



## **FIFTY-SIXTH ANNUAL REPORT**

FOR THE YEAR ENDED DECEMBER 31, 1981

# **DALHOUSIE**

## **OIL COMPANY, LIMITED**

# DALHOUSIE

OIL COMPANY, LIMITED

## REGISTERED OFFICE

80 Richmond Street West  
Suite 604-5  
Toronto, Ontario M5H 2S9

## OFFICERS

TODSON H. BECKER ..... President  
HOWARD L. BANTING ..... Vice-President  
I. EILEEN GREEN ..... Secretary-Treasurer

## DIRECTORS

HOWARD L. BANTING	W. STRACHAN CLARK
TODSON H. BECKER	I. EILEEN GREEN
JEFFREY J. BECKER	W. ARTHUR HASTIE

## BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE

## REGISTRAR AND TRANSFER AGENT

GUARANTY TRUST COMPANY OF CANADA  
Toronto



# DALHOUSIE OIL COMPANY, LIMITED

## REPORT OF THE DIRECTORS TO THE SHAREHOLDERS

Your Directors are pleased to present this Fifty-sixth Annual Report of your Corporation, including the Financial Statements as at December 31, 1981, together with the Auditors' Report to the Shareholders.

The net income from Turner Valley Units Nos. 3, 5 and 7, after deductions of royalties, taxes, lease rentals and well operations, increased from \$56,257 in 1976, to \$90,099 in 1977, to \$123,739 in 1978, to \$179,895 in 1979, to \$301,191 in 1980 and to \$353,468 in 1981. All three Turner Valley Units again showed increased net profits for the year. Your Corporation also received increased revenue from a farmout to Gulf Oil Canada Limited from a gas well which came on stream in 1976 in Turner Valley in which a 15% overriding royalty is held. Net production income for this well rose from \$26,566 in 1978, to \$29,737 in 1979, to \$56,656 in 1980 and declined to \$39,672 in 1981. The total net income from Turner Valley production for the year was \$393,140 compared with \$357,847 for 1980.

On the Schaft Creek property of Liard Copper, Teck Corporation continued the core drilling program with 36,818 feet in 82 holes completed in 1981. The 1980 drilling program had increased ore reserves considerably and reserve figures were reported of one billion tons with a copper-equivalent grade of 0.61% and a waste-to-ore ratio of 1.2 to one. Drilling of the first production pit, which we understand is sufficient for twelve years, has been completed. The new data has not been fully processed and there are no new ore reserve figures reported for 1981. It had been Teck's intention to proceed with site and engineering and feasibility studies; however, weakness of the copper market has forced a change in priorities and Teck will do almost no work on the project this year. Your Corporation continues to maintain an approximate 7% interest in Liard Copper Mines Limited.

The drilling program completed in 1980 in Clergue and Stock Townships in Northern Ontario was sufficient to maintain claim groupings for several years.

Additional mining claims were staked around the old Devon Gold Mine in Beatty and Coulson Townships in Northern Ontario. Surface geophysical surveys are at present being completed prior to a planned diamond drill program.

In Cook Township, Northern Ontario, a group of ten contiguous mining claims was staked in 1979 following the release of the Kirkland Lake series of airborne input survey maps. The anomalous area was staked in the hope that a sulphide zone might be indicated. The area was tested in July, 1981, with one hole drilled on mining claim No. L-545977 to a depth of 1,037 feet. A series of volcanic dacites, breccias with intrusive dikes were cut. Sulphide content reached several percent in places but sampling indicated only traces of gold. The argillite in the lower part of the hole was conductive due to graphite and is presumed to be the cause of the input anomalies. Sufficient assessment work was recorded to place five of the mining claims in good standing for several years.

In Marriott Township a block of 37 mining claims were staked to straddle the projected strike of the Destor-Porcupine fault zone. Initial exploration is planned in this township in 1982.

Your Corporation maintained its gold properties in Knight and Tyrrell Townships in Northern Ontario in 1981, but with the continuing decline of the price of gold we were unable to arrive at an acceptable agreement for an exploration and development program on these properties. A very significant and sustained increase in the price of gold is urgently required to attract investments in the gold mining industry.

Working capital and investments at market value amounted to over \$2.5 million at the year-end. The search for new oil and mining ventures will continue.

RESPECTFULLY SUBMITTED ON BEHALF OF THE BOARD

TODSHON H. BECKER  
President

Toronto, Ontario  
July 13, 1982

## **AUDITORS' REPORT**

The Shareholders,  
Dalhousie Oil Company, Limited: —

We have examined the balance sheet of Dalhousie Oil Company, Limited as at December 31, 1981 and the statements of income, retained earnings 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, 1981 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.

Toronto, Ontario  
June 25, 1982

Ralph & Thompson  
Chartered Accountants



# DALHOUSIE

OIL COMPANY, LIMITED

(Incorporated under the Canada Corporations Act)

## Balance Sheet as at December 31, 1981

(With comparative figures for 1980)

ASSETS		
	1981	1980
<b>Current</b>		
Cash in bank	\$ 14,813	\$ 26,375
On deposit including treasury bills	474,640	561,290
Accounts receivable, prepaid expenses and accrued interest	326,247	150,623
Note receivable due 1 July 1981	—	3,225
	<u>\$ 815,700</u>	<u>\$ 741,513</u>
Investments in marketable securities	1,283,218	1,031,209
—Note 1 (a) (Market Value 1981—\$1,928,987 1980—\$3,041,359)		
	31,351	54,993
Non-marketable investments—Note 6		
Investments in and advances to subsidiary company—Note 1 (b)	1,100	1,100
Capital Assets—Note 1 (c) and 1 (d)	20,467	18,135
	<u>\$2,151,836</u>	<u>\$1,846,950</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable	\$ 20,813	\$ 34,654
Income taxes payable	136,780	97,560
Employees tax deductions	866	769
	<u>\$ 158,459</u>	<u>\$ 132,983</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Capital Stock—Note 3</b>		
Authorized:		
5,000,000 shares of no par value		
Issued:		
3,000,000 shares	\$3,000,000	\$3,000,000
<b>Capital Deficit</b>		
Arising largely from appraisals of oil properties and equipment made in 1944 and prior years (unchanged since 1945)	(\$2,237,807)	(\$2,237,807)
<b>Retained Earnings</b>	<u>1,231,184</u>	<u>951,774</u>
	<u>1,993,377</u>	<u>\$1,713,967</u>
	<u>\$2,151,836</u>	<u>\$1,846,950</u>

Approved on behalf of the Board:

TODSON H. BECKER, Director

HOWARD L. BANTING, Director

# DALHOUSIE OIL COMPANY, LIMITED

## *Statement of Income and Retained Earnings for the year ended December 31, 1981*

(With comparative figures for 1980)

	1981	1980
<b>Operating income</b>		
Sales	\$ 594,571	
Less—royalties	<u>138,431</u>	
	\$ 456,320	\$ 382,560
<b>Operating expenses</b>		
Taxes, lease rental and well operations	\$ 60,962	
Allowance for depreciation, depletion and amortization	<u>2,219</u>	
	63,181	24,713
	\$ 393,139	\$ 357,847
<b>Exploration expenditures</b>		
Consultants' fees and expenses	\$ 23,877	
Outside exploration	58,991	
Mining taxes	<u>1,055</u>	
	83,923	97,795
	\$ 309,216	\$ 260,052
Income from investments	<u>168,780</u>	<u>110,035</u>
	\$ 477,996	\$ 370,087
General and administrative expenses	73,327	66,629
	\$ 404,669	\$ 303,458
<b>Other</b>		
Gain realized on disposal of marketable securities	\$ 68,423	
Loss on foreign exchange	<u>(1,543)</u>	
	66,880	190,320
	\$ 471,549	\$ 493,778
Provision for income and gas production revenue taxes	<u>159,965</u>	<u>104,939</u>
	\$ 311,584	\$ 388,839
<b>Net income for the year</b>		
Retained earnings—beginning of year	951,774	595,389
	\$1,263,358	\$ 984,228
Refundable tax on investment income—Note 4	<u>32,174</u>	<u>32,454</u>
Retained earnings—end of year	<u>\$1,231,184</u>	<u>\$ 951,774</u>

# DALHOUSIE OIL COMPANY, LIMITED

## *Statement of Changes in Financial Position for the Year Ended December 31, 1981*

	1981	1980
<b>Source of funds</b>		
From operations		
Net income for the year	\$311,584	\$388,839
Add amounts charged against income but not requiring the outlay of funds		
—Depreciation	2,219	616
—Non-marketable investments written off	17,652	17,165
—Mining claims abandoned and written off	516	—
	<u>\$331,971</u>	<u>\$406,620</u>
Reclassification of note receivable	—	3,225
	<u>\$331,971</u>	<u>\$409,845</u>
<b>Application of funds</b>		
Purchase of fixed assets	\$ 5,067	\$ —
Additions to mining claims	—	244
Investments in non-marketable securities	10,000	61,982
Payment of refundable tax on investment income	32,174	32,454
Net increase in investments held excluding \$15,990 transfer from non-marketable securities	<u>236,019</u>	<u>109,602</u>
	<u>283,260</u>	<u>\$204,282</u>
Increase in Working Capital	\$ 48,711	\$205,563
Working Capital—beginning of year	608,530	402,967
Working Capital—end of year	<u>\$657,241</u>	<u>\$608,530</u>



# DALHOUSIE OIL COMPANY, LIMITED

## NOTES TO FINANCIAL STATEMENTS, DECEMBER 31, 1981

### 1. Summary of Significant Accounting Policies

#### (a) Marketable securities

Marketable securities are valued at a carrying value which is cost (calculated using a weighted average basis) excepting when there has been a market value decline which appears to be other than temporary, in which case the investment is written down to recognize the anticipated loss.

#### (b) Investment in subsidiary company

It is the company's practice not to consolidate the subsidiary company as it is inactive, not wholly owned and not considered significant to the affairs of the company.

#### (c) Mining claims

The total amount of mining claims, at cost, represents accumulated costs and is not intended to reflect current or future values. The cost is \$6,013.

The company has claims in the following Ontario townships: Beatty, Coulson, Knight, Taylor, Tyrell, Stock, Clergue, Cook, Maisonneville and Eby.

#### (d) Turner Valley oil properties

The net book value of Turner Valley oil properties and equipment is recorded at a value determined in 1944 by an independent geologist, with subsequent additions at cost.

Leases	\$1,883,488	
Less accumulated depletion	<u>1,873,289</u>	\$ 10,199
Wells and equipment	\$ 345,407	
Less accumulated amortization	<u>341,152</u>	<u>4,255</u>
		<u>\$ 14,454</u>

#### (e) Exploration costs

Exploration costs are written off in the year they are incurred.

### 2. Subsidiary Company

The financial statement of the subsidiary company, Tyrante Mines Limited, is summarized as follows:

#### (i) Balance Sheet

Current assets	\$ 9,027	
Mining property assets	<u>2</u>	\$ 9,209
Current liabilities	\$ 700	
Demand loan to parent company plus accrued interest	<u>444,056</u>	<u>444,756</u>
Shareholders' deficiency		<u>\$435,727</u>

#### (ii) Statement of Profit and Loss and Deficit

Net loss for the year	\$ 2,120
Deficit—beginning of year	<u>884,796</u>
—end of year	<u>\$886,916</u>

The demand loan was largely acquired by the parent company when it acquired the shares. It is 73% owned by Dalhousie Oil Company, Limited.

### 3. Options

Options are outstanding to certain directors on 250,000 shares of capital stock at \$0.50 per share, exercisable at any time up to July 12, 1988.



## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1981 (Continued)

### 4. Taxation

In 1981 taxes for the current year totalled approximately \$192,000 of which \$32,174 is refundable tax on investment income which has been charged to retained earnings. This tax can be recovered in the event of taxable dividends being paid in appropriate amounts. The refundable dividend tax accumulated is approximately \$114,000. The 1981 taxes also include approximately \$33,000 petroleum and gas revenue tax.

### 5. Directors' and Officers' Remuneration

Aggregate remuneration of the six directors, as directors, amounted to \$7,500 in 1981 and 1980. Three officers are also directors. Remuneration paid to officers totalled \$20,700 in 1981 and \$18,300 in 1980.

### 6. Non-Marketable Investments Consist of the Following Items

a) Investment in shares in private company	\$ 2,500
These are valued at cost.	
b) Resource Certificate	720
This is valued at original cost of \$4,650 less amounts expended for exploration and 30% of development expenses.	
c) Investment in Limited Partnerships	27,133
These are valued at original cost less amounts expended for exploration and 30% of development expenses, and 10% of Canadian oil and gas property expenditures and income or losses incurred.	
d) Investment in escrowed shares	998
These are valued at cost.	<u>\$31,351</u>

### 7. Related Party Transactions

Secretarial and administrative services are provided to the company by a related company. The company is related to Dalhousie Oil Company, Limited by virtue of common management control.

Fees for these services in 1981 were \$15,600.

