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ULSTER PETROLEUMS LTD.

ULSTER

Annual Report 1982

DIRECTORS

Mr. D. C. Traxel — Calgary Alberta*
Mr. R. A. Hayes — Calgary, Alberta
Mr. B. A. Macdonald — Calgary, Alberta*
Mr. A. B. Cameron — Victoria, B.C.
Dr. A. Cree — West Sedona, Arizona, U.S.A.
Mr. D. C. Martin — Calgary, Alberta*
*Members of Audit Committee

OFFICERS

Donne C. Traxel — President and Treasurer
Robert A. Hayes — Vice President
Robert Woima — Controller
Anne C. Ries — Secretary

OPERATING MANAGEMENT

Ray Schwartzenberger — Exploration Manager
Cedric Stapleton — Exploration Manager
John Frank — Operations Manager

SHAREHOLDERS' MEETING

The Annual General Meeting of the Shareholders of Ulster Petroleums Ltd. will be held in Room 204, of the International Hotel in Calgary, Alberta on Friday, May 13th, 1983 at 10:00 A.M. (Calgary time).

Financial Highlights

	1982	1981
Oil & gas production revenue	**$2,061,000**	$1,543,000
Working Capital Provided		
From Operations	**$1,254,000**	$ 878,000
Per Share	**$ 0.10**	$ 0.07
Net Earnings (Loss)	**$ 316,000**	$ (377,000)
Per Share	**$ 0.03**	$ (0.03)

OPERATIONS

	1982	1981
Natural Gas Production		
mcf	**491,230**	587,393
Daily average	**1,346**	1,609
Crude Oil Production		
barrels	**27,422**	22,568
Daily average	**75**	61

PROVEN PLUS PROBABLE RESERVES

	1982	1981
Crude Oil and NGL		
barrels	**2,060,000**	1,110,000
cubic metres	**328,000**	176,000
Natural Gas		
bcf	**16.3**	12.0
10^3m^3	**460,000**	340,000

Report to Shareholders

Although the Petroleum Industry, including Ulster, entered 1982 with a great deal of apprehension, I am pleased to report that the year has proven to be the most successful in the history of the Company.

- Reserves of crude oil and natural gas liquids have increased by 85% to 2,060,000 barrels, while natural gas reserves have increased by 35% to 16.3 Bcf.
- Cash flows from operations have increased 43% to $1,254,000; production revenues have increased 33% to $2,061,000; and earnings before deferred income taxes were $483,000 — all new highs for Ulster.
- Drilling operations commenced on the Natiak O-44 well in the Beaufort Sea — the first well located on Ulster's lands.
- Ulster was not only able to continue substantially all of its Beaufort acreage under a series of new Exploration Agreements, but was also able to expand its representation to cover 1,689,600 gross acres (148,000 net acres).
- Although exploration expenditures for 1982 declined to $4,401,000, the results were very encouraging and offer the potential for significant future development.

Unfortunately, we do not have time to stop and reflect on these accomplishments for long, since the problems facing the Petroleum Industry have become even more diverse and complex as we enter 1983. Natural gas markets continue to shrink with little prospect for new sales in the near term. Crude oil prices have levelled off and are in fact likely to decline marginally in the short term. In addition, markets for Alberta oil production are no longer assured as cut-backs become common place.

Given the magnitude of these uncertainties, Ulster must continue to adhere to a management philosophy based on financing exploration activities on a "cash basis" and preserving available lines of credit for selected production investments and short-term working capital requirements. By doing so your Company will remain financially sound and thus able to capitalize on exploration and investment opportunities as they arise.

To this end Ulster expects to maintain its 1983 exploration budget at approximately $5,000,000. These funds will be primarily directed towards drilling activity on the Company's oil prone acreage as well as selected purchases to compliment these activities.

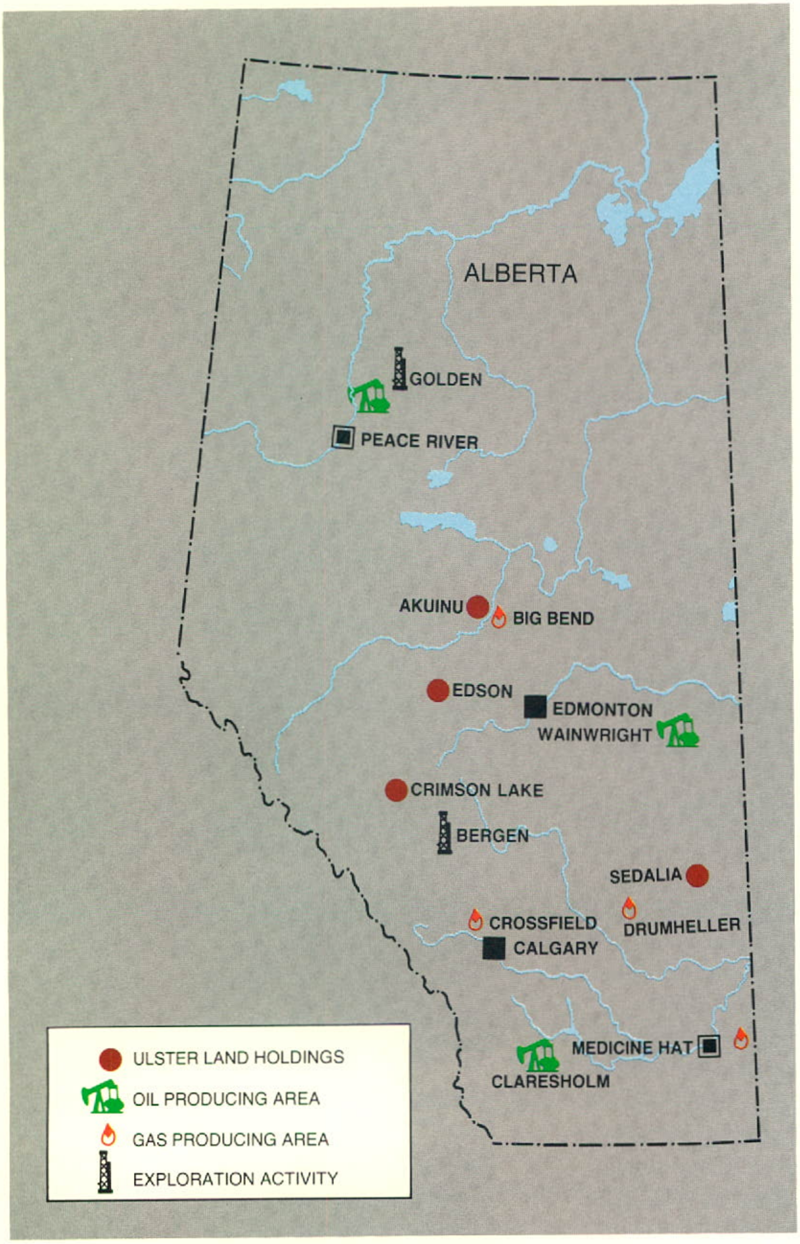
In closing, I would like to thank the staff for their dedication and confidence in the future of our Company. This support has enabled us to effectively deal with the challenges of today and prepare for the prospects of tomorrow.

On Behalf of the Board of Directors

D. Traxel

Donne C. Traxel
President

Exploration and Development Activity



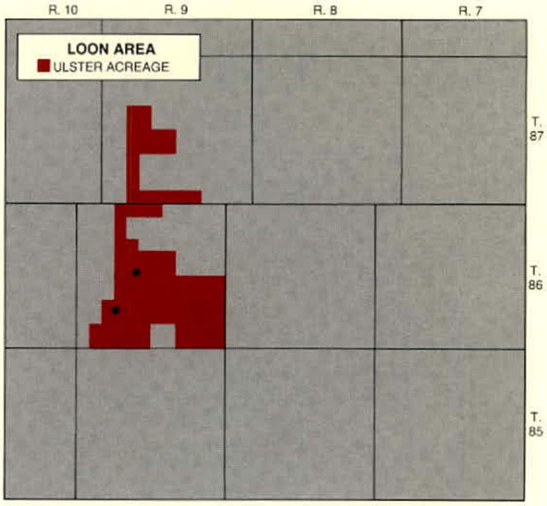
Exploration expenditures for the year ended December 31, 1982 totalled $4,401,000 compared to $10,109,000 for 1981. A decrease in expenditures was expected, although not quite to this degree, since the initial acquisition phase of the Golden/Red Earth program (costing approximately $8.4 million) was completed in 1981 and since activity within the Industry as a whole had turned dramatically down early in 1982.

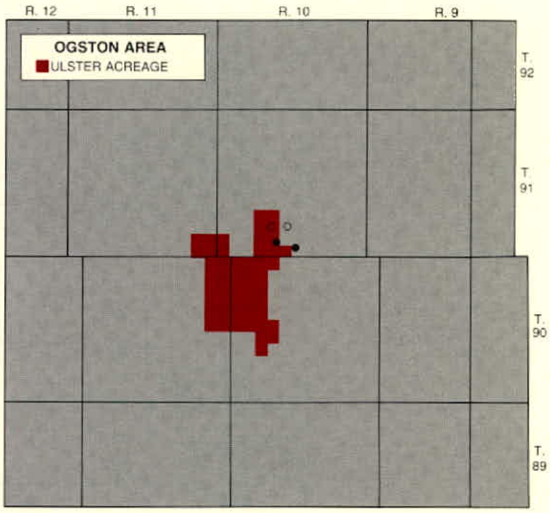
Nonetheless, Ulster did participate in the drilling of 18 gross wells with an average working interest of 25% in 1982. In addition, the Company increased its land base for future exploration activity by purchasing a 37% average working interest in 8,000 gross acres at Alberta land sales and earning a

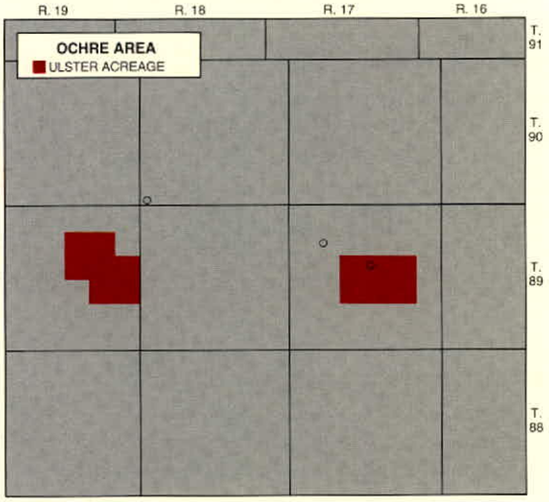
30% average working interest in a further 10,400 gross acres through its drilling activities. Details of the Company's major exploration and development activities are summarized below.

SUMMARY OF WELLS DRILLED

	1982	1981
EXPLORATORY		
Oil	**4**	3
Gas	**2**	7
Dual	**—**	3
Dry	**3**	5
Total	**9**	18
Average Working Interest	**(35.8%)**	(25.2%)
DEVELOPMENT		
Oil	**6**	10
Gas	**—**	2
Service	**1**	—
Dry	**2**	3
Total	**9**	15
Average Working Interest	**(14.1%)**	(8.9%)







Golden/Red Earth

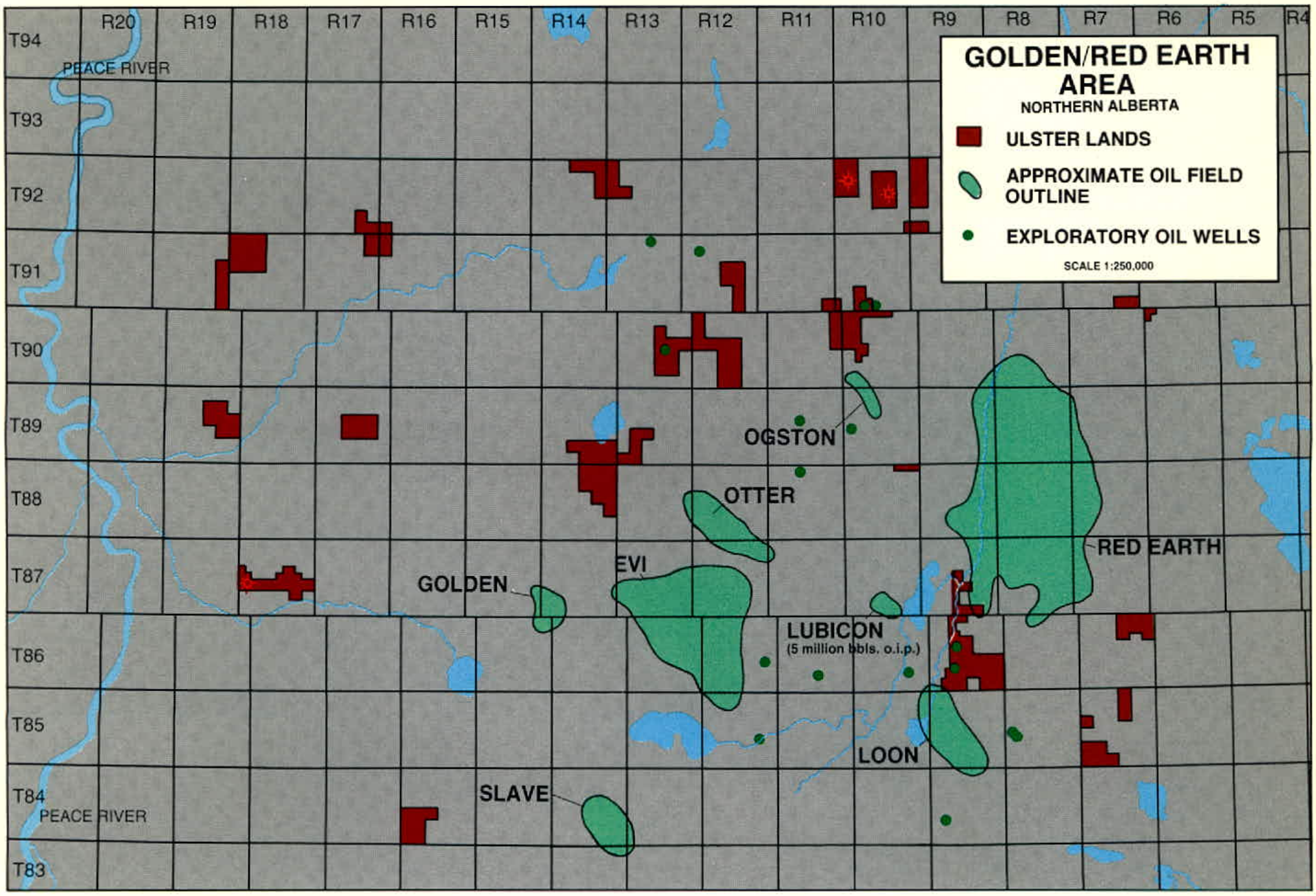
As previously noted, the Golden/Red Earth Area of northern Alberta was selected by Ulster in 1980 for a major exploration initiative due to its highly oil prone nature and the overall level of Industry activity. Since that time major new oil fields have been developed at Evi, Otter and Slave. In addition, a number of individual discoveries have been reported which could also have significant potential for future development. These activities, together with Ulster's land position (110,400 gross and 26,720 net acres) are highlighted on the area map included with this Report.

During 1982 Ulster participated in the drilling of eight wells in the Golden/Red Earth Area of Alberta. Three of these wells were completed as oil wells, one was completed as a gas well and four were dry and abandoned. The highlights of this activity are summarized below.

Loon

During 1982 Ulster participated in the drilling of three exploratory and two development wells (40% average working interest) in the Loon Area of northern Alberta. Two of these wells were successfully completed as Granite Wash oil wells and are producing at a combined average daily rate of 140 barrels of oil per day (based on December 1982 volumes).

In January 1983, Ulster shot an additional 60 miles of new seismic data over portions of the 15,000 acres it controls in this area. This data will be used to identify potential offset locations for drilling later this year.



These discoveries and the Ogston oil well discussed below are particularly attractive in that they do not produce any significant amounts of water. Accordingly, operating costs are low since production can be delivered directly to the pipeline purchaser.

Ogston
Ulster successfully completed its Ogston 11-4-91-10 W5M exploratory well (drilled in January 1982) as a Granite Wash oil well early in 1983. This well is now producing at its allowable of 60 barrels of oil per day. The drilling of an offset to this well was postponed however, until next winter due to delays in finalizing a farmout agreement with a non-participating partner.

Ochre
Three wells are currently drilling in this prospect area which could have a significant impact on Ulster's land holdings. Ulster chose not to participate directly in the drilling of the Ochre 12-22-89-17 W5M well on its lands due to the excessive cost estimates of the operator. Ulster is, however, ideally situated to participate (35% working interest) in any development activity which may result from this exploratory well.

Nancy

In February 1983, Ulster participated (20% working interest) in the drilling of a Slave Point oil discovery in the Nancy area. Although we were not able to fully evaluate this well prior to spring breakup, we were sufficiently encouraged by the results to purchase two offsetting sections of lands at a subsequent land sale.

Ulster now has an average 21% working interest in 14,000 gross acres offsetting this well. A minimum of two wells (one offsetting and one new exploratory) are planned for next winter.

Wainwright

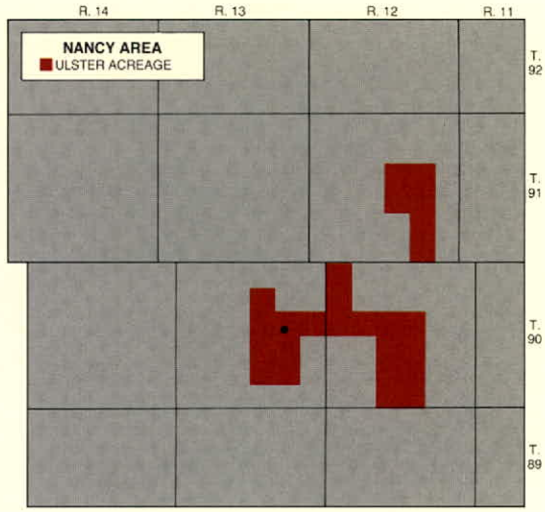
The Wainwright area in east-central Alberta continues to be one of the major centers for both production revenues and development drilling activity of the Company. During 1982 six oil wells were completed on these lands to bring the total number of successful oil and gas wells on this property to 44.

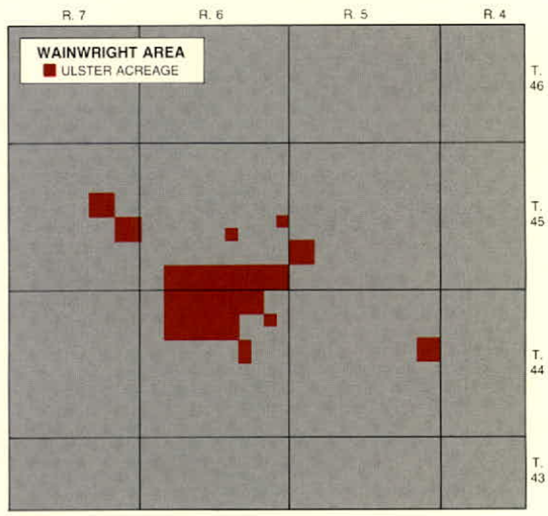
Since only a minor portion of the Company's potential oil reserves have been developed to date, substantial additional drilling activity can be expected as oil prices and demands stabilize in the forthcoming months.

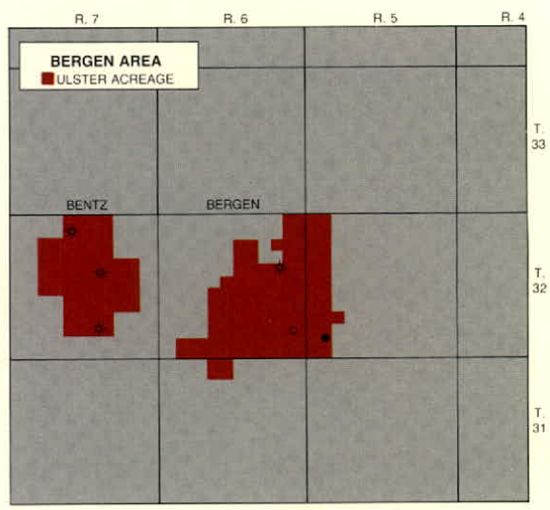
Bergen

As noted in the last year's Annual Report, a major exploration company has committed to drill a 14,000′ Devonian test well to earn one-half of Ulster's 15% working interest in an eight section block of land. Although all preliminary work on the proposed location has been completed, the E.R.C.B. has delayed licencing of this well pending the conclusion of various environmental and safety hearings.

In view of Ulster's significant land holdings in the area (17,440 gross and 1,952 net acres) we are hopeful that these problems can be resolved and drilling commenced during the latter part of 1983.







Summary of Land Holdings

Geographical Area	Gross Acres	Net Acres
ALBERTA		
1. Akuinu	1,280	1,120
2. Alexander	1,866	22
3. Armada	2,240	157
4. Bentz	8,960	209
5. Bergen	17,440	1,952
6. Berland River	52,955	3,186
7. Big Bend	12,800	928
8. Claresholm	11,040	552
9. Coutts	1,920	400
10. Crimson Lake	9,760	1,824
11. Crossfield	1,940	1,040
12. Drumheller	10,560	2,040
13. Edson	17,440	3,144
14. Golden/Red Earth	110,400	26,720
15. Huxley	4,160	440
16. Grand Forks	2,080	840
17. Little Bow	1,280	307
18. Medicine Hat	39,520	37,440
19. Muskwa-Utikuma	1,120	224
20. Retlaw	2,720	398
21. Rumsey	5,760	256
22. Sedalia	7,840	2,464
23. Three Hills Creek	3,840	464
24. Turner Valley	14,520	646
25. Wainwright	10,240	2,245
26. Willesden Green	1,280	400
27. Winnifred	2,560	896
28. Wrentham	1,120	373
Other Alberta interests in aggregate	8,160	4,620
Alberta Total	366,801	95,307
Beaufort Sea, and other Provinces	1,704,709	149,624
Canadian Total	2,071,510	244,931

Beaufort Sea

A number of significant developments have occurred during the past year which will have a major impact on Ulster's interests in the Beaufort Sea over the next few years.

Firstly, Dome Petroleum Limited announced that they would drill a 4,877 metre test well at the Natiak O-44 location which is situated on a 220,000 acre block of permits in which Ulster has a 2½% working interest. Although all location work for this well was completed in October 1982, spudding of the well was delayed until the summer of 1983 due to poor ice conditions in the area. Dome, by drilling this well at no cost to Ulster, will earn a 50% working interest in approximately one-half of the adjoining permits. Dome also has an option to drill a second well on these permits to earn a 50% working interest in the balance of these lands.

Secondly, Ulster has agreed to contribute its 15% working interest in a 222,000 acre block of permits immediately to the south and west of the Natiak location to a pooling agreement proposed and operated by Gulf Canada. Under the terms of this pooling agreement Ulster will exchange the foregoing interest for a 3.385% working interest in 985,104 gross acres of pooled exploration rights, thereby significantly expanding our exposure in this area.

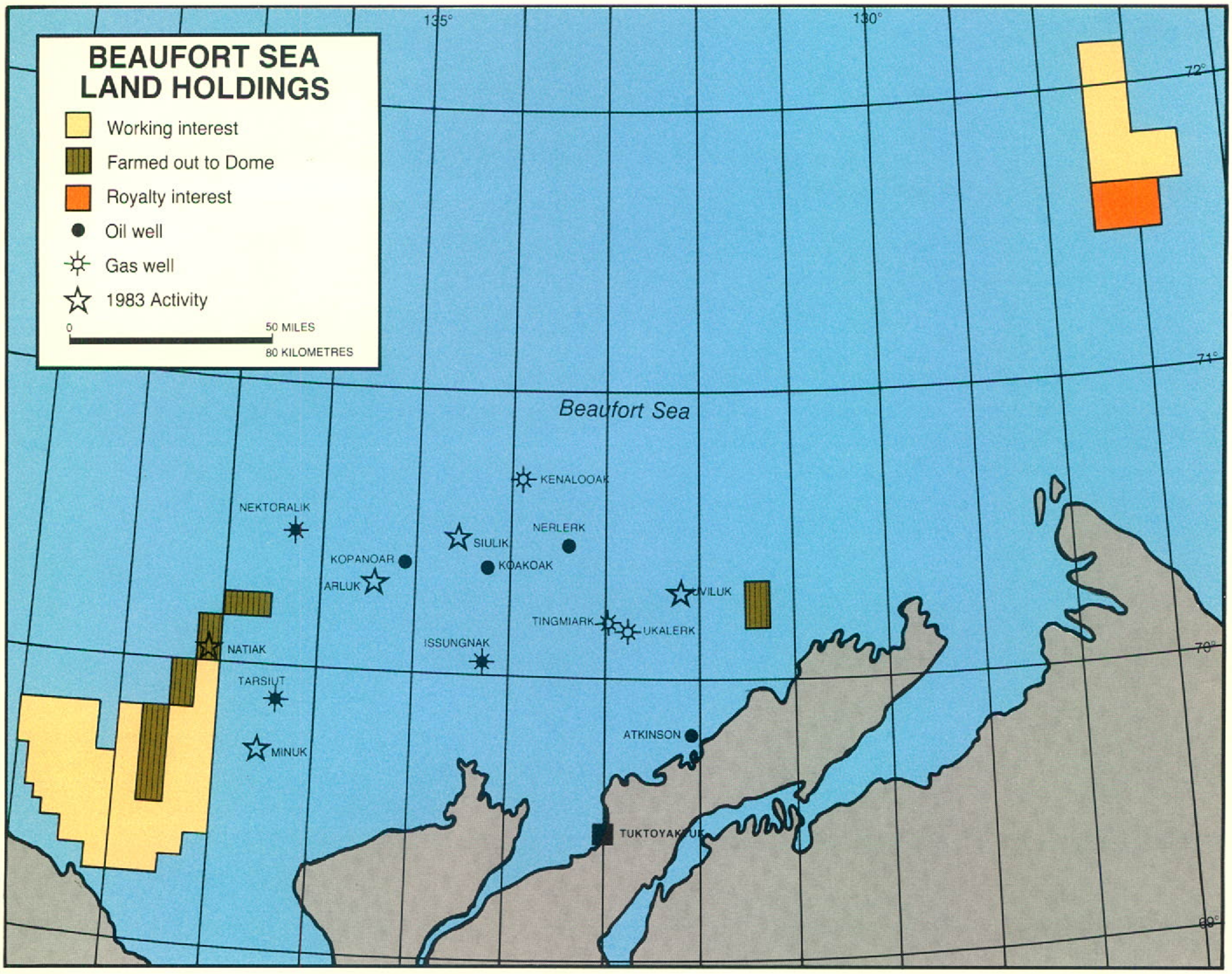
A five year Exploration Agreement, effective January 1, 1983, was subsequently negotiated with the Federal Government on these lands. Under the terms of this agreement the participants have agreed to shoot a minimum of 800 kilometres of new seismic data and to drill one exploratory well on these lands during the term of the exploration agreement. In view of the indicated potential of these lands Ulster expects to actively participate in this program.

Finally, substantially all of Ulster's remaining holdings in the Beaufort Sea, 353,631 gross working interest acres (105,427 net acres) and 121,588 royalty interest acres (1% gross overriding royalty) have been continued under two Exploration Agreements with Dome Petroleum Limited at a nominal cost to Ulster.

The foregoing developments when taken in conjunction with the recently announced exploration plans of Esso ($600 million), Dome ($960 million) and Gulf ($400 million) clearly illustrate the near term potential and commitment to Beaufort Sea exploration by the Industry. Ulster, as a major landholder (1,689,600 gross acres) in the Beaufort is in a strong position to share in the benefits and potential generated by this activity.

The following summary highlights the significant Beaufort Sea drilling announcements since the publication of our 1981 Annual Report.

- Three wells were drilled on the Tarsiut Structure during 1982. The east Tarsiut N-44 and N-44A wells were



drilled from an artificial island constructed specifically for that purpose. Both of these wells were successful testing 5,730 and 2,175 barrels of oil per day respectively. The results from the third well, Kiggavik A-43 which was drilled approximately eight miles east of the N-44 island wells, were somewhat disappointing in that only natural gas was recovered.

- Testing of the Nerlerk M-98 was completed in August 1982, yielding oil from eight different tests. In order to assess the extent of this discovery a delineation well (Aiverk 2I-45) was spudded in October 1982 and is scheduled for completion and testing in 1983. In addition, an artificial island is being constructed for the drilling of a second delineation well (Nerlerk B-67) late in 1983.

- The Kenalooak well tested gas at an estimated absolute open flow rate of 50 million cubic feet per day.

Financial Review and Analysis

The Company's financial statements for the year ended December 31, 1982 are highlighted as follows:

- Earnings before deferred income taxes were $483,000 compared to a loss of $377,000 in 1981;
- Cash flows from operations increased 43% to $1,254,000 ($0.10 per common share); and
- Production revenues increased 33% to $2,061,000.

Each of the above amounts represents a new record high for the Company.

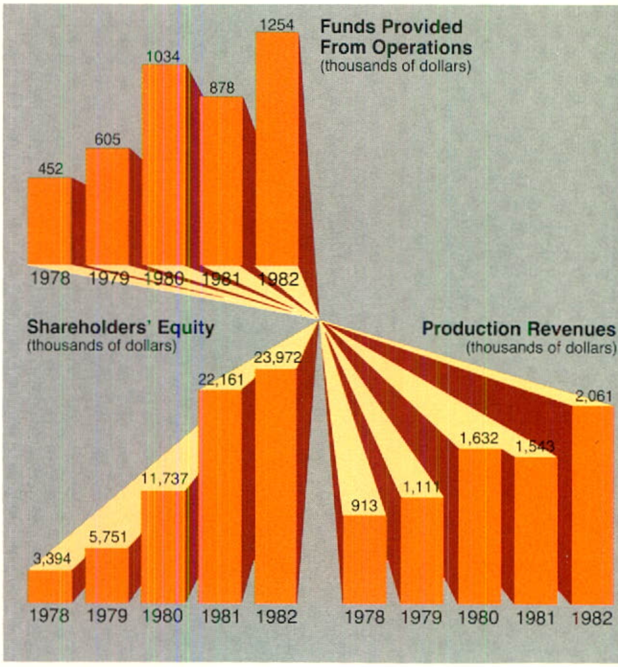
The substantial improvement in 1982 cash flows and production revenues is primarily attributable to lower Crown royalties and higher market prices for both oil and gas production. These changes have more than offset the negative impact of a 16% decline in gas production volumes for the year. The prospects for additional gas sales in 1983 are not encouraging and as such Ulster must again look to higher sales prices in order to offset continuing contract cut-backs.

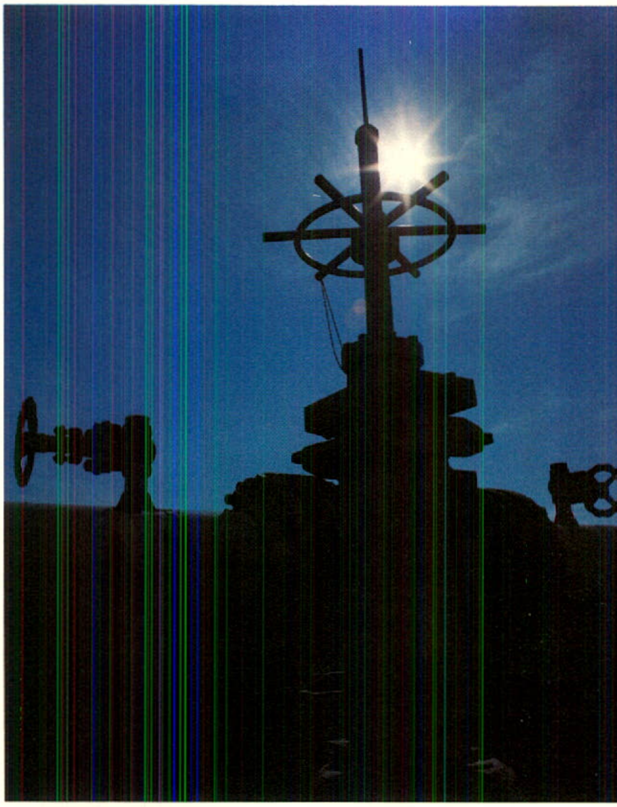
On a more positive note, however, oil production has increased by more than 20% during the year. Since the majority of this increase occurred during the last six months of 1982, continued growth can be expected in 1983 as recent discoveries are brought into commercial production.

In addition to the foregoing factors, net earnings for the year were also favorably affected by a reduction in book depletion expense. This reduction is primarily attributable to the substantial increase in the Company's net proven oil and gas reserves during the year.

The Company's 1982 exploration expenditures of $4,401,000 were financed primarily from a combination of cash flows from operations and a $1,500,000 private placement of flow-through common shares. This pattern of financing will continue to be followed in 1983 with the result that the majority of the Company's $5,000,000 exploration budget for 1983 will again be financed from non-debt sources.

As at December 31, 1982, Ulster's working capital was $265,000, virtually unchanged from a year ago, while outstanding bank advances totalled $1,800,000. Although these advances were utilized primarily to meet short-term working capital requirements and as such would normally be retired on a periodic basis throughout the year, they have been classified as long-term debt in the financial statements as there are no scheduled repayments required during 1983 by the Bank.





Balance Sheet
December 31, 1982

Assets

	1982	1981
Current assets:		
Cash and term deposits	**$ 1,453,000**	$ 66,000
Accounts receivable	**1,195,000**	536,000
Notes due from shareholders (Note 4)	**450,000**	1,230,000
Petroleum incentive payments receivable (Note 2)		2,320,000
Total current assets	**3,098,000**	4,152,000
Note due from shareholder (Note 4)	**249,000**	
Oil and gas properties and equipment (Note 2)	**25,018,000**	21,388,000
Deferred income taxes	**499,000**	645,000
Other assets, at cost	**27,000**	26,000
	$28,891,000	$26,211,000

Liabilities and Shareholders' Equity

	1982	1981
Current liabilities:		
Bank advances	**$**	$ 2,600,000
Accounts payable and accrued liabilities	**2,833,000**	1,286,000
Total current liabilities	**2,833,000**	3,886,000
Bank advances (Note 3)	**1,800,000**	
Deferred revenue	**186,000**	164,000
Advances under private placement (Note 4)	**100,000**	
Shareholders' equity:		
Share capital (Note 4)	**28,796,000**	27,301,000
Deficit	**4,824,000**	5,140,000
	23,972,000	22,161,000
	$28,891,000	$26,211,000

On behalf of the Board,

O. Traxel, Director

R. G. Hayes, Director

See accompanying notes.

Statement of Earnings and Deficit
Year Ended December 31, 1982

	1982	1981
Revenue:		
Production	**$2,061,000**	$1,543,000
Other	**179,000**	271,000
	2,240,000	1,814,000
Expenses:		
Production	**581,000**	634,000
General and administrative	**344,000**	302,000
Interest	**61,000**	
Depletion	**654,000**	1,149,000
Depreciation and amortization	**117,000**	106,000
	1,757,000	2,191,000
Earnings (loss) before deferred income taxes	**483,000**	(377,000)
Deferred income taxes (Note 6)	**167,000**	
Net earnings (loss)	**316,000**	(377,000)
Deficit, beginning of year	**5,140,000**	4,763,000
Deficit, end of year	**$4,824,000**	$5,140,000
Net earnings (loss) per share	**$ 0.03**	$ (0.03)

See accompanying notes.

Statement of Changes in Financial Position
Year Ended December 31, 1982

	1982	1981
Funds provided from:		
Operations	**$1,254,000**	$ 878,000
Issue of shares	**1,474,000**	10,466,000
Advances under private placement	**100,000**	
Deferred revenue	**22,000**	
Bank advances	**1,800,000**	
	4,650,000	11,344,000
Funds applied to:		
Additions to oil and gas properties and equipment	**4,401,000**	10,109,000
Reduction of advances under private placement		200,000
Deferred revenue		9,000
Note due from shareholder	**249,000**	
Other assets	**1,000**	
	4,651,000	10,318,000
Increase (decrease) in working capital	**(1,000)**	1,026,000
Working capital (deficiency), beginning of year	**266,000**	(760,000)
Working capital, end of year	**$ 265,000**	$266,000

See accompanying notes.

Notes to Financial Statements

December 31, 1982

1. Significant accounting policies:

   a) Oil and gas properties:

   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 are capitalized. These costs include land acquisition costs, geological and geophysical expenditures, carrying charges of undeveloped properties, costs of drilling productive and non-productive wells, and overhead expenses directly related to exploration activities after deducting related government grants receivable by the Company. A separate cost centre is maintained for each country in which the Company is engaged in exploration and production activities.

   The Company follows the revenue method of depletion whereby all capitalized costs, excluding the cost of wells in progress on significant undeveloped properties, are allocated to individual periods in the same proportion as current revenue is to the total estimated revenue from proven reserves of oil and gas as determined by independent engineers.

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

   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.

   b) Production and other equipment:

   Depreciation and amortizaton is provided using the following rates and methods.

   Production equipment — 5-10% declining balance
   Other equipment — 5-20% declining balance
   Leasehold improvements — over the term of the lease

   c) Deferred revenue:

   Deferred revenue represents amounts received in respect of "take-or-pay" natural gas contracts. These revenues have been deferred pending ultimate natural gas delivery or expiration of the contractual delivery period. All operating costs related to these shut-in periods, however, are expensed as incurred.

   d) Joint interest operations:

   Substantially all of the Company's petroleum and natural gas exploration and production activities are conducted jointly with others and accordingly these financial statements reflect only the Company's proportionate interest in such activities.

   e) Earnings per share:

   Earnings per share is calculated using the weighted monthly average number of shares outstanding during the year. Assuming the exercise of the share warrants and stock options at the beginning of 1982, there would be no dilution in earnings per share.

2. Oil and gas properties and equipment:

	1982			1981
	Cost	**Accumulated depletion and depreciation**	**Net Book Value**	Net Book Value
Oil and gas properties	**$27,337,000**	**3,637,000**	**23,700,000**	20,303,000
Production equipment	**2,165,000**	**988,000**	**1,177,000**	915,000
Other equipment	**276,000**	**135,000**	**141,000**	170,000
	$29,778,000	**4,760,000**	**25,018,000**	21,388,000

Grants under the Canadian and Alberta Governments' Petroleum Incentive Program, aggregating $670,000 (1981 $2,320,000) were treated as a reduction in the cost of the related exploration and development expenditures made.

Oil and gas properties include wells in progress having an aggregate cost of $Nil (1981 — $7,095,000) which have been excluded from the calculation of depletion expense for the year. Interest incurred on these costs during the year of $170,000 (1981 — $169,000) has been included in the cost of wells in progress.

3. Bank advances:

The bank advances are payable on January 1, 1984. They bear interest at prime plus 1% (13½% at December 31, 1982) and are secured by an assignment of book debts and certain oil and gas properties.

4. Share capital:

	1982	1981
Authorized: Common shares without nominal or par value	**50,000,000**	50,000,000
Convertible first preferred shares	**5,000,000**	5,000,000
Issued: 13,144,060 common shares (1981 — 12,154,060)	**$28,796,000**	27,301,000

a) Private placements:

In September 1982, the Company issued 15 units at a price of $100,000 each. Each unit consisted of the right to earn 50,000 common shares of the Company. At December 31, 1982, $1,400,000 representing the gross proceeds of 14 units had been expended on petroleum and natural gas properties and accordingly 700,000 common shares were issued. The common shares issued by the Company have been recorded in the financial statements for a net consideration of $958,000, after deducting Petroleum Incentive Program grants of $420,000 which will flow through to the unit holders and share issue expenses of $43,000 and including a deferred income tax benefit of $21,000. The remaining proceeds of $100,000 were spent in 1983 and resulted in the issue of an additional 50,000 common shares.

Under the terms of the agreement to purchase the units, $70,000 per unit in cash was received during 1982 and the balance of $30,000 per unit was evidenced by a promissory note secured by the assignment of the purchasers' interest in Petroleum Incentive Program grants receivable on the related expenditure.

The net consideration for two units under a private placement in 1981, aggregating $169,000 after deducting Petroleum Incentive Program grants of $91,000 were expended during 1982 and resulted in the issue of 40,000 common shares and 30,000 share purchase warrants during 1982.

The net consideration of the 1981 private placement has been increased $119,000 in 1982 as a result of the actual Petroleum Incentive Program grants received being lower than estimated at December 31, 1981.

b) Other shares issued:

On March 31, 1982 the Company granted an interest free loan in the amount of $249,000 to the President to acquire 250,000 common shares of the Company from its Treasury. This loan is secured by a promissory note and a pledge of the common shares so purchased. This note does not bear interest, except in default , and is payable in three equal annual instalments commencing on April 1, 1985.

c) Stock options:

The Company has reserved 500,000 common shares for granting under option to full time employees. Options on 254,000 common shares have been granted and are exercisable at $1.00 per share to a maximum of 20% per annum on a cumulative basis commencing on January 1, 1981. All options terminate on December 31, 1989 and none were exercised during the year.

d) Warrants:

In connection with the private placement of common shares in 1981 and 1980, the Company issued the following common share purchase warrants:

	Number outstanding	Exercise price	Expiry date
1980 Warrants	450,000	$5.70/share	June 30, 1983
1981 Warrants	645,000	$6.00/share	June 30, 1984

Pursuant to the anti-dilution provisions of the 1980 warrants, each warrant outstanding now entitles the holder to purchase 1.2 common shares of the Company at the price indicated. The expiry dates of the outstanding warrants may be extended by two years subject to shareholder approval at the next annual meeting.

5. Remuneration of directors and officers:

The aggregate remuneration paid by the Company to directors and five senior officers during the year amounted to $420,000 (1981 — $406,000).

6. Income taxes:

The provision for income taxes of $167,000 (1981 — $Nil) differs from the result which would have been obtained by applying the combined Federal and Provincial income tax rate of 48.8% to the earnings (loss) before income taxes of $483,000 (1981 — ($377,000)). This difference results from the following items:

	1982	1981
Computed "expected" income tax expense	**$236,000**	(184,000)
Increase (decrease) in taxes resulting from:		
Royalties and other payments to Provincial Government	**109,000**	112,000
Non-deductible depreciation and depletion	**112,000**	76,000
Petroleum and natural gas revenue tax	**22,000**	36,000
Resource allowance	**(172,000)**	
Depletion allowance	**(50,000)**	
Alberta royalty tax credit	**(76,000)**	(32,000)
Provincial rebates	**(14,000)**	(8,000)
	$167,000	—

Certain petroleum and natural gas properties of the Company have tax values in excess of their net book value in the amount of $2,800,000 (1981 — $2,700,000). The future income tax benefits related to these amounts have not been recognized in the accounts.

Petroleum and natural gas properties with a net book value of $9,600,000 (1981 — $8,658,000) have no cost for income tax purposes, of which $8,558,000 (1981 — $7,635,000) relates to the private placement of common shares by the Company whereby all wells drilled and production obtained accrue to the Company and the related exploration and development income tax deductions and grants accrue to the investors.

7. Segment Information:

   The Company operates as an oil and gas exploration and development company in Canada and the United States. The operations in the United States are not significant.

Auditors' Report to the Shareholders

We have examined the balance sheet of Ulster Petroleums Ltd. as at December 31, 1982 and the statement of earnings and deficit and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Calgary, Canada
March 25, 1983

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Corporate Information

INCORPORATION
Formed by statutory amalgamation on
January 12, 1970 in the Province of Alberta

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Calgary, Alberta

STOCK EXCHANGE LISTING:
Toronto Stock Exchange
Share Symbol: ULP

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