VOYAGER
PETROLEUMS LTD.

Annual Report • 1972

Year Ended March 31, 1973

HIGHLIGHTS

Financial	1973	1972
Gross income	**$ 1,603,672**	$ 1,289,343
Cash flow	**1,157,370**	951,547
per share	**32.7¢**	30.8¢
Net income	**737,681**	451,469
per share	**20.8¢**	14.6¢
Capital expenditures	**4,521,449**	2,432,381
Working capital - March 31	**6,069,940**	1,918,950
Shareholders' equity - March 31	**13,323,733**	7,325,972
Shares outstanding - March 31	**3,840,300**	3,090,200
Shares outstanding 12-month weighted average	**3,538,843**	3,087,367
Number of registered shareholders - March 31	**1,697**	1,656

Operating

Natural gas sales - mcf	**6,967,805**	4,150,503
daily average	**19,090**	11,371
Crude oil sales - barrels	**52,268**	167,411
daily average	**143**	459
Proven developed oil, condensate and natural gas reserves - net equivalent barrels	**14,191,000**	9,476,000
Exploratory wells drilled	**41**	51
successfully completed	**22**	19
Development wells drilled	**12**	1
successfully completed	**5**	—
Land holdings - March 31		
working interest - gross acres	**17,275,621**	11,874,277
- net acres	**6,094,170**	4,514,662
royalty interest - acres	**206,419**	57,476
Number of employees - March 31	**23**	19

The Annual Meeting of Shareholders will be held in the Auditorium, 2nd Floor, Aquitaine Tower, 540 Fifth Avenue South West, Calgary, Alberta, on Thursday, August 9, 1973 at 2:30 p.m.

PRESIDENT'S REPORT

TO THE SHAREHOLDERS

Voyager has again recorded excellent progress during the year ended March 31, 1973. Total gas sales rose by 68% over the previous year and, largely as a result of this increase, cash flow passed $1,000,000, exceeding last year by 21.6%. Net income at the same time was up by 63% and our reserves increased by some 4.7 million net equivalent barrels over those reported at March 31, 1972.

Drilling activity, largely in east-central Alberta, was roughly equivalent to the prior year with the Company taking part in 53 tests, resulting in 27 successful wells. Increased sales of gas from reserves established during the fiscal year should commence in 1973.

The major financial event of the year was the closing, in August, 1972, of our agreement with W.R. Grace & Co. which added $4.5 million to our working capital. Other benefits derived by Voyager from our subsequent association with the Grace organization have been numerous. Not only have Mr. H. R. Logan and Mr. D. E. Grimm, representing Grace on our board, made a valuable contribution to the directorate, but Grace's research, planning, public relations and financial specialists have also been of great assistance to our company.

Unfortunately, a new price structure for our natural gas in Alberta had not been settled at the end of our financial year and no benefit was received from anticipated price increases during the period. However, early resolution of the matter is expected and a significant beneficial effect on our revenue should result.

Pursuing the policy of extending our exploration activities to geologically attractive and politically stable foreign areas, Voyager, during the year, acquired an interest in a large concession in Ethiopia and agreed to participate in a seismic option on a block in the Netherlands North Sea. A number of other foreign prospects are also being examined. Because of its attraction from the standpoints of good prices, readily available markets and favorable political climate, we are also planning considerably more activity in the United States in the near future and are presently evaluating a number of interesting geological prospects there.

As a result of our appraisal of long-range energy requirements, the decision was made during 1972 to acquire coal interests in Canada where this could be accomplished at relatively low cost and in reasonably accessible areas. Voyager has so far become interested in two coal prospects in Alberta which are discussed elsewhere in this report.

During the last year, we have seen the Canadian petroleum industry thrust into the political arena at both the Provincial and Federal levels. In order to increase provincial revenues, western provinces have introduced, or are proposing to introduce, higher royalties while generally supporting higher wellhead prices in order to preserve sufficient incentive to foster exploration for and development of new reserves. It is to be hoped that our governments will recognize the need to maintain the delicate balance between the cost of finding and producing reserves and the ultimate net benefit to the producer so that the incentives to attract the risk capital required to support continued exploratory programs are not sacrificed to political expediency and the short term monetary advantage of provincial government treasuries. These factors have been recognized in the United States, where a combination of tax incentives, relatively low royalties and rapidly increasing prices for petroleum and natural gas have led to a remarkable revitalization of exploration activity on a broad scale.

While the industry has been undergoing examination at the Provincial level, the Federal authorities have been concerning themselves with the export of petroleum, natural gas and refined products to the United States, where the demand for fuels has, at least temporarily, exceeded the available, conventional supply. Exports of petroleum and natural gas to the United States are vital not only to the petroleum industry here, but to the Canadian economy. We must trust that our regulatory authorities and governments will have the good judgment to provide, on reasoned, factual bases, for domestic energy requirements and will carefully avoid any temptation there may be to penalize one segment of the economy or one region of Canada in order to benefit others with greater political influence. At the same time, the importance, not only to Western Canada but to the nation, of our export markets for petroleum fuels must be recognized and given the weight it deserves in any deliberations on these subjects.

In retrospect, it has been a year of uncertainty, a good deal of which has been created by political factors and not by the economic indicators which give us, in the petroleum industry, every reason for an optimistic view of the future. It is apparent that our political leaders and the Canadian public must be made more aware of the nature and scope of our industry in Canada and of the contributions it has made and can continue to make to the economy. We, in the industry, recognize our responsibility for taking the lead in this educational effort.

During the current year, we will be involved in new gas plant construction, as well as additions to existing plants, in order to increase, by approximately 60%, our present gas plant capacity in east-central Alberta. Concurrently with these activities, we will be encouraging further drilling in that area at minimum cost to Voyager while maintaining a substantial working interest in any new reserves which are developed as a result of this drilling. We foresee an intensive drilling program in the area in the next six months. Meanwhile, our exploration focus will, to a large degree, be directed to other prospective areas in Canada and elsewhere with a view to achieving a balanced mix of short, medium and long term prospects and in order to benefit as much as may be possible from the current world energy situation. Barring adverse political influences, there is every indication that our rate of growth will increase in 1973-74.

I would like to express my sincere appreciation to the Directors, officers and staff of the Company for their support and assistance during the past year.

Calgary, Alberta
July 9, 1973

REVIEW OF OPERATIONS AND HOLDINGS

GENERAL

In the past fiscal year, Voyager continued to build its reserves and cash flow base by concentrating its development efforts in the gas producing areas of east-central Alberta. During the 12-month period, the Company participated in 53 gross wells, representing an aggregate of 163,883 feet drilled. The program resulted in 26 gas completions and one oil completion, which brings to 82 the number of productive wells in which Voyager has a working interest, or 49.5 net productive wells. These interests are exclusive of sublease properties and royalty interests from which the Company received income during the year.

Gross remaining reserves have increased by 50% to 14,191,000 net equivalent barrels from 9,476,000 net equivalent barrels at the end of the previous fiscal year, after allowing for production during the intervening 12 months. Only proven developed recoverable reserves are included in these figures.

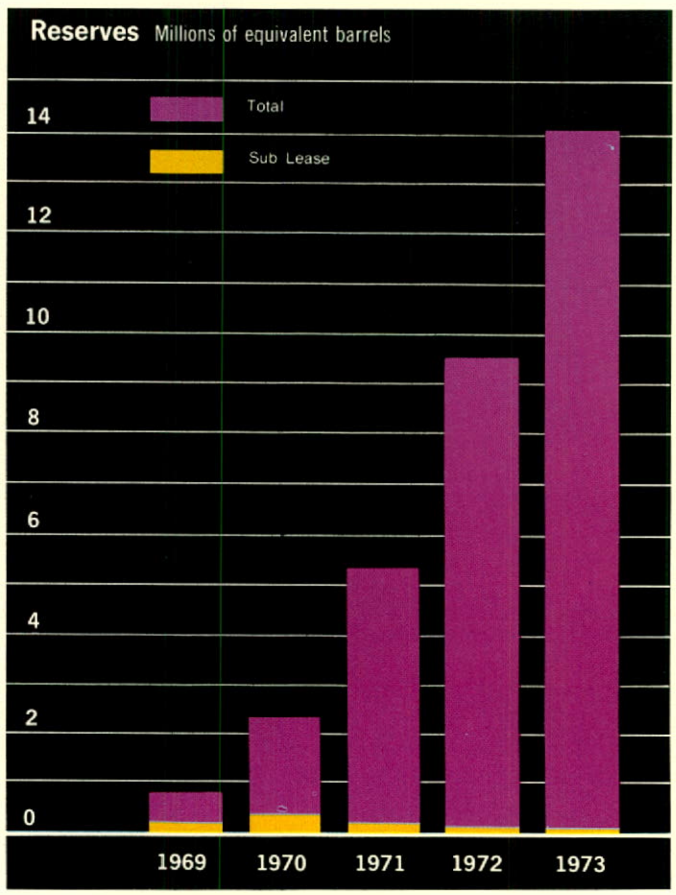
Two new gas plant facilities, including 35 miles of gathering lines, were built and put on stream and one established plant was expanded during the year. In August, the Company commenced first gas deliveries from a 100% owned facility at Holden, with a capacity of 12.5 million cubic feet of gas per day. At Killam, a 50% owned plant, with a capability of delivering 7.5 million cubic feet of gas per day, was completed and turned on during September. The capacity of the plant at Warwick was doubled during the year and this plant is now capable of delivering 15 million cubic feet of gas per day. While Voyager's ownership of the enlarged Warwick facility has been reduced from 50% to 39.7%, our share of plant capacity has increased from 4 million cubic feet of gas per day to 6 million cubic feet of gas per day.

The Company sold 6.97 billion cubic feet of natural gas during the fiscal period with most of these sales being made from its producing properties at Plain, Warwick, Holden and Killam. The daily average of 19.1 million cubic feet per day is 68% more than the daily average of 11.4 million cubic feet per day for the previous year. The average wellhead price was 16.9 cents per thousand cubic feet, as compared to 16.1 cents per thousand cubic feet last year.

Crude oil sales, including 26,516 barrels of subleased production, were 52,268 barrels, averaging 143 barrels per day as against a total of 167,411 barrels, or 459 barrels per day, reported last year. In the 1971-72 fiscal year, subleased production accounted for 149,650 barrels, or 410 barrels per day.

During the year, seismic surveys conducted by or for Voyager, alone or in association with others, totalled 1,079 miles. Included was work carried out in western Canada and in the Celtic Sea on the United Kingdom Continental Shelf. In addition, the Company ran 316 miles of gravity surveys and participated in the acquisition of approximately 2,950 miles of seismic data.

Voyager's land inventory has been increased to gross holdings (including royalty interests) of 17,482,040 acres from 11,931,753 acres at March 31, 1972. Stated on a net basis, current working interest holdings are 6,094,170 acres, compared to 4,514,662 acres held at the end of the previous year. Substantial additions to our acreage were made in western Canada, but the major land inventory increase resulted from Voyager's entry into Ethiopia. Offsetting, to a degree, the additional acreage acquisitions were reductions, by surrenders, in the Arctic Islands, Beaufort Sea, Northwest Territories, Canadian East Coast and Fiji. A comparison of our land holdings at March 31, 1973 to those of a year earlier is made in the accompanying table.



Holden Gas Plant.

Oil and Gas Rights Held / Acreage at March 31

	1973		1972	
	Gross	**Net**	Gross	Net
Northern Canada				
Arctic Islands — offshore	**2,460,296**	**435,475**	3,500,947	620,560
Baffin Island — offshore	**1,158,884**	**289,721**	1,158,884	289,721
Beaufort Sea — offshore	**865,666**	**392,055**	1,151,487	463,511
Hudson Bay — offshore	**394,596**	**98,649**	394,596	98,649
Northwest Territories	**97,029**	**9,164**	153,361	14,065
Yukon Territory	**173,707**	**14,951**	173,707	14,951
Eastern Canada				
Grand Banks/Flemish Cap — offshore	**2,707,931**	**2,167,777**	2,707,931	2,399,270
Ontario	**649**	**130**	649	130
Western Canada*				
Alberta	**719,351**	**467,403**	535,467	328,675
British Columbia	**78,072**	**48,405**	56,632	9,214
Saskatchewan	**1,124**	**722**	964	481
United States of America				
Alaska	**1,044**	**522**	6,160	308
Montana	**4,800**	**2,400**	—	—
Wyoming	**53,058**	**33,709**	49,278	24,639
United Kingdom — offshore**	**64,214**	**10,488**	64,214	10,488
Fiji — offshore	—	—	1,920,000	240,000
Ethiopia	**8,496,306**	**2,124,076**	—	—
Total	**17,275,621**	**6,094,170**	11,874,277	4,514,662

* *Does not include varying royalty interests in 206,419 acres held by Voyager in Alberta, British Columbia and Saskatchewan.*

** *Does not include Voyager's indirect interest in 671,000 gross acres in the North Sea through ownership of 5.55% of the shares of Sea Search Limited.*

Excepting acreage held in Ontario, western Canada, the United States of America, the United Kingdom and Ethiopia, oil and gas rights are held by permits granted by the Crown acting in the right of Canada and confer upon the holder the right to lease petroleum and natural gas rights covering 50% of the permit area.

FOREIGN

UNITED STATES OF AMERICA

Wyoming Voyager Petroleums, Inc. holds interests varying from 50% to 100% in 53,000 acres of oil and gas leases in the Green River Basin of southwestern Wyoming. The anticipated farmout agreement for the drilling of a well on these lands last summer was not finalized and Voyager has now assumed a more active role in dealing with this property. A geological and geophysical review of the area is currently being undertaken by our personnel and it is anticipated that a well will be drilled on the block no later than next year.

Other Areas Our wholly-owned U.S. subsidiary is also taking an active role in exploring the northern Rocky Mountain area, as well as in Texas.

UNITED KINGDOM

Celtic Sea The interpretation of a detailed marine seismic survey on our Celtic Sea block and on the data from offsetting blocks has now been completed. The results obtained from these surveys, which total nearly 1,500 miles, indicate that the Voyager-operated Block 103/27 must be considered to be geologically one of the most interesting blocks in the area. Our current information is that one, and possibly two, drilling rigs will be working for other companies in the Celtic Sea during the 1973 summer season. One scheduled well, to be drilled by Shell, is rumoured to be on a block which lies approximately 25 miles west of the Voyager group's block.

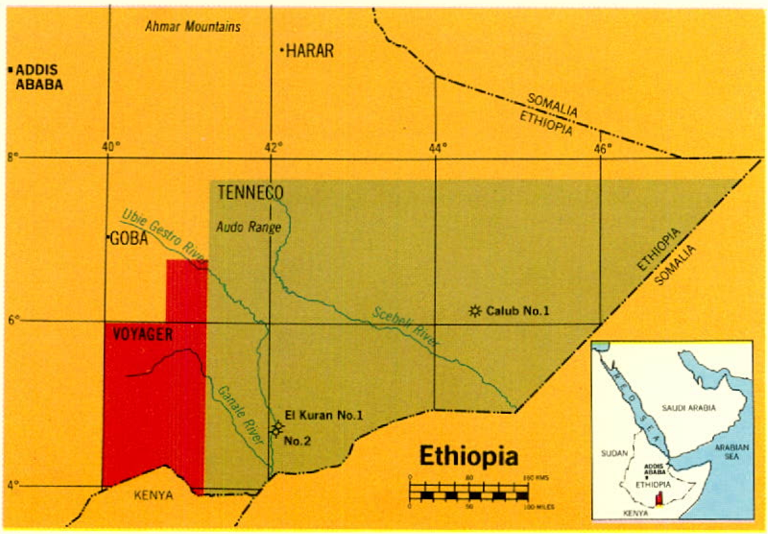
Sea Search Limited During the past year, Sea Search Limited has increased substantially the number of blocks in the North Sea, in which it has an interest, through the acquisition of minority share positions in companies holding licences there and, through its participation, directly and indirectly, with Holland Sea Search in the acquisition of two blocks in the 1972 Netherlands awards. Sea Search Limited now has varying working and shareholding interests in some 35 North Sea blocks.

The Sea Search Group, in which Sea Search Limited holds a 23% interest, has joined with a major oil company to share equally the use of a new semi-submersible rig, Penrod 72, for a two-year period. The rig is expected to be operational on Sea Search properties in the North Sea in late 1973 or early 1974.

Voyager owns 5.55% of the issued shares of Sea Search Limited.

NETHERLANDS

During March 1973, Voyager agreed to participate in a seismic option with respect to Block P-13 comprising 103,000 acres in the Netherlands sector of the North Sea. The farmin group (Voyager 20%) has the option to earn a 50% interest by drilling a 10,000 foot well to be commenced prior to the end of 1974.



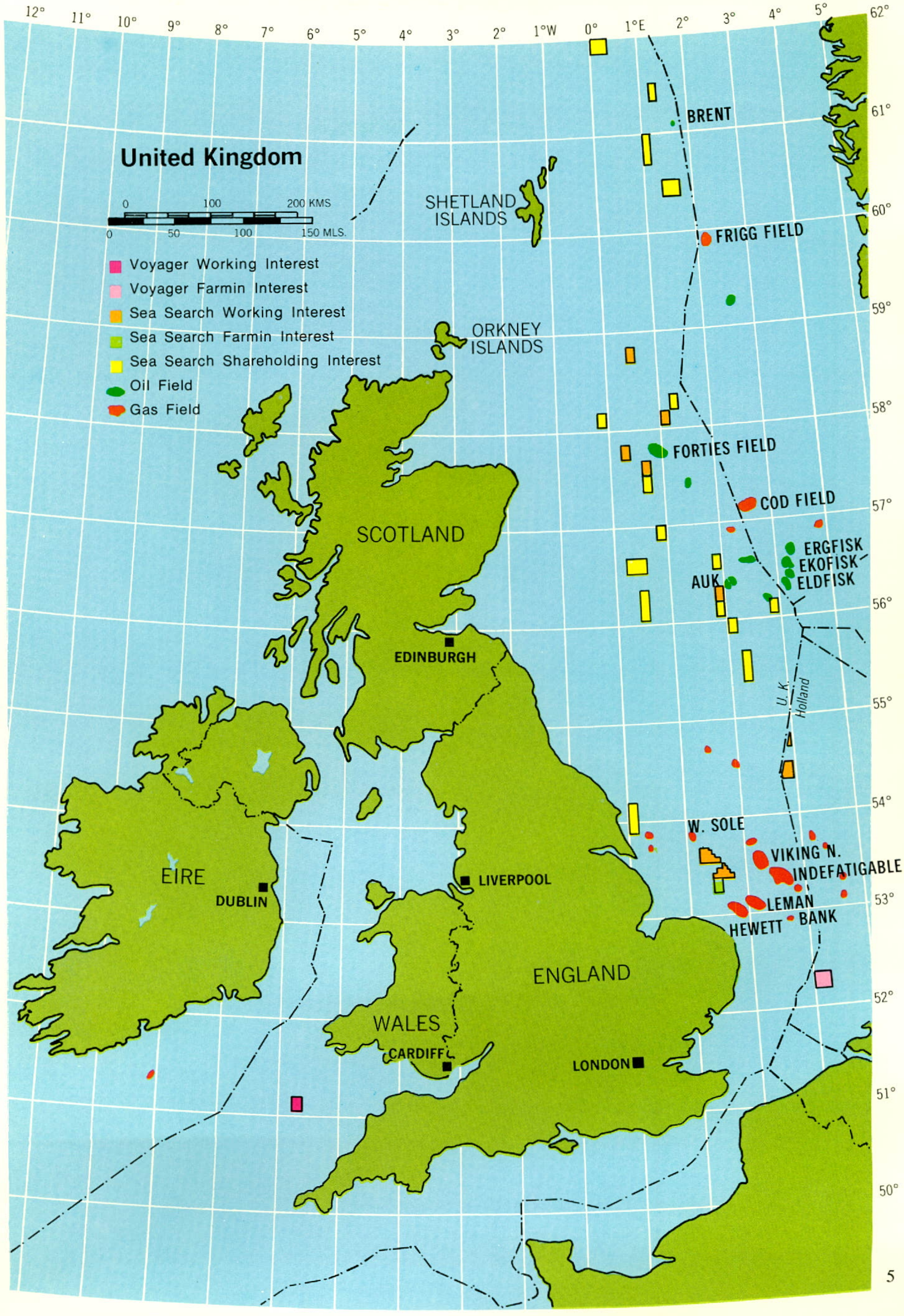
ETHIOPIA

Following extended negotiations, a consortium, for which Voyager is the operator and in which we hold a 25% interest, was successful, during March, in obtaining a concession covering approximately 8.5 million acres in southern Ethiopia. The concession area lies immediately to the west of a block on which a significant gas discovery has been made by the Tenneco group. The discovery well, 1 Calub, was reported as testing at 35 million cubic feet of natural gas per day.

The concession agreement provides for a three-phase exploration program over three and one-half years. If the program proceeds to completion, it will involve a total minimum expenditure of \$2,000,000 (U.S.). An office, staffed by Ethiopian personnel, has been opened in Addis Ababa, the capital of Ethiopia, and the exploration program for the area is currently being planned.

AUSTRALIA

With a view to locating and acquiring mineral exploration rights on favourable prospects in Australia, the Company has joined a group managed by a Toronto geological consulting firm with an office in Perth, Western Australia. Some mineral rights have already been acquired and applications in other areas are presently pending. It is intended to bring in other parties to bear the exploration costs.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Voyager Working Interest
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Sea Search Shareholding Interest
Oil Field
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FRIGG FIELD
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LEMAN
HEWETT
BANK
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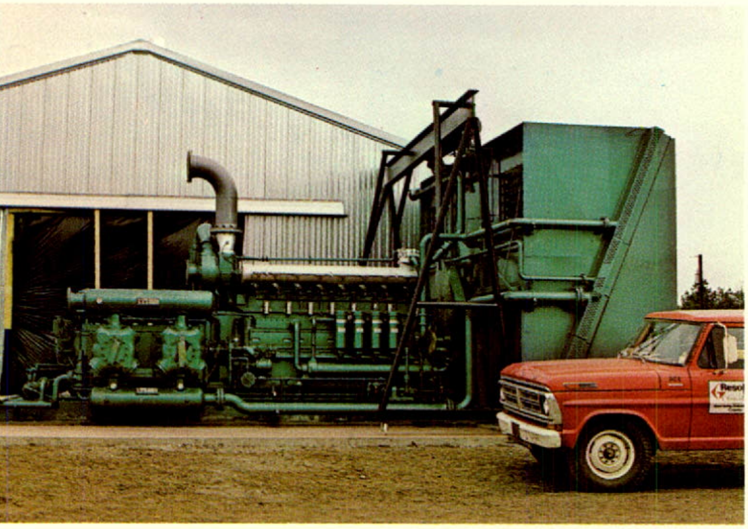
LONDON

CANADA

WESTERN CANADA

Alberta Voyager's land holdings in Alberta were increased during the year by 138,728 net acres. The main additions to acreage inventory were in east-central Alberta (43,234 net acres), northern Alberta (74,600 net acres) and southern Alberta (19,306 net acres).

Additional 1100 horse-power. compressor being installed at Holden gas plant.



Holden There was considerable activity in the Holden area during the fiscal year, with Voyager participating in 21 wells, of which 12 have been completed as gas wells. We now have 26 wholly owned gas wells in this area with contract reserves of 127.5 billion cubic feet, which compares to 64 billion cubic feet under contract to Trans-Canada PipeLines Ltd. at March 31, 1972.

Viking Under a farmout to Albany Oil & Gas Limited, six wells were drilled last year on 36,480 acres of Voyager lands in the Viking area, 12 miles east of Holden. This drilling program was conducted with no cost to Voyager and we retained a 15% overriding royalty which may be converted to a 50% working interest after pay-out. Subsequently, Voyager and Albany drilled seven wells in the same general area to earn an interest in 27,857 acres from PanCanadian Petroleum Limited. In this acreage, Voyager will earn a 15% working interest and retain an overriding royalty. As of March 31, 1973, 11 gas wells had been completed on the entire acreage spread. Continued exploration and development of these lands is programmed.

Chinchaga Voyager owns 28,160 acres in the Chinchaga area of northwestern Alberta. Bluesky-Gething gas has been found on both the east and west sides of our holdings. Our property is very favourably located in relation to these discoveries and a drilling program to evaluate the acreage is planned for the winter drilling season of 1973-74.

Coal In 1972, the Company entered into an agreement whereby we earned a 15% interest, with an option to increase our interest to 50%, in 13,200 acres of coal leases in the Highwood area, approximately fifty miles southwest of Calgary. Preliminary investigations suggest that this property contains a significant deposit of coking coal.

In March 1973, Voyager filed on 19,200 acres of coal leases in the Kaybob area of west-central Alberta, approximately 140 miles northwest of Edmonton. Our initial examination indicates that this property contains a substantial coal deposit which has the required characteristics, relative to quality and extent of reserves, for gasification.

EASTERN CANADA

Baffin Bay Gulf Oil Canada Limited will carry out an 800-mile marine seismic program this summer over 1.1 million acres in Baffin Bay, in which Voyager has a 25% interest. This program will earn Gulf a 10% interest in the subject lands and will maintain the relevant permits, at no cost to Voyager, until January 1975. Gulf may increase its participation in these lands by additional exploratory work. It is expected that this work will maintain, until 1980, those permits from which the participants will eventually select leases.

Flemish Cap Gulf will also conduct a marine seismic program of approximately 1,000 miles, in the summer of 1973, over our wholly owned 1.4 million-acre block on the Flemish Cap. This program will earn Gulf a 25% interest in the acreage and will maintain the permits at no cost to Voyager until January 1975. Gulf may increase its participation in these lands by conducting additional exploration. It is anticipated that Gulf's activities will maintain, until 1980, those permits from which the participants will ultimately select leases.

Hudson Bay The Company will participate in a seismic program in Hudson Bay this summer. This 1,450 mile program will enable the Voyager group to maintain the 394,596 acres of Federal Permits, in which we hold a 25% interest, until October 1974. The data from the program should provide the information necessary to enable us to formulate future plans for this acreage.

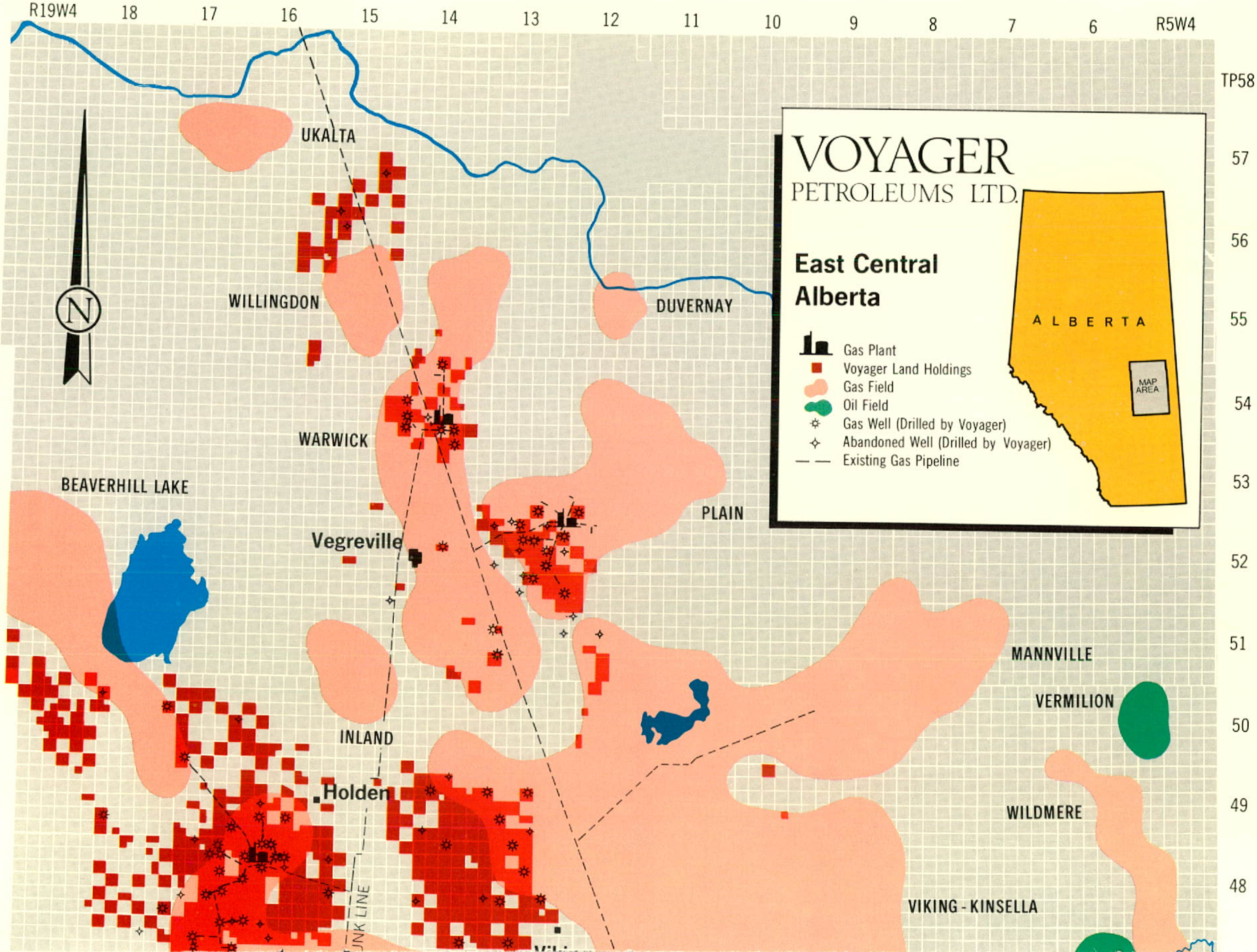
NORTHERN CANADA

In the past year, drilling activity north of the 60th parallel reached an all-time high and resulted in additional gas discoveries in the Mackenzie Delta area and on Melville and King Christian Islands. Panarctic Oils Ltd. licensed a wildcat test well at Cape Isachsen on Ellef Ringnes Island on March 16, 1973. This location is nine miles south of a 515,905 acre block of permits and 26 miles north of a 75,240 acre block in both of which Voyager has a 5% interest.

A seismic program over some of the Beaufort Sea properties, in which Voyager has a 50% interest, should be completed by Aquitaine Company of Canada during the summer of 1973. The data received from this program should be of considerable assistance to us in formulating future plans for this acreage.

In the Mackenzie Delta area, a seismic program over 70,749 acres, in which Voyager has an 8% interest, has just been completed by Dome Petroleum Ltd. Dome has the option to earn a 50% interest by the drilling of a test well on the block.

We are continuing to refine our land holdings in the Canadian North as more data is acquired and, as a result, have surrendered certain deep-water, ice-bound permits in the Prince of Wales Strait and off the northern edge of the Beaufort Sea Shelf. All of the Company's major land holdings are held in good standing until at least the latter half of 1974 and are being maintained at no additional cost to Voyager.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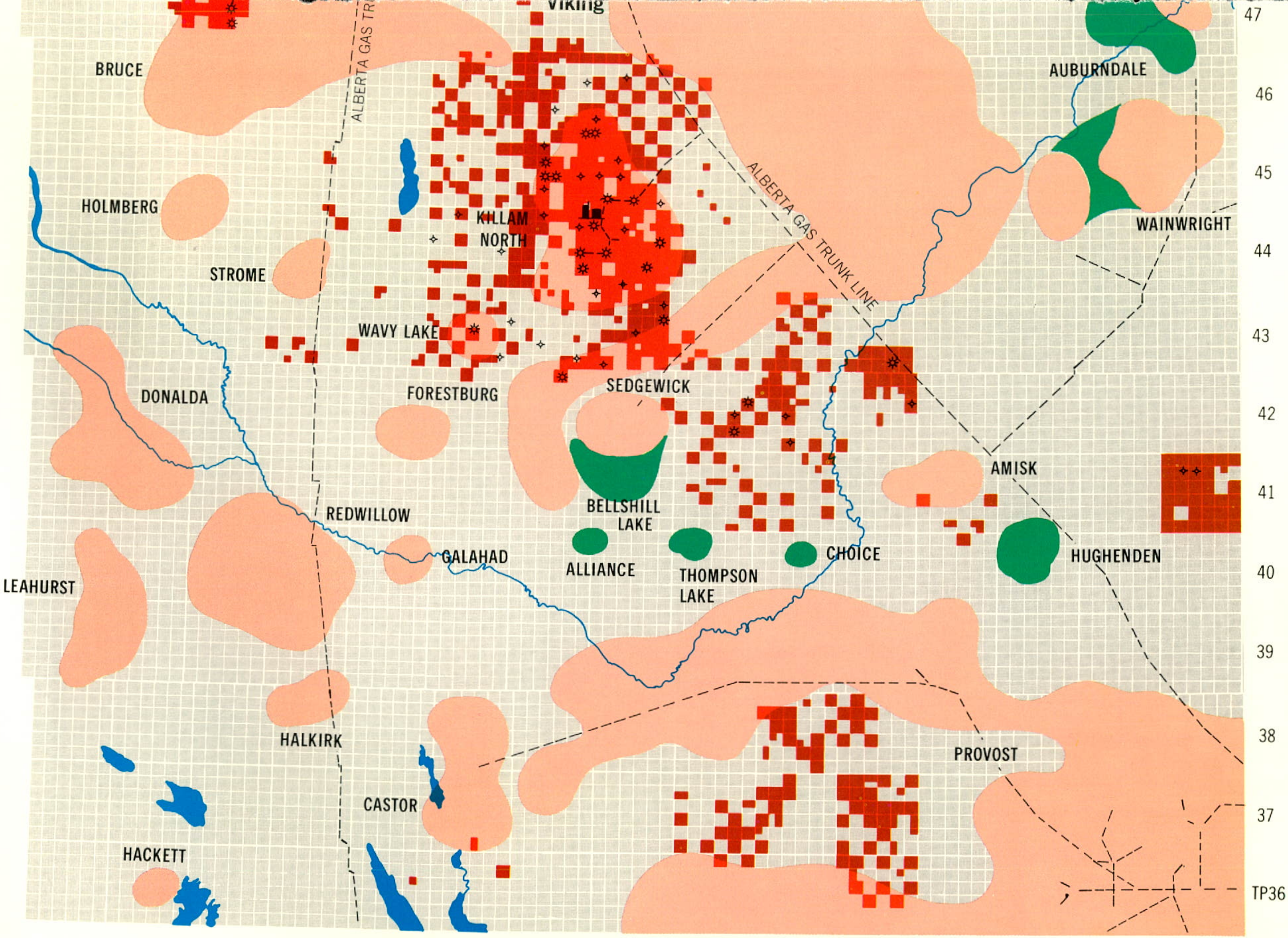
VOYAGER
PETROLEUMS LTD.
East Central Alberta
Gas Plant
Voyager Land Holdings
Gas Field
Oil Field
Gas Well (Drilled by Voyager)
Abandoned Well (Drilled by Voyager)
Existing Gas Pipeline
ALBERTA
MAP AREA
UKALTA
WILLINGDON
DUVERNAY
WARWICK
BEAVERHILL LAKE
PLAIN
Vegreville
MANNVILLE
VERMILION
INLAND
Holden
WILDMERE
VIKING - KINSELLA


Viking
BRUCE
ALBERTA GAS TR
AUBURNDALE
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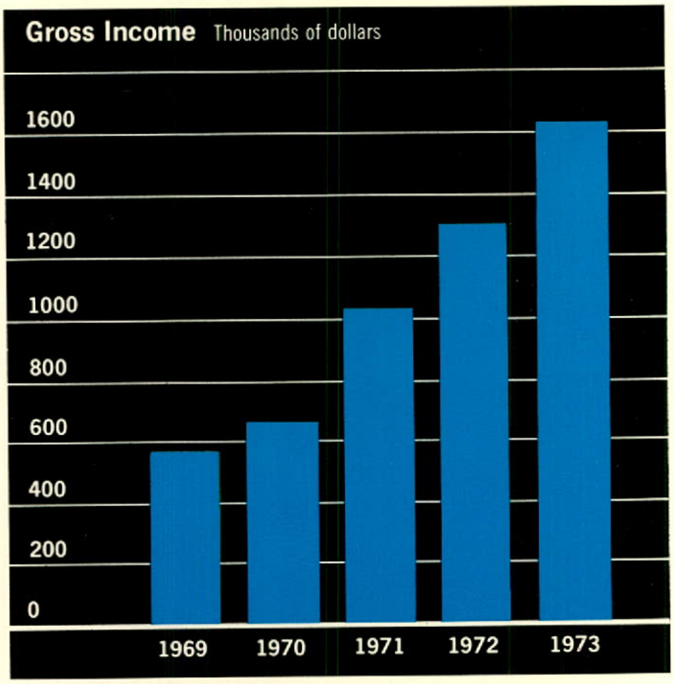
TP36
HOLMBERG
ALBERTA GAS TRUNK LINE
WAINWRIGHT
KILLAM NORTH
STROME
WAVY LAKE
DONALDA
FORESTBURG
SEDGEWICK
AMISK
BELLSHILL LAKE
REDWILLOW
GALAHAD
ALLIANCE
THOMPSON LAKE
CHOICE
HUGHENDEN
LEAHURST
HALKIRK
PROVOST
CASTOR
HACKETT

FINANCIAL REVIEW

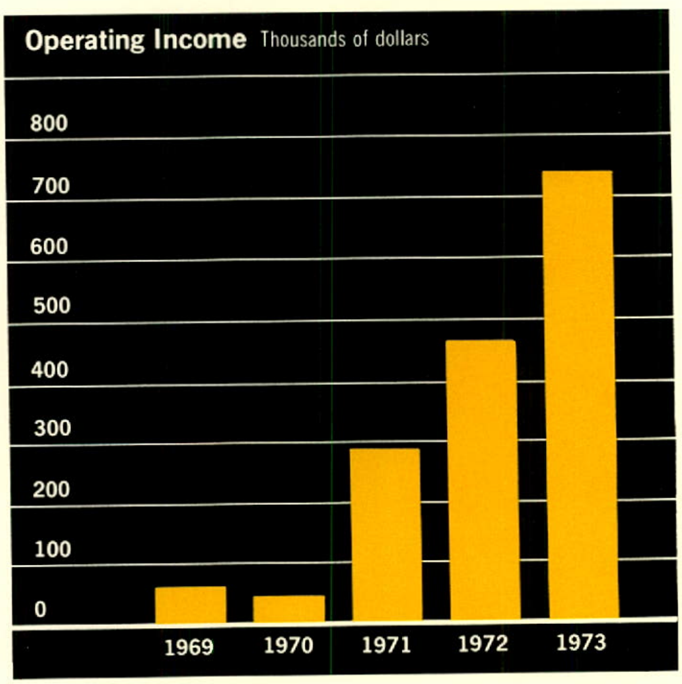
Voyager's production revenue of $1,127,554 for the 12-month period ended March 31, 1973 represented an increase of $140,312, or 14%, over the previous year's revenue of $987,242. While natural gas sales from Voyager's properties in east-central Alberta increased during the year by 68% over the 12 months ended March 31, 1972, as a result of the decline in subleased production payments and their cessation in June, 1972, crude oil sales were reduced from 167,411 barrels to 52,268 barrels. The recorded production revenue thus reflects a significant gain in income from Voyager properties developed over the last four years.



The rise in income from other sources, from $302,101 for the prior 12-month period, to $476,118, was primarily attributable to the investment of $4,500,000 in working capital received in August, 1972 for the sale of 600,000 treasury shares to W. R. Grace & Co.

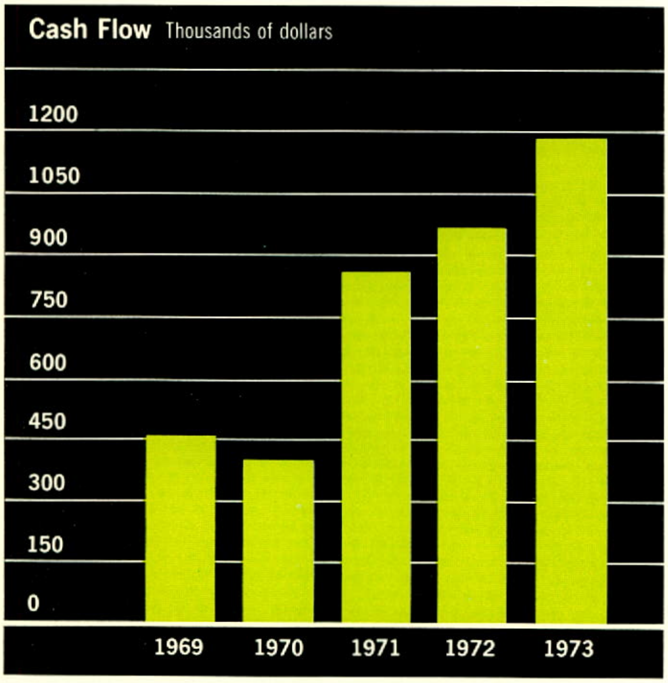
Operating costs were up by $43,000 over the previous year. This increase resulted from expanded production operations, start-up costs at the Holden and Killam plants and allocation of projected operating costs to advance payments for gas received during the period. This item, therefore, compares favourably with the last year.

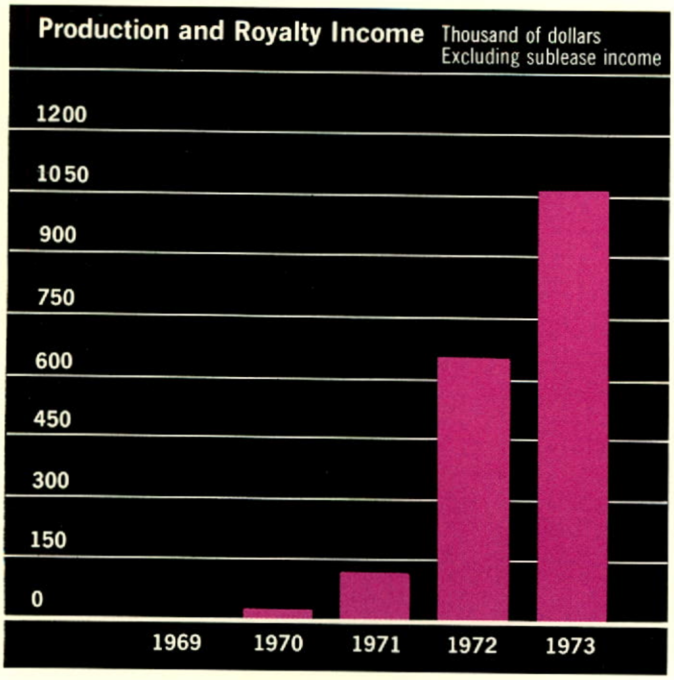
Due largely to somewhat higher salary costs and to additional interest expense, general and administrative expenses for the 12 months under review exceeded those for 1972 by $65,190, an increase of 53%. While Voyager's total staff did not increase appreciably during the year, upward salary revisions were made in order to maintain a competitive position in the petroleum industry. Interest attributable to the production loan, the principal amount of which was increased between March 31, 1972 and March 31, 1973 from $742,000 to $3,948,977, also contributed to this increase.



Cash flow from operations reached $1,157,370, or 32.7 cents per share, on a weighted average of 3,538,843 shares outstanding during the 12-month period. This represents a gain of 21.6% over the $951,547 recorded last year.

The Company provides for both depletion and depreciation on the unit of production basis. Our unit cost of finding and developing reserves remained fairly constant with the previous year but the increase in sales of relatively low-cost reserves from east-central Alberta and the decrease in sales of the relatively high-cost subleased oil during the period, resulted in the reduction of the provi-





sion for depletion from $452,065 to $332,394. The increased allowance for depreciation reflects substantial additional investment in plant and equipment. These factors have contributed to a net reduction in the total non-cash expenses of $80,389 from the previous year.

Net income for the period advanced by $286,212, an increase of 63%, over the 1972 figure, from $451,469 (14.6 cents per share) to $737,681 (20.8 cents per share).

Production and royalty income, exclusive of subleased production income, was up 67% from $639,289 in the previous year to $1,065,410. The accompanying graph shows the increase in this item since 1969 and illustrates the growth in income directly attributable to reserves developed by the Company.

Voyager's capital expenditures, during the last fiscal year, are compared with the previous 12-month period in the following table.

	1973	1972
Land Acquisition and Retention	**$1,623,914**	$1,280,359
Geological and Geophysical .	**405,072**	285,633
Drilling	**1,070,201**	693,281
Production Facilities and Equipment	**1,422,262**	173,108
	$4,521,449	$2,432,381

While evidencing increasing activity in all categories, this table points out the emphasis, during the year, on production facilities and equipment related to the natural gas reserves developed in east-central Alberta.

The addition of $4,150,990 during the fiscal year resulted in total working capital at year end of $6,069,940, as compared to $1,918,950 at March 31, 1972. Expenditures on lands, exploration and development, including plant facilities at Holden and Killam, caused an increase in the property and equipment account, after depletion and depreciation, from $5,893,886 to $9,855,646 between the end of the previous fiscal period and March 31, 1973. The increase in the investment account, during the year, of $327,596 is primarily due to provision for a payment on our shares of Sea Search Limited to be made in August, 1973.

Consolidated Balance Sheet at March 31, 1973

VOYAGER
PETROLEUMS LTD.

ASSETS

	1973	1972
CURRENT		
Cash and short-term deposit	**$ 4,656,656**	$ 8,025
Marketable securities, at cost (approximate market value 1973 — $2,546,950; 1972 — $2,499,000)	**2,456,385**	2,457,375
Notes receivable from shareholders (Note 3)	**15,008**	—
Accounts receivable	**758,142**	681,052
Prepaid expenses	**4,315**	8,837
	7,890,506	3,155,289
NOTES RECEIVABLE FROM SHAREHOLDERS (Note 3)	**735,392**	—
INVESTMENTS AND OTHER ASSETS, at cost		
Investment in shares of and advances to affiliated companies	**36,345**	35,044
Other investments		
Shares (approximate market value 1973 — $93,600; 1972 — $182,300)	**41,081**	38,618
Shares and debenture (no quoted market value)	**585,560**	261,259
Refundable deposits	**28,496**	28,965
	691,482	363,886
PROPERTY AND EQUIPMENT, at cost (Note 2)		
Petroleum and natural gas properties less accumulated depletion of $2,071,331 (1972 — $1,738,937)	**7,809,170**	5,182,377
Equipment, less accumulated depreciation of $178,667 (1972 — $92,161)	**2,046,476**	711,509
	9,855,646	5,893,886
	$19,173,026	$ 9,413,061

LIABILITIES

	1973	1972
CURRENT		
Bank loan, secured	**$ —**	$ 439,667
Accounts payable and accrued	**1,170,566**	641,872
Current portion of long-term debt	**650,000**	154,800
	1,820,566	1,236,339
PREPAID GAS REVENUE	**79,750**	108,750
LONG-TERM DEBT (Note 4)		
Production loan, secured, less current portion	**3,948,977**	742,000
	5,849,293	2,087,089

SHAREHOLDERS' EQUITY

	1973	1972
SHARE CAPITAL (Note 6)		
Authorized — 7,000,000 shares without nominal or par value		
Issued — 3,840,300 shares (1972 — 3,090,200)	**9,746,738**	4,486,658
RETAINED EARNINGS	**3,576,995**	2,839,314
	13,323,733	7,325,972
	$19,173,026	$ 9,413,061

Signed on behalf of the Board

Director

Director

Consolidated Statement of Income and Retained Earnings

For the Year Ended March 31, 1973

	1973	1972
Income		
Production	**$1,127,554**	$ 987,242
Interest and other	**476,118**	302,101
	1,603,672	1,289,343
Expenses		
Operating	**257,967**	214,651
General and administrative	**188,335**	123,145
	446,302	337,796
Net cash from operations	**1,157,370**	951,547
Non-cash expense provision		
Depletion	**332,394**	452,065
Depreciation	**87,295**	48,013
	419,689	500,078
Net income for the year	**737,681**	451,469
Retained earnings at beginning of year	**2,839,314**	2,387,845
Retained earnings at end of year	**$3,576,995**	$2,839,314
Earnings per share (based on the average number of shares outstanding during the year)	**20.8¢**	14.6¢

VOYAGER
PETROLEUMS LTD.

Consolidated Statement of Changes in Financial Position

For the Year Ended March 31, 1973

	1973	1972
Source of Funds		
Net income for the year	**$ 737,681**	$ 451,469
Add depletion and depreciation	**419,689**	500,078
	1,157,370	951,547
Disposal of petroleum properties	**140,000**	260,947
Share capital issued	**5,260,080**	12,684
Production loan	**3,206,977**	742,000
	9,764,427	1,967,178
Application of Funds		
Petroleum properties	**3,099,187**	2,259,273
Equipment	**1,422,262**	173,108
Investments and other assets	**327,596**	189,294
Reduction in prepaid gas revenue	**29,000**	29,000
Loans to shareholders	**735,392**	—
	5,613,437	2,650,675
Increase (decrease) in financial position	**4,150,990**	(683,497)
Working capital at beginning of year	**1,918,950**	2,602,447
Working capital at end of year	**$6,069,940**	$1,918,950

Auditors' Report

The Shareholders,
Voyager Petroleums Ltd.

We have examined the consolidated balance sheet of Voyager Petroleums Ltd. and its subsidiaries as at March 31, 1973 and the consolidated statements of income and retained earnings, and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies as at March 31, 1973 and the results of their operations and their changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Alberta
June 4, 1973

Touche Ross & Co.
Chartered Accountants

Notes to Consolidated Financial Statements

March 31, 1973

1. Principles of Consolidation

The consolidated financial statements include the accounts of the company and all its subsidiaries.

2. Accounting Policy

The company follows the full cost method of accounting for petroleum and natural gas properties. Under this concept, all costs relative to the exploration for and development of oil and gas reserves, whether productive or non-productive, are capitalized, including applicable administrative expenses. Proceeds from disposals of properties and equipment are normally applied as a reduction of the cost of the remaining assets. Depletion of such costs is provided for by the unit of production method based on the estimated recoverable reserves of oil and gas. Depreciation of plant and production equipment is provided for by the unit of production method.

3. Notes Receivable

On August 3, 1972 three senior officers of the company purchased a total of 140,000 shares of the company for an aggregate consideration of $750,400. The amount of $750,400 was advanced by the company as a loan and ten year non-interest bearing promissory notes aggregating the full amount were made by the individuals in favour of the company. Repayment arrangements call for increasing annual installments, with approximately 75% becoming payable in the tenth year.

4. Bank Loan

The company has a $6,250,000 line of credit on favourable terms, secured by Section 82 of the Bank Act.

5. Income Taxes

Under Canadian income tax law, the company is entitled for tax purposes to deduct intangible development costs such as lease acquisition, exploration and drilling costs which have been capitalized for accounting purposes. As a result, no income taxes are payable by the company for the year ended March 31, 1973 and deductions of $3,969,785 were available at March 31, 1973 to be carried forward against future taxable income.

The Canadian Institute of Chartered Accountants recommends income tax allocation for all differences in timing of deductions for tax and accounting purposes. Management is of the opinion that tax allocation with respect to intangibles is not appropriate and has made no provision therefor. This view of management conforms with general practice in the oil and gas industry in Canada and the United States and is accepted by the American Institute of Certified Public Accountants. If deferred tax accounting had been followed for all timing differences between taxable income and reported income, deferred income taxes of $233,290 ($154,350 in 1972) would have been provided, and net earnings for the year would have been reduced accordingly. The accumulated deferred income tax provisions covering the current and prior years would have amounted to $1,113,739 at March 31, 1973.

6. Share Capital

During the year 750,100 shares were issued for cash.
Details of incentive share options granted to officers and key employees of the company are as follows:

	Option price	Number of shares
Outstanding March 31, 1972 . .		94,800
Exercised	$3.02	(2,600)
	3.06	(7,000)
	3.78	(500)
Surrendered		(51,200)
Outstanding March 31, 1973 . .		33,500

The outstanding options are exercisable in installments on a cumulative basis, on various dates to 1981.

7. Executive Remuneration

(a) Eight persons served as directors for which no directors' fees were paid.

(b) Four persons served as officers receiving as officers aggregate remuneration of $116,846.

(c) One person who served as an officer also served as a director.

(d) Legal fees paid to a director of the company amounted to $3,535.

VOYAGER PETROLEUMS LTD.

Incorporated under the laws of Alberta, September 30, 1966.

Head Office - Suite 510, Aquitaine Tower
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Telephone (403) 265-3155

Directors
Olin E. Buker - Calgary
Donald E. Grimm - New York
Fern Kahanoff - Calgary
Sydney Kahanoff - Calgary
Harold R. Logan - New York
George E. Longphee - Calgary
Campbell M. MacInnes - Calgary
Morris T. Riback - Calgary

Officers
Sydney Kahanoff, President
A. Barry Beaven, Vice President and Secretary-Treasurer
Stanley J. Chad, Vice President

Share Listings
Canadian Stock Exchange
Toronto Stock Exchange - ticker abbreviation VPT

Registrar and Transfer Agent
Montreal Trust Company, Calgary, Alberta; Montreal, Quebec;
Toronto, Ontario; and Vancouver, British Columbia

Subsidiary Companies
Vista Consulting Ltd.
Voyager Petroleums (U.K.) Limited
Voyager Petroleums, Inc., a Colorado Corporation
Panwest Pty. Limited, incorporated under the laws of
New South Wales, Australia

Canadian Bankers
Canadian Imperial Bank of Commerce, Calgary, Alberta
Bank of Montreal, Calgary, Alberta

United States Banker
Denver United States National Bank, Denver, Colorado

Auditors
Touche Ross & Co., Calgary, Alberta

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