

# Temagami Oil & Gas Ltd.

500 MOUNT ROYAL VILLAGE  
1550 - 8 STREET S.W.  
CALGARY, ALBERTA T2R 1K1  
TELEPHONE (403) 265-1472

TO THE SHAREHOLDERS:

Enclosed are the Consolidated Statement of Earnings (loss) and the Consolidated Statement of Changes in Financial Position for the six months ended November 30, 1983.

Temagami participated in the drilling of the Running High Ranch "D" Well at the McCommons Ranch in Texas which has been completed as an oil well. A 8.125% working interest is held in this well. Another well drilled in this area, McNeill #2, has been plugged and abandoned. Presently, we are drilling #1 Running High Ranch "F".

The Company retains its 20% working interest in the 'Rio Grande Embayment' project in Texas. Evaluation studies are continuing, however no firm schedule has been established for the commencement of further drilling. It is still expected a well will be drilled in 1984.

In Southern Michigan, the Company and its partners are currently drilling a second well. This joint venture project involves some 34,000 acres of leases in which your Company has a 9.376% working interest.

Subsequent to November 30, 1983, a six well program in the Terre Haute Bank Play, Indiana commenced. Three wells have been drilled without success. The Company holds a 10.5% interest in some 125,000 acres of oil and gas leases.

During the reporting period, the Company reduced its bank loan by \$350,000 U.S. Hereafter, meeting our bank loan obligations will be increasingly difficult as oil production declines from the existing Hiland wells in Wyoming. Initial discussions have taken place for debt financing three development wells on the Hiland leases.

CALGARY, Alberta.

January 25, 1984.

HUTCHINSON ROSS LIBRARY OF MANAGEMENT  
MCGILL UNIVERSITY  
1201 Sherbrooke St. W.,  
Montreal, Quebec, Canada  
H3A 1G5

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TEMAGAMI OIL & GAS LTD.

CONSOLIDATED STATEMENT OF EARNINGS (LOSS)

FOR SIX MONTHS ENDED NOVEMBER 30, 1983

(with comparative figures for six months ended November 30, 1982)

Revenue	<u>1983</u>	<u>1982</u>
Oil and Gas Sales	\$ 1,030,245	\$ 1,201,173
Other	63,206	20,851
Expenses		
Production & production taxes	352,800	282,731
General Administration	120,969	255,399
Interest on long-term debt	396,726	521,079
Depletion	372,690	602,000
Depreciation and amortization	169,655	162,430
	<u>1,412,840</u>	<u>1,832,639</u>
Earnings (loss) before income tax	(319,389)	(601,615)
Deferred income taxes (recovery)	(112,000)	(190,000)
Net Earnings (loss)	(207,389)	(411,615)
Retained earnings, beginning of period	(13,804)	469,962
Retained earnings, end of period	\$ <u>(221,193)</u>	\$ <u>58,347</u>

TEMAGAMI OIL & GAS LTD.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR SIX MONTHS ENDED NOVEMBER 30, 1983

	<u>1983</u>	<u>1982</u>
Working Capital was provided from		
Operations	\$ 222,956	\$ 146,318
Disposal of Fixed Assets	31,667	630,083
Increase in Long-term debt	9,216	---
	<u>263,839</u>	<u>776,401</u>
Working Capital was used for		
Acquisition of property & equipment	267,422	541,500
Reduction of long-term debt	307,500	80,567
Obligations under capital lease	33,422	---
Increase in long-term accounts receivable	---	108,750
	<u>608,344</u>	<u>730,817</u>
Increase (decrease) in working capital	(344,505)	45,584
Working capital, beginning of year	(965,840)	(535,181)
Working capital (deficiency) end of year	<u>(1,310,345)</u>	<u>(489,597)</u>

January 5, 1984

