 million. The Italian plants, however, continued to be strong contributors throughout the year with net income of over $21 million.
- Activities were consolidated during 1983 to streamline operations in the United States. The original Oakland, California, plant is now producing lines previously manufactured at the Berkeley, California, facility, closed in the spring of 1983, and at the Reno, Nevada, site, now in the process of being closed. A smaller plant in Ohio was sold in December, and a recently completed plant in Texas was not put into production and is currently for sale.
- In Italy, the foundry operation at Naples was sold in the fall, and additional cost-saving measures have been taken in the remaining operations in recognition of lower market volumes and margins.

TELECOMMUNICATIONS EQUIPMENT

Activity:	Design, development, manufacture and marketing of cellular mobile telephones and systems.
Operator:	NovAtel Communications Ltd. (50% owned)
Facilities:	Plants in Lethbridge, Alberta; Brockville, Ontario; and Montreal, Quebec.
Marketing:	Sold in Canada, the United States, Europe and the Pacific Rim.

OPERATING HIGHLIGHTS:

- In Alberta, a $30 million contract was signed for supply and service of AURORA (Automatic Roaming Radio) systems and telephones to Alberta Government Telephones for use in the first commercial cellular network in North America. The new cellular service became available in the Edmonton area in August and in Calgary in December.

- Another strong advance was made in the domestic market in December, when the federal government licence to operate a cellular network in Canada's 23 largest cities was awarded to a company that named NovAtel as its supplier. It is expected that over $50 million in sales will result over the next three years to service these cities.
- In the United States, government certification was received for the AURORA telephones in September, and several distribution sales agents were announced shortly thereafter. In addition, a joint venture company has been set up to market the telephones to the U.S. automotive industry.
- Internationally, a major Korean automobile manufacturer signed a $10 million licence agreement to manufacture and distribute AURORA telephones in that country and elsewhere in the Pacific Rim over the next five years.
- A 37,000-square-foot production facility in Lethbridge, Alberta, was purchased in December. The plant is being renovated and is expected to be ready for occupancy in mid-1984. Cellular radio systems and telephones will be manufactured there.

TRUCKS

Activity:	Production and marketing of high quality, custom-built trucks.
Operator:	Western Star Trucks Inc. (50% owned)
Facilities:	Assembly plant at Kelowna, B.C.
Marketing:	Sold in North America and internationally through a branch, dealer and truck parts network concentrated in Canada and the United States.

OPERATING HIGHLIGHTS:

- In early 1983, the Kelowna, B.C., factory was put back into operation after being closed for a few months in 1982. Production was increased steadily through the year and is presently at about 60% of capacity.
- Consolidated sales in 1983 increased only slightly over 1982; almost half of these sales occurred in the last three months of the year as the North American industry recovered. However, very narrow margins resulting from fierce competition have continued.
- An aggressive effort was made to strengthen sales and service, including establishment of the U.S. dealer network of more than 60 outlets at year end. With improved North American markets, Western Star should be a profitable operation in 1984.

CNG CONVERSION EQUIPMENT

Activity:	Manufacture and marketing of conversion equipment to allow use of compressed natural gas (CNG) as a motor fuel.
Operator:	CNG Fuel Systems (50% owned)
Facilities:	Compressor manufacturing plant in Brampton, Ontario; conversion and training centres in Vancouver, Calgary, Toronto and Montreal; product development centre in Detroit.
Marketing:	Sold through three regional sales offices in Canada.

OPERATING HIGHLIGHTS:

- In a major new initiative for marketing Alberta natural gas, NOVA announced in June a $20 million debt/equity commitment to a company that is the world's largest in the business and the only one in Canada to provide a complete line of CNG conversion equipment and service. By year end, a total of about 2,000 units had been converted. A product development capability was established in Toronto for compressors and in Detroit for conversion systems, and a substantial sales force is now in place across Canada.

Consulting & Research

NOVA is providing consulting services worldwide on the basis of its extensive experience in natural gas transmission and other business areas. This activity is backed by a strong research capability with an emphasis on solving problems encountered in daily operations and on planning for the future.

CONSULTING

Activity:	Marketing of engineering and technical expertise of the NOVA companies.
Operators:	Novacorp International Consulting Ltd. (100% owned), Novacorp Engineering Services Ltd. (100% owned)

OPERATING HIGHLIGHTS:

- Work on the Peninsular Gas Utilization Project's initial natural gas pipeline in Malaysia is continuing. Engineering was begun in Calgary during 1983, and actual construction began over the summer months. The joint venture with two Japanese firms is responsible for design and construction of three pipeline components, with associated metering stations and regulating facilities.
- In Finland, cost estimates for an extension to that country's natural gas pipeline system are being assessed, with Novacorp serving as technical consultant. Assistance is also being provided to the Swedish State Power Board with respect to feasibility studies for a proposed pipeline to transport natural gas from offshore Norway to markets in Sweden and other European countries.
- A pre-investment study, focusing on a pipeline from a new gas field in central Thailand to the Bangkok area, was completed in late December for the Petroleum Authority of Thailand. A contract has been signed to provide ongoing part-time consulting services for operation and maintenance of a recently completed natural gas pipeline in that country.
- In late 1983, four representatives of the China Petroleum Engineering Construction Corporation came to Alberta for training on NOVA's system.
- In December, CanOcean Resources Ltd. was amalgamated with Novacorp International and is now operating as the CanOcean Division. A licensing arrangement was concluded in August for design of a low-cost diving system that will provide a less expensive way to service subsea production chambers, and work continued on a service and maintenance contract for the Brazilian national oil company.

RESEARCH

Activity:	Basic and applied research in support of activities of the NOVA companies.
Operator:	NOVA/Husky Research Corporation Ltd. (jointly owned)

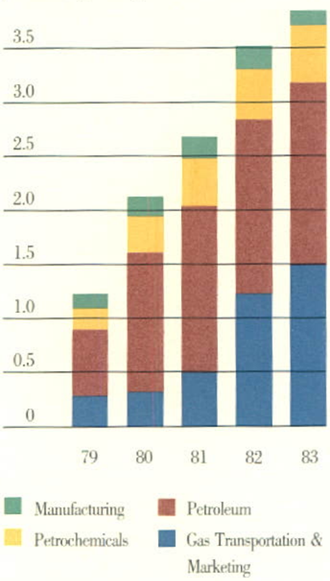
OPERATING HIGHLIGHTS:

- A leased facility in northeast Calgary, renovated during 1983, houses research activities in 26,900 square feet of combined office and laboratory space. Projects are currently proceeding on behalf of NOVA companies in several areas: bioscience, chemical science, petrochemistry, geoscience, and gas and fluid dynamics. Specific subjects of investigation are enhanced oil recovery, corrosion, asphalt products, polymers, offshore and frontier exploration, and pipeline operations. Electronics instrumentation research is pursued in a separate 6,600-square-foot facility.

FINANCIAL REVIEW

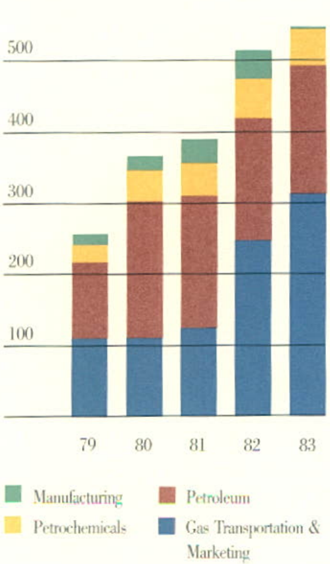
CONSOLIDATED REVENUE

(in billions of dollars)



CONSOLIDATED NET OPERATING INCOME

(in millions of dollars)



The 1983 financial results of the Company remained strong despite depressed energy markets worldwide which have severely affected petroleum operations in the United States and petrochemical and manufacturing operations. Income before extraordinary items of $150.7 million was at the 1982 level, and funds from operations increased by $163.3 million or 38%.

Revenue. Consolidated operating revenue of $3.823 billion increased by $322.9 million or 9% compared to 1982. This increase occurred primarily in Gas Transportation & Marketing which achieved revenue growth of $260.0 million due to increased revenues from natural gas sales marketed through Phase I of the Alaska Highway Gas Pipeline and higher operating returns from increased gas transportation operating assets. Petroleum operating revenue was up $81.3 million due to increased selling prices together with improved heavy oil production capabilities and improved market conditions for blended crude oil. The weak market conditions for energy equipment reduced sales in foreign manufacturing operations by $82.2 million in 1983.

Costs and expenses. Total costs and expenses were $3.279 billion compared with $2.988 billion in 1982, an increase of 10%. The increase in operating expenses of $214.6 million or 8% was mainly attributable to Gas Transportation & Marketing ($171.9 million) which reflects the cost of increased volumes of natural gas exported to the United States. Increases in Petroleum ($20.5 million) and Petrochemicals ($63.1 million) were offset by reduced operating expenses in Manufacturing ($40.9 million) which reflect lower sales volumes and cost-reduction measures.

The increase of $61.6 million or 25% in depreciation and depletion reflects a significant increase in oil and gas production and an increase in Gas Transportation & Marketing plant placed into service.

Petroleum gas revenue tax increased by $10.0 million or 30% in 1983 due to the increase in Canadian oil and gas production.

Net operating income. Net operating income of $544.1 million represents an increase of $32.4 million or 6% over 1982. The increase of $66.2 million for Gas Transportation & Marketing was due to growth in operating assets for these cost of service activities. However, as noted in a subsequent paragraph, the increase has been offset by a reduction in allowance for funds used during development and construction in the amount of $56.7 million. Petroleum net operating income was up by $8.0 million as a result of a strong performance from Canadian oil and gas activities; this segment had been adversely affected by low margins for the oil and gas industry in the United States which resulted in operating losses in refining and marketing operations during the first half of the year. The United States refining and marketing business began improving in mid-year and was positive in the second half. The decrease in Manufacturing net operating income of $38.5 million is the result of the depressed market conditions for energy equipment.

Other items. The Company's share in losses of affiliated companies in Petrochemicals and Manufacturing, which are accounted for on an equity basis, was $8.6 million in 1983 as compared to earnings of $5.0 million in 1982. This decline is attributable to the continuing weakness in world methanol markets and reduced demand for transportation equipment together with pre-marketing costs related to the Company's telecommunications joint venture.

Allowance for funds used during development and construction was down by $35.8 million from 1982. The decline of $56.7 million in Gas Transportation & Marketing reflects the completion of certain major capital projects and the corresponding increase in plant in service combined with a reduction in rates of return being capitalized. The increase of $20.9 million in Petrochemicals is principally due to construction work on the second ethylene plant.

Interest. Net interest expense for 1983 of $317.0 million, compared to $348.4 million for 1982, was down $31.4 million, principally due to the reduction in interest rates.

Income taxes. The 1983 provision for income taxes represents an increase of $12.9 million or 20% from 1982, primarily due to higher income levels reported by Canadian petroleum operations, which was partially offset by lower results from foreign manufacturing operations.

Minority interest. Minority interest share of income of $38.3 million is up $2.9 million from $35.4 million in 1982. The net increase primarily reflects the improved results of Husky Oil Ltd. (68% owned).

Net income. In 1983, consolidated income before extraordinary items was $150.7 million compared to $150.5 in 1982. Basic earnings per common share before extraordinary items were 60 cents in 1983 on a total of 118.5 million average common shares outstanding, as compared to 80 cents on a total of 114.3 million average common shares outstanding in 1982. The main reason basic earnings per common share before extraordinary items declined while income improved was the increase of $21.0 million in preferred share dividend entitlement.

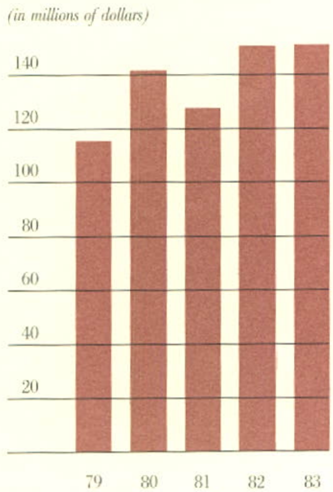
Earnings per common share on a fully diluted basis before extraordinary items were 58 cents in 1983 compared to 74 cents in 1982.

In the fourth quarter of 1983, the Company recorded extraordinary charges of $115.6 million or 98 cents per common share which reduced net income to $35.1 million. These extraordinary charges can be grouped into three separate categories.

The first category includes certain accumulated costs related to three very large projects for which the timing of construction had been seriously delayed. The projects involved are Phase II of the Alaska Highway Gas Pipeline Project, the Oil Sands Mining Project and the Arctic Pilot Project. Such accounting treatment does not detract from the merits of the Alaska Highway Gas Pipeline Project nor from the Company's commitment to participate in that project. The Company believes that the project will proceed and provide for the recovery of funds expended. Similarly, the Company may put a mineable oil sands project into place in the future.

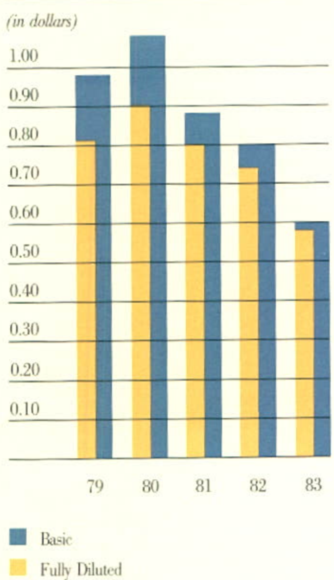
The second category involves adjustments to three asset values, one of which was a previously acquired portfolio share investment in Nu-West

CONSOLIDATED NET INCOME*



*Before extraordinary items

EARNINGS PER COMMON SHARE*



*Before extraordinary items

Development Corporation. The other two items are reductions in the book value of a polyvinyl chloride plant and a malic and fumaric acid plant. These reductions reflect market conditions for the associated products and should permit a reasonable future return from ongoing operations.

These first two categories resulted in an extraordinary loss of $105.2 million (after income taxes) or 89 cents per common share.

Items in the last category involve losses incurred on the disposal of a foundry located in Italy, a small energy equipment manufacturing plant in the United States and the sale of Husky Industries, Inc. (a United States-based charcoal briquet manufacturing subsidiary of Husky Oil Ltd.). These disposals resulted in extraordinary losses of $10.4 million (after income taxes) or 9 cents per common share.

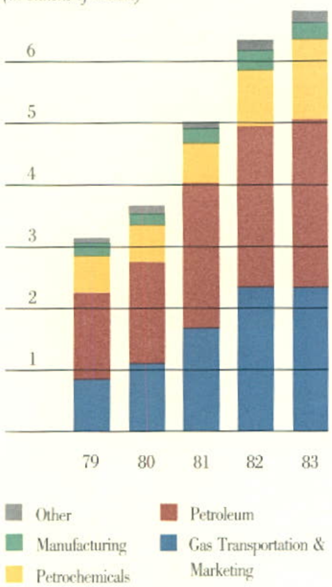
Extraordinary losses of $105.2 million for the accounting write-downs and $10.4 million for losses on the disposal of certain foreign manufacturing operations reduced 1983 consolidated net income to $35.1 million which, after deduction of preferred share dividend entitlement, resulted in a loss of 38 cents per common share (basic and fully diluted).

In December 1983, the Company changed its method of accounting for foreign currency translation by adopting prospectively, effective January 1, 1983, the recommendations issued by The Canadian Institute of Chartered Accountants (see Notes 1 and 2 to the Consolidated Financial Statements, pages 34 - 36). The effect of this change in accounting policy for foreign currency translation for the year ended December 31, 1983, has been an increase in income before extraordinary items of $4.1 million, an increase in net income after extraordinary items of $4.0 million and an increase in basic and fully diluted earnings per common share before and after extraordinary items of 3 cents.

The 1983 loss on foreign currency translation of $10.5 million essentially represents realized translation losses incurred principally from Petroleum operations in the Philippines and Brazil, whereas the 1982 loss of $6.3 million essentially represents the unrealized translation losses incurred principally from Manufacturing operations in Italy. After allowing for income taxes, minority interest and amounts billed under cost of service contracts, this item had an adverse effect of 5 cents per common share (4 cents per common share in 1982).

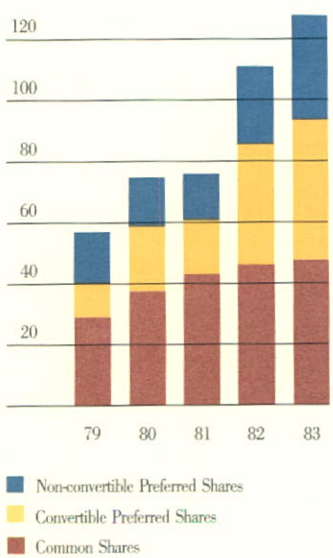
CONSOLIDATED ASSETS

(in billions of dollars)



TOTAL DIVIDENDS

(in millions of dollars)



Assets. Total consolidated assets increased in 1983 from $6.333 billion at December 31, 1982, to $6.796 billion. This increase reflects asset growth in each of the Gas Transportation & Marketing, Petroleum and Petrochemicals segments.

Dividends. Dividends paid or payable for 1983 totalled $127.1 million compared to $110.7 million for 1982. Common share dividends were $47.6 million ($46.0 million in 1982); dividends on convertible preferred shares were $45.5 million ($39.1 million in 1982); and dividends on non-convertible preferred shares were $34.0 million ($25.6 million in 1982). In 1983, the common shareholder received total dividends equal to 40 cents per common share.

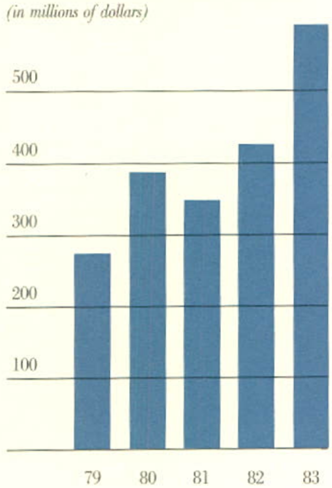
New funds. Sources of funds of $1.343 billion were obtained in 1983 compared to $2.044 billion in 1982. Funds from operations of $587.4 million represent an increase of $163.3 million from $424.1 million in 1982.

This increase of 38% is principally due to the improved performance of Canadian petroleum operations.

Funds from long term debt provided $730.3 million compared to $1.088 billion in 1982. In 1982, funds were also provided by the issue of preferred share equity of the Company in the amount of $417.5 million and $91.3 million for Husky Oil Ltd. In both years these new sources of funds were used principally to finance capital expenditures and to reduce variable rate bank loans and notes.

FUNDS FROM OPERATIONS

(in millions of dollars)



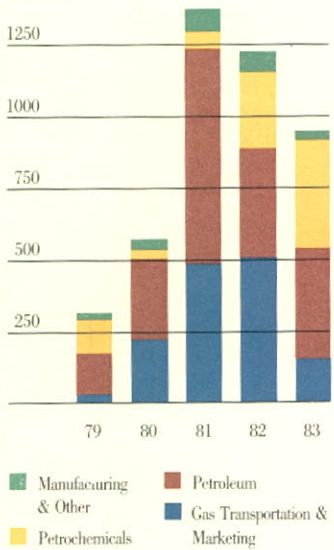
Funds generated in 1983 were mainly utilized for capital expenditures on plant, property and equipment ($933.8 million), retirement of long term debt ($115.4 million) and payment of dividends to the shareholders of the Company ($127.1 million). Working capital increased by $43.1 million in 1983.

Capital expenditures. Expenditures for plant, property and equipment amounted to $933.8 million in 1983 compared to $1.222 billion in 1982. The 1983 capital expenditures were incurred principally for petroleum properties, refining and marketing facilities and other petroleum facilities, including the cost of offshore drilling equipment ($373.9 million), the expansion of the Alberta-based petrochemical complex ($376.6 million), which principally represents the second ethylene plant and the linear low density polyethylene plant, and Alberta Gas Transmission Division facilities expansion ($110.0 million).

Share capital. Class "A" common shares outstanding at December 31, 1983, totalled 120.7 million compared to 116.2 million a year previous. The increase in the number of Class "A" common shares occurred primarily as a result of shares issued under the Dividend Reinvestment and Share Purchase Plan and the conversion of 6⅜% Cumulative Redeemable Convertible Second Preferred Shares.

EXPENDITURES ON PLANT, PROPERTY & EQUIPMENT

(in millions of dollars)



Reporting on inflation. The subject of disclosing the effects of inflation has been rigorously debated over the past few years. In response, The Canadian Institute of Chartered Accountants has issued its standard on "Reporting the Effects of Changing Prices."

This standard recommends that companies should supplement their historical cost financial statements with financial information based on measurements of the current cost of inventory and plant, property and equipment and disclosure of the effects of changes in the general price level.

The Company has reviewed the standard and determined that such supplemental information might be misinterpreted and would not provide realistic information to shareholders attempting to assess the Company's operating and capital maintenance capabilities. This position is based on the fact that approximately 50% of the Company's plant, property and equipment is subject to rate regulation and cost of service agreements, which require rates of return and revenues on the basis of historical costs, as opposed to current costs. In addition, the Company is of the opinion that estimates of the value of its oil and gas reserves and undeveloped acreages based on price indexes, or other means as suggested in the standard, would be subject to considerable uncertainty and could result in information which is potentially misleading to its shareholders. The Company plans to continue to closely monitor the development and practice of this standard within Canadian industry.

MANAGEMENT'S STATEMENT OF FINANCIAL REPORTING

NOVA
AN ALBERTA
CORPORATION

The December 31, 1983 consolidated financial statements of NOVA, AN ALBERTA CORPORATION presented in the Annual Report have been prepared by management on a consistent basis, except for the change in the method of foreign currency translation (see Note 2 to the consolidated financial statements), in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies as outlined in Note 1 to the consolidated financial statements. The financial information contained elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

The Company maintains systems of internal accounting controls, policies and procedures in order to provide, on a reasonable basis, assurance as to the reliability of the financial information and the safeguarding of assets.

Clarkson Gordon, the Company's external auditors, have examined the December 31, 1983 consolidated financial statements, and their report is set out below.

The Audit Committee of the Board, which comprises directors who are not employees of the Company, has reviewed the consolidated financial statements, including the notes thereto, with management and both the internal and the external auditors. The consolidated financial statements have been approved by the Board on the recommendation of the Audit Committee.

AUDITORS' REPORT

To the Shareholders of
NOVA, AN ALBERTA CORPORATION

We have examined the consolidated balance sheet of NOVA, AN ALBERTA CORPORATION as at December 31, 1983 and the consolidated statements of income, reinvested earnings, contributed surplus and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied, except for the change in the method of foreign currency translation as explained in Note 2 to the consolidated financial statements, on a basis consistent with that of the preceding year.

Clarkson Gordon

Calgary, Canada
March 5, 1984

Chartered Accountants

CONSOLIDATED STATEMENT OF INCOME

(thousands of dollars except for per share data)

NOVA AN ALBERTA CORPORATION

	Total	
Year ended December 31	**1983**	1982
		(restated)
Revenue		
Operating revenue	**$3,823,005**	$3,500,066
Intersegment revenue	**—**	—
	3,823,005	3,500,066
Costs and expenses		
Operating expenses	**2,916,826**	2,702,220
Intersegment expenses	**—**	—
Depreciation and depletion	**307,959**	246,315
Petroleum gas revenue tax	**43,610**	33,571
Loss on foreign currency translation	**10,547**	6,261
	3,278,942	2,988,367
Net operating income	**544,063**	511,699
Equity in earnings (losses) of affiliated companies	**(8,605)**	5,038
Allowance for funds used during development and construction	**50,168**	85,928
	41,563	90,966
Income before the undernoted items	**585,626**	602,665
Other expenses	**1,434**	3,108
Interest expense (net) (Note 7)	**317,031**	348,376
Income before income taxes, minority interest and extraordinary items	**267,161**	251,181
Income taxes (Note 8)		
Current	**(1,528)**	16,371
Deferred	**79,608**	48,850
	78,080	65,221
Income before minority interest and extraordinary items	**189,081**	185,960
Minority interest	**38,348**	35,436
Income before extraordinary items	**150,733**	150,524
Extraordinary items (Note 12)	**115,605**	—
Net income	**$ 35,128**	$ 150,524
Earnings (loss) per common share (Note 13)		
Before extraordinary items		
Basic	**$ 0.60**	$ 0.80
Fully diluted	**$ 0.58**	$ 0.74
After extraordinary items		
Basic	**$ (0.38)**	$ 0.80
Fully diluted	**$ (0.38)**	$ 0.74

See accompanying notes to consolidated financial statements

Gas Transportation & Marketing		Petroleum		Petrochemicals		Manufacturing	
1983	1982	**1983**	1982	**1983**	1982	**1983**	1982
	(restated)		(restated)		(restated)		
$1,496,813	$1,236,773	**$1,674,872**	$1,593,574	**$521,988**	$458,161	**$129,332**	$211,558
1,452	1,419	**8,048**	—	**—**	—	**—**	—
1,498,265	1,238,192	**1,682,920**	1,593,574	**521,988**	458,161	**129,332**	211,558
1,098,631	926,700	**1,257,812**	1,237,300	**438,353**	375,237	**122,030**	162,983
7,873	—	**1,160**	1,419	**467**	—	**—**	—
76,315	63,679	**194,090**	149,214	**31,069**	27,244	**6,485**	6,178
—	—	**43,610**	33,571	**—**	—	**—**	—
1,424	—	**7,281**	1,079	**1,842**	2,072	**—**	3,110
1,184,243	990,379	**1,503,953**	1,422,583	**471,731**	404,553	**128,515**	172,271
314,022	247,813	**178,967**	170,991	**50,257**	53,608	**817**	39,287
—	—	**—**	—	**(4,348)**	4,359	**(4,257)**	679
12,294	69,002	**—**	—	**37,874**	16,926	**—**	—
12,294	69,002	**—**	—	**33,526**	21,285	**(4,257)**	679
$ 326,316	$ 316,815	**$ 178,967**	$ 170,991	**$ 83,783**	$ 74,893	**$ (3,440)**	$ 39,966

CONSOLIDATED BALANCE SHEET
(thousands of dollars)

**NOVA
AN ALBERTA
CORPORATION**

ASSETS December 31	1983	1982
		(restated)
Current Assets		
Cash and short term deposits	**$ 74,924**	$ 90,798
Accounts receivable	**698,418**	700,359
Inventories (Note 3)	**307,158**	406,402
Prepaid expenses	**10,127**	8,410
	1,090,627	1,205,969
Investments and Advances (Note 4)	**94,528**	113,205
Plant, Property and Equipment (Note 5)	**6,589,882**	5,658,708
Less accumulated depreciation and depletion	**(1,048,081)**	(788,185)
	5,541,801	4,870,523
Deferred Costs (Note 6)	**10,575**	134,528
Other Assets (Note 6)	**58,525**	8,804
	$6,796,056	$6,333,029

On behalf of the Board:

, Director

, Director

See accompanying notes to consolidated financial statements

LIABILITIES AND SHAREHOLDERS' EQUITY December 31

	1983	1982
		(restated)
Current Liabilities		
Bank loans (Note 7)	$ 179,486	$ 228,329
Accounts payable and accrued liabilities	712,826	796,274
Income taxes payable	5,781	23,369
Deferred income taxes	21,074	37,354
Dividends payable	31,832	31,744
Long term debt instalments due within one year (Note 7)	80,355	72,731
	1,031,354	1,189,801
Long Term Debt (Note 7)	3,404,578	2,740,612
Deferred Income Taxes	434,729	388,632
Minority Interest in Subsidiary Companies (Note 9)	485,075	495,383
Shareholders' Equity		
Capital stock		
Non-convertible preferred shares (Note 10)	321,093	328,627
Convertible preferred shares (Note 10)	479,814	497,495
Common shares (Note 11)	143,526	115,041
Contributed surplus	226,567	224,991
Cumulative translation adjustment (Note 2)	8,889	—
Reinvested earnings	260,431	352,447
	1,440,320	1,518,601
Contingencies and Commitments (Note 18)		
	$6,796,056	$6,333,029

CONSOLIDATED STATEMENT OF REINVESTED EARNINGS

(thousands of dollars)

NOVA AN ALBERTA CORPORATION

Year ended December 31	1983	1982
		(restated)
Balance at beginning of year as restated (Note 14)	**$352,447**	$312,627
Net income	**35,128**	150,524
	387,575	463,151
Less dividends paid or payable		
Preferred shares	**79,563**	64,701
Common shares	**47,581**	46,003
	127,144	110,704
Balance at end of year	**$260,431**	$352,447

CONSOLIDATED STATEMENT OF CONTRIBUTED SURPLUS

(thousands of dollars)

Year ended December 31	1983	1982
Balance at beginning of year	**$224,991**	$229,874
Gain on purchase of preferred shares for cancellation	**1,631**	2,777
Capital stock issue expenses	**(55)**	(7,660)
Balance at end of year	**$226,567**	$224,991

See accompanying notes to consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(thousands of dollars)

NOVA AN ALBERTA CORPORATION

Year ended December 31	1983	1982
		(restated)
Source of funds		
Operations (Note 15)	**$ 587,379**	$ 424,116
Long term debt	**730,304**	1,088,244
Preferred shares	**—**	417,500
Common shares	**28,485**	29,696
Less common shares issued on conversion of—		
Preferred shares	**(11,744)**	(22,569)
Debentures	**—**	(2,022)
Proceeds on sale of subsidiaries	**27,915**	—
Less working capital of subsidiaries sold	**(25,972)**	—
Preferred shares issued by subsidiary— Husky Oil Ltd.	**—**	91,250
Other	**6,498**	18,040
	$1,342,865	$2,044,255
Use of funds		
Plant, property and equipment (Note 20)	**$ 933,807**	$1,221,953
Deferred costs and other assets	**24,971**	54,166
Other investments	**22,165**	20,217
Reduction of long term debt	**115,406**	551,893
Purchase of preferred shares for cancellation	**11,840**	7,267
Redemption of preferred shares issued by subsidiaries	**25,725**	32,117
Dividends to—		
Shareholders	**127,144**	110,704
Minority shareholders of subsidiaries	**32,001**	33,999
Capital stock issue expenses	**55**	7,660
Foreign currency translation adjustment	**6,646**	—
Working capital increase	**43,105**	4,279
	$1,342,865	$2,044,255

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 1983

NOVA AN ALBERTA CORPORATION

1. SUMMARY OF ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards. The accounting policies of significance to the Company are as follows:

PRINCIPLES OF CONSOLIDATION. The consolidated financial statements include the accounts of the Company and all subsidiaries, principally:

100% Owned		
The Alberta Gas Ethylene Company Ltd. A. G. Investments Ltd. A. G. Pipe Lines Inc. A. G. Pipe Lines (Canada) Ltd. Grove Valve and Regulator Company	NOVA Energy Systems Inc. (formerly Energy Equipment & Systems Inc.) Novacor Chemicals Ltd. Novacorp Engineering Services Ltd.	Novacorp International Consulting Ltd. Novalta Properties Ltd. Novalta Resources Ltd. WAGI International S.p.A.
Partially Owned		
Husky Oil Ltd. (67.6% owned)	Pan-Alberta Gas Ltd. (50.005% owned)	

Companies acquired have been accounted for using the purchase method.

Investments in the Alaska Highway Gas Pipeline Project, the Trans Québec & Maritimes Pipeline Project (TQM Pipeline) and in certain petrochemical investments are accounted for by the proportionate consolidation method and, accordingly, the accounts reflect only the Company's proportionate interest in such activities. The Company's investment in the Alaska Highway Gas Pipeline Project is represented by its direct and indirect percentage ownership in Foothills Pipe Lines (Yukon) Ltd. and its subsidiaries.

COST OF SERVICE. Gas Transportation & Marketing and certain Petrochemicals operations are subject to cost of service or tariff agreements. Under such agreements the Company is entitled to recover reasonable and necessary operating expenses, cost of feedstock and fuel, depreciation, amortization, income and other taxes, foreign exchange gains or losses in respect of debt service and an appropriate rate of return on investment.

FOREIGN CURRENCY TRANSLATION. Foreign operations which are considered financially and operationally independent of the parent have been translated to Canadian dollars using the year end rate of exchange ("current rate") for the balance sheet and average rates for the year for the income statement. Gains or losses resulting from these translation adjustments are deferred in a separate component of shareholders' equity until there is a realized reduction in the net investment of the foreign operation.

Foreign operations which are considered financially and operationally dependent on the parent company together with foreign operations which are operating under highly inflationary economic conditions have been translated to Canadian dollars using current rates of exchange for monetary assets and liabilities, historical rates of exchange for non-monetary assets and liabilities and average rates for the year for revenue and expenses, except depreciation and depletion which are translated at the rate of exchange applicable to the related assets. Gains or losses resulting from these translation adjustments are included in income.

Foreign denominated long term monetary items of Canadian operations are translated at the current rate of exchange. The unrealized translation gains or losses are amortized over the remaining lives of the long term monetary items, except for translation gains or losses relating to cost of service activities which are recovered from customers.

Prior to 1983, accounts in foreign currencies have been translated to Canadian dollars using current rates of exchange for current assets and liabilities, historical rates of exchange for non-current assets and liabilities and average rates for the year for revenue and expenses, except depreciation and depletion which are translated at the rate of exchange applicable to the related assets. Gains or losses resulting from these translation adjustments were included in income.

INVENTORIES. Inventories are carried at the lower of cost, as determined on a first-in, first-out basis, and net realizable value. Refined oil product inventory costs are determined by allocating costs to products on the basis of the relative market value of the product.

INVESTMENTS AND ADVANCES. The Company accounts for its investment in Alberta Gas Chemicals Ltd., CNG Fuel Systems, NovAtel Communications Ltd., Steel Alberta Ltd. and Western Star Trucks Inc. (all 50% owned) by the equity method. Under this method, the investment is carried at cost plus the related equity in undistributed earnings less the amortization of the excess of the purchase price over the net book value at date of acquisition. Portfolio and other investments are carried at cost.

PLANT, PROPERTY AND EQUIPMENT. Plant, property and equipment are carried at cost; maintenance and repair costs of a routine nature are expensed as incurred; renewals and betterments which extend the economic useful life of plant, property and equipment are capitalized.

The Company follows the full cost method of accounting for oil and gas interests whereby all costs of acquisition, exploration for and development of oil and gas reserves are capitalized.

DEPRECIATION AND DEPLETION. Plant, property and equipment (except for Gas Transportation & Marketing plant, certain buildings, intangible petroleum costs and tangible petroleum costs in the Philippines) are depreciated on a straight-line basis at annual rates varying from 3% to 50% which rates are designed to write these assets off over their estimated useful lives. Depreciation for the Alberta Gas Transmission Division plant approximated a composite rate of 3.2% on costs in 1983 (1982—3%). Depreciation for the Alaska Highway Gas Pipeline—Phase I plant approximated a composite rate of 4% on costs in 1983 and 1982. Depreciation for TQM Pipeline plant approximated a composite rate of 2.4% in 1983 (1982—2%). Certain buildings are depreciated by the sinking fund method at an annual rate of 5%.

In Canada, oil and gas interests are segregated into three major cost centres: the Lloydminster heavy oil area, the Frontier regions and all other areas of Canada. The Company computes depletion expense relative to intangible costs in the Canadian cost centres by the revenue method. Under this method, the ratio of current year revenues to total current and future years' revenues from the production of proved reserves, as determined by the Company's engineers, determines the proportion of depletable costs to be expensed. Depletion expense is not calculated relative to the Frontier regions of Canada until such time as economically recoverable reserves are established. Costs incurred in all the Frontier regions at December 31, 1983 and 1982 amounted to $57,366,000 and $12,520,000 respectively.

In the United States and the Philippines, oil and gas interests are segregated into single cost centres for each country and intangible costs are depleted on a composite unit of production method based upon proved developed reserves, as estimated by the Company's engineers. Tangible costs in the Philippines are depreciated on the composite unit of production basis. Depletion expense is not calculated relative to certain major exploration and development projects in the United States until such time as economically recoverable reserves are established. At December 31, 1983 costs incurred in all such areas amounted to $22,898,000.

The costs of acquiring and exploring for oil and gas reserves in each area where the Company has an interest outside of North America and the Philippines are amortized on a straight-line basis at an annual rate of 20%. When it is determined that proved reserves exist, the unamortized costs will be depleted by the composite unit of production method. The unamortized costs of an abandoned area are charged against earnings at the time of abandonment. Unamortized costs at December 31, 1983 and 1982 amounted to $23,372,000 and $15,686,000 respectively.

ALLOWANCE FOR FUNDS USED DURING DEVELOPMENT AND CONSTRUCTION. For Gas Transportation & Marketing and in certain Petrochemicals operations, regulatory authorities or agreements provide for a return on capital invested in new plant while under construction by capitalizing an allowance for funds used during construction. For Gas Transportation & Marketing facilities subject to regulation, the rate is the approved rate of capitalization and for certain Petrochemicals facilities the rate is the agreed cost of capital.

CAPITALIZED INTEREST. Interest is capitalized on certain oil and gas interests undergoing exploration or development activities that are not subject to depletion and on costs incurred during the construction of major additions to plant, property and equipment. Once the exploration or development activities are complete, or the facility commences operations, subsequent interest costs are charged to income.

DEFERRED COSTS. Costs relating to projects which may benefit future periods are being deferred. Deferred costs applicable to projects which have been terminated or significantly delayed are expensed.

LONG TERM DEBT. Short term borrowings which are expected to be repaid from the proceeds of long term financing are included in long term debt.

Capital lease obligations which relate to transactions which are similar in nature to a purchase have been capitalized and included in long term debt.

Unamortized debt discount and expense are being amortized over the terms of the respective issues.

INCOME TAXES. The Company follows the deferral method of tax allocation accounting on all income except for certain Gas Transportation & Marketing and Petrochemicals operations which are subject to cost of service or tariff agreements. Under this method, the Company makes a full provision for income taxes deferred principally as a result of claiming capital cost allowance and exploration and development costs for income tax purposes in excess of depreciation and depletion provided in the accounts. Income taxes on certain operations subject to cost of service or tariff agreements are provided on the taxes payable method (flow-through method) whereby the income tax provision represents only the income taxes deemed to be currently payable and thus recoverable under the billing mechanism in place. Investment tax credits are recorded as a reduction to the income tax provision when realization is reasonably assured.

PETROLEUM INCENTIVES. Federal and provincial exploration incentives (principally, the Petroleum Incentive Program) are accounted for as a reduction to plant, property and equipment. Amounts received from the Saskatchewan provincial government relative to its oil and gas incentive regulations are credited against provincial royalties.

PENSION AND RETIREMENT PLANS. The Company and its subsidiaries maintain pension and retirement plans for substantially all employees. The past service liabilities of these plans are being charged to income over varying periods not exceeding ten years. Charges to income are determined from actuarial valuations of the pension plans.

EARNINGS PER COMMON SHARE. Basic earnings per common share are calculated after deducting the dividend entitlement on preferred shares and using the weighted average number of shares outstanding during the period. The calculation of earnings per common share on a fully diluted basis assumes conversion of those securities and the exercise of all stock options which would have a dilutive effect on basic earnings per common share.

For the calculation of earnings per common share, net income is reduced by the amount of dividends to which the preferred shareholders are entitled as at the end of the fiscal year. The Company accrues against reinvested earnings the preferred share dividends normally declared near the year end but with a payment date following in the next year.

COMPARATIVE FIGURES. Certain comparative figures for the years ended December 31, 1982 and 1981 have been reclassified to conform to the current year's financial statement presentation.

2. CHANGE IN ACCOUNTING POLICY

In December 1983, the Company changed its method of accounting for foreign currency translation by adopting prospectively, effective January 1, 1983, the recommendations issued by The Canadian Institute of Chartered Accountants. The effect of this change in accounting policy for foreign currency translation for the year ended December 31, 1983 has been an increase in net income before extraordinary items of $4,117,000, an increase in net income after extraordinary items of $4,025,000 and an increase in basic and fully diluted earnings per common share before and after extraordinary items of $0.03.

The opening balance in the cumulative translation adjustment component of shareholders' equity reflects the aggregate effect of translating balance sheet accounts of certain foreign subsidiaries as at January 1, 1983 at exchange rates in effect on that date.

The movement in the cumulative translation adjustment account for the year ended December 31, 1983 was as follows (thousands of dollars):

Balance, January 1, 1983	**$15,535**
Balance sheet translations and dividend distributions during the year	**(6,646)**
Balance, December 31, 1983	**$ 8,889**

3. INVENTORIES

	December 31	
	1983	1982
	(thousands of dollars)	
Gas Transportation	**$ 24,048**	$ 22,603
Petroleum	**220,600**	304,092
Petrochemicals	**26,843**	23,403
Manufacturing	**35,667**	56,304
	$307,158	$406,402

4. INVESTMENTS AND ADVANCES

	December 31 1983	1982
	(thousands of dollars)	
Alberta Gas Chemicals Ltd.	**$28,133**	$ 38,545
CNG Fuel Systems	**19,124**	—
NovAtel Communications Ltd.	**17,969**	14,250
Steel Alberta Ltd.	**16,373**	15,826
Western Star Trucks Inc.	**8,978**	10,682
Portfolio and other investments (see Note 12)	**3,951**	33,902
	$94,528	$113,205

5. PLANT, PROPERTY AND EQUIPMENT

	December 31 1983			1982 (restated)
	Cost	**Accumulated Depreciation and Depletion**	**Net**	Net
		(thousands of dollars)		
Gas Transportation & Marketing				
Plant in service	**$2,465,802**	**$ 439,508**	**$2,026,294**	$1,773,471
Plant under construction	**30,714**	**—**	**30,714**	160,072
Petroleum				
Petroleum properties and production equipment	**1,854,508**	**329,074**	**1,525,434**	1,523,090
Refining and marketing facilities	**546,447**	**108,314**	**438,133**	362,725
Other facilities	**179,646**	**16,044**	**163,602**	54,046
Petrochemicals				
Plant in service	**568,318**	**124,916**	**443,402**	475,421
Plant under construction	**699,538**	**—**	**699,538**	319,522
Manufacturing	**74,589**	**26,377**	**48,212**	51,541
Other	**170,320**	**3,848**	**166,472**	150,635
	$6,589,882	**$1,048,081**	**$5,541,801**	$4,870,523

6. DEFERRED COSTS AND OTHER ASSETS

	December 31 1983	1982
	(thousands of dollars)	
Deferred costs (see Note 12)		
Alaska Highway Gas Pipeline Project — Phase II	**$ —**	$ 67,090
Oil Sands Mining Project	**—**	23,879
Arctic Pilot Project	**—**	21,188
Other	**10,575**	22,371
	$10,575	$134,528
Other assets		
Unamortized debt discount and expense	**$ 9,202**	$ 8,804
Unamortized translation adjustments	**49,323**	—
	$58,525	$ 8,804

7. LONG TERM DEBT

(thousands of dollars)

	Maturity	December 31 1983	1982
NOVA, AN ALBERTA CORPORATION			
First Mortgage Sinking Fund Bonds			
5½% Series C	1985	$ 2,472	$ 3,775
8¾% Series D (1983—U.S. $29,700; 1982—U.S. $33,400)	1989	36,959	35,847
Secured Debentures			
5¾% Series B	1985	14,954	15,822
Unsecured Debentures			
7½% Series 1		—	195
9¾% Series 2	1990	15,801	16,564
9¼% Series 3	1990	14,412	14,885
8% Series 4	1991	40,979	42,223
8⅛% Series 5	1992	29,484	30,305
11⅜% Series 6	1995	51,471	52,863
17½% Series 7	1987	75,000	75,000
17¾% Series 8	1997	50,000	50,000
12⅛% Series 9	1993	100,000	—
16¼% (1983 and 1982—U.S. $100,000)	1989	124,440	118,982
Unsecured Term Notes with interest rates averaging 16⅛% (1983 and 1982—U.S. $110,000)	1987	136,884	137,996
		692,856	594,457
Bank loans and notes (unsecured)		370,294	73,173
		1,063,150	667,630
Foothills (Yukon)—Phase I	1987-1996	322,779	335,920
TQM Pipeline		164,782	150,500
Husky Oil Ltd. and subsidiaries			
Sinking Fund Debentures Series A, B and C with interest rates varying from 6% to 8½%	1984-1991	25,416	27,817
Notes payable and other loans—secured and unsecured with interest rates averaging 10¾% (1982—12½%)			
Canadian dollars	1989	660,000	660,000
United States dollars (1983—U.S. $271,525; 1982—U.S. $203,543)	Various	337,773	237,717
Capital lease obligations (1983—U.S. $7,546; 1982—U.S. $12,564)	Various	9,390	13,021
		1,032,579	938,555
Novalta Resources			
Income Debentures (1983—U.S. $39,742; 1982—U.S. $43,760)	1986-1989	49,454	49,585
Alberta Gas Ethylene			
Ethylene Plant I			
8¼% Secured Notes (1983—U.S. $213,985; 1982—U.S. $228,251)	1998	266,286	259,616
5⅜% First Income Debentures (1983—U.S. $213,985; 1982—U.S. $228,251)	1987	266,286	259,616
Less certificates of deposit (1983—U.S. $213,985; 1982—U.S. $228,251) pledged as security against the First Income Debentures		(266,286)	(259,616)
		266,286	259,616
Ethylene Plant II			
DCS loans (1983—U.S. $189,000)	1985-2004	235,192	—
Secured bank loans		66,000	—
Unsecured bank loans		—	125,000
		301,192	125,000
		567,478	384,616

	Maturity	December 31 1983	1982
Cochin Pipe Line and Ethane Gathering System			
A. G. Pipe Lines (Canada) Ltd.	1998	**27,200**	28,900
A. G. Pipe Lines Inc. (1983—U.S. $34,425; 1982—U.S. $36,450)	2000	**42,839**	42,533
		70,039	71,433
Polyvinyl Chloride Plant (1983—U.S. $34,203; 1982—U.S. $36,340)	1999	**42,563**	42,095
Novalta Properties	1986-1998	**99,061**	97,633
Other loans	Various	**73,048**	75,376
		3,484,933	2,813,343
Less instalments due within one year		**80,355**	72,731
		$3,404,578	$2,740,612

NOVA, AN ALBERTA CORPORATION. The First Mortgage Sinking Fund Bonds, Series C and D, are secured by a first fixed and specific mortgage, pledge and charge and a first floating charge on the assets of the Company. The Secured Debentures, Series B, are secured in the same manner, subject to the prior charge of the First Mortgage Sinking Fund Bonds.

The interest rate on the unsecured bank loans and notes at December 31, 1983 was approximately 9⅝% (10⅞% at December 31, 1982).

FOOTHILLS (YUKON)—PHASE I. In connection with the financing of Phase I of the Alaska Highway Gas Pipeline, Foothills Pipe Lines (Yukon) Ltd. has arranged long term financing with Canadian chartered banks. At December 31, 1983, $638,209,000 ($656,483,000 at December 31, 1982) is outstanding pursuant to this financing of which the Company's proportionate share is $322,779,000 ($335,920,000 at December 31, 1982). The major portion of this financing will have matured by December 31, 1988, with the balance maturing on December 31, 1996. This financing is secured by the assignment of the interest of Foothills (Yukon) and three of its subsidiaries in certain agreements and floating charges on their respective properties and assets. The interest rate at December 31, 1983 was approximately 11¾% (13⅛% at December 31, 1982).

TQM PIPELINE. The Trans Québec & Maritimes Pipeline partnership, Trans Québec & Maritimes Pipeline Inc., TransCanada PipeLines Limited and the Company have arranged with a Canadian chartered bank a bridge credit facility (repayable on December 31, 1984) of which $329,564,000 is outstanding at December 31, 1983 ($301,000,000 at December 31, 1982) with the Company's proportionate share being $164,782,000 ($150,500,000 at December 31, 1982). This credit facility is being used to finance 75% of the capital costs of construction unconditionally approved by the National Energy Board for inclusion in the Quebec portion of the pipeline system's rate base. The partnership intends to arrange suitable long term financing to replace the bridge credit facility which is secured by an assignment of insurance and an assignment of the transportation service agreement relating to the project. The interest rate on the bridge credit facility at December 31, 1983 was approximately 11% (12¾% at December 31, 1982).

In the event of default under the bridge credit facility, an application would be made to the National Energy Board for inclusion in the partnership's rate base of any capital costs incurred to that time which have not previously been subject of such an application or in respect of which an application has been made for inclusion in the partnership's rate base but such costs were neither allowed nor disallowed. Any capital costs disallowed in the partnership's rate base would be paid by the partners, in amounts equal to their respective share, such that the bridge credit facility does not exceed 75% of the capital costs included in the approved rate base.

On June 8, 1983 the National Energy Board released a decision relating to the rates and tolls to be charged. Among other matters, approximately $14,000,000 of proposed rate base additions were disallowed. Under the provisions of the bridge credit facility the Company could be required to provide an additional equity contribution of up to $5,000,000 as a result of this decision. An appeal of this decision has been made and is expected to be heard before the courts during 1984.

HUSKY OIL LTD. AND SUBSIDIARIES. The Series A, B and C Sinking Fund Debentures are secured by the common shares of certain wholly owned subsidiaries of Husky and a first floating charge on all other assets of Husky and certain of its subsidiaries. Certain notes payable and other loans of $770,117,000 at December 31, 1983 ($44,639,000 at December 31, 1982) are secured by certain assets, properties and the assignment of certain contracts.

NOVALTA RESOURCES. Security for the Income Debentures includes natural gas properties and a general assignment of book debts. Interest on these Income Debentures varies with the London Inter Bank Offered Rate and was approximately 6¾% at December 31, 1983 (8% at December 31, 1982).

ETHYLENE PLANT I. The proceeds from the issuance of the 8¼% Secured Notes are invested in certificates of deposit which bear interest equivalent to that due on the Secured Notes. The Secured Notes are guaranteed by The Alberta Gas Ethylene Company Ltd. and are secured by a first fixed and floating charge on the first ethylene plant, the ethylene pipeline and related assets of Alberta Gas Ethylene and by the assignment of certain related contracts.

The First Income Debentures were issued simultaneously with the issuance of the Secured Notes and are secured by the certificates of deposit referred to in the previous paragraph.

ETHYLENE PLANT II. In March 1983, Alberta Gas Ethylene entered into a loan agreement with DCS Capital Partnership, a Delaware partnership, in respect of financing construction costs and certain deferred start-up costs of the second ethylene plant. The partners of DCS Capital Partnership are affiliates of The Dow Chemical Company, Union Carbide Corporation and Shell Canada Limited. Pursuant to such loan agreement, DCS Capital Partnership has agreed to provide loans to Alberta Gas Ethylene for up to the lesser of $535,000,000 and approximately 76% of the construction costs and certain deferred start-up costs of the second ethylene plant. The loans will be repayable in equal monthly instalments over the period commencing on the earlier of the start-up of the second ethylene plant and March 25, 1985 and ending July 25, 2004. The cost of such loans is generally equal to the cost of third-party financing undertaken by DCS Capital Partnership, which financing at present is being conducted in the United States. The loans are secured, pursuant to a trust deed, by charges on certain of the proceeds of the ethylene sales contracts for the second ethylene plant, a first charge on the related performance guarantees of Dow and Union Carbide and the construction agreement for the second ethylene plant and a first fixed charge on the second ethylene plant. The interest rate at December 31, 1983 was approximately 10½%.

In May 1983, Alberta Gas Ethylene entered into an agreement with two Canadian banks to provide a revolving credit facility of up to $100,000,000, to finance on an interim basis a portion of the costs related to the second ethylene plant not financed by the DCS Capital Partnership. The facility, which replaces the previous unsecured credit facility, will extend until December 31, 1984 and is secured, pursuant to the DCS Capital Partnership trust deed, by charges on certain of the proceeds of the ethylene sales contracts related to the second ethylene plant, a second charge on the related performance guarantees of Dow and Union Carbide, a first charge on the plant construction agreement and a first fixed charge on the second ethylene plant. In addition, this credit facility is secured by an assignment of an undertaking by the Company to cause the second ethylene plant to be completed on or before February 1, 1985 or promptly thereafter. The undertaking will also provide that the Company will provide or cause to be provided to Alberta Gas Ethylene the funds required to permit the second ethylene plant and related facilities to be completed in excess of the amounts otherwise financed. The Company is using its best efforts to cause Alberta Gas Ethylene to arrange alternate financing by December 31, 1984 to replace this credit facility and to retain beneficial ownership and control of at least 51% of the issued common shares of Alberta Gas Ethylene. The interest rate at December 31, 1983 was approximately 11% (11¾% at December 31, 1982).

COCHIN PIPE LINE AND ETHANE GATHERING SYSTEM. A. G. Pipe Lines (Canada) Ltd., in connection with the long term financing of its share of the cost of the Canadian segment of the Cochin Pipe Line and of the Ethane Gathering System, has entered into a loan agreement with certain banks which provides for a term credit facility consisting of term loans and/or bankers' acceptances of which $27,200,000 is outstanding at December 31, 1983 ($28,900,000 at December 31, 1982). The term credit facility expires on December 31, 1998 and is secured by a first floating charge upon a portion of the assets of A. G. Pipe Lines (Canada) Ltd., and a first fixed charge on certain agreements. The interest rate on the term credit facility was approximately 11⅜% at December 31, 1983 (11⅝% at December 31, 1982).

A. G. Pipe Lines Inc., in connection with the long term financing of its share of the cost of the United States segment of the Cochin Pipe Line, pursuant to a loan agreement, has issued promissory notes of which U.S. $34,425,000 are outstanding at December 31, 1983 (U.S. $36,450,000 outstanding at December 31, 1982) which mature on various dates to December 31, 2000. These promissory notes are secured by an assignment of the interest of A. G. Pipe Lines Inc. in certain agreements (insofar as they relate to the United States segment of the Cochin Pipe Line), by the guarantee of A. G. Pipe Lines (Canada) Ltd., and by a pledge of the outstanding shares of A. G. Pipe Lines Inc. The interest rate varies with the London Inter Bank Offered Rate and was approximately 10½% at December 31, 1983 (9¾% at December 31, 1982).

POLYVINYL CHLORIDE PLANT. The polyvinyl chloride plant is financed through the issuance of U.S. 8¾% secured notes Series A due December 15, 1999 of which U.S. $68,406,000 is outstanding at December 31, 1983 (U.S. $72,680,000 at December 31, 1982). The Company's proportionate share is U.S. $34,203,000 at December 31, 1983 (U.S. $36,340,000 at December 31, 1982). These notes are secured by a first fixed and floating charge upon the property and assets relating to the project and by an assignment of certain rights under related contracts. Repayment on the notes is at an annual amount of U.S. $4,274,000 of which the Company's proportionate share is U.S. $2,137,000.

NOVALTA PROPERTIES. Novalta Properties Ltd., in connection with the financing of the Company's head office building, has arranged a line of credit with a Canadian chartered bank of which $99,061,000 was outstanding at December 31, 1983 ($97,633,000 at December 31, 1982). This line of credit is secured by the hypothecation of the title to the property and is repayable in varying amounts commencing in 1986 with final maturity in 1998. The interest rate at December 31, 1983 was approximately 9⅝% (10⅞% at December 31, 1982).

OTHER LOANS. Other loans of $73,048,000 at December 31, 1983 ($75,376,000 at December 31, 1982) include loans of $58,595,000 ($59,554,000 at December 31, 1982) which are secured by certain assets and agreements. The effective interest rate on the other loans approximated $10\frac{3}{5}$% at December 31, 1983 ($11\frac{3}{8}$% at December 31, 1982).

SINKING FUND AND REPAYMENT REQUIREMENTS. Sinking fund and repayment requirements in respect of long term debt maturing within five years following December 31, 1983 are: 1984—$80,355,000; 1985—$198,707,000; 1986— $187,759,000; 1987—$403,070,000; 1988—$190,840,000.

CURRENT BANK LOANS. Current bank loans of $179,486,000 at December 31, 1983 ($228,329,000 at December 31, 1982) include loans of $156,234,000 ($51,641,000 at December 31, 1982) which are secured by accounts receivable and inventories.

INTEREST EXPENSE (NET).	Year ended December 31	
	1983	1982 (restated)
	(thousands of dollars)	
Interest and expense on long term debt	**$349,473**	$353,767
Interest on short term debt	**28,094**	48,820
Interest capitalized	**(38,096)**	(24,844)
Interest income	**(22,440)**	(29,367)
	$317,031	$348,376

8. INCOME TAXES

For Gas Transportation & Marketing and certain of the Petrochemicals operations, charges to customers are based on cost of service or tariff agreements. Because income taxes related to these operations are a component of the charges, the billing for such income taxes on either a taxes payable or tax allocation basis does not affect net income.

Income tax expense varies from the amounts that would be computed by applying the Canadian federal and provincial income tax rates to income before income taxes, minority interest and extraordinary items as shown in the following table:

	Year ended December 31	
	1983	1982 (restated)
	(thousands of dollars)	
Income before income taxes, minority interest and extraordinary items	**$267,161**	$251,181
Less: Cost of service activities		
Gas Transportation & Marketing	**175,593**	146,396
Petrochemicals	**16,467**	16,593
Equity component in allowance for funds used during development and construction	**20,882**	46,812
Equity in earnings (losses) of affiliated companies	**(8,605)**	5,038
	$ 62,824	$ 36,342
Effective Canadian tax rate	**47.9%**	48.8%
Calculated income tax expense	**$ 30,093**	$ 17,734
Add (deduct) adjustments to income taxes resulting from—		
Royalties, lease rentals and mineral taxes payable to the Crown	**40,019**	37,528
Petroleum gas revenue tax	**20,082**	15,470
Resource allowance on Canadian production income	**(42,576)**	(30,561)
Earned depletion	**(12,905)**	(5,852)
Investment tax credits	**(17,006)**	(9,028)
Alberta royalty tax credit	**(6,128)**	(6,230)
Non-allowable depreciation and depletion	**12,036**	7,033
Earnings from foreign subsidiaries with lower effective tax rates	**(8,922)**	(19,458)
Other	**2,132**	(2,624)
	16,825	4,012
Add income taxes billed under cost of service contracts	**61,255**	61,209
Income tax expense	**$ 78,080**	$ 65,221

9. MINORITY INTEREST IN SUBSIDIARY COMPANIES

(thousands of dollars)

	December 31	
	1983	1982
		(restated)
A. G. Investments Ltd.		
Canadian dollars	**$102,000**	$114,750
United States dollars (1983—U.S. $87,004; 1982—U.S. $97,879)	**108,267**	114,750
	210,267	229,500
Husky Oil Ltd.	**264,863**	256,479
Other	**9,945**	9,404
	$485,075	$495,383

In connection with the acquisition of Husky, A. G. Investments Ltd. issued $255,000,000 variable rate, cumulative, redeemable, senior preferred shares. The preferred shares are redeemable at the option of A. G. Investments and are required to be redeemed as to 10% of the initial issue on September 30 of each year to 1988, with the balance payable on September 30, 1989. These shares are redeemable at the option of the holder in certain events. The dividend rate is 52% of the prime commercial lending rate of a Canadian chartered bank plus 1¼% for those denominated in Canadian dollars and 52% of the London Inter Bank Offered Rate of a Canadian chartered bank plus 1¼% for those denominated in United States dollars. The variable dividend rate approximated 7⅛% at December 31, 1983 (8⅛% at December 31, 1982). The Husky shares owned by A. G. Investments have been pledged as collateral security.

On July 13, 1982 Husky issued $91,250,000 13% Cumulative Redeemable Convertible Retractable Junior Preferred Shares, Series A of which $91,132,000 was outstanding at December 31, 1983 ($91,245,000 at December 31, 1982). These shares are convertible at the option of the holder at any time prior to July 1, 1992 on a conversion basis of four common shares for each preferred share.

10. PREFERRED SHARES

(A) AUTHORIZED

2,000,000 cumulative redeemable non-convertible first preferred shares of a par value of $100 each.
16,500,000 cumulative redeemable non-convertible first preferred shares of a par value of $25 each.
26,120,000 cumulative redeemable convertible second preferred shares of a par value of $25 each.

(B) ISSUED AND OUTSTANDING

		December 31			
	Par Value	**1983**	1982	**1983**	1982
		(number of shares)		(thousands of dollars)	
Non-convertible first preferred shares					
4¾% Series C	$100	**83,718**	97,867	**$ 8,372**	$ 9,787
7¾%	$ 25	**773,811**	811,411	**19,345**	20,285
9¾%	$ 25	**1,080,442**	1,118,192	**27,011**	27,955
9.76%	$ 25	**1,580,414**	1,658,495	**39,510**	41,462
7.60%	$ 25	**2,574,200**	2,665,500	**64,355**	66,638
15%	$ 25	**2,500,000**	2,500,000	**62,500**	62,500
11.24%	$ 25	**4,000,000**	4,000,000	**100,000**	100,000
		12,592,585	12,851,465	**$321,093**	$328,627
Convertible second preferred shares					
6⅜%	$ 25	**1,309,361**	1,774,444	**$ 32,734**	$ 44,361
6½%	$ 25	**7,686,825**	7,927,385	**192,171**	198,185
12%	$ 25	**10,196,370**	10,197,970	**254,909**	254,949
		19,192,556	19,899,799	**$479,814**	$497,495

(C) COMMENTARY

The following is a summary of material characteristics of the preferred shares:

Preferred Share Issue (i)	Par Value	Redeemable at the Company's Option (ii)	Sinking Fund and Purchase Fund Requirements (vii)
Non-convertible First Preferred Shares			
4¾% Series C	$100	at $102.00 per share on or before May 15, 1985 and at reducing amounts thereafter	purchase funds of $825,000 annually, or such lesser amount as would increase the funds to $1,650,000 for the purchase for cancellation, if and when available at a price not in excess of $100.00 per share plus costs of purchase (vii)(x)
7¾%	$ 25	at $26.50 per share on or before May 15, 1984 and at reducing amounts thereafter	purchase funds of $750,000 annually, or such lesser amount as would increase the funds to $1,500,000 for the purchase for cancellation, if and when available at a price not in excess of $25.00 per share (vii)(x)
9¾%	$ 25	at $26.00 per share on or before May 15, 1984 and at reducing amounts thereafter	purchase 64,000 shares annually at a price not in excess of $25.00 per share on May 15 of each year under a cumulative mandatory sinking fund (vii)(viii)(x)
9.76%	$ 25	at $25.75 per share on or before November 15, 1984 and at reducing amounts thereafter	purchase 96,000 shares annually at a price not in excess of $25.00 per share on November 15 of each year under a cumulative mandatory sinking fund (vii)(viii)(x)
7.60%	$ 25	at $26.25 per share on or before February 15, 1984 and at reducing amounts thereafter	purchase 90,000 shares annually at a price not in excess of $25.00 per share (vii)(x)
15%	$ 25	on or after August 15, 1987 to August 15, 1988 at $26.50 per share and at reducing amounts thereafter (iii)	purchase 100,000 shares annually at a price not in excess of $25.00 per share to August 15, 1987 and thereafter 4% of the outstanding balance on an annual basis (vii)
11.24%	$ 25	on or after May 15, 1988 to May 15, 1989 at $26.25 per share and at reducing amounts thereafter (iv)	purchase 80,000 shares annually at a price not in excess of $25.00 per share to May 15, 1988 and thereafter 4% of the outstanding balance on an annual basis (vii)
Convertible Second Preferred Shares			
6⅜%	$ 25	at $26.25 per share on or before November 15, 1984 and at reducing amounts thereafter	purchase 216,000 shares annually at a price not in excess of $25.00 per share (vii)(ix)
6½%	$ 25	at $26.25 per share on or before February 15, 1985 and at reducing amounts thereafter (v)	purchase 240,000 shares annually at a price not in excess of $25.00 per share (vii)(ix)(x)
12%	$ 25	on or after May 15, 1985 and prior to May 15, 1987 at $26.25 per share and at reducing amounts thereafter (vi)	purchase 204,000 shares annually commencing May 16, 1986 up to and including May 15, 1990 at a price not in excess of $25.00 per share and thereafter 4% of the outstanding balance on an annual basis (vii)(ix)

(i) The preferred shareholders are entitled to cumulative dividends at the respective rates set out in the titles of each issue.

(ii) Redeemable at the indicated price per share plus accrued and unpaid dividends.

(iii) The 15% Preferred Shares are retractable at the option of the holder by deposit of the shares on or before August 7, 1987 for redemption on August 15, 1987 at $25.00 per share plus accrued and unpaid dividends.

(iv) The 11.24% Preferred Shares are retractable at the option of the holder by deposit of shares on or before May 6, 1988 for redemption on May 15, 1988 at $25.00 per share plus accrued and unpaid dividends.

(v) The 6½% Preferred Shares are redeemable prior to February 15, 1985 at $26.25 per share only if the weighted average price at which the Class "A" common shares were traded was not less than 130% of the conversion price.

(vi) The 12% Preferred Shares are redeemable on or after May 15, 1985 and prior to May 15, 1987 at $26.25 per share only if the weighted average price at which the Class "A" common shares were traded was not less than 130% of the conversion price. They are also redeemable at the option of the Company on or after May 15, 1987 up to and including May 15, 1988 at $26.25 per share and at reducing amounts thereafter.

(vii) Sinking and purchase fund requirements cannot be purchased at prices in excess of the stated price per share plus accrued and unpaid dividends and costs of purchase.

(viii) The Company, in addition to the cumulative mandatory sinking funds, may call for redemption and redeem annually, through the operation of non-cumulative optional sinking funds, 48,000 9¾% Preferred Shares on May 15 of each year and 72,000 9.76% Preferred Shares on November 15 of each year at par value plus accrued and unpaid dividends.

The cumulative mandatory sinking fund requirements of the 9¾% and 9.76% Preferred Shares may be satisfied otherwise by the Company through acquisition in the open market or by an invitation for tenders.

(ix) The cumulative redeemable convertible second preferred shares are convertible to Class "A" common shares on the following conversion basis:

	Preferred to Common Conversion Basis	Convertible Until
6⅜% Preferred Shares	1 for 4.2	November 15, 1986
6½% Preferred Shares	1 for 2.586	February 15, 1990
12% Preferred Shares	1 for 3.38	May 15, 1990

During the year ended December 31, 1983 465,083 6⅜% Preferred Shares were converted into 1,953,349 Class "A" common shares, 3,060 6½% Preferred Shares were converted into 7,913 Class "A" common shares and 1,600 12% Preferred Shares were converted into 5,408 Class "A" common shares.

(x) During the year ended December 31, 1983 the Company purchased for cancellation 14,149 4¾% Preferred Shares, 37,600 7¾% Preferred Shares, 37,750 9¾% Preferred Shares, 78,081 9.76% Preferred Shares, 91,300 7.60% Preferred Shares and 237,500 6½% Preferred Shares at an aggregate discount of $1,631,000 which has been credited to contributed surplus.

11. COMMON SHARES

(A) AUTHORIZED

300,000,000 Class "A" common shares without par value, non-voting except for the election of seven directors.

2,004 Class "B" common shares of the par value of $5.00 each.

(B) ISSUED AND OUTSTANDING

	December 31			
	1983	1982	**1983**	1982
	(number of shares)		(thousands of dollars)	
Class "A" common	**120,662,764**	116,187,195	**$143,518**	$115,033
Class "B" common	**1,665**	1,661	**8**	8
	120,664,429	116,188,856	**$143,526**	$115,041

The Class "B" common shares are precluded upon the reduction or redemption of such shares or the winding-up of the Company from participating in assets of the Company to a greater extent than the amount paid up thereon. The Class "B" common shares are divided into four Groups which are allotted: Group I to utility companies, Group II to gas export companies, Group III to gas producers and Group IV to four directors appointed by the Lieutenant Governor in Council of the Province of Alberta. Holders of Class "B" common shares have full voting rights except for the election of the seven directors elected by the holders of Class "A" common shares. The holders of Class "B" common shares Group IV have full voting rights in all circumstances.

(C) ISSUED DURING THE YEAR (CLASS "A" COMMON SHARES)

	December 31			
	1983	1982	**1983**	1982
	(number of shares)		(thousands of dollars)	
For cash on exercise of options granted to officers and employees	**382,104**	219,051	**$ 2,224**	$ 1,124
For cash under the Dividend Reinvestment and Share Purchase Plan	**2,126,795**	621,255	**14,517**	3,981
On conversion of—				
6⅜% Preferred Shares	**1,953,349**	3,759,764	**11,627**	22,380
6½% Preferred Shares	**7,913**	14,275	**77**	138
12% Preferred Shares	**5,408**	6,861	**40**	51
7½% Sinking Fund Debentures Series 1	—	606,600	—	2,022
	4,475,569	5,227,806	**$28,485**	$29,696

(D) RESERVED (CLASS "A" COMMON SHARES)

	December 31	
	1983	1982
	(number of shares)	
For conversion of the 6⅜% Preferred Shares.	**5,499,316**	7,452,665
For conversion of the 6½% Preferred Shares.	**19,878,129**	20,500,218
For conversion of the 12% Preferred Shares.	**34,463,731**	34,469,139
Under the incentive stock option plan, options are outstanding to officers and employees to purchase 137,400 common shares at prices ranging from $7.542 to $9.458 per share (422,600 shares at December 31, 1982 at prices ranging from $5.00 to $12.125 per share) exercisable in annual instalments on a cumulative basis to 1986.	**137,400**	422,600
Under the Incentive Stock Option Plan (1982) options are outstanding to officers and employees to purchase 3,903,600 common shares at prices ranging from $6.625 to $8.75 per share (981,000 shares at December 31, 1982 at prices ranging from $6.625 to $7.50 per share) exercisable as to 25% annually on a cumulative basis to 1985 and thereafter to 1987 and 959,000 common shares are reserved but unallocated (921,700 shares at December 31, 1982).	**4,862,600**	1,902,700
Under the executive share option plan there were no common shares reserved at December 31, 1983.	—	2,100,000
Under the Dividend Reinvestment and Share Purchase Plan.	**2,251,950**	4,378,745
	67,093,126	71,226,067

12. EXTRAORDINARY ITEMS

(thousands of dollars for the year ended December 31, 1983)

Provision for write-down of project costs—	
Alaska Highway Gas Pipeline Project—Phase II (net of income taxes of $6,543)	**$ 29,485**
Oil Sands Mining Project (net of income taxes of $18,591)	**24,672**
Arctic Pilot Project (net of income taxes of $10,637)	**11,524**
	65,681
Provision for write-down of portfolio investment	**23,264**
Reduction in carrying value of certain petrochemical plants (net of income taxes of $9,580)	**16,272**
Loss on sale of manufacturing facilities in the United States and Italy (net of income taxes of $2,108 and minority interest of $1,997)	**10,388**
	$115,605

Certain of the accumulated project costs relating to Phase II of the Alaska Highway Gas Pipeline Project, the Oil Sands Mining Project and the Arctic Pilot Project have been written down at December 31, 1983 together with anticipated future costs of $5,616,000 (net of income taxes of $5,184,000) to be incurred in relation to these projects. Due to the significant delay and uncertainty as to the timing of construction for these projects, the management of the Company has determined that such accounting treatment is appropriate.

At December 31, 1983 the Company reduced the carrying value of its previously acquired portfolio investment in Nu-West Development Corporation. The Company also recorded a reduction in the book value of a polyvinyl chloride plant and a malic and fumaric acid plant to reflect the depressed market conditions for the associated products.

In addition, the Company during the fourth quarter of 1983 disposed of a foundry located in Italy, a small energy equipment manufacturing plant in the United States and Husky Industries, Inc., a United States-based charcoal briquet manufacturing subsidiary of Husky Oil Ltd.

13. EARNINGS (LOSS) PER COMMON SHARE

Earnings (loss) per common share are calculated after deducting preferred share dividend entitlement ($79,563,000 in 1983 and $58,571,000 in 1982) and using the weighted average number of shares outstanding during the period (118,478,000 in 1983 and 114,341,000 in 1982).

14. PRIOR PERIOD ADJUSTMENTS

During 1983 the Company restated net income and reinvested earnings for prior periods due to adjustments in certain Petrochemicals cost of service billings, the distribution of petroleum production in the Philippines and costs and expenses associated with petroleum production. Petrochemicals and Petroleum revenue, costs and expenses, minority interest and associated deferred income taxes have been restated which resulted in a cumulative prior period loss of $4,460,000 at December 31, 1982 which has been applied against reinvested earnings. Of this amount $772,000 of income is applicable to 1982 and income for that year has been restated. The remaining $5,232,000 loss relates to years prior to 1982 and has been applied against the opening balance of reinvested earnings in 1982. Where applicable, certain balance sheet and income statement accounts have been restated to reflect the prior period adjustments.

	Year ended December 31	
	1983	1982
	(thousands of dollars)	
Reinvested earnings, balance at beginning of year		
As previously reported	**$356,907**	$317,859
Adjustment of prior periods	**4,460**	5,232
As restated	**$352,447**	$312,627

15. FUNDS PROVIDED FROM OPERATIONS

	Year ended December 31	
	1983	1982
		(restated)
	(thousands of dollars)	
Net income before extraordinary items	**$150,733**	$150,524
Add (deduct) items not resulting in a flow of funds		
Depreciation and depletion	**307,959**	246,315
Deferred income taxes	**79,608**	48,850
Minority interest	**38,348**	35,436
Equity component in allowance for funds capitalized during development and construction	**(20,882)**	(46,812)
Equity in (earnings) losses of affiliates	**8,605**	(5,038)
Other (net)	**23,008**	(5,159)
Funds provided from operations	**$587,379**	$424,116

16. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid by the Company and its subsidiaries in 1983 to directors of the Company in their capacity as directors was $319,000 ($345,000 for 1982). In addition, the aggregate remuneration paid by the Company and its subsidiaries in 1983 to all corporate officers (including division officers who are members of the Consolidated Management Committee) who in their capacity as officers received in excess of $50,000 was $4,427,000 ($4,887,000 for 1982).

17. PENSION AND RETIREMENT PLANS

The Company and its subsidiaries maintain pension and retirement plans for substantially all employees. At December 31, 1983 there were no significant unfunded liabilities with respect to any of these plans.

18. CONTINGENCIES AND COMMITMENTS

GAS TRANSPORTATION & MARKETING. Pursuant to decisions released by the National Energy Board in 1982 approximately $108,572,000 (the Company's proportionate share) of preliminary Phase II expenditures on the Alaska Highway Gas Pipeline Project were approved. The after-tax amount of these expenditures, approximately $72,669,000, is being amortized on a straight-line basis at an annual rate of 4% and earns a 16% pre-tax rate of return on the unamortized portion. In this regard amounts collected, along with appropriate interest, will be repaid when Phase II commences operations. The Company's proportionate share of the after-tax contingent liability in this regard is $10,204,000 at December 31, 1983 ($2,469,000 at December 31, 1982).

PETROCHEMICALS. The Company (to the extent of 20%), Dow Chemical Canada Inc., Dome Petroleum Limited, Petro-Canada Exploration Inc. and Shell Canada Resources Ltd. have agreed on a cost of service basis under take or pay contracts to purchase, for a term extending to December 31, 1998, ethane acquired by Alberta Gas Ethylene in excess of its requirements for its ethylene plants but not exceeding 44,000 barrels per day. Dome has agreed to act as agent for the sale of the Company's 20% share of the surplus ethane.

Contracts have been signed with a number of purchasers for the sale of the output of the second ethylene plant on substantially the same terms as the contract respecting output of the first plant. The Company will be responsible for the purchase directly or indirectly from Alberta Gas Ethylene of approximately 38% of the output of the second ethylene plant, which amount is sufficient to meet the requirements of the linear low density polyethylene plant presently under construction.

The Company and PVC Plastics of Canada Limited, as limited partners, and Diamond Shamrock Alberta Gas Ltd., as general partner, are parties to a limited partnership agreement. The limited partnership owns and operates a polyvinyl chloride plant near Fort Saskatchewan, Alberta, having an annual capacity of 220 million pounds of polyvinyl chloride. Under a product purchase agreement, the Company has agreed to purchase 50% of the output of the polyvinyl chloride plant and in certain events to make advance payments to the limited partnership in an amount equal to 50% of the limited partnership's cash requirements, such advances to be credited against future purchases of polyvinyl chloride.

PETROLEUM. At December 31, 1983 the Company's consolidated financial statements include monetary assets of approximately U.S. $14,700,000, denominated in Philippine pesos. The Philippine government is currently restricting the amount of currency that can be repatriated from that country.

19. SUMMARIZED QUARTERLY FINANCIAL DATA

(unaudited; thousands of dollars except for per share data)

		Three months ended							
		March 31		June 30		September 30		December 31	
		1983*	1982	**1983***	1982	**1983***	1982	**1983**	1982 (restated)
Operating revenue		**$1,066,684**	730,164	**922,373**	858,140	**890,473**	858,521	**943,475**	1,053,241
Net operating income	$	**117,811**	101,663	**137,859**	113,752	**146,675**	141,651	**141,718**	154,633
Income before extraordinary items	$	**34,158**	27,416	**37,343**	30,969	**36,902**	40,119	**42,330**	52,020
Extraordinary items	$	**—**	—	**—**	—	**—**	—	**(115,605)**	—
Net income (loss) after extraordinary items	$	**34,158**	27,416	**37,343**	30,969	**36,902**	40,119	**(73,275)**	52,020
Earnings per common share before extraordinary items									
Basic	$	**0.12**	0.17	**0.15**	0.15	**0.14**	0.20	**0.19**	0.28
Fully diluted	$	**0.12**	0.16	**0.14**	0.14	**0.14**	0.20	**0.18**	0.24
Earnings (loss) per common share after extraordinary items									
Basic	$	**0.12**	0.17	**0.15**	0.15	**0.14**	0.20	**(0.79)**	0.28
Fully diluted	$	**0.12**	0.16	**0.14**	0.14	**0.14**	0.20	**(0.78)**	0.24
Market price per common share									
High	$	**9½**	9⅞	**9½**	6⅞	**8½**	7⅞	**7½**	9
Low	$	**7⅝**	6	**7⅝**	5⅛	**6½**	5⅛	**6**	6⅝

**The 1983 quarterly information has been restated to reflect the change in 1983 in the method of foreign currency translation (see Note 2).*

20. SEGMENTED INFORMATION

(A) FINANCIAL INFORMATION BY BUSINESS SEGMENT
(thousands of dollars)

The management of the Company has determined that the following segments are the principal business segments of the Company:

Gas Transportation & Marketing	— transportation and marketing of natural gas.
Petroleum	— exploration, development, production and refining activities for crude oil and natural gas, together with consulting and research.
Petrochemicals	— production, transportation and marketing activities for various petrochemical products.
Manufacturing	— design, development, manufacture and marketing of various products primarily for use in the resource, transportation and telecommunications industries.

	1983	1982 (restated)	1981 (restated)
Revenue			
Gas Transportation & Marketing	**$1,496,813** **39.1%**	$1,236,773 35.3%	$ 509,548 19.1%
Petroleum	**$1,674,872** **43.8%**	$1,593,574 45.5%	$1,530,966 57.4%
Petrochemicals	**$ 521,988** **13.7%**	$ 458,161 13.2%	$ 422,187 15.9%
Manufacturing	**$ 129,332** **3.4%**	$ 211,558 6.0%	$ 203,419 7.6%
Consolidated	**$3,823,005** **100%**	$3,500,066 100%	$2,666,120 100%
Net operating income			
Gas Transportation & Marketing	**$ 314,022** **57.7%**	$ 247,813 48.4%	$ 125,408 32.4%
Petroleum	**$ 178,967** **32.9%**	$ 170,991 33.4%	$ 183,558 47.3%
Petrochemicals	**$ 50,257** **9.2%**	$ 53,608 10.5%	$ 45,433 11.7%
Manufacturing	**$ 817** **0.2%**	$ 39,287 7.7%	$ 33,295 8.6%
Consolidated	**$ 544,063** **100%**	$ 511,699 100%	$ 387,694 100%
Identifiable assets			
Gas Transportation & Marketing	**$2,350,681** **34.6%**	$2,352,479 37.1%	$1,676,691 33.4%
Petroleum	**$2,708,467** **39.8%**	$2,595,298 41.0%	$2,350,594 46.9%
Petrochemicals	**$1,291,129** **19.0%**	$ 901,368 14.3%	$ 646,648 12.9%
Manufacturing	**$ 243,848** **3.6%**	$ 299,537 4.7%	$ 211,919 4.3%
Other	**$ 201,931** **3.0%**	$ 184,347 2.9%	$ 126,323 2.5%
Consolidated	**$6,796,056** **100%**	$6,333,029 100%	$5,012,175 100%

	1983	1982	1981
Plant, property and equipment additions			
Gas Transportation & Marketing	**$ 154,612**	$ 508,408	$ 484,697
	16.6%	41.6%	35.3%
Petroleum	**$ 373,881***	$ 374,806*	$ 745,616*
	40.0%	30.7%	54.4%
Petrochemicals	**$ 376,587**	$ 268,801	$ 64,288
	40.3%	22.0%	4.7%
Manufacturing and Other	**$ 28,727**	$ 69,938	$ 76,629
	3.1%	5.7%	5.6%
Consolidated	**$ 933,807**	$1,221,953	$1,371,230
	100%	100%	100%

(B) FINANCIAL INFORMATION BY GEOGRAPHIC AREA
(thousands of dollars)

	1983	1982	1981
		(restated)	(restated)
Revenue			
Canada	**$2,713,643**	$2,301,980	$1,447,726
	71.0%	65.8%	54.3%
United States	**$ 958,839**	$1,019,964	$1,086,520
	25.1%	29.1%	40.7%
Other	**$ 150,523**	$ 178,122	$ 131,874
	3.9%	5.1%	5.0%
Consolidated	**$3,823,005**	$3,500,066	$2,666,120
	100%	100%	100%
Net operating income			
Canada	**$ 518,613**	$ 420,271	$ 259,409
	95.3%	82.1%	66.9%
United States	**$ 26,835**	$ 72,174	$ 120,644
	4.9%	14.1%	31.1%
Other	**$ (1,385)**	$ 19,254	$ 7,641
	(0.2%)	3.8%	2.0%
Consolidated	**$ 544,063**	$ 511,699	$ 387,694
	100%	100%	100%
Identifiable assets			
Canada	**$5,684,591**	$5,100,923	$3,889,557
	83.6%	80.5%	77.6%
United States	**$ 888,003**	$ 930,269	$ 934,501
	13.1%	14.7%	18.6%
Other	**$ 223,462**	$ 301,837	$ 188,117
	3.3%	4.8%	3.8%
Consolidated	**$6,796,056**	$6,333,029	$5,012,175
	100%	100%	100%

**Net of Petroleum Incentive Program grants of $97,614 in 1983, $47,972 in 1982 and $20,646 in 1981.*

TEN-YEAR FINANCIAL REVIEW

(thousands of dollars except for share data)

NOVA AN ALBERTA CORPORATION

	1983	1982*
Statement of Income		
Operating revenue	$3,823,005	3,500,066
Operating expenses	$2,916,826	2,702,220
Depreciation and depletion	$ 307,959	246,315
Petroleum gas revenue tax	$ 43,610	33,571
Loss (gain) on foreign currency translation	$ 10,547	6,261
Net operating income	$ 544,063	511,699
Equity in earnings (losses) of affiliated companies	$ (8,605)	5,038
Allowance for funds used during development and construction	$ 50,168	85,928
Other expenses	$ 1,434	3,108
Interest expense (net)	$ 317,031	348,376
Income before income taxes, minority interest and extraordinary items	$ 267,161	251,181
Income taxes	$ 78,080	65,221
Minority interest	$ 38,348	35,436
Income before extraordinary items	$ 150,733	150,524
Extraordinary items	$ 115,605	—
Net income	$ 35,128	150,524
Assets		
Working capital at year end	$ 59,273	16,168
Additions to plant, property and equipment	$ 933,807	1,221,953
Investment in plant, property and equipment (cost)	$6,589,882	5,658,708
Investment in plant, property and equipment (net)	$5,541,801	4,870,523
Deferred costs and other assets (net)	$ 69,100	143,332
Total assets	$6,796,056	6,333,029
Capital Employed		
Long term debt (less due within one year)	$3,404,578	2,740,612
Deferred income taxes	$ 434,729	388,632
Minority interest	$ 485,075	495,383
Shareholders' equity		
Preferred shareholders	$ 800,907	826,122
Common shareholders	$ 639,413	692,479
Share Data		
Earnings per common share before extraordinary items		
Basic	$ 0.60	0.80
Fully diluted	$ 0.58	0.74
Earnings per common share after extraordinary items		
Basic	$ (0.38)	0.80
Fully diluted	$ (0.38)	0.74
Dividends paid per Class "A" common share	$ 0.40	0.40
Average common shares outstanding during year (thousands)	118,478	114,341
Number of common shares outstanding at year end (thousands)	120,664	116,189
Book value per common share	$ 5.30	5.96
Market value per common share		
High	$ 9½	9⅞
Low	$ 6	5⅛

**Certain financial information for the years 1978 to 1982 has been restated to reflect the prior period adjustments recorded in 1983 (see Note 14 to the consolidated financial statements).*

1981*	1980*	1979*	1978*	1977	1976	1975	1974
2,666,120	2,114,520	1,218,541	431,952	348,779	271,397	141,844	89,860
2,059,457	1,586,124	871,241	280,802	186,725	146,992	66,338	31,434
185,517	157,207	93,817	37,217	38,599	29,493	20,861	13,112
16,105	—	—	—	—	—	—	—
17,347	7,734	231	(6,168)	(2,184)	—	—	—
387,694	363,455	253,252	120,101	125,639	94,912	54,645	45,314
14,054	16,267	18,580	16,924	3,184	1,620	1,993	135
74,398	17,399	21,180	23,777	13,831	8,544	4,030	1,228
11,916	6,720	2,076	3,970	—	904	—	—
248,869	93,606	64,677	41,113	28,055	29,470	25,015	22,546
215,361	296,795	226,259	115,719	114,599	74,702	35,653	24,131
45,281	103,700	72,347	24,070	49,372	30,338	9,188	6,321
42,639	51,320	38,629	5,743	7,756	4,947	415	—
127,441	141,775	115,283	85,906	57,471	39,417	26,050	17,810
—	—	—	—	—	—	—	—
127,441	141,775	115,283	85,906	57,471	39,417	26,050	17,810
11,889	60,457	121,512	125,431	64,305	87,279	6,614	15,179
1,371,230	569,389	313,905	233,154	233,988	152,244	108,306	44,255
4,338,590	2,995,523	2,428,530	1,368,054	1,110,991	863,007	680,009	578,448
3,753,956	2,549,880	2,114,209	1,137,686	923,420	712,674	558,472	477,539
197,641	126,568	110,578	68,421	46,358	29,120	26,277	12,435
5,012,175	3,671,523	3,144,422	2,062,096	1,443,625	945,356	657,918	534,673
2,206,283	1,043,009	1,038,193	821,091	744,255	411,311	377,369	305,370
359,181	319,686	251,813	90,754	62,653	40,747	20,248	12,205
441,649	442,819	412,270	218,208	15,915	10,293	446	6
441,235	492,723	363,581	392,593	210,597	142,254	45,413	47,982
627,846	527,295	402,061	318,245	270,546	239,936	162,674	146,190
0.88	1.08	0.98	0.77	0.55	0.47	0.36	0.28
0.80	0.90	0.81	0.71	0.53	0.45	0.35	0.28
0.88	1.08	0.98	0.77	0.55	0.47	0.36	0.28
0.80	0.90	0.81	0.71	0.53	0.45	0.35	0.28
0.38666	0.36	0.30833	0.25907	0.2448	0.20453	0.17333	0.14833
107,583	99,001	89,223	85,083	82,263	66,063	64,032	52,113
110,961	103,351	92,253	87,354	83,474	80,807	64,452	63,264
5.66	5.10	4.36	3.64	3.24	2.97	2.52	2.31
14⅜	13⅜	9⅜	5½	5½	4⅞	4⅝	4⅝
7¼	8	4⅞	4⅝	4¼	3⅝	3⅜	3

CORPORATE DIRECTORY

BOARD OF DIRECTORS

J. Edward Baugh - *President, Ted Baugh Resource Consultants Ltd., Calgary, Alberta (Resource Management)*

Robert Blair - *President and Chief Executive Officer of the Company*

Arthur J. E. Child - *President and Chief Executive Officer, Burns Foods Limited, Calgary, Alberta (Food Processor)*

Donald R. Getty - *President, D. Getty Investments Ltd., Edmonton, Alberta (Investments)*

J. Joseph Healy - *President, Healy Motors Limited, Edmonton, Alberta (Transportation)*

Harley N. Hotchkiss - *President, Harman Resources Ltd., Calgary, Alberta (Investments)*

William A. Howard - *Partner, Howard, Mackie, Calgary, Alberta (Barristers and Solicitors)*

Peter L. P. Macdonnell - *Partner, Milner & Steer, Edmonton, Alberta (Barristers and Solicitors)*

John R. McCaig - *Chairman and Chief Executive Officer, Trimac Limited, Calgary, Alberta (Transportation and Resource Services)*

Frederick A. McKinnon - *Retired, Calgary, Alberta*

A. Ernest Pallister - *President, Pallister Resource Management Ltd., Calgary, Alberta (Resource Management)*

H. J. Sanders Pearson - *Chairman and Chief Executive Officer, Century Sales & Service Limited, Edmonton, Alberta (Industrial Tools and Fasteners Distribution); Chairman of the Board of Directors of the Company*

Robert L. Pierce - *Executive Vice President of the Company*

Daryl K. Seaman - *Chairman, Bow Valley Industries Ltd., Calgary, Alberta (Natural Resource Services, Exploration and Development)*

Ronald D. Southern - *President and Chief Executive Officer, ATCO Ltd., Calgary, Alberta (Natural Resource Services, Property Development and Manufacturing)*

COMPANY OFFICERS

SENIOR CORPORATE OFFICERS

Robert Blair - *President and Chief Executive Officer*

Robert L. Pierce - *Executive Vice President*

John E. Feick - *Senior Vice President*

Dianne I. Hall - *Senior Vice President and Secretary to the Board*

William C. Rankin - *Senior Vice President and Controller*

Bruce W. Simpson - *Senior Vice President*

CORPORATE OFFICERS

John W. F. Cowell, M.D. - *Vice President, Occupational Health and Safety*

Ronald D. Dooley - *Vice President*

Georges Dubé - *Vice President and General Counsel*

Peter C. Flynn - *Vice President*

Barry E. Harper - *Vice President*

Bruce G. Hartwick - *Vice President*

Edmond A. Lemieux - *Vice President*

Richard C. Milner - *Vice President, Treasurer and Corporate Secretary*

Richard A. Molyneaux - *Vice President*

John Patterson - *Vice President and Assistant Controller*

Joan A. Dennis - *Assistant Secretary*

ALBERTA GAS TRANSMISSION DIVISION

Donald G. Olafson - *Division Senior Vice President*

Robert B. Snyder - *Division Senior Vice President*

PRINCIPAL OFFICES

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Edmonton, Alberta T5J 2R1
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Husky Oil Ltd.
P. O. Box 6525,
Postal Station D
Calgary, Alberta T2P 3G7
(403) 267-6111

Novacor Chemicals Ltd.
Suite 1600
734 Seventh Avenue S. W.
Calgary, Alberta T2P 3P9
(403) 290-8977

SOLICITORS

Howard, Mackie;
Calgary, Alberta

AUDITORS

Clarkson Gordon;
Calgary, Alberta

PRINTED IN CANADA

TRANSFER AGENTS AND REGISTRARS

Class "A" Common Shares
National Trust Company, Limited in Vancouver, Calgary, Edmonton, Winnipeg, Toronto and Montreal. Canada Permanent Trust Company as agent for National Trust Company, Limited in Regina.

Class "B" Common Shares
National Trust Company, Limited in Calgary.

Preferred Shares
The Canada Trust Company in Vancouver, Calgary, Edmonton, Regina, Winnipeg, Toronto and Montreal for all share issues. The Canada Trust Company in Halifax for the 7.60%, 6⅜%, 6½%, 15%, 12% and 11.24% Preferred Shares only.

STOCK EXCHANGE LISTINGS

Class "A" Common Shares
Alberta Stock Exchange
The Montreal Exchange
The Toronto Stock Exchange

Preferred Shares
Alberta Stock Exchange
The Montreal Exchange (for 7.60%, 6⅜%, 6½%, 15%, 12% and 11.24% Preferred Shares only)
The Toronto Stock Exchange

DESIGNATION OF NOVA SHARES

Nva AltA f - Class "A" Common
Nova C - 4¾% Series C Preferred
Nova E - 7¾% Preferred
Nova F - 9¾% Preferred
Nova G - 9.76% Preferred
Nova H - 7.60% Preferred
Nova J - 6⅜% Second Convertible Preferred
Nova K - 6½% Second Convertible Preferred
Nova L - 15% Preferred
Nova M - 12% Second Convertible Preferred
Nova N - 11.24% Preferred

Design
The Design Works, Vancouver

Typesetting
Duffoto Process Company Ltd., Calgary

Printing
Mitchell Press Limited, Vancouver