NORTH CANADIAN OILS LIMITED

annual report 1982

NORTH CANADIAN OILS LIMITED

company profile

Founded in 1947, North Canadian Oils Limited is an Alberta based company whose principal business is the exploration for oil and natural gas and the development of these resources. The Company owns extensive gas producing properties in Alberta and Saskatchewan, prospective exploration lands in Canada and the United States; and a 136 mile gas transmission line.

The shares of the Company have been listed on the Toronto and American Stock Exchanges since 1952.

annual meeting

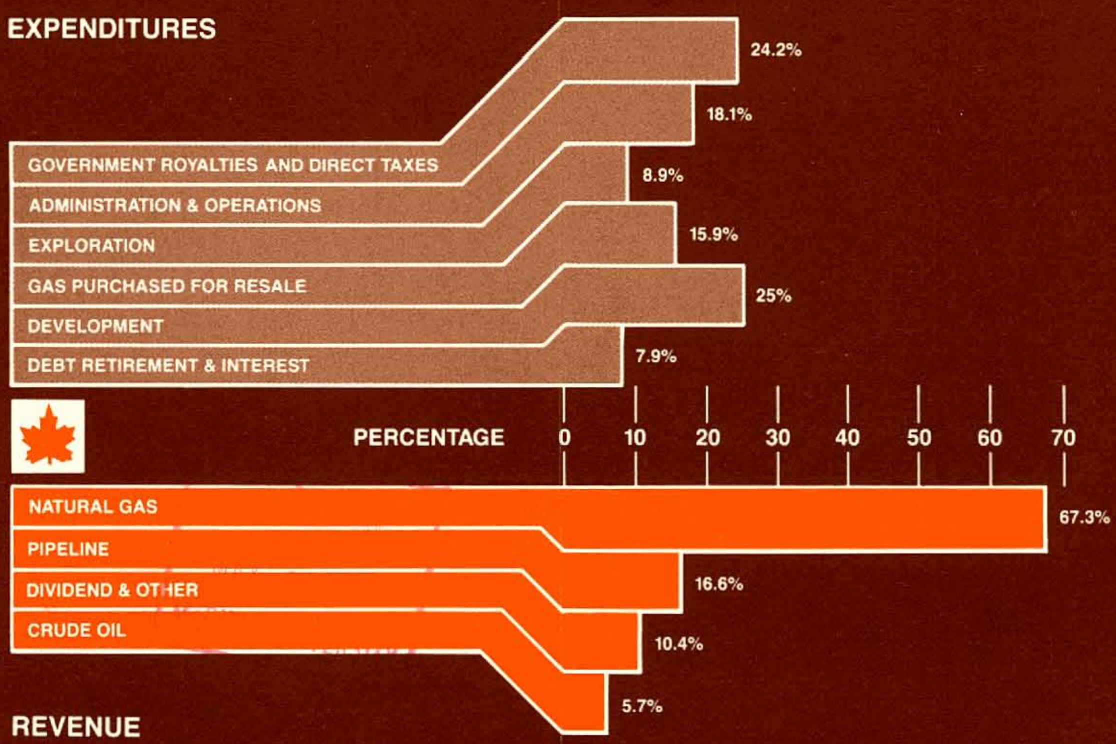
The 1983 Annual Meeting of shareholders will be held Thursday, June 16, 1983, at 9:00 A.M. local time, The Westin Hotel, 320 - 4th Avenue S.W., Calgary, Alberta, Canada.

the year at a glance

Financial	1982	1981
Gross Revenue (before royalty)	$35,119,000	$34,356,000
Funds Provided from Operations	17,328,00	9,475,000
Income before extraordinary items	11,894,000	11,729,000
Per Share (after provision for preferred share dividends)	2.07	2.21
Net Income after extraordinary items	11,894,000	10,747,000
Per Share (after provision for preferred share dividends)	2.07	2.02
Exploration Expenditures	2,443,000	4,769,000
Development Expenditures	6,873,000	8,791,000
Long-term Investments	67,775,000	17,600,000
Shareholders' Equity	66,251,000	54,422,000
Operating		
Natural Gas Production — billion cubic feet	17.0	17.0
Average per day — million cubic feet	46.6	46.6
Pipeline —		
Annual throughput, billion cubic feet	7.5	6.6
Oil and Natural Gas Liquids (NGL) — barrels	74,000	50,000

Estimated Gross Proved and Probable Reserves — December 31, 1982

NATURAL GAS .... 608 Billion cubic feet
CRUDE OIL & NGL . 1,953 Thousand barrels



to the shareholders

Throughout 1982, financial results for the Company continued to improve and reflect a substantial positive change over the previous year. Funds of $17.3 million generated from operations represents an all time high, and is an 83% increase in comparison to the $9.5 million from the previous year.

The improved performance was attributable to a number of factors, including increased production levels from the Company's Alberta producing natural gas properties, improved crude oil production in Canada and new oil production in the United States. We also achieved increased returns from pipeline operations and long term investments, and benefited from higher product prices.

Gross revenues from operations for the year totalled $35.1 million, an increase of $8.8 million or 33% over the previous year. Net income for the same period was $11.9 million or $2.07 per common share. The comparative 1981 figure was $10.7 million or $2.02 per common share, which included $4.1 million, after tax, from the sale of the Company's coal properties.

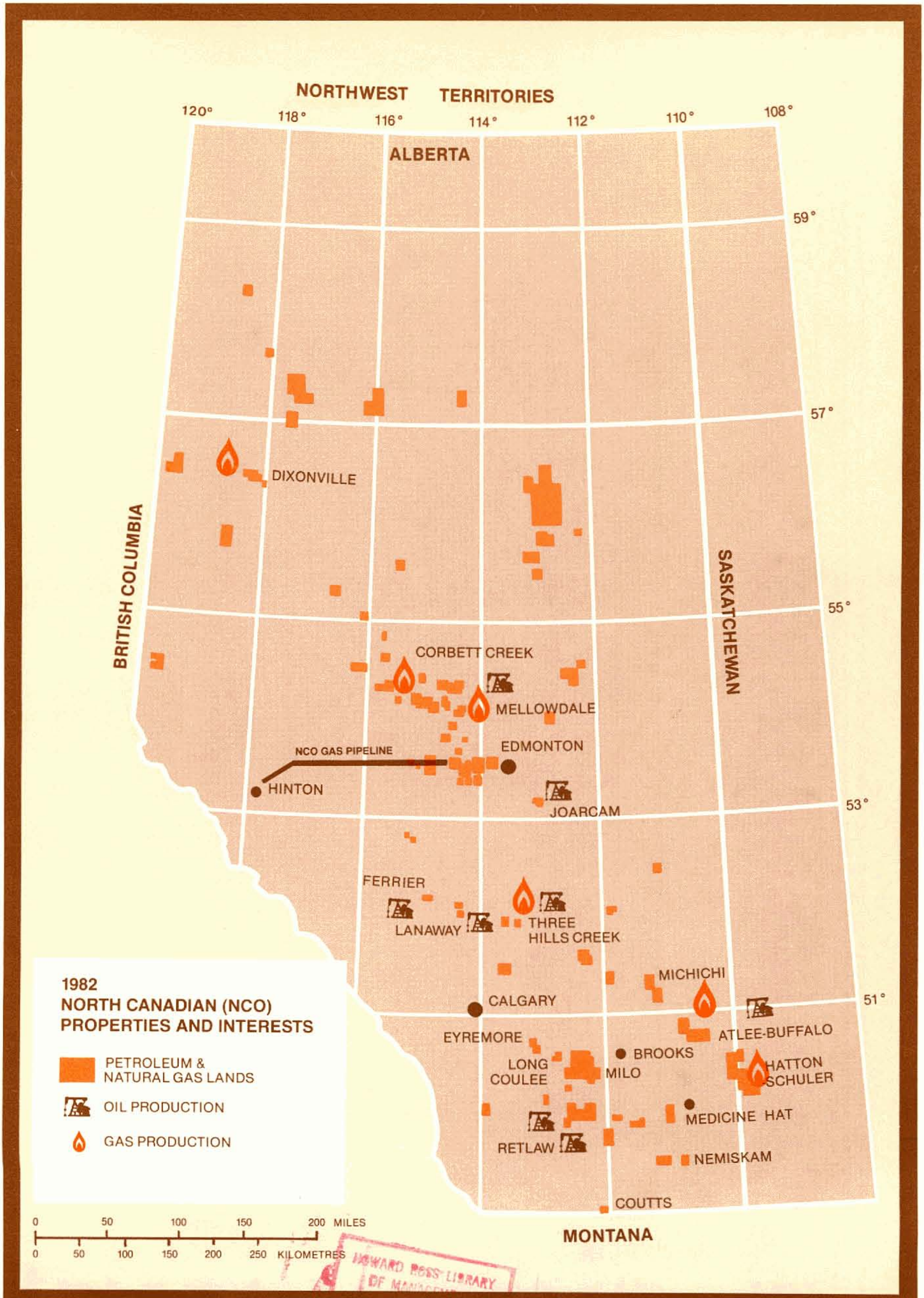
Our objectives, throughout 1983, are to direct activities toward maintaining production from existing profitable fields and to participate in exploration plays which have the greatest potential for immediate cash flow. To previous areas of interest in the central United States and Alberta, we have added exploration for oil in promising areas of Saskatchewan. We will continue to evaluate the increasing number of opportunities to acquire oil and gas assets available from within the industry.

In 1982, North Canadian's exploration and development investment of approximately $10.6 million, before government grants, were concentrated in Alberta, Arkansas and Colorado. This investment resulted in improved volumes from the Company's major Alberta natural gas fields and enabled us to confirm the oil discovery made last year in Arkansas. It also resulted in oil discoveries in two areas of Alberta, and added to our natural gas reserves in the Province.

Notwithstanding the world crude oil market conditions and the North American natural gas surplus, we remain guardedly optimistic about the future. It is our view that given the sound financial position of the Company and our proven record as a prudent natural resource operator, 1983 will provide us with opportunities to improve performance and to increase the asset value of the Company.

James F. Kay
Chairman of the Board

March 31, 1983


NORTHWEST TERRITORIES
120°
118°
116°
114°
112°
110°
108°
ALBERTA
59°
57°
55°
53°
51°
BRITISH COLUMBIA
SASKATCHEWAN
DIXONVILLE
CORBETT CREEK
MELLOWDALE
NCO GAS PIPELINE
EDMONTON
HINTON
JOARCAM
FERRIER
LANAWAY
THREE HILLS CREEK
MICHICHI
CALGARY
EYREMORE
ATLEE-BUFFALO
BROOKS
LONG COULEE
MILO
HATTON SCHULER
MEDICINE HAT
RETLAW
NEMISKAM
COUTTS
MONTANA
1982
NORTH CANADIAN (NCO)
PROPERTIES AND INTERESTS
PETROLEUM & NATURAL GAS LANDS
OIL PRODUCTION
GAS PRODUCTION
0
50
100
150
200 MILES
0
50
100
150
200
250 KILOMETRES

exploration

North Canadian's exploration activity during 1982 was largely concentrated in Alberta and the west central United States. The Company participated in the drilling of 39 exploratory wells resulting in 16 gas and four oil wells. Geological evaluation of oil prospects in the Province of Saskatchewan led to participation in two major seismic programs at year end. New exploratory land was acquired in prospective areas of north central and southern Alberta.

CANADA

The Company participated in the drilling of 33 Canadian exploratory wells, all located in Alberta. Eighteen of these were drilled by others on North Canadian lands at no cost to the Company.

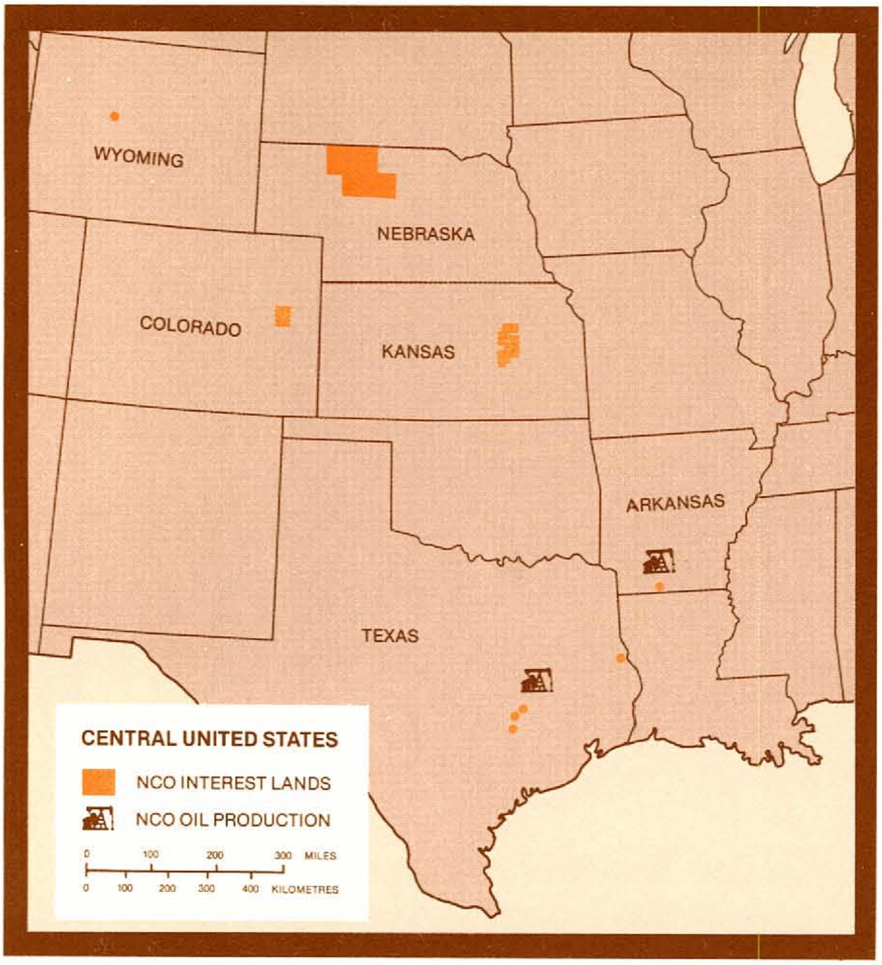
In southern Alberta the Company, as part of its ongoing search for hydrocarbons in the Cretaceous channel sand play, joined in an extensive multiwell and seismic program covering some 125,000 acres. Approximately 180 miles of seismic was acquired and 12 exploratory wells were drilled resulting in seven gas and one oil well. By participation in this program North Canadian earns varying interests ranging from 12½% to 50% in two to three sections of land associated with each exploratory well. Development drilling associated with several of the discoveries is anticipated during 1983 subject to gas marketing and adequate production testing. Activity will continue on this program throughout the coming year, as indicated by the drilling of three wells during the first quarter. Farmout to industry partners of various other Company properties scattered throughout the southern Alberta area led to the successful drilling of an oil and two gas wells.

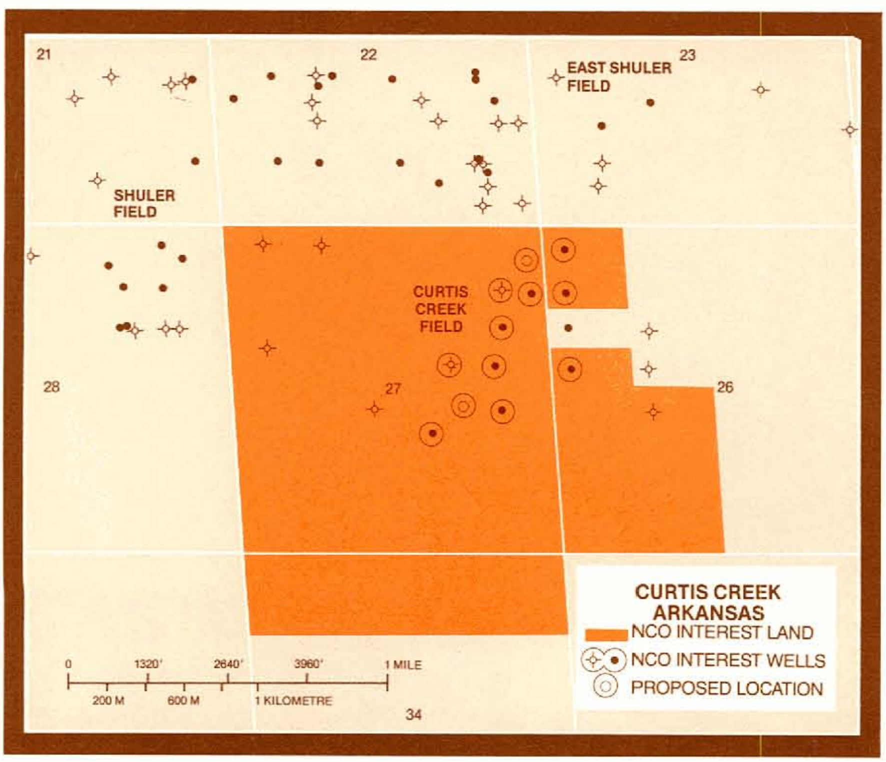
Drilling in Central Alberta consisted of participation in five exploratory wells. Of the five wells, four of which were drilled free to the Company on North Canadian's farmout acreage, two were completed as gas wells.

In the Granor-Livock area of northeastern Alberta five gas wells were drilled as part of the expansion of the Granor Gas Unit. The Company did not participate in the cost of this drilling but retains a small interest in the gas produced from the unitized field which is presently under contract to Pan Alberta Gas.

Undeveloped Acreage
December 31, 1982

Area	Gross	Net
Alberta	673,684	132,964
Saskatchewan	1,120	1,120
British Columbia	3,769	801
U.S.A.	1,022,331	276,900
	1,700,904	411,785





UNITED STATES

In 1982 the Company's activity in the United States was primarily focused on development of its oil property in southern Arkansas.

In Colorado, North Canadian holds a one-third interest in approximately 140,000 acres of leases located on the western flank of the Las Animas Arch. Interpretation of 130 miles of reconnaissance seismic data was completed during 1982. Detailed seismic will be acquired in 1983 on several specific prospects determined from the regional program. The Company and its partners in the Colorado project are presently evaluating a proposal from an industry company to earn an interest in this area in return for a ten-well exploration drilling program.

Five exploratory wells located in Kansas, four of which were drilled on farmout land and one in which the Company participated directly, were all abandoned. Evaluation of the 80,000 gross acres of land holdings located along the Nemaha Arch of Central Kansas, in which the Company has a 13.5% interest, will continue in 1983 by way of farming out for exploration drilling.

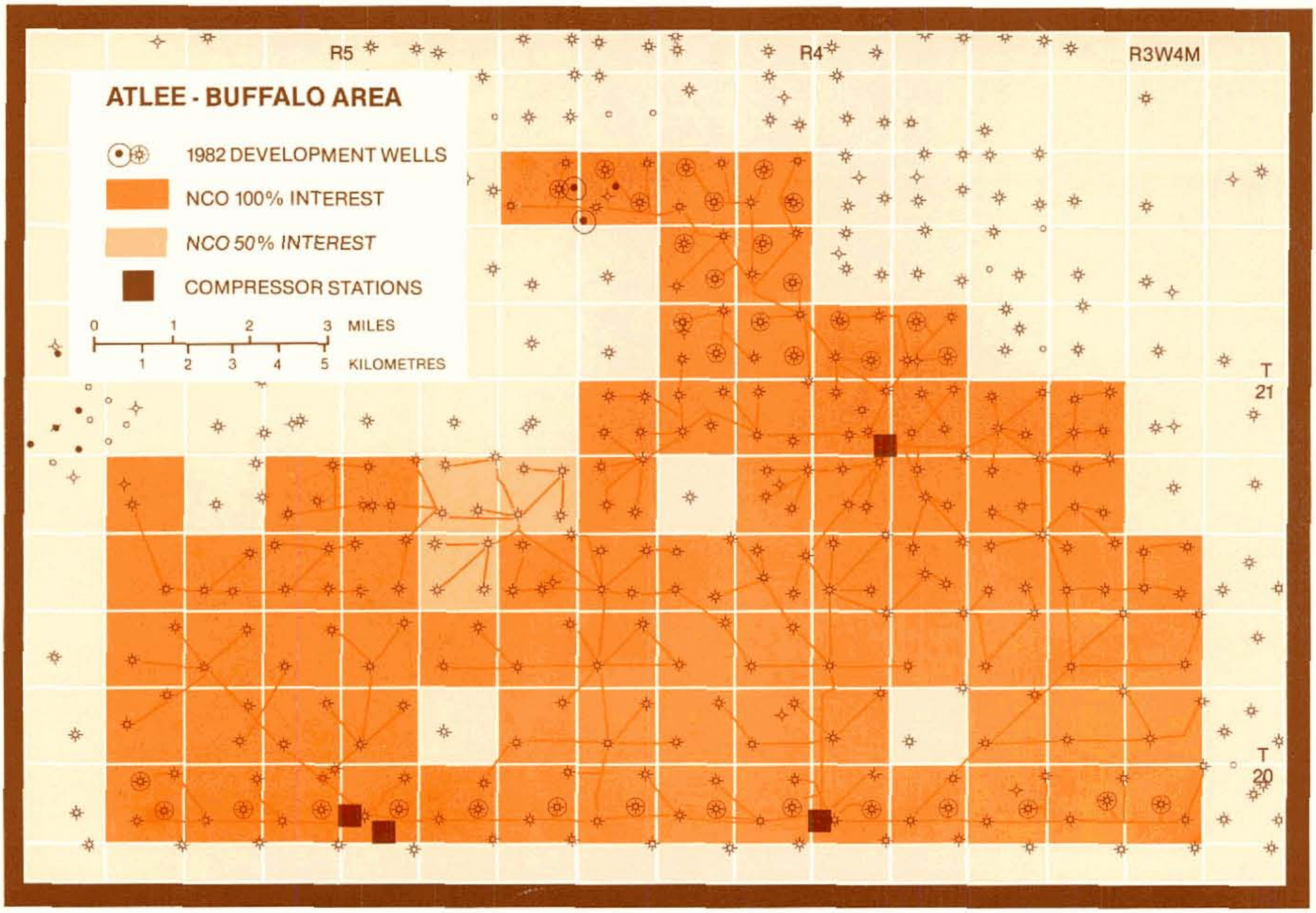
development

In Alberta, an extensive infill drilling program consisting of 68 shallow gas wells, 34 in each of the Atlee Buffalo and Hilda Schuler fields, was successfully completed during 1982. In addition to this development drilling, a major program of reservoir stimulation and well workovers was carried out to optimize production from these fields. North Canadian now operates 428 wells in the Hilda Schuler and Atlee Buffalo areas, comprising 89,000 acres.

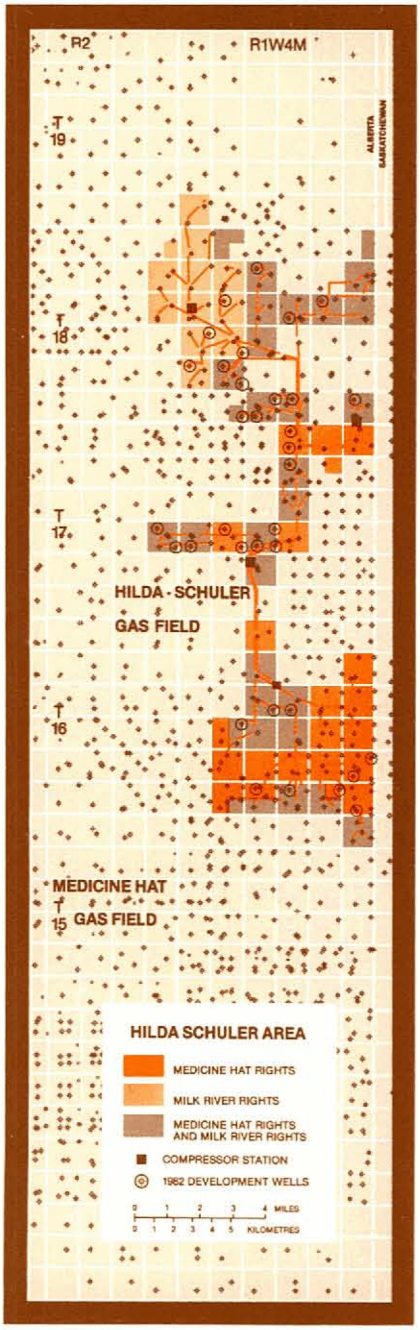
Natural gas from these two areas is sold to TransCanada PipeLines under two deliverability contracts which are not subject to allocation restrictions resulting from market demand.

During 1982 the Company, as a 50% participant, drilled four wells offsetting a lower Cretaceous heavy oil discovery located in the northwestern corner of our Atlee Buffalo block. Two of these wells were completed in the Glauconite sand and the three oil wells are each capable of producing at approximately 20 barrels per day.

In the United States, development drilling of the Curtis Creek field, located in Union County, Arkansas, added five additional producing wells during the year. Gross production from the field ranges from 450 to 500 barrels of light gravity crude per day. North Canadian's net revenue interest in this production is approximately 11%. The final two locations within the defined pool have been staked and will be drilled after spring break up in 1983.



production



Although 1982 natural gas production of 17.0 billion cubic feet was virtually unchanged from last year, the combination of higher prices and increased deliveries from Alberta fields improved the gross revenue from the sale of natural gas by 17.5% to $18.1 million. Production from the Company's principal Alberta fields averaged 18.6 million cubic feet per day, an increase of 12% over 1981. In Saskatchewan, deliveries under a long-term contract to Saskatchewan Power Corporation averaged 28.1 million cubic feet per day.

In fiscal 1982, the gross oil revenue was $2.0 million, an increase of 89% over 1981. Production of crude oil and natural gas liquids was up by 47% over last year, with average daily production increasing to 210 barrels from 143, or 23,600 barrels for the year. Of this increase, 11,000 barrels came from the Company's 10% interest in the Joarcam Viking Unit #2, where the waterflood facilities installed during 1981 are having a positive effect.

In the United States, production more than doubled from 1981 to 8,430 barrels. In December, production from both Canada and the United States averaged 279 barrels per day.

In 1983, it is anticipated that natural gas production in Alberta will compare favorably with that attained in 1982. In Saskatchewan a program will be undertaken to improve production now that the Saskatchewan government has approved a price increase, effective February 1, 1983, which has doubled the netback to gas producers.

pipeline

Net operating revenue from the Company's 136 mile Wabamun to Hinton pipeline was up 25% over 1981. Sales to industrial accounts and distributors, combined with fees on gas transported for utility companies, generated $1.5 million or approximately 6% of North Canadian's net operating revenue. Throughput of the line increased by 20%, to 7.9 billion cubic feet for the year. Average daily volume was 21.6 million cubic feet compared to the 1981 average of 18.2 million cubic feet per day.

During 1982, the Company negotiated several short-term contracts with a number of producers under which the Company is purchasing natural gas at a discount for resale under various terms to its pipeline customers. To ensure a supply of natural gas for these customers, North Canadian has maintained its long-term gas purchase contract with Alberta and Southern Gas Co. Ltd. for the supply of up to a maximum of 30 million cubic feet of gas per day. Under the long term contracts, gas supplied to certain customers is fixed at the sum of the purchase price thereof, plus a surcharge for transportation.

reserves

The following table summarizes the estimated reserves as of December 31, 1982.

Classification of reserves, as used in the table, is as follows:

PROVED RESERVES are those established by existing production, by adequate tests and by other information on zones behind pipe in existing wells, or those existing beneath undeveloped tracts offsetting or between producing wells where geological control confirms the presence of these reserves.

PROBABLE RESERVES are those estimated for locations or areas beyond proved control, where geological and seismic data reasonably confirm satisfactory structural and formation characteristics; for those in zones behind pipe in existing wells where data reasonably confirm the presence of these reserves, but where such data are inadequate to establish proof of the productivity of the reserves.

	Proved Developed		Probable	Total
	Producing	Non-Producing		
Natural Gas (Billion Cubic Feet)				
Canada	559	32	17	608
U.S.A.	—	—	—	—
	559	32	17	608
Crude Oil* (Barrels - 000's)				
Canada	1,292	107	440	1,839
U.S.A.	114	—	—	114
	1,406	107	440	1,953

* includes natural gas liquids

financial review

RESULTS OF OPERATIONS

Comparison of 1982 to 1981

Revenue from crude oil and natural gas operations, net of royalties was $21.9 million in the 1982 fiscal year compared to $15.2 million in the 1981 fiscal year. The increase is primarily related to the improved price and production of natural gas from the Company's Alberta gas fields and from higher crude oil production in Canada and the United States. A 25% improvement in net pipeline revenue took place in 1982 due to increases in pipeline throughput and marketing fees. Investment income, net of interest expense, at $1.8 million increased substantially over the 1981 figure.

The costs associated with maintaining production from mature natural gas fields together with the increase in the number of producing wells contributed to higher operating expenses in 1982. As well, on January 1, 1982, the rate of tax under the Petroleum and Gas Revenue Act, which was initially levied at 8%, increased to 16%. Depreciation and depletion increased $324,000 over 1981 as the result of an increased asset base. The Company's total tax provision for 1982 is $3.9 million versus $7.3 million in 1981. This difference is attributable to an asset disposal in 1981.

Net income for the twelve months ended December 31, 1982 was $11.9 million or $2.07 per common share compared to $10.7 million or $2.02 per common share respectively, in 1981. The 1981 net income figure included approximately $4.1 million, after tax, arising from the disposition of the Company's coal properties.

Comparison of 1981 to 1980

Gas and oil revenue, net of royalties, was $15.2 million in 1981 versus $10.5 million for the previous year. Seventy-eight percent of the increase was attributable to the gas properties assumed in the reorganization and the balance from slightly higher volume of gas produced in Alberta and improved oil revenue. Revenue from oil production, representing 6% of the Company's operating revenue, was up approximately 56%. This increase is directly related to higher prices in Canada and to new oil production in the United States. Pipeline revenue remained constant with the previous year.

Production expenses related to the properties acquired from Hatleigh on April 30, 1981, the added cost of operating new wells, higher wellsite rentals and taxes, and escalating labor, fuel and material costs all contributed to the increase in operating expenses during the year. Operating cash flow was reduced $1,228,000 as a result of the Petroleum and Gas Revenue Tax which became effective January 1, 1981, under the provisions of the National Energy Program. Administrative expenses increased due to greater corporate activities, increased consulting fees and a generally higher cost of doing business.

In 1981 the Company sold its nonproducing coal properties for $8.1 million resulting in a gain of $4.1 million after provision for deferred taxes. Dividends of $1.1 million were received on the Company's long term investment in securities acquired at mid year. Depreciation and depletion increased $610,000, as a result of continued investment in exploration, development and the investment in the producing properties acquired from Hatleigh. The current tax provision increase of $1.3 million relates to increased earnings, whereas the change in the provision for deferred taxes is attributable to the tax on the sale of the coal properties and the effects of certain provisions of the National Energy Program.

CAPITAL RESOURCES AND LIQUIDITY

The Company, in the past several years, has been able to finance its exploration and development programs through internally generated funds and 1983 anticipated capital expenditures of approximately $15 million will be provided for as in prior years. Although the Company currently has no plans to undertake a substantial commitment such future commitments could be met with established lines of credit and borrowing capacity available from bank sources.

Future net cash flows depend to a significant degree on world crude prices, government policies in regard to domestic oil pricing and taxation, expanded domestic markets and additional exports of natural gas and the success of the Company's exploration and development activities. If adverse material changes in the aforementioned were to be introduced, the Company's liquidity could be temporarily affected. Management is confident, however, that its present established resources provide a firm base for a continuing long-term natural resource investment program.

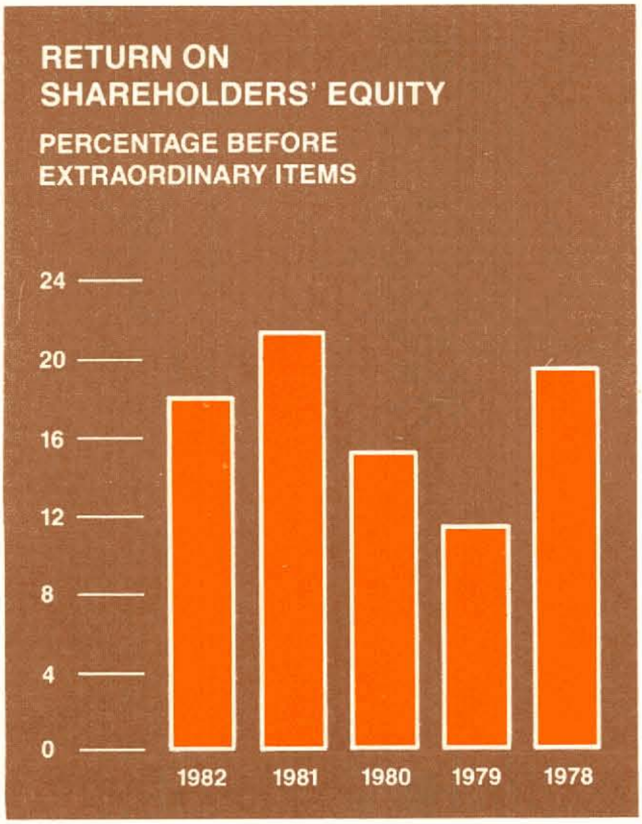
TOTAL REVENUES BY QUARTER
(in Thousands of Dollars)

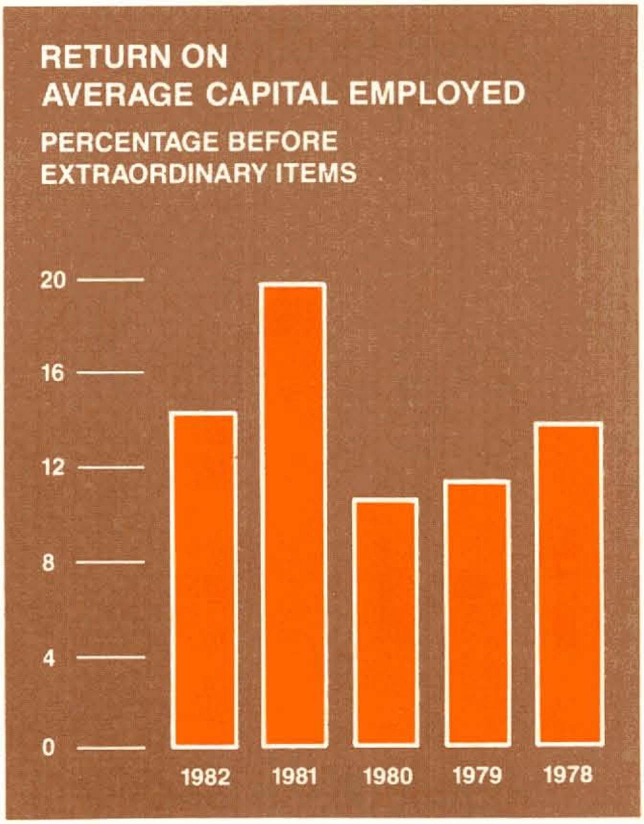
SELECTED FINANCIAL DATA OF THE COMPANY

The following table summarizes certain selected financial data in accordance with Generally Accepted Accounting Principles (GAAP) in Canada and the United States and is qualified in its entirety by the more detailed Consolidated Financial Statements of the Company appearing elsewhere herein.

	Year ended December 31,				
	1982	1981	1980	1979	1978
	(Stated in thousands of dollars except for per share data)				
Net operating revenues	$ 31,394	$22,786	$17,704	$15,600	$16,423
Income from continuing operations (a)	$ 11,894	$ 5,929	$ 5,440	$ 4,002	$ 3,461
Income from continuing operations per common share (Canadian GAAP) (a)	$ 2.07	$ 1.12	$ 1.22(b)	$ .89	$ .74
Income from continuing operations per common share (U.S. GAAP) (a)	$ 2.07	$ 1.12	$ 1.25	$ .92	$ .72
Total assets (at end of period)	$140,635	$84,440	$56,156	$69,656	$62,152
Long-term obligations (including redeemable preferred shares) at end of period	$ 47,852	$ 6,851	$10,814	$17,843	$21,420

(a) Before equity in operating income (loss) of an affiliate and extraordinary items and after tax gain on disposal of coal properties.
(b) Before extraordinary loss of $2.99 per common share. Net loss for the year ended December 31, 1980 was $2.04 per common share.





COMMON STOCK PRICE RANGE

	Toronto Stock Exchange (Can.)				American Stock Exchange (U.S.)			
Quarter	1982		1981		1982		1981	
First	$30.50	$10.75	$20.50	$16.00	$25.25	$ 9.00	$17.13	$13.25
Second	15.00	10.50	21.00	17.50	11.25	8.13	16.63	14.00
Third	16.00	9.50	35.25	17.63	13.00	7.63	29.38	14.25
Fourth	21.00	13.63	34.25	23.25	16.50	11.00	28.88	19.50

five year summary of operations

(Stated in thousands of dollars except for per share data)

	1982	1981	1980	1979	1978
Revenue					
Gas and oil	$25,646	$18,788	$12,989	$10,782	$13,589
Less royalties	3,725	3,560	2,468	1,889	3,427
	21,921	15,228	10,521	8,893	10,162
Pipeline operations	5,842	6,076	6,113	5,561	5,543
Dividends from long-term investment	3,337	1,075	—	—	—
Other income	294	407	1,070	1,146	718
	31,394	22,786	17,704	15,600	16,423
Expenses					
Operating and administrative	5,605	3,970	2,554	2,274	2,462
Gas purchase for resale	4,374	4,910	4,723	4,408	4,410
Interest	1,802	1,523	1,679	2,320	1,903
Income tax — current (recovery)	648	1,680	325	(202)	522
Petroleum and gas revenue tax	1,625	1,228	—	—	—
	14,054	13,311	9,281	8,800	9,297
Funds Provided from Operations	17,340	9,475	8,423	6,800	7,126
Per common share	3.03	1.79	1.88	1.46	1.53
Depreciation, depletion	2,144	1,820	1,210	962	904
Write-off of foreign exploration	—	—	—	—	1,861
Gain on sale of coal properties	—	8,010	—	—	—
Equity in operating income (loss) of affiliate	—	1,699	(1,127)	359	1,808
Income before undernoted	15,196	17,364	6,086	6,197	6,169
Income tax — deferred	3,302	5,635	1,773	1,836	900
Net income before undernoted	11,894	11,729	4,313	4,361	5,269
Per common share	2.07	2.21	0.95	0.96	1.11
Extraordinary items	—	(982)	(13,385)	6,066	769
Net income (loss)	$11,894	$10,747	$ (9,072)	$10,427	$ 6,038
Per common share	2.07	2.02	(2.04)	2.32	1.28
Working capital — (deficit)	$ 1,602	2,703	(487)	4,166	451
Long-term investments	$67,775	17,600	8,819	27,430	29,446
Property and equipment - net	$64,891	57,756	42,019	33,256	26,278
Long-term debt	$46,823	5,769	9,600	16,547	20,000
Shares outstanding					
Common - no par value	5,723	5,304	*4,477	*4,453	*4,435
Preferred - par value $50 per share	21	22	24	26	28
Shareholders' equity	$66,251	54,422	28,510	37,506	27,104
Cost of finding and developing reserves					
Exploration	$ 2,443	4,769	5,995	2,800	4,200
Development	$ 6,873	8,791	5,311	5,100	500

*Excludes shares owned by affiliate.

	1982	1981	1980	1979	1978
Production and Sales					
Natural Gas Production — billion cubic feet	17.0	*17.0	*18.0	*18.1	*18.7
Average per day — million cubic feet	46.6	46.6	49.3	49.6	51.3
Pipeline —					
Annual throughput, billion cubic feet	7.9	6.6	7.5	7.5	7.6
Crude oil and natural gas liquids — barrels	74,000	50,000	50,000	47,700	40,000

*Includes production of affiliate.

consolidated balance sheets

	December 31	
ASSETS	**1982**	**1981**
CURRENT ASSETS		
Cash and short-term deposits	$ 95,000	$ 1,095,000
Accounts receivable	5,816,000	4,899,000
Petroleum incentive payments receivable	1,452,000	1,452,000
Current portion of long-term investments	—	1,000,000
Prepaid expenses	33,000	41,000
Total current assets	7,396,000	8,487,000
LONG-TERM INVESTMENTS (Note 2)	67,775,000	17,600,000
PROPERTY, PLANT AND EQUIPMENT (Note 3)		
At full cost	81,017,000	71,800,000
Accumulated depreciation and depletion	16,126,000	14,044,000
	64,891,000	57,756,000
OTHER ASSETS AT COST	573,000	597,000
	$140,635,000	$84,440,000

On behalf of the Board:

Director

Director

See accompanying notes.

	December 31	
LIABILITIES AND SHAREHOLDERS' EQUITY	**1982**	**1981**
CURRENT LIABILITIES		
Accounts payable	$ 5,171,000	$ 3,855,000
Income and other taxes payable	318,000	1,929,000
Current portion of long-term debt	305,000	—
Total current liabilities	5,794,000	5,784,000
LONG-TERM DEBT (Note 4)	46,823,000	5,769,000
DEFERRED INCOME TAXES (Note 5)	21,767,000	18,465,000
SHAREHOLDERS' EQUITY (Note 6)		
Capital stock		
5½% cumulative redeemable preferred shares, par value $50 each; authorized 70,000 shares, issued 20,589 shares (1981 - 21,651 shares)	1,029,000	1,082,000
Common shares, without nominal or par value; authorized 20,000,000 shares, issued 5,722,865 shares (1981 - 5,719,865)	23,511,000	23,483,000
	24,540,000	24,565,000
Capital redemption reserve fund	2,471,000	2,418,000
Contributed surplus	90,000	72,000
Retained earnings	39,150,000	27,367,000
	66,251,000	54,422,000
	$140,635,000	$84,440,000

consolidated statements of income

	Years ended December 31		
	1982	1981	1980
Revenue			
Gas and oil, net	$21,921,000	$15,228,000	$10,521,000
Pipeline operations	5,842,000	6,076,000	6,113,000
Dividends from long-term investment	3,337,000	1,075,000	—
Other income	294,000	407,000	1,070,000
	31,394,000	22,786,000	17,704,000
Expenses			
Operating	4,462,000	2,899,000	1,815,000
Gas purchased for resale	4,374,000	4,910,000	4,723,000
Petroleum and gas revenue tax	1,625,000	1,228,000	—
Administrative	1,143,000	1,071,000	739,000
Interest on long-term debt	1,802,000	1,523,000	1,679,000
Depreciation	569,000	464,000	318,000
Depletion	1,575,000	1,356,000	892,000
	15,550,000	13,451,000	10,166,000
Income before the undernoted	15,844,000	9,335,000	7,538,000
Gain on sale of coal properties	—	8,010,000	—
Income before the undernoted	15,844,000	17,345,000	7,538,000
Income taxes (Note 5)			
Current	648,000	1,680,000	325,000
Deferred	3,302,000	5,635,000	1,773,000
	3,950,000	7,315,000	2,098,000
Income before the undernoted	11,894,000	10,030,000	5,440,000
Equity in operating income (loss) of affiliate	—	1,699,000	(1,127,000)
Income before extraordinary items	11,894,000	11,729,000	4,313,000
Extraordinary items (Note 7)	—	(982,000)	(13,385,000)
Net income (loss)	$11,894,000	$10,747,000	$ (9,072,000)
Income (loss) per common share			
Income before extraordinary items	$2.07	$2.21	$ .95
Extraordinary items	—	(.19)	(2.99)
Net income	$2.07	$2.02	$(2.04)

See accompanying notes.

consolidated statements of changes in financial position

	Years ended December 31		
	1982	1981	1980
SOURCE OF FUNDS			
Funds provided from operations	$17,328,000	$ 9,475,000	$ 8,423,000
Proceeds on sale of investment in affiliate (less related costs of disposal $727,000 and income taxes $226,000)	—	22,447,000	—
Assumption of long-term debt of affiliate	—	8,093,000	—
Proceeds on sale of coal properties	—	8,135,000	—
Proceeds on sale of property, plant and equipment	49,000	483,000	205,000
Proceeds on sale of common shares	28,000	211,000	209,000
Proceeds on sale of other investments	—	—	6,685,000
Proceeds on redemption of investment in affiliate	16,900,000	1,500,000	—
Increase in long-term debt	41,359,000	—	221,000
Proceeds on disposition of other assets	24,000	—	41,000
Total funds provided	75,688,000	50,344,000	15,784,000
USE OF FUNDS			
Purchase of long-term investments	67,075,000	18,400,000	—
Expenditures for property, plant and equipment	9,316,000	18,165,000	10,178,000
Reduction of long-term debt	305,000	9,600,000	7,168,000
Redemption of preferred shares	35,000	100,000	65,000
Dividends on preferred shares	58,000	62,000	68,000
Additions to other assets	—	8,000	372,000
Investment in affiliate	—	819,000	2,586,000
Total funds used	76,789,000	47,154,000	20,437,000
Increase (decrease) in working capital	(1,101,000)	3,190,000	(4,653,000)
Working capital (deficit), beginning of year	2,703,000	(487,000)	4,166,000
Working capital (deficit), end of year	$ 1,602,000	$ 2,703,000	$ (487,000)
Increase (decrease) accounted for as follows:			
Cash and short-term deposits	$ (1,000,000)	$ 959,000	$ (2,502,000)
Accounts receivable	917,000	466,000	(603,000)
Petroleum incentive payments receivable	—	1,452,000	—
Current portion of long-term investments	(1,000,000)	1,000,000	—
Due from Receiver General for Canada	—	—	(950,000)
Prepaid expenses	(8,000)	(119,000)	72,000
Accounts payable	(1,316,000)	(405,000)	722,000
Due to affiliate	—	1,331,000	(1,331,000)
Income and other taxes payable	1,611,000	(1,494,000)	(61,000)
Long-term debt due within one year	(305,000)	—	—
Increase (decrease) in working capital	$ (1,101,000)	$ 3,190,000	$ (4,653,000)

See accompanying notes.

consolidated statements of retained earnings

	Years ended December 31		
	1982	1981	1980
Balance, beginning of year	$27,367,000	$16,814,000	$26,036,000
Net income (loss)	11,894,000	10,747,000	(9,072,000)
	39,261,000	27,561,000	16,964,000
Deduct			
Transfer to capital redemption reserve fund (Note 6)	53,000	132,000	82,000
Dividends on preferred shares	58,000	62,000	68,000
	111,000	194,000	150,000
Balance, end of year	$39,150,000	$27,367,000	$16,814,000

See accompanying notes.

auditors' report to the shareholders

We have examined the consolidated balance sheets of North Canadian Oils Limited as at December 31, 1982 and 1981 and the consolidated statements of income, retained earnings and changes in financial position for the years ended December 31, 1982, 1981 and 1980. 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 North Canadian Oils Limited as at December 31, 1982 and 1981 and the results of its operations and the changes in its financial position for the years ended December 31, 1982, 1981 and 1980 in accordance with accounting principles generally accepted in Canada (which differ from accounting principles generally accepted in the United States as set out in Note 14 to the consolidated financial statements) applied on a consistent basis.

Calgary, Canada
March 2, 1983

Peat, Marwick, Mitchell & Co.
Chartered Accountants

notes to consolidated financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Canadian Oils Limited is incorporated under the provisions of the Companies Act of Alberta and is principally engaged in the exploration for, and production of, oil and gas in North America.

These consolidated financial statements are stated in Canadian dollars and have been prepared in accordance with accounting principles generally accepted in Canada which conform in all material respects with International Accounting Standards, and except as indicated in Note 14, with accounting policies generally accepted in the United States. A summary of the Company's significant accounting policies is described below.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries.

Oil and gas operations

The Company follows the full cost method of accounting for exploration and development expenditures, wherein all costs related to the exploration for and development of oil and gas reserves in North America are capitalized. These costs include leasehold acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, cost of drilling both productive and non-productive wells, oil and gas field production equipment, gathering lines, compressors and gas plants and overhead expenses related to exploration activities after deducting relating government grants. All such costs are being amortized on the unit-of-production method, based on estimated proven recoverable reserves as determined by independent engineers.

Proceeds of minor property sales are credited to the net book value of property, plant and equipment without recognizing any gain or loss on disposition. Gains or losses on major property sales are recognized in the statement of income.

Pipeline assets are depreciated over the term of the existing gas contracts and other equipment is depreciated over the estimated useful lives of the assets. Leasehold improvements are amortized over the term of the lease.

Renewals or replacements which improve or extend the life of existing properties are capitalized. Those of a routine nature as well as maintenance and repairs are charged to income.

Income per share

Income per common share was computed by dividing net income, after provision for preferred dividend requirements, by the weighted average number of common and common equivalent (stock options) shares outstanding. Such calculation is in accordance with the requirements of the Accounting Principles Board Opinion 15 of the American Institute of Certified Public Accountants. Income per common share computed in accordance with generally accepted accounting principles in Canada would not be significantly different from that computed under APB 15.

The weighted average number of shares was reduced by 1,219,296 shares, held by an affiliate, for the period from January 1, 1981 to the date of sale of the affiliate and for the year ended December 31, 1980.

2. LONG-TERM INVESTMENTS, AT COST

	1982	1981
Quoted market value $36,842,000	$36,179,000	$ —
No quoted market value	31,596,000	700,000
Preference shares of an affiliate, net of current portion	—	16,900,000
	$67,775,000	$17,600,000

3. PROPERTY, PLANT AND EQUIPMENT

	Canada	U.S.A.	Total
December 31, 1982			
Petroleum and natural gas leases, rights, exploration and development costs and related equipment thereon	$68,781,000	$6,934,000	$75,715,000
Accumulated depreciation and depletion	11,698,000	338,000	12,036,000
	57,083,000	6,596,000	63,679,000
Pipeline, other equipment and leasehold improvements	5,302,000	—	5,302,000
Accumulated depreciation and depletion	4,090,000	—	4,090,000
	1,212,000	—	1,212,000
	$58,295,000	$6,596,000	$64,891,000
December 31, 1981			
Petroleum and natural gas leases, rights, exploration and development costs and related equipment thereon	$60,280,000	$6,543,000	$66,823,000
Accumulated depreciation and depletion	9,917,000	159,000	10,076,000
	50,363,000	6,384,000	56,747,000
Pipeline, other equipment and leasehold improvements	4,977,000	—	4,977,000
Accumulated depreciation and depletion	3,968,000	—	3,968,000
	1,009,000	—	1,009,000
	$51,372,000	$6,384,000	$57,756,000

Grants under the Canadian government's Petroleum Incentive program, aggregating $1,833,000 in 1982 and $1,452,000 in 1981, have been accrued in accordance with the regulations and treated as a reduction in the cost of the related exploration and development expenditures.

4. LONG-TERM DEBT

	1982	1981
11¼% sinking fund debentures	$ 5,748,000	$5,769,000
Bank indebtedness	41,380,000	—
	47,128,000	5,769,000
Less current portion of long-term debt	305,000	—
	$46,823,000	$5,769,000

The 11¼% sinking fund debentures are secured by certain gas properties, redeemable at the option of the Company (other than for sinking fund purposes) at 107.5% of the principal amount to August 31, 1982 declining by 1.25% annually to 100% in the year ending August 31, 1988. The Company may purchase debentures in the market or by tender or private contract at prices not exceeding the foregoing percentages of the principal amount thereof together in each case with accrued and unpaid interest. In addition, the Company is required to make sinking fund payments sufficient to retire, on August 31, in each of the years 1982 to 1987 inclusive, $917,000 principal amount of debentures and $1,775,000 in 1988. In 1981 the Company retired $2,325,000 of such debentures that it owned thereby satisfying the sinking fund requirements of 1981, 1982 and $612,000 for 1983.

The bank indebtedness is provided under lines of credit of $45,000,000 which bear interest at rates from prime to prime plus ½% and are subject to call on demand. The Company's bankers have agreed not to require repayment prior to February 28, 1984 and accordingly the indebtedness has been classified as long-term.

5. INCOME TAXES

The provisions made for income taxes differ from the amounts which would have been expected if it were assumed that the reported pre-tax earnings were subject to the Canadian Federal statutory income tax rate for the year. The principal reasons for the differences between such "expected" income tax provisions and the amounts actually provided are as follows:

	1982 (48%)	1981 (48%)	1980 (48%)
Computed "expected" income tax	$7,605,000	$8,325,000	$3,619,000
Increase (decrease) in income taxes resulting from:			
Non-deductibility of royalties and other payments to the crown	2,351,000	2,119,000	996,000
Federal resource allowances	(2,356,000)	(1,654,000)	(1,262,000)
Allowance for earned depletion	(181,000)	(105,000)	(845,000)
Provincial taxes less federal abatement	194,000	246,000	84,000
Provincial rebates and credits	(2,308,000)	(1,179,000)	(480,000)
Non-taxable Canadian dividends	(1,598,000)	(515,000)	—
Other	243,000	78,000	(14,000)
	$3,950,000	$7,315,000	$2,098,000

Deferred income taxes arise from differences in the rates at which certain costs have been written off for tax purposes and for financial reporting purposes. The principal items which gave rise to such timing differences, and the amount of deferred income taxes attributable thereto, are as follows:

	1982	1981	1980
Excess of capital cost allowances deducted for income tax purposes over depreciation recorded in the accounts	$ 411,000	$ 800,000	$ 150,000
Excess exploration and development expenses and lease acquisition costs deducted for income tax purposes over depletion and amortization recorded in the accounts	2,891,000	4,835,000	1,623,000
Total deferred income taxes	$3,302,000	$5,635,000	$1,773,000

6. CAPITAL STOCK

Authorized share capital

During 1982 the authorized common share capital of the Company was increased from 7,500,000 to 20,000,000 common shares without nominal or par value.

Preferred shares

Under the terms of issue of its preferred shares, the Company is required to purchase for cancellation 2,000 preferred shares in each year. The shares may be redeemed at par from the holders on 30 days notice or purchased on the market. At December 31, 1982 the requirements had been met for the year ending June 1, 1983 and 1,411 shares applicable to the year ending June 1, 1984 have been cancelled. The preferred share indenture imposes certain restrictions on the payment of common share dividends.

Information with respect to the shares redeemed is as follows:

	1982	1981	1980
Amounts transferred to the capital redemption reserve fund	$53,000	$132,000	$ 82,000
Differences between the acquisition cost and the par value of the preferred shares redeemed, which have been credited to contributed surplus	$18,000	$ 32,000	$ 17,000
Shares redeemed	1,062	2,634	1,640
Common shares issued:			
Shares issued under stock option plan	3,000	23,700	23,800
Consideration credited to capital stock	$28,000	$211,000	$209,000

7. EXTRAORDINARY ITEMS

	1981	1980
Loss on sale of investment in affiliate (including related income taxes of $226,000)	$(2,336,000)	$ —
Gain on sale of other investments	—	240,000
Equity in extraordinary items of affiliate:		
Write down of investment in subsidiary	—	(14,501,000)
Reduction of income taxes on application of losses brought forward	942,000	65,000
Gain on sale of investments	412,000	811,000
	$ (982,000)	$(13,385,000)

8. STOCK OPTION PLAN

Under the terms of the Employee Common Stock Option Plan, options are exercisable cumulatively in three equal installments within a five year period with the first installment exercisable one year after the date of granting the option. During 1982, 10,000 options were cancelled. At December 31, 1982, 14,100 shares were still available for granting (7,100 at December 31, 1981) and 18,000 options were outstanding (December 31, 1981 — 28,000), these options expire in 1986 and 1987.

Payment for shares issued under the stock option plan was accepted by the Company in the form of cash or notes receivable. Notes issued prior to 1979, which are secured by the purchased shares, are non-interest bearing until they mature, at which time they bear interest at 8%. Notes issued subsequent to 1978 bear annual interest equivalent to the annual dividends paid on the Company's common shares held by the note holders, until they mature, after which they bear interest at 1% above bank prime rate. All notes become due at the earliest of the date of voluntary termination of employment of the optionee, the date of sale of the purchased shares and ten years from the subscription date.

Notes receivable in the amount of $382,000 at December 31, 1982 and $363,000 at December 31, 1981 are due from directors, officers, a retired director and the estate of a deceased officer and are carried on the balance sheet under other assets. No charges or credits are made to income with regard to options granted under the plan.

Option information is as follows:

	Number of shares	Option Per share	Option Amount
Options exercised			
1982	3,000	$ 8.55 - 10.45	$ 28,000
1981	23,700	8.55 - 12.35	211,000
1980	23,800	8.55 - 12.35	209,000
Options exercisable			
1982	8,000	$ 8.55 - 29.68	$177,000
1981	26,700	8.55 - 12.35	239,000
1980	24,400	8.55 - 12.35	216,000
Options granted			
1982	3,000	$ 12.94	$ 39,000
1981	25,000	16.63 - 29.68	612,000
1980	—	—	—

9. EMPLOYEE PROFIT SHARING PLAN

The Company adopted an Employee Profit Sharing Plan in 1979 which is available to technical and other personnel directly involved in exploration and development. Contributions to the plan by the Company may be made in cash or as a royalty interest in petroleum natural gas and related hydrocarbons attributable to the Company's interest in certain non-producing exploration lands. The Company's contributions to the plan in 1982 and 1981 consisted of a gross overriding royalty interest having a nominal fair market value at the time of contributions. The royalty interest vests in each participant at the rate of 20% per year until fully vested; however, all amounts received in respect of the contingently vested portion of any royalty interest is fully vested as and when received.

10. RELATED PARTY TRANSACTIONS

The following is a summary of related party transactions:

In 1982 the Company made the following transactions with related parties; purchase of long-term investments for a cost of $60,896,000, sale of long-term investments (at no gain or loss) for proceeds of $30,000,000. The long-term investment with a carrying value of $36,179,000 is preferred shares of a related party. The Company received dividends of $1,061,000 with respect to this investment in the year ended December 31, 1982. Three directors of the Company are officers of certain of the related parties.

In 1981 the Company sold its investments in an affiliate for a consideration of $23,400,000 to a corporation holding 1,488,286 common shares of the Company. Such Corporation is wholly owned by a director of the Company. Immediately prior to the sale, the Company reacquired from the affiliate certain gas property interests for a consideration of $8,093,000 and assumed the affiliate's 11¼% debentures in the amount of $8,093,000 (including $2,325,000 of such debentures held by the Company) secured by the gas property interests. The gas properties were assigned a carrying value of $7,274,000 being the Company's cost assigned to such properties prior to the sale. The excess of the consideration over the carrying value has been included in the Company's cost of investment in the affiliate at the date of sale. The Company, from the proceeds of the sale, purchased 736,000 redeemable preference shares of the affiliate having an aggregate par value of $18,400,000. During 1982 the affiliate redeemed all the preference shares at par.

The Company accrued or paid professional service fees aggregating $157,000, $517,000, and $187,000 to three legal firms in which certain directors of the Company are partners for the years ended December 31, 1982, 1981 and 1980 respectively.

The Company received from an affiliate $87,000 and $232,000 in respect of interest on debentures for the years ended December 31, 1981 and 1980 respectively and $836,000 and $1,075,000 in preferred share dividends for the years ended December 31, 1982 and 1981 respectively.

11. DEPENDENCE UPON LIMITED CUSTOMERS

Three customers to whom the Company sold natural gas which accounted individually for more than 10% of gross revenue were as follows:

	1982		1981	
Company	**$(000's)**	**% of Total Revenue**	**$(000's)**	**% of Total Revenue**
TransCanada PipeLines Limited	$17,337	55	$11,530	46
Saskatchewan Power Corporation	5,511	18	5,397	22
St. Regis (Alberta) Ltd.	3,317	10	4,557	18
Total	$26,165	83	$21,484	86

12. STATUTORY INFORMATION

Directors and senior officers comprising fourteen persons received remuneration amounting to $515,000 ($449,000 in 1981 and $402,000 in 1980), including $27,000 ($32,000 in 1981 and $27,000 in 1980) paid to Directors.

13. QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

	Three months ended			
	March 31	**June 30**	**September 30**	**December 31**
1982				
Net revenue	$7,422,000	$7,970,000	$7,230,000	$8,772,000
Net income	$2,671,000	$3,328,000	$2,653,000	$3,242,000
Net income per common share after preferred share dividends	$ .46	$ .58	$ .46	$ .57
1981				
Net revenue	$4,777,000	$5,226,000	$5,833,000	$6,950,000
Income before extraordinary items	$2,680,000	$4,324,000	$1,707,000	$3,018,000
Net income	$4,033,000	$1,947,000	$1,996,000	$2,771,000
Income per common share after preferred share dividends				
Income before extraordinary items	$ .60	$ .88	$ .32	$ .57
Net income	$ .90	$ .39	$ .39	$ .52

14. UNITED STATES ACCOUNTING PRINCIPLES DIFFERENCES

The accounting principles followed in the preparation of the financial statements of the Company and the affiliate accounted for on the equity method differ in certain respects from accounting principles generally accepted (GAAP) in the United States. Such differences relate to amortization of goodwill, depreciation, accrued taxes on undistributed earnings of subsidiaries, development costs, foreign exchange translation, financing leases and the criteria for disclosure as extraordinary items. The aggregate effect of the adjustments on reported income for the years ended December 31, 1981 and 1980 are as follows (there is no effect on 1982):

Statement of Income (U.S. GAAP)

Year ended December 31:	As Reported	Adjustments	As Adjusted
1981			
Income before the following	$10,030,000	$(2,336,000)	$ 7,694,000
Equity in operating income of affiliate	1,699,000	1,354,000	3,053,000
Income before extraordinary items	11,729,000	(982,000)	10,747,000
Extraordinary items	(982,000)	982,000	—
Net income	$10,747,000	$ —	$10,747,000
1980			
Income before the following	$ 5,440,000	$ 240,000	$ 5,680,000
Equity in operating loss of affiliate	(1,127,000)	(14,161,000)	(15,288,000)
Income before extraordinary items	4,313,000	(13,921,000)	(9,608,000)
Extraordinary items	(13,385,000)	13,385,000	—
Net loss	$ (9,072,000)	$ (536,000)	$ (9,608,000)

15. SUBSEQUENT EVENT

Subsequent to December 31, 1982 the Company announced that it is proposing to issue to its common shareholders rights to purchase convertible debentures of the Company. The debentures will be convertible into common shares of the Company at a price yet to be determined. Two affiliated corporations have purchased on a private placement basis, subject to conversion price adjustment and in lieu of exercising their rights, the debentures which they would have been entitled to purchase upon the rights issue.

16. DISCLOSURE OF OIL AND GAS PRODUCING ACTIVITIES AS REQUIRED BY STATEMENT OF FINANCIAL ACCOUNTING STANDARD NO. 69

Capitalized costs relating to oil and gas producing activities.

At December 31, 1982 and 1981 there were no significant unproved oil and gas properties included in capitalized costs relating to oil and gas properties.

Costs incurred in oil and gas property acquisitions, exploration and development activities for the years ended December 31:

1982	Canada	U.S.A.	Affiliate	Total
Acquisition of properties	$ 817	$ 202	$ —	$ 1,019
Exploration	2,393	189	—	2,582
Development	4,978	—	—	4,978
1981				
Acquisition of properties	904	974	—	1,878
Exploration	894	988	—	1,882
Development	4,747	—	146	4,893
1980				
Acquisition of properties	721	1,438	—	2,159
Exploration	2,199	1,637	—	3,836
Development	4,094	—	1,217	5,311

Results of operations for producing activities for the years ending December 31:

1982	Canada	U.S.A.	Affiliate	Total
Revenue				
Sales (net)	$21,622	$ 299	$ —	$21,921
Transfers	—	—	—	—
Total	21,622	299	—	21,921
Production costs	4,370	92	—	4,462
Exploration costs	2,393	189	—	2,582
Depreciation and depletion	1,965	179	—	2,144
	12,894	(161)	—	12,733
Income tax expenses	4,510	—	—	4,510
Results of operations from producing activities (excluding corporate overhead and interest costs)	$ 8,384	$ (161)	$ —	$ 8,223

1981	Canada	U.S.A.	Affiliate	Total
Revenue				
Sales (net)	$15,483	$ 117	$1,883	$17,483
Transfers	—	—	—	—
Total	15,483	117	1,883	17,483
Production costs	2,832	67	159	3,058
Exploration costs	894	988	—	1,882
Depreciation and depletion	1,661	159	74	1,894
	10,096	(1,097)	1,650	10,649
Income tax expense	3,530	—	570	4,100
Results of operations from producing activities (excluding corporate overhead and interest costs)	$ 6,566	$(1,097)	$1,080	$ 6,549

1980	Canada	U.S.A.	Affiliate	Total
Revenue				
Sales (net)	$10,521	$ —	$5,589	$16,110
Transfers	—	—	—	—
Total	10,521	—	5,589	16,110
Production costs	1,815	—	440	2,255
Exploration costs	2,199	1,637	—	3,836
Depreciation and depletion	1,210	—	234	1,444
	5,297	(1,637)	4,915	8,575
Income tax expense	1,854	—	1,720	3,574
Results of operations from producing activities (excluding corporate overhead and interest costs)	$ 3,443	$(1,637)	$3,195	$ 5,001

Quantities of oil and gas reserves as at December 31 for Canada (unaudited).

	1982		1981		1980	
	Oil*	Gas**	Oil*	Gas**	Oil*	Gas**
Beginning of year	1,210,282	604.4	568,993	560.0	539,118	574.6
Revision of previous estimates	—	—	125,437	(9.3)	272	.2
Improved recovery	—	—	559,000	—	—	—
Purchase of minerals in place	—	—	—	69.5	—	—
Extensions and discoveries	158,051	3.6	—	—	79,732	—
Production	(55,196)	(17.1)	(43,148)	(15.8)	(50,129)	(14.8)
Sales of minerals-in-place	—	—	—	—	—	—
End of year	1,313,137	590.9	1,210,282	604.4	568,993	560.0

In 1980 the Company's proportional interest in reserves of affiliate accounted for by the equity method amounted to 70.5 BCF.

There were no long-term supply agreements with foreign governments. There were no significant foreign geographic reserves.

* Oil stated in barrels before royalty interests

** Gas stated in billion cubic feet before royalty interests.

Standard measure of discounted net cash flows and changes therein relating to proved oil and gas reserves ($000's) at December 31 (unaudited).

	1982	1981	1980
Future cash inflows	$740,720	$674,475	$305,079
Future production and development costs	230,587	267,147	128,992
Future income tax expenses	178,547	142,565	61,630
Future net cash flows	331,586	264,763	114,457
10% annual discount for estimated timing of cash flows	152,138	114,166	18,750
Standardized measure of discounted net cash flows	$179,448	$150,597	$ 95,707

The following are the principal sources of change in the standardized measure of discounted future net cash flows.

Sales and transfers of oil and gas produced, net of production costs	$ (17,459)	$ (14,414)	$ (14,128)
Net changes in prices and production costs	50,794	85,828	56,038
Extensions, discoveries, and improved recovery, less related costs	3,551	691	514
Development costs incurred during the period	(4,978)	(4,839)	(5,311)
Accretion of discount	15,060	9,507	9,341
Net changes in income taxes	(35,982)	(80,935)	(1,480)
Other	17,865	53,316	(42,676)

The changes for 1980 include the results of the equity investee.

Amortization per equivalent physical unit of production (Mcf):

	1982	1981	1980
Depreciation and depletion	$.11	$.09	$.07

DIRECTORS

DONALD F. CHRISTENSEN
Senior Vice President, Operations
of the Company
Calgary, Alberta

* MARSHALL A. JACOBS
Senior Partner, Jacobs Persinger & Parker

* JAMES F. KAY
Chairman of the Board of Dylex Limited
Toronto, Ontario

*▪★ DAVID W. KERR
Executive Vice President of
National Hees Enterprises Limited
Toronto, Ontario

CHARLES K. LOUGH
Senior Vice President, Finance &
Administration and Secretary of the Company
Calgary, Alberta

▪★ ROSS A. MacKIMMIE, Q.C.
Counsel, MacKimmie Matthews
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President and Chief Executive Officer of
Trizec Corporation
Calgary, Alberta

JOHN A. STEWART
Partner, MacKimmie Matthews
Calgary, Alberta

* Member of Executive Committee

▪ Member of Compensation Committee

★ Member of Audit Committee

OFFICERS & KEY PERSONNEL

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Senior Vice President, Operations

BENJAMIN L. COOK
Vice President, Land

BILL A. KURUCZ
Controller

CHARLES K. LOUGH
Senior Vice President, Finance and
Administration

W. KEITH MILLER
Vice President, Marketing

COMMON SHARE REGISTRARS AND TRANSFER AGENTS
GUARANTY TRUST COMPANY OF CANADA
Calgary and Toronto

The BANK of NOVA SCOTIA TRUST COMPANY
of NEW YORK
New York City, U.S.A.

PREFERRED SHARE REGISTRAR AND TRANSFER AGENT
GUARANTY TRUST COMPANY OF CANADA
Calgary and Toronto

COMMON SHARES LISTED
TORONTO STOCK EXCHANGE (NCOT)
AMERICAN STOCK EXCHANGE (NCD)

PREFERRED SHARES LISTED
TORONTO STOCK EXCHANGE

AUDITORS
PEAT, MARWICK, MITCHELL & CO.,
Calgary, Alberta

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FORM 10K

North Canadian Oils Limited will furnish upon written request to any registered shareholder, without charge, a copy of its most recent Annual Report - Form 10K, as filed with the United States Securities and Exchange Commission.

NORTH CANADIAN OILS LIMITED

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