NUMAC OIL & GAS LTD.

Notice of Special Meeting of Shareholders
to be held on August 23, 1993

and

Notice of Petition

and

Information Circular

With Respect to an Arrangement Involving

NUMAC OIL & GAS LTD.

and

WESTCOAST PETROLEUM LTD.

July 19, 1993

NUMAC OIL & GAS LTD.

Petroleum Plaza, South Tower
1400, 9915 - 108th Street
Edmonton, Alberta T5K 2G8

Telephone (403) 423-1718
Telecopier (403) 420-1342

July 19, 1993

Dear Shareholder:

You are invited to attend a special meeting (the "Meeting") of holders of Common Shares of Numac Oil & Gas Ltd. ("Numac") to be held in Edmonton, Alberta, Canada on August 23, 1993. The purpose of the Meeting is to consider and vote upon an arrangement (the "Arrangement") under the provisions of the *Business Corporations Act* (Alberta) involving Numac, Numac's shareholders and Westcoast Petroleum Ltd. ("Westcoast"). Pursuant to the Arrangement, each common share of Numac will be exchanged for one common share of Westcoast. If the Arrangement is approved in the manner discussed below, Numac will become a wholly-owned subsidiary of Westcoast and it is presently intended that Numac and Westcoast will be amalgamated on January 2, 1994.

For the Arrangement to proceed, it must be approved by at least 66 2/3% of the votes cast by holders of Numac common shares attending the Meeting in person or by proxy and by a majority of the votes cast by holders of Numac common shares attending the Meeting in person or by proxy who are not related to Westcoast. If shareholder approval is obtained, an order of the Court of Queen's Bench of Alberta will be sought following the Meeting confirming the Arrangement.

The Board of Directors of Numac has appointed from among its members an independent committee (the "Independent Committee") to consider the fairness of the proposed Arrangement to Numac shareholders who are not related to Westcoast and to report to the Board of Directors. PowerWest Financial Ltd. ("PowerWest") was retained by the Independent Committee to provide independent financial advice with respect to the proposed Arrangement. PowerWest has prepared a valuation of the Numac common shares and the Westcoast common shares and has delivered to the Independent Committee a fairness opinion in respect of the exchange ratio for the Numac common shares. The Independent Committee, based upon its own independent investigations, including its review of the PowerWest valuation and fairness opinion, has advised the Board of Directors that, in the committee's opinion, the Arrangement is in the best interests of Numac and is fair to the holders of Numac common shares who are not related to Westcoast and should be recommended to shareholders.

The Board of Directors of Numac recommends that you vote to approve the Arrangement.

The accompanying Information Circular dated July 19, 1993 will provide you with a detailed description of the Arrangement, Numac, Westcoast and the matters to come before the Meeting.

To be represented at the Meeting, you must either attend the Meeting in person or sign, date and mail the enclosed form of proxy to the head office of Numac or to the office of The R-M Trust Company in Calgary, Alberta so that it is received not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting. An envelope addressed to The R-M Trust Company is enclosed for your convenience.

Yours very truly,

Stewart D. McGregor
President and Chief Executive Officer

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NUMAC OIL & GAS LTD.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON AUGUST 23, 1993

NOTICE IS HEREBY GIVEN that, pursuant to an order (the "Interim Order") of the Court of Queen's Bench of Alberta dated July 14, 1993, a special meeting (the "Meeting") of the holders of Common Shares of Numac Oil & Gas Ltd. ("Numac") will be held in the Alexandria Room at the Edmonton Renaissance Hotel, 10155 - 105 Street, Edmonton, Alberta, Canada at 10:00 a.m. (Edmonton time) on Monday, August 23, 1993 for the following purposes:

1. to consider and, if deemed advisable, to pass, with or without variation, a special resolution approving an arrangement (the "Arrangement") under Section 186 of the *Business Corporations Act* (Alberta) (the "ABCA"); and

2. to transact such other business as may properly come before the Meeting or any adjournment thereof.

Specific details of the matters proposed to be put before the Meeting are set forth in the accompanying Information Circular including the special resolution, the full text of which is set forth in Appendix F.

The record date for the determination of shareholders entitled to receive notice of and to vote at the Meeting is July 19, 1993. Shareholders of Numac whose names have been entered in the register of shareholders at the close of business on that date will be entitled to receive notice of and to vote at the Meeting, provided that, to the extent a shareholder transfers the ownership of any of his shares after such date and the transferee of those shares establishes that he owns the shares and demands, not later than 10 days before the Meeting, to be included in the list of shareholders eligible to vote at the Meeting, such transferee will be entitled to vote those shares at the Meeting.

A shareholder may attend the Meeting in person or may be represented by proxy. Shareholders who are unable to attend the Meeting or any adjournment thereof in person are requested to date, sign and return the accompanying form of proxy for use at the Meeting or any adjournment thereof. To be effective, the enclosed proxy must be mailed so as to reach or be deposited with the Secretary of Numac at the head office of Numac, Petroleum Plaza, South Tower, 1400, 9915 - 108 Street, Edmonton, Alberta, Canada T5K 2G8 or at the office of Numac's registrar and transfer agent, The R-M Trust Company, Suite 600, 333 - 7th Avenue S.W., Calgary, Alberta, Canada T2P 2Z1, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof.

Pursuant to the Interim Order, shareholders have the right to dissent with respect to the Arrangement and, if the Arrangement becomes effective, to be paid the fair value of their shares in accordance with the provisions of Section 184 of the ABCA, as modified by the Interim Order. A shareholder's right to dissent is more particularly described in the accompanying Information Circular and a copy of the Interim Order and the text of Section 184 of the ABCA are set forth as Appendix B and G, respectively, to the accompanying Information Circular. **Failure to strictly comply with the requirements set forth in Section 184 of the ABCA, as modified by the Interim Order, may result in the loss of any right of dissent.**

DATED at the City of Edmonton, in the Province of Alberta, this 19th day of July, 1993.

By Order of the Board of Directors
and By Order of the Court of Queen's
Bench of Alberta

(signed) Stewart D. McGregor
President and Chief Executive Officer

Action No. 9301-10955

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF SECTION 186 OF THE *BUSINESS CORPORATIONS ACT*, S.A. 1981, c. B-15, AS AMENDED

AND IN THE MATTER OF AN ARRANGEMENT PROPOSED BY NUMAC OIL & GAS LTD. INVOLVING NUMAC OIL & GAS LTD., ITS SHAREHOLDERS AND WESTCOAST PETROLEUM LTD.

NOTICE OF PETITION

NOTICE IS HEREBY GIVEN that a petition (the "Petition") has been filed with the Court of Queen's Bench of Alberta, Judicial District of Calgary, (the "Court") by Numac Oil & Gas Ltd. ("Numac") with respect to a proposed arrangement (the "Arrangement") under Section 186 of the *Business Corporations Act*, S.A. 1981, c. B-15, as amended (the "ABCA"), involving Numac, its shareholders and Westcoast Petroleum Ltd. ("Westcoast"), which Arrangement is described in greater detail in the Information Circular of Numac dated July 19, 1993 accompanying this Notice of Petition. At the hearing of the Petition, Numac intends to seek the following:

(i) a declaration that the terms and conditions of the Arrangement are fair to the persons affected;

(ii) an order approving the Arrangement pursuant to the provisions of Section 186 of the ABCA; and

(iii) such other and further orders, declarations and directions as the Court may deem just.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Chief Justice W.K. Moore at the Court House, 611 - 4th Street S.W., Calgary, Alberta, Canada, on the 30th day of August, 1993 at 1:30 p.m. (Calgary time) or as soon thereafter as counsel may be heard. **Any shareholder of Numac or other interested party desiring to support or oppose the Petition may appear at the time of hearing in person or by counsel for that purpose provided such shareholder or other interested party files with the Court and serves upon Numac, on or before August 20, 1993, a Notice of Intention to Appear, together with any evidence or materials which are to be presented to the Court, setting out such shareholder's or interested party's address for service by ordinary mail and indicating whether such shareholder or interested party intends to support or oppose the Petition or make submissions.** Service on Numac is to be effected by delivery to the solicitors for Numac at the address set forth below.

AND NOTICE IS FURTHER GIVEN that, at the hearing and subject to the foregoing, shareholders and any other interested person will be entitled to make representations as to, and the Court will be requested to consider, the fairness of the Arrangement. If you do not attend, either in person or by counsel, at that time, the Court may approve or refuse to approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, without any further notice.

AND NOTICE IS FURTHER GIVEN that the Court, by an Interim Order dated July 14, 1993, has given directions as to the calling and holding of a special meeting of the shareholders of Numac for the purpose of such shareholders voting upon a special resolution to approve the Arrangement and, in particular, has directed that such shareholders shall have the right to dissent under the provisions of Section 184 of the ABCA upon compliance with the terms of the Interim Order.

AND NOTICE IS FURTHER GIVEN that the order of the Court of Queen's Bench of Alberta, if granted, will constitute the basis for an exemption from the registration requirements under the *Securities Act of 1933*, as amended, of the United States of America with respect to the securities of Westcoast to be issued in exchange for securities of Numac pursuant to the Arrangement.

AND NOTICE IS FURTHER GIVEN that a copy of the said Petition and other documents in the proceedings will be furnished to any shareholder of Numac or other interested party requesting the same by the undermentioned solicitors for Numac upon written request delivered to such solicitors as follows:

Bennett Jones Verchere
Barristers and Solicitors
Suite 4500, Bankers Hall East
855 - 2nd Street S.W.
Calgary, Alberta
T2P 4K7

Attention: Mr. James G. Smeltzer

DATED at the City of Edmonton, in the Province of Alberta, this 19th day of July, 1993.

By Order of the Board of Directors of Numac Oil & Gas Ltd. and By Order of the Court of Queen's Bench of Alberta

(signed) Stewart D. McGregor
President and Chief Executive Officer

NUMAC OIL & GAS LTD.

INFORMATION CIRCULAR

Special Meeting of Shareholders
To Be Held on August 23, 1993

INTRODUCTION

This Information Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of Numac for use at the Meeting and any adjournment thereof.

No person has been authorized to give any information or make any representation in connection with the Arrangement or other matters to be considered at the Meeting other than those contained in this Information Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.

All capitalized terms used herein but not otherwise defined herein have the meanings set forth under "Glossary of Terms" and "Abbreviations". In this Information Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

All summaries of, and references to, the Arrangement Agreement and the Plan of Arrangement in this Information Circular are qualified in their entirety by reference to the complete text of the Arrangement Agreement and the Plan of Arrangement, copies of which are attached as Appendix A to this Information Circular. **You are urged to carefully read the full text of the Arrangement Agreement.**

Information contained in this Information Circular is given as of June 30, 1993, unless otherwise specifically stated.

SUMMARY OF THE INFORMATION CIRCULAR

The following is a summary of certain information contained elsewhere in this Information Circular, including the Appendices hereto, and is qualified in its entirety by reference to the more detailed information contained or referred to elsewhere in this Information Circular or in the Appendices hereto. Terms with initial capital letters used in this Summary are defined in the "Glossary of Terms" and "Abbreviations".

The Meeting

The Meeting will be held on Monday, August 23, 1993 at 10:00 a.m. (Edmonton time) in the Alexandria Room at the Edmonton Renaissance Hotel, 10155 - 105 Street, Edmonton, Alberta, Canada for the purpose of considering and passing the Special Resolution approving the Arrangement.

The Arrangement

The Arrangement Agreement establishes the Plan of Arrangement which provides for:

(a) an asset transfer whereby all right, title and interest of Numac in its proprietary seismic assets described in Schedule A of the Plan of Arrangement and valued at approximately $4,000,000 will be sold to Westcoast and Numac will receive from Westcoast the Numac Assets Note; and

(b) a share exchange whereby all right, title and interest of the Numac Shareholders (other than Numac Shareholders who exercise their right of dissent) in Numac Common Shares will be sold to Westcoast and Numac Shareholders will be entitled to receive one Westcoast Common Share for each Numac Common Share held.

The respective obligations of Numac and Westcoast to complete the transactions contemplated by the Plan of Arrangement are subject to a number of conditions which must be satisfied in order for the Arrangement to become effective. Upon all of the conditions being fulfilled or waived, Numac is required to file a copy of the Final Order and the Articles of Arrangement with the Registrar in order to give effect to the Arrangement. In connection with the Arrangement, Westcoast will change its name to Numac Energy Inc.

Purpose and Benefits of the Arrangement

There are a number of benefits which are anticipated to result from the Arrangement, including: (i) a significantly enhanced western Canadian oil and gas asset base with operational, financial and staff synergies that will result in improved exploration and exploitation investment opportunities and continued performance as a low cost producer; (ii) the formation of a company that will have a significantly increased cash flow allowing for a larger and more aggressive capital reinvestment program, which is a significant competitive advantage in the capital intensive oil and gas industry; (iii) international joint venture exploration opportunities that will complement the company's domestic exploration program; and (iv) the formation of a company with a larger capitalization thereby enhancing the ability to raise capital in both domestic and international markets.

Effect of the Arrangement Upon Security Holders

After the Arrangement, Numac will be a wholly-owned subsidiary of Westcoast (which will then be called Numac Energy Inc.) and the former shareholders of Numac (other than the Numac Shareholders who exercise their right of dissent) will be shareholders of Westcoast. Assuming all Numac Shareholders exchange their Numac Common Shares for Westcoast Common Shares pursuant to the Arrangement, there will be approximately 83,624,000 Westcoast Common Shares issued and outstanding (not including the 2,222,222 Westcoast Common Shares issuable upon the conversion of the Numac Debentures or the 1,006,000 Westcoast Common Shares issuable to holders of options to acquire Westcoast Common Shares).

Procedure for the Arrangement to Become Effective

Procedural Steps

The Arrangement is proposed to be carried out pursuant to Section 186 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Arrangement must be approved by the Numac Shareholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

(d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

Numac Shareholder Approval

The Interim Order provides that the Special Resolution is required to be approved by at least 66 2/3% of the votes cast by the Numac Shareholders present in person or by proxy at the Meeting and by a majority of the votes cast by the Numac Shareholders, other than Related Parties, present in person or by proxy at the Meeting.

Court Approval

Subject to the terms of the Arrangement Agreement and, if the Special Resolution is approved at the Meeting in the manner required by the Interim Order, Numac will make application to the Court for the Final Order at the Court House, 611 - 4th Street S.W., Calgary, Alberta on August 30, 1993 at 1:30 p.m. (Calgary time) or as soon thereafter as counsel may be heard. Any shareholder or other interested party who wishes to participate or be represented at the hearing may do so, subject to filing with the Court and serving on Numac, a Notice of Intention to Appear on or before August 20, 1993, together with any evidence or materials which are to be presented to the Court, setting out the shareholder's or other interested party's address for service by ordinary mail and indicating whether such shareholder or other interested party intends to support or oppose the petition or make submissions. Service of such notice shall be effected by service upon the solicitors for Numac, Messrs. Bennett Jones Verchere, Barristers and Solicitors, 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Mr. James G. Smeltzer.

PowerWest Valuation and Fairness Opinion

In the PowerWest Valuation, PowerWest considered both the corporate sale valuation approach, in which values are established on the basis of valuation parameters reflected in private transaction markets, and going concern valuation approaches, in which values are estimated on the basis of valuation parameters reflected in equity markets. In PowerWest's opinion, the corporate sale approach is most appropriate in valuing companies for corporate transactions and, accordingly, this approach receives the most emphasis in PowerWest's conclusions on values.

In its conclusions on values, PowerWest also considered qualitative information including, among other things, measures of risk, measures of financial performance and qualitative characteristics of the asset bases of both companies. A summary of the range of values for Numac and Westcoast from the PowerWest Valuation is provided below:

	$ per Share	
	Numac	Westcoast
Corporate Sale Approach	$4.00 to $4.70	$4.80 to $5.60
Going Concern Approaches		
- Cash Flow Multiples	$5.60 to $7.10	$7.25 to $9.60
- Premium to Net Asset Value	$5.60 to $7.20	$6.50 to $8.50

In its Fairness Opinion, PowerWest concluded, on the basis of the PowerWest Valuation and other assumptions and considerations, that the Arrangement is fair from a financial point of view to the Numac Shareholders and the holders of Numac Debentures, in each case other than Related Parties. Based on the relative values for Numac Common Shares and Westcoast Common Shares as determined in the PowerWest Valuation using the corporate sale approach, the range of implied exchange ratios was 0.7 to 1.0 Westcoast Common Share per Numac Common Share, as compared to the offer of 1.0 in the proposed Arrangement.

Recommendation of the Independent Committee

The Independent Committee advised the Board of Directors that it was unanimously of the opinion that the Arrangement is in the best interests of Numac and is fair to Numac Shareholders and holders of Numac Debentures, in each case other than Related Parties, and that the Board of Directors should recommend that Numac Shareholders vote in favour of the Arrangement.

Recommendation of the Board of Directors

The Board of Directors unanimously adopted the Independent Committee's recommendations, determined that the Arrangement is in the best interests of Numac and fair to the Numac Shareholders other than Related Parties and authorized the submission of the Arrangement to the Numac Shareholders for approval and to the Court for the Final Order.

The Board of Directors unanimously recommends that the Numac Shareholders vote FOR the Special Resolution.

Canadian Federal Income Tax Consequences

Generally, Numac Shareholders resident in Canada who do not dissent to the Arrangement will be deemed to have disposed of their Numac Common Shares on the exchange for Westcoast Common Shares and to have acquired their Westcoast Common Shares for an amount equal to the adjusted cost base to them of their Numac Common Shares immediately prior to the exchange unless they choose to report a capital gain or a capital loss in respect of such disposition. Numac Shareholders may also choose to have the disposition of their Numac Common Shares treated as having occurred for proceeds equal to the fair market value of the Westcoast Common Shares received. Such choice must be made by reporting a capital gain or a capital loss in their return under the Tax Act for their taxation year which includes the implementation of the Arrangement. Westcoast has agreed that it will jointly elect with any former Numac Shareholder under subsection 85(1) of the Tax Act so as to permit such person to elect an amount, not less than the adjusted cost base to him of the Numac Common Shares and not in excess of the fair market value of the Numac Common Shares at the time of the disposition, which amount will be regarded as the proceeds of disposition of the Numac Common Shares and the cost of the Westcoast Common Shares acquired by the Numac Shareholder. Numac Shareholders who wish to make an election under subsection 85(1) of the Tax Act should obtain from any Revenue Canada District Taxation Office two copies of the necessary election form. Numac Shareholders who are not resident in Canada will generally only be subject to Canadian taxation in respect of capital gains on their Numac Common Shares if such shares constitute "taxable Canadian property" to them. **It will be the responsibility of each Numac Shareholder who wishes to make an election under subsection 85(1) of the Tax Act to complete all portions of both copies of the form which are relevant to him, especially the number of Numac Common Shares disposed of and the agreed amount, to sign the forms where required and to forward the signed forms to Westcoast. Thereafter the forms will be signed by Westcoast and returned by Westcoast to the Numac Shareholder for filing with Revenue Canada, Taxation. Numac Shareholders should consult their own tax advisors to determine whether any separate election forms must be filed with any provincial taxing authority.**

U.S. Federal Income Tax Consequences

The Arrangement and the planned amalgamation of Numac Energy Inc. and Numac separately and together will constitute a tax-free reorganization for U.S. Federal income tax purposes, and, accordingly, no gain or loss will be recognized as a result of the Arrangement or the amalgamation by a U.S. taxpayer who does not dissent to the Arrangement. A U.S. taxpayer who dissents to the

Arrangement and, as a result, receives cash in exchange for its Numac Common Shares generally will recognize a capital gain or loss.

Timing

If the Meeting is held and the Special Resolution is approved as required by the Interim Order, Numac will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on August 30, 1993 in form and substance satisfactory to Numac and Westcoast and all other conditions specified in the Arrangement Agreement are satisfied or waived, Numac expects that the Effective Date will be August 31, 1993.

Selected Pro Forma Information Relating to Numac Energy Inc.

Selected Pro Forma Consolidated Financial Information

The following table sets out certain consolidated financial information for Numac and Westcoast as at and for the three month period ended March 31, 1993 and for Numac Energy Inc. on a pro forma basis as at and for the three month period ended March 31, 1993 after giving effect to the Arrangement and certain other adjustments. **The following information should be read in conjunction with the Pro Forma Consolidated Financial Statements of Numac Energy Inc. set forth in Appendix E to this Information Circular.**

	As at and for the Three Months Ended March 31, 1993 (unaudited)		
	Westcoast	Numac	Pro Forma Consolidated
	(thousands of dollars[1])		
Production and pipeline revenue	$ 35,979	$ 12,686	$ 48,665
Net earnings	1,836	2,110	3,467
per share			0.04
Funds generated from operations	17,917	7,264	24,352
per share			0.29
Total assets	557,313	263,498	705,885
Long-term debt (net of cash)	126,140	61,000	187,140
Shareholders' equity	249,336	151,805	409,437
Financial ratios:			
Long-term debt (net of cash) to funds generated from operations[2]	1.8 : 1.0	2.1 : 1.0	1.9 : 1.0
Long-term debt (net of cash) to shareholders' equity	0.5 : 1.0	0.4 : 1.0	0.5 : 1.0

Notes:

(1) Except per share amounts and financial ratios

(2) Based on funds generated from operations on an annualized basis

Selected Pro Forma Combined Operational Information

The following table sets out certain operational information for Numac and Westcoast and for Numac Energy Inc. on a pro forma basis after giving effect to the Arrangement. Complete information is set forth under "Information Relating to Numac Oil & Gas Ltd." and "Information Relating to Westcoast Petroleum Ltd."

	Westcoast	Numac	Pro Forma Consolidated
Undeveloped Landholdings (Net Acres as at March 31, 1993)			
Canada	784,050	267,387	1,051,437
International	1,060,503	--	1,060,503
	1,844,553	267,387	2,111,940
Production (before royalties, three months ended March 31, 1993)			
Crude oil and NGLs (Bbls/day)	13,784	4,449	18,233
Natural gas (Mmcf/day)	87.3	28.1	115.4
Proved reserves (before royalties, as at December 31, 1992)			
Crude oil and NGLs (Mbbls)	36,902	14,354	51,256
Natural Gas (Mmcf)	383,297	142,400	525,697

Stock Exchange Listings

The TSE and ME have conditionally approved the listing of the Westcoast Common Shares subject to compliance with requirements of such exchanges which are expected to be met on the Effective Date or as soon as reasonably practicable thereafter. AMEX has approved the listing of the Westcoast Common Shares on the exchange subject to official notice of issuance and approval of the Arrangement by the Numac Shareholders.

Right of Dissent

Pursuant to the Interim Order, a Numac Shareholder has the right to dissent with respect to the Arrangement if the Corporate Secretary of Numac at the registered office of Numac or the Chairman of the Meeting receives, at or prior to the Meeting, a written objection from such shareholder and the Numac Shareholder otherwise complies with Section 184 of the ABCA, as modified by the Interim Order. Provided the Arrangement becomes effective, each dissenting Numac Shareholder will be entitled to be paid the fair value of his Numac Common Shares in respect of which he dissents in accordance with Section 184 of the ABCA, as modified by the Interim Order.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Information Circular including the Summary hereof. Terms and abbreviations used in the financial statements of each of Numac and Westcoast and the Appendices to this Information Circular are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated.

"***ABCA***" means the *Business Corporations Act*, S.A. 1981, c. B-15, as amended, including the regulations promulgated thereunder;

"***AMEX***" means the American Stock Exchange;

"***ARTC***" means Alberta Royalty Tax Credit;

"***Arrangement***" means the arrangement under the provisions of Section 186 of the ABCA, on the terms and conditions set forth in the Plan of Arrangement;

"***Arrangement Agreement***" means that certain arrangement agreement made as of June 23, 1993 between Numac and Westcoast pursuant to which Numac and Westcoast have proposed to implement the Arrangement, a copy of which is set forth in Appendix A to this Information Circular;

"***Articles of Arrangement***" means the articles of arrangement in respect of the Arrangement required by the ABCA to be sent to the Registrar after the Final Order is made;

"***Board of Directors***" means the board of directors of Numac;

"***business day***" means any day, other than Saturday, Sunday and a statutory holiday in the Province of Alberta;

"***Canadian Roxy***" means Canadian Roxy Petroleum Ltd., an 82.6% owned Subsidiary of Westcoast;

"***Coles Gilbert***" means Coles Gilbert Associates Ltd., an independent engineering firm;

"***Court***" means the Court of Queen's Bench of Alberta;

"***Depositary***" means The R-M Trust Company, at its principal office in Calgary, Alberta, the registrar and transfer agent for the Westcoast Common Shares for the purposes of issuing Westcoast Common Shares in exchange for Numac Common Shares pursuant to the Arrangement;

"***Effective Date***" means the date upon which the Articles of Arrangement are filed with the Registrar;

"***Fairness Opinion***" means the fairness opinion dated July 16, 1993 prepared by PowerWest, a copy of which is set forth in Appendix D to this Information Circular;

"***Final Order***" means the order of the Court approving the Arrangement to be applied for following the Meeting pursuant to the provisions of Section 186 of the ABCA, as such order may be amended or modified by the highest court to which an appeal may be made;

"***Independent Committee***" means the independent committee of the Board of Directors consisting of Messrs. Vernon L. Horte (Chairman), W. Darcy McKeough and Bruce W. Watson established to consider the fairness of the Arrangement to Numac Shareholders other than Related Parties;

"***Information Circular***" means this Information Circular dated July 19, 1993, together with all appendices hereto and including the summary hereof, distributed by Numac to the Numac Shareholders with respect to the Arrangement and in connection with the Meeting;

"***Interim Order***" means the order of the Court dated July 14, 1993 containing declarations and directions under the ABCA with respect to the Arrangement and the Meeting and issued pursuant to the petition of Numac therefor under the ABCA, a copy of which order is set forth in Appendix B to this Information Circular, including any amendments thereto;

"***Letter of Intent***" means the letter of intent dated May 17, 1993 between Numac and Westcoast, as amended;

"***ME***" means The Montreal Exchange;

"***Meeting***" means the special meeting of Numac Shareholders to be held on August 23, 1993, and any adjournment thereof, as ordered by the Interim Order;

"***Notice of Meeting***" means the notice of the Meeting which accompanies this Information Circular;

"***Notice of Petition***" means the notice of the petition by Numac to the Court for the Final Order which accompanies this Information Circular;

"***Numac***" means Numac Oil & Gas Ltd., a corporation amalgamated under the ABCA;

"***Numac Assets Note***" means a promissory note of Westcoast payable to Numac on demand in the principal amount, subject to adjustment, of that amount which is equal to the fair market value on the Effective Date of Numac's proprietary seismic assets described in Schedule A of the Plan of Arrangement together with interest at the prime rate of interest (expressed as a percentage per annum) from time to time designated by the Canadian Imperial Bank of Commerce as its prime rate for loans in Canadian dollars made by such bank in Canada and changing from time to time as such prime rate is changed by such bank;

"***Numac Common Shares***" means the common shares of Numac;

"***Numac Debentures***" means the $30,000,000 principal amount of 7% Convertible Subordinated Debentures which are convertible into 2,222,222 Numac Common Shares and which were issued by Numac under the Trust Indenture;

"***Numac Energy Inc.***" means Westcoast after giving effect to the Arrangement;

"***Numac Financial Statements***" means the audited financial statements of Numac for the years ended December 31, 1992, 1991, 1990, 1989 and 1988 and the unaudited financial statements of Numac for the three month periods ended March 31, 1993 and 1992;

"***Numac Shareholders***" means the holders from time to time of Numac Common Shares;

"***OSC Policy 9.1***" means Policy Statement No. 9.1 of the Ontario Securities Commission;

"***person***" means any individual, partnership, association, body corporate, trustee, executor, administrator, legal representative, government, regulatory authority or other entity;

"***Plan of Arrangement***" means the plan of arrangement which is annexed as Exhibit 1 to the Arrangement Agreement and any amendment or variation thereto made in accordance with the Arrangement Agreement;

"***PowerWest***" means PowerWest Financial Ltd., an independent financial advisor appointed by the Independent Committee;

"***PowerWest Valuation***" means the valuation of the Numac Common Shares and the Westcoast Common Shares dated July 16, 1993 prepared by PowerWest, a summary of which is set forth in Appendix C to this Information Circular;

"***QSC Policy Q-27***" means Policy Q-27 of the Quebec Securities Commission;

"***Record Date***" means the close of business on July 19, 1993;

"***Registrar***" means the Registrar of Corporations appointed pursuant to Section 253 of the ABCA;

"***Related Party***" or "***Related Parties***" in accordance with OSC Policy 9.1 as it applies to the Arrangement means: (i) a person or company which alone or in combination with others holds a sufficient number of securities or has contractual rights sufficient to affect materially the control of Westcoast; (ii) a person or company in respect of which a person or company referred to in clause (i) alone or in combination with others holds a sufficient number of securities or has contractual rights sufficient to affect materially its control; (iii) a person or company in respect of which Westcoast alone or in combination with others holds a sufficient number of securities or has contractual rights sufficient to affect materially its control; (iv) a person or company who beneficially owns, directly or indirectly, voting securities of Westcoast or who exercises control or direction over voting securities of Westcoast or a combination of both carrying more than 10% of the voting rights attached to all voting securities of Westcoast for the time being outstanding; (v) a director or senior officer of Westcoast or any Related Party of Westcoast (other than the directors and senior officers of Numac who are identified in this Information Circular as beneficially owning, directly or indirectly, or exercising control or direction over, Numac Common Shares who are independent from Westcoast (see "Information Relating to Numac Oil & Gas Ltd. - Directors and Officers")); (vi) any person or company acting jointly or in concert with any person referred to above in connection with the vote to approve the Arrangement at the Meeting; or (vii) an affiliate of any of the foregoing; and for greater certainty, "***Related Party***" includes Yorkville Development Ltd. and Fung Seng Diamond Company Limited;

"***Special Resolution***" means the special resolution of the Numac Shareholders approving the Arrangement in the form set forth in Appendix F to this Information Circular and to be voted upon at the Meeting;

"***Subsidiary***" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate in like relation to a Subsidiary;

"***TSE***" means The Toronto Stock Exchange;

"***Tax Act***" means the *Income Tax Act* (Canada), R.S.C. 1952, c. 148, as amended by S.C. 1970-71-72, c. 63 and as subsequently amended, including the regulations promulgated thereunder;

"***Trust Indenture***" means the trust indenture dated April 15, 1987 between Numac and The Royal Trust Company providing for the issuance of the Numac Debentures;

"***Trustee***" means The Royal Trust Company, at its principal office in Calgary, Alberta, trustee under the Trust Indenture;

"***U.S.***" or "***United States***" means United States of America including the states thereof, the district of Columbia, its territories and possessions;

"***Westcoast***" means Westcoast Petroleum Ltd., a corporation continued under the ABCA;

"***Westcoast Common Shares***" means the common shares of Westcoast as constituted after a share capital reorganization whereby each issued Class "A" Common Share and Class "B" Common Share of Westcoast shall be exchanged for shares of a single class, to be designated as "common shares", on a 1.9 for one basis;

"***Westcoast Consolidated Financial Statements***" means the audited consolidated financial statements of Westcoast for the years ended December 31, 1992, 1991, 1990, 1989 and 1988 and the unaudited consolidated financial statements of Westcoast for the three month periods ended March 31, 1993 and 1992; and

"***Westcoast Shareholders***" means the holders from time to time of Westcoast Common Shares.

Words importing the singular number only include the plural and vice versa and words importing any gender include all genders.

ABBREVIATIONS

The following abbreviations are used in this Information Circular to represent the following terms:

"***Bcf***" means one billion cubic feet;

"***Bbl***" means barrel and "***Bbls***" means barrels;

"***Bbls/day***" means barrels per day;

"***BOE***" means barrels of oil equivalent, with natural gas converted at 10 Mcf of gas per Bbl of oil, unless otherwise stated;

"***Mbbls***" means 1,000 barrels;

"***Mcf***" means 1,000 cubic feet;

"***Mcf/day***" means 1,000 cubic feet per day;

"***Mlt***" means 2,240,000 pounds;

"***MMBTU***" means 1,000,000 British Thermal Units;

"***Mmcf***" means 1,000,000 cubic feet;

"***Mmcf/day***" means 1,000,000 cubic feet per day;

"***NGLs***" means natural gas liquids;

"***WTI***" means West Texas Intermediate, the benchmark crude for pricing purposes; and

"***$000s***" means thousands of dollars.

CONVERSION

The following table sets forth certain standard conversions between Standard Imperial Units and the International System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	cubic metres	28.174
cubic metres	cubic feet	35.494
Bbls	cubic metres	0.159
cubic metres	Bbls	6.289
feet	metres	0.305
metres	feet	3.281
miles	kilometres	1.609
kilometres	miles	0.621
acres	hectares	0.405
hectares	acres	2.471

EXCHANGE RATE OF THE CANADIAN DOLLAR

In this Information Circular, unless otherwise specified, all dollar amounts are expressed in Canadian dollars ("$"). The Government of Canada permits a floating exchange rate to determine the value of the Canadian dollar against the U.S. dollar ("U.S.$"). The exchange rates at the end of each of the five years ending on December 31, 1992, and the average, high and low exchange rates for each of such five years, were as follows (such rates, which are expressed in U.S.

dollars, being the noon buying rates in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York):

	Year Ended December 31				
	1992	1991	1990	1989	1988
At end of period	$0.7867	$0.8654	$0.8618	$0.8612	$0.8384
Average for period [1]	0.8276	0.8728	0.8564	0.8445	0.8151
High for period	0.8773	0.8931	0.8873	0.8651	0.8433
Low for period	0.7726	0.8590	0.8282	0.8267	0.7698

Note:

(1) Based on the average of the exchange rates on the last business day of each month during the period.

During the period from January 1, 1993 to June 30, 1993, such average, high and low exchange rates, respectively, were U.S. $0.7900, U.S. $0.8050 and U.S. $0.7762. As at June 30, 1993, such exchange rate was $1.00 = U.S. $0.7800. The closing spot rate for the U.S. dollar in Canada on June 30, 1993, as reported by the Bank of Canada, was U.S. $1.00 = $1.2820.

PART I - GENERAL PROXY MATTERS

SOLICITATION OF PROXIES

This Information Circular is furnished in connection with the solicitation of proxies by the management of Numac for use at the Meeting, at the time and place and for the purposes set out in the accompanying Notice of Meeting.

Numac will reimburse brokerage houses, custodians, nominees and other fiduciaries for their reasonable charges and expenses incurred in forwarding proxy material to beneficial owners of the Numac Common Shares. Numac has retained the services of RBC Dominion Securities Inc. and Thomson Kernaghan & Co. Ltd. to form and manage a soliciting dealer group to solicit proxies on behalf of Numac from Numac Shareholders in Canada for the Meeting. In consideration of such services, RBC Dominion Securities Inc. and Thomson Kernaghan & Co. Ltd. will receive a management fee. The soliciting dealer group, including RBC Dominion Securities Inc. and Thomson Kernaghan & Co. Ltd., will also be paid a solicitation fee for each proxy in favour of the Special Resolution solicited by a member of the soliciting dealer group of $0.08 for each Numac Common Share represented thereby, subject in all cases to a minimum fee of $30 and a maximum fee of $1,000 for each beneficial holder. Certain Numac Shareholders owning a significant number of shares have been excluded from the solicitation process for solicitation fee purposes. Based on a number of assumptions, Numac estimates that the aggregate fees payable will be approximately $100,000. In addition, Numac has agreed to reimburse RBC Dominion Securities Inc. and Thomson Kernaghan & Co. Ltd. for reasonable out-of-pocket expenses incurred in connection with the solicitation of proxies and to indemnify them in respect of certain liabilities. Proxies may also be solicited by directors, officers or regular employees of Numac, personally or by telephone, without additional compensation. All costs of solicitation will be borne by Numac except, in the event the Arrangement does not become effective, all such costs will be borne by Westcoast.

As at June 30, 1993, there were 33,058,366 Numac Common Shares issued and outstanding. Each outstanding Numac Common Share is entitled to one vote on any ballot at the Meeting. Numac will prepare, as of the Record Date, a list of shareholders entitled to receive the Notice of Meeting and showing the number of Numac Common Shares held by each such shareholder. A Numac Shareholder named in the list is entitled to vote the Numac Common Shares shown opposite his name at the Meeting except to the extent that such holder has transferred the ownership of his Numac Common Shares after the Record Date and the transferee of those shares establishes that he owns the shares and demands, not later than 10 days before the Meeting, that his name be included in the list of shareholders eligible to vote at the Meeting, in which case the transferee will be entitled to vote such Numac Common Shares at the Meeting.

A quorum for the transaction of business at the Meeting is two individuals present in person, each being a shareholder entitled to vote thereat or a duly appointed proxyholder or representative of a shareholder so entitled to vote thereat, who together own or represent issued shares of Numac having not less than one-third of the votes entitled to be cast at the Meeting. The Interim Order provides that, if no quorum is present within 30 minutes of the appointed time for the Meeting, the Meeting shall stand adjourned to a day which is not less than 14 days nor more than 30 days thereafter and that, at such adjourned meeting, those persons present in person or by proxy as persons entitled to vote at such meeting will constitute a quorum for the adjourned meeting.

APPOINTMENT AND REVOCATION OF PROXIES

The persons designated in the accompanying form of proxy are directors of Numac. **A shareholder has the right to appoint some other person, who need not be a shareholder, to represent him at the Meeting and he may exercise this right by crossing out the names of the persons designated and by inserting such other person's name in the blank space provided in the form of proxy.**

In order for a proxy to be effective at the Meeting, it must be mailed so as to reach or be deposited with Numac's Secretary at the head office of Numac, Petroleum Plaza, South Tower, 1400, 9915 -108 Street, Edmonton, Alberta, Canada, T5K 2G8, or at the office of Numac's registrar and transfer agent, The R-M Trust Company, Suite 600, 333 - 7th Avenue S.W., Calgary, Alberta, Canada, T2P 2Z1, not later than 48 hours (excluding Saturdays, Sundays and statutory holidays in the Province of Alberta) prior to the time set for the Meeting or any adjournment thereof.

A shareholder executing a proxy retains the right to revoke it at any time prior to the exercise thereof. Although a shareholder may have given a proxy, he or she may nevertheless attend the Meeting, revoke the proxy and vote in person. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or his attorney authorized in writing and deposited either at the head office of Numac at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used, or with the Chairman of such Meeting on the day of the Meeting.

VOTING OF PROXIES

The accompanying form of proxy affords shareholders an opportunity to specify that the shares registered in their name shall be voted for or against the matters set forth in the form of proxy. The management nominees named in the accompanying form of proxy will vote the shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them on any ballot that may be called for. **In the absence of such directions, such proxies will be voted FOR the Special Resolution. The enclosed form of proxy also confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to any other matters which may properly come before the Meeting.** At the time of printing this Information Circular, management of Numac knows of no such amendments, variations or other matters to come before the Meeting.

Pursuant to the Interim Order, the Special Resolution must be approved by:

(a) 66 2/3% of the votes cast by Numac Shareholders present in person or by proxy at the Meeting; and

(b) a majority of the votes cast by Numac Shareholders present in person or by proxy at the Meeting, other than Related Parties.

PART II - THE ARRANGEMENT

BACKGROUND TO THE ARRANGEMENT

Early this year, Numac's two largest shareholders announced that they had joined an investment consortium which was acquiring 100% of the Westcoast shares effective May 5, 1993. Numac management, in consultation with representatives of those shareholders, examined whether a combination of Westcoast and Numac would benefit all Numac Shareholders. Upon investigation, it became clear that a merger of Numac and Westcoast would be beneficial to both companies and their respective shareholders.

Certain members of the Board of Directors and of Numac management met to discuss the merits of a merger on May 10, 1993. They were joined on the following day by members of Westcoast management to further discuss the operations of their respective companies and the benefits of a merger. A share exchange ratio was negotiated subject to the approval of the respective boards of directors.

On May 17, 1993, the Board of Directors approved the execution and delivery by Numac of the Letter of Intent. Pursuant to the Letter of Intent, Numac and Westcoast agreed to pursue the implementation of a plan of arrangement pursuant to which: (i) firstly, certain assets of Numac would be sold to Westcoast in consideration of the delivery by Westcoast to Numac of a promissory note payable on demand in an amount equal to the fair value of such assets; (ii) secondly, Numac Shareholders would exchange their Numac Common Shares for Westcoast Common Shares on the basis of one Westcoast Common Share for each Numac Common Share held, with appropriate tax elections to be entered into to ensure a tax deferred exchange; and (iii) thirdly, after a time delay to allow the listing of the Westcoast Common Shares upon the appropriate stock exchanges, Westcoast and Numac would be amalgamated to continue as one corporation.

Numac and Westcoast agreed that the Letter of Intent constituted an expression of intention only and did not create any legal obligation between the parties. Westcoast acknowledged that the Board of Directors of Numac would be appointing an independent committee to consider the proposed arrangement and that Numac could, at any time, terminate the Letter of Intent upon the recommendation of such independent committee.

The Letter of Intent was subsequently amended on May 19, 1993 and June 1, 1993 to extend the time for the performance of certain obligations, which have now been performed.

On June 23, 1993, Numac and Westcoast entered into the Arrangement Agreement. Under the Arrangement Agreement, Numac and Westcoast agreed to the Plan of Arrangement which provides for the transfer of Numac's proprietary seismic assets to Westcoast and the exchange of Numac Common Shares for Westcoast Common Shares. The parties determined not to proceed with the amalgamation of Numac and Westcoast until January 2, 1994. See "The Arrangement - Post Arrangement".

DETAILS OF THE ARRANGEMENT

The following is a summary only and reference should be made to the full text of the Arrangement Agreement and the Plan of Arrangement set forth in Appendix A to this Information Circular.

The Arrangement Agreement

The Arrangement Agreement establishes the Plan of Arrangement which provides for:

(a) an asset transfer whereby all right, title and interest of Numac in and to Numac's proprietary seismic assets described in Schedule A of the Plan of Arrangement and valued at approximately $4,000,000 will be sold, assigned and transferred to Westcoast and Numac will receive from Westcoast the Numac Assets Note; and

(b) a share exchange whereby all right, title and interest of the Numac Shareholders (other than Numac Shareholders who exercise their right of dissent) in and to Numac Common Shares will be sold, assigned and transferred to Westcoast and Numac Shareholders will be entitled to receive one Westcoast Common Share for each Numac Common Share held.

Conditions to the Arrangement

The respective obligations of Numac and Westcoast to complete the transactions contemplated by the Plan of Arrangement are subject to a number of conditions which must be satisfied in order for the Arrangement to become effective. These conditions are described in the Arrangement Agreement and require that:

(a) the Special Resolution shall have been passed at the Meeting in accordance with the Interim Order;

(b) the Final Order shall have been granted in form and substance satisfactory to Numac and Westcoast, acting reasonably;

(c) the Articles of Arrangement relating to the Arrangement shall be in form and substance satisfactory to Numac and Westcoast, acting reasonably;

(d) there shall have been no action taken under any existing law or regulation, nor any statute, rule or regulation that:

    (i) makes it illegal or prohibits the Arrangement or any other transactions contemplated by the Arrangement Agreement;

    (ii) results in a judgment relating to the transactions contemplated by the Arrangement Agreement;

    (iii) prohibits Westcoast's or Numac's ownership or operation of the business or assets of Numac or compels Westcoast or Numac to dispose of or hold separately all or any portion of the business or assets of Numac or Westcoast or the Numac Common Shares; or

(iv) imposes material limitations on the ability of Westcoast to effectively exercise full rights of ownership of the Numac Common Shares;

(e) Numac and Westcoast shall have obtained all consents required in connection with the transactions contemplated by the Arrangement Agreement on terms reasonably satisfactory to Numac and Westcoast, including approval under the *Investment Canada Act*;

(f) the Director of Investigation and Research appointed under the *Competition Act* (Canada) shall not have opposed or threatened to oppose the transaction contemplated by the Arrangement Agreement nor made or threatened to make an application under Part VIII of the *Competition Act* (Canada) in respect of the transaction contemplated by the Arrangement Agreement;

(g) the Board of Directors shall have determined, in accordance with the requirements of the Key Employee Stock Option Incentive Plan effective December 10, 1992 (the "Plan"), that the Numac Common Shares to be acquired upon the exercise of options granted or to be granted under the Plan be adjusted by substituting for the right to acquire Numac Common Shares the right to acquire Westcoast Common Shares on a one for one basis and Westcoast shall have agreed to so issue Westcoast Common Shares upon the exercise of such options;

(h) a supplemental indenture to the Trust Indenture, in a form acceptable to The Royal Trust Company or its successor, shall have been entered into by Numac, Westcoast and The Royal Trust Company or its successor providing for Westcoast's agreement to perform and observe all of the covenants and obligations of Numac under the Trust Indenture;

(i) the name of Westcoast shall have been changed to "Numac Energy Inc.";

(j) the Westcoast Common Shares shall have been conditionally approved for listing on the TSE, ME and AMEX, subject to the filing of required documentation which shall be in the possession of Westcoast on the Effective Date;

(k) the Board of Directors and the Independent Committee shall have made an affirmative recommendation that the Numac Shareholders approve the Arrangement; and

(l) holders of not more than 5% of the Numac Common Shares shall have exercised rights of dissent in relation to the Arrangement.

The Arrangement Agreement also provides certain conditions for the benefit of Numac and Westcoast, respectively, including that the respective representations and warranties of the parties to the Arrangement Agreement shall be true and correct as of the Effective Date, that no material adverse change in their business and financial condition shall have occurred and that certain opinions with respect to legal matters shall have been received. There is no assurance that the conditions will be satisfied on a timely basis.

Upon all of the conditions being fulfilled or waived, Numac is required to file a copy of the Final Order and the Articles of Arrangement with the Registrar in order to give effect to the Arrangement.

Notwithstanding the foregoing, the Special Resolution authorizes the Board of Directors, without further notice to or approval of Numac Shareholders and subject to the terms of the Arrangement Agreement, to amend the Arrangement or to decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the ABCA. See Appendix F to this Information Circular for the full text of the Special Resolution.

Termination and Amendment of Arrangement Agreement

Either Numac or Westcoast may terminate the Arrangement Agreement at any time prior to the Effective Date, upon notice to the other party but without further notice to, or action on the part of, its shareholders if:

(a) the Numac Shareholders do not approve the Arrangement in accordance with the terms of the Interim Order;

(b) the Final Order has not been granted in form and substance satisfactory to such party on or before September 15, 1993; or

(c) the Arrangement has not become effective on or before September 30, 1993.

The Arrangement Agreement may, at any time before or after the holding of the Meeting, be amended by written agreement of Numac and Westcoast without further notice to or authorization on the part of their respective shareholders. However, notwithstanding the foregoing, the number of Westcoast Common Shares which Numac Shareholders are entitled to receive pursuant to the Arrangement may not be reduced without the approval of the Numac Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

PURPOSE AND BENEFITS OF THE ARRANGEMENT

There are a number of benefits which are anticipated to result from the Arrangement. It is expected that these benefits will assist Numac in achieving its major strategic objectives by expanding Numac's production and reserves base through lower cost and lower risk investment, maintaining Numac's competitive advantage in the cost of doing business and increasing Numac's effective working interest and the number of operated properties. In particular, Numac believes that the Arrangement will provide the following strategic benefits:

(a) a significantly enhanced western Canadian oil and gas asset base with operational, financial and staff synergies that will result in improved exploration and exploitation investment opportunities and continued performance as a low cost producer;

(b) the formation of a company that will have a significantly increased cash flow allowing for a larger and more aggressive capital reinvestment program, which is a significant competitive advantage in the capital intensive oil and gas industry;

(c) enhanced utilization of Numac's tax pools;

(d) international joint venture exploration opportunities that will complement the company's domestic exploration program. Westcoast currently has exploration activity in Libya and Indonesia. The increase in capital expenditures will allow the combined company to expand its international activity as opportunities arise; and

(e) the formation of a company with a larger capitalization thereby enhancing the ability to raise capital in both domestic and international markets.

The following map illustrates the degree of operational synergy that will result from the Arrangement.

Numac is strongly focused on the exploration and development of light oil from the Granite Wash, Slave Point and Wabamun zones of the east Peace River Arch, which includes Sawn, Red Earth, Utikuma, Kitty, Gift and Otter. Westcoast is active in this area in the Otter field where both companies have significant acreage. Westcoast has drilled several horizontal wells in the past year at Otter using technology suitable to the geologically complex Granite Wash zone. Results have been encouraging. Numac holds large tracts of producing acreage at Red Earth, Sawn, Gift and Utikuma to which horizontal technology may be applicable.

Both Numac and Westcoast hold significant natural gas land positions in northeast British Columbia. They also share interests in several natural gas fields in the area. Numac and Westcoast each hold a 39% working interest in the Tommy Lakes project, and the companies share interests in producing lands at Gold Creek (Elmworth) and Silver. The northeast British Columbia gas area is enhanced by Westcoast's recent drilling successes at Fort Nelson and Sahtaneh.

Westcoast holds significant interests in oil-producing fields in central and southern Alberta such as Ferrier, Crystal, Joffre, Cyn-Pem, Suffield and Grand Forks. These complement Numac's interests at Caroline and West Pembina.

Westcoast also holds interests in Saskatchewan at Hatton which provide a dependable shallow gas play. The Elswick oil field in Saskatchewan, operated by Westcoast, also provides opportunities for horizontal drilling.

Total land overlap between the two companies amounts to 143,000 gross (44,000 net) acres, of which 29% is classified as producing acreage.

WESTCOAST & NUMAC FOCUS AREAS

POST ARRANGEMENT

Following the completion of the Arrangement, Numac will be a wholly-owned subsidiary of Westcoast, which will then be called Numac Energy Inc.

Prior to the Effective Date, the shareholders of Westcoast will appoint the board of directors of Numac Energy Inc. It is anticipated that the board will include representatives from the current boards of directors of Numac and Westcoast.

It is also anticipated that the board of directors of Numac Energy Inc. will appoint Mr. Stewart D. McGregor as Chairman of the board of directors, Mr. Irvine J. Koop as President and Chief Executive Officer and Mr. Stephen J. Letwin as Senior Vice President, Finance and Chief Financial Officer of Numac Energy Inc. The board of directors will also review the staff of the combined company, with the objective of appointing officers of Numac Energy Inc. shortly following the completion of the Arrangement.

It is presently expected that Numac Energy Inc. will amalgamate with Numac under the ABCA on January 2, 1994.

Although a comprehensive corporate strategy has not been finalized, certain components regarding the corporate direction of Numac Energy Inc. are as follows:

(a) the significantly larger cash flow as a result of the Arrangement will allow for a more aggressive capital reinvestment program, primarily in the Western Canadian Basin. For 1993 and 1994, the Western Canadian Basin capital program will be equally divided between natural gas and oil, with the expectation of an overall greater emphasis on natural gas through the remaining part of the decade;

(b) in the short term, the primary oil exploration focus will be in central and northern Alberta, where the company's combined land base will provide significant opportunities. The primary objective will be Devonian-age reef complexes. Gas exploration will be primarily focused in northeastern British Columbia, where Numac Energy Inc. will have significant land holdings. This includes areas such as Fort Nelson and Sahtaneh and Monkman and Honeymoon Creek (the Triassic Foothills play);

(c) the primary exploitation/development focus will be on lower risk exploitation of the existing producing properties, by drilling adjacent to the current producing properties and also by using horizontal drilling in areas such as Otter, Gift and Sawn. Red Earth and Utikuma will be reviewed to determine if horizontal drilling will increase production from present reservoirs or add additional reserves. Emphasis will be placed on the development of approximately 70 million BOE of proved undeveloped and probable reserves to maximize shareholder value and to fully optimize the upside potential of over one million net acres of undeveloped acreage;

(d) Numac Energy Inc. will also pursue joint venture opportunities outside of Canada. The capital expenditure program will allow the company to expand its international activity to four or five areas as opportunities arise. The focus will be on oil exploration and exploitation opportunities. Numac Energy Inc. will have exploration activity in Libya and Indonesia, which includes a 12 well drilling program in Libya commencing in July 1993;

(e) both Numac and Westcoast are low-cost producers. Numac Energy Inc. plans to maintain and further improve upon this position by drawing upon both operational and administrative efficiencies to reduce costs and enhance shareholder value;

(f) Numac Energy Inc. will increase its emphasis on the natural gas marketing functions in order to maximize production and prices from present and future reserves. This will tie in with the company's strategy which will emphasize the development of its proved undeveloped and probable reserves;

(g) Numac Energy Inc. intends to continue the asset rationalization program on non-core assets which both Numac and Westcoast have been pursuing. The emphasis will be on replacing non-core properties with core properties which have upside potential and higher margins; and

(h) Numac Energy Inc. will continue to prudently manage its debt levels and debt costs.

The board of directors of Numac Energy Inc. will finalize a corporate strategy and long-term business plan once the Arrangement is complete.

EFFECT OF THE ARRANGEMENT UPON SECURITY HOLDERS

After the Arrangement, Numac will be a wholly-owned subsidiary of Westcoast (which will then be called Numac Energy Inc.) and the former shareholders of Numac (other than the Numac Shareholders who exercise their right of dissent) will be shareholders of Westcoast. Assuming all Numac Shareholders exchange their Numac Common Shares for Westcoast Common Shares pursuant to the Arrangement, there will be approximately 83,624,000 Westcoast Common Shares issued and outstanding (not including the 2,222,222 Westcoast Common Shares issuable upon the conversion of the Numac Debentures or the 1,006,000 Westcoast Common Shares issuable to holders of options to acquire Westcoast Common Shares). Former holders of Numac Common Shares will hold approximately 33,058,000 Westcoast Common Shares representing 40% of the issued and outstanding Westcoast Common Shares. To the best knowledge of the directors and senior officers of Numac, the following companies will be the only persons or companies that will beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the issued and outstanding Westcoast Common Shares after giving effect to the Arrangement:

Name of Beneficial Owner and Municipality of Residence	Number of Westcoast Common Shares Owned	Percentage of Westcoast Common Shares Owned
Bonelli International Limited Hong Kong	11,978,630(1)	14.3%
Fairview Development Limited Hong Kong	11,978,630(2)	14.3%
Kortran Development Limited Hong Kong	11,978,630	14.3%
Teeman International Limited Hong Kong	11,978,630	14.3%

Notes:

(1) Bonelli International Limited is controlled by Mr. Doo Yuek Poo, who also controls Fung Seng Diamond Company Limited. After giving effect to the Arrangement, Fung Seng Diamond Company Limited will own 4,800,000 Westcoast Common Shares, or 5.7% of the issued and outstanding Westcoast Common Shares, and will own $15,000,000 principal amount of Numac Debentures convertible into 1,111,111 Westcoast Common Shares, being 1.3% of the issued and outstanding Westcoast Common Shares.

(2) Fairview Development Limited is controlled by Dr. Cheng Yu Tung, who also controls Yorkville Development Limited. After giving effect to the Arrangement, Yorkville Development Limited will own 8,246,700 Westcoast Common Shares, being approximately 9.8% of the issued and outstanding Westcoast Common Shares.

For information as to the present holdings of the above-noted persons and their relationship to each other, see "Information Relating to Numac Oil & Gas Ltd. - Principal Holders of Numac Common Shares" and "Information Relating to Westcoast Petroleum Ltd. - Principal Holders of Westcoast Common Shares".

After the Arrangement and as required by the Trust Indenture, the Numac Debentures will be direct unsecured obligations of Westcoast. Numac, Westcoast and The Royal Trust Company or its successor will have entered into a supplemental indenture amending the Trust Indenture to provide for the assumption by Westcoast of Numac's covenants and obligations under the Trust Indenture. However, Numac will have released its right to be discharged from its obligations under the Trust Indenture and will, together with Westcoast, be jointly and severally liable for the payment when due of the Numac Debentures and the performance of all other obligations under the Trust Indenture, excepting only that the Numac Debentures will be convertible into Westcoast Common Shares.

As required by Numac's Key Employee Stock Option Incentive Plan (see "Information Relating to Numac Oil & Gas Ltd. - Stock Option Plan"), the Board of Directors has adjusted the shares to be acquired after the Arrangement upon the exercise of options granted or to be granted under the Plan by substituting for the right to acquire Numac Common Shares the right to acquire Westcoast Common Shares on a one for one basis.

PROCEDURE FOR THE ARRANGEMENT TO BECOME EFFECTIVE

Procedural Steps

The Arrangement is proposed to be carried out pursuant to Section 186 of the ABCA. The following procedural steps must be taken in order for the Arrangement to become effective:

(a) the Arrangement must be approved by the Numac Shareholders in the manner set forth in the Interim Order;

(b) the Court must grant the Final Order approving the Arrangement;

(c) all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and

(d) the Final Order and Articles of Arrangement in the form prescribed by the ABCA must be filed with the Registrar.

Numac Shareholder Approval

The Interim Order provides that the Special Resolution is required to be approved by at least 66 2/3% of the votes cast by the Numac Shareholders present in person or by proxy at the Meeting and by a majority of the votes cast by the Numac Shareholders, other than Related Parties, present in person or by proxy at the Meeting. The latter shareholder approval requirement satisfies the "majority of the minority" approval requirement set forth in OSC Policy 9.1 and QSC Policy Q-27. See "Other Legal Matters - OSC Policy 9.1 and QSC Policy Q-27".

Court Approval

Interim Order

On July 14, 1993, Numac obtained the Interim Order providing for the calling and holding of the Meeting and other procedural matters. The Interim Order is attached as Appendix B to this Information Circular.

Final Order

The ABCA provides that an Arrangement requires Court approval. Subject to the terms of the Arrangement Agreement and, if the Special Resolution is approved at the Meeting in the manner required by the Interim Order, Numac will make application to the Court for the Final Order at the Court House, 611 - 4th Street S.W., Calgary, Alberta on August 30, 1993 at 1:30 p.m. (Calgary time) or as soon thereafter as counsel may be heard. The Notice of Petition for the Final Order accompanies this Information Circular. Any shareholder or other interested party who wishes to participate or be represented at the hearing may do so, subject to filing with the Court and serving on Numac, a Notice of Intention to Appear on or before August 20, 1993, together with any evidence or materials which are to be presented to the Court, setting out the shareholder's or other interested party's mailing address for service and indicating whether such shareholder or other interested party intends to support or oppose the petition or make submissions. Service of such notice on Numac shall be effected by service upon the solicitors for Numac, Messrs. Bennett Jones Verchere, Barristers and Solicitors, 4500, 855 - 2nd Street S.W., Calgary, Alberta T2P 4K7, Attention: Mr. James G. Smeltzer. See "Notice of Petition".

Numac has been advised by its counsel, Bennett Jones Verchere, that the Court has broad discretion under the ABCA when making orders with respect to an Arrangement and that the Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the Arrangement. The Court may approve the Arrangement either as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court may determine appropriate. Either Numac or Westcoast may determine not to proceed with the Arrangement in the event that any amendment ordered by the Court is not satisfactory to it.

The Final Order will constitute the basis for an exemption from the registration requirements of the *Securities Act of 1933*, as amended, of the United States with respect to the Westcoast Common Shares to be issued in exchange for Numac Common Shares pursuant to the Arrangement. See "Other Legal Matters - Resale of Westcoast Common Shares".

Regulatory Approvals

The Arrangement requires the approval of certain regulatory authorities. The Arrangement Agreement provides that these approvals are conditions precedent to the Arrangement becoming effective. Application has been made or is intended to be made to such authorities prior to the Effective Date in order to obtain all approvals required with respect to the Arrangement.

Stock Exchange Listings

The TSE and ME have conditionally approved the listing of the Westcoast Common Shares subject to compliance with requirements of such exchanges which are expected to be met on the Effective Date or as soon as reasonably practicable thereafter. AMEX has approved the listing of the Westcoast Common Shares on the exchange subject to official notice of issuance and approval of the Arrangement by the Numac Shareholders.

Investment Canada Act

Westcoast has applied to Investment Canada for Ministerial approval under the *Investment Canada Act* of the transactions contemplated by the Arrangement Agreement on terms and conditions satisfactory to Westcoast. Ministerial approval must be obtained prior to the Effective Date.

Competition Act

Westcoast and Numac will apply for the issuance of an advance ruling certificate by the Director appointed under the *Competition Act* (Canada) to the effect that he is satisfied that he would not have sufficient grounds upon which to apply to the Competition Tribunal for a review of the transactions contemplated by the Arrangement Agreement. The Director's approval must be obtained prior to the Effective Date.

INDEPENDENT COMMITTEE PROCEEDINGS

The Independent Committee

At meetings held on May 17 and June 22, 1993, the Board of Directors authorized an independent committee of its members to consider, within the terms of reference discussed below, the arrangement transaction proposed by Numac and Westcoast. The members of the Independent Committee are Messrs. Vernon L. Horte (Chairman), W. Darcy McKeough and Bruce W. Watson. No member of the Independent Committee is an employee, insider, associate or affiliate of Westcoast or has held any such position within the previous five years. None of the members of the Independent Committee will benefit from the Arrangement in a manner that is different from the Numac Shareholders, excluding Related Parties, nor will any such member have a material interest in Numac or Westcoast in the event the Arrangement becomes effective.

At the meetings held on May 17 and June 22, 1993, the Board of Directors gave the Independent Committee the mandate to:

(a) consider and review the proposed Plan of Arrangement and advise the Board of Directors whether the Arrangement is in the best interests of Numac and fair to the Numac Shareholders and security holders of Numac other than Related Parties; and

(b) consider, and if deemed appropriate, make such recommendations to the Board of Directors with respect to the foregoing matters as the Independent Committee considers appropriate.

In connection with the foregoing, the Independent Committee was authorized to meet with and obtain advice from any and all persons, including officers and employees of Numac and the legal, accounting, financial and other advisors and consultants of Numac, as the Independent Committee considered necessary or desirable and to retain, on such terms and conditions as approved by the Independent Committee and at the expense of Numac, such independent advisors as the Independent Committee considered necessary or desirable.

Appointment of Independent Valuer

The Independent Committee retained PowerWest to provide, in accordance with OSC Policy 9.1, a formal valuation of the shares of each of Westcoast and Numac in connection with the Arrangement and a fairness opinion in respect of the Arrangement and to provide financial advice to the Independent Committee.

PowerWest was retained to perform these services for the Independent Committee on the basis of its expertise in such matters. PowerWest is an independent oil and gas financial services company offering advisory and capital related services to investors, corporations and governments. PowerWest provides services related only to the oil and gas business, including private client investment research for institutional, corporate and government clients and corporate advisory services in the areas of restructuring, mergers, acquisition, divestments, valuations and fairness opinions. PowerWest and its principals have participated in a significant number of transactions involving oil and gas producing companies and have participated in a significant number of transactions involving fairness opinions and valuations of Canadian private and publicly traded oil and gas companies.

PowerWest represented to the Independent Committee that it was not an insider, associate or affiliate of Westcoast or Numac, that neither it nor any of its affiliates were acting as an advisor to Westcoast or Numac in connection with the Arrangement and that neither it nor any of its affiliates have ever acted as an advisor to Westcoast or Numac or their respective affiliates in connection with any prior transactions except that PowerWest acted as a financial advisor to the independent committee of the board of directors of Canadian Roxy in relation to a $10 million sale and leaseback by Canadian Roxy to Westcoast of certain tangible property in early 1993. In connection with such transaction, PowerWest evaluated the financial impact of the sale and leaseback on the value of Canadian Roxy. At the time of selecting PowerWest, the Independent Committee reviewed PowerWest's prior relationship with Numac, Westcoast and Canadian Roxy. Based on representations of PowerWest to the Independent Committee as to its prior relationship with Numac, Westcoast and Canadian Roxy and as to the absence of any understandings, commitments or agreements with Numac, Westcoast, Canadian Roxy or their respective affiliates with respect to future business dealings, the Independent Committee determined that PowerWest was a qualified independent valuer having regard to the provisions of OSC Policy 9.1. In addition, based upon information available to the Independent Committee and after due inquiry, the Independent Committee was satisfied that PowerWest meets the criteria of independence and qualification prescribed in QSC Policy Q-27.

Pursuant to an engagement letter dated June 1, 1993, Numac agreed to pay PowerWest an aggregate fee of $150,000, with certain portions of such fee payable upon execution of the engagement letter, upon delivery to the Independent Committee of a preliminary valuation report and upon delivery to the Independent Committee of the PowerWest Valuation and the Fairness Opinion. Numac also agreed to reimburse PowerWest for reasonable out-of-pocket expenses, including reasonable legal fees, charges and disbursements, and agreed to indemnify PowerWest in respect of certain liabilities which may be incurred by PowerWest in connection with the engagement.

The compensation of PowerWest is not dependent in whole or in part on any agreement or understanding which gives PowerWest or any of its affiliates a financial incentive in respect of the conclusions of PowerWest reached in the valuation of the shares of Westcoast and Numac or in the outcome of the Arrangement, and PowerWest has no financial interest, outside the ordinary course of its business as an oil and gas financial services company, in Westcoast, Numac or their respective affiliates.

Deliberations of the Independent Committee

The Independent Committee considered the Arrangement over a period extending from May 20, 1993 to July 19, 1993. Since May 20, 1993, the Independent Committee has met formally on six occasions in connection with its assignment from the Board of Directors. The following is a summary of the deliberations of the Independent Committee.

At its initial meeting on May 20, 1993, the Independent Committee appointed Mr. Vernon L. Horte as the Chairman of the Independent Committee. Legal counsel for Numac reported to the Independent Committee on the relevance and potential applicability of OSC Policy 9.1 to the transaction which could impose a valuation requirement and a requirement for approval of the transaction by a majority of the Numac Shareholders, other than Related Parties. At its meeting held on May 17, 1993, the Board of Directors had authorized Mr. Stewart McGregor, President and Chief Executive Officer of Numac, to solicit proposals from financial advisors to provide valuations of the shares of both Numac and Westcoast and a fairness opinion. Proposals from nine firms were received and were summarized for the Independent Committee at the May 20, 1993 meeting. The Independent Committee did not choose a financial advisor, determining instead that it should wait until the matter could be discussed with independent legal counsel.

At a meeting on May 25, 1993, the Independent Committee retained Macleod Dixon, Barristers and Solicitors, as its legal counsel and such counsel reviewed with the Independent Committee members the requirements of OSC Policy 9.1 with respect to selection of financial advisors. The Independent Committee discussed the scope of the work the financial advisors might be requested to perform and reviewed the written proposals received from various financial advisors. After considering the written proposals, the qualifications and the degree of independence of the prospective financial advisors, the Independent Committee invited three firms to make presentations to the Independent Committee on May 25 and 26, 1993. Following these presentations and after further consideration of the qualifications and independence of each financial advisor, the Independent Committee decided on May 26, 1993 to retain PowerWest as its financial advisor to provide valuations of the shares of both Numac and Westcoast in accordance with OSC Policy 9.1 and a fairness opinion in respect of the proposed Arrangement.

At a meeting on June 15, 1993, legal counsel discussed with the members of the Independent Committee memoranda outlining the mandate of the Independent Committee and the duties and responsibilities of members of the Independent Committee. At such meeting, the Independent Committee reviewed with PowerWest the work it had carried out to date and the scope of information relating to Numac and Westcoast being made available to it. Legal counsel also reviewed for the members of the Independent Committee the provisions of the Trust Indenture relating to the Numac Debentures.

On June 16, 1993, the Independent Committee interviewed Messrs. Stewart D. McGregor, President and Chief Executive Officer of Numac, and Dale J. Hohm, Vice-President, Treasurer and Corporate Secretary of Numac, to discuss the background to and reasons for the Arrangement and to answer due diligence questions presented by the Independent Committee.

At a meeting on June 23, 1993, the Independent Committee met with PowerWest and received a detailed presentation on the preliminary valuation analysis of PowerWest relating to the shares of each of Numac and Westcoast and preliminary fairness considerations. The Independent Committee reviewed with PowerWest the scope of its work, the assumptions upon which such work was based and the basis of the preliminary conclusions of PowerWest.

PowerWest provided members of the Independent Committee with a draft valuation report and a draft fairness opinion on June 30, 1993. Following a review of such drafts, the Independent Committee met with PowerWest on July 5, 1993 to further discuss with PowerWest the valuation methodology and conclusions set forth in such drafts. The Independent Committee was satisfied that PowerWest had prepared the valuations using valuation approaches and analysis which were appropriate in the circumstances and, therefore, that the Independent Committee could rely on the valuations and fairness opinion in making its determinations and recommendations to the Board of Directors. At such meeting, the Independent Committee also considered the structure of the transaction and legal counsel reviewed the terms of the Arrangement and the Arrangement Agreement and the approvals required to implement the Arrangement. The Independent Committee finalized its recommendations which it presented to the Board of Directors on July 6, 1993.

On July 16, 1993, the Independent Committee received the final valuation prepared by PowerWest and the Fairness Opinion and on July 19, 1993 the Independent Committee presented its final report to the Board of Directors.

Recommendation of the Independent Committee

On July 6, 1993, following receipt of advice from legal counsel, the Independent Committee advised the Board of Directors that, subject to receipt of a final valuation report and fairness opinion from PowerWest confirming the views expressed in its draft reports, it was unanimously of the opinion that the Arrangement is in the best interests of Numac and is fair to Numac Shareholders and holders of Numac Debentures, in each case other than Related Parties, and that the Board of Directors should recommend that Numac Shareholders vote in favour of the Arrangement. On July 19, 1993, the Independent Committee delivered its final report to the Board of Directors which final report confirmed that the Independent Committee had received the final valuation report and fairness opinion of PowerWest confirming the views previously expressed by PowerWest to the Independent Committee and reaffirmed the opinions expressed by the Independent Committee to the Board of Directors on July 6, 1993.

The Independent Committee formulated its recommendation on the basis of factors which included the following:

(a) the PowerWest Valuation;

(b) the Fairness Opinion in which PowerWest has advised the Independent Committee that in its opinion the Arrangement is fair from a financial point of view to Numac Shareholders and to holders of Numac Debentures, in each case other than Related Parties;

(c) the Arrangement will result in a combined company ranking among the 20 largest oil and gas companies in Canada and as a result the combined company will have an increased market presence and should be able to undertake projects that Numac alone would not be able to undertake. The larger size will also give greater flexibility in respect of future financing opportunities;

(d) for the Arrangement to become effective, it would require:

   (i) approval by 66 2/3% of the votes cast by Numac Shareholders as well as approval by a majority of the votes cast by Numac Shareholders other than Related Parties; and

   (ii) approval of the Court following consideration by it of the fairness of the Arrangement; and

(e) Numac Shareholders have dissent and appraisal rights under the Interim Order entitling them to be paid the fair value of their Numac Common Shares.

The Independent Committee attached the greatest relative weight to the PowerWest Valuation and Fairness Opinion.

POWERWEST VALUATION

The following is a summary of the valuation delivered by PowerWest to the Independent Committee which is qualified in its entirety by the summary of the PowerWest Valuation included as Appendix C to this Information Circular. **Numac Shareholders are urged to read the PowerWest Valuation in its entirety**. The entire valuation prepared by PowerWest is available for inspection by Numac Shareholders during normal business hours at Numac's head office, Petroleum Plaza, South Tower, 1400, 9915 - 108 Street, Edmonton, Alberta T5K 2G8 up to and including the Effective Date. A copy of the entire valuation prepared by PowerWest will be sent to any registered Numac Shareholder upon payment of $20 to cover postage and printing costs.

The valuation prepared by PowerWest is dated July 16, 1993 and is effective as of March 31, 1993. In its analysis, PowerWest considered both the corporate sale valuation approach, in which values are established on the basis of valuation parameters reflected in private transaction markets, and going concern valuation approaches, in which values are estimated on the basis of valuation parameters reflected in equity markets. In PowerWest's opinion, the corporate sale approach is most appropriate in valuing the companies for corporate transactions and, accordingly, this approach receives the most emphasis in PowerWest's conclusions on values.

In its conclusions on values PowerWest also considered qualitative information including, among other things, measures of risk, measures of financial performance and qualitative characteristics of the asset bases of both companies. A summary of the range of values for Numac and Westcoast from the PowerWest Valuation is provided below:

	$ per Share	
	Numac	Westcoast
Corporate Sale Approach	$4.00 to $4.70	$4.80 to $5.60
Going Concern Approaches		
- Cash Flow Multiples	$5.60 to $7.10	$7.25 to $9.60
- Premium to Net Asset Value	$5.60 to $7.20	$6.50 to $8.50

FAIRNESS OPINION

In its Fairness Opinion, PowerWest concluded, on the basis of the valuation prepared by PowerWest and other assumptions and considerations, that the Arrangement is fair from a financial point of view to Numac Shareholders and holders of Numac Debentures, in each case other than Related Parties. A copy of the Fairness Opinion is attached to this Information Circular as Appendix D. **The Fairness Opinion describes the matters considered, assumptions made and the review undertaken by PowerWest and should be read in its entirety.**

In the Fairness Opinion, PowerWest considered a number of factors relative to the fairness of the Arrangement. The fairness of the transaction to the Numac Shareholders other than Related Parties is ultimately determined by the ratio of the number of Westcoast Common Shares offered for each Numac Common Share. Based on the relative values for Numac Common Shares and Westcoast Common Shares as determined in the PowerWest Valuation using the corporate sale approach, the range of implied exchange ratios was 0.7 to 1.0 Westcoast Common Share per Numac Common Share, as compared to the offer of 1.0 in the proposed Arrangement. Other benefits of the Arrangement to the Numac Shareholders include, among other things, that they will become shareholders of a larger and financially stronger company, possible income tax advantages through more efficient utilization of tax pools and possible corporate and operational efficiencies.

With respect to the Numac Debentures, all of the principal terms will remain unchanged as a result of the Arrangement with the exception that the Numac Debentures will become obligations of both Westcoast and Numac, on a joint and several basis, and will be convertible into Westcoast Common Shares rather than Numac Common Shares. As the interest coverage and asset value coverage of the Numac Debentures will increase in the merged company, the credit quality of the Numac Debentures will improve. Although the conversion right in the Numac Debenture is not of significant value, the value is unchanged or possibly enhanced by the replacement of such conversion right with a similar right to convert into Westcoast Common Shares.

RECOMMENDATION OF THE BOARD OF DIRECTORS

At a meeting of the Board of Directors of Numac held on July 6, 1993, the Independent Committee presented a report to the Board of Directors detailing the determinations and recommendations of the Independent Committee. After discussion of the matter, and after considering the report of the Independent Committee and the factors considered therein (including the valuation prepared by PowerWest and the Fairness Opinion), the Board of Directors, subject to receipt of the final valuation report and fairness opinion of PowerWest confirming the views previously expressed to the Independent Committee, unanimously adopted the Independent Committee's recommendations, determined that the Arrangement is in the best interests of Numac and fair to the Numac Shareholders who are not Related Parties and authorized the submission of the Arrangement to the Numac Shareholders for approval and to the Court for the Final Order. At a meeting of the Board of Directors held on July 19, 1993, the Independent Committee confirmed to the Board of Directors that it had received the final valuation prepared by PowerWest and the Fairness Opinion and reaffirmed the opinions expressed by the Independent Committee to the Board of Directors on July 6, 1993. The Board of Directors unanimously reaffirmed its adoption of the Independent Committee's recommendations.

The Board of Directors unanimously recommends that the Numac Shareholders vote FOR the Special Resolution.

In view of the fact that the Arrangement involves Westcoast, those directors of Numac who are also directors of Westcoast or who, directly or indirectly, own an interest in Westcoast, abstained from voting in respect of the foregoing matters. Each of such directors concurred with the determinations and recommendations of the Board of Directors and expressed his support of the Arrangement.

SELECTED PRO FORMA INFORMATION RELATING TO NUMAC ENERGY INC.

The following sets forth selected information relating to Numac, Westcoast and Numac Energy Inc. More detailed information in respect of Numac and Westcoast is set forth under "Information Relating to Numac Oil & Gas Ltd." and "Information Relating to Westcoast Petroleum Ltd.". In addition, attached as Appendix E to this Information Circular are pro forma consolidated financial statements of Numac Energy Inc. after giving effect to the Arrangement and certain other adjustments.

Selected Pro Forma Consolidated Financial Information

The following table sets out certain consolidated financial information for Numac and Westcoast as at and for the three month period ended March 31, 1993 and for Numac Energy Inc. on a pro forma basis as at and for the three month period ended March 31, 1993 after giving effect to the Arrangement and certain other adjustments. **The following information should be read in conjunction with the Pro Forma Consolidated Financial Statements of Numac Energy Inc. set forth in Appendix E to this Information Circular.**

	As at and for the Three Months Ended March 31, 1993 (unaudited)		
	Westcoast	Numac	Pro Forma Consolidated
		(thousands of dollars[1])	
Production and pipeline revenue	$ 35,979	$ 12,686	$ 48,665
Net earnings	1,836	2,110	3,467
per share			0.04
Funds generated from operations	17,917	7,264	24,352
per share			0.29
Total assets	557,313	263,498	705,885
Long-term debt (net of cash)	126,140	61,000	187,140
Shareholders' equity	249,336	151,805	409,437
Financial ratios:			
Long-term debt (net of cash) to funds generated from operations[2]	1.8 : 1.0	2.1 : 1.0	1.9 : 1.0
Long-term debt (net of cash) to shareholders' equity	0.5 : 1.0	0.4 : 1.0	0.5 : 1.0

Notes:

(1) Except per share amounts and financial ratios
(2) Based on funds generated from operations on an annualized basis

Selected Pro Forma Consolidated Operational Information

The following table sets out certain operational information for Numac and Westcoast and for Numac Energy Inc. on a pro forma basis after giving effect to the Arrangement. Complete information is set forth under "Information Relating to Numac Oil & Gas Ltd." and "Information Relating to Westcoast Petroleum Ltd."

	Westcoast	Numac	Pro Forma Consolidated
Undeveloped landholdings (Net Acres as at March 31, 1993)			
Canada	784,050	267,387	1,051,437
International	1,060,503	--	1,060,503
	1,844,553	267,387	2,111,940
Production (before royalties, three months ended March 31, 1993)			
Crude oil and NGLs (Bbls/day)	13,784	4,449	18,233
Natural gas (Mmcf/day)	87.3	28.1	115.4
Proved reserves (before royalties, as at December 31, 1992)			
Crude oil and NGLs (Mbbls)	36,902	14,354	51,256
Natural gas (Mmcf)	383,297	142,400	525,697

The following table sets out the capitalization of Numac and Westcoast as at March 31, 1993 together with the pro forma capitalization of Numac Energy Inc. as at March 31, 1993 after giving effect to the Arrangement and certain other adjustments. **The following information should be read in conjunction with the Pro Forma Consolidated Financial Statements set forth in Appendix E to this Information Circular.**

	As at March 31, 1993 (unaudited)		
	Westcoast	Numac	Pro Forma Consolidated
		(thousands of dollars)	
LONG-TERM DEBT			
7% Convertible Subordinated Debentures	$ --	$ 30,000	$ 30,000
Long-term bank debt	148,983	31,000	179,983
	$148,983	$ 61,000	$209,983
SHAREHOLDERS' EQUITY	$249,336	$151,805	$409,437

PRIOR VALUATIONS

To the knowledge of Westcoast and Numac, there are no "prior valuations", as that term is defined in OSC Policy 9.1 and QSC Policy Q-27, of either Westcoast or Numac or their respective material assets or securities prepared in the last 24 months other than the PowerWest Valuation prepared in connection with the Arrangement, the most current reports evaluating the revenues attributable to the properties of Numac and Westcoast and those valuations referred to below. See "The Arrangement - PowerWest Valuation".

In a report dated February 14, 1992, Coles Gilbert evaluated the reserves attributable to the properties of Numac, other than its MacKenzie Delta, Surmont and Liege properties, as at December 31, 1991. Subject to the assumptions and qualifications set forth therein, Coles Gilbert estimated the gross Numac share of proved and probable additional reserves of crude oil and natural gas liquids to be 18.9 million barrels and of natural gas to be 230.5 Bcf and estimated the before tax present value of the future net production revenue therefrom, based on Coles Gilbert's then current escalating price assumptions and including the present worth value of 100% of probable additional reserves, to be $799.9 million, $289.9 million, $206.0 million and $156.3 million on an undiscounted basis and discounted at 10%, 15% and 20%, respectively.

In a report dated November 25, 1991, Coles Gilbert evaluated the reserves attributable to the properties of Westcoast and Canadian Roxy as at October 1, 1991. Subject to the assumptions and qualifications set forth therein, Coles Gilbert estimated the gross Westcoast and Canadian Roxy (100%) share of proved and probable additional reserves of crude oil and natural gas liquids to be 62.3 million barrels and of natural gas to be 659.4 Bcf and estimated the before tax present value of the future net production revenue therefrom, based on Coles Gilbert's then current escalating price assumptions and including the present worth value of 100% of probable additional reserves, to be $2,834.5 million, $894.5 million, $625.0 million and $470.7 million on an undiscounted basis and discounted at 10%, 15% and 20%, respectively.

In a report dated April 29, 1992, Coles Gilbert evaluated the reserves attributable to the properties of Westcoast and Canadian Roxy as at July 1, 1992. Subject to the assumptions and qualifications set forth therein, Coles Gilbert estimated the gross Westcoast and Canadian Roxy (100%) share of proved and probable additional reserves of crude oil and natural gas liquids to be 57.7 million barrels and of natural gas to be 666.4 Bcf and estimated the before tax present value of the future net production revenue therefrom, based on Coles Gilbert's then current escalating price assumptions and including the present worth value of 100% of probable additional reserves, to be $2,439.9 million, $831.3 million, $592.1 million and $451.7 million on an undiscounted basis and discounted at 10%, 15% and 20%, respectively.

While the reports referred to above may be of some historical relevance, they may be misleading in the context of assessing the Arrangement. In particular, the pricing assumptions used in such reports are out of date compared to the pricing assumptions used in the most current reports referred to under "Information Relating to Numac Oil & Gas Ltd. - Business of Numac - Reserves" and "Information Relating to Westcoast Petroleum Ltd. - Business of Westcoast - Reserves".

Copies of the prior valuations are available for inspection during normal business hours at the head office of Numac located at Petroleum Plaza, South Tower, 1400, 9915 - 108 Street, Edmonton, Alberta, Canada T5K 2G8 up to and including the Effective Date. A copy of any of the aforesaid reports will be sent to a Numac Shareholder upon payment of a nominal charge to cover photocopying and postage costs.

In December 1991, Numac announced that a consortium of overseas investors led by Dr. Cheng Yu Tung proposed to purchase for $70 million the securities of Numac owned by Consolidated Enfield Corporation consisting of 10,789,900 Numac Common Shares and $15 million principal amount of Numac Debentures. The transaction closed on March 31, 1992.

On May 5, 1993, 6,804,099 Class "A" Common Shares and 19,741,344 Class "B" Common Shares, then representing all of the issued and outstanding shares of Westcoast, were sold by Westcoast Energy Inc. to five purchasers for an aggregate consideration of $247.5 million pursuant to an agreement made February 16, 1993 between Bonelli International Limited, Fairview Development Limited, Kortran Development Limited, Teeman International Limited, Top & Top Promotion Limited, Westcoast Energy Inc. and Westcoast Petroleum Inc. Such agreement was arrived at pursuant to arm's length negotiations between the parties.

INTERESTS OF INSIDERS IN THE ARRANGEMENT AND INTENTIONS OF SUCH INSIDERS

To the best knowledge of the management of Numac, the principal holders of Numac Common Shares who beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the issued and outstanding Numac Common Shares are Yorkville Development Ltd., Fung Seng Diamond Company Limited and MacKenzie Financial Corporation. In addition, Fung Seng Diamond Company Limited owns $15,000,000 principal amount of Numac Debentures. See "Information Relating to Numac Oil & Gas Ltd. - Principal Holders of Numac Common Shares". Yorkville Development Ltd. and Fung Seng Diamond Company Limited have indicated that they intend to vote their Numac Common Shares in favour of the Special Resolution at the Meeting.

Certain principal shareholders of Numac are also, indirectly, principal shareholders of Westcoast and certain directors of Numac are also directors of Westcoast.

Yorkville Development Limited, the holder of approximately 24.95% of the issued and outstanding Numac Common Shares, and Fairview Development Limited, the holder of approximately 23.69% of the issued and outstanding Westcoast Common Shares, are controlled by Dr. Cheng Yu Tung of Hong Kong. Fung Seng Diamond Company Limited, the holder of approximately 14.52% of the issued and outstanding Numac Common Shares and $15,000,000 principal amount of Numac Debentures (convertible into 1,111,111 Numac Common Shares), and Bonelli International Limited, the holder of approximately 23.69% of the issued and outstanding Westcoast Common Shares, are controlled by Mr. Doo Yuek Poo of Hong Kong. After giving effect to the Arrangement, Dr. Cheng Yu Tung and Mr. Doo Yuek Poo, respectively, will control approximately 24.19% and 20.07% of the issued and outstanding Westcoast Common Shares. See "Information Relating to Numac Oil and Gas Ltd. - Principal Holders of Numac Common Shares" and "Information Relating to Westcoast Petroleum Ltd. - Principal Holders of Westcoast Common Shares." Yorkville Development Limited and Fung Seng Diamond Company Limited, will, in respect of their shareholdings of Numac, be treated in the same manner pursuant to the Arrangement as all of the holders of Numac Common Shares. Each of these shareholders have indicated that they intend to vote their Numac Common Shares in favour of the Special Resolution to approve the Arrangement at the Meeting. The Interim

Order provides that the Special Resolution is required to be approved by at least 66 2/3% of the votes cast by the Numac Shareholders present in person or by proxy at the Meeting and by a majority of the votes cast by the Numac Shareholders present in person or by proxy at the Meeting other than Related Parties. The shareholdings of Yorkville Development Limited and Fung Seng Diamond Company Limited wili be excluded in the latter determination as Related Parties.

Messrs. Douglas W. T. Chan, Michael C. M. Pei and Daniel K. K. Lam are directors of Numac and Westcoast. Such individuals do not own beneficially, directly or indirectly, or exercise control or direction over, any Numac Common Shares.

Mr. Lam is a Vice-President and Director of Thomson Kernaghan & Co. Ltd., the financial adviser to Westcoast in respect of the Arrangement. See "Information Relating to Numac Oil & Gas Ltd. - Directors and Officers" and "Information Relating to Westcoast Petroleum Ltd. - Directors and Officers".

Directors and officers of Numac, and associates of such directors and officers, as a group, beneficially own, directly or indirectly, or exercise control or direction over, 1,717,024 Numac Common Shares, representing approximately 5.2% of the issued and outstanding Numac Common Shares. The management of Numac understands that each of the directors and officers intends to vote such shares in favour of the Special Resolution at the Meeting.

Directors and officers of Westcoast, and associates of such directors and officers, as a group, do not beneficially own, directly or indirectly, or exercise control or direction over, any Numac Common Shares.

None of the principal holders of Numac Common Shares or any director or officer of Numac, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any transaction in the last three years or any proposed transactions that have materially affected, or will materially affect, Numac or any of its affiliates except as disclosed above or elsewhere in this Information Circular.

CANADIAN FEDERAL INCOME TAX CONSEQUENCES

General

The tax discussion set forth below is included for general information only. It is not intended to be, nor should it be construed to be, legal or tax advice to any particular Numac Shareholder. Accordingly, Numac Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the Arrangement including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

In the opinion of Bennett Jones Verchere, counsel for Numac, the following is a fair and adequate summary of the principal Canadian federal income tax consequences generally applicable to a Numac Shareholder under the Arrangement who, for the purposes of the Tax Act:

(i) holds his Numac Common Shares as capital property;

(ii) deals at arm's length with Westcoast at all times up to and including the completion of the Arrangement; and

(iii) following the completion of the Arrangement will not, either alone or together with any person with whom he does not deal at arm's length, control Westcoast or beneficially own shares of Westcoast having a fair market value in excess of 50% of the fair market value of all outstanding shares of Westcoast.

In general, Numac Common Shares will be considered capital property where the holder is neither a trader nor dealer in securities, does not hold his shares in the course of the carrying on of a business and is not engaged in an adventure in the nature of trade in respect thereof. In certain limited circumstances, Numac Common Shares which would not otherwise qualify as capital property to a holder will be deemed to so qualify if the holder has made an irrevocable election in respect of all "Canadian securities", as defined in the Tax Act, held or to be held by him.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the "Regulations"), and counsel's understanding of the current administrative practices of Revenue Canada. The summary takes into account specifically proposed amendments to the Tax Act and the Regulations publicly announced by the Minister of Finance prior to the date hereof but does not otherwise take into account or anticipate any changes in income tax law or administrative practice. The summary is not exhaustive of all Canadian federal income tax considerations nor does it take into account any provincial, territorial or foreign tax considerations, which considerations may significantly differ from those discussed herein.

Numac Shareholders Resident in Canada

Numac Shareholders who do not dissent to the Arrangement will be deemed to have disposed of their Numac Common Shares on the exchange for Westcoast Common Shares and to have acquired their Westcoast Common Shares for an amount equal to the adjusted cost base to them of their Numac Common Shares immediately prior to the exchange unless they choose to report a capital gain or a capital loss in respect of such disposition.

Numac Shareholders are cautioned that persons who hold their Numac Common Shares otherwise than as capital property, who do not deal at arm's length with Westcoast or who may, either alone or together with other persons with whom they do not deal at arm's length, either control Westcoast following the Arrangement or beneficially own shares of Westcoast which have a fair market value in excess of 50% of the fair market value of all outstanding shares of Westcoast will not be deemed to have disposed of their Numac Common Shares, and to have acquired their Westcoast Common Shares, on the aforementioned basis and that, absent availing themselves of the election described below, such persons must report a gain or loss, as the case may be, in respect of the disposition of their Numac Common Shares.

Numac Shareholders, other than shareholders mentioned in the preceding paragraph, may also choose to have the disposition of their Numac Common Shares treated as having occurred for proceeds equal to the fair market value of the Westcoast Common Shares received. Such choice must be made by reporting a capital gain or a capital loss in their return under the Tax Act for their taxation year which includes the implementation of the Arrangement. In those circumstances, a Numac Shareholder's capital gain or capital loss, as the case may be, will be the amount by which the fair market value of the Westcoast Common Shares received exceeds, or is exceeded by, the aggregate of the adjusted cost base of the Numac Common Shares disposed of and any reasonable costs associated with the disposition and he will be deemed to have acquired his Westcoast Common Shares for an amount equal to their fair market value. A Numac Shareholder will be required to include in income for the taxation year of the disposition three-quarters of the amount of any such capital gain (a "taxable capital gain") and will generally be able to deduct three-quarters of the amount of any such capital loss (an "allowable capital loss") against taxable capital gains realized by the Numac Shareholder in the current taxation year, in any of the three preceding taxation years or in any future taxation year. Where a Numac Shareholder is a corporation, the amount of any capital loss otherwise determined resulting from the disposition of Numac Common Shares may be reduced by the amount of dividends previously received to the extent and under the circumstances described in the Tax Act. Similar rules apply where the Numac Shareholder is a partnership or trust with corporate partners or beneficiaries.

Individuals (other than most trusts) resident in Canada throughout the taxation year in which the Arrangement is implemented may be entitled to offset all or a portion of any taxable capital gain realized with the unused portion of their cumulative lifetime exemption. In general, such exemption is available to offset the taxable portion of up to $100,000 of cumulative net capital gains realized after 1984. The availability of the exemption may be restricted to the extent that an individual Numac Shareholder has a cumulative net investment loss for the year in which the Arrangement is effective. The exemption is also subject to a number of other qualifications and restrictions and the recognition of capital gains and the use of the capital gains exemption may increase the amount of alternative minimum tax that a Numac Shareholder may be subject to. Numac Shareholders are urged to consult their own professional advisers to determine the consequences to them of the recognition of a capital gain under the Arrangement.

Westcoast has agreed that it will jointly elect with any former Numac Shareholder under subsection 85(1) of the Tax Act so as to permit such person to elect an amount, not less than the adjusted cost base to him of the Numac Common Shares and not in excess of the fair market value of the Numac Common Shares at the time of the disposition, which amount will be regarded as the proceeds of disposition of the Numac Common Shares and the cost of the Westcoast Common Shares acquired by the Numac Shareholder. A capital gain (or capital loss) will therefore be realized to the extent that the proceeds (the elected amount) deemed to have been received for the Numac Common Shares, net of any reasonable costs associated with the disposition, exceed (or are less than) the adjusted cost base to the Numac Shareholder of such Numac Common Shares. A Numac Shareholder will be required to include in income any such capital gain or capital loss in the manner and subject to the rules described above.

Procedure in Relation to Elections

Numac Shareholders who wish to make an election under subsection 85(1) of the Tax Act should obtain from any Revenue Canada District Taxation Office two copies of the necessary election form. **It will be the responsibility of each Numac Shareholder who wishes to make an election under subsection 85(1) of the Tax Act to complete all portions of both copies of the form which are relevant to him, especially the number of Numac Common Shares disposed of and the agreed amount, to sign the forms where required and to forward the signed forms to Westcoast. Thereafter the forms will be signed by Westcoast and returned by Westcoast to the Numac Shareholder for filing with Revenue Canada, Taxation. Numac Shareholders should consult**

their own tax advisors to determine whether any separate election forms must be filed with any provincial taxing authority.

Each Numac Shareholder who wishes to make an election under subsection 85(1) of the Tax Act, or under any provincial legislation, should submit the necessary election forms to Westcoast as soon as possible. Westcoast will not be liable for any loss or damage resulting from the late filing of any election form received by Westcoast more than 30 days after the date of disposition of the Numac Common Shares or from the invalidation of any election form unless such invalidation is solely attributable to any act or omission of Westcoast.

Dissenting Numac Shareholders

Numac Shareholders who dissent to the Arrangement and receive the fair value of their Numac Common Shares will be considered to have disposed of their Numac Common Shares to Numac on the Effective Date of the Arrangement. To the extent that the amount ultimately paid to a dissenting Numac Shareholder exceeds the paid up capital of his Numac Common Shares, this amount will be excluded from the former holder's proceeds of disposition for the purposes of computing any taxable capital gain or, generally speaking, any allowable capital loss on disposition and will be deemed to be a taxable dividend paid by Numac to such dissenting Numac Shareholder. If the dissenting Numac Shareholder is a resident of Canada, the deemed dividend will be treated in the same manner as if he had received a regular taxable dividend from Numac. In certain circumstances, corporations or trusts or partnerships which have corporations as beneficiaries or partners, may be denied a capital loss in respect of their Numac Common Shares to the extent that any dividends have, or have been deemed to have, been received thereon.

Numac Shareholders Not Resident in Canada

The following is a general summary of the principal Canadian federal income tax considerations under the Tax Act generally applicable to Numac Shareholders who, for the purposes of the Tax Act, have not been resident in Canada at any time while they held their Numac Common Shares, hold their Numac Common Shares as capital property and do not use or hold, and are not deemed to use or hold, their Numac Common Shares in, or in the course of, carrying on a business in Canada.

Non-resident Numac Shareholders will only be subject to Canadian taxation in respect of capital gains on their Numac Common Shares if such shares constitute "taxable Canadian property" to them. In general, Numac Common Shares will not be taxable Canadian property unless the holder has, either alone or together with persons with whom he does not deal at arm's length, owned in excess of 25% of the issued shares of any class or series of the capital stock of Numac at any time in the prior five years, or if the Numac Common Shares were acquired in certain tax deferred exchanges. If Numac Common Shares constitute taxable Canadian property to a particular holder and such holder otherwise qualifies for the tax deferred exchanges described above in respect of Canadian resident holders, such holder will be treated in substantially the same manner as a Canadian resident shareholder. Dissenting Numac Shareholders who are not resident in Canada will be subject to withholding taxes at the rate of 25% in respect of any dividend deemed to have been received by them as a consequence of exercising the right to dissent. The rate of withholding may be reduced to the extent that the holder is resident in a jurisdiction in respect of which Canada has a subsisting income tax convention.

The foregoing refers only to the principal Canadian federal income tax considerations under the Tax Act generally applicable to Numac Shareholders who are not Canadian residents. Accordingly, non-resident Numac Shareholders are advised to consult their tax advisors to determine the particular tax consequences to them of the Arrangement in the jurisdiction in which they are resident.

Holding and Disposing of Westcoast Common Shares

A Westcoast Shareholder who is resident in Canada or is a non-resident who holds his Westcoast Common Shares as taxable Canadian property who disposes of or is deemed to dispose of Westcoast Common Shares will realize a capital gain (or a capital loss) to the extent that the proceeds so received, net of any reasonable costs associated with the disposition, exceed (or are less than) the adjusted cost base of the Westcoast Common Shares so disposed of. A Westcoast Shareholder will be required to include in income any such capital gain or capital loss in the manner and subject to the rules described above. In the case of a Westcoast Shareholder who is an individual (other than a trust), any such capital gain may be eligible for the cumulative lifetime capital gains exemption and may be subject to alternative minimum tax as described above.

Holders of Numac Debentures

Holders of Numac Debentures should not be considered to have disposed of their Numac Debentures as a result of Numac having entered into a supplemental indenture which makes Westcoast a joint and several obligor for the purposes of the Numac Debentures and provides for the right to convert (on a one for one basis) the Numac Debentures into Westcoast Common Shares instead of Numac Common Shares. Whether and to what extent such amendments to the terms of the Numac Debentures will constitute a taxable benefit to holders of Numac Debentures is a question of fact. However, having regard to the financial condition of Numac, the Fairness Opinion and the terms of the conversion privilege, counsel is of the opinion that any such benefit is unlikely to be viewed by Revenue Canada as material. If a holder of a Numac Debenture converts his Numac Debenture into Westcoast Common Shares prior to the proposed amalgamation of Numac and Westcoast such holder will be considered to have disposed of his Numac Debenture for proceeds of disposition equal to the fair market value of the Westcoast Common Shares received.

U.S. FEDERAL INCOME TAX CONSEQUENCES

The following summary of the principal U.S. Federal income tax consequences of the Arrangement has been prepared by Sullivan & Cromwell, U.S. counsel for Numac. No rulings have been or will be requested from the U.S. Internal Revenue Service with respect to the matters discussed herein. Furthermore, there are no authoritative precedents involving transactions similar to the Arrangement and the planned amalgamation (the "Amalgamation") of Numac and Numac Energy Inc.

This summary does not address all aspects of U.S. Federal income taxation that may be relevant to Numac Shareholders who are U.S. residents or are otherwise subject to U.S. Federal income tax (see the definition of "U.S. Taxpayer" below); nor does this summary address the effect of any applicable U.S. state or local tax laws, or the tax laws of any jurisdiction outside the United States, other than Canada. **This discussion does not apply to any U.S. Taxpayer that owns (actually or constructively) 5% or more of the total voting power or total value of the stock of Numac Energy Inc. immediately after the Amalgamation; special rules may apply to such U.S. Taxpayers. Numac Shareholders that are U.S. Taxpayers are urged to consult their own tax advisors as to the precise Federal, state, local, and other tax consequences of the Arrangement.**

In the opinion of Sullivan & Cromwell, based in part on certain representations to be made by Numac and Westcoast, the Arrangement and the Amalgamation separately and together will constitute a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and the principal U.S. Federal income tax consequences of the Arrangement to a U.S. Taxpayer that exchanges its Numac Common Shares for Westcoast Common Shares pursuant to the Arrangement, and is deemed to exchange its Westcoast Common Shares for Numac Energy Inc. shares pursuant to the Amalgamation, will be as follows: (1) no gain or loss will be recognized on either exchange; (2) the aggregate tax basis of the Westcoast Common Shares received pursuant to the Arrangement will be the same as the aggregate tax basis of the Numac Common Shares surrendered in exchange therefor, and the aggregate tax basis of the Numac Energy Inc. shares deemed to be received pursuant to the Amalgamation will be the same as the aggregate tax basis of the Westcoast Common Shares deemed surrendered in exchange therefor; and (3) the holding period of the Westcoast Common Shares received pursuant to the Arrangement will include the holding period of the Numac Common Shares deemed exchanged therefor, provided such Numac Common Shares were held as capital assets, and the holding period of the Numac Energy Inc. shares received pursuant to the Amalgamation will include the holding period of the Westcoast Common Shares deemed exchanged therefore, provided such Westcoast Common Shares were held as capital assets.

Any U.S. Taxpayer that successfully asserts its dissenter's rights in connection with the Arrangement and, as a result thereof, receives cash for the value of its Numac Common Shares, will recognize a gain or loss in an amount equal to the difference between the amount of cash and the U.S. Taxpayer's basis in its Numac Common Shares. For purposes of determining the amount of such gain or loss, amounts paid in Canadian dollars will be translated into U.S. dollars by reference to the exchange rate on the date the U.S. Taxpayer accrues or otherwise takes into account the receipt of cash (the "booking date"). Any such gain or loss will be a capital gain or loss if the Numac Common Shares were held as capital assets. The U.S. Taxpayer also may recognize ordinary income or loss under Section 988 of the Code if there is a difference between the exchange rate on the booking date and the exchange rate on the date the cash is paid.

U.S. Taxpayers should be entitled to claim a foreign tax credit, subject to certain limitations, for any Canadian income taxes paid as a result of the Arrangement.

There generally should not be any U.S. Federal income tax consequences from the Arrangement to a Numac Shareholder that is not a U.S. Taxpayer.

As used in this section, the term "U.S. Taxpayer" means (i) an individual who is either a citizen or resident of the United States; (ii) a corporation created or organized under the laws of the United States or of any political subdivision thereof; (iii) an estate or trust the income of which is subject to U.S. Federal income tax regardless of its source; (iv) a non-resident individual who is present in the United States for 183 days or more during the relevant taxable year and has either (a) a tax home for U.S. Federal income tax purposes in the United States, or (b) an office or other fixed place of business in the United States to which gain from any sale or exchange of Numac Common Shares would be attributable; or (v) a foreign entity or non-resident individual whose gain or loss from any sale or exchange of Numac Common Shares would be subject to U.S. Federal income tax as effectively connected with a U.S. trade or business or permanent establishment.

RIGHT OF DISSENT

The following description of the right of dissenting shareholders is not a comprehensive statement of the procedures to be followed by a dissenting shareholder who seeks payment of the fair value of his shares and is qualified in its entirety by the reference to the full text of the Interim Order and Section 184 of the ABCA which are attached to this Information Circular as Appendix B and G, respectively. A Numac Shareholder who intends to exercise his right of dissent and appraisal should carefully consider and comply with the provisions of that Section, as modified by the Interim Order. Failure to comply with the provisions of that Section, as modified by the Interim Order and to adhere to the procedures established therein may result in the loss of all rights thereunder.

The Court hearing the application for the Final Order has the discretion to alter the rights of dissent described herein based on the evidence presented at such hearing.

Under the Interim Order, a Numac Shareholder is entitled, in addition to any other right he may have, to dissent and to be paid by Numac the fair value of the Numac Common Shares held by him in respect of which he dissents, determined as of the close of business on the last business day before the day on which the resolution from which he dissents was adopted. A Numac Shareholder may dissent only with respect to all of the shares held by him or on behalf of any one beneficial owner and registered in the dissenting shareholder's name. Persons who are beneficial owners of Numac Common Shares registered in the name of a broker, custodian, nominee or other intermediary who wish to dissent, should be aware that only the registered owner of such shares is entitled to dissent.

A dissenting Numac Shareholder must send to Numac a written objection to the Special Resolution, which written objection must be received by the Corporate Secretary of Numac at the registered office of Numac or the Chairman of the Meeting at or before the Meeting. A Numac Shareholder wishing to exercise the right to dissent with respect to his Numac Common Shares shall not vote those shares at the Meeting, either by the submission of a proxy or by personally voting. An application may be made to the Court to fix the fair value of the dissenting shareholder's Numac Common Shares after the Effective Date. If an application to the Court is made by either Numac or a dissenting Numac Shareholder, Numac must, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay him an amount considered by the Board of Directors to be the fair value of the Numac Common Shares. The offer, unless the Court otherwise orders, will be sent to each dissenting Numac Shareholder at least 10 days before the date on which the application is returnable, if Numac is the applicant, or within 10 days after Numac is served with notice of the application, if a Numac Shareholder is the applicant. The offer will be made on the same terms to each dissenting Numac Shareholder and will be accompanied by a statement showing how the fair value was determined.

A dissenting Numac Shareholder may make an agreement with Numac for the purchase of his Numac Common Shares by Numac in the amount of Numac's offer (or otherwise) at any time before the Court pronounces an order fixing the fair value of the Numac Common Shares.

A dissenting Numac Shareholder is not required to give security for costs in respect of an application and, except in special circumstances, will not be required to pay the costs of the application or appraisal. On the application, the Court will make an order fixing the fair value of the Numac Common Shares of all dissenting Numac Shareholders who are parties to the application, giving judgment in that amount against Numac and in favour of each of those dissenting Numac Shareholders, and fixing the time within which Numac must pay that amount payable to the dissenting Numac Shareholders. The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting Numac Shareholder calculated from the date on which the shareholder ceases to have any rights as a Numac Shareholder until the date of payment.

On the Arrangement becoming effective, or upon the making of an agreement between Numac and the dissenting Numac Shareholder as to the payment to be made by Numac to the dissenting Numac Shareholder, or upon the pronouncement of a Court order, whichever first occurs, the Numac Shareholder will cease to have any rights as a shareholder other than the right to be paid the fair value of the Numac Common Shares in the amount agreed to between Numac and the Numac Shareholder or in the amount of the judgment, as the case may be. Until one of these events occurs, the Numac Shareholder may withdraw his dissent, or Numac may rescind the Special Resolution and in either event, the dissent and appraisal proceedings in respect of that Numac Shareholder will be discontinued.

The Arrangement Agreement provides that it is a mutual condition to the obligations of Numac and Westcoast to complete the Arrangement that holders of not more than 5% of the issued and outstanding Numac Common Shares exercise their right of dissent as described above. See "Details of the Arrangement - The Arrangement Agreement".

TIMING

If the Meeting is held and the Special Resolution is approved as required by the Interim Order, Numac will apply to the Court for the Final Order approving the Arrangement. If the Final Order is obtained on August 30, 1993 in form and substance satisfactory to Numac and Westcoast and all other conditions specified in the Arrangement Agreement are satisfied or waived, Numac expects the Effective Date will be August 31, 1993. It is not possible, however, to specify exactly when the Effective Date will occur. Numac and Westcoast may terminate the Arrangement Agreement in which case the Arrangement will not become effective. See "The Arrangement - Details of the Arrangement".

The Arrangement will become effective upon the filing with the Registrar of a copy of the Final Order and the Articles of Arrangement.

Numac's objective is to have the Effective Date occur as soon as practicable after the Meeting. The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order. As soon as the Effective Date has been determined, Numac will issue a press release.

EXCHANGE OF SHARE CERTIFICATES

Exchange of Numac Common Shares

After the Effective Date, registered holders of Numac Common Shares (other than those Numac Shareholders who have dissented in accordance with the Interim Order) will be deemed to be registered holders of Westcoast Common Shares to which they are entitled under the Arrangement and share certificates representing Numac Common Shares shall represent only the right to receive certificates for Westcoast Common Shares.

If the Arrangement becomes effective, then as soon as practicable after the Effective Date the Depositary will forward or cause to be forwarded a letter of transmittal to each holder of Numac Common Shares of record on the Effective Date (other than those Numac Shareholders who have dissented in accordance with the Interim Order). Each Numac Shareholder will be entitled to exchange such holder's certificates formerly representing Numac Common Shares for certificates representing Westcoast Common Shares upon delivering such certificates, a duly completed letter of transmittal and such other documents as the Depositary may reasonably require, to the Depositary, or as the Depositary may otherwise direct in accordance with the instructions contained in the letter of transmittal. The Depositary shall register the Westcoast Common Shares in the name of each Numac Shareholder or as otherwise instructed in the letter of transmittal, and shall deliver such Westcoast Common Shares as each such holder may direct in such letter of transmittal, as soon as practicable after receipt by the Depositary of such documents.

After the Effective Date, the Numac Shareholders will not be entitled to any interest, dividend, premium or other payment on or with respect to the Numac Common Shares other than the Westcoast Common Shares which they are entitled to receive in exchange for their Numac Common Shares pursuant to the Arrangement.

Failure to Forward Letters of Transmittal and to Deposit Certificates

Pursuant to the terms of the Plan of Arrangement, any certificates formerly representing Numac Common Shares that are not deposited with the Depositary together with a duly completed letter of transmittal and any other documents the Depositary reasonably requires, on or before the sixth anniversary of the Effective Date, shall cease to represent a right or claim of any kind or nature and the right of the holder of such Numac Common Shares to receive Westcoast Common Shares shall be deemed to be surrendered to Westcoast together with all interest, dividends or distributions thereon held for such holder.

EXPENSES OF THE ARRANGEMENT

The costs to be incurred by Numac relating to the Arrangement including, without limitation, proxy solicitation, financial advisory, accounting and legal fees, the preparation and printing of this Information Circular and other out-of-pocket costs associated with the Meeting are estimated to be approximately $750,000. The costs to be incurred by Westcoast relating to the Arrangement including, without limitation, financial advisory, accounting and legal fees, the preparation of the Information Circular and listing fees payable to the TSE, ME and AMEX are estimated to be approximately $500,000. All such costs will be capitalized.

OTHER LEGAL MATTERS

OSC Policy 9.1 and QSC Policy Q-27

The Arrangement is a "related party transaction" subject to the requirements of OSC Policy 9.1 and QSC Policy Q-27. OSC Policy 9.1 and QSC Policy Q-27 generally require that public companies engaged in certain transactions follow prescribed guidelines and consider certain recommendations set forth therein relating to disclosure, valuations, shareholder approval and the discharge of the responsibilities of board of directors of issuers involved in such transactions.

Resale of Westcoast Common Shares

The Westcoast Common Shares to be issued in exchange for Numac Common Shares pursuant to the Arrangement will generally be freely tradeable (other than as a result of any "control block" restrictions which may arise by virtue of the ownership thereof) under applicable securities laws of the provinces and territories of Canada.

The Westcoast Common Shares to be issued to former holders of Numac Common Shares pursuant to the Arrangement will not be registered under the *Securities Act of 1933* of the United States, as amended (the "Securities Act"), in reliance upon the exemption from registration provided by Section 3(a)(10) of the Securities Act. Westcoast Common Shares issued to a former holder of Numac Common Shares who is not an "affiliate" of Numac or of Westcoast may be resold without restriction under the Securities Act if so issued in respect of Numac Common Shares that are not "restricted". An "affiliate" of Numac or Westcoast is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, Numac or Westcoast, as the case may be. "Restricted" Numac Common Shares are those that were acquired directly or indirectly from Numac or an affiliate of Numac in a transaction or chain of transactions not involving any public offering.

Numac Shareholders resident in the United States and other Numac Shareholders residing elsewhere than in Canada exchanging their Numac Common Shares for Westcoast Common Shares are urged to consult their legal advisors to determine the extent of all applicable resale provisions.

Legal Developments

Section 186 of the ABCA provides that, where it is not practicable for a corporation to effect an arrangement under any other provision of the ABCA, the corporation may apply to a Court for an order approving the arrangement proposed by such corporation. Pursuant to this section of the ABCA, such an application will be made by Numac for approval of the Arrangement. There have been a number of judicial decisions considering this Section and its application. However, there have not been, to the knowledge of Numac, any recent significant decisions.

Apart from earlier jurisprudence in relation to conflicts of interest in connection with the consideration or implementation of a transaction by a corporation, counsel to Numac is not aware of any legal decisions with respect to the requirements of OSC Policy 9.1 and QSC Policy Q-27 in relation to "related party transactions".

Shareholders should consult their legal advisors with respect to the legal rights available to them in relation to the Arrangement.

PART III - INFORMATION RELATING TO NUMAC OIL & GAS LTD.

NUMAC

Numac was incorporated under the laws of the Province of Alberta by Certificate of Incorporation dated March 15, 1963. Numac was continued under the ABCA on February 25, 1985. In 1990, the articles of Numac were amended to increase the maximum number of directors from eight to nine. By Certificate of Amalgamation dated January 1, 1991, Numac was amalgamated with its wholly-owned subsidiary, Giant Reef Petroleums Limited, pursuant to Section 178 of the ABCA and continued to operate under the name Numac Oil & Gas Ltd.

The registered and head offices of Numac are located at 1400, 9915 - 108th Street, Edmonton, Alberta T5K 2G8.

RECENT DEVELOPMENTS

Over the past two years, Numac has been engaged in an intensive capital program to develop proven hydrocarbon reserves at Tommy Lakes in northeast British Columbia and at Caroline in west-central Alberta. Natural gas production from Tommy Lakes commenced November 1, 1992 at the rate of over 6 Mmcf/day net to Numac's interest. Production at Caroline commenced in early March of this year. When the Caroline plant is fully operational, it is expected to add 1,460 barrels of NGLs per day, 2.9 Mmcf of natural gas per day and 126 long tons of sulphur per day to Numac's production volumes. In total, Numac's natural gas production volumes are anticipated to increase over 40% in 1993 to 30 Mmcf/day.

Effective January 1, 1992 Numac disposed of its interest in shallow gas reserves at Surmont in northern Alberta for cash proceeds of $7.5 million. Proved reserves of 18.0 Bcf and probable additional reserves of 10.3 Bcf were attributed to this property.

On March 26, 1993, Numac closed the sale of its interest in the Midwest uranium orebody in northern Saskatchewan. Numac recorded a pre-tax gain on the sale of $1.7 million in the first quarter of 1993. Cash proceeds of $5.35 million have been used to reduce bank indebtedness and further strengthen Numac's balance sheet.

BUSINESS OF NUMAC

Numac is engaged in exploration, development and production of crude oil, natural gas and related hydrocarbons in Alberta, British Columbia, Saskatchewan and the MacKenzie Delta area of the Northwest Territories and the oil sands of northeastern Alberta. Almost all of these properties consist of acreage acquired from the federal and provincial governments in the form of reservations, permits, leases and licenses. Numac's operations are dependent upon its ability to cost effectively:

- acquire interests in unproved crude oil and natural gas prospective lands by lease, option, concession or otherwise;
- discover or acquire hydrocarbon reserves; and
- produce crude oil and natural gas in commercial quantities.

Over the past two years, Numac has focused its resources on completing the development of two of its largest properties. The Tommy Lakes gas field in northeast British Columbia came on stream November 1, 1992 at the rate of approximately 6 Mmcf/day net to Numac's interest. Production facilities for the Caroline field in west-central Alberta are complete and will be operating at full capacity in the third quarter of 1993. Numac's share of production is estimated at 1,460 barrels of NGLs per day, 126 long tons of sulphur per day and 2.9 million cubic feet of natural gas per day. These two properties will provide significant and stable additions to liquids, sulphur and natural gas production for more than twenty years.

Numac plans to utilize its increased cash flow to make additions to reserves and production by way of both exploration and acquisition. Fundamental to Numac's exploration effort will be a focused program through the acquisition of larger working interests which, as the result of successful exploration and development activity, will have a meaningful impact on Numac's reserves and production volumes. The objective will be to operate where possible in order to maintain control over both the pace of exploration and development activity and capital and operating costs.

The principal products derived from Numac's properties are crude oil, natural gas liquids, natural gas and sulphur. In 1992, approximately 72% of Numac's crude oil was sold to Northridge Petroleum Marketing Inc., a crude oil marketing organization. The governing contract is a year to year agreement terminable by either party on 60 days notice. Selling prices are based on Edmonton refinery posted prices. Numac does not believe that the termination of the marketing agreement would have an effect upon operations as there is a strong market for Numac's light gravity crude oil.

Natural gas is transported by gathering systems from wellheads to gas processing plants where natural gas liquids and sulphur are recovered. The majority of Numac's natural gas production is sold pursuant to various gas sale agreements with major aggregators including the following:

	1993 First Quarter Volume (Mmcf/day)	Percentage of Gas Sales
CanWest Gas Supply Inc.	4.5	16.0%
ProGas Limited	7.0	24.9%
Western Gas Marketing Limited	4.1	14.6%

Numac's share of natural gas production at Tommy Lakes was 6.2 million cubic feet per day in the first quarter of 1993 and is marketed directly through Canadian Hydrocarbons Marketing Inc.

Compared to crude oil production, which is generally consistent through the year, sales of natural gas tend to fluctuate seasonally. In recent years gas sales in the summer months have been 5% to 25% lower than in the winter months.

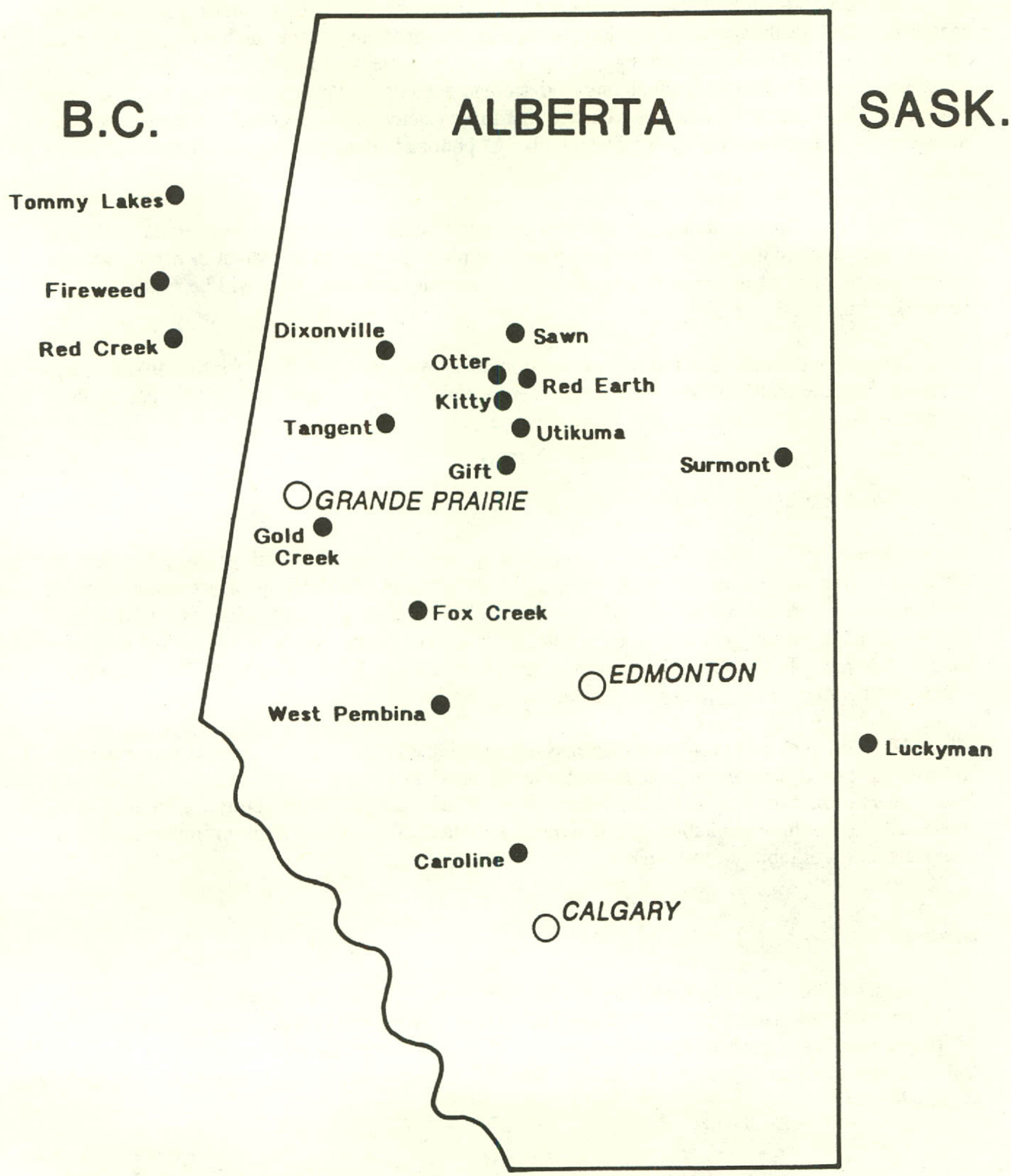
Natural gas liquids are marketed to various purchasers at Edmonton market prices adjusted for transportation and quality. Liquids from Caroline are marketed separately as condensate and as an NGL mix of ethane, propane and butane. Most liquids are marketed pursuant to annual contracts. Propane and butane prices have a seasonal fluctuation related to the heating season, while condensate prices track crude oil prices.

Numac markets its sulphur production through Petrosul International, a marketing agent. The netback plant price reflects prices received by Petrosul in international markets adjusted for transportation and terminalling fees. Sulphur prices have dropped as a result of a world surplus of supply. As a consequence, Canadian producers are withholding over 50% of sulphur production from the market. Poor market conditions are currently expected to persist through 1993 with a gradual price increase expected as fertilizer demand improves. Numac has access to sulphur storage facilities and expects to pour a portion of its production to block in 1993.

In addition to its crude oil and natural gas properties, Numac has interests in a number of undeveloped mining properties. Numac's interest in its most significant mining property, the Midwest uranium property, was sold to Denison Mines Limited in the first quarter of 1993 for $5.35 million resulting in a pre-tax gain of $1.7 million. Numac continues to hold an average 17.5% working interest in 9,125 acres of uranium prospective leases in the Carswell Lake area of northern Saskatchewan where exploration programs have provided encouraging results. There are currently no plans to develop any of Numac's mining properties.

As at June 30, 1993 Numac had 42 full-time employees. Relations between Numac and its employees are considered to be excellent and Numac has had no work stoppages or strikes as a result of labour disputes. Numac often utilizes the services of independent contractors consisting of petroleum engineers, geologists, land agents and field personnel.

NUMAC FOCUS AREAS



Principal Properties

Caroline, Alberta

At year-end 1992, construction of the Caroline plant and field facilities was essentially complete. This facility, one of the largest oilfield construction projects undertaken in Canada, comprises over 200 kilometres of gas gathering facilities, three field compressors, twin gas processing trains and sulphur extraction, pipelining and storage facilities. Production from the first train commenced in March 1993 and it is expected that full capacity will be reached in the third quarter. Numac's unit interest in the Caroline Swan Hills "A" pool and related facilities has been established at 3.2%.

The impact of this project, Numac's single largest asset, is significant. Net production rates of 1,460 barrels of NGLs per day, 126 long tons of sulphur per day and 2.9 Mmcf of natural gas per day will be realized when the facility is operating at capacity. Sulphur sales will be restricted until the market improves.

The design of this plant has set new environmental and safety standards for the 1990's. State of the art facilities will ensure a high level of environmental performance. The sour gas treating equipment assures continuous 99.8% sulphur recovery.

Tommy Lakes, British Columbia

During 1992, construction of a gas gathering and compression facility was completed at Tommy Lakes in northeastern British Columbia. Production from 12 Halfway gas wells commenced on November 1, 1992 at 6.2 Mmcf/day net to Numac's 39% average working interest. Gas is sold into two markets, a ten year contract for sales to a market in the United States and a one year bridging contract. In October 1993, the short-term contract will be replaced by a 20 year contract with a cogeneration facility in British Columbia.

The Tommy Lakes property represents Numac's single largest source of natural gas production and contains proved and probable additional reserves of 33 Bcf net to Numac's interest. Additional development drilling will be undertaken as necessary to maintain gas deliverability for the long-term contracts. Successful exploitation of this asset is expected to result in long-term improvements in cash flow and profitability for Numac.

Reserves

Coles Gilbert has prepared a report dated February 17, 1993, evaluating, as of January 1, 1993, the crude oil, natural gas, natural gas liquids and sulphur reserves and the present worth of future net cash flows attributable to the properties of Numac other than MacKenzie Delta, Surmont and Liege (in this Part III, the "Coles Gilbert Report"). The following tables summarize the Coles Gilbert Report.

The Coles Gilbert Report contains an evaluation prior to provision for income tax and indirect costs, including office general administrative expense, overhead recovery, abandonment costs and salvage values. It should not be assumed that the present worth of future net cash flows estimated by Coles Gilbert represents the fair market value of the reserves. The present worth value of probable additional reserves have been reduced by 50% to reflect the degree of risk associated with recovery of such reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized in the notes following the tables.

Petroleum and Natural Gas Reserves and Present Worth of Net Pre-Tax Cash Flows
(Based on Escalating Price Assumptions)

	Numac's reserves								Present worth of future net pre-tax cash flows[2][4][5][6][7]			
	Crude oil (Mbbls)		Natural gas liquids (Mbbls)		Natural gas (Bcf)		Sulphur (Mlt)			Discounted at		
	Gross[1]	Net[1]	Gross[1]	Net[1]	Gross[1]	Net[1]	Gross[1]	Net[1]	Undis-counted	10%	15%	20%
										(millions of dollars)		
Proved[1]												
Producing[1]	5,950	5,081	665	496	54.0	43.7	21.9	18.1	180.5	119.4	102.8	90.6
Non-producing[1]	150	128	7,589	5,670	88.4	67.7	712.0	573.6	243.2	97.9	69.8	52.4
Total Proved	6,100	5,209	8,254	6,166	142.4	111.4	733.9	591.7	423.7	217.3	172.6	143.0
Probable Additional[1]	3,111	2,579	1,244	904	49.3	37.2	109.1	88.8	94.4	27.9	18.8	13.7
MacKenzie Delta Probable[1]	1,952	1,848	—	—	17.1	16.2	—	—	—	—	—	—
Total Probable	5,063	4,427	1,244	904	66.4	53.4	109.1	88.8	94.4	27.9	18.8	13.7
Total Proved and Probable Additional	11,163	9,636	9,498	7,070	208.8	164.8	843.0	680.5	518.1	245.2	191.4	156.7

Petroleum and Natural Gas Reserves and Present Worth of Net Pre-Tax Cash Flows
(Based on Constant Price Assumptions)

	Numac's reserves								Present worth of future net pre-tax cash flows[3][4][5][6][7]			
	Crude oil (Mbbls)		Natural gas liquids (Mbbls)		Natural gas (Bcf)		Sulphur (Mlt)			Discounted at		
	Gross[1]	Net[1]	Gross[1]	Net[1]	Gross[1]	Net[1]	Gross[1]	Net[1]	Undis-counted	10%	15%	20%
										(millions of dollars)		
Proved[1]												
Producing[1]	5,950	5,081	664	496	54.0	43.7	21.9	18.1				
Non-producing[1]	150	118	7,590	6,930	88.4	70.5	712.0	676.2				
Total Proved	6,100	5,199	8,254	7,426	142.4	114.2	733.9	694.3	263.3	158.9	132.5	113.8
Probable Additional[1]	3,111	2,600	1,244	978	49.3	37.5	109.1	97.6	43.9	16.5	12.0	9.2
MacKenzie Delta Probable[1]	1,952	1,848	—	—	17.1	16.2	—	—	—	—	—	—
Total Probable	5,063	4,448	1,244	978	66.4	53.7	109.1	97.6	43.9	16.5	12.0	9.2
Total Proved and Probable Additional	11,163	9,647	9,498	8,404	208.8	167.9	843.0	791.9	307.2	175.4	144.5	123.0

Notes:

(1) "Gross" means the total of Numac's working interest and/or royalty interest share before deducting royalties owned by others.

"Net" means the total of Numac's working interest and/or royalty interest share after deducting the amounts attributable to the royalties owned by others.

"Royalties" refers to royalties paid to others. The royalties deducted from the reserves are based on the percentage royalty calculated by applying the applicable royalty rate or formula. In the case of Crown sliding scale royalties which are dependent on selling prices, the price forecasts for the individual properties in question have been employed.

"Proved Reserves" means those reserves estimated as recoverable under current technology and existing economic conditions in the constant price case and anticipated future economic conditions in the escalated price case from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.

"Probable Additional Reserves" means those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved under current technology and existing economic conditions, but where such analysis suggests the likelihood of their existence and future recovery. Probable additional reserves to be obtained by the application of enhanced recovery processes will be the increased recovery over and above that estimated in the proved category which can be realistically estimated for the pool on the basis of enhanced recovery processes which can be reasonably expected to be instituted in the future.

"Producing Reserves" means those reserves that are actually on production or, if not producing, that could be recovered from existing wells or facilities and where the reason for the current non-producing status is the choice of the owner rather than the lack of markets or some other reason. An illustration of such a situation is where a well or zone is capable but is shut-in because its deliverability is not required to meet contract commitments.

"Non-producing Reserves" means those reserves that are not currently producing either due to lack of facilities and/or markets.

"MacKenzie Delta Probable" reserves have been calculated by Numac's engineers and are classified as probable additional reserves because they are not near pipelines and will not be produced under existing economic conditions. Numac has not estimated the present worth of the future pre-tax cash flows from these reserves.

All proved crude oil reserves are connected to gathering systems or have other means of transportation. Eighty percent of proved natural gas reserves are connected to gathering systems or are within producing fields awaiting connection. Of the remaining 20% of proved natural gas reserves, approximately 90% are within 15 kilometres of gathering systems. The majority of proved non-producing reserves, comprising 91% of proved non-producing natural gas liquids reserves, 17% of proved non-producing natural gas reserves, and 95% of proved non-producing sulphur reserves, relate to the Caroline field which commenced production in March 1993.

(2) Escalating price assumptions - The present worth of future net pre-tax cash flows from Numac's crude oil, natural gas, natural gas liquids and sulphur reserves were based on escalating price assumptions as follows:

	Average Alberta Gas Price		Alberta Direct Sales	Western Gas Marketing			British Columbia		Saskatchewan			
Year	Constant 1992 $ $/MMBTU	Then Current $/MMBTU	$/MMBTU	$/MMBTU	Pan-Alberta $/MMBTU	ProGas $/MMBTU	CanWest $/MCF	Direct $/MMBTU	Provincial Dry $/MMBTU	Gas Sol'n $/MMBTU	Direct $/MMBTU	Alberta Sulphur $/LT
1993	1.35	1.40	1.10	1.25	1.40	1.55	1.15	1.05	1.40	1.05	1.20	25.00
1994	1.40	1.50	1.25	1.35	1.50	1.60	1.25	1.15	1.50	1.15	1.30	25.50
1995	1.45	1.60	1.40	1.50	1.60	1.65	1.35	1.25	1.60	1.20	1.40	26.00
1996	1.50	1.70	1.55	1.65	1.70	1.75	1.45	1.35	1.70	1.25	1.50	27.00
1997	1.60	1.85	1.70	1.85	1.85	1.85	1.65	1.50	1.85	1.40	1.60	28.50
1998	1.70	2.05	1.90	2.05	2.05	2.05	1.85	1.70	2.05	1.60	1.80	30.00
1999	1.85	2.30	2.15	2.30	2.30	2.30	2.10	1.95	2.30	1.80	2.00	31.50
2000	2.00	2.55	2.40	2.55	2.55	2.55	2.35	2.20	2.55	2.00	2.20	33.50
2001	2.10	2.70	2.60	2.70	2.70	2.70	2.55	2.40	2.70	2.20	2.40	35.50
2002	2.15	2.90	2.75	2.90	2.90	2.90	2.75	2.60	2.90	2.35	2.60	37.50
2003	2.20	3.05	2.90	3.05	3.05	3.05	2.90	2.75	3.05	2.50	2.80	40.00
2004	2.25	3.20	3.05	3.20	3.20	3.20	3.05	2.90	3.20	2.65	3.00	42.50
2005	2.25	3.30	3.15	3.30	3.30	3.30	3.15	3.00	3.30	2.80	3.15	45.00
2006	2.30	3.45	3.25	3.45	3.45	3.45	3.30	3.15	3.45	2.95	3.30	47.50
2007	2.30	3.60	3.40	3.60	3.60	3.60	3.40	3.25	3.60	3.05	3.40	50.50
2008	2.30	3.70	3.50	3.70	3.70	3.70	3.50	3.30	3.70	3.15	3.50	53.50
2009	2.35	3.85	3.65	3.85	3.85	3.85	3.65	3.45	3.85	3.25	3.65	56.50
2010	2.35	4.00	3.80	4.00	4.00	4.00	3.80	3.60	4.00	3.40	3.80	60.00
2011 +	2.35	Escalated at 3% per year										

Notes:

(a) The Alberta average gas price represents the average of all system and direct (spot and firm) sales.

(b) The Alberta direct spot price represents the average of the domestic intra and ex-Alberta interruptible sales.

(c) The Alberta direct firm price represents the average for domestic one year term contracts.

(d) The CanWest price is quoted on a volume basis consistent with the way CanWest purchases gas; all other prices are on a heating value basis and hence are subject to adjustment depending upon the actual heat content of the gas.

(e) All gas prices rounded to the nearest $0.05/MMBTU; sulphur to nearest $0.50/LT.

	Crude Oil								Alberta Natural Gas Liquids			
	West Texas Intermediate at Cushing Oklahoma		Light, Sweet (38°API, 0.5%S) at Edmonton		Medium (22° API, 2.7% S) at Hardisty		Heavy (12° API) at Hardisty		Ethane	Propane	Butane	Cond.
Year	Constant 1992 $ $US/Bbl	Then Current $US/Bbl	Constant 1992 $ $Cdn/Bbl	Then Current $Cdn/Bbl	Constant 1992 $ $Cdn/Bbl	Then Current $Cdn/Bbl	Constant 1992 $ $Cdn/Bbl	Then Current $Cdn/Bbl	Then Current $Cdn/Bbl	Then Current $Cdn/Bbl	Then Current $Cdn/Bbl	Then Current $Cdn/Bbl
1993	20.00	20.50	24.00	24.50	16.50	17.00	11.75	12.00	5.00	12.25	14.75	25.00
1994	19.75	21.00	23.75	25.25	16.75	17.75	11.75	12.50	5.25	12.50	15.50	25.75
1995	20.25	22.00	24.25	26.50	17.25	18.75	12.50	13.50	5.50	13.25	16.50	27.00
1996	20.50	23.00	24.50	27.75	17.75	20.00	13.00	14.75	6.00	13.75	17.50	28.25
1997	22.00	25.50	26.50	30.75	19.75	22.75	15.00	17.50	6.50	15.50	19.75	31.25
1998	23.50	28.00	28.25	33.75	21.50	25.75	17.00	20.25	7.25	17.00	22.00	34.50
1999	24.50	30.00	29.50	36.25	22.75	28.00	18.25	22.50	8.00	18.25	23.50	37.00
2000	24.75	31.25	30.00	38.00	23.50	29.75	19.00	24.25	8.75	19.00	24.75	38.75
2001	24.50	32.00	29.75	38.75	23.25	30.25	19.00	24.75	9.50	19.25	25.25	39.50
2002	24.25	32.50	29.25	39.50	23.00	31.00	18.75	25.25	10.00	19.75	25.75	40.25
2003	24.00	33.25	29.00	40.25	22.75	31.50	18.50	25.75	10.50	20.25	26.25	41.00
2004	23.75	33.75	28.75	41.00	22.50	32.25	18.50	26.25	11.00	20.50	26.75	41.75
2005	23.50	34.50	28.50	41.75	22.25	32.75	18.25	26.75	11.50	21.00	27.25	42.75
2006	23.25	35.25	28.25	42.50	22.00	33.50	18.25	27.25	12.00	21.25	27.75	43.50
2007	23.00	36.00	28.00	43.50	22.00	34.25	18.25	28.00	12.50	21.75	28.25	44.50
2008	23.00	36.75	27.75	44.50	22.00	35.00	18.25	28.75	13.00	22.25	29.00	45.50
2009	22.75	37.75	27.75	45.75	22.00	36.25	18.25	30.00	13.50	22.75	29.75	46.50
2010	22.75	38.75	27.50	47.00	22.00	37.25	18.25	31.00	14.00	23.50	30.50	48.00
2011 +	22.75	+3%/yr	27.50	+3%/yr	22.00	+3%/yr	18.25	+3%/yr		Escalate at 3% per year		

Notes:

(a) WTI prices estimated above represent NYMEX 30 day futures prices.

(b) Edmonton city gate prices based on "light sweet" crude as posted by the major refiners.

(c) Alberta NGL prices are FOB Edmonton and are subject to transportation and fractionation charges from the field.

(d) All prices rounded to the nearest $0.25/Bbl.

Capital and operating costs were assumed to escalate at 3.0% per annum.

(3) Constant price assumptions - The present worth of future net pre-tax cash flows from Numac's crude oil, natural gas, natural gas liquids and sulphur reserves were based on prices estimated to be in effect at January 1, 1993. Capital and operating costs were not escalated.

(4) The Coles Gilbert Report assumed nomination rates as follows:

	Western Gas Marketing		Pan-Alberta		ProGas	CanWest
			Pool I	Pool II		
Year	Rate-of-Take % of DCQ	Take-or-Pay % of Recovery	Rate-of-Take % of DCQ	Rate-of-Take % of DCQ	Rate-of-Take % of DCQ	Rate-of-Take % of MDV
1993	50	10	100	70	75	65
1994	65	6	100	75	80	70
1995	80	-	100	80	85	75
1996	85	-	100	85	85	80
1997	85	-	100	85	85	80

Notes:

(a) The above producer rate-of-take estimates are for calendar years, not contract years; the historical rates-of-take have been estimated by Coles Gilbert. "DCQ" means dedicated contract quantity.

(b) Western Gas Marketing take-or-pay is recovered on a volume basis with the recovery expressed as a percent of original outstanding volumes, not remaining volumes; cumulative take-or-pay recovery as of January 1, 1993 is estimated to be 84 percent of the original outstanding volume.

(c) The forecast ProGas rates-of-take apply to the revised contract DCQ (a reserves based rate of 1 Mcf for every 5,500 Mcf of allocated reserves) which came into effect on November 1, 1991.

(5) Royalty credits under the ARTC program have been included in the Coles Gilbert Report at the following rates and limits for the escalating price case:

Year	Rate (%)	Maximum Rebate ($000)
1993	69.9	1,747.2
1994	66.7	1,668.4
1995	61.5	1,536.6
1996	56.2	1,403.8
1997	43.3	1,082.0
1998	30.4	761.0
1999+	25.0	625.0

The estimates of future net pre-tax cash flows otherwise assume the continuance of current laws and regulations.

(6) The $U.S./$Can. exchange rate is assumed to be $.80 throughout the period of the reports.

(7) The Coles Gilbert Report estimated net capital expenditures to achieve the proved and probable additional estimated present worth based on constant cost assumptions to be $27.0 million, of which $6.9 million, $3.0 million and $1.5 million are estimated for 1993, 1994 and 1995, respectively and based on escalated cost assumptions to be $30.5 million, of which $6.9 million, $3.1 million and $1.6 million are estimated for 1993, 1994 and 1995, respectively.

Principal Producing Fields

The following table summarizes the reserves, production and well count information for Numac's major fields:

Crude Oil and NGLs

	Gross Proven and Probable Additional Reserves at January 1, 1993[1] (Mbbls)	1993 First Quarter Production (Bbls/day)	Number of Wells	
			Gross	Net
Caroline	7,546	121	15	0.5
Red Earth	2,022	739	55	33.8
Utikuma	1,732	687	30	12.0
Gift	1,069	413	39	13.1
Sawn	813	227	24	10.7
Tangent	538	400	17	9.7
Tommy Lakes	430	47	12	4.7

Natural Gas

	Gross Proven and Probable Additional Reserves at January 1, 1993[1] (Mbbls)	1993 First Quarter Production (Bbls/day)	Number of Wells	
			Gross	Net
Elmworth/Gold Creek	35,585	2,795	50	7.6
Tommy Lakes	32,951	5,817	12	4.7
Thornbury	18,631	1,973	3	2.0
Caroline	16,920	171	15	0.5
Silver	8,404	3,653	6	3.0
Tangent	5,711	2,562	12	6.5
Quirk Creek	2,513	899	13	0.7

Note:

(1) Based on the Coles Gilbert Report.

Oil and Gas Wells

The following table sets forth the number of wells in which Numac had a working interest which were producing or which Numac considered to be capable of production as at March 31, 1993:

	Oil Wells		Gas Wells	
	Gross	Net	Gross	Net
Alberta	375	137	269	76
British Columbia	3	1	62	22
Saskatchewan	8	1	14	3
Total	386	139	345	101

Major Facilities

The following table indicates, by location, Numac's major facilities as at March 31, 1993:

	Description	Numac's Interest
Alberta		
Caroline	Gas Plant, capacity 300 Mmcf/day	3.2%
Dixonville	Gas Plant, capacity 12 Mmcf/day	42%
Empress	Extraction Plant, capacity 350 Mmcf/day	6.3%
Fox Creek	Gas Plant, capacity 7 Mmcf/day	42%
Tangent	Gas Plant, capacity 6 Mmcf/day	50%
Quirk Creek	Gas Plant, capacity 90 Mmcf/day	5.4%
British Columbia		
Silver	Gas Plant, capacity 20 Mmcf/day	18%
Tommy Lakes	Gas Plant, capacity 20 Mmcf/day	39%

Production History

The following table summarizes Numac's production before deduction of royalties for the period indicated:

	Three Months Ended March 31, 1993	Year Ended December 31 1992	1991	1990	1989	1988
Crude Oil and NGLs (Mbbls)						
Gross	382	1,575	1,670	1,576	1,545	1,753
Net	320	1,281	1,350	1,327	1,306	1,441
Natural Gas (Mmcf)						
Gross	2,526	7,811	6,828	5,652	5,052	4,506
Net	2,102	6,301	5,781	4,693	4,263	3,788
Empress Liquids (Mbbls)	19	108	177	180	151	141

Natural gas liquids production related to Numac's 5.8% interest in the Empress natural gas liquids plant is shown separately as the production is derived from processing gas on behalf of others rather than from ownership of hydrocarbon reserves. Numac's interest in Empress increased to 6.3% effective February 1, 1993.

Drilling Activity

Numac drilled or participated in the drilling of wells as follows:

	Three Months Ended March 31, 1993		Year Ended December 31 1992		1991		1990		1989		1988	
	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)	Gross(1)	Net(2)
Development Wells												
Crude Oil	6	1.74	18	3.77	6	1.18	7	2.54	5	2.38	12	5.46
Natural Gas	3	0.75	1	0.31	11	3.17	13	3.76	2	0.75	9	2.85
Dry	2	0.68	1	0.25	0	0.00	3	0.75	6	4.12	1	1.00
	11	3.17	20	4.33	17	4.35	23	7.05	13	7.25	22	9.31
Exploratory Wells												
Crude Oil	3	1.40	6	3.07	13	4.94	17	6.48	12	5.07	32	19.18
Natural Gas	3	1.67	3	1.09	10	5.90	23	10.38	17	4.70	10	3.51
Dry	4	1.61	4	1.43	10	3.88	23	10.41	18	6.80	39	17.56
	10	4.68	13	5.59	33	14.72	63	27.27	47	16.57	81	40.25
Total Wells												
Crude Oil	9	3.14	24	6.84	19	6.12	24	9.02	17	7.45	44	24.64
Natural Gas	6	2.42	4	1.40	21	9.07	36	14.14	19	5.45	19	6.36
Dry	6	2.29	5	1.68	10	3.88	26	11.16	24	10.92	40	18.56
	21	7.85	33	9.92	50	19.07	86	34.32	60	23.82	103	49.56

Notes:

(1) Gross wells are the total wells, excluding service wells, in which Numac has a working interest.

(2) Net wells are the aggregate number of the numbers obtained by multiplying each gross well by Numac's percentage working interest therein.

Numac has drilled fewer wells over the past two years as Numac has concentrated its capital resources on the development of the Caroline and Tommy Lakes properties. During the balance of 1993, Numac expects to participate in an additional 35 gross (14 net) wells of which 14 will be horizontal oil development wells.

Exploratory wells are drilled in anticipation of discovering new oil or gas reserves. Development wells are new wells drilled adjacent to previously successful drilling operations in order to increase reserve recovery and production from previously discovered fields or to delineate an oil or gas field.

Undeveloped Land Holdings

The following tables indicate, by area, the location of Numac's undeveloped land holdings as at March 31, 1993:

Petroleum and Natural Gas

	Acres	
	Gross	Net
Alberta	576,420	216,849
British Columbia	135,279	42,994
Saskatchewan	27,124	7,544
Total Undeveloped	738,823	267,387

Numac's Alberta acreage is concentrated in the north-central and northwestern portions of the province. In British Columbia, Numac's acreage is in the northeastern part of the province. Virtually all of Numac's land holdings have been acquired under petroleum and natural gas leases and licenses granted by the Crown in the right of the provinces of British Columbia, Alberta and Saskatchewan for primary terms of from five to ten years. Leases are continued beyond the primary term for those lands found to be capable of producing petroleum substances.

In addition to the working interest properties above, Numac has royalty interests in 302,280 acres of which 231,081 are located in the province of Alberta. Eighty-seven percent of Numac's total royalty acreage is undeveloped.

Mining Properties

	Acres	
	Gross	Net
Saskatchewan	9,125	1,599
Northwest Territories	2,013	503
Total Undeveloped	11,138	2,102

Exploration and Exploitation

Numac's 1992 drilling program concentrated on the search for light gravity crude oil. A focused exploration program which emphasized the use of 3-D seismic contributed to the 84% success rate of the 1992 drilling program. Drilling successes were achieved in the Peace River Arch area of northern Alberta at Utikuma, Otter, Gift and Kidney. These areas are prospective for light gravity crude oil from the Granite Wash, Keg River and Slave Point formations. Successes were also recorded in west-central Alberta at West Pembina and Gold Creek where both oil and gas were found in multiple zones. Although these areas continue to be the focus of exploration activity in 1993, a greater emphasis will be directed towards exploitation which will include the application of horizontal well technology.

Utikuma, Alberta

In 1992, three additional successful wells were drilled at West Utikuma in the Keg River "EE" pool, a light oil discovery where Numac now has an interest in five producing oil wells. All wells have been located utilizing 3-D seismic which is used to delineate the Keg River sand reservoir which flanks basement structures.

Following the drilling of a successful development well in the main Utikuma field in 1991, Numac participated in a 3-D seismic survey that identified additional development drilling locations which are expected to increase recoveries from the pool. A four well drilling program commenced with the drilling of two successful wells in the first quarter of 1993. Production from individual wells in this field has approached one million barrels. Also in the first quarter of 1993, Numac operated a new pool discovery at Utikuma which encountered fifteen feet of net pay in the Keg River formation. The well, in which Numac owns a 50% working interest and which qualifies for a two year royalty holiday, has recently been completed and is producing at a rate in excess of 150 Bbls/day. Several follow-up locations have been identified with 3-D seismic.

Kitty, Alberta

North of Utikuma in the Kitty prospect, a new Granite Wash oil pool was discovered on Numac interest land late in the first quarter of 1993. Numac retained a gross overriding royalty on the discovery well and has participated for a 25% working interest in two subsequent oil producers in the new pool. More drilling is planned to further delineate the pool, including drilling on lands in which Numac has a 50% working interest. Production from each well is anticipated to average 125 to 150 barrels of light gravity crude oil per day.

Gift, Alberta

At Gift, Numac participated in a five well drilling program in 1992 as part of a secondary recovery project in the Slave Point "A" pool. Three wells were completed as oil producers and two for water injection resulting in the addition of approximately 200 Bbls/day of production and 190,000 barrels of reserves net to Numac's 33 1/3% interest. The adjacent Slave Point "C" pool, also under waterflood, will undergo significant exploitation activity in 1993. A 3-D seismic survey to define geological parameters has been completed and is under review. Horizontal drilling will commence later this year to enhance production and waterflood performance. The first phase of the program calls for three horizontal wells in late 1993 with a further seven wells to complete the project.

Sawn, Alberta

In 1993, Numac acquired an additional 1,741 net acres and 85 Bbls/day of production in the Sawn Slave Point "J" pool pursuant to three separate agreements. Numac, as operator, plans to drill three horizontal wells in the pool commencing in September of 1993 as the first phase of a potential ten well project A waterflood enhanced recovery scheme is also being developed in conjunction with the horizontal drilling program to increase reserves and improve production from this light gravity oil field. Numac's working interests range from 18% to 100% in 8,320 acres in the Sawn field.

Luckyman, Saskatchewan

Numac has acquired working interests in 8,551 net acres in the Luckyman heavy oil area of Saskatchewan. This play is expected to be a major exploration and development area for several years. The Cummings formation in this new prospect is over fifteen feet thick and will be developed with horizontal drilling technology. Numac currently has an interest in two producing vertical wells in this play. Four horizontal wells are expected to be drilled on 50% working interest lands within the next year. Numac is also formulating development plans for six sections of 100% interest lands it recently acquired at Crown sales.

West Pembina, Alberta

In 1992, Numac participated in drilling three additional oil producers and now has a 33 1/3% interest in five light gravity oil wells in the Ostracod "G" pool. A reservoir study is underway to assist in determining the feasibility of a secondary recovery scheme in this pool that was discovered by Numac and partners in 1991. Future exploration and development in this core area will focus on natural gas. Numac participated in a significant natural gas discovery in 1992 which tested natural gas and liquids from the Rock Creek and Basal Quartz formations and additional wells drilled in 1993 have extended the play limits. Two separate undeveloped land acquisitions were made in 1993 with the result that Numac now has an average 32% interest in the 61,280 undeveloped acres in this multi-zone oil and gas play.

Gold Creek, Alberta

Numac has been active in the Gold Creek area for many years. In the past 18 months, it delineated a 1991 Triassic oil and gas discovery by drilling two wells. Numac also participated in its first horizontal re-entry well, an oil completion in the Doe Creek "B" pool. Four additional horizontal wells are expected to be drilled in the pool in 1993. At Gold Creek East, a completion and testing program of five Triassic wells has been completed. An oil battery with gas conservation facilities will be operational in mid-1993 to permit the production of these wells which have a high gas to oil ratio. Numac has also acquired additional shut-in gas interests in the area with development plans scheduled for late 1993.

Fireweed, British Columbia

At Fireweed in northeast British Columbia, Numac participated in the drilling of two successful Dunlevy gas wells in early 1993. Production from this field increased significantly in the first quarter of 1993 as a result of the expansion of production facilities and the recompletion and tie-in of additional wells. Numac's share of production now averages 1.7 Mmcf/day from its 25% interest in this field.

Red Creek, British Columbia

Also in northeast British Columbia, Numac acquired additional interests in a shut-in Halfway gas pool in the Red Creek field. Numac is evaluating further prospects in the area with development plans scheduled for late 1993.

Surmont Oil Sands, Alberta

Numac has interests in a long-standing oil sands lease comprised of 119,000 gross acres in the Surmont field which is located 35 miles southeast of Fort McMurray, Alberta. Reserves in place are estimated by Canadian Azimuth Engineering to exceed 16 billion barrels. Numac retains a 5% net carried interest in this property which is convertible to a 12.5% participating interest. Over the past years, various drilling and evaluation work has been undertaken to determine the reserve extent and the feasibility of further development. The key to initiating production from these reserves is in the successful application of technical advancements in the recovery of heavy oil and sufficiently high oil prices to result in positive operating margins.

Technical advancements are being made in heavy oil recovery with two processes being particularly interesting. The first method, steam-assisted gravity drainage, calls for the drilling of two adjacent horizontal wells through which steam is introduced into the upper well and oil is produced from the lower well. Alberta Oil Sands Technology & Research Authority recently announced their participation in a field test of this process to be undertaken near Peace River in 1993. The second method, underground test facility, results in crude being recovered in underground shafts through similarly situated horizontal wells. This process is being tested near the Syncrude operation. Both of these recovery techniques have potential application for the future development of Numac's Surmont property. Numac also has a 100% interest in a 7,680 acre lease at Liege, 70 miles west of

Fort McMurray. The bitumen from this area, which is estimated at 700 million barrels in place by Canadian Azimuth Engineering, is expected to be developed after the Surmont property.

Capital Expenditures

The following table summarizes Numac's capital expenditures for the periods indicated:

	Three Months Ended March 31	Year Ended December 31				
	1993	1992	1991	1990	1989	1988
	(unaudited)					
		(thousands of dollars)				
Property acquisitions	$ 988	$ 733	$ 3,641	$ 4,658	$ 4,573	$ 5,809
Lease rentals	—	—	—	—	—	—
Exploration	1,854	3,853	12,375	14,605	13,142	28,669
Development	5,388	28,217	23,533	10,748	7,926	5,059
Capitalized general and administration	372	1,687	1,780	1,900	1,991	1,862
Capitalized interest	629	3,555	3,788	4,892	3,766	331
Other	—	—	123	—	33,985	2,172
	9,231	38,045	45,240	36,803	65,383	43,902
Less petroleum incentives	—	—	(965)	(2,282)	(2,051)	(5,020)
Total	$ 9,231	$38,045	$44,275	$34,521	$63,332	$38,882

CAPITALIZATION OF NUMAC

The following table presents the capitalization of Numac as at December 31, 1992, March 31, 1993 and June 30, 1993:

Description	Outstanding as at December 31, 1992 (audited)	Outstanding as at March 31, 1993 (unaudited)	Outstanding as at June 30, 1993 (unaudited)
		(thousands of dollars)	
LONG-TERM DEBT			
7% Convertible Subordinated Debentures	$30,000	$30,000	$30,000
Long Term Bank Debt (1)	38,000	31,000	34,000
	$68,000	$61,000	$64,000
SHAREHOLDERS' EQUITY			
Share Capital			
Authorized 80,000,000 Common Shares 8,000,000 Series Preferred Shares			
Common Shares issued and outstanding (2)	$135,162 (33,048,366 shares)	$135,162 (33,048,366 shares)	$135,227 (33,058,366 shares)

Notes:

(1) See Note 6 to the Numac Financial Statements.

(2) There are no Series Preferred Shares issued and outstanding. At June 30, 1993, options for the purchase of 1,006,000 Numac Common Shares were outstanding pursuant to the Key Employee Stock Option Incentive Plan. See "Information Relating to Numac Oil & Gas Ltd. - Stock Option Plan". In addition, 2,222,222 Numac Common Shares were reserved for issuance upon conversion of Numac Debentures. See "Information Relating to Numac Oil & Gas Ltd. - Numac Debentures".

(3) As at December 31, 1992, Numac's retained earnings were $14,533,000, deferred income taxes were $34,951,000 and other non-current liabilities were $1,848,000. As at March 31, 1993, Numac's retained earnings were $16,643,000, deferred income taxes were $36,548,000 and other non-current liabilities were $1,706,000.

DESCRIPTION OF SHARE CAPITAL

General

The authorized capital of Numac consists of 80,000,000 Numac Common Shares and 8,000,000 Series Preferred Shares. As at June 30, 1993, 33,058,366 Numac Common Shares and no Series Preferred Shares were issued and outstanding.

The following is a brief summary of the material rights, privileges, restrictions and conditions attaching to the share capital of Numac.

Numac Common Shares

The holders of Numac Common Shares are entitled to one vote for each share held of record at all meetings of shareholders except meetings at which only holders of a specified class or series are entitled to vote, and, subject to the rights of the holders of Series Preferred Shares, are entitled to receive such dividends as may be declared by the Board of Directors out of funds legally available therefor and to receive the remaining property of Numac on dissolution. The holders of the Numac Common Shares have no pre-emptive, redemption or conversion rights.

Series Preferred Shares

The Series Preferred Shares may be issued from time to time in one or more series in such numbers and with such designations, rights, restrictions, conditions and limitations as the Board of Directors shall determine by resolution. The Series Preferred Shares of each series shall, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of Numac, be entitled to preference over the Numac Common Shares. The Series Preferred Shares of each series shall rank on a parity with the Series Preferred Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of Numac. No dividends may be declared or paid on the Numac Common Shares unless all dividends on each series of the Series Preferred Shares then issued and outstanding have been declared and paid. The holders of the Series Preferred Shares are not entitled to receive notice of or to attend any meeting of shareholders or to vote at any such meeting.

PRINCIPAL HOLDERS OF NUMAC COMMON SHARES

To the best knowledge of the directors and senior officers of Numac, as at June 30, 1993, the following companies were the only persons or companies that beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the issued and outstanding Numac Common Shares:

Name of Beneficial Owner and Municipality of Residence	Number of Numac Common Shares Owned	Percentage of Numac Common Shares Owned
Yorkville Development Limited Hong Kong	8,246,700	24.95%
Fung Seng Diamond Company Limited Hong Kong	4,800,000 [(1)]	14.52%
MacKenzie Financial Corporation Toronto, Ontario	3,474,700	10.51%

Note:

(1) In addition, Fung Seng Diamond Company Limited beneficially owns $15,000,000 principal amount of Numac Debentures, convertible into 1,111,111 Numac Common Shares.

NUMAC DEBENTURES

General

Numac Debentures in the aggregate principal amount of $30,000,000 were issued under the Trust Indenture on April 15, 1987. The Numac Debentures bear interest at the rate of 7% per annum payable semi-annually on April 15 and October 15 in each year and will mature on April 15, 2002. The Numac Debentures are issued only as fully registered debentures in denominations of $1,000 and integral multiples thereof.

The Numac Debentures are presently direct unsecured obligations of Numac. Pursuant to the Arrangement Agreement and as required by the Trust Indenture, the Trust Indenture will be amended to provide for the assumption by Westcoast of Numac's covenants and obligations under the Trust Indenture. However, Numac will release its right to be discharged from its obligations under the Trust Indenture (except in respect of the conversion privileges). Upon the Effective Date, the Numac Debentures will become direct unsecured obligations of both Westcoast and Numac, on a joint and several basis, and will be convertible into Westcoast Common Shares.

Conversion Privilege

The Numac Debentures are convertible at the holders' option into Numac Common Shares at any time prior to the close of business on April 14, 1997, or, if called for redemption, on the last business day preceding the date specified for redemption, whichever is earlier. The conversion price is $13.50 per share, being approximately 74.074 Numac Common Shares for each $1,000 principal amount of Numac Debentures. The conversion price is subject to adjustment in certain events. The Numac Debentures will, as a result of the assumption by Westcoast of Numac's covenants and obligations under the Trust Indenture, be convertible into Westcoast Common Shares instead of Numac Common Shares on a one for one basis.

Redemption

The Numac Debentures are redeemable in whole at any time or in part, from time to time, on not more than 60 days nor less than 30 days prior notice by Numac, at the principal amount thereof plus accrued and unpaid interest to the date specified for redemption.

Mandatory Sinking Fund

Pursuant to the Trust Indenture, Numac has covenanted to pay the Trustee, as and by way of a mandatory sinking fund for the Numac Debentures, in each of the years 1998 to 2002 inclusive, a sum sufficient to retire on April 15 in each of such year 10% of the aggregate amount of the Numac Debentures outstanding on April 15, 1997. The Numac Debentures are redeemable out of sinking fund monies at the principal amount thereof plus accrued and unpaid interest to the date fixed for redemption. Numac Debentures redeemed (for other than sinking fund purposes) or purchased by

Numac after April 15, 1990 shall establish a sinking fund credit which may be applied to satisfy in whole or in part sinking fund obligations.

Subordination

The payment of the principal and interest on the Numac Debentures is subordinated in right of payment, as set forth in the Trust Indenture, to the prior payment in full of all Senior Indebtedness, whether outstanding on the date of the Trust Indenture or thereafter incurred. Senior Indebtedness is defined as the principal of and interest on (a) indebtedness, other than subordinated indebtedness and the Numac Debentures, for money borrowed by Numac or for money borrowed by others for payment of which Numac is responsible or liable, and (b) indebtedness incurred, assumed or guaranteed by Numac in connection with the acquisition by it or by others of businesses, properties or other assets, and (c) renewals, extensions and refunding of any such indebtedness, unless in any of the cases specified in (a), (b) or (c) above it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is not superior in right of payment to the Numac Debentures.

PRINCIPAL HOLDERS OF NUMAC DEBENTURES

Numac currently has outstanding $30,000,000 principal amount of Numac Debentures which are convertible into an aggregate of 2,222,222 Numac Common Shares at a price of $13.50 per share. To the best knowledge of the directors and senior officers of Numac, as at June 30, 1993, the only person or company beneficially or of record owning, directly or indirectly, or exercising control or direction over, more than 10% of the outstanding principal amount of Numac Debentures is Fung Seng Diamond Company Limited, which beneficially owned $15,000,000 principal amount of Numac Debentures convertible into 1,111,111 Numac Common Shares.

PRIOR SALES OF NUMAC COMMON SHARES

On May 15, 1990, Numac signed an agreement to issue 851,063 flow-through common shares in consideration for $7,000,000 and access to Canadian Exploration Incentive Payments (CEIP's) of $3,000,000. For income tax purposes, certain resource expenditures incurred in the period from May 15, 1990 through February 28, 1991 were renounced to the investors. Numac issued 582,000 Numac Common Shares in 1990 and 269,063 Numac Common Shares in 1991 pursuant to the said agreement.

On September 29, 1992, Numac completed the sale of 6,600,000 Special Warrants at a price of $5.10 per Special Warrant for gross proceeds of $33.7 million. Each Special Warrant entitled the holder to acquire one Numac Common Share at no additional cost. All of the Special Warrants were exchanged for Numac Common Shares on October 13, 1992. Officers of Numac acquired 25,000 Numac Common Shares pursuant to this issue.

During the six month period preceding the date of this Information Circular, no securities of Numac have been traded by Numac, Westcoast, or any senior officer or director of Numac and Westcoast or any of their associates, or by any person or company holding more than 10% of the common shares of Numac or Westcoast, or by any person or company acting jointly or in concert with Numac or Westcoast, excepting transactions referred to under the heading "Information Relating to Numac Oil & Gas Ltd. - Stock Option Plan".

DIVIDEND RECORD AND POLICY

There have been no dividends paid on the Numac Common Shares in the last five years. At the present time, it is the policy of Numac not to declare regular dividends on the Numac Common Shares. This policy is under periodic review by the Board of Directors and is subject to change at any time depending upon the earnings of Numac and its financial requirements.

PRICE RANGE AND TRADING VOLUME OF NUMAC COMMON SHARES

The Numac Common Shares are listed for trading on the TSE, ME and AMEX. The following table summarizes the price range and trading volume of such shares for the period indicated, as reported by the TSE and AMEX:

	TSE(1)			AMEX(2)		
	High	Low	Volume	High	Low	Volume
1991						
First Quarter	7.00	5.50	1,550,432	6.00	5.13	159,100
Second Quarter	6.25	5.63	233,718	5.38	4.75	99,600
Third Quarter	6.00	4.90	1,045,253	5.25	4.38	77,300
Fourth Quarter	6.13	4.75	782,806	5.25	4.13	223,300
1992						
First Quarter	6.00	5.00	906,241	5.25	4.38	69,500
Second Quarter	5.25	4.75	796,492	4.50	3.88	156,900
Third Quarter	5.88	4.75	908,187	4.94	3.88	198,500
Fourth Quarter	6.38	5.00	869,398	4.94	4.06	155,400
1993						
January	6.63	5.63	463,225	5.13	4.56	94,000
February	6.75	6.25	342,030	5.38	4.75	63,600
March	7.50	6.38	1,438,163	6.00	5.13	148,500
April	7.88	7.50	751,343	6.25	5.88	82,900
May	8.75	7.00	267,773	6.88	5.50	90,100
June	8.75	7.75	485,402	6.88	6.13	64,800
July (to July 13)	8.13	7.75	92,600	6.38	6.13	41,700

Notes:

(1) Price range in Canadian dollars.
(2) Price range in U.S. dollars.

On May 17, 1993, the day on which the Letter of Intent was signed and the day prior to the announcement of the Arrangement, the closing price of the Numac Common Shares was Cdn. $7.13 per share on the TSE and U.S. $5.50 per share on AMEX. On July 13, 1993, the closing prices of the Numac Common Shares were Cdn. $8.13 per share on the TSE and U.S. $6.25 per share on AMEX.

Approximately 660 registered Numac Shareholders, holding approximately 8.2% of the issued and outstanding Numac Common Shares, are resident in the United States.

DIRECTORS AND OFFICERS

The following table provides information in respect of the current directors and officers of Numac, including membership in the Audit Committee, the Compensation Committee and the Independent Committee:

Name, Municipality of Residence and Principal Occupation for the Past Five Years	Office Held	Number of Numac Common Shares Beneficially Owned Directly or Indirectly	Director/Officer Since
DOUGLAS W. T. CHAN, C.A. (2) Hong Kong Director and Assistant General Manager of New World Development (China) Limited (a real estate development company) since June, 1992. Director of Internal Audit Group of New World Development Co. Ltd. from April, 1991 to May, 1992. A director of Ramada International Hotels & Resorts Inc. (a hotel management company) since July, 1991. A director of New World Indosuez Insurance Services Limited since September, 1988. Assistant Chief Executive Officer of Asia Television Ltd. (a television broadcasting company) from August, 1988 to March, 1991 and a director of Asia Television Ltd. since August, 1988.	Director	--	1992
VERNON L. HORTE (1)(2)(3) Calgary, Alberta President, V.L. Horte Associates Limited (an oil and gas consulting company) for the past five years.	Director	500	1988

Name, Municipality of Residence and Principal Occupation for the Past Five Years	Office Held	Number of Numac Common Shares Beneficially Owned Directly or Indirectly	Director/Officer Since
DANIEL K. K. LAM (1) Toronto, Ontario Vice-President and Director of Thomson Kernaghan & Co. Ltd. (investment dealer) since September, 1990. Vice-President, Midland Capital (investment dealer) from September, 1989 to September, 1990. Vice-President of Davidson Partners Ltd. (investment dealer) from January, 1988 to September, 1989.	Director	--	1992
STEWART D. McGREGOR (2) Edmonton, Alberta President and Chief Executive Officer of Numac since January 1, 1993. Executive Vice-President of Numac for the previous five years and Secretary from 1990 through 1992. President and Chief Operating Officer of Giant Reef Petroleums Limited (a former subsidiary of Numac which was amalgamated with Numac in 1991) from September, 1987 to January, 1991.	Director, President and Chief Executive Officer	22,000 (4)	1974
WILLIAM S. McGREGOR (2) Edmonton, Alberta Chairman of the Board of Directors of Numac since January 1, 1993. President and Chief Executive Officer of Numac until December 31, 1992.	Director and Chairman of the Board	1,672,524 (5)	1963
W. DARCY McKEOUGH (3) Chatham, Ontario A director of various corporations. President and Chief Executive Officer of Redpath Industries Ltd. (a sugar refining company) from 1988 to 1989 and Chairman from 1989 to 1990.	Director	5,000	1980
MICHAEL C. M. PEI Hong Kong A director of Tai Fook Finance Corporation Limited (a licensed financial institution) since January, 1988. A director of Ramada International Hotels & Resorts Inc. (a hotel management company) since July, 1991.	Director	--	1992

Name, Municipality of Residence and Principal Occupation for the Past Five Years	Office Held	Number of Numac Common Shares Beneficially Owned Directly or Indirectly	Director/Officer Since
PAUL Y. L. TONG Hong Kong General Manager of New World Development Co. Ltd. (a real estate development company) since 1988.	Director	--	1992
BRUCE W. WATSON (1)(2)(3) Calgary, Alberta President, Wrangler Resources Ltd. (an oil and gas exploration and production company) for the past five years.	Director	10,000	1984
REGINALD W. HOOVER Edmonton, Alberta Senior Vice-President, Operations of Numac since November, 1992. Vice-President, Operations of Poco Petroleums Ltd. from June, 1991 to September, 1992. Vice-President, Production of Voyager Energy Inc. prior to June, 1991.	Senior Vice-President, Operations	2,000	1992
JOHN A. HABBISHAW Edmonton, Alberta Vice-President, Exploration of Numac since June, 1990. Manager, Exploration of J.M. Huber Corporation (an oil and gas exploration and production corporation) for the previous two years.	Vice-President, Exploration	--	1990
DALE J. HOHM Edmonton, Alberta Vice-President and Treasurer of Numac since June, 1990. Corporate Secretary since January 1, 1993. Treasurer of Numac from February, 1990 to May, 1990. Audit Manager of Deloitte & Touche, Chartered Accountants prior to February, 1990.	Vice-President and Treasurer Corporate Secretary	5,000 (6)	1990
RICHARD R. KOROL Edmonton, Alberta Vice-President, Engineering of Numac since June, 1992. Manager, Engineering of Numac for the four previous years.	Vice-President, Engineering	--	1992

Notes:

(1) Member of the Audit Committee.

(2) Member of the Compensation Committee.

(3) Member of the Independent Committee.

(4) Excludes 1,145,864 Numac Common Shares owned by W.S. McGregor Investments Ltd. of which company Mr. Stewart McGregor (son of Mr. William McGregor) is a director and shareholder. Mr. Stewart McGregor also owns $30,000 principal amount of Numac Debentures, convertible into 2,222 Numac Common Shares.

(5) Of the total shares indicated, 1,145,864 are owned by W.S. McGregor Investments Ltd. and 386,660 are owned by Merry-Mac Investments Ltd in which personal holding companies Mr. William McGregor has voting control. Mr. William McGregor also owns $200,000 principal amount of Numac Debentures, convertible into 14,814 Numac Common Shares.

(6) Mr. Hohm also owns $10,000 principal amount of Numac Debentures, convertible into 740 Numac Common Shares.

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Numac had seven executive officers during the twelve months ended December 31, 1992 who were paid an aggregate cash compensation during the year of $867,498. The incremental cost to Numac of compensation paid to the executive officers, other than the cash compensation referred to above and compensation under those plans described below, did not exceed $70,000 during the twelve months ended December 31, 1992.

In 1992, directors who were not employees of Numac received a fee of $5,000 per annum plus $500 for each Board of Directors' meeting, $500 for each committee meeting, $250 for each conference call board meeting and $250 for each conference call committee meeting which they attended or in which they participated. In 1993, directors who are not employees of Numac are being paid a fee of $6,000 per annum plus $600 for each board or committee meeting and $300 for each conference call board or committee meeting which they attend or in which they participate. The Chairman of each committee will receive a fee of $1,000 per annum. This amount is in addition to travel and accommodation expenses necessary for each meeting. Directors who are employees do not receive fees for either board or committee meetings. Numac paid $50,500 aggregate cash compensation to its directors for services rendered during the twelve months ended December 31, 1992.

Each member of the Independent Committee will be paid a fee of $9,000 due to the extraordinary time commitment. The Chairman of the Independent Committee will receive an additional fee of $2,000.

STOCK OPTION PLAN

On June 24, 1982 Numac established a Key Employee Stock Option Incentive Plan (the "Option Plan") for the purpose of granting incentive Numac Common Share options to key full-time employees of Numac or its subsidiaries. Under the Option Plan, the exercise price for an option cannot be less than 90% of the last reported selling price of a board lot trade of Numac Common Shares on the TSE on the date the option is granted. Options can be granted for a term of up to 10 years, are cumulative and nonassignable. The Board of Directors, subject to the terms of the Option Plan, determines the employees to whom options shall be granted, the number of shares to be covered by each option, the option exercise prices and other terms and conditions of each option. Options granted prior to December 10, 1992 may provide for the giving of or arranging for financial assistance to an employee for the purpose of enabling him to pay the exercise price of an option.

On December 10, 1992, the Board of Directors amended the Option Plan. Changes to the Option Plan included:

(a) deleting the provision permitting the giving of financial assistance to an optionee for the purpose of enabling him to pay the exercise price of an option;

(b) limiting the circumstances providing for accelerated vesting and providing that such rights may only be granted at the discretion of the Compensation Committee; and

(c) deleting provisions allowing for the granting of stock appreciation rights.

Certain of the options provide for an acceleration of vesting should the optionee's terms of employment be substantially varied subsequent to the date the options were granted.

On July 19, 1993, pursuant to the Arrangement Agreement and as required by the Option Plan, the Board of Directors adjusted the shares to be acquired after the Arrangement upon the exercise of options granted or to be granted under the Option Plan by substituting for the right to acquire Numac Common Shares the right to acquire Westcoast Common Shares on a one for one basis.

During 1992, options to purchase in aggregate 450,275 Numac Common Shares at an exercise price of $6.25 per Numac Common Share were granted to employees, including 327,725 options granted to executive officers.

In April 1993, options respecting 10,000 Numac Common Shares were exercised by a former officer for $6.50 per share. These shares were immediately thereafter sold on the market for gross proceeds of $7.75 per share.

As at June 30, 1993, options to purchase 1,006,000 Numac Common Shares were outstanding, including 492,500 options granted to executive officers. See Note 8 to the Numac Financial Statements.

EXECUTIVE EMPLOYMENT AGREEMENTS

Numac has employment agreements with several of its executive officers. In addition to setting out the terms of employment, the agreement with Mr. Stewart McGregor provides that, as a result of a change of control of Numac having occurred since the execution of such agreement, Mr. McGregor is entitled to terminate the employment agreement at any time (except if he shall have been given a notice of termination for gross breach of his duties under the employment agreement and such conduct is not rectified) and to receive a sum of money equal to two times his annual salary at the time of termination. Employment agreements with Messrs. Habbishaw, Hohm and Hoover, in addition to setting out the terms of employment, provide that in the event of termination of employment prior to 1996 for any reason other than cause, the executive shall be entitled to receive a sum of money equal to his base salary for one year at the time of termination.

Mr. William McGregor retired as the President and Chief Executive Officer of Numac effective December 31, 1992. Under the terms of his employment agreement, as amended, $120,000 is payable to him in January 1993, 1994 and 1995. A final payment of $117,000 is due in January, 1996. Mr. James Pletcher retired as the Vice-President, Special Projects of Numac on March 31, 1993. Under the terms of his employment agreement, as amended, $7,000 per month is payable to him from April 1, 1993 through October, 1995. A final payment of $41,843 is due in November, 1995.

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

None of the principal holders of Numac Common Shares or any director or officer of Numac, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any transaction in the last three years or any proposed transaction that has materially affected, or will materially affect, Numac or any of its affiliates except as disclosed below or elsewhere in this Information Circular.

Mr. Daniel K. K. Lam, a director of Numac, is also a director of Thomson Kernaghan & Co. Ltd. On September 17, 1992, Thomson Kernaghan & Co. Ltd. entered into an underwriting agreement with Numac in which it agreed as underwriter to purchase on September 29, 1992 6,000,000 Special Warrants of Numac at a price of $5.10 per Special Warrant. Numac also granted to the underwriter an option to purchase up to 600,000 additional Special Warrants at a price of $5.10 per Special Warrant, the option exercisable to and including September 28, 1992. The underwriter was paid a fee of $757,350 in connection with the transaction. In addition, see "General Proxy Matters - Solicitation of Proxies". See also "The Arrangement - Interests of Insiders in the Arrangement and Intentions of Such Insiders".

MATERIAL CONTRACTS

Numac has not entered into any contracts within the last two years which can reasonably be regarded as presently material other than the Arrangement Agreement.

LEGAL PROCEEDINGS

On February 19, 1982, the Lubicon Lake Band (the "Band") and others filed a Statement of Claim against the Government of Alberta, several oil and gas companies, and Numac in an attempt to restrain exploration and development on certain lands, to enforce land claims and to receive damages in a total sum of $900 million. At present, all pretrial proceedings have been unsuccessful. The Band is still free to prove the allegations set forth in its original Statement of Claim in the Court of Queen's Bench in Alberta. Negotiations between the Band and representatives of the Government of Alberta and the Government of Canada to settle this matter have been stalled for the past three years and no indication of a resumption is evident. Counsel for Numac considers it unlikely that the plaintiffs will succeed in obtaining any form of relief which will be materially adverse to the interests of the oil companies named as defendants.

AUDITORS, REGISTRAR AND TRANSFER AGENT AND REGISTER FOR NUMAC DEBENTURES

The auditors of Numac are Deloitte & Touche, Chartered Accountants, 2000 ManuLife Place, 10180 - 101 Street, Edmonton, Alberta T5J 4E4. The said firm and its predecessors have been auditors of Numac since its incorporation in 1963.

The registrar and transfer agent for the Numac Common Shares is The R-M Trust Company at its principal offices in Calgary, Toronto and Montreal. The co-registrar and co-transfer agent for the Numac Common Shares is The Bank of Nova Scotia Trust Company of New York at its offices in New York, New York.

The register for the Numac Debentures is kept at the principal office of The Royal Trust Company in Calgary and facilities for registration, exchange and transfer of the Numac Debentures is maintained at the principal offices of The Royal Trust Company in Calgary, Toronto and Montreal.

LEGAL MATTERS

Certain legal matters relating to the Arrangement are to be passed upon at the closing of the Arrangement by Bennett Jones Verchere, Calgary, Alberta on behalf of Numac. As at June 30, 1993, the partners and associates of Bennett Jones Verchere beneficially owned, directly or indirectly, less than 1% of the issued and outstanding Numac Common Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS AND NUMAC FINANCIAL STATEMENTS

Management's Discussion and Analysis and the Numac Financial Statements are set forth in Appendix H to this Information Circular.

PART IV - INFORMATION RELATING TO WESTCOAST PETROLEUM LTD.

WESTCOAST

Westcoast was formed on September 21, 1971 under the laws of the Province of British Columbia pursuant to an amalgamation of Western Pacific Products & Crude Oil Pipelines Ltd. and Westcoast Production Co. Ltd. Prior to 1982, Westcoast was a publicly traded company whose common and preferred shares were traded on the Toronto, Montreal and Vancouver stock exchanges, as well as on the National Association of Security Dealers Automated Quotation ("NASDAQ") service in the United States. During 1982, Westcoast Energy Inc., the company's major shareholder, increased its ownership of Westcoast from approximately 58% to 100%. On December 5, 1991, Westcoast was continued under the ABCA. On May 5, 1993, Westcoast Energy Inc. sold its 100% ownership of Westcoast to a consortium of overseas investors. In this Part IV, Westcoast refers to Westcoast Petroleum Ltd. and its Subsidiaries unless otherwise stated.

The registered and head offices of Westcoast are located at 421 - 7th Avenue S.W., Calgary, Alberta, T2P 4K9.

RECENT DEVELOPMENTS

On May 5, 1993, 6,804,099 Class "A" Common Shares and 19,741,344 Class "B" Common Shares, then representing all of the issued and outstanding shares of Westcoast, were sold by Westcoast Energy Inc. to five purchasers for an aggregate consideration of $247.5 million pursuant to an agreement made February 16, 1993 between Bonelli International Limited, Fairview Development Limited, Kortran Development Limited, Teeman International Limited, Top & Top Promotion Limited, Westcoast Energy Inc. and Westcoast Petroleum Inc. Such agreement was arrived at pursuant to arm's length negotiations between the parties.

During the second quarter of 1993, Westcoast made a crude oil exploration discovery in the Shekilie area of Alberta. Proved and probable additional crude oil reserves of one million barrels were added to Westcoast's reserves as a result of this discovery. Westcoast also drilled a successful natural gas well in the Sahtaneh field of northeast British Columbia with proved and probable additional reserves of approximately 5.0 Bcf.

BUSINESS OF WESTCOAST

Westcoast, both directly and through its Subsidiaries, is engaged in the exploration, development, production and marketing of crude oil, natural gas liquids and natural gas, principally in western Canada. Westcoast ranks among the 25 largest oil and gas producers in Canada having produced an average of 13,784 Bbls/day of crude oil and natural gas liquids and 87.3 Mmcf/day of natural gas during the three months ended March 31, 1993. Westcoast markets 39% of its natural gas production to markets in the United States. In addition, Westcoast owns and operates a 506 mile pipeline which transports crude oil from Fort St. John to Prince George and Kamloops, British Columbia. During the last three years, Westcoast has upgraded its exploration modelling and interpretation information systems. In addition, Westcoast has applied technological developments such as horizontal drilling and miscible floods to increase both crude oil production rates and the recovery of crude oil reserves. Recently, Westcoast has committed to international joint exploration ventures in Libya and Indonesia with established international operators.

Westcoast owns 82.6% of the issued and outstanding shares of Canadian Roxy, a corporation engaged in the same business as Westcoast. The common shares of Canadian Roxy are listed on the Toronto and Alberta stock exchanges. Descriptions of the properties and business of Westcoast in this Information Circular include the entire interest of Canadian Roxy except where otherwise stated.

History of Development

After its formation in 1971, Westcoast's growth was achieved through exploration and development and acquisitions. Its exploration and development included the discovery and development of the Suffield oil field in eastern Alberta in the late seventies, the development of the Crystal oil field in west-central Alberta in the early eighties, the development of the Grand Forks area in southern Alberta and completion in October 1992 of the development program in the Tommy Lakes natural gas field in northern British Columbia.

In 1985, Westcoast acquired the Canadian operations of Texas Pacific Oil Canada for $134.5 million. In 1987, Westcoast acquired 69.5% of the outstanding common shares of Canadian Roxy in two transactions for an aggregate consideration of $103.7 million. Since 1987, Westcoast has increased its interest in Canadian Roxy to 82.6% of its outstanding common shares at an aggregate additional cost of $16.7 million. Also in 1987, Westcoast acquired the western Canadian oil and gas assets of AGIP Canada Ltd. (a subsidiary of the Italian national petroleum company) for $55.5 million.

Intercorporate Relationships

The following is a list of the active Subsidiaries of Westcoast as at June 30, 1993, together with their respective jurisdictions of incorporation and ownership:

Name of Subsidiary	Jurisdiction of Incorporation	Ownership
Canadian Roxy Petroleum Ltd.	Alberta	Owned 82.6% by Westcoast
Dover Petroleum Company	Delaware	Owned 100% by Westcoast
Westcoast Petroleum (Teso) Ltd.	Canada	Owned 100% by Westcoast
Westcoast Petroleum (Africa) Ltd.	Alberta	Owned 100% by Westcoast
292643 B.C. Ltd.	British Columbia	Owned 100% by Westcoast
Inter-Provincial Gas Company (1964) Limited	Alberta	Owned 100% by Canadian Roxy
Vikor Resources Ltd.	Alberta	Owned 100% by Canadian Roxy
Chess Resources Ltd.	Alberta	Owned 100% by Canadian Roxy
Scirocco Energy Limited	Cyprus	Owned 100% by Westcoast Petroleum (Africa) Ltd.

Operating Philosophy

Westcoast's operational activities emphasize the control of costs and the development and application of technological improvements to enhance productivity, maximize recovery of reserves and control costs.

During the last three years, Westcoast has upgraded its exploration modelling and interpretation information systems. In addition, Westcoast has applied technological developments such as horizontal drilling and miscible floods to increase both crude oil production rates and the recovery of crude oil reserves. To date, Westcoast has participated in 36 horizontal wells and anticipates involvement in up to an additional 16 horizontal wells in the second half of 1993.

Westcoast's operating and general administrative costs and expenses have been maintained at relatively low levels. Average operating costs related to crude oil and natural gas production in the years 1989 through 1992 were as follows:

	Crude Oil (per Bbl)	Natural Gas (per Mcf)
1993 (3 months to March 31)	\$4.00	\$0.31
1992	\$3.73	\$0.33
1991	\$4.04	\$0.36
1990	\$3.70	\$0.34
1989	\$3.28	\$0.34

Westcoast is committed to conducting its activities in a manner that will safeguard the health and safety of the public and its employees and protect the environment. Westcoast has adopted the Canadian Association of Petroleum Producers Code of Practice as its guideline for environmental policy and the Canadian Association of Petroleum Producers Environmental Operating Guidelines as its operating procedures. In addition, Westcoast has introduced a number of technological improvements to support these policies and procedures as well as a comprehensive emergency response program and spill reporting system. Westcoast is conducting an internal safety and environmental audit of all of the major facilities which it operates. Westcoast also maintains a comprehensive safety program which is designed to encourage employee responsibility in all aspects of its operations. In addition, Westcoast recognizes the importance of individual contribution to the success of the organization and rewards employee efforts through a competitive, comprehensive remuneration package of salaries, pension plans, savings plans and insurance coverages.

Crude Oil Operations

Westcoast operates approximately 59% of oil production from field offices located at Rocky Mountain House, Joffre, Peace River and Medicine Hat in Alberta and at Estevan in Saskatchewan. Operated production is handled through 16 multiple well oil processing facilities, of which five are associated with waterflood recovery schemes.

During 1992, Westcoast sold 14,583 Bbls/day of crude oil and NGLs of which 87% was produced in Alberta, 9% in Saskatchewan and 4% collectively in British Columbia, Manitoba and the State of Nebraska in the United States. Approximately 46% of the production is classified as light-sweet, 7% as light sour, 26% as medium, 13% as heavy crude oil and 8% as natural gas liquids.

Recovery of Westcoast's reserve volume is maximized wherever possible either by enhanced recovery techniques such as waterflooding or high volume pumping or by the application of horizontal drilling technology. To date, Westcoast has utilized horizontal drilling in three of its larger producing fields. Westcoast has also pioneered carbon dioxide miscible flooding in Canada by re-entering a previously waterflooded and abandoned oilfield at Joffre, Alberta. In 1991, the project was expanded and its regulatory status revised from experimental to commercial. By the end of 1992, this project had produced over 1.4 million gross barrels of additional light sweet oil. Further applications for this technology are being investigated.

During the first quarter of 1993, production averaged 13,784 Bbls/day. For the most part, the reduction reflects the sale of producing properties.

Natural Gas Operations

Westcoast operates approximately 55% of its gas production from field offices located at Rocky Mountain House and Medicine Hat in Alberta and at Fort St. John in British Columbia. The majority of the production is processed through ten sweet gas and two sour gas dehydration, refrigeration and compression plants.

During 1992, Westcoast produced 78.2 Mmcf/day of natural gas. Of this production, 62% was produced in Alberta, 14% in Saskatchewan and 24% in British Columbia.

Westcoast is continuously developing its natural gas properties in order to capture market opportunities and to maintain existing contract obligations. Since the deregulation of natural gas markets in November 1986, Westcoast has added production totalling 27.9 Mmcf/day to supply new gas markets. Most recently in November 1992, delivery of 6.0 Mmcf/day of natural gas commenced from a field discovered and operated by Westcoast at Tommy Lakes, British Columbia.

Commencing in early 1992, Westcoast revised its marketing strategy to increase gas sales by utilizing available field deliverability on contracted lands. This strategy has resulted in incremental gas sales of 4.1 Mmcf/day in 1992. In particular, at Ferrier, Alberta, where plant capacity is available, sales have been increased to the contract maximum permitted. New natural gas sales are planned from the Clarke Lake area of British Columbia in July 1993 at a rate of 3.4 Mmcf/day, the Manatokan area of Alberta in August 1993 at a rate of 3.7 Mmcf/day and two other northeastern British Columbia fields in late 1993.

Natural gas sales during the first quarter of 1993 averaged 87.3 Mmcf/day, up 12% from 1992 levels, largely on the strength of the Tommy Lakes production and higher load factors resulting from increased demand.

Marketing

Crude Oil and Natural Gas Liquids

Westcoast has recently expanded its crude oil marketing strategy to include a variety of buyers to take advantage of the increased availability of market outlets for Alberta crude oil and favourable changes in pricing. All crude oil is sold under 30-day contracts to maintain market flexibility. Approximately 60% of Westcoast's crude oil is light quality and commands a premium price. The remaining 40% is primarily medium grade.

Natural gas liquids are sold to various buyers under one-year contracts. Since Westcoast sells this product almost exclusively on the basis of price, there is an ongoing program to reduce the contract period to 90 days.

Recognizing that prices for crude oil are subject to fluctuation, Westcoast continues a program of price hedging to stabilize future cash flow. Approximately 40% of Westcoast's net production has been hedged for the period April to December 1993 at an average price of $26.65. This hedging program allows Westcoast to more effectively manage and plan its capital expenditure program for 1993 by reducing the risk of lower cash flow due to price and exchange rate fluctuations.

Natural Gas

Westcoast markets its natural gas to a diversified group of purchasers servicing all major geographic areas. Approximately 57% of current natural gas production is marketed to "aggregator buyers" such as ProGas Limited, Pan-Alberta Gas Ltd., Western Gas Marketing Limited and CanWest Gas Supply Inc. to supply proprietary markets. Approximately 43% of production is sold to direct markets by Westcoast, of which 23% is to the end user and 20% is sold through brokers. Direct marketing allows Westcoast to focus on the best market opportunities and to coordinate marketing activities with exploration and development activities. Approximately 5.4 Mmcf/day of direct sales were brought on-stream in 1992. Presently, 42% of Westcoast's natural gas production is sold in western Canada, 19% in eastern Canada and 39% in the United States.

During 1992, natural gas prices averaged $1.30 per Mcf compared to $1.33 per Mcf in 1991. Industry prices for natural gas fell to their lowest level in the past ten years. Prices recovered in the fourth quarter of 1992 and first quarter of 1993 to an average of $1.50 per Mcf.

Pipeline Operations

Westcoast owns and operates a 506 mile, 12 inch diameter crude oil pipeline in British Columbia that transports crude oil south from Taylor to Prince George and Kamloops. The system has a daily throughput capacity of 42,000 Bbls using six pump stations and two tank farms, one in Taylor with an aggregate storage capacity of 216,000 Bbls and the other in Kamloops with an aggregate storage capacity of 370,000 Bbls. During 1992 and the first quarter of 1993, the pipeline transported in excess of 35,000 Bbls/day.

The crude oil pipeline occupies the same right-of-way as a pipeline owned by Westcoast Energy Inc. Westcoast and Westcoast Energy Inc. have entered into agreements governing the use of the common right of way and the provision of common maintenance services. The line is subject to regulation by the British Columbia Utilities Commission and the provisions of the *Pipelines Act* administered by the Minister of Municipal Affairs, Recreation and Culture of British Columbia.

International Operations

Westcoast is assessing and participating in oil exploration activities outside of Canada. The company's strategy is to seek opportunities in established oil producing basins, working with experienced operators at interest levels of 30% or less. Westcoast is currently participating in two projects, in Libya and Indonesia, with combined commitments of $4 million per year during the next three years. The plan is to enter into two or three further projects during 1994 and 1995.

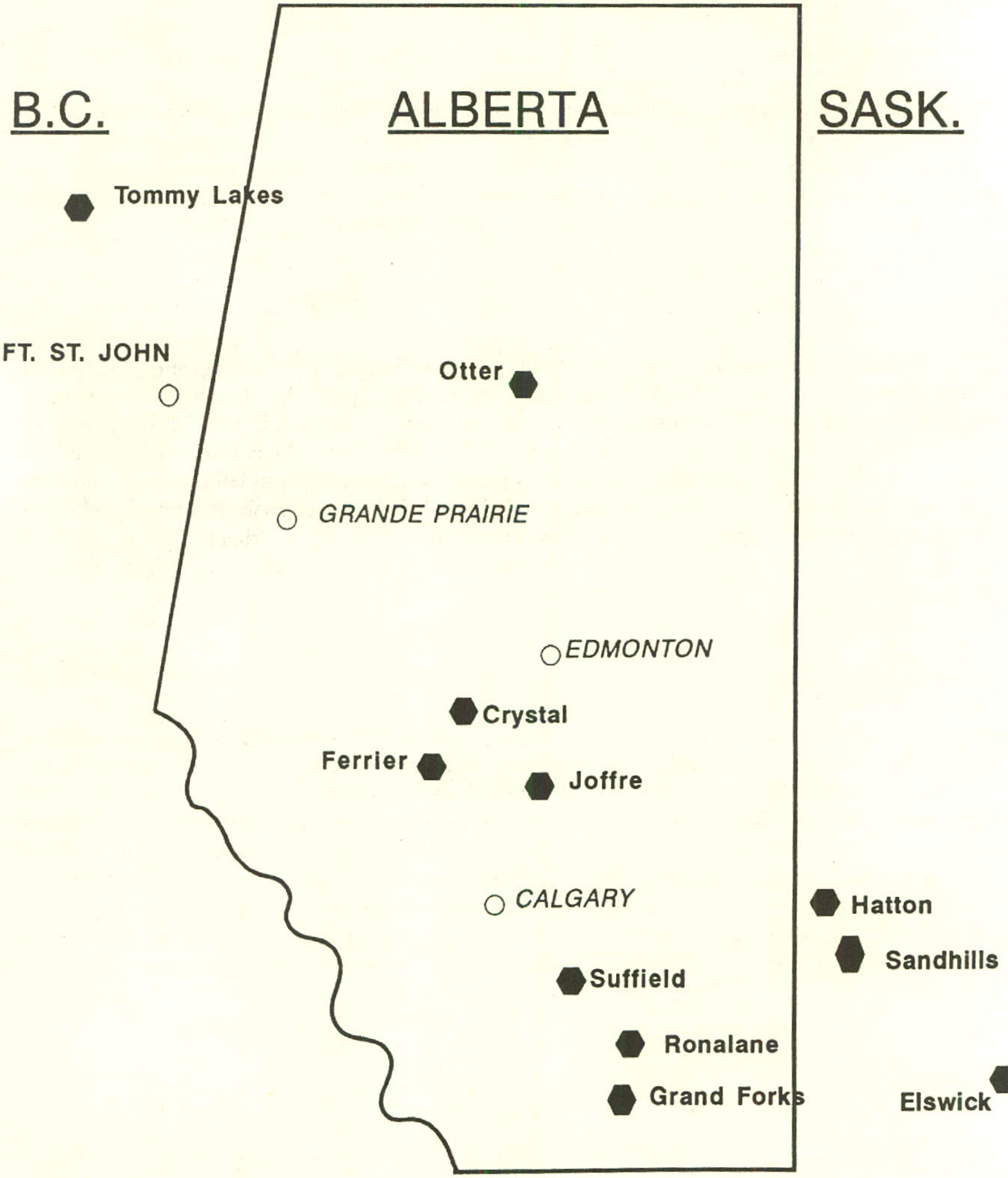
Libya

In June, 1992, Westcoast, through a wholly-owned subsidiary, signed an agreement with Fina Exploration Libya, B.V. a wholly-owned subsidiary of Petrofina, S.A. Under this agreement, Westcoast will earn a 7.5% working interest in 3.9 million gross acres in Blocks NC 170, NC 171 and NC 172 located in the Sirte Basin of Libya. The agreement with Fina is governed by an Exploration and Production Sharing Agreement between the Libyan National Oil Company and Fina Exploration Libya B.V. The work commitment includes an 8,500 kilometre seismic program followed by a 12 well drilling program. It is anticipated that the first well will be drilled in the second half of 1993 and the remainder by 1996. The agreement is subject to approval by the Libyan National Oil Corporation and the Libyan authorities.

Indonesia

Westcoast, through a wholly-owned subsidiary, has a 30% working interest in a Production Sharing Agreement in Indonesia dated September 6, 1991 between Pertamina and Bow Valley (Teso) Ltd. This Production Sharing Agreement relates to 2.56 million gross acres in onshore Sumatra. The work commitment, of which Westcoast's share is 30%, includes a seismic program which commenced in the second half of 1992. There is a tentative schedule to drill three or four slim-holes on the acreage in 1994. In order to maintain its 30% working interest in the Production Sharing Contract, Westcoast has to elect to drill a well on the acreage prior to September 6, 1993. Prior to September 6th of each successive year until 1997, Westcoast must elect to conduct additional work in the upcoming contract year.

WESTCOAST PRINCIPAL PROPERTIES



Principal Properties

All references to reserves in the following principal property descriptions include 100% of the probable additional reserves of Westcoast and Canadian Roxy. The term "net", when used to describe Westcoast's interest or share of production, reserves and land holdings, means the total of, or attributable to, the working interests of Westcoast and Canadian Roxy before deducting royalties owned by others.

Grand Forks/Ronalane, Alberta

Westcoast has 172 gross (73.9 net) producing crude oil wells in the Grand Forks/Ronalane area of southeastern Alberta. The area produced 3,441 Bbls/day of medium grade crude oil and natural gas liquids in 1992, constituting approximately 23% of Westcoast's crude oil and natural gas liquids production in that year. The reports of Coles Gilbert referred to under "Reserves" (in this Part IV, collectively, the "Coles Gilbert Reports") attributed 4.6 million barrels of proved and probable additional reserves of crude oil and natural gas liquids to Westcoast's interests in this area.

The reservoirs in this area produce significant quantities of water with the crude oil production. Westcoast has maximized oil production, where economically justified, through the use of high volume lifting systems and associated water disposal facilities.

In late 1992, Westcoast participated in a 3-D seismic program which resulted in six gross (one net) wells being drilled in the first quarter of 1993. Total first quarter 1993 oil production from the Grand Forks/Ronalane area was 2,972 Bbls/day net to Westcoast.

Crystal, Alberta

Westcoast is the major operator of the Crystal area, located in central Alberta, which was discovered in 1981. The area is under waterflood to maximize crude oil recovery and has 47 gross (19.4 net) producing oil wells. Crude oil and natural gas liquids production averaged 1,295 Bbls/day net to Westcoast in 1992, constituting approximately 9% of Westcoast's total production for the year. Crude oil produced from this area is light sweet grade oil and commands a premium price. Additionally, the area produced 1.1 Mmcf/day of natural gas net to Westcoast in 1992. The Coles Gilbert Reports attributed 3.8 million barrels of proved and probable additional reserves of crude oil and natural gas liquids and 1.7 Bcf of proved and probable additional reserves of natural gas net to Westcoast's interest in the area.

Westcoast's field facilities are comprised of an oil battery, a natural gas processing plant and water injection facilities.

During the first quarter of 1993, the Crystal area produced 1,147 Bbls/day of crude oil and natural gas liquids and 0.9 Mmcf/day of natural gas net to Westcoast.

Ferrier, Alberta

Westcoast's 79 gross (49.4 net) producing oil and gas wells in the Ferrier field, located in west central Alberta, accounted for an average of 1,489 Bbls/day of crude oil and natural gas liquids production net to Westcoast in 1992 or approximately 10% of Westcoast's annual total. Crude oil from this area is light sweet grade oil and receives a premium price. Natural gas production averaged 6.9 Mmcf/day net to Westcoast in 1992. The natural gas production level increased to 8.1 Mmcf/day net to Westcoast at year end 1992 due to Westcoast's 1992 initiative to maximize natural gas production under the existing gas sales contracts. The Coles Gilbert Reports attributed 10.4 million barrels of proved and probable additional reserves of crude oil and natural gas liquids and 43.4 Bcf of proved and probable additional reserves of natural gas to Westcoast's interests in the area.

Westcoast operates 97% of its crude oil and natural gas liquids production and 95% of its natural gas production through an operated facility comprised of a large oil battery and a natural gas processing plant which handles both solution and high pressure associated natural gas.

Westcoast is continuing efforts to increase the utilization of existing field gas processing and oil treating facilities in 1993. Recent facility modifications have enabled natural gas throughput to increase further and first quarter 1993 natural gas production was 10.3 Mmcf/day net to Westcoast. Crude oil and natural gas liquids production in the first quarter of 1993 was 1,603 Bbls/day net to Westcoast, up substantially from 1992 levels primarily due to increased natural gas liquids production.

The Ferrier reservoir is under waterflood to maximize oil recovery. Furthermore, reservoir and geological evaluations are currently underway to assess the application of horizontal drilling technology which has been successfully implemented in three of Westcoast's other major fields.

Suffield, Alberta

Suffield is a heavy oil producing area located in southeast Alberta that was discovered by Westcoast in the late 1970's. Westcoast's interests in 183 gross (54.6 net) producing oil wells in the area delivered an average of 1,653 Bbls/day of crude oil net to Westcoast in 1992 representing approximately 11% of Westcoast's crude oil and natural gas liquids production.

This area, which yields the majority of Westcoast's heavy oil production, has been the subject of several major studies to improve ultimate oil recovery. Westcoast has participated with the operator and the Alberta Oil Sands Technology and Research Authority to develop significant anti-water coning technology to extend the life of high water cut wells, thereby increasing total recovered oil. Westcoast has also drilled a number of horizontal wells and these wells currently account for over 45% of the field's production. To the end of the first quarter 1993, 20 horizontal wells have been drilled with further plans for four more in 1993.

First quarter 1993 production averaged 1,613 Bbls/day net to Westcoast. The Coles Gilbert Reports attributed 3.3 million barrels of proved and probable additional reserves of crude oil to Westcoast's interests in the main Suffield pool.

Otter, Alberta

The Otter complex of pools is located in north central Alberta, northeast of the Town of Peace River. An aggregate of six producing oil pools accounted for average production of 1,111 Bbls/day of crude oil net to Westcoast in 1992.

The pools underlying Westcoast's 44 gross (22.6 net) producing oil wells feature a natural water drive resulting in higher than average ultimate recovery factors. Through reservoir engineering endeavors, the majority of these pools have been granted "good production practice" classification to take advantage of the high production capability. The Coles Gilbert Reports attributed 3.3 million barrels of proved and probable additional reserves of crude oil to Westcoast's interest in the Otter area.

In 1992, Westcoast embarked on an evaluation of the Otter oil pools for horizontal drilling technology. The first well was drilled in late 1992 and yielded an initial production rate of approximately 400 Bbls/day net to Westcoast. On the strength of the new horizontal wells, first quarter 1993 crude oil production was 1,547 Bbls/day net to Westcoast, up 39% from the 1992 average. Based on an extensive 3-D seismic survey, two additional horizontal wells were drilled during the first quarter of 1993. Early in 1993, the company conducted further 3-D seismic work on lands in the Otter area to identify additional horizontal drilling opportunities. Up to seven more horizontal wells will be drilled in 1993.

Elswick, Saskatchewan

The Elswick field is located in southeast Saskatchewan adjacent to the large Midale field. The main pool was discovered by Westcoast in 1984.

The 36 gross (19.3 net) producing wells contributed average production of 631 Bbls/day of crude oil and natural gas liquids in 1992 net to Westcoast. The principal pool in this area commenced water flooding in 1987 and is projected to have a long remaining production life.

Reservoir engineering studies indicated that horizontal wells would serve to increase oil production and optimize pool recovery. Two horizontal wells were drilled in 1992 and a third during the first quarter of 1993. The latest well commenced production at a rate of 566 Bbls/day net to Westcoast. An additional horizontal well will be drilled in 1993.

The Coles Gilbert Reports attributed 8.7 million barrels of proved and probable additional reserves of crude oil and natural gas liquids and 2.4 Bcf of proved and probable additional reserves of natural gas to Westcoast's interests to the main pool in this area. The first quarter 1993 oil production averaged 875 Bbls/day net to Westcoast, a 39% increase over the 1992 average as a direct result of the new horizontal wells.

Westcoast continues to assess other enhanced oil recovery techniques using expertise developed in other areas. In 1992, a reservoir simulation study of Elswick indicated that the main oil pool is technically suited for carbon dioxide miscible flooding, a technology pioneered in Canada by Westcoast in its Joffre field.

Tommy Lakes, British Columbia

The producing portion of the Tommy Lakes natural gas pool was discovered by Westcoast in 1978. The pool is located midway between Fort St. John and Fort Nelson, British Columbia. Gas is sold into two markets, a ten year contract for sales to a market in the United States and a one year bridging contract. In October 1993, the short-term contract will be replaced by a twenty year contract with a cogeneration facility in British Columbia. These sales agreements, featuring higher than average pricing, supported the decision to develop the field and in October 1992, Westcoast completed the tie-in of 12 gas wells with construction of a gas gathering system, a central compression facility and a gas dehydration plant at a gross cost of $15 million. Production commenced in November 1992 and an additional 18 wells will be drilled and tied-in over the next ten years to maintain deliverability to the gas contracts.

Production averaged approximately 6.0 Mmcf/day net to Westcoast during the last two months of 1992 and 6.2 Mmcf/day net to Westcoast during the first quarter of 1993. The Coles Gilbert Reports attributed 32.0 Bcf of proved and probable additional reserves of natural gas and 0.4 million barrels of proved and probable additional reserves of natural gas liquids to Westcoast's interests in the area.

Joffre, Alberta

Westcoast operates Canada's first carbon dioxide enhanced oil recovery miscible flood at Joffre in central Alberta. This field had been produced to its economic limit under waterflood and was abandoned in the mid-1960's. Carbon dioxide injection commenced in 1984 as a pilot project in a joint venture with the Alberta Oil Sands Technology and Research Authority. The carbon dioxide dissolves in the reservoir oil reducing the oil's viscosity and surface tension and swelling it to permit recovery of the reserves left after waterflooding. Westcoast has experimented with different injection techniques and found that injecting carbon dioxide and water simultaneously is the most effective of the techniques tested. An additional 20% of the original oil-in-place has been recovered from the pilot area, encouraging Westcoast to expand the project in 1991. Its regulatory status has been revised from "experimental" to "commercial".

Westcoast's share of production has increased from an average of 291 Bbls/day in 1991 to 385 Bbls/day in 1992 from 17 gross (11.2 net) producing wells and averaged 437 Bbls/day during first quarter of 1993. The Coles Gilbert Reports attributed 3.8 million barrels of light sweet proved and probable additional crude oil reserves to Westcoast's interests in this area based on recovering 13% of the original oil in place. Westcoast believes that this recovery factor can be exceeded and the technology developed in this project has applicability to other reservoirs to recover additional reserves.

Hatton/Sandhills, Saskatchewan

The Hatton/Sandhills area is located in the gas prone region of southwestern Saskatchewan. Westcoast's 490 gross (93.5 net) wells in this area contributed 10.7 Mmcf/day of gas sales net to Westcoast in 1992, which represented 13.7% of total natural gas sales for the year. Gas sales are made under five long term direct sales contracts to supply industrial and core markets in both Saskatchewan and Ontario. Westcoast drilled 39 gross (12.3 net) wells in 1991 and 1992 and anticipates drilling 49 gross (14.1 net) more wells in the area in 1993 to maintain deliverability. Gas sales during the first quarter of 1993 averaged 10.6 Mmcf/day net to Westcoast. The Coles Gilbert Reports attributed 60.6 Bcf of proved and probable additional reserves to Westcoast's interests in the area.

Reserves

Coles Gilbert has prepared two reports dated January 15, 1993, evaluating, as of January 1, 1993, the crude oil, natural gas and natural gas liquid reserves and the present worth of future net cash flows attributable to the properties of Westcoast and Canadian Roxy. The following tables summarize the Coles Gilbert Reports, which excluded reserves attributable to the properties held for sale at December 31, 1992 (See "Information Relating to Westcoast Petroleum Ltd. - Asset Rationalization Program"). The amounts in the tables represent all of the reserves and present worth of net pre-tax cash flows attributable to the properties of Westcoast and 100% of the reserves and present worth of net pre-tax cash flows attributable to the properties of its Subsidiary, Canadian Roxy.

The Coles Gilbert Reports contain an evaluation prior to provision for income tax and indirect costs, including office general administrative expense, overhead recovery, abandonment costs and salvage values. It should not be assumed that the present worth of future net cash flows estimated by Coles Gilbert represents the fair market value of the reserves. The present worth value of probable additional reserves have been reduced by 50% to reflect the degree of risk associated with recovery of such reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized in the notes following the tables.

Petroleum and Natural Gas Reserves and Present Worth of Net Pre-Tax Cash Flows

(Based on Escalating Price Assumptions)

	Westcoast's reserves						Present worth of future net pre-tax cash flows (2)(4)(5)(6)(7)			
	Crude oil (Mbbls)		Natural gas liquids (Mbbls)		Natural gas (Mmcf)		Undis-counted	Discounted at		
	Gross[1]	Net[1]	Gross[1]	Net[1]	Gross[1]	Net[1]		10%	15%	20%
								(millions of dollars)		
Proved[1]										
Producing[1]	26,066	21,202	3,679	2,703	206,081	170,353	$ 808.7	$ 398.7	$ 323.3	$ 273.8
Non-Producing[1]	5,754	4,672	1,403	1,043	177,216	145,227	344.2	107.4	67.2	43.2
Total Proved	31,820	25,874	5,082	3,746	383,297	315,580	1,152.9	506.1	390.5	317.0
Probable Additional[1]	13,276	10,457	1,930	1,420	146,221	116,301	331.3	94.7	63.1	45.5
Total Proved and Probable Additional	45,096	36,331	7,012	5,166	529,518	431,881	$1,484.2	$ 600.8	$ 453.6	$ 362.5

Petroleum and Natural Gas Reserves and Present Worth of Net Pre-Tax Cash Flows

(Based on Constant Price Assumptions)

	Westcoast's reserves						Present worth of future net pre-tax cash flows (3)(4)(5)(6)(7)			
	Crude oil (Mbbls)		Natural gas liquids (Mbbls)		Natural gas (Mmcf)		Undis-counted	Discounted at		
	Gross[1]	Net[1]	Gross[1]	Net[1]	Gross[1]	Net[1]		10%	15%	20%
								(millions of dollars)		
Proved[1]										
Producing[1]	26,066	21,290	3,679	2,766	206,081	176,755	$ 503.4	$ 306.9	$ 261.3	$ 229.0
Non-Producing[1]	5,754	4,846	1,403	1,154	177,216	157,949	134.6	42.9	25.3	14.5
Total Proved	31,820	26,136	5,082	3,920	383,297	334,704	638.0	349.8	286.6	243.5
Probable Additional[1]	13,276	10,605	1,930	1,476	146,221	128,258	152.7	56.5	40.7	31.2
Total Proved and Probable Additional	45,096	36,741	7,012	5,396	529,518	462,962	$ 790.7	$ 406.3	$ 327.3	$ 274.7

Notes:

(1) The following definitions have been used in the Coles Gilbert Reports.

"Gross" means the total of Westcoast's working interest and/or royalty interest share before deducting royalties owned by others.

"Net" means the total of Westcoast's working interest and/or royalty interest share after deducting the amounts attributable to the royalties owned by others.

"Royalties" refers to royalties paid to others. The royalties deducted from the reserves are based on the percentage royalty calculated by applying the applicable royalty rate or formula. In the case of Crown sliding scale royalties which are dependent on selling prices, the price forecasts for the individual properties in question have been employed.

"Proved Reserves" means those reserves estimated as recoverable under current technology and existing economic conditions in the constant price case and anticipated future economic conditions in the escalated price case from that portion of a reservoir which can be reasonably evaluated as economically productive on the basis of analysis of drilling, geological, geophysical and engineering data, including the reserves to be obtained by enhanced recovery processes demonstrated to be economic and technically successful in the subject reservoir.

"Probable Additional Reserves" means those reserves which analysis of drilling, geological, geophysical and engineering data does not demonstrate to be proved under current technology and existing economic conditions, but where such analysis suggests the likelihood of their existence and future recovery. Probable additional reserves to be obtained by the application of enhanced recovery processes will be the increased recovery over and above that estimated in the proved category which can be realistically estimated for the pool on the basis of enhanced recovery processes which can be reasonably expected to be instituted in the future.

"Producing Reserves" means those reserves that are actually on production or, if not producing, that could be recovered from existing wells or facilities and where the reason for the current non-producing status is the choice of the owner rather than the lack of markets or some other reason. An illustration of such a situation is where a well or zone is capable but is shut-in because its deliverability is not required to meet contract commitments.

"Non-producing Reserves" means those reserves that are not currently producing either due to lack of facilities and/or markets.

(2) Escalating price assumptions - The present worth of future net pre-tax cash flows from Westcoast's crude oil, natural gas and natural gas liquids reserves were based on escalating price assumptions as follows:

Year	Average Alberta Gas Price		Alberta Direct Sales	Western Gas Marketing			British Columbia		Saskatchewan		
	Constant 1992 $ $/MMBTU	Then Current $/MMBTU	$/MMBTU	$/MMBTU	Pan-Alberta $/MMBTU	ProGas $/MMBTU	CanWest $/MCF	Direct $/MMBTU	Provincial Dry $/MMBTU	Gas Sol'n $/MMBTU	Direct $/MMBTU
1993	1.35	1.40	1.10	1.25	1.40	1.55	1.15	1.05	1.40	1.05	1.20
1994	1.40	1.50	1.25	1.35	1.50	1.60	1.25	1.15	1.50	1.15	1.30
1995	1.45	1.60	1.40	1.40	1.60	1.65	1.35	1.25	1.60	1.20	1.40
1996	1.50	1.70	1.55	1.65	1.70	1.75	1.45	1.35	1.70	1.25	1.50
1997	1.60	1.85	1.70	1.85	1.85	1.85	1.65	1.50	1.85	1.40	1.60
1998	1.70	2.05	1.90	2.05	2.05	2.05	1.85	1.70	2.05	1.60	1.80
1999	1.85	2.30	2.15	2.30	2.30	2.30	2.10	1.95	2.30	1.80	2.00
2000	2.00	2.55	2.40	2.55	2.55	2.55	2.35	2.20	2.55	2.00	2.20
2001	2.10	2.70	2.60	2.70	2.70	2.70	2.55	2.40	2.70	2.20	2.40
2002	2.15	2.90	2.75	2.90	2.90	2.90	2.75	2.60	2.90	2.35	2.60
2003	2.20	3.05	2.90	3.05	3.05	3.05	2.90	2.75	3.05	2.50	2.80
2004	2.25	3.20	3.05	3.20	3.20	3.20	3.05	2.90	3.20	2.65	3.00
2005	2.25	3.30	3.15	3.30	3.30	3.30	3.15	3.00	3.30	2.80	3.15
2006	2.30	3.45	3.25	3.45	3.45	3.45	3.30	3.15	3.45	2.95	3.30
2007	2.30	3.60	3.40	3.60	3.60	3.60	3.50	3.25	3.60	3.05	3.40
2008	2.30	3.70	3.50	3.70	3.70	3.70	3.60	3.30	3.70	3.15	3.50
2009	2.35	3.85	3.65	3.85	3.85	3.85	3.65	3.45	3.85	3.25	3.65
2010	2.35	4.00	3.80	4.00	4.00	4.00	3.80	3.60	4.00	3.40	3.80
2011 +	2.35					Escalated at 3% per year					

Notes:

(a) The Alberta average gas price represents the average of all system and direct (spot and firm) sales.

(b) The Alberta direct spot price represents the average of the domestic intra and ex-Alberta interruptible sales.

(c) The Alberta direct firm price represents the average for domestic one year term contracts.

(d) The CanWest price is quoted on a volume basis consistent with the way CanWest purchases gas; all other prices are on a heating value basis and hence are subject to adjustment depending upon the actual heat content of the gas.

(e) All gas prices rounded to the nearest $0.05/MMBTU.

	Crude Oil								Alberta Natural Gas Liquids		
	West Texas Intermediate at Cushing Oklahoma		Light, Sweet (38°API, 0.5%S) at Edmonton		Medium (22° API, 2.7% S) at Hardisty		Heavy (12° API) at Hardisty		Propane	Butane	Cond.
Year	Constant 1992 $ $US/Bbl	Then Current $US/Bbl	Constant 1992 $ $Cdn/Bbl	Then Current $Cdn/Bbl	Constant 1992 $ $Cdn/Bbl	Then Current $Cdn/Bbl	Constant 1992 $ $Cdn/Bbl	Then Current $Cdn/Bbl	Then Current $Cdn/Bbl	Then Current $Cdn/Bbl	Then Current $Cdn/Bbl
1993	20.00	20.50	24.00	24.50	16.50	17.00	11.75	12.00	12.25	14.75	25.00
1994	19.75	21.00	23.75	25.25	16.75	17.75	11.75	12.50	12.50	15.50	25.75
1995	20.25	22.00	24.25	26.50	17.25	18.75	12.50	13.50	13.25	16.50	27.00
1996	20.50	23.00	24.50	27.75	17.75	20.00	13.00	14.75	13.75	17.50	28.25
1997	22.00	25.50	26.50	30.75	19.75	22.75	15.00	17.50	15.50	19.75	31.25
1998	23.50	28.00	28.25	33.75	21.50	25.75	17.00	20.25	17.00	22.00	34.50
1999	24.50	30.00	29.50	36.25	22.75	28.00	18.25	22.50	18.25	23.50	37.00
2000	24.75	31.25	30.00	38.00	23.50	29.75	19.00	24.25	19.00	24.75	38.75
2001	24.50	32.00	29.75	38.75	23.25	30.25	19.00	24.75	19.25	25.25	39.50
2002	24.25	32.50	29.25	39.50	23.00	31.00	18.75	25.25	19.75	25.75	40.25
2003	24.00	33.25	29.00	40.25	22.75	31.50	18.50	25.75	20.25	26.25	41.00
2004	23.75	33.75	28.75	41.00	22.50	32.25	18.50	26.25	20.50	26.75	41.75
2005	23.50	34.50	28.50	41.75	22.25	32.75	18.25	26.75	21.00	27.25	42.75
2006	23.25	35.25	28.25	42.50	22.00	33.50	18.25	27.25	21.25	27.75	43.50
2007	23.00	36.00	28.00	43.50	22.00	34.25	18.25	28.00	21.75	28.25	44.50
2008	23.00	36.75	27.75	44.50	22.00	35.00	18.25	28.75	22.25	29.00	45.50
2009	22.75	37.75	27.75	45.75	22.00	36.25	18.25	30.00	22.75	29.75	46.50
2010	22.75	38.75	27.50	47.00	22.00	37.25	18.25	31.00	23.50	30.50	48.00
2011 +	22.75	+3%/yr	27.50	+3%/yr	22.00	+3%/yr	18.25	+3%/yr		Escalate at 3% per year	

Notes:

(a) WTI prices estimated above represent NYMEX 30 day futures prices.

(b) Edmonton city gate prices based on "light sweet" crude as posted by the major refiners.

(c) Alberta NGL prices are FOB Edmonton and are subject to transportation and fractionation charges from the field.

(d) All prices rounded to the nearest $0.25/Bbl.

Capital and operating costs were assumed to escalate 3.0% per annum.

(3) Constant price assumptions - The present worth of future net pre-tax cash flows from Westcoast's crude oil, natural gas and natural gas liquids reserves were based on prices estimated to be in effect at January 1, 1993. Capital and operating costs were not escalated.

(4) The Coles Gilbert Reports assumed nomination rates as follows:

	Western Gas Marketing		Pan-Alberta		ProGas	CanWest
			Pool I	Pool II		
Year	Rate-of-Take % of DCQ	Take-or-Pay % of Recovery	Rate-of-Take % of DCQ	Rate-of-Take % of DCQ	Rate-of-Take % of DCQ	Rate-of-Take % of MDV
1993	50	10	100	70	75	65
1994	65	6	100	75	80	70
1995	80	-	100	80	85	75
1996	85	-	100	85	85	80
1997	85	-	100	85	85	80

Notes:

(a) The above producer rate-of-take estimates are for calendar years, not contract years; the historical rates-of-take have been estimated by Coles Gilbert. "DCQ" means dedicated contract quantity.

(b) Western Gas Marketing take-or-pay is recovered on a volume basis with the recovery expressed as a percent of original outstanding volumes, not remaining volumes; cumulative take-or-pay recovery as of January 1, 1993 is estimated to be 84 percent of the original outstanding volume.

(c) The forecast ProGas rates-of-take apply to the revised contract DCQ (a reserves based rate of 1 Mcf for every 5,500 Mcf of allocated reserves) which came into effect on November 1, 1991.

(d) Existing uncontracted gas is forecast to come onstream between November 1993 and November 1995 depending upon the proximity to the existing pipeline infrastructure. Production rates will vary but are expected to typically be in the order of an 85% rate-of-take on a contract DCQ of 1 Mcf for every 4,380 Mcf of allocated reserves.

(5) Royalty credits under the ARTC program have been included in the Coles Gilbert Reports at the following rates and limits for the escalating price case:

Year	Rate (%)	Maximum Rebate ($000)
1993	69.9	1,747.2
1994	66.7	1,668.4
1995	61.5	1,536.6
1996	56.2	1,403.8
1997	43.3	1,082.0
1998	30.4	761.0
1999+	25.0	625.0

The estimates of future net pre-tax cash flows otherwise assume the continuance of current laws and regulations.

(6) The $U.S./$Can. exchange rate is assumed to be $.80 throughout the period of the reports.

(7) The Coles Gilbert Reports estimated total capital expenditures (net to Westcoast) to achieve the proved and probable additional estimated present worth based on constant cost assumptions to be $101.3 million, of which $24.1 million, $24.9 million and $16.1 million are estimated for 1993, 1994 and 1995, respectively and based on escalated cost assumptions to be $109.6 million, of which $24.2 million, $25.7 million and $17.1 million are estimated for 1993, 1994 and 1995, respectively.

(8) The present worth of future net pre-tax cash flows includes processing income which, on a proved and probable additional basis, is estimated to be $2.2 million, $2.5 million and $2.6 million in 1993, 1994 and 1995, respectively, and to have a before tax present value, discounted at 15%, of $15.5 million based on escalating price assumptions.

Undeveloped Land Holdings

The following table indicates, by area, the location of Westcoast's undeveloped land holdings as at March 31, 1993:

	Acres	
	Gross[1]	Net[2]
CANADA		
Alberta	934,321	456,650
British Columbia	575,884	243,769
Manitoba	12,522	12,522
Saskatchewan	169,678	71,109
TOTAL CANADA[3]	1,692,405	784,050
INTERNATIONAL		
Indonesia[4]	2,560,011	768,003
Libya[4]	3,900,000	292,500
TOTAL INTERNATIONAL[5]	6,460,011	1,060,503
TOTAL	8,152,416	1,844,553

Notes:

(1) Gross acres are the total acres in which Westcoast has an interest.

(2) Net acres are the aggregate of the numbers obtained by multiplying gross acres by Westcoast's percentage working interest therein.

(3) In addition, Westcoast held interests in 65,000 gross undeveloped acres at March 31, 1993 through royalty or similar interests in the Western Canadian Sedimentary Basin, 759,096 gross (10,814 net) acres in the Northwest Territories and 33,937 gross (2,123 net) acres off the Canadian east coast.

(4) Interests in Indonesia and Libya consist of production sharing contracts that provide rights to specified interests in production from the contract lands along with obligations and work commitments. The Libyan agreement is subject to approval by the Libyan National Oil Corporation and Libyan authorities.

(5) In addition, at March 31, 1993, Westcoast had interests in 2,400 gross (566 net) acres in the United States and 66,300 gross (2,486 net) acres in Italy.

(6) Annual expiry rates of Westcoast's total undeveloped land holdings during the next five years will be in the range of 6% to 12%. Westcoast routinely acquires and relinquishes land rights in the normal course of its business.

The Coles Gilbert Reports valued Westcoast's undeveloped lands as at January 1, 1993 based on a comparison of recent industry land sales information and in consideration of the remaining terms of the leases. The value attributed to the undeveloped lands of Westcoast and 100% of the undeveloped lands of Canadian Roxy was $35.1 million. Interests in oil sands properties, the Northwest Territories, the Canadian east coast and international jurisdictions were not included in the evaluation.

Major Facilities

The following table indicates, by location, Westcoast's major oil facilities as at March 31, 1993:

	Description		Westcoast's Interest
Alberta			
Operated			
Ferrier Unit	Central battery		67.7%
	Oil production capacity	- 4,000 Bbls/day	
	NGLs production capacity	- 1,500 Bbls/day	
Crystal Unit	Central battery		44.7%
	Oil production capacity	- 5,000 Bbls/day	
	NGLs production capacity	- 1,000 Bbls/day	
Otter/Golden	Central battery		62.5%
	Oil production capacity	- 3,500 Bbls/day	
North Grand Forks	Central battery		100.0%
	Oil production capacity	- 1,900 Bbls/day	
Grand Forks	Central battery		60.0%
	Oil production capacity	- 950 Bbls/day	
Joffre	Central battery		66.0%
	Oil production capacity	- 1,600 Bbls/day	
Non-Operated			
Suffield	Central battery		30.0%
	Oil production capacity	- 7,000 Bbls/day	
Grand Forks	Central battery		36.4%
	Oil production capacity	- 2,500 Bbls/day	
Saskatchewan			
Operated			
Elswick	Central battery		75.0%
	Oil production capacity	- 2,500 Bbls/day	

The following table indicates, by location, Westcoast's major natural gas facilities as at March 31, 1993:

	Description		Westcoast's Interest
Alberta			
Operated			
Ferrier Unit	Gas plant Capacity	- 22 Mmcf/day	67.7%
Alderson	Compressor facility Capacity	- 12 Mmcf/day	21.7%
Bindloss	Compressor facility Capacity	- 12 Mmcf/day	51.7%
Hanna	Gas plant Capacity	- 10 Mmcf/day	43.3%
Crystal Unit	Gas plant Capacity	- 7.5 Mmcf/day	44.7%
Granlea	Compressor facility Capacity	- 14 Mmcf/day	70.8%
Gambler	Compressor facility Capacity	- 5 Mmcf/day	100.0%
Wainwright	Gas plant Capacity	- 5 Mmcf/day	100.0%
Non-Operated			
South Ferrier	Gas plant Capacity	- 8 Mmcf/day	20.0%
British Columbia			
Operated			
Tommy Lakes	Compressor facility Capacity	- 20 Mmcf/day	39.3%
Silver	Compressor facility Capacity	- 20 Mmcf/day	27.8%
Saskatchewan			
Non-Operated			
Sandhills	Gas plant Capacity	- 25 Mmcf/day	32.9%
Hatton	Gas plant Capacity	-15 Mmcf/day	22.2%

Production History

The following table summarizes Westcoast's production before deduction of royalties for the periods indicated:

	Three Months Ended March 31, 1993	Year Ended December 31 1992	1991	1990	1989	1988
Crude oil and natural gas liquids						
Production (Mbbls)	1,241	5,337[(1)]	5,370	5,613	5,740	5,675
Average Daily Production (Bbls/day)	13,784	14,583[(1)]	14,711	15,377	15,725	15,505
Natural gas						
Production (Mmcf)	7,857	28,621[(1)]	25,988	23,178	21,973	21,740
Average Daily Production (Mmcf/day)	87.3	78.2[(1)]	71.2	63.5	60.2	59.4
Average sales prices						
Crude oil and natural gas liquids (per (Bbl)	$ 18.06	$ 18.79	$ 18.15	$ 23.43	$18.84	$ 15.48
Natural gas (per Mcf)	$ 1.50	$ 1.30	$ 1.33	$ 1.44	$ 1.44	$ 1.50

Note:

(1) Properties sold in 1992 or held for sale at December 31, 1992 accounted for production of 341 Mbbls of crude oil and natural gas liquids (935 Bbls/day) and 1,916 Mmcf of natural gas (5.2 Mmcf/day) in the year ended December 31, 1992.

Drilling Activity

Westcoast drilled or participated in the drilling of wells as follows:

	Three Months Ended March 31, 1993		Year Ended December 31 1992		1991		1990		1989		1988	
	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]	Gross[(1)]	Net[(2)]
Crude Oil	21	6.7	37	12.7	45	17.4	41	18.0	61	15.9	105	27.9
Natural Gas	1	0.5	13	2.9	61	23.0	48	13.7	130	36.2	79	10.6
Dry	6	4.1	21	12.3	30	12.1	42	16.8	50	20.8	65	17.9
TOTAL	28	11.3	71	27.9	136	52.5	131	48.5	241	72.9	249	56.4

Notes:

(1) Gross wells are the total wells, excluding service wells, in which Westcoast has a working interest.

(2) Net wells are the aggregate of the numbers obtained by multiplying each gross well by Westcoast's percentage working interest therein.

Principal Producing Fields

Crude Oil and NGLs

The following table summarizes the reserves, production and well count information for Westcoast's major oil fields:

	Gross Proven and Probable Additional Reserves at January 1, 1993[1] (Mbbls)	1993 First Quarter Production (Bbls/day)	Number of Wells[2] as at December 31, 1992	
			Gross	Net
Alberta				
Grand Forks/Ronalane	4,600	2,972	172	73.9
Crystal	3,800	1,147	47	19.4
Ferrier	10,400	1,603	79	49.4
Suffield	3,300	1,613	183	54.6
Otter	3,300	1,547	44	22.6
Joffre	3,800	437	17	11.2
Saskatchewan				
Elswick	8,700	875	36	19.3

Natural Gas

The following table summarizes the reserves, production and well count information for Westcoast's major natural gas fields:

	Gross Proven and Probable Additional Reserves at January 1, 1993[1] (Bcf)	1993 First Quarter Production (Mmcf/day)	Number of Wells[2] as at December 31, 1992	
			Gross	Net
Alberta				
Crystal	1.7	0.9	47	19.4
Ferrier	43.4	10.3	79	49.4
Saskatchewan				
Hatton/Sandhills	60.6	10.6	490	93.5
British Columbia				
Tommy Lakes	32.0	6.2	12	4.7

Notes:

(1) Based on the Coles Gilbert Reports.

(2) Includes all wells in which Westcoast had a working interest which are producing or which Westcoast considers to be capable of producing including unitized wells.

Oil and Gas Wells

The following table sets forth the number and status of wells in which Westcoast had a working interest, which were producing or Westcoast considered to be capable of production, other than those properties held for sale, as at March 31, 1993:

	Producing Wells				Non-Producing Wells[1]	
	Crude Oil		Natural Gas		Natural Gas	
	Gross[2]	Net[3]	Gross[2]	Net[3]	Gross[2]	Net[3]
Alberta	1,025	305.3	852	288.1	129	55.5
British Columbia	67	2.5	94	26.8	33	11.1
Saskatchewan	256	62.4	490	93.5	22	9.7
TOTAL	1,348	370.2	1,436	408.4	184	76.3

Notes:

(1) Non-producing wells means wells which have encountered, and are capable of producing, natural gas but which are not producing due to lack of transportation facilities, available markets or other reasons. All non-producing wells are within 20 kilometres of pipeline facilities except certain non-producing wells (4 gross, 2.1 net) located at High Prairie, Otter and Amigo.

(2) Gross wells are the wells in which Westcoast has an interest, including unitized wells.

(3) Net wells are the aggregate of the numbers obtained by multiplying each gross well by Westcoast's percentage working interest therein.

Capital Expenditures

The following table summarizes Westcoast's capital expenditures for the periods indicated:

	Three Months Ended March 31, 1993	Year Ended December 31				
		1992	1991	1990	1989	1988
	(unaudited)	(thousands of dollars)				
Property acquisitions	$ 718	$ 4,208	$ 4,720	$ 6,492	$ 6,141	$11,498
Exploration	6,088	13,177	23,494	24.611	13,892	17,487
Development	6,933	18,931	28,871	28,443	27,000	25,828
Capitalized general and administrative[(1)]	1,733	8,015	8,806	6,906	6,744	6,983
Other	4	1,620	4,155	2,116	1,245	860
	15,476	45,951	70,046	68,568	55,022	62,656
Less petroleum incentives	—	—	—	—	(2,312)	(5,797)
	15,476	45,951	70,046	68,568	52,710	56,859
International	232	7,015	1,849	866	—	—
Capitalized general and administrative[(1)]	136	259	193	—	—	—
	368	7,274	2,042	866	—	—
	$15,844	$53,225	$72,088	$69,434	$52,710	$56,859

Note:

(1) Geological, geophysical and head office supervision of field exploration and development activities.

Asset Rationalization Program

In 1992, Westcoast began a review of its portfolio of production properties in western Canada with the intention of rationalizing its assets. As a result, Westcoast initiated a program aimed at divesting non-strategic assets in order to concentrate its expertise and resources on those assets capable of generating the greatest economic value, particularly in fields where it is the operator or has a significant working interest. Non-core properties, which in aggregate produce less than 20% of Westcoast's operating cash flow, were targeted for divestment. In late 1992, the first phase of the sales program was initiated and a total of 14 oil and gas properties, two plants and an interest in a pipeline in northern Alberta were sold prior to December 31, 1992 for aggregate proceeds of approximately $8.1 million (before disposition costs). A further eight properties were sold between

December 31, 1992 and March 31, 1993 for approximately $24.9 million (before disposition costs). Properties sold in 1992 and in the first quarter of 1993 accounted for production of 935 Bbls/day of crude oil and natural gas liquids and 5.2 Mmcf/day of natural gas in the year ended December 31, 1992. Westcoast plans to continue its rationalization program over the next few years and to utilize the funds generated to acquire new properties or selectively increase ownership in core areas. Westcoast is currently evaluating several properties for acquisition.

CONSOLIDATED CAPITALIZATION OF WESTCOAST

The following table summarizes the consolidated share and loan capital structure of Westcoast, as at the dates indicated after giving effect to the share capital reorganization described under "Information Relating to Westcoast Petroleum Ltd. - Description of Share Capital":

	Outstanding as at December 31, 1992 (audited)	Outstanding as at March 31, 1993 (unaudited)	Outstanding as at June 30, 1993 (unaudited)
Advances from Westcoast Energy Inc.	$150,000,000	nil	nil
Long-Term Debt	$2,177,000	$148,983,000[1]	$151,857,000[1]
First Preferred Shares (unlimited)	nil	nil	nil
Second Preferred Shares (unlimited)	nil	nil	nil
Common Shares (unlimited)	$179,105,000 (50,436,342 shares)	$179,105,000[2] (50,436,342 shares)	$179,921,000 (50,565,542 shares)

Notes:

(1) Westcoast has a credit facility with a Canadian chartered bank which includes a $165,000,000 production loan and a $15,000,000 committed operating loan. The facilities are secured by a floating charge and general security interest with respect to the Canadian properties and assets of Westcoast and a pledge of the shares of Canadian Roxy. See Note 7 to the Westcoast Consolidated Financial Statements.

(2) As at December 31, 1992, Westcoast's retained earnings were $24,457,000, contributed surplus was $43,938,000, deferred income taxes were $86,614,000 and deferred credits and other long term obligations were $18,207,000. As at March 31, 1993, Westcoast's retained earnings were $26,293,000, contributed surplus was $43,938,000, deferred income taxes were $87,924,000 and deferred credits and other long term obligations were $20,603,000.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of Westcoast consists of 6,804,099 Class "A" Common Shares, 20,000,000 Class "B" Common Shares and an unlimited number of First Preferred Shares, issuable in series. As at June 30, 1993, 6,804,099 Class "A" Common Shares and 19,809,344 Class "B" Common Shares were issued and outstanding. No First Preferred Shares are issued and outstanding.

Prior to the Arrangement becoming effective, the issued and authorized share capital of Westcoast will be reorganized such that: (a) the authorized capital will be comprised of an unlimited number of Westcoast Common Shares, an unlimited number of First Preferred Shares, issuable in series, and an unlimited number of Second Preferred Shares, issuable in series; and (b) the issued and outstanding Class "A" Common Shares and Class "B" Common Shares will be changed into Westcoast Common Shares on the basis of 1.9 Westcoast Common Shares for each Class "A" or Class "B" Common Share previously outstanding. As a result of such share reorganization, an aggregate of 50,565,542 Westcoast Common Shares are expected to be issued and outstanding.

The following is a brief summary of the rights, privileges, restrictions and conditions to be attached to classes of shares of the authorized share capital of Westcoast after giving effect to the reorganization referred to above.

Westcoast Common Shares

Subject to the provisions of the ABCA, the holders of the Westcoast Common Shares will be entitled to receive notice of, attend and vote at all meetings of the shareholders of Westcoast and will be entitled to one vote, in person or by proxy, for each Westcoast Common Share held. Subject to the payment of preferential dividends, if any, on the First Preferred Shares and the Second Preferred Shares, the holders of the Westcoast Common Shares will be entitled to receive, if, as and when declared by the directors of Westcoast, dividends at such rate and payable on such dates as may be determined from time to time by the directors of Westcoast. Subject to the preferential rights, if any, of the First Preferred Shares and Second Preferred Shares, on the liquidation, dissolution or winding-up of Westcoast, or any other distribution of the assets of Westcoast among its shareholders for the purposes of winding-up its affairs, the holders of the Westcoast Common Shares will be entitled to receive the remaining property and assets of Westcoast.

First Preferred Shares

The First Preferred Shares will be issuable from time to time in one or more series, each series comprising that number of shares, and having the designation, rights, privileges, restrictions and conditions which the board of directors of Westcoast determines prior to the issuance thereof. The First Preferred Shares will rank prior to the Second Preferred Shares and the Westcoast Common Shares with respect to payment of dividends and distributions in the event of the liquidation, dissolution or winding-up of Westcoast.

Second Preferred Shares

The Second Preferred Shares will be issuable from time to time in one or more series, each series comprising that number of shares, and having the designation, rights, privileges, restrictions and conditions which the board of directors of Westcoast determines prior to the issuance thereof. The Second Preferred Shares will rank prior to the Westcoast Common Shares but subordinate to the First Preferred Shares with respect to payment of dividends and distributions in the event of liquidation, dissolution or winding-up of Westcoast.

PRINCIPAL HOLDERS OF WESTCOAST COMMON SHARES

To the best knowledge of the directors and senior officers of Westcoast, as at June 30, 1993, the following companies were the only persons or companies that beneficially owned, directly or indirectly, or exercised control or direction over, Westcoast Class "A" and Class "B" Common Shares that would result in such persons or companies beneficially owning, directly or indirectly, or exercising control or direction over, more than 10% of the issued and outstanding Westcoast Common Shares after giving effect to the share capital reorganization of Westcoast described under "Information Relating to Westcoast Petroleum Ltd. - Description of Share Capital" above.

Name of the Beneficial Owner and Municipality of Residence	Number of Westcoast Common Shares Owned	Percentage of Westcoast Common Shares Owned
Bonelli International Limited Hong Kong	11,978,630	23.69%
Fairview Development Limited Hong Kong	11,978,630	23.69%
Kortran Development Limited Hong Kong	11,978,630	23.69%
Teeman International Limited Hong Kong	11,978,630	23.69%

PRIOR SALES OF WESTCOAST COMMON SHARES

In the twelve months ended June 30, 1993, the only shares issued by Westcoast were 684,000 Class "B" Common Shares issued at $12.50 per share in December, 1992, and 68,000 Class "B" Common Shares issued at $12.00 per share, on a flow-through subscription basis, in May, 1993.

DIVIDEND RECORD AND POLICY

The policy of the board of directors of Westcoast is not to declare regular dividends on the Westcoast Common Shares. Future earnings will be retained to finance further exploration, development and other capital investments. This policy will be reviewed periodically by the board of directors and is subject to change depending on factors such as the earnings, capital requirements and other conditions existing at such time.

DIRECTORS AND OFFICERS

The following table provides information in respect of the current directors and officers of Westcoast:

Name, Municipality of Residence and Principal Occupation for the Past Five Years	Office Held	Number of Westcoast Common Shares Beneficially Owned Directly or Indirectly[1]	Director/Officer Since
IRVINE J. KOOP Calgary, Alberta Chairman, President and Chief Executive Officer of Westcoast since 1991. Former Senior Vice President, Oil and Gas of B.P. Canada Inc.	Director, Chairman of the Board, President and Chief Executive Officer	95,000	1991
STEPHEN J. LETWIN Calgary, Alberta Senior Vice President, Finance since 1993. Vice President, Finance, Chief Financial Officer and Corporate Secretary of Westcoast since 1992. Former Vice President and Chief Financial Officer of Encor Inc.	Director, Senior Vice President, Finance, Chief Financial Officer and Corporate Secretary	34,200	1992
MICHAEL C. M. PEI Hong Kong A director of Tai Fook Finance Corporation Limited (a licensed financial institution) since January, 1988. A director of Ramada International Hotels & Resorts Inc. (a hotel management company) since July, 1991.	Director	--	1993
DOUGLAS W. T. CHAN, C.A. Hong Kong Director and Assistant General Manager of New World Development (China) Limited (a real estate development company) since June, 1992. Director of Internal Audit Group of New World Development Co. Ltd. from April, 1991 to May, 1992. A director of Ramada International Hotels & Resorts Inc. (a hotel management company) since July, 1991. A director of New World Indosuez Insurance Services Limited since September, 1988.	Director	--	1993

Name, Municipality of Residence and Principal Occupation for the Past Five Years	Office Held	Number of Westcoast Common Shares Beneficially Owned Directly or Indirectly[1]	Director/Officer Since
Assistant Chief Executive Officer of Asia Television Ltd. (a television broadcasting company) from August, 1988 to March, 1991 and a director of Asia Television Ltd. since August, 1988.			
DANIEL K. K. LAM Toronto, Ontario Vice-President and Director of Thomson Kernaghan & Co. Ltd. (investment dealer) since September, 1990. Vice-President, Midland Capital (investment dealer) from September, 1989 to September, 1990. Vice-President of Davidson Partners Ltd. (investment dealer) from January, 1988 to September, 1989.	Director	--	1993
SHU FAI AMBROSE SO Hong Kong Director and Company Secretary of Shun Tak Holdings Limited (a diversified investment company) since October, 1991. Company secretary of Shun Tak Holdings Limited from March, 1979 to October 1991.	Director	--	1993
EDDIE YUM CHUEN LAU Vancouver, British Columbia A director of Henderson Land Development Co. Ltd., Hong Kong Ferry (Holdings) Co. Ltd. and Concord Pacific Developments Ltd. (property development, property investment, investment and investment holding companies).	Director	--	1993
DR. JOHN R. LACEY Calgary, Alberta President of John R. Lacey International Ltd. (international engineering, geological and financial consulting company) during the past five years. Also during that time and currently, President of Enjay Holdings Alberta Ltd. (property and investment holding company) and director of Harcastle and Company Ltd. (financial advisory company	Director	--	1993

Name, Municipality of Residence and Principal Occupation for the Past Five Years	Office Held	Number of Westcoast Common Shares Beneficially Owned Directly or Indirectly[(1)]	Director/Officer Since
in the United Kingdom), Kingslea Properties (property investment and holding company in the United Kingdom) and Hartley Management Ltd. (leasing and business development company in Canada).			
DONALD J. TAYLOR Jackson's Point, Ontario Presently a director of Total Petroleum (NA), Interprovincial Pipe Line Co. Ltd. and Computalog Ltd. Executive Vice-President of Shell Canada Ltd., President of Shell Canada Products Ltd., a director of Shell Canada Ltd. and a director of Shell Investments Ltd. from January 1, 1988 to June 1, 1990.	Director	--	1993
DAVID J. MURPHY Calgary, Alberta Senior Vice President, Exploration and Land of Westcoast since 1991. Former Division Exploration Manager of Amoco Production Corporation. Former Chief Geologist of Amoco Canada Petroleum Company Ltd.	Senior Vice President, Exploration and Land	--	1991
WARREN L. WILLIAMSON Calgary, Alberta Senior Vice President, Production of Westcoast since 1993. Former Manager, Operations of Westcoast.	Senior Vice President, Production	--	1993
DOUGLAS G. MacKENZIE Calgary, Alberta Vice President, Administration of Westcoast since 1988. Former Manager, Human Resources of Westcoast Energy Inc.	Vice President, Administration	--	1988
JAMES R. SCREATON Calgary, Alberta Controller of Westcoast since 1993. Former Manager, Financial Services and Assistant Corporate Secretary of Westcoast. Former Supervisor, Planning and Business Development, Amerada Hess Canada Ltd. Former Senior	Controller	--	1991

Name, Municipality of Residence and Principal Occupation for the Past Five Years	Office Held	Number of Westcoast Common Shares Beneficially Owned Directly or Indirectly[(1)]	Director/Officer Since
Manager, Ernst & Young, Chartered Accountants.			
ROBERT T. GERMAN Calgary, Alberta Manager, Financial Services and Assistant Corporate Secretary of Westcoast since 1993. Former Supervisor, Internal Audit of Westcoast. Former Audit Manager, Ernst & Young, Chartered Accountants.	Assistant Corporate Secretary	--	1993

Note:

(1) After giving effect to the share capital reorganization referred to under "Information Relating to Westcoast Petroleum Ltd. - Description of Share Capital".

COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

Cash Compensation

Directors of Westcoast, who are not officers of Westcoast, are entitled to receive as remuneration an annual retainer of $4,200 and a per diem of $300 for each meeting attended. For the year 1992, the outside directors were paid an aggregate compensation of $16,800. Westcoast had six executive officers during the year ended December 31, 1992. The aggregate cash compensation paid to these officers, including salaries, fees, commissions and bonuses during the year ended December 31, 1992, was $946,903. Westcoast currently has five executive officers.

Pension Plan

Executives of Westcoast participate in Westcoast's Employee Pension Plan. Westcoast has entered into agreements with its executive officers which provide that any entitlement earned under the existing pension formula in excess of that allowed by statutory limitation will be paid to the executive by Westcoast under the same terms and conditions as the Employee Pension Plan.

One executive officer has entered into an agreement with Westcoast under which Westcoast will provide a further pension benefit which, when added to the benefits received from the Employee Pension Plan and the Executive Pension Agreement, will provide an aggregate annual pension benefit of up to $80,000 at the time of the executive's retirement. In 1993, Westcoast assumed the obligation of Westcoast Energy Inc. for pension benefits earned by one executive officer prior to joining Westcoast. The actuarial present value of this obligation is $995,000.

During 1992, an amount of $247,000 was paid pursuant to such arrangements.

Executive Severance Agreements

Westcoast has entered into Employment Severance Agreements with each of Westcoast's executive officers and one senior manager. In the event of a termination of the executive's employment without cause, such executive officer shall be paid a severance amount of up to two times the then current yearly cash and associated benefits compensation. The Chairman, President and Chief Executive Officer shall be paid three times the then current yearly cash and associated benefits compensation.

Other Compensation

The aggregate value of all other compensation paid in 1992 to executive officers did not exceed the lesser of $10,000 times the number of executive officers and 10% of the aggregate cash compensation of the executive officers as a group.

During 1992, Westcoast had an incentive plan for executives and managers where payments up to 25% of base earnings may be made if performance criteria relating to the employee and Westcoast established from time to time by the board of directors is achieved. Payments made under the plan are included in the aggregate cash compensation paid to executives set out under the heading "Information Relating to Westcoast Petroleum Ltd. - Cash Compensation".

INTEREST OF INSIDERS IN MATERIAL TRANSACTIONS

None of the principal holders of Westcoast Common Shares or any director or officer of Westcoast, or any associate or affiliate of any of the foregoing persons, has or had any material interest in any transaction in the last three years or any proposed transaction that have materially affected, or will materially affect, Westcoast or any of its affiliates except as disclosed below or elsewhere in this Information Circular.

On May 6, 1993, 68,000 Class "B" Common Shares were issued pursuant to flow-through share agreements to two executive officers of Westcoast for $12.00 per share.

MATERIAL CONTRACTS

Neither Westcoast nor any of its Subsidiaries have entered into any contracts within the last two years which can reasonably be regarded as presently material other than the Arrangement Agreement.

AUDITORS, REGISTRAR AND TRANSFER AGENT

The auditors of Westcoast are Ernst & Young, Chartered Accountants, 1300 Ernst & Young House, 707 - 7th Avenue S.W., Calgary, Alberta. The said firm and its predecessors have been the auditors of Westcoast since Westcoast was formed on September 21, 1971.

After giving effect to the Arrangement, the registrar and transfer agent for the Westcoast Common Shares will be The R-M Trust Company at its principal offices in Calgary, Vancouver, Toronto and Montreal and the co-registrar and co-transfer agent for the Westcoast Common Shares will be The Bank of Nova Scotia Trust Company of New York at its offices in New York, New York.

LEGAL MATTERS

Certain legal matters relating to the Arrangement are to be passed upon at the closing of the Arrangement by Burnet, Duckworth & Palmer, Calgary, Alberta on behalf of Westcoast. As at June 30, 1993, the partners and associates of Burnet, Duckworth & Palmer beneficially owned, directly or indirectly, less than 1% of the issued and outstanding Numac Common Shares.

MANAGEMENT'S DISCUSSION AND ANALYSIS AND WESTCOAST CONSOLIDATED FINANCIAL STATEMENTS

Management's Discussion and Analysis and the Westcoast Consolidated Financial Statements are set forth in Appendix I to this Information Circular.

PART V - OTHER MATTERS CONCERNING THE ARRANGEMENT

INDUSTRY CONDITIONS

Canadian Government Regulations

The natural gas and oil industry is subject to extensive controls and regulations imposed by various levels of government. Outlined below are some of the principal aspects of the federal and provincial legislation, regulations and agreements governing the natural gas and oil industry.

Pricing and Marketing - Natural Gas

The price of natural gas sold in inter-provincial trade is determined by negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the National Energy Board ("NEB") and the Government of Canada. Exporters are free to negotiate prices with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada.

The Governments of British Columbia, Alberta and Saskatchewan also regulate the volume of natural gas which may be removed from those provinces for consumption elsewhere.

Pricing and Marketing - Oil

Producers of oil negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Such price depends in part on oil quality, prices of competing oils, distance to market and the value of refined products. Oil exporters are also entitled to enter into export contracts without obtaining the prior approval of the NEB provided that the terms of such contracts do not exceed one year in the case of light crude oil and two years in the case of heavy crude oil. The export of oil under contracts which have terms which are shorter than the terms stated above is licensed by the NEB on an after the fact basis without restrictions on volumes and prices.

The Free Trade Agreement

The Free Trade Agreement between Canada and the United States encompasses bilateral trade. In the context of energy resources, Canada continues to remain free to determine whether exports to the U.S. will be allowed provided that any export restrictions do not (i) reduce the proportion of energy resource exported relative to domestic use, (ii) impose an export price higher than the domestic price, and (iii) disrupt normal channels of supply. Both countries are prohibited from imposing minimum export or import price requirements. The Free Trade Agreement provides a mechanism for dispute resolution in respect of natural gas and oil matters when direct consultations between the affected parties fail.

On August 12, 1992 the Government of Canada announced that an agreement in principle had been reached with the Governments of the United States and Mexico for a North American Free Trade Agreement ("NAFTA"). NAFTA contemplates the reduction of Mexican restrictive trade practices in the energy sector and prohibits discriminatory border restrictions and export taxes. The agreement also contemplates clearer disciplines on regulators to avoid discriminatory actions and to minimize disruption of contractual arrangements, which is important for Canadian natural gas exports. NAFTA must be ratified by each of the three governments and is expected to come into force in January 1994.

Royalties and Incentives

In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of natural gas and oil production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on well productivity, geographical location and field discovery date. From time to time the Governments of Canada, Alberta, British Columbia and Saskatchewan have established incentive programs which have included royalty rate reductions, royalty holidays and tax credits for the purpose of encouraging natural gas and oil exploration.

In November 1991, the Government of Alberta announced temporary royalty incentives for oil exploration and development. The relief program provides for: (i) a two year royalty holiday for oil exploration wells drilled between November 1, 1991 and March 31, 1992 and a one year royalty holiday for exploratory wells drilled between April 1, 1992 and March 31, 1993 and an extra one year royalty holiday for exploratory wells drilled in the foothills and northern regions of the province, with a cap of $1,000,000 per well; (ii) a one year royalty holiday on oil development wells drilled between November 1, 1991 and March 31, 1993 with a cap of $400,000 per well; and (iii) a five year royalty holiday for reactivated oil wells which have been continuously inactive since August 31, 1990, with a 25,000 barrel cap which was raised to 50,000 barrels on wells inactive for twelve months prior to January 1, 1993 pursuant to the October 13, 1992 announcement. The incentive set forth in subparagraph (ii) above has been extended to July 31, 1993.

On October 13, 1992, the Government of Alberta announced major changes to its royalty structure and permanent incentives for exploring and developing natural gas and oil reserves. The regulations incorporating these changes were passed on January 20, 1993. The significant changes include the following: (i) new oil discovered after September 30, 1992 will have a permanent one year oil royalty holiday, subject to a $1,000,000 cap and a reduced royalty rate thereafter; (ii) reduction of royalties on existing production of natural gas and oil; (iii) incentives by way of royalty holidays and reduced royalties on reactivated and horizontal wells; (iv) introduction of separate par pricing for light, medium and heavy oil; and (v) modification of the royalty formula structure to provide for sensitivity to price fluctuations. The incentive for horizontal wells set forth in subparagraph (iii) above has been extended to March 31, 1994.

In Alberta, a producer of oil or natural gas is entitled to a credit against the royalties payable to the Crown by virtue of the ARTC program. Effective January 1, 1990, a new ARTC program was introduced which is based on a price-sensitive formula. The ARTC rate varies between 85% at prices below U.S. $15 per bbl and 25% at prices above U.S. $30 per bbl. The ARTC rate will be applied to a maximum of $2,500,000 of Alberta Crown royalties payable for each producer or associated group of producers. Crown royalties on production from producing properties acquired from corporations claiming maximum entitlement to ARTC will generally not be eligible for ARTC. The rate will be established quarterly based on the average "par price", as determined by the Alberta Department of Energy for the previous quarterly period. Under current legislation this program will not extend beyond December 31, 1994.

Oil royalty holidays for specific wells and royalty reductions reduce the amount of Crown royalties paid by Numac to the provincial governments. The ARTC program provides a rebate on Crown royalties paid. Both of these incentives increase the net income of Numac.

A price and productivity sensitive royalty structure for natural gas and crude oil in the Province of Saskatchewan has been in effect since 1987. The royalty structure provides for royalty holidays for certain categories of wells drilled in the Province of Saskatchewan and royalties which vary with the price of a particular commodity.

Environmental Regulation

The natural gas and oil industry is subject to environmental regulation pursuant to local, provincial and federal legislation. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced in association with certain natural gas and oil industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines or clean-up orders. Environmental legislation in Alberta has undergone a major revision to update and consolidate the various acts applicable to environmental protection and consideration into the *Environmental Protection and Enhancement Act* (the "Act"). The Act was proclaimed April 22, 1993, to be effective September 1, 1993. Under the Act, environmental standards and compliance for releases, clean-up and reporting will be stricter. Also, the range of enforcement actions available and severity of penalties will be significantly increased. The changes will have an incremental but not material effect on the cost of conducting operations in Alberta. The full extent of the impact will not be known until the Government of Alberta releases its enforcement policy. Federal environmental regulations are generally restricted to the use and transport of certain restricted and prohibited substances and the environmental assessment of projects which require an approval from the federal authority. Numac and Westcoast are committed to meeting their responsibilities to protect the environment wherever they operate and anticipate making increased expenditures of both a capital and expense nature as a result of the increasingly stringent laws relating to the protection of the environment. Numac and Westcoast believe that they are in material compliance with applicable environmental laws and regulations.

RISK FACTORS

The oil and natural gas industry is intensely competitive and Numac and Westcoast compete with a substantial number of other companies which have greater resources. Many of these other companies not only explore for and produce oil and natural gas but also carry on refining operations and market petroleum and other products on a worldwide basis.

Numac's and Westcoast's ability to increase reserves in the future will depend not only on their ability to develop their present properties, but also on their ability to select and acquire suitable producing properties or prospects. Competitive factors in the distribution and marketing of oil and gas include price and methods and reliability of delivery. The marketability of oil and natural gas which will be acquired by Numac and Westcoast will also be affected by numerous other factors beyond the control of Numac and Westcoast. These factors include market fluctuations, the world price of oil, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment and government regulations, including regulations relating to prices, taxes, royalties, land tenure, production allowables, the import and export of oil and natural gas and environmental protection. The effect of these factors cannot be accurately predicted.

Hazards such as unusual or unexpected geological formations, pressures or other conditions may be encountered in drilling and operating wells. Numac and Westcoast will have the benefit of insurance maintained by them, however, Numac and Westcoast may become liable for damages arising from pollution, blowouts or other hazards against which they cannot insure or against which they may elect not to insure because of high premium costs or other reasons. Oil and gas production operations are also subject to all the risks typically associated with such operations, including premature decline of reservoirs and invasion of water into producing formations.

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material declines in prices could result in a reduction of Numac's and Westcoast's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of Numac's and Westcoast's reserves. Numac and Westcoast might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Numac's and Westcoast's net production revenue causing a reduction in their oil and gas acquisition and development activities.

RELIANCE BY NUMAC ON WESTCOAST FOR INFORMATION RELATING TO WESTCOAST

Numac has relied solely upon the management of Westcoast to provide it with the information relating to Westcoast set forth under "Information Relating to Westcoast Petroleum Ltd." and elsewhere in this Information Circular.

APPROVAL OF DIRECTORS

The contents of this Information Circular have been approved by the Board of Directors.

CERTIFICATE OF NUMAC

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED at Edmonton, Alberta this 19th day of July, 1993.

(signed)	STEWART D. McGREGOR President and Chief Executive Officer	(signed)	DALE J. HOHM Vice-President and Treasurer

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APPENDIX A

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT made the 23rd day of June, 1993,

BETWEEN:

> **NUMAC OIL & GAS LTD.**, a body corporate amalgamated under the laws of the Province of Alberta with its head office in the City of Edmonton, in the Province of Alberta (hereinafter called "Numac")

OF THE FIRST PART,

- and -

> **WESTCOAST PETROLEUM LTD.**, a body corporate continued under the laws of the Province of Alberta with its head office in the City of Calgary, in the Province of Alberta (hereinafter called "WPL")

OF THE SECOND PART.

WHEREAS Numac wishes to propose an arrangement with WPL and with its shareholders in order to reorganize its affairs and therefore wishes to carry out certain transactions on the basis hereinafter set forth;

AND WHEREAS the parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (Alberta);

AND WHEREAS the parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement;

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto do hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, defined terms shall have the following meanings:

"**Act**" means the *Business Corporations Act*, S.A. 1981, c. B-15, as amended;

"**Arrangement**" means the arrangement under the provisions of Section 186 of the Act, on the terms and conditions set forth in the Plan of Arrangement;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the Act to be sent to the Registrar after the Final Order is made;

"**business day**" means any day, other than Saturday, Sunday and a statutory holiday in the Province of Alberta;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Effective Date**" means the date upon which the Articles of Arrangement are filed with the Registrar;

"**Encumbrance**" includes, without limitation, any mortgage, pledge, assignment, charge, lien, security interest, trust, royalty, carried, working, participation, net profits interest or other third party interest and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;

"**Final Order**" means the order of the Court approving the Arrangement, as such order may be amended or modified by the highest court to which an appeal may be applied for;

"**Interim Order**" means an order of the Court containing declarations and directions under the Act with respect to the Arrangement;

"**material Subsidiary**" in relation to WPL means Canadian Roxy Petroleum Ltd., Westcoast Petroleum (Teso) Ltd. and Westcoast Petroleum (Africa) Ltd.;

"**Numac**" means Numac Oil & Gas Ltd., a corporation amalgamated under the Act;

"**Numac Common Shares**" means the Common Shares of Numac;

"**Numac Counsel**" means Bennett Jones Verchere, barristers and solicitors;

"**Numac Debentures**" means the 7% Convertible Subordinated Debentures of Numac;

"**Numac Independent Committee**" means the independent committee of the board of directors of Numac established to consider the fairness of the Arrangement to the Numac Shareholders not owning, directly or indirectly, any interest in WPL;

"**Numac Meeting**" means the meeting of Numac Shareholders as ordered by the Interim Order;

"**Numac Shareholders**" means the holders of Numac Common Shares;

"**Plan of Arrangement**" means the plan of arrangement which is annexed as Exhibit 1 hereto and any amendment or variation thereto made in accordance with Section 7.1 hereof;

"**Registrar**" means the Registrar of Corporations appointed pursuant to Section 253 of the Act;

"**Subsidiary**" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate in like relation to a Subsidiary;

"**Tax Pools**" means the aggregate of all amounts which are deductible in the computation of income or taxable income under the *Income Tax Act* (Canada) or any provincial taxation statute applicable to either of the parties and without restricting the generality of the foregoing includes the parties' "cumulative Canadian exploration expense", "cumulative Canadian development expense", "cumulative Canadian oil and gas property expense", "foreign exploration and development expense", "undepreciated capital cost", "cumulative eligible capital", "non-capital losses" and "limited partnership losses", if any, all as defined for the purposes of the *Income Tax Act* (Canada) and applicable provincial income tax legislation;

"**WPL**" means Westcoast Petroleum Ltd., a corporation continued under the Act;

"**WPL Common Shares**" means common shares of WPL as constituted after a share capital reorganization whereby each issued Class A Common Share and Class B Common Share of WPL shall be exchanged for shares of a single class, to be designated as "common shares", on a 1.9 for one basis; and

"**WPL Counsel**" means Burnet, Duckworth & Palmer, barristers and solicitors.

1.2 Interpretation Not Affected by Headings

The division of this Agreement into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

1.3 Article References

Unless the contrary intention appears, references in this Agreement to an Article, Section, subsection, paragraph, exhibit or schedule by number or letter or both refer to the Article, Section, subsection, paragraph, exhibit or schedule, respectively, bearing that designation in this Agreement.

1.4 Number

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders; and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental board, agency or instrumentality thereof).

1.5 Date for Any Action

In the event that the date on which any action is required to be taken hereunder by any of the parties is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

1.6 Currency

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

1.7 Exhibit

Exhibit 1 annexed to this Agreement, being the Plan of Arrangement and the schedule thereto, is incorporated by reference into this Agreement and forms part hereof.

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

As soon as reasonably practicable, Numac shall apply to the Court pursuant to Section 186 of the Act for an order approving the Arrangement and in connection with such application shall:

(a) forthwith file, proceed with and diligently prosecute an application for an Interim Order under Section 186(4) of the Act providing for, among other things, the calling and holding of a meeting of the Numac Shareholders for the purpose of considering and, if deemed advisable, approving the Arrangement; and

(b) subject to obtaining the approval of the Numac Shareholders as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take the steps necessary to submit the Arrangement to the Court and apply for the Final Order;

and, subject to the fulfillment of the conditions set forth in Article 5, shall deliver to the Registrar Articles of Arrangement and such other documents as may be required to give effect to the Arrangement.

2.2 Effective Date

The Arrangement shall become effective on the Effective Date.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 Mutual Representations and Warranties

Each party to this Agreement represents and warrants to the other party and acknowledges that such other party is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) it (and each of its material Subsidiaries, if any) is duly incorporated and organized and validly existing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own or lease its property and assets and to carry on any business now conducted by it and is duly qualified to carry on business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it makes such qualification necessary;

(b) it has the corporate power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;

(c) except as previously disclosed in writing to the other party, the execution and delivery of this Agreement by it and the completion of the transactions contemplated hereby and by the Plan of Arrangement and the fulfillment and compliance with the terms and provisions hereof and thereof do not and will not:

   (i) result in the breach of, or violate any term or provision of its articles, by-laws and other governing documents;

   (ii) conflict with, result in the breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, license, permit or authority to which it is a party or by which it is bound and which is material to it, or result in the creation of any Encumbrance upon any of its material assets under any such agreement or instrument, or give to others any material interest or right, including rights of purchase, termination, cancellation or acceleration, under any such agreement, instrument, license, permit or authority; or

   (iii) violate or contravene any provision of any law or regulation or any judicial or administrative award, judgment or decree applicable and known to it (after due inquiry), where such violation or contravention would have a material adverse affect on it or could reasonably be expected to prevent or hinder the consummation of the transactions contemplated by this Agreement or the Plan of Arrangement;

(d) except as previously disclosed in writing to the other party, to the best of its knowledge (after due inquiry), there are no actions, suits, proceedings or investigations commenced, contemplated or threatened against or affecting it (or any of its Subsidiaries, if any), at law or in equity, before or by any governmental department, commission, board, bureau, court, agency, arbitrator or instrumentality, domestic, or foreign, of any kind, nor to the best of its knowledge (after due inquiry) are there any existing facts or conditions which may reasonably be expected to be a proper basis for any actions, suits, proceedings or investigations, which in any case would prevent or hinder the consummation of the transactions contemplated by this Agreement or the Plan of Arrangement or which can reasonably be expected to materially adversely affect its business, financial condition, operations, prospects, properties, assets or affairs (in the case of WPL, on a consolidated basis).

(e) its audited (in the case of WPL, consolidated) financial statements for the 12 months ended December 31, 1992 and the unaudited (in the case of WPL, consolidated) financial statement for the period ended March 31, 1993 have been prepared in accordance with generally accepted accounting principles applicable in Canada on a consistent basis with prior periods (except as stated therein) and present fairly the financial position of the corporations to which they relate as of the dates provided therein and the results of its operations and the changes in financial position for the periods then ended;

(f) except as previously disclosed in writing to the other party, it has no Subsidiaries or agreements of any nature to acquire any Subsidiary, or to acquire or lease any other business operations out of the ordinary course;

(g) its minute books and the minute books of its Subsidiaries, if any, are true and correct and contain the minutes of all meetings and all resolutions of the directors and shareholders thereof and to its knowledge (after due enquiry), there are no unanimous shareholder agreements among its shareholders;

(h) since December 31, 1992, it (and each of its material Subsidiaries, if any) has:

(i) not amended its articles, by-laws or other governing documents;

(ii) conducted its business in all material respects in the ordinary course of business consistent with normal industry practice;

(iii) not suffered any material adverse change, financial or otherwise, in its business, financial condition, operations, prospects, properties, assets or affairs nor have there been any occurrences or circumstances which have resulted or might reasonably be expected to result in a material adverse change thereto (other than changes attributable to general economic conditions, including changes in interest rates and fluctuations in the prices of petroleum substances);

(iv) not made any change in its accounting principles and practices as theretofore applied including, without limitation, the basis upon which its assets and liabilities are recorded on its books and its earnings and profits and losses are ascertained;

(v) except as previously disclosed in writing to the other party, maintained in effect salary and other compensation levels in accordance with its then existing salary administration program;

(vi) not declared, paid or set aside for payment any dividend or distribution of any kind in respect of any of its outstanding securities nor made any repayments of capital; and

(vii) except as previously disclosed in writing to the other party, not entered into or committed to enter into any agreement with a non-arm's length person (as such term is defined in the *Income Tax Act*);

(i) it has duly and timely filed, in proper form, returns in respect of taxes under the *Income Tax Act,* the *Alberta Corporate Tax Act,* the income tax legislation of any other province of Canada or any foreign country having jurisdiction over its affairs or any of its Subsidiaries (if any), the *Petroleum and Gas Revenue Tax Act* (Canada), the *Canadian Exploration Incentive Program Act* (Canada), the *Petroleum Incentives Program Act* (Canada), the *Canadian Exploration and Development Incentive Program Act* (Canada), the *Mines and Minerals Tax Act* (Alberta) and the *Freehold Mineral Rights Tax Act* (Alberta), and similar legislation of other provinces having jurisdiction over its affairs, for all prior periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes now owing have been paid or accrued on its books and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, provincial or other income tax return for any period, and all payments to any non-resident of Canada have been made in accordance with all applicable legislation in respect of withholding tax; there are no assessments or reassessments pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority; it has withheld from each payment made to any of its officers, directors, and employees and former officers, directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;

(j) all filings made by it under which it has received or is entitled to government incentives have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed;

(k) there has been no material adverse change in its oil and gas assets from those described in its current independent engineering report provided by it to the other party to this Agreement, except as may have occurred through normal production or otherwise as a result of transactions in the ordinary course of business;

(l) it (and its material Subsidiaries, if any) holds such right and title to the assets used in connection with its business as may be required for the carrying on of its business in accordance with normal industry practice;

(m) it (and each of its material Subsidiaries, if any) is not:

(i) in breach or violation of any term or provision of its articles, by-laws or other governing documents;

(ii) in breach or violation of any term or provision of, or in default under any agreement, instrument, license, permit or authority to which it is a party or by which it is bound and which is material to it; or

(iii) in violation or contravention of any provision of any law or regulation or any judicial or administrative award, judgement or decree applicable and known to it (after due inquiry), where such violation or contravention could reasonably be expected to prevent or hinder the consummation of the transactions contemplated by this Agreement or the Plan of Arrangement or which can reasonably be expected to materially adversely affect its business, financial condition, operations, prospects, properties, assets or affairs (in the case of WPL, on a consolidated basis); and

(n) to the best of its knowledge (after due inquiry), except to the extent that such violation does not have a material adverse effect on its business, financial condition, operations, prospects, properties, assets or affairs (in the case of WPL, on a consolidated basis):

(i) it (and each of its Subsidiaries, if any) is not in violation of any environmental laws;

(ii) it (and each of its Subsidiaries, if any) has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of applicable environmental laws;

(iii) there have been no unrectified spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes on any of the real property owned or leased by it (or any of its Subsidiaries, if any) or under their respective control, nor has any such real property been used at any time by any person as a landfill or waste disposal site;

(iv) there have been no releases, deposits or discharges, in violation of applicable environmental laws, of any hazardous or toxic substances, contaminants or wastes to the earth, air or into any body of water or any municipal or other sewer or drain water system by it (or its Subsidiaries, if any);

(v) no orders, directions, or notices have been issued and remain outstanding pursuant to applicable environmental laws relating to its (and its Subsidiaries', if any) business or assets;

(vi) neither it nor its Subsidiaries has failed to report to the proper governmental authority the occurrence of any event which is required to be so reported by any applicable environmental laws; and

(vii) it (and each of its Subsidiaries, if any) holds all licenses, permits and approvals required under applicable environmental laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of the type owned by it, neither it nor its Subsidiaries has received any notification pursuant to any applicable environmental laws that any work, repairs, construction or capital expenditures are required to by made by it as a condition of continued compliance with any applicable environmental laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated;

(o) except as previously disclosed in writing to the other party, it is not a party to any written employment, service or pension agreement; and

(p) except as previously disclosed in writing to the other party, the execution of this Agreement or the consummation of the transactions contemplated by this Agreement or the Plan of Arrangement will not result in its having to pay any fee to any person.

3.2 Representations and Warranties of Numac

Numac represents and warrants to and in favour of WPL as follows and acknowledges that WPL is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) the authorized capital of Numac consists of 80,000,000 Common Shares and 8,000,000 Series Preferred Shares;

(b) the aggregate number of Numac Common Shares presently issued and outstanding (other than an aggregate of 3,228,222 Numac Common Shares which may be issued after the date hereof upon the exercise of employee options and upon the conversion of Numac Debentures) is 33,058,366 and no person has any agreement or option or any right or privilege (whether by law, pre-emptive right, contract or otherwise) capable of becoming an agreement, option or right for the purchase, subscription, allotment or issuance of any unissued securities of Numac other than agreements relating to the employee options or the Numac Debentures;

(c) the execution and delivery of this Agreement and, subject to the board of directors of Numac having, in the Information Circular described in Section 4.2(b)(ii), made and not having modified or amended in any respect an affirmative recommendation that the Numac Shareholders approve the Arrangement, the completion of the transactions contemplated herein and in the Plan of Arrangement have been duly approved by its board of directors and this Agreement constitutes a valid and binding obligation enforceable against it in accordance with its terms, subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting the enforcement of creditors' rights generally and the discretionary nature of certain remedies (including specific performance and injunctive relief) and subject to the effectiveness of clauses providing rights of indemnity or exculpating a party or persons from a liability or a duty otherwise owed which may be limited by law; and

(d) it is a reporting issuer under the securities laws of each of the provinces and territories of Canada which contain a definition of such term, to the best of its knowledge is not in default of any requirement of such securities laws, the Numac Common Shares are registered under the United States Securities Exchange Act of 1934, and to the best of its knowledge it is in compliance with the by-laws, rules and regulations of the stock exchanges upon which its securities are listed.

3.3 Representations and Warranties of WPL

WPL represents and warrants to and in favour of Numac as follows and acknowledges that Numac is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) the authorized capital of WPL will, on the Effective Date, consist of an unlimited number of Common Shares and an unlimited number of First and Second Preferred Shares, issuable in series;

(b) as at the Effective Date, there shall be issued and outstanding no more than 50,565,542 WPL Common Shares and except as provided under or as a consequence of the Arrangement, no person shall have any agreement or option or any right or privilege (whether by law, pre-emptive right, contract or otherwise) capable of becoming an agreement, option or right for the purchase, subscription, allotment or issuance of any unissued securities of WPL; and

(c) the execution and delivery of this Agreement and the completion of the transactions contemplated herein and in the Plan of Arrangement have been duly approved by its board of directors and this Agreement constitutes a valid and binding obligation enforceable against it in accordance with its terms, subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting the enforcement of creditors' rights generally and the discretionary nature of certain remedies (including specific performance and injunctive relief) and subject to the effectiveness of clauses providing rights of indemnity or exculpating a party or persons from a liability or a duty otherwise owed which may be limited by law.

ARTICLE 4
COVENANTS

4.1 Mutual Covenants

Each of the parties to this Agreement covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, it:

(a) will use its best efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder set forth in Article 5 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations to complete the Arrangement, including using its best efforts:

(i) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

(ii) to obtain all necessary consents, approvals and authorizations as are required to be obtained by it under any law or regulation of Canada or the United States of America (including, but not limited to, any approval or advance ruling required to be obtained or advisable under the *Competition Act* (Canada) and the *Investment Canada Act*); and

(iii) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement;

and it will use its best efforts to cooperate with the other party to this Agreement in connection with the performance by it of its obligations hereunder;

(b) will make available and cause to be made available to the other party to this Agreement, its agents and advisors, as soon as possible, all documents and agreements in any way relating to or affecting its business, financial condition, operations, prospects, properties, assets and affairs, and such other documents or agreements as may be necessary to enable such other party to effect a thorough investigation of its business, properties and financial status, except where it is contractually precluded from making such document or agreement available in which case it shall cooperate with the other party in securing access to any such documentation not in its possession or under its control;

(c) will make available and cause to be made available to PowerWest Financial Ltd., as soon as possible, all documents and agreements in any way relating to or affecting its business, financial condition, operations, prospects, properties, assets and affairs,and such other documents or agreements as may be necessary to enable PowerWest Financial Ltd. to effect a thorough investigation of its business, properties and financial status and to value its securities;

(d) will not, except for transactions in the ordinary course of business and as required in the course of prudent oilfield operations, sell, dispose of, transfer, convey, surrender, release or abandon, or create or assume any Encumbrance on or in respect of, the whole or any part of its assets other than chattels that are replaced by equivalent property or consumed in operations and other than any liens arising as a result of operations under agreements affecting the assets;

(e) will maintain insurance on and in respect of all its assets in like kind to, and in an amount not less than the amount of, insurance in respect of the assets in effect on the date hereof;

(f) will, in all material respects, conduct itself so as to keep the other party to this Agreement fully informed as to the decisions required with respect to the most advantageous methods of exploring, operating and producing from its assets;

(g) will not enter into any transaction not in the ordinary course of its business as hereinbefore conducted and will use all reasonable efforts to preserve intact its present business organization, licenses and permits;

(h) will not declare or pay any dividends or make any other distribution or repay, other than in the ordinary course of business, any outstanding indebtedness;

(i) will not take any action or omit to take any action which results in a reduction of its Tax Pools (or the Tax Pools of any Subsidiary, if any) except for actions permitted under this Agreement;

(j) will not enter into any agreement, or take part directly or indirectly, through representatives, advisors or agents or otherwise, in any discussions or negotiations relating to any acquisition or disposition of any assets (except for transactions in the ordinary course of business) or issue of any of its securities or any proposal to amalgamate, merge or effect an arrangement of itself (or its Subsidiaries, if any) with one or more corporations or entities; provided that the foregoing shall not prevent the board of directors from responding as required by law to any unsolicited submission or proposal regarding any acquisition or disposition of assets or any unsolicited proposal to amalgamate, merge or effect an arrangement or any unsolicited acquisition proposal generally or making any disclosure to its shareholders with respect thereto which in the judgement of the board of directors or upon the advice of counsel is required under applicable law;

(k) will not take any action, refrain from taking any action, or permit any action to be taken or not taken, inconsistent with this Agreement or which might, directly or indirectly, interfere with or adversely affect the consummation of the Arrangement; and

(l) will not issue, authorize or propose the issuance of, or purchase or propose the purchase of any shares or any class or securities convertible into, or rights, warrants or options to acquire, any such shares or other convertible securities, except pursuant to the Arrangement or pursuant to rights, options or agreements outstanding on the date hereof and in accordance therewith.

4.2 Covenants of Numac

Numac covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, it:

(a) will in a timely and expeditious manner, but in any event not later than July 31, 1993, file, proceed with and diligently prosecute an application to the Court under the Act for an Interim Order with respect to the Arrangement;

(b) will, in a timely and expeditious manner:

(i) carry out the terms of the Interim Order;

(ii) prepare (in consultation with WPL) and file an Information Circular in all jurisdictions where the same is required to be filed and mail the same to the Numac Shareholders as ordered by the Interim Order and in accordance with applicable law, in all jurisdictions where the same is required, complying in all material respects with all applicable legal requirements on the date of mailing thereof;

(iii) convene the Numac Meeting and distribute copies of this Agreement (or a written summary thereof prepared by Numac in form and substance reasonably satisfactory to WPL), in each case as ordered by the Interim Order;

(iv) provide notice to WPL of the Numac Meeting and allow WPL's representatives to attend the Numac Meeting unless such attendance is prohibited by the Interim Order; and

(v) conduct the Numac Meeting in accordance with the Interim Order, the by-laws of Numac and any instrument governing such meeting, as applicable, and as otherwise required by law;

(c) will, in a timely and expeditious manner, prepare (in consultation with WPL) and file any amendments or supplements to the Information Circular and mail the same to the Numac Shareholders as required by the Interim Order and in accordance with applicable law, in all jurisdictions where the same is required, complying in all material respects with all applicable legal requirements on the date of mailing thereof;

(d) will, subject to the approval of the Arrangement at the Numac Meeting in accordance with the provisions of the Interim Order, forthwith, but in any event not later than September 15, 1993, file, proceed with and diligently prosecute an application for the Final Order;

(e) will forthwith carry out the terms of the Final Order and will file Articles of Arrangement and the Final Order with the Registrar in order for the Arrangement to become effective on or before September 30, 1993;

(f) will, except for proxies and other non-substantive communications with security holders, furnish promptly to WPL a copy of each notice, report, schedule or other document delivered, filed or received by Numac in connection with the Arrangement, the Numac Meeting and any other meeting of Numac security holders or class of security holders which all such holders, as the case may be, are entitled to attend, any filings under applicable laws and any dealings with regulatory agencies in connection with the transactions contemplated herein;

(g) will make other necessary filings and applications under applicable federal and provincial laws and regulations of Canada and under applicable federal and state laws and regulations of the United States of America required on the part of Numac in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws and regulations; and

(h) will use its best efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made thereon.

4.3 Covenants of WPL

WPL covenants and agrees that, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, it:

(a) will take all necessary corporate action to create the authorized and issued share capital of WPL as referred to in Section 3.3(a) and (b) and will thereafter not make any other changes in its share capital that would adversely affect the value of the WPL Common Shares to be issued to the Numac Shareholders in connection with the Arrangement;

(b) will prepare jointly with Numac an Information Circular and provide to Numac in a timely and expeditious manner all information as may be reasonably requested by Numac or is required by the Interim Order or applicable law with respect to WPL and its Subsidiaries and their respective businesses and properties for inclusion in the Information Circular or in any amendments or supplements to the Information Circular complying in all material respects with all applicable legal requirements on the date of mailing thereof. WPL will indemnify and save harmless the directors and officers of Numac from and against any and all claims, suits, actions, causes of action, liabilities, damages, costs, charges and expenses of every nature and kind whatsoever for which the directors or officers of Numac may become liable by virtue of the inclusion of such information in the Information Circular, provided that such information is included in the form approved by WPL, and, notwithstanding the introductory language in this Section 4.3, this indemnity shall survive the filing of the Articles of Arrangement with the Registrar and the termination of this Agreement;

(c) will forthwith carry out the terms of the Interim Order and the Final Order;

(d) will prepare and file with all applicable securities commissions or similar securities regulatory authorities of Canada and the United States of America all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the applicable securities laws of Canada and the United States of America for the issue by WPL of WPL Common Shares pursuant to the Arrangement;

(e) will, on the Effective Date, issue WPL Common Shares to those persons entitled thereto pursuant to the Arrangement;

(f) will make all other necessary filings and applications under applicable federal and provincial laws and regulations of Canada and under applicable federal and state laws and regulations of the United States of America required in connection with the transactions contemplated herein and take all reasonable action necessary to be in compliance with such laws and regulations; and

(g) will use its best efforts to conduct its affairs so that all of its representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made thereon.

ARTICLE 5
CONDITIONS

5.1 Mutual Conditions

The obligations of Numac and WPL to complete the transactions contemplated hereby are subject to fulfillment of the following conditions on or before the Effective Date or such other time as is specified below:

(a) the Interim Order shall have been granted in form and substance satisfactory to Numac and WPL, acting reasonably;

(b) resolutions shall have been passed at the Numac Meeting, duly approving the Arrangement, with or without amendment, in accordance with the Interim Order;

(c) the Final Order shall have been granted in form and substance satisfactory to Numac and WPL, acting reasonably;

(d) the Articles of Arrangement relating to the Arrangement shall be in form and substance satisfactory to Numac and WPL, acting reasonably;

(e) there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:

   (i) makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein;

   (ii) results in a judgment or assessment of material damages, directly or indirectly, relating to the transactions contemplated herein;

   (iii) prohibits WPL's or Numac's ownership or operation of all or any material portion of the business or assets of Numac (or in the case of a prohibition arising out of the transactions contemplated herein, WPL or its Subsidiaries) or compels WPL or any of its Subsidiaries or Numac to dispose of or hold separately all or any portion of the business or assets of Numac or WPL or the Numac Common Shares; or

   (iv) imposes or confirms material limitations on the ability of WPL to effectively exercise full rights of ownership of the Numac Common Shares including, without limitation, the right to vote any such securities;

(f) Numac and WPL shall have obtained all consents, approvals and authorizations, regulatory or otherwise, required or necessary in connection with the transactions contemplated herein on terms and conditions reasonably satisfactory to Numac and WPL, including, without limitation, approval under the *Investment Canada Act*;

(g) the Director of Investigation and Research appointed under the *Competition Act* (Canada) shall not have opposed or threatened to oppose the transaction contemplated by this Agreement nor made or threatened to make an application under Part VIII of the *Competition Act* (Canada) in respect of the transaction contemplated by this Agreement;

(h) the board of directors of Numac shall have determined, in accordance with the requirements of the Numac Key Employee Stock Option Incentive Plan effective December 10, 1992 (the "Plan"), that the shares to be acquired upon the exercise of options granted or to be granted under the Plan be adjusted by substituting for the right to acquire Numac Common Shares the right to acquire WPL Common Shares on a one for one basis and Westcoast shall have agreed to so issue Westcoast Common Shares upon the exercise of such options;

(i) a supplemental indenture to the Trust Indenture dated April 15, 1987 (the "Trust Indenture") between Numac and The Royal Trust Company ("Royal Trust"), in a form acceptable to Royal Trust or its successor, shall have been entered into by Numac, WPL and Royal Trust or its successor providing for WPL's agreement to perform and observe all of the covenants and obligations of Numac under the Trust Indenture;

(j) the name of WPL shall have been changed to Numac Energy Inc.;

(k) the WPL Common Shares shall have been conditionally approved for listing on The Toronto Stock Exchange, The Montreal Exchange and the American Stock Exchange, subject to the filing of required documentation which shall be in the possession of WPL on the Effective Date;

(l) the board of directors of Numac shall have made and shall not have modified or amended, in any respect, prior to the Numac Meeting, an affirmative recommendation that the Numac Shareholders approve the Arrangement; and

(m) holders of not more than 5% of the issued and outstanding Numac Common Shares shall have exercised rights of dissent in relation to the Arrangement approved at the Numac Meeting.

The foregoing conditions are for the mutual benefit of Numac and WPL and may be waived, in whole or in part, by Numac and WPL at any time. If any of the said conditions precedent shall not be complied with or waived as aforesaid on or before the date required for the performance thereof, either Numac or WPL may, in addition to the other remedies it may have at law or in equity, rescind and terminate this Agreement by written notice to the other party.

5.2 Numac Conditions

The obligation of Numac to complete the transactions contemplated herein is subject to the fulfillment of the following conditions on or before the Effective Date or such other time as specified below:

(a) the representations and warranties made by WPL in this Agreement shall be true as of the Effective Date as if made on and as of such date and WPL shall have provided to Numac certificates of two officers of WPL certifying such accuracy on the Effective Date and Numac shall have no knowledge to the contrary;

(b) WPL shall have provided Numac with opinions of WPL Counsel reasonably satisfactory to Numac dated the Effective Date (or such other date as Numac and WPL may agree) and addressed to Numac and Numac Counsel to the effect that:

(i) WPL and each of its Subsidiaries is duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own or lease its property and assets and to carry on any business now conducted by it and is duly qualified to carry on business in each jurisdiction in which the nature of its business or the property or assets owned or leased by it makes such qualification necessary;

(ii) WPL has full corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

(iii) all necessary proceedings, corporate, regulatory or otherwise, of WPL have been taken to fully, validly and effectively authorize this Agreement and the transactions contemplated herein including the Arrangement, the performance by WPL of its obligations hereunder, and the execution and delivery by WPL of this Agreement and all documents delivered pursuant hereto;

(iv) the execution and delivery by WPL of this Agreement and all documents delivered pursuant hereto, the performance by WPL of its obligations hereunder and thereunder and the consummation of the transactions contemplated herein and therein will not result in the breach of or violate any term or provision of the articles, by-laws or other governing documents of WPL; and

(v) this Agreement has been duly executed and delivered by WPL and this Agreement and all documents delivered pursuant to the terms hereof are valid and binding obligations of WPL enforceable against it in accordance with their respective terms, subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally and the discretionary nature of certain remedies (including specific performance and injunctive relief) and subject to the effectiveness of clauses providing rights of indemnity or exculpating a party or persons from a liability or a duty otherwise owed which may be limited by law.

In giving such opinion, WPL Counsel may rely, in respect of matters governed by the laws of any jurisdiction other than the Province of Alberta or the laws of Canada applicable therein upon the opinion of local counsel in such other jurisdiction provided that WPL Counsel is of the opinion that the opinion of such local counsel is one upon which WPL Counsel may properly rely; and, in respect of matters of fact, upon certificates of senior officers of WPL or any other appropriate persons;

(c) WPL shall have complied with its covenants herein and shall have provided to Numac certificates of two officers of WPL certifying that WPL has complied with its respective covenants herein and Numac shall have no knowledge to the contrary;

(d) before giving effect to the transactions contemplated by this Agreement, there shall have been no material adverse change, financial or otherwise, in the business, financial condition, operations, prospects, properties, assets or affairs,of WPL and its Subsidiaries on a consolidated basis or any occurrences or circumstances which have resulted or might reasonably be expected to result in material adverse change thereto (other than changes attributable to general economic conditions, including changes in interest rates and fluctuations in the prices of petroleum substances), provided that, without limitation, any change or changes (other than changes attributable to general economic conditions, including changes in interest rates and fluctuations in the prices of petroleum substances) in or in respect of the WPL assets reducing the aggregate value thereof by more than $2,000,000 shall be deemed to be a material adverse change;

(e) Numac shall be reasonably satisfied that immediately prior to the Effective Date the aggregate of: (i) the number of WPL Common Shares issued and outstanding; and (ii) the number of unissued WPL Common Shares issuable pursuant to all agreements or options or rights, privileges (whether by law, pre-emptive right, by contract or otherwise) capable of becoming agreements or options for the purchase, subscription, allotment or issuance of any unissued common shares of WPL (excluding WPL Common Shares issuable pursuant to or as a consequence of the Arrangement), is not greater than 50,565,542 WPL Common Shares;

(f) Numac shall have received the opinion of Numac's Counsel that the income tax consequences to the holders of Numac Common Shares set forth in the Numac Information Circular mailed to Numac Shareholders in respect of the Numac Meeting continues to be a fair and adequate summary of the income tax consequences under the laws of Canada and the United States of America to Numac Shareholders of the transactions contemplated by the Arrangement; and

(g) Numac shall have received an opinion of Numac Counsel, satisfactory in form and substance to Numac, as to such matters as Numac, acting reasonably, may require including, without limitation, compliance with the securities laws of the provinces and territories of Canada and the federal and state securities laws of the United States of America.

The foregoing conditions precedent are for the benefit of Numac and may be waived, in whole or in part, by Numac in writing at any time. If any of the said conditions shall not be complied with or waived by Numac on or before the date required for their performance then Numac may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice to WPL.

5.3 WPL Conditions

The obligation of WPL to complete the transactions contemplated herein is subject to fulfillment of the following conditions on or before the Effective Date or such other time as specified below:

(a) the representations and warranties made by Numac in this Agreement shall be true as of the Effective Date as if made on and as of such date and Numac shall have provided to WPL certificates of two officers of Numac certifying such accuracy on the Effective Date and WPL shall have no knowledge to the contrary;

(b) Numac shall have provided WPL with opinions of Numac Counsel reasonably satisfactory to WPL dated the Effective Date (or such other date as Numac and WPL may agree) and addressed to WPL and WPL Counsel to the effect that:

   (i) Numac is duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and has the corporate power and authority to own or lease its property and assets and to carry on any business now conducted by it and is duly qualified to carry on business in such jurisdictions in which the nature of its business or the property or assets owned or leased by it makes such qualification necessary;

   (ii) Numac has full corporate power and authority to enter into this Agreement and to perform its obligations hereunder;

   (iii) all necessary proceedings, corporate, regulatory and otherwise, of Numac have been taken to fully, validly and effectively authorize this Agreement and the transactions contemplated herein including the Arrangement, the performance by Numac of its obligations hereunder, and the execution and delivery by Numac of this Agreement and all documents delivered pursuant hereto;

   (iv) the execution and delivery by Numac of this Agreement and all documents delivered pursuant hereto, the performance by Numac of its obligations hereunder and thereunder and the consummation of the transactions contemplated herein and therein will not result in the breach of or violate any term or provision of the articles, by-laws or other governing documents of Numac; and

(v) this Agreement has been duly executed and delivered by Numac and this Agreement and all documents delivered pursuant to the terms hereof are valid and binding obligations of Numac enforceable against it in accordance with their respective terms, subject to enforceability being limited by applicable bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally and the discretionary nature of certain remedies (including specific performance and injunctive relief) and subject to the effectiveness of clauses providing rights of indemnity or exculpating a party or persons from a liability or a duty otherwise owed which may be limited by law.

In giving such opinion, Numac Counsel may rely, in respect of matters governed by the laws of any jurisdiction other than the Province of Alberta or the laws of Canada applicable therein upon the opinion of local counsel in such other jurisdiction provided that Numac Counsel is of the opinion that the opinion of such counsel is one upon which Numac Counsel may properly rely; and, in respect of matters of fact, upon certificates of senior officers of Numac or any other appropriate persons;

(c) Numac shall have complied with its respective covenants herein, shall have provided to WPL certificates of two officers of Numac certifying that Numac has complied with its respective covenants herein and WPL shall have no knowledge to the contrary;

(d) before giving effect to the transactions contemplated by this Agreement, there shall have been no material adverse change, financial or otherwise, in the business, financial condition, operations, prospects, properties, assets or affairs of Numac or any occurrences or circumstances which have results or might reasonably be expected to result in a material adverse change thereto (other than changes attributable to general economic conditions, including changes in interest rates and fluctuations in the prices of petroleum substances), provided that without limitation, any change or changes (other than changes attributable to general economic conditions, including changes in interest rates and fluctuations in the prices of petroleum substances) in or in respect of the property or assets of Numac reducing the aggregate value thereof by more than $2,000,000 shall be deemed to be a material adverse change;

(e) WPL shall be reasonably satisfied that immediately prior to the Effective Date (i) the aggregate number of Numac Common Shares issued and outstanding (other than an aggregate of 3,228,222 Numac Common Shares which may be issued after the date hereof upon the exercise of employee options and upon the conversion of Numac Debentures) is 33,058,366, and (ii) no person has any agreement or option or any right or privilege (whether by law, pre-emptive right, contract or otherwise) capable of becoming an agreement, option or right for the purchase, subscription, allotment or issuance of any unissued securities of Numac other than agreements relating to the employee options or the Numac Debentures referred to in (i) above; and

(f) WPL shall have received an opinion of WPL Counsel, satisfactory in form and substance to WPL, as to such matters as WPL, acting reasonably, may require including, without limitation, compliance with the securities laws of the provinces and territories of Canada and the federal and state securities laws of the United States of America.

The foregoing conditions precedent are for the benefit of WPL and may be waived in whole or in part by WPL in writing at any time. If any of the said conditions shall not be complied with or waived by WPL on or before the date required for the performance thereof, WPL may, in addition to the other remedies it may have at law or equity, rescind and terminate this Agreement by written notice to Numac.

ARTICLE 6
TERMINATION

6.1 Termination by Either Party

Notwithstanding any other rights contained herein, either party to this Agreement may terminate this Agreement at any time prior to the Effective Date, upon notice to the other party but without further notice to, or action on the part of, its shareholders:

(a) if the Interim Order has been refused or has been granted in form or substance not satisfactory to such party, or has not been granted by July 31, 1993 or, if issued, has been set aside or modified in a manner unacceptable to such party on appeal or otherwise;

(b) if the Numac Shareholders do not approve the Arrangement in accordance with the terms of the Interim Order;

(c) if the Final Order has not been granted in form and substance satisfactory to such party on or before September 15, 1993; or

(d) if the Arrangement has not become effective on or before September 30, 1993.

6.2 Termination by Numac

Notwithstanding any other provision contained herein, Numac may terminate this Agreement upon notice to WPL at any time prior to the issuance of the Interim Order upon the recommendation of the Numac board of directors.

6.3 Effect of Termination

Upon the termination of this Agreement pursuant to this Article 6 and except as otherwise specifically provided herein, no party shall have any liability or further obligation to the other party hereunder.

ARTICLE 7
AMENDMENT

7.1 Amendment

This Agreement may, at any time and from time to time before or after the holding of the Numac Meeting, be amended by written agreement of the parties hereto without further notice to or authorization on the part of their respective shareholders, and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties hereto;

(b) waive any inaccuracies or modify any representation contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties hereto; and

(d) waive compliance with or modify any conditions precedent herein contained;

provided that, notwithstanding the foregoing, the number of WPL Common Shares which the holders of Numac Common Shares shall have the right to receive on the Arrangement may not be reduced without the approval of the Numac Shareholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

ARTICLE 8
GENERAL

8.1 Expenses

Each party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

8.2 Notices

Any notice, consent, waiver, direction or other communication required or permitted to be given under this Agreement by a party to any other party shall be in writing and may be given by delivering same or sending same by facsimile transmission or by hand delivery addressed to the party to whom the notice is to be given at its address for service herein. Any notice, consent, waiver, direction or other communication aforesaid shall, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a business day and, if not, the next succeeding business day) and if sent by facsimile transmission be deemed to have been given and received at the time of receipt unless actually received after

4:00 p.m. at the point of delivery in which case it shall be deemed to have been given and received on the next business day.

The address for service of each of the parties hereto shall be as follows:

if to Numac:

Numac Oil & Gas Ltd.
Petroleum Plaza, South Tower
1400, 9915 - 108 Street
Edmonton, Alberta
T5K 2G8

Attention: President

FAX: (403) 421-0361

with a copy to:

Bennett Jones Verchere
Barristers and Solicitors
4500 Bankers Hall East
855 - 2nd Street S.W.
Calgary, Alberta
T2P 4K7

Attention: Mr. J.G. Smeltzer

FAX: (403) 265-7219

if to WPL:

Westcoast Petroleum Ltd.
Canada Trust Tower
2700, 421 - 7th Avenue S.W.
Calgary, Alberta
T2P 4K9

Attention: Chief Financial Officer

FAX: (403) 260-9558

with a copy to:

Burnet, Duckworth & Palmer
Barristers and Solicitors
First Canadian Centre
14 Floor, 350 - 7 Ave. S.W.
P.O. Box 280, Stn. M
Calgary, Alberta
T2P 2H9

Attention: Mr. C. Nixon

FAX: (403) 260-0330

8.3 Time of Essence

Time shall be of the essence in this Agreement.

8.4 Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto and cancels and supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof, including the Letter of Intent dated May 17, 1993, as amended.

8.5 Further Assurances

Each party hereto shall, from time to time, and at all times hereafter, at the request of the other party hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.6 Governing Law

This Agreement shall be governed by, and be construed in accordance with, the laws of the Province of Alberta and the laws of Canada applicable therein but the reference to such laws shall not, by conflict of laws rules or otherwise, require the application of the law of any jurisdiction other than the Province of Alberta.

Each party hereto hereby irrevocably attorns to the jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under or in relation to this Agreement.

8.7 Execution in Counterparts

This Agreement may be executed in identical counterparts, each of which is and is hereby conclusively deemed to be an original and the counterparts collectively are to be conclusively deemed to be one instrument.

8.8 Waiver

No waiver by any party hereto shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

8.9 Enurement and Assignment

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other parties hereto.

8.10 Subsidiary Covenants

To the extent any representations, warranties, covenants or agreements contained herein relate, directly or indirectly, to a Subsidiary of any party, each such provision shall be construed as a covenant by such party to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

8.11 No Survival of Representations

The representations and warranties set forth in Article 3 shall terminate on, and may not be relied upon by either party to this Agreement after, the Effective Date.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first above written.

NUMAC OIL & GAS LTD.

Per: "S. D. McGREGOR"

Per: ______________________

WESTCOAST PETROLEUM LTD.

Per: "S. J. LETWIN"

Per: "I. J. KOOP"

EXHIBIT 1

Plan of Arrangement
dated for reference June 23, 1993
and made pursuant to
Section 186 of the *Business Corporations Act* (Alberta)

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan, unless the context otherwise requires, defined terms shall have the following meanings:

"**Act**" means the *Business Corporations Act*, S.A. 1981, c. B-15, as amended;

"**Arrangement**" means the arrangement contemplated by this Plan;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the Act to be sent to the Registrar after the Final Order is made;

"**business day**" means any day, other than Saturday, Sunday and a statutory holiday in the Province of Alberta;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Depositary**" means The R-M Trust Company, as the registrar and transfer agent of the WPL Common Shares;

"**Effective Date**" means the date upon which the Articles of Arrangement are filed with the Registrar;

"**Final Order**" means the order of the Court approving the Arrangement, as such order may be amended or modified by the highest court to which an appeal may be applied for;

"**Interim Order**" means an order of the Court containing declarations and directions under the Act with respect to the Arrangement;

"**Numac**" means Numac Oil & Gas Ltd., a corporation amalgamated under the Act;

"**Numac Assets**" means the assets described in Schedule A;

"**Numac Assets Note**" means a promissory note of WPL payable to Numac on demand in the principal amount, subject to adjustment, of that amount which is the fair market value on the Effective Date of the Numac Assets together with interest at the prime rate of interest (expressed as a percentage per annum) from time to time designated by the

Canadian Imperial Bank of Commerce as its prime rate for loans in Canadian dollars made by such bank in Canada and changing from time to time as such prime rate is changed by such bank;

"**Numac Common Shares**" means the Common Shares of Numac;

"**Numac Shareholders**" means the holders of Numac Common Shares;

"**Plan**" means this plan, including the Schedule to this plan, as amended or supplemented from time to time, and "hereby", "hereof", "hereunder", "herewith" and similar terms refer to this Plan and not to any particular provision of this Plan;

"**Registrar**" means the Registrar of Corporations appointed pursuant to Section 253 of the Act;

"**Subsidiary**" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class of classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate in like relation to a Subsidiary, and

"**WPL**" means Westcoast Petroleum Ltd., a corporation continued under the Act; and

"**WPL Common Shares**" means common shares of WPL as constituted after a share capital reorganization whereby each issued Class A Common Share and Class B Common Share of WPL shall be exchanged for shares of a single class, to be designated as "common shares", on a 1.9 for one basis.

1.2 Interpretation Not Affected by Headings

The division of this Plan into Articles, Sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan.

1.3 Article References

Unless the contrary intention appears, references in this Plan to an Article, Section, subsection, paragraph, exhibit or schedule by number or letter or both refer to the Article, Section, subsection, paragraph, exhibit or schedule, respectively, bearing that designation in this Plan.

1.4 Number

In this Plan, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders; and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or government (including any governmental board, agency or instrumentality thereof).

1.5 Date for Any Action

In the event that the date on which any action is required to be taken hereunder is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

1.6 Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed in lawful money of Canada.

1.7 Schedule

Schedule A annexed to this Plan, being a description of the Numac Assets, is incorporated by reference into this Plan and forms part hereof.

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 The following is only intended to be a general statement of the purpose of the Plan and is qualified in its entirety by the specific provisions of the Plan.

The purpose of the Plan is to effect a reorganization and restructuring of Numac's share capital in a manner that provides consistent and equitable treatment among Numac Shareholders, maintains the business and goodwill of Numac as a going concern and results in Numac becoming a wholly-owned subsidiary of WPL.

2.2 The Plan shall be binding on all Numac Shareholders, Numac and WPL upon the filing of the Articles of Arrangement with the Registrar.

2.3 Subject to Section 2.2, Articles of Arrangement shall be filed with the Registrar with the purpose and intent that none of the provisions of this Plan shall become effective unless all of the provisions of this Plan shall have become effective.

ARTICLE 3
ARRANGEMENT

3.1 On the Effective Date, each of the events set out below shall occur and be deemed to occur in the sequence set out therein without further act or formality:

(a) all right, title and interest of Numac in and to the Numac Assets shall be sold, assigned and transferred to WPL and Numac shall receive from WPL the Numac Assets Note; and

(b) all right, title and interest of the Numac Shareholders in and to the Numac Common Shares shall be sold, assigned and transferred to WPL and the Numac Shareholders shall be entitled to receive one WPL Common Share for each Numac Common Share held.

ARTICLE 4
OUTSTANDING CERTIFICATES AND PAYMENTS

4.1 After the Effective Date, certificates formerly representing Numac Common Shares shall represent only the right to receive certificates representing the WPL Common Shares which the former Numac Shareholder is, subject to Section 4.4, entitled to receive after giving effect to Article 3, subject to compliance with the requirements set forth in this Article 4.

4.2 As soon as practicable after the Effective Date, WPL shall forward or cause to be forwarded to each Numac Shareholder (other than those Numac Shareholders who have exercised their dissent rights) at the address of such holder as it appears in the relevant share register of Numac a letter of transmittal containing, among other things, instructions for obtaining delivery of the WPL Common Shares pursuant to this Plan. Subject to Section 4.4, such Numac Shareholder shall be entitled to receive certificates representing the WPL Common Shares in accordance with Section 3.1(b) upon delivering the certificate formerly representing such holder's Numac Common Shares to the Depositary or as the Depositary may otherwise direct and in accordance with the instructions contained in the letter of transmittal. Such certificate shall be accompanied by the letter of transmittal, duly completed, and such other documents as the Depositary may reasonably require. The Depositary shall register the WPL Common Shares in the name of each Numac Shareholder or as otherwise instructed in the letters of transmittal, and shall deliver such WPL Common Shares as each such holder may direct in such letter of transmittal, as soon as practicable after receipt by the Depositary of such documents.

4.3 After the Effective Date, the Numac Shareholders shall not be entitled to any interest, dividend, premium or other payment on or with respect to Numac Common Shares other than the WPL Common Shares which they are entitled to receive for the Numac Common Shares pursuant to this Plan.

4.4 Any certificate formerly representing Numac Common Shares that is not deposited with all other documents as provided in Section 4.2 on or before the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such Numac Common Shares to receive WPL Common Shares shall be deemed to be surrendered to WPL together with all dividends, distributions and any interest thereon held for such holder.

ARTICLE 5
SHAREHOLDER DISSENT RIGHTS

5.1 Numac Shareholders who have given a demand for payment which remains outstanding on the Effective Date in accordance with the rights of dissent in respect of the Plan granted by the Interim Order and who:

(i) are ultimately entitled to be paid for the Numac Common Shares in respect of which they dissent in accordance with the provisions of such Interim Order whether by order of a Court (as defined in the Act) or by acceptance of an offer made pursuant to such Interim Order, shall be deemed to have transferred such Numac Common Shares to Numac for cancellation immediately after the Effective Date; or

(ii) are ultimately not so entitled to be paid for the Numac Common Shares in respect of which they dissent for any reason, shall not be or be reinstated as shareholders of Numac but for purposes of receipt of consideration shall be treated as if they had participated in this Plan on the same basis as a non-dissenting holder of Numac Common Shares and such holders shall accordingly be entitled to receive WPL Common Shares as such non-dissenting holders are entitled to receive on the basis determined in accordance with Article 3 and shall be deemed to have transferred such Numac Common Shares to Numac for cancellation.

In no case shall WPL or Numac be required to recognize Numac Shareholders as shareholders of Numac after the Effective Date.

ARTICLE 6
AMENDMENTS

6.1 Numac and WPL may at any time and from time to time before the Effective Date, vary, amend, modify or supplement this Plan if the Court and each of Numac and WPL determine that such variation, amendment, modification or supplement would not be prejudicial to the interests of Numac Shareholders under this Plan.

SCHEDULE A

to the Plan of Arrangement
dated for reference June 23, 1993

NUMAC ASSETS

All proprietary seismic, geophysical and geological data and files or interpretations that relate to any lands or leases in which Numac has an interest or any lands or leases that such lands or leases have been pooled or unitized with or that relate to other accumulations or potential accumulations of petroleum or natural gas which have been evaluated or studied by Numac.

APPENDIX B

IN THE COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL DISTRICT OF CALGARY

IN THE MATTER OF Section 186 of the *Business Corporations Act*, S.A. 1981, c. B-15, as amended

AND IN THE MATTER OF an Arrangement proposed by Numac Oil & Gas Ltd. involving Numac Oil & Gas Ltd., its Shareholders and Westcoast Petroleum Ltd.

BEFORE THE HONOURABLE	)	At the Court House, in City of Calgary,
CHIEF JUSTICE W.K. MOORE	)	in the Province of Alberta on
IN PRIVATE CHAMBERS	)	Wednesday, the 14th day of July, 1993

EX PARTE INTERIM ORDER

UPON the application *ex parte* of Numac Oil & Gas Ltd. ("Numac");

AND UPON reading the Petition of Numac and the Affidavit of Stewart D. McGregor, President and Chief Executive Officer of Numac, and the documents referred to therein, filed (the "Affidavit");

AND UPON BEING ADVISED that the Chief of Securities Administration of the Alberta Securities Commission (the "Chief of Securities Administration") has been served with notice of this application as required by subsection 186(8) of the *Business Corporations Act*, S.A. 1981, c. B-15, as amended (the "ABCA") and that the Chief of Securities Administration does not intend to appear or make submissions with respect to this application;

AND UPON hearing counsel for Numac;

IT IS HEREBY ORDERED AND DIRECTED THAT:

1. Numac shall seek approval of a proposed plan of arrangement involving Numac, its shareholders and Westcoast Petroleum Ltd. ("Westcoast"), a copy of which is annexed to the Arrangement Agreement dated June 23, 1993 between Numac and Westcoast, a true copy of which is marked as Exhibit "A" to the Affidavit, by holders of Common Shares of Numac in the manner set forth below.

2. Numac shall call and conduct a special meeting of the holders of Common Shares of Numac (the "Meeting") for the purposes of considering and, if thought advisable, passing, with or without variation, a special resolution approving the Arrangement.

3. The Meeting shall, subject to the express provisions of this Order, be called and conducted in accordance with the by-laws of Numac and the ABCA.

4. The Notice of Meeting, Notice of Petition and Information Circular, substantially in the form marked as Exhibit "B" to the Affidavit, with amendments thereto as counsel for Numac may determine to be necessary or desirable (provided that such amendments are not inconsistent with the terms of this Order), shall be mailed by prepaid ordinary mail at least 21 days prior to the date of the Meeting to shareholders of Numac at the registered addresses as they may appear on the share register of Numac at the close of business on July 19, 1993, to the directors and auditors of Numac and to the Chief of Securities Administration. In calculating the 21 day period, the date of mailing shall be included and the date of the Meeting shall be excluded. Such mailing shall constitute good and sufficient service of notice of the Petition, the Meeting and the hearing in respect of the Petition.

5. The accidental omission to give notice of the Meeting to or the non-receipt of the notice by one or more of the aforesaid persons shall not invalidate any resolution passed or proceedings taken at the Meeting.

6. The Chairman of the Meeting shall be any officer or director of Numac who shall be appointed by the Board of Directors of Numac for that purpose.

7. The quorum at the Meeting shall be two persons present in person or by proxy and holding or representing not less than 33 1/3% of the votes entitled to be voted at such Meeting, provided that, if no quorum is present within 30 minutes of the appointed meeting time, the Meeting shall stand adjourned to a day which is not less than 7 days nor more than 30 days thereafter, as determined by the Chairman of the Meeting, and at such adjourned meeting, those persons present in person or by proxy, entitled to vote at such meeting, will constitute a quorum for the adjourned meeting.

8. The resolution of the shareholders of Numac approving the Arrangement shall be, subject to further order of this Court, approved by at least 66 2/3% of the votes cast by the holders of Common Shares of Numac present in person or by proxy at the Meeting and by a majority of the votes cast by the holders of Common Shares of Numac present in person or by proxy at the Meeting excluding any party which is a related party of Westcoast within the meaning of Ontario Securities Commission Policy 9.1.

9. The holders of Common Shares of Numac are accorded the right of dissent with respect to the resolution approving the Arrangement and to receive from Numac, subject to the provisions of the ABCA, the fair value of their shares with respect to which such right of dissent is exercised under Section 184 of the ABCA except that the written objection required to be sent to Numac by a dissenting shareholder pursuant to subsection 184(5) of the ABCA shall have been received by the Secretary of Numac at the registered office of Numac or by the Chairman of the Meeting, in either case, at or prior to the Meeting.

10. The only persons entitled to notice of the Meeting shall be the registered holders of the Common Shares of Numac, the directors and auditors of Numac and the Chief of Securities Administration, and the registered holders of the Common Shares of Numac as at the close of business on July 19, 1993, shall, subject to the by-laws of Numac and provisions of the ABCA with

respect to persons who become registered holders of such securities after that date, be entitled to be represented and to vote at the Meeting, either in person or by proxy.

11. Upon approval of the Arrangement at the Meeting in the manner set forth in this Order, Numac may proceed with an application for a final order for approval of the Arrangement on Monday, August 30, 1993 at 1:30 p.m. at the Court House, Calgary, Alberta.

12. The mailing of the Notice of Meeting, Notice of Petition and Information Circular referred to in paragraph 4 of this Order shall constitute good and sufficient service in respect of the Petition upon all persons who are entitled to receive such notice pursuant to this Order and no other form of service need be made and no other material need be served on such persons in respect of these proceedings, and service of the Affidavit is dispensed with except as to service on the Chief of Securities Administration.

13. Any shareholder of Numac or other interested party desiring to appear and make submissions at the application on August 30, 1993 for the final order is required to file with this Court and serve upon Numac, on or before August 20, 1993, a Notice of Intention to Appear, together with any evidence or materials which such party intends to present to the Court, setting out such shareholder's or interested party's address for service by ordinary mail and indicating whether such shareholder or interested party intends to support or oppose the application or make submissions. Service of such notice on Numac shall be effected by service upon the solicitors for Numac, Messrs. Bennett Jones Verchere, 4500, 855 - 2nd Street S.W., Calgary, Alberta, T2P 4K7, Attention: James G. Smeltzer.

14. In the event that the application for final approval of the Arrangement on August 30, 1993 is adjourned, only those parties appearing before this Court for the final Application shall have notice of the adjourned date.

"W. K. MOORE"
C.J.C.Q.B.A.

ENTERED at Calgary, Alberta, this
16th day of July, 1993

"JIM McLAUGHLIN"
CLERK OF THE COURT OF QUEEN'S
BENCH OF ALBERTA

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APPENDIX C

SUMMARY OF POWERWEST VALUATION

Summary of the Valuations
of the Common Shares of

NUMAC OIL & GAS LTD.
and
WESTCOAST PETROLEUM LTD.

Prepared for the
Independent Committee of the
Board of Directors of
Numac Oil & Gas Ltd.

July 16, 1993

Effective as of March 31, 1993

The following is a summary of the valuation prepared by PowerWest Financial Ltd. effective March 31, 1993 and is qualified in its entirety by the more detailed and complete valuation.

I. PROPOSED ARRANGEMENT

PowerWest Financial Ltd. ("PowerWest", "we", "us" or "our") understands that Westcoast Petroleum Ltd. ("Westcoast") and Numac Oil & Gas Ltd. ("Numac") propose to effect a plan of arrangement (the "Arrangement") through which all the common shares ("Numac Shares") of Numac would be exchanged for common shares ("Westcoast Shares") of Westcoast. The Arrangement would be implemented under the *Business Corporations Act* (Alberta) and pursuant thereto, among other things, the holders of Numac Shares will be entitled to receive one Westcoast Share for each Numac Share held. The terms of the Arrangement are more fully described in the information circular (the "Information Circular") to be mailed to all shareholders of Numac in connection therewith.

II. BACKGROUND

PowerWest and Numac first discussed the proposed Arrangement on or about May 20, 1993. Subsequently, PowerWest submitted a proposal for the provision of valuation and advisory services and made a presentation to a committee (the "Independent Committee") of the board of directors of Numac on May 25, 1993. Discussions ensued with respect to (i) the potential business combination plan, (ii) PowerWest's qualifications, (iii) PowerWest's valuation approach, and (iv) the business terms under which PowerWest would provide valuation and advisory services. Subsequently, PowerWest was selected by the Independent Committee to prepare a valuation (the "Numac Valuation") of Numac and a valuation (the "Westcoast Valuation") of Westcoast (the Numac Valuation and the Westcoast Valuation being together hereinafter referred to as the "Valuations"). In addition, it was agreed that, if requested by the Independent Committee, PowerWest would submit its opinion as to the fairness, from a financial point of view, of the terms of the Arrangement to the holders of Numac Shares and to the holders of the convertible debentures of Numac, in each case other than those security holders, referred to as "Related Parties" in the Information Circular, who also directly or indirectly own securities of Westcoast.

PowerWest entered into an engagement agreement with the Independent Committee and Numac effective as of June 1, 1993. The engagement agreement provides for the payment to PowerWest of $150,000 for its services provided in connection with the Arrangement. In addition, PowerWest will be reimbursed for its reasonable out-of-pocket expenses, including the reasonable fees, charges and disbursements of its legal counsel, plus G.S.T. on all payments. Numac has also agreed to indemnify PowerWest in respect of certain liabilities which may be incurred by PowerWest in connection with the provision of its services.

III. RELATIONSHIP WITH INTERESTED PARTIES

PowerWest is not an insider, associate or affiliate of either of Westcoast or Numac and neither it nor any of its affiliates has ever acted as an advisor to either company or their respective affiliates in connection with the subject transaction or any prior transactions with the exception of acting as financial advisor to an affiliate of Westcoast, Canadian Roxy Petroleum Ltd. ("Roxy"), with respect to a transaction through which Roxy sold certain tangible assets to Westcoast for $10 million and concurrently leased the assets from Westcoast. PowerWest was retained by an independent committee of the board of directors of Roxy to provide an opinion as to the fairness of that transaction, from a financial point of view, to the minority shareholders of Roxy.

PowerWest's compensation is not dependent in whole or in part on any agreement or understanding which gives PowerWest or any of its affiliates a financial incentive in respect of the conclusions reached by PowerWest in the Valuations or in the outcome of the proposed business combination, and PowerWest has no financial interest, outside the ordinary course of its business as an oil and gas financial services and investment company, in any future business involving Westcoast or Numac or their respective affiliates.

There are no understandings or agreements between PowerWest and Westcoast or Numac or their respective affiliates with respect to future business dealings between them. PowerWest may in the future, in the normal course of its business, perform financial advisory or investment banking services for either of such companies or their affiliates.

IV. QUALIFICATIONS OF POWERWEST

PowerWest is an independent oil and gas financial services company offering advisory and capital related services to investors, corporations and governments. PowerWest provides services related only to the oil and gas business, including private client investment research for institutional, corporate and government clients and corporate advisory services in the areas of mergers, acquisitions, divestments, restructurings, valuations and fairness opinions. PowerWest and its principals have participated in a significant number of transactions involving oil and gas producing companies and have participated in a significant number of transactions involving fairness opinions and valuations of Canadian private and publicly traded oil and gas companies.

The valuation conclusions expressed herein are the conclusions of PowerWest and the form and content hereof has been approved for release by a committee of its directors and professionals, each of whom is experienced in merger, acquisition, divestiture and valuation matters. The PowerWest individuals primarily responsible for the preparation of the Valuation were J. M. Stewart, with 8 years in the investment business, including significant experience in previous valuations and fairness opinions, and 13 years in oil and gas and other businesses, and T. R. Tycholis, with 4 years in the investment business and 10 years oil and gas business experience.

V. SCOPE OF REVIEW

In preparing its Valuation, PowerWest has reviewed and relied upon, among other things, the following:

A. Numac

Business Assets

(a) summary descriptions of the major properties and the independent engineering evaluations of the oil and gas assets (including processing income) of Numac effective as at December 31, 1992 conducted by Coles Gilbert Associates Ltd. ("Coles") and incorporated into their report dated February 17, 1993;

(b) Numac's internal engineering evaluations representing incremental reserve additions not evaluated by Coles and added from December 31, 1992 to March 31, 1993, as summarized in an internal memorandum dated May 14, 1993 and detailed in a table provided by Numac management;

(c) detailed Numac well list and corresponding estimated cost of abandonment for the Numac wells as at April 13, 1993, as provided by Numac management;

(d) summary of actual Numac capital costs incurred over the period January 1 to March 31, 1993;

(e) list of Numac reserve acquisitions and dispositions from January 1 to May 31, 1993;

(f) detailed Numac internal undeveloped land report on a property-by-property basis dated June 10, 1993, summarizing the Numac undeveloped land position as at March 31, 1993;

(g) detailed Numac cash flow model on the Empress gas plant, dated May 26, 1993;

(h) reports entitled *"Bitumen Reserves Evaluation"* and *"Economic Evaluation of a Shaft and Tunnel In-Situ Type Project on Numac's Surmont Lease"* prepared by Canadian Azimuth Engineering Ltd., dated August 17, 1989 and September 1989, respectively;

(i) *"MacKenzie Delta - Reserve Comparison"* report conducted by Numac and dated January 8, 1987, detailing the Numac reserve position in the MacKenzie Delta;

(j) internally prepared Numac seismic data table summarizing proprietary data costs to March 31, 1993, and table summarizing the total seismic inventory and historical seismic data sales for 1992 and the first quarter of 1993 for Numac.

Financial Assets and Liabilities

(k) the Numac annual report and accompanying audited financial statements as at December 31, 1992 and December 31, 1991;

(l) Numac financial statements for the first quarter ending March 31, 1993;

(m) schedule of tax pool balances of Numac as at March 31, 1993 provided by Numac management;

(n) Numac internally prepared report entitled *"1993 Numac Budget and Budget Summary"*, including detailed analyses of the estimated 1993 general and administration ("G&A") costs, operating costs, capital expenditures and reinvestment assumptions, acquisitions, marketing considerations and prospects for 1993;

(o) Numac short form prospectus dated October 9, 1992 relating to the issue of 6.6 million Numac Shares for total proceeds of $33.66 million;

(p) Numac April 2, 1993 annual information form;

(q) notice of annual meeting of shareholders for Numac, for its shareholder meeting held on May 21, 1993;

(r) Bank of Nova Scotia letter entitled *"Establishment of the Revolving Term Credit Facility in Favour of Numac Oil & Gas Ltd."*, dated March 19, 1992, and Revolving Term Credit Agreement memorandum dated May 6, 1993;

(s) Numac *"Key Employee Stock Option Incentive Plan"* as at March 31, 1993;

(t) a document from counsel to Numac regarding outstanding litigation; and

(u) press releases issued by Numac, including but not limited to the February 26, 1993 announcement on the sale of the company's interest in the midwest uranium property in Saskatchewan to Denison Mines Limited, and the May 18, 1993 proposed merger with Westcoast.

B. Westcoast

Business Assets

(a) summary descriptions of the major properties and the independent engineering evaluations of the oil and gas assets (including analyses of processing income) of Westcoast and Roxy effective as at December 31, 1992 conducted by Coles and incorporated into their reports dated January 15, 1993. The Coles reports for Numac, Westcoast and Roxy are together referred to below as the "Coles Reports";

(b) Westcoast and Roxy internal engineering evaluations representing incremental reserve additions not evaluated by Coles from December 31, 1992 to March 31, 1993, summarized in an internal memorandum dated May 14, 1993 and detailed in a table provided by Westcoast management;

(c) detailed Westcoast and Roxy well list and corresponding estimated cost of abandonment for the wells of each company as at April 12, 1991, as provided by Westcoast management in a memorandum dated June 8, 1993;

(d) summary of actual Westcoast and Roxy capital costs incurred over the period January 1 to March 31, 1993;

(e) list of Westcoast and Roxy reserve acquisitions and dispositions from January 1 to May 31, 1993, and associated consideration paid and received, respectively, by both companies, and related closings prior to March 31, 1993;

(f) Coles independent evaluations of the Canadian land positions of Westcoast and Roxy, as at January 1, 1993, included with the Coles Reports;

(g) detailed internal Westcoast and Roxy undeveloped land report dated May 30, 1993, summarizing the total Westcoast and Roxy Canadian and international undeveloped land position as at May 30, 1993;

(h) summary tables depicting Canadian land expiries and acquisitions for Westcoast and Roxy from January 1 to March 31, 1993 as set out in a Westcoast memorandum dated June 8, 1993;

(i) undeveloped land maps and summary information on Westcoast lands in Libya and Indonesia, from an excerpt from a June 2, 1993 Westcoast presentation document;

(j) detailed information on the Westcoast Kamloops pipeline and miscellaneous pipeline assets held by Westcoast and Roxy, including a report entitled

"Outlook for Westcoast Petroleum Pipeline", prepared by Purvin & Gertz, Inc. dated November 1992;

(k) internally prepared Westcoast and Roxy seismic data table summarizing proprietary data costs to March 31, 1993, and a table summarizing the total seismic inventory, as well as historical seismic data sales for 1992 and the first quarter of 1993 for Westcoast and Roxy.

Financial Assets and Liabilities

(l) Westcoast consolidated audited financial statements as at December 31, 1992, and the Roxy annual report and accompanying audited financial statements as at December 31, 1992 and December 31, 1991;

(m) Westcoast and Roxy consolidated financial statements for January 31, February 28 and the first quarter ending March 31, 1993;

(n) schedule of tax pool balances of Westcoast, Roxy and subsidiaries as at May 5, 1993 provided by Ernst & Young in a June 10, 1993 memorandum;

(o) detailed Westcoast cash flow model assessing the value of the Westcoast successored AGIP property tax pools as at January 1, 1993, dated January 30, 1993;

(p) internally prepared 1993 Westcoast and Roxy budget, including detailed analyses of the pipeline operations, estimated 1993 G&A costs, operating costs, capital expenditures and reinvestment assumptions, acquisitions and marketing considerations for 1993;

(q) memoranda detailing the Westcoast US $58.5 million swap transaction with the Canadian Imperial Bank of Commerce dated April 16, 1993 and a separate swap transaction dated March 5, 1993;

(r) a document from counsel to Westcoast regarding the recent sale/leaseback transaction between Westcoast and Roxy;

(s) Westcoast draft term sheet and memorandum dated March 26, 1993 describing in detail the leaseback terms;

(t) Westcoast memorandum entitled *"Proposed Purchase and Lease by WPL of Tangibles of CRP"* and dated March 30, 1993 providing additional comments on the Westcoast leaseback term sheet;

(u) detailed schedule of Roxy tax pool balances prior to the leaseback as at January 1, 1993, and dated January 23, 1993;

(v) draft Westcoast prospectus dated February 14, 1993 for the proposed issue of Westcoast Shares;

(w) Roxy April 19, 1993 material change report;

(x) *"Employees Retirement Plan"* of Westcoast amended and restated effective January 1, 1990;

(y) a document from counsel to Westcoast regarding outstanding litigation; and

(z) various press releases issued by Roxy.

C. Interviews

In addition to the information described above, PowerWest has conducted extensive follow-up interviews and discussions with management, legal representatives and consultants of Numac, Westcoast and Roxy, including but not limited to the following:

(a) discussions with management regarding the historical success of exploration and development, inventory of available oil and gas prospects and the strategies of the exploration and development programs;

(b) discussions with management of each company regarding incremental reserve additions since January 1, 1993, particularly with regard to reserve value and associated development and exploration risk where applicable;

(c) comments and opinions of management as to the Coles evaluations of reserves of Numac, Westcoast and Roxy as at December 31, 1992 in terms of methodology, completeness and technical accuracy;

(d) comments and opinions of management as to the Coles Westcoast and Roxy land evaluations, and the expiries and acquisitions of undeveloped land for each company;

(e) interviews with the managements of the companies on certain of the minor assets, including but not limited to the Kamloops pipeline and international land position owned by Westcoast, and the Surmont leases and MacKenzie delta reserves owned by Numac;

(f) discussions relating to the value of Alberta Royalty Tax Credit ("ARTC") in the context of legislation governing maximum ARTC available to associated companies;

(g) discussions with management of Westcoast regarding the potential tax position of Westcoast as a result of specific transactions contemplated by Westcoast and the successored tax pool status of Westcoast; and

(h) discussions with managements of each company regarding the contingent liabilities of each company.

D. Other Steps

Other steps taken or information gathered were as follows:

(a) reviewed drafts of the Information Circular to July 15, 1993;

(b) discussions with managements of Numac and Westcoast regarding the businesses of their respective companies and the Arrangement;

(c) review of certain publicly available stock market, financial and other information concerning Numac, Westcoast and Roxy and other oil and gas companies selected by PowerWest for purposes of comparison;

(d) letters of representation dated the date hereof from officers of each of Numac and Westcoast; and

(e) such other financial, market, corporate and industry information, investigations and analyses as we considered necessary or appropriate in the circumstances in order to complete the Valuations.

To our knowledge, all of the information requested from Numac and Westcoast was supplied to us.

VI. ASSUMPTIONS AND LIMITATIONS

In preparing the Valuations, we have relied upon the information referred to herein and have assumed that the information is accurate and complete in all material respects and, in accordance with the terms of our engagement, have not conducted any independent investigation to verify its accuracy or completeness. We were advised by officers of Westcoast and Numac that no changes have occurred in the facts set out or referred to in any such information subsequent to the date thereof which would have a material effect on our Valuations.

We have assumed that all conditions to implement the Arrangement, including the reorganization of Westcoast's share capital such that 50,565,542 Westcoast Shares will be outstanding, will be satisfied and that the Arrangement will be implemented in the manner and within the time frame contemplated in the Information Circular. The Valuations are submitted in the context of securities markets and economic, financial and general business conditions as they exist on the date hereof and prospects, financial and otherwise, of Westcoast and Numac as they were reflected in the information and documents reviewed by us and as they were represented to us in our discussions with the management of and advisors to Westcoast and Numac. We have assumed the Arrangement as proposed is in accordance with all applicable laws and that the proper steps will be taken to effect same. We have not reviewed the steps to effect the Arrangement from a legal point of view and express no view thereon.

PowerWest's analysis must be considered as a whole. Selecting portions of our analysis, without considering all factors and analysis in connection with the preparation of the Valuations, could create a misleading view of the process underlying the preparation of the Valuations. The preparation of a valuation is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis and possibly incorrect conclusions. In our analysis, we have made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of any party involved in the proposed Arrangement.

VII. VALUATION PRINCIPLES

Value for the purpose of the Valuations means fair market value, which is defined as the highest price, expressed in terms of money or money's worth, that a willing and informed buyer would pay for the security being valued in an open and unrestricted market to a willing and informed seller, each acting at arm's length, where neither party is under any compulsion to enter into the transaction.

VIII. VALUATION METHODOLOGY AND APPROACHES

PowerWest has evaluated Westcoast and Numac under the following valuation approaches, which in its opinion are appropriate for the valuations of oil and gas exploration and development companies:

(a) *Corporate Sale Valuation.* The valuations of Westcoast and Numac under this approach rely on the net asset value ("NAV") methodology. In order to assess the values of the companies in a sale context, the common shares of each company are valued using energy market pricing and fiscal outlook scenarios which are based on values reflected in private transaction markets.

(b) *Going Concern Valuation.* Under this approach, we estimated the values of Westcoast and Numac based on current public equity market criteria to assess the "going concern" values of Westcoast and Numac. At the effective date of the Valuations and the date hereof, values reflected in public equity markets are generally higher than values in private transaction markets. Under this approach, we have considered the following:

(i) cash flow multiple analysis;

(ii) premium/discount to NAV; and

(iii) market values (Numac only).

It is our opinion that the corporate sale NAV approach is most appropriate in establishing the relative value of the companies for the purpose of considering the proposed Arrangement and is the methodology which receives the most emphasis in PowerWest's conclusions.

A. Corporate Sale Approach

The basis for the corporate sale NAV approach is to evaluate, on a segmented basis, all business assets and financial assets and liabilities of each of Westcoast and Numac. The NAV approach ascribes value to the proven and probable reserves, substantially as evaluated by independent engineers, and does not provide for the addition of reserves through ongoing reinvestment in continued exploration and development programs.

To determine relevant valuation parameters, PowerWest monitors and analyzes, on an on-going basis, all significant oil and gas asset and corporate transactions for which information is available. From this analysis, and based on other assumptions, we are able to estimate the implicit oil and gas price forecasts, discount rates and other relevant determinants of value most representative of private transaction market values for any given period of time.

The value of the oil and gas assets is estimated on the basis of full life after-tax cash flows based on an appropriate range of price forecasts. Values for other assets and liabilities have been calculated using evaluation methodologies based primarily upon after-tax discounted future cash flow valuations where applicable. We believe that single point estimates of most assets and liabilities are often misleading as to the accuracy of the estimate. For the purposes of reflecting uncertainty in the value of certain assets and liabilities, PowerWest has developed value ranges which are bounded by a low case ("Low Case") and a high case ("High Case") for each principal asset and liability category evaluated.

Price Scenarios

In PowerWest's analysis of private transaction markets, the range of price forecasts of approximately US $20.50 to US $22.50 per barrel ("/Bbl") "real" (inflation adjusted) for West Texas Intermediate ("WTI") crude oil emerges as the most representative range of price forecasts used in actual transactions. Gas prices are linked to these forecasts through the relationship between gas and industrial burner tip prices for heavy fuel oil. In terms of a "real" gas price forecast range, the gas price forecasts used in conjunction with the above oil price range is equivalent in present value terms to Cdn $1.85 to $2.00 per thousand cubic feet ("/Mcf") "real" at the Canadian wellhead. Although some short term gas prices are currently higher, we believe that buyers are currently using long term price forecasts that approximate this range (at the Alberta wellhead, escalated with inflation).

In analyzing the impact of different price scenarios on the valuations of the companies' reserves, the oil price differentials from the reference Edmonton light oil price in the Coles Reports (which reflect the average transportation and quality of Westcoast's and Numac's oil reserves) were maintained. Similarly, the differentials between the company-specific average gas prices and the reference average market prices in the Coles Report were also maintained. Through this approach, the integrity of the engineering assumptions with respect to price differentials used in the Coles Report are maintained.

Valuation Effective Date

The Valuations of the assets and liabilities of Westcoast and Numac were prepared with an effective date of March 31, 1993, coincident with the most recent financial statements of the companies. All material changes (of which PowerWest is aware) that occurred between March 31, 1993 and the date of the Valuations that would materially affect the value of either Westcoast or Numac, including Numac Share trading prices on public equity markets, have been incorporated into the Valuations on a pro-forma basis. Managements of Westcoast and Numac have represented to us that they are not aware of any material changes, which were not specifically disclosed to PowerWest, that occurred between March 31, 1993 and the date hereof that would, in the opinion of such management, materially affect the conclusions reached in the Valuations.

Proven Reserves Value

The majority of the reserve analysis for each company is based on the respective Coles Reports. In addition, managements of Westcoast and Numac have each prepared an analysis of reserve changes between January 1, 1993 and March 31, 1993 (see "Incremental Reserves" below). The valuations of proven oil and gas assets, including additions, is based on discounted cash flow estimates of full life reserve cash flows on an after-tax basis discounted to March 31, 1993. Reserves are valued using an 11% discount rate which, in PowerWest's view, is representative of the discount rate currently used in the majority of oil and gas related transactions.

Reserves are valued on an after-tax basis giving recognition to the value of tax pools and tax credits associated with future capital expenditures required to produce existing reserves. Reserve values based on other discount rates and on a before tax basis were reviewed to understand the sensitivity of values to these assumptions.

Probable Reserves Value

The probable reserves values for each company were also determined on the basis of full life reserve cash flows, prepared on an after-tax basis, discounted to March 31, 1993 using an 11% discount rate. The probable reserves volumes were not risked by Coles in the Coles Reports but a 50% risk factor was applied by PowerWest to the values of probable reserves.

Incremental Reserves

Each of Westcoast and Numac have an ongoing exploration and development program which have generated reserve discoveries and potential reserve discoveries (together, the "Incremental Reserves") since January 1, 1993, the effective date of the Coles Reports. The management of each of Westcoast and Numac provided substantial technical analysis to PowerWest in respect of the Incremental Reserves for their respective companies.

PowerWest has conducted additional analysis to verify the reasonableness of the assumptions used and analyses conducted by such managements and concluded that it was reasonable to rely, substantially, on the analyses provided by the companies. The Incremental Reserves are located in several areas, many of which have existing wells to assist in evaluating the projects. For Westcoast, Incremental Reserves is net of significant reserve dispositions which occurred in the interim period. Although less significant, Numac's acquisition and dispositions during the interim period were also accounted for.

Abandonment Costs

For each company, abandonment costs have been estimated by PowerWest for all wells in which the respective company has an interest. PowerWest has discounted these costs from the projected abandonment date to March 31, 1993 using an 11% discount rate and has adjusted the costs for the tax deductions allowed.

Undeveloped Land

(i) Numac

No independent valuation of Numac's conventional undeveloped land base was undertaken. We estimated the value of Numac's conventional land based on average prices paid in crown land sales in the provinces in which the land is located. In addition, Numac has interests in leases containing oil sands and royalty interest lands. The oil sands leases were valued separately (see "Other Assets") from conventional undeveloped lands and the royalty interest acreage was estimated to be of nominal value. The Low Case value for Numac's conventional undeveloped lands was based on average 1992 crown land sale prices. For the High Case, the land valuation was increased in proportion to the increase in average crown land sale prices during the first quarter of 1993 compared to average 1992 prices.

(ii) Westcoast

The Coles estimate, effective January 1, 1993, of the value of Westcoast's Canadian conventional undeveloped land base was used as the basis for our estimate of value for that asset. Our estimate is equal to the Coles value plus the cost of land purchases between January 1 and April 6, 1993, less the value of any expired lands and the value of undeveloped lands which were drilled during that period.

The Canadian land value, adjusted as set out above, was used in the Low Case. As was done for Numac's land, the High Case valuation was based on more recent 1993 crown land sale prices.

Westcoast also has a significant amount of international undeveloped land in Libya and Indonesia. Our estimates of the values of these concessions are based on spent and committed costs, as well as on values determined by Westcoast as risked by PowerWest.

Seismic Data

Each company has a substantial library of seismic data. PowerWest has estimated the value of such data based on three times associated average annual sales revenue in the Low Case, and based on estimates of potential future sales in the High Case.

Processing Income

Each company receives processing fees. Processing fees have been included in the Coles Reports and PowerWest has valued such fees by discounting the cash flow forecasts in the Coles Reports on an after-tax basis at 11% per annum.

Other Business Assets - Numac

Numac has three other business assets that are of material value and which have been included in the Numac Valuation, consisting of an interest in the Empress, Alberta straddle plant, oil sands leases at Surmont and Liege, Alberta, and potential reserves in the MacKenzie delta in the northern Canada.

Pipeline Interests - Westcoast

Westcoast owns certain pipelines assets that are material in value and which have been included in the Westcoast Valuation. The principal pipeline asset is a 100% interest in the Taylor-Kamloops oil pipeline.

Minority Interest in Roxy - Westcoast

Where applicable, all of the elements of Westcoast's NAV have been valued assuming full consolidation with Roxy. Westcoast, however, owns only 82.6% of Roxy. The value of the minority interest in Roxy is based on a complete and independent NAV calculation for Roxy using the same NAV methodology that has been applied to Westcoast and Numac. The value of the minority interest in Roxy as estimated in the Roxy NAV has been deducted from the Westcoast Valuation.

Tax Pools

PowerWest has conducted a separate analysis to determine the value of the tax pools by considering the pools available to shelter the annual income tax burden on income generated by currently owned assets. These amounts were calculated after deducting estimates for annual G&A expenses assuming a produce-out scenario, ie. assuming the companies would simply produce existing reserves without further exploration or development.

Alberta Royalty Tax Credit

PowerWest has calculated the value at an 11% discount rate of the ARTC associated with the proved producing reserves of each company and made a 50% downward adjustment to the ARTC to be received after 1994 to reflect our assessment of the potential risk of a phasing out or further reduction in the ARTC program after that time.

General and Administration

The G&A required for production, administration and accounting of existing reserves is projected as an operating cost and the present value thereof is treated as a liability. When projecting future annual G&A charges, we considered the characteristics of the properties of each company, such as production profile, reserve life, well count and geographical diversity. To calculate the G&A liabilities as of March 31, 1993, the G&A profile was projected on a full life basis and discounted at 11% after consideration of tax effects.

Working Capital and Bank Debt

Bank debt and working capital, as of the effective dates of the Valuations of March 31, 1993, are from the March 31, 1992 unaudited financial statements for Westcoast and Numac.

Deferred Revenue

Deferred revenue was adjusted for the timing of payment and the present value thereof was deducted as a liability.

Lawsuits and Contingent Liabilities

Based on discussions with the managements of each of Westcoast and Numac, PowerWest has concluded that neither company is currently involved in any lawsuits nor is exposed to other contingent liabilities that would have a material impact on the value of such company.

Large Corporations Tax and Saskatchewan Capital Tax

The total large corporations tax obligation used for each company was based on an annual forecast of this expense based on pro-forma produce-out balance sheets and discounted at an 11% discount rate. Saskatchewan capital tax was forecast based on the projected sales revenues from Saskatchewan assets and the present value thereof, at an 11% discount rate, was treated as a liability.

Other Financial Assets and Liabilities

(i) Numac

Numac has outstanding a $30 million convertible debenture which is publicly traded and which will remain outstanding following implementation of the Arrangement. In the corporate sale value analysis, this debenture has been valued at a small premium to recent market prices.

(ii) Westcoast

Other financial assets and liabilities for Westcoast consist of a small liability associated with a current crude oil price hedging program, a small excess of the value of pension fund assets over the actuarial liability and a non-interest bearing loan from the Alberta Oil Sands Technology and Research Authority.

Conclusion of Corporate Sale Valuation

(i) Numac

Based on the methodology described above, the calculated range of values for Numac equity was $104 to $155 million. Based on qualitative and quantitative considerations, PowerWest is of the opinion that if Numac was sold in an open and unrestricted corporate sale process, the sale price to be achieved would most likely be in the upper half of this range. As set out below, our concluding range is $130 to $155 million. On a per share basis, we have rounded our final value range conclusion to $4.00 to $4.70 per Numac Share.

NUMAC OIL & GAS LTD.

CORPORATE SALE VALUATION - RANGE OF VALUES
(as of March 31, 1993)
(millions of dollars, except as noted)

	Low	High
Reserves	132.6	146.3
Land and Seismic	12.0	14.0
Other Assets	16.7	22.9
Tax Pools	40.9	41.2
Financial Assets and Liabilities	(72.5)	(69.3)
Total	129.7	155.2
NAV per Share ($ per Share)	3.92	4.70
NAV Conclusion ($ per Share)	*$4.00 to $4.70 per share*	

Note: Per share amounts are based on 33.058 million Numac Shares outstanding.

(ii) Westcoast

Based on the methodology described above, the calculated range of values for Westcoast equity was $206 to $283 million. Based on qualitative and quantitative considerations, PowerWest is of the opinion that if Westcoast was sold in an open and unrestricted corporate sale process, the sale price to be achieved would most likely be in the upper half of this range. As set out below, our concluding range is $244 to $283 million. On a per share basis, we have rounded our final value range conclusion to $4.80 to $5.60 per Westcoast Share.

WESTCOAST PETROLEUM LTD.

CORPORATE SALE VALUATION - RANGE OF VALUES
(as of March 31, 1993)
(millions of dollars, except as noted)

	Low	High
Reserves	283.4	305.9
Land and Seismic	44.8	55.7
Other Assets	11.3	11.0
Tax Pools	63.9	63.9
Financial Assets and Liabilities	(159.1)	(153.8)
Total	244.3	282.7
NAV per Share ($ per Share)	4.83	5.59
NAV Conclusion ($ per Share)	*$4.80 to $5.60 per share*	

Note: Per share amounts are based on 50.565 million Westcoast Shares outstanding.

B. Going Concern Valuation

Although we place the most emphasis in the Valuations on corporate sale NAV methodology, we have also considered the "going concern" values of Numac and Westcoast using public equity market valuation criteria. As noted above, as at the effective date and as at the date hereof, values reflected in public equity markets are, in general, higher than values in private transaction markets, but vary considerably between companies depending on perceptions of risk, profitability and other factors. In our review, we determined going concern value using three approaches as follows:

(i) cash flow multiple analysis;

(ii) premium/discount to NAV analysis; and

(iii) market values (Numac only).

In the cash flow multiple and premium to NAV analyses, we compare the quantitative and qualitative "going concern" characteristics of Numac and Westcoast to those for a larger control group of "comparable" companies. In our analysis, a group of 11 companies comparable to Numac and Westcoast were selected on the basis of total capitalization, cash flow and reserve life, among other factors.

Cash Flow Multiple Analysis

Traditional cash flow multiples of discretionary cash flow have a number of limitations as a valuation tool:

- they do not reflect the capital structure of a company;
- they do not directly reflect the quality and value of non-cash flow generating assets, reserve lives, tax base, capital requirements to develop reserves and other factors relevant to valuations;
- they can be influenced by market expectations for future growth and value creation (or loss);
- they are influenced by the timing of future expected cash flows;
- they may not properly reflect the value of the whole company if trading volumes are very low; and
- the selection of appropriate multiples is subjective and strongly influenced by the unique characteristics of companies.

A particular problem with the use of traditional cash flow multiples is the distortion associated with different capital structures. Typical cash flow multiple analysis makes the implicit assumption that all cash flow is available to the common shareholders. However, the cash flow of a company over a longer period of time does not accrue solely to the common shareholders because a portion must be allocated to the repayment of debt and other security holders. We therefore believe that cash flow multiples are more appropriately determined in relation to the total capital of the company.

For this purpose, PowerWest has developed the Capital Structure Adjusted Multiple ("CSAM") valuation methodology in which cash flows are adjusted for debt and preferred share capital. In general, CSAMs are calculated by dividing the current market capitalization of common shares plus all debt, preferred shares and deferred revenue by discretionary cash flow before interest expense and dividends. We have observed that, using this methodology, calculated CSAMs for oil and gas companies fall in a much narrower range compared to traditional price/cash flow multiples and we have concluded that this methodology reduces the distortion arising from varying capital structures.

We have calculated CSAMs for the group of comparable companies using capitalization at December 31, 1992, estimated 1993 discretionary cash flow and share prices as of May 14, 1993, the day just prior to announcement of the proposed Arrangement. The range of CSAM multiples was 5.8 to 10.1 for the group. The average for the group was 7.9

times. We also note that the average for the top 25 public oil and gas companies followed by PowerWest was 8.3 times.

In the selection of CSAM ranges for Numac and Westcoast, we analyzed quantitative and qualitative information that is expected to affect CSAMs. We considered, among others, risk measures including netbacks, financial leverage and liquidity, and performance measures such as production and cash flow growth and returns on capital employed and on equity, as well as the nature of reserves and finding and development costs.

Our valuations of Numac and Westcoast utilizing the CSAM methodology are as follows:

(i) Numac

We have selected a CSAM range of 7.5 to 9.0 that we believe to be appropriate for Numac. Based on our estimate for 1993 debt-adjusted cash flow, current capital structure and the CSAM range estimates, our estimated values for Numac based on this methodology are as follows:

NUMAC VALUATION
BASED ON CSAM METHODOLOGY

1993 Debt Adjusted Cash Flow, $MM	32.9
CSAM Range	7.5 to 9.0
Estimated Value before Debt, $MM	247 to 296
Debt, $MM	61
Estimated Value of Common Equity	
- $MM	186 to 235
- $ per Share	$5.60 to $7.10

(ii) Westcoast

We have selected a CSAM range of 6.5 to 8.0 that we believe to be appropriate for Westcoast. Based on our estimate for 1993 debt-adjusted cash flow, current capital structure and the CSAM range estimates, our estimated values for Westcoast based on this methodology are as follows:

WESTCOAST VALUATION
BASED ON CSAM METHODOLOGY

1993 Debt Adjusted Cash Flow, $MM	79.6
CSAM Range	6.5 to 8.0
Estimated Value before Debt, $MM	517 to 637
Debt, $MM	151
Estimated Value of Common Equity	
- $MM	366 to 486
- $ per Share	$7.25 to $9.60

Premium to NAV Analysis

At the present time, successful public companies are trading at significant premiums to NAV's calculated on the basis of private transaction market criteria. The 11 companies in our group of comparables traded on average at a premium of 85% to calculated NAV's, with actual premiums ranging from 15% to 147% for individual companies in the group. As the reference criteria for this analysis, we have calculated NAV's for all companies analyzed based on $21/Bbl WTI prices and a 10% discount rate. In assessing premiums for Numac and Westcoast, we have compared a series of risk and performance measures for Numac and Westcoast against those of the group of comparable companies.

(i) Numac

We believe that a reasonable range for Numac would be a 40% to 80% premium over calculated NAV. Companies that exhibit share prices in excess of 80% have demonstrated superior growth and profitability while companies with premiums less than 40% generally have less attractive track records. Using an NAV of $4.00 per share for Numac and premiums of 40% to 80%, the estimated value per share of Numac Shares is $5.60 to $7.20.

(ii) Westcoast

We believe that if Westcoast was publicly traded, a reasonable range for Westcoast would be a 30% to 70% premium over calculated NAV. The calculated NAV for Westcoast is $5.00 per share, resulting in an estimated value per share under this approach of $6.50 to $8.50.

Market Values

In order to provide a comparison and check on the reasonableness of the value estimates under the corporate sale approach and the other going concern approaches for Numac, we reviewed the historical share prices and trading volumes on the Toronto Stock Exchange for Numac Shares over various time periods. As Westcoast is not publicly traded, this was not possible for Westcoast Shares.

In establishing the market value range for Numac Shares, PowerWest considered the following:

(i) the 52 week range of Numac Share prices up to May 14, 1993 (just prior to the announcement of the intention to merge) was $4.75 to $7.88 per share;

(ii) between January 1 and May 14, 1993, the weighted average trading price was $6.88 per share; and

(iii) the closing price on May 14, 1993 (the day just prior to the announcement of the proposed Arrangement) was $7.13 per Numac Share.

We note that market prices of Numac Shares, ranging from $4.75 to $7.88 per common share, generally confirm the values determined under the other going concern approaches.

C. Other Approaches

We have reviewed the unit values resulting from the reserve analyses in our NAV's of Numac and Westcoast. The after-tax unit value of Numac's proven reserves is $4.37 per barrel of oil equivalent ("BOE") (converting gas to oil at 12 Mcf of gas to one barrel of oil) at a price forecast of US $21/Bbl WTI and the equivalent after-tax unit value of Westcoast's proven reserves is $4.09 per BOE.

The unit values of Numac's reserves were decreased due to lower NGL prices and capital expenditures associated with proven reserves although these reductions were mitigated by income tax savings.

The unit values of Westcoast's reserves were lowered by poorer crude oil quality, higher royalty rates, and the significant amount of capital associated with proven reserves, although these negative adjustments were partly offset by resulting income tax savings.

These unit values reconciled with expectations based on transaction values and trading values of other companies and therefore supported the results of the NAV approach.

We also considered the book values of Westcoast and Numac, but no significant emphasis was given to this method. Book values are usually not indicative of value for resource companies as the historic cost of physical assets is rarely a useful estimate of current value.

IX. VALUATION CONCLUSIONS

In establishing our final conclusions in the Valuations, we considered several approaches for the valuations of oil and gas exploration and development companies consistent with generally accepted industry practice, as described above. As previously noted, PowerWest believes that the corporate sale NAV approach is the most appropriate technique for estimating relative values for oil and gas companies and, accordingly, this approach receives the greatest weighting in our conclusions.

In addition, PowerWest continually monitors broad operating and financial fundamentals for most of the major, intermediate and junior oil and gas companies in western Canada, not only from a quantitative perspective, but also through identifying critical qualitative variables associated with the assets and liabilities of a company. Through this fundamental quantitative and qualitative assessment approach, PowerWest has developed judgements and conclusions which assist in estimating the values of companies. Relevant key criteria identified and assessed qualitatively in the Valuations are as follows:

- operating statistics such as reserve life;
- measures of efficiency such as average netback;
- finding and development costs;
- prospectiveness and quantity of undeveloped lands;
- concentration of value;
- tax pool quantity and quality;
- third party processing capability;
- timing of cash flows;
- history of cash flow growth;
- gas contracts;
- probable reserve quality;
- crude oil quality and differentials;
- natural gas liquids quality; and
- G&A levels.

In establishing overall ranges of values for Numac and Westcoast in the context of the valuation approaches cited above, considerations of key qualitative criteria have been incorporated into PowerWest's final determinations. A summary of the valuation ranges under the various valuation approaches is provided in the table below:

NUMAC SHARES AND WESTCOAST SHARES
VALUATION SUMMARY TABLE

	Numac ($/Share)	Westcoast ($/Share)
Corporate Sale Approach		
Low Case	4.00	4.80
High Case	4.70	5.60
Going Concern Approaches		
(i) Cash Flow Multiples		
Low Case	5.60	7.25
High Case	7.10	9.60
(ii) Premium to NAV		
Low Case	5.60	6.50
High Case	7.20	8.50

X. PRIOR VALUATIONS

The respective managements of Numac and Westcoast have separately represented to PowerWest that there have been no prior valuations (as defined in Ontario Securities Commission Policy 9.1) of either Numac or Westcoast, other than independent engineering reports prepared by Coles for each of Numac and Westcoast at various dates in 1991 and 1992 which are summarized in the Information Circular. PowerWest has relied on the updated engineering reports prepared by Coles as of December 31, 1992 for each of Numac and Westcoast.

In a transaction which closed on May 5, 1993, Westcoast was sold by Westcoast Energy Inc. to a consortium of five private investors for a price of $247.5 million.

In December 1991, Numac announced that a consortium of overseas investors led by Dr. Yu-Tung Cheng proposed to purchase for $70 million the securities of Numac owned by Consolidated Enfield Corporation consisting of 10,789,900 common shares and Numac debentures with a face value of $15 million. This transaction subsequently closed on March 31, 1992.

XI. APPRAISAL REMEDY

We understand that the Numac shareholders have the right to dissent in respect of the Arrangement. There can be no assurance that a court of law in its ascertainment of fair value for the Numac Shares would arrive at the same result as the Valuations as it may require or have access to different information, use different underlying assumptions, and give different weight to the variety of considerations to be made in any valuation.

XII. ADDITIONAL VALUE ACCRUING TO AN INTERESTED PARTY

We are not aware of any additional value accruing uniquely to Westcoast as a result of the Arrangement. PowerWest believes that the combination of the businesses of Westcoast and Numac through the Arrangement may result in a number of benefits to Westcoast, including possible administrative savings and operational efficiencies and possibly more efficient sheltering of cash flows from current income tax. However, it is not possible to accurately quantify these potential benefits. Furthermore, any such value would not accrue uniquely to Westcoast but may accrue to any company entering into a similar arrangement with Numac. As part of the Arrangement, an asset transaction is proposed whereby certain assets of Numac will be transferred to Westcoast in exchange for a note. We understand that the agreed transfer value of these assets is approximately $4 million and after reviewing this proposed transaction, we have determined that it has no impact on our valuation conclusions.

XIII. RELIANCE

This summary of the Valuations and the Valuations themselves may be relied upon by the Independent Committee and by the shareholders of Numac other than Related Parties for the purpose of their consideration of the Arrangement but may not be used or relied upon by any other person or for any other purpose without our express prior written consent.

PowerWest Financial Ltd.

POWERWEST FINANCIAL LTD.

POWERWEST
FINANCIAL LTD.

July 15, 1993

Special Committee of the Board of Directors
Numac Oil & Gas Ltd.
Petroleum Plaza, South Tower
1400, 9915 - 108 Street
Edmonton, Alberta
T5K 2G8

Dear Sirs:

RE: Arrangement under Section 186 of the *Alberta Business Corporations Act*

We refer to the Information and Proxy Circular dated July 19, 1993 (the "Information Circular") of Numac Oil & Gas Ltd. relating to a proposed arrangement under Section 186 of the *Alberta Business Corporations Act*.

We hereby consent to the references to our name in the Information Circular and to the inclusion therein of our valuation ("Valuation") dated July 16, 1993, and our fairness opinion ("Fairness Opinion") dated July 16, 1993, as well as to the inclusion therein of a summary of our Valuation and Fairness Opinion. We also consent to the filing of copies of the Valuation with the required securities regulatory authorities.

Yours truly,

POWERWEST FINANCIAL LTD.

Per: J. Stewart

Suite 4301, 400 - 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4H2 Telephone (403) 292-0680 Fax (403) 292-0693

APPENDIX D

POWERWEST FAIRNESS OPINION

POWERWEST
FINANCIAL LTD.

July 16, 1993

The Independent Committee of
the Board of Directors
Numac Oil & Gas Ltd.
1400, 9915 - 108 Street
Edmonton, Alberta
T5K 2G8

Dear Sirs:

PowerWest Financial Ltd. ("PowerWest", "we", "us" or "our") understands that Westcoast Petroleum Ltd. ("Westcoast") and Numac Oil & Gas Ltd. ("Numac") propose to effect a plan of arrangement (the "Arrangement") through which all the common shares ("Numac Shares") of Numac would be exchanged for common shares ("Westcoast Shares") of Westcoast. The Arrangement would be implemented under the *Business Corporations Act* (Alberta) and pursuant thereto, among other things, the holders of Numac Shares will be entitled to receive one Westcoast Share for each Numac Share held. The terms of the Arrangement are more fully described in the information circular (the "Information Circular") to be mailed to all shareholders of Numac in connection therewith.

PowerWest has been appointed by a committee (the "Independent Committee") of directors of Numac to prepare a valuation (the "Numac Valuation") of Numac, to prepare a valuation (the "Westcoast Valuation") of Westcoast (the Numac Valuation and the Westcoast Valuation being together hereinafter referred to as the "Valuations"), and to provide the Independent Committee with our opinion (the "Fairness Opinion") as to the fairness, from a financial point of view, of the Arrangement to the holders of Numac Shares and to the holders of convertible debentures of Numac (hereinafter referred to as "Independent Shareholders" and "Independent Debenture Holders", respectively), other than those security holders, referred to as Related Parties in the Information Circular, who also directly or indirectly own securities of Westcoast.

Suite 4301, 400 - 3rd Avenue S.W., Calgary, Alberta, Canada T2P 4H2 Telephone (403) 292-0680 Fax (403) 292-0693

SCOPE OF REVIEW

In formulating this Fairness Opinion we have, among other things, reviewed and relied upon or undertaken the following:

A. Numac

Business Assets

(a) summary descriptions of the major properties and the independent engineering evaluations of the oil and gas assets (including processing income) of Numac effective as at December 31, 1992 conducted by Coles Gilbert Associates Ltd. ("Coles") and incorporated into their report dated February 17, 1993;

(b) Numac's internal engineering evaluations representing incremental reserve additions not evaluated by Coles and added from December 31, 1992 to March 31, 1993, as summarized in an internal memorandum dated May 14, 1993 and detailed in a table provided by Numac management;

(c) detailed Numac well list and corresponding estimated cost of abandonment for the Numac wells as at April 13, 1993, as provided by Numac management;

(d) summary of actual Numac capital costs incurred over the period January 1 to March 31, 1993;

(e) list of Numac reserve acquisitions and dispositions from January 1 to May 31, 1993;

(f) detailed Numac internal undeveloped land report on a property-by-property basis dated June 10, 1993, summarizing the Numac undeveloped land position as at March 31, 1993;

(g) detailed Numac cash flow model on the Empress gas plant, dated May 26, 1993;

(h) reports entitled *"Bitumen Reserves Evaluation"* and *"Economic Evaluation of a Shaft and Tunnel In-Situ Type Project on Numac's Surmont Lease"* prepared by Canadian Azimuth Engineering Ltd., dated August 17, 1989 and September 1989, respectively;

(i) *"MacKenzie Delta - Reserve Comparison"* report conducted by Numac and dated January 8, 1987, detailing the Numac reserve position in the MacKenzie Delta;

(j) internally prepared Numac seismic data table summarizing proprietary data costs to March 31, 1993, and table summarizing the total seismic inventory and historical seismic data sales for 1992 and the first quarter of 1993 for Numac.

Financial Assets and Liabilities

(k) the Numac annual report and accompanying audited financial statements as at December 31, 1992 and December 31, 1991;

(l) Numac financial statements for the first quarter ending March 31, 1993;

(m) schedule of tax pool balances of Numac as at March 31, 1993 provided by Numac management;

(n) Numac internally prepared report entitled *"1993 Numac Budget and Budget Summary"*, including detailed analyses of the estimated 1993 general and administration ("G&A") costs, operating costs, capital expenditures and reinvestment assumptions, acquisitions, marketing considerations and prospects for 1993;

(o) Numac short form prospectus dated October 9, 1992 relating to the issue of 6.6 million Numac Shares for total proceeds of $33.66 million;

(p) Numac April 2, 1993 annual information form;

(q) notice of annual meeting of shareholders for Numac, for its shareholder meeting held on May 21, 1993;

(r) Bank of Nova Scotia letter entitled *"Establishment of the Revolving Term Credit Facility in Favour of Numac Oil & Gas Ltd."*, dated March 19, 1992, and Revolving Term Credit Agreement memorandum dated May 6, 1993;

(s) Numac *"Key Employee Stock Option Incentive Plan"* as at March 31, 1993;

(t) a document from counsel to Numac regarding outstanding litigation; and

(u) press releases issued by Numac, including but not limited to the February 26, 1993 announcement on the sale of the company's interest in the midwest uranium property in Saskatchewan to Denison Mines Limited, and the May 18, 1993 proposed merger with Westcoast.

B. Westcoast

Business Assets

(a) summary descriptions of the major properties and the independent engineering evaluations of the oil and gas assets (including analyses of processing income) of Westcoast and Canadian Roxy Petroleum Ltd. ("Roxy") effective as at December 31, 1992 conducted by Coles and incorporated into their reports dated January 15, 1993;

(b) Westcoast and Roxy internal engineering evaluations representing incremental reserve additions not evaluated by Coles from December 31, 1992 to March 31, 1993, summarized in an internal memorandum dated May 14, 1993 and detailed in a table provided by Westcoast management;

(c) detailed Westcoast and Roxy well list and corresponding estimated cost of abandonment for the wells of each company as at April 12, 1991, as provided by Westcoast management in a Westcoast memorandum dated June 8, 1993;

(d) summary of actual Westcoast and Roxy capital costs incurred over the period January 1 to March 31, 1993;

(e) list of Westcoast and Roxy reserve acquisitions and dispositions from January 1 to May 31, 1993, and associated consideration paid and received, respectively, by both companies, and related closings prior to March 31, 1993;

(f) Coles independent evaluations of the Canadian land positions of Westcoast and Roxy, as at January 1, 1993, included with the Coles Reports;

(g) detailed internal Westcoast and Roxy undeveloped land report dated May 30, 1993, summarizing the total Westcoast and Roxy Canadian and international undeveloped land position as at May 30, 1993;

(h) summary tables depicting Canadian land expiries and acquisitions for Westcoast and Roxy from January 1 to March 31, 1993 as set out in a Westcoast memorandum dated June 8, 1993;

(i) undeveloped land maps and summary information on Westcoast lands in Libya and Indonesia, from an excerpt from a June 2, 1993 Westcoast presentation document;

(j) detailed information on the Westcoast Kamloops pipeline and miscellaneous pipeline assets held by Westcoast and Roxy, including a report entitled *"Outlook for Westcoast Petroleum Pipeline"*, prepared by Purvin & Gertz, Inc. dated November 1992;

(k) internally prepared Westcoast and Roxy seismic data table summarizing proprietary data costs to March 31, 1993, and a table summarizing the total seismic inventory, as well as historical seismic data sales for 1992 and the first quarter of 1993 for Westcoast and Roxy.

Financial Assets and Liabilities

(l) Westcoast consolidated audited financial statements as at December 31, 1992, and the Roxy annual report and accompanying audited financial statements as at December 31, 1992 and December 31, 1991;

(m) Westcoast and Roxy consolidated financial statements for January 31, February 28 and the first quarter ending March 31, 1993;

(n) schedule of tax pool balances of Westcoast, Roxy and subsidiaries as at May 5, 1993 provided by Ernst & Young in a June 10, 1993 memorandum;

(o) detailed Westcoast cash flow model assessing the value of the Westcoast successored AGIP property tax pools as at January 1, 1993, dated January 30, 1993;

(p) internally prepared 1993 Westcoast and Roxy budget, including detailed analyses of the pipeline operations, estimated 1993 G&A costs, operating costs, capital expenditures and reinvestment assumptions, acquisitions and marketing considerations for 1993;

(q) memoranda detailing the Westcoast US $58.5 million swap transaction with the Canadian Imperial Bank of Commerce dated April 16, 1993 and a separate Morgan Stanley swap transaction dated March 5, 1993;

(r) a document from counsel to Westcoast regarding the recent sale/leaseback transaction between Westcoast and Roxy;

(s) Westcoast draft term sheet and memorandum dated March 26, 1993 describing in detail the leaseback terms;

(t) Westcoast memorandum entitled *"Proposed Purchase and Lease by WPL of Tangibles of CRP"* and dated March 30, 1993 providing additional comments on the Westcoast leaseback term sheet;

(u) detailed schedule of Roxy tax pool balances prior to the leaseback as at January 1, 1993, and dated January 23, 1993;

(v) draft Westcoast prospectus dated February 14, 1993 for the proposed issue of Westcoast Shares;

(w) Roxy April 19, 1993 material change report;

(x) *"Employees Retirement Plan"* of Westcoast amended and restated effective January 1, 1990;

(y) a document from counsel to Westcoast regarding outstanding litigation; and

(z) various press releases issued by Roxy.

C. Interviews

In addition to the information described above, PowerWest has conducted extensive follow-up interviews and discussions with management, legal representatives and consultants of Numac, Westcoast and Roxy, including but not limited to the following:

(a) discussions with management regarding the historical success of exploration and development, inventory of available oil and gas prospects and the strategies of the exploration and development programs;

(b) discussions with management of each company regarding incremental reserve additions since January 1, 1993, particularly with regard to reserve value and associated development and exploration risk where applicable;

(c) comments and opinions of management as to the Coles evaluations of reserves of Numac, Westcoast and Roxy as at December 31, 1992 in terms of methodology, completeness and technical accuracy;

(d) comments and opinions of management as to the Coles Westcoast and Roxy land evaluations, and the expiries and acquisitions of undeveloped land for each company;

(e) interviews with the managements of the companies on certain of the minor assets, including but not limited to the Kamloops pipeline and international land position owned by Westcoast, and the Surmont leases and MacKenzie delta reserves owned by Numac;

(f) discussions relating to the value of Alberta Royalty Tax Credit ("ARTC") in the context of legislation governing maximum ARTC available to associated companies;

(g) discussions with management of Westcoast regarding the potential tax position of Westcoast as a result of specific transactions contemplated by Westcoast and the successored tax pool status of Westcoast; and

(h) discussions with managements of each company regarding the contingent liabilities of each company.

D. Other Steps

Other steps taken or information gathered were as follows:

(a) reviewed drafts of the Information Circular to July 15, 1993;

(b) discussions with managements of Numac and Westcoast regarding the businesses of their respective companies and the Arrangement;

(c) review of certain publicly available stock market, financial and other information concerning Numac, Westcoast and Roxy and other oil and gas companies selected by PowerWest for purposes of comparison;

(d) letters of representation dated the date hereof from officers of each of Numac and Westcoast; and

(e) such other financial, market, corporate and industry information, investigations and analyses as we considered necessary or appropriate in the circumstances in order to complete the Valuations.

To our knowledge, all of the information requested from Numac and Westcoast was supplied to us.

ASSUMPTIONS AND LIMITATIONS

We have relied upon the information referred to herein and in the Valuations and have assumed that the information is accurate and complete in all material respects and, in accordance with the terms of our engagement, have not conducted any independent investigation to verify its accuracy or completeness. We were advised by officers of Numac and Westcoast that no changes have occurred in the facts set out or referred to in any such information subsequent to the date thereof which would have a material effect on our Fairness Opinion.

Our Fairness Opinion has been rendered on the basis of securities market, economic, financial and general business conditions as they exist on the date hereof and prospects, financial and otherwise, of Numac and Westcoast as they were reflected in the information and documents reviewed by us and as they were represented to us in our discussions with the managements of Numac and Westcoast.

We have assumed that all of the conditions required to implement the Arrangement, including the reorganization of Westcoast's share capital such that 50,565,542 Westcoast Shares will be outstanding, will be satisfied and that the Arrangement will be completed as described in the Information Circular and that the tax consequences of the Arrangement to holders of Numac Shares will be as described in the Information Circular. We have assumed the Arrangement as proposed is in accordance with all applicable laws and that the proper steps will be taken to effect same. We have not reviewed the steps to effect the Arrangement from a legal point of view and express no view thereon.

QUALIFICATIONS OF POWERWEST

PowerWest is an independent oil and gas financial services company offering advisory and capital related services to investors, corporations and governments. PowerWest provides services related only to the oil and gas business, including private client investment research for institutional, corporate and government clients and corporate advisory services in the areas of mergers, acquisitions, divestments, restructurings, valuations and fairness opinions. PowerWest and its principals have participated in a significant number of transactions involving oil and gas producing companies and have participated in a significant number of transactions involving fairness opinions and valuations of Canadian private and publicly traded oil and gas companies.

The conclusions expressed herein are the conclusions of PowerWest and the form and content hereof has been approved for release by a committee of its directors and professionals, each of whom is experienced in merger, acquisition, divestiture and valuation matters.

FAIRNESS CONSIDERATIONS

In assessing the fairness, from a financial point of view, of the Arrangement to the Independent Shareholders, PowerWest relied mainly on the values determined for Numac and Westcoast under various valuation approaches in the Valuations. The fairness of the transaction to the Independent Shareholders, from a financial point of view, is ultimately determined by the ratio of the number of Westcoast Shares offered for each Numac Share. Under the proposed Arrangement, Numac shareholders are entitled to receive one Westcoast Share for each Numac Share. The table below presents the ranges of values for Numac Shares and Westcoast Shares, as extracted from the Valuations, the implied exchange ratios and our final exchange ratio range.

VALUATION CONCLUSIONS AND IMPLIED EXCHANGE RATIOS

	Numac ($ per Share)	Westcoast ($ per Share)	Implied Exchange Ratio (# Westcoast Shares per Numac Share)
Corporate Sale Approach			
Low	4.00	4.80	0.83
High	4.70	5.60	0.84
Going Concern Approaches			
(i) Cash Flow Multiples			
Low	5.60	7.25	0.77
High	7.10	9.60	0.74
(ii) Premium to Net Asset Value			
Low	5.60	6.50	0.86
High	7.20	8.50	0.85
Final Exchange Ratio			
Low Numac with High Westcoast	4.00	5.60	0.7
High Numac with Low Westcoast	4.70	4.80	1.0

As emphasized in the Valuations, we believe that the corporate sale net asset value approach is the most appropriate technique for estimating relative values for the companies for the purpose of considering the proposed Arrangement and, accordingly, this approach receives the greatest weighting in our conclusions.

The final exchange ratio range of 0.7 to 1.0 was calculated on the basis of contrasting the low and high end points in the corporate sale values between the two companies. Specifically, where we select the highest value for Numac Shares ($4.70 per share) and the lowest value for the Westcoast Shares ($4.80 per share), the implied exchange ratio is approximately 1.0. This is equal to the 1.00 exchange ratio proposed in the Arrangement. In the other extreme, using the lowest value for Numac combined with the highest value for Westcoast, the implied exchange ratio is approximately 0.7. We note that the exchange ratios implied by the going concern approaches are within the range of the final exchange ratios. We view the exchange ratios calculated in the going concern approaches as being generally corroborative of the conclusions on exchange ratios developed in the corporate sale value analysis.

Convertible Debenture

We understand that the implementation of the Arrangement will result in Numac becoming a wholly-owned subsidiary of Westcoast and that the Numac convertible debentures would become debt obligations of Westcoast and would be convertible into Westcoast Shares. All of the other principal terms of the debentures would remain unchanged.

The consolidated company, upon completion of the Arrangement, will be a larger, financially stronger company than Numac currently. Interest coverage (1993 cash flow before debenture interest relative to debenture interest) will approximately triple on a pro-forma merged basis compared with Numac on a status quo basis. Similarly, we estimate that asset value coverage (the amount of net asset value after deduction of the debenture) will more than double upon implementation of the Arrangement relative to Numac on a status quo basis. On this basis, we believe that the credit quality of the debentures will be enhanced.

Under the proposed Arrangement, the Numac debentures will become convertible into Westcoast Shares instead of Numac Shares at the same conversion price ($13.50 per share). Because the range of trading prices of Numac Shares is significantly lower than the conversion price, the conversion feature of the Numac debentures has nominal associated value. However, to the extent that the exchange ratio of the number of Westcoast Shares offered for each Numac Share is favourable to the Numac shareholders and this is reflected in post-Arrangement trading prices for Westcoast Shares, the value of the conversion feature of the Numac debentures will be enhanced.

DISTINCTIVE VALUE TO WESTCOAST

We are not aware of any value that would accrue to Westcoast as a result of the proposed Arrangement which would be peculiar to Westcoast as compared to another possible acquiror with a similar asset base and tax position. We recognize that through the Arrangement Westcoast, among other things, may be able to achieve reductions in G&A expenses per unit of production and may also be able to realize tax advantages through more efficient use of tax pools in the combined company. However, these benefits would also be available to other companies entering into a similar transaction with Numac and therefore do not, in our view, represent distinctive value to Westcoast.

CONCLUSIONS AS TO FAIRNESS

Based upon our Valuations of Numac and Westcoast and the above comments, and subject to all of the foregoing, PowerWest is of the opinion that, as of the date hereof, the proposed Arrangement under which, among other things, the holders of Numac Shares would receive one Westcoast Share for each Numac Share is fair, from a financial point of view, to the Independent Shareholders of Numac. In addition, PowerWest is of the opinion that, as of the date hereof, the proposed Arrangement is fair, from a financial point of view, to the Independent Debenture Holders.

This Fairness Opinion may be relied upon by the Independent Committee, by the Independent Shareholders and by the Independent Debenture Holders for the purpose of their consideration of the Arrangement, but may not be used or relied upon by any other person or for any other purpose without our express prior written consent.

Yours very truly,

PowerWest Financial Ltd.

POWERWEST FINANCIAL LTD.

APPENDIX E

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

NUMAC ENERGY INC.

PRO FORMA CONSOLIDATED BALANCE SHEET
MARCH 31, 1993
(unaudited)
(000s)

	Westcoast	Numac	Pro Forma Adjustments (Note 2)	Pro Forma Consolidated
Cash and short-term deposits	$ 25,087	$ -	$ -	$ 25,087
Accounts receivable and inventories	23,001	7,969	6,000 (ii)(a)	36,970
Assets held for sale	1,699	-	-	1,699
	49,787	7,969	6,000	63,756
Other assets	-	718	(662) (i)(a)	56
Fixed assets	507,526	254,811	(24,504) (i)(a)	642,073
			(95,760) (ii)(a)	
	$557,313	$263,498	($114,926)	$705,885
Bank indebtedness	$ 2,244	$ 743	$ -	$ 2,987
Accounts payable and accrued	25,866	11,696	1,250 (i)(a)	38,812
	28,110	12,439	1,250	41,799
Deferred credits and other long term obligations	20,603	1,706	-	22,309
Long-term debt	148,983	61,000	-	209,983
Deferred income taxes	87,924	36,548	(36,548) (i)(a)	-
			(87,924) (ii)(a)	
Non-controlling interest	22,357	-	-	22,357
	307,977	111,693	(123,222)	296,448
Shareholders' equity	249,336	151,805	10,132 (i)(a)	
			(1,836) (ii)(a)	409,437
	$557,313	$263,498	($114,926)	$705,885

NUMAC ENERGY INC.

PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS
THREE MONTHS ENDED MARCH 31, 1993
(unaudited)
(000s except per share amounts)

	Westcoast	Numac	Pro Forma Adjustments (Note 2)		Pro Forma Consolidated
REVENUE					
Production	$ 33,643	$ 12,686	$ -		$ 46,329
Pipeline	2,336	-	-		2,336
Royalties, net	(5,439)	(1,717)	(385)	(i)(b)	(7,541)
Investment and other	421	1,790	-		2,211
	30,961	12,759	(385)		43,335
EXPENSE					
Production	7,284	2,474	-		9,758
Pipeline	1,553	-	-		1,553
General and administration	1,844	558	-		2,402
Interest	2,115	624	611	(i)(c)	2,965
			(385)	(ii)(b)	
Depreciation and depletion	14,583	5,245	(522)	(i)(d)	16,848
			(2,458)	(ii)(c)	
	27,379	8,901	(2,754)		33,526
Earnings before taxes and non-controlling interest	3,582	3,858	(2,369)		9,806
Taxes					
Capital	491	151	(13)	(i)(f)	598
			(31)	(ii)(f)	
Current	-	-	-		-
Deferred	1,310	1,597	625	(i)(e)	5,799
			2,267	(ii)(e)	
	1,801	1,748	2,848		6,397
Earnings before non-controlling interest	1,781	2,110	(479)		3,412
Non-controlling interest	55	-	-		55
NET EARNINGS	$ 1,836	$ 2,110	$ (479)		$ 3,467
NET EARNINGS PER SHARE (Note 3)					$ 0.04

NUMAC ENERGY INC.

PRO FORMA CONSOLIDATED STATEMENT OF EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 1992
(unaudited)
(000s except per share amounts)

	Westcoast	Numac	Pro Forma Adjustment (Note 2)		Pro Forma Consolidated
REVENUE					
Production	$135,979	$ 46,511	$ -		$182,490
Pipeline	10,196	-	-		10,196
Royalties, net	(22,324)	(6,739)	(1,752)	(i)(b)	(30,815)
Investment and other	2,850	(207)	-		2,643
	126,701	39,565	(1,752)		164,514
EXPENSE					
Production	28,973	9,787	-		38,760
Pipeline	6,760	-	-		6,760
General and administration	7,832	1,713	-		9,545
Interest	15,213	4,043	1,754	(i)(c)	14,122
			(6,888)	(ii)(b)	
Depreciation and depletion	69,018	19,016	(2,191)	(i)(d)	57,741
			(28,102)	(ii)(c)	
Write-down of fixed assets	207,452	-	(207,452)	(ii)(d)	-
	335,248	34,559	(242,879)		126,928
Earnings before taxes and non-controlling interest	(208,547)	5,006	241,127		37,586
Taxes					
Capital	1,988	524	(51)	(i)(f)	2,136
			(325)	(ii)(f)	
Current	2,358	-	-		2,358
Deferred	(86,532)	2,156	2,527	(i)(e)	17,584
			99,433	(ii)(e)	
	(82,186)	2,680	101,584		22,078
Earnings before non-controlling interest	(126,361)	2,326	139,543		15,508
Non-controlling interest	309	-	-		309
NET EARNINGS	$(126,052)	$ 2,326	$139,543		$15,817
NET EARNINGS PER SHARE (Note 3)					$ 0.19

NUMAC ENERGY INC.

PRO FORMA CONSOLIDATED STATEMENT OF FUNDS GENERATED FROM OPERATIONS
(unaudited)
(000s except per share amounts)

	Three Months Ended March 31, 1993	Year Ended December 31, 1992
Net earnings	$ 3,467	$15,817
Add non-cash items		
Depletion and depreciation	16,848	57,741
Deferred income taxes	5,799	17,584
(Gain) loss on sale of assets	(1,707)	822
Other	(55)	(309)
Funds generated from operations	$24,352	$91,655
Per Share (Note 3)	$ 0.29	$ 1.10

COMPILATION REPORT

To the Board of Directors of Numac Oil & Gas Ltd.

We have reviewed, as to compilation only, the accompanying pro forma consolidated balance sheet of Numac Energy Inc. as at March 31, 1993 and the pro forma consolidated statements of earnings and funds generated from operations for the three month period ended March 31, 1993 and the year ended December 31, 1992. These pro forma financial statements have been prepared for inclusion in the information circular relating to the proposed arrangement involving Numac Oil & Gas Ltd. and Westcoast Petroleum Ltd. In our opinion, the pro forma consolidated balance sheet and the pro forma consolidated statements of earnings and funds generated from operations have been properly compiled to give effect to the proposed transactions and the assumptions described in the notes thereto.

Edmonton, Alberta
July 5, 1993

(signed) Deloitte & Touche
Chartered Accountants

NUMAC ENERGY INC.

NOTES TO PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

1. **Basis of Presentation**

The accompanying pro forma consolidated financial statements of Numac Energy Inc. have been prepared by management in accordance with accounting principles generally accepted in Canada.

The pro forma consolidated financial statements have been prepared from information derived from the audited financial statements of Numac and Westcoast for the year ended December 31, 1992 and the unaudited financial statements of Numac and Westcoast for the three months ended March 31, 1993 together with other information available to the corporations.

The pro forma consolidated financial statements are not necessarily indicative either of results of operations that would have occurred in 1992, 1993 or future years had the Arrangement involving Numac and Westcoast been effected on January 1, 1992. No adjustments have been made to reflect operating synergies and general and administrative cost savings expected to result from combining the operations of Numac and Westcoast. Further, no adjustments have been made to reflect changes in production that occur in 1993 from such things as the commencement of production from Numac's Caroline property.

These pro forma financial statements should be read in conjunction with the financial statements of Numac and the consolidated financial statements of Westcoast included in this Information Circular.

2. **Pro Forma Assumptions and Adjustments with Respect to the Business Combination**

The pro forma consolidated statements of earnings and funds generated from operations give effect as at January 1, 1992 to the combination of Numac and Westcoast. The pro forma consolidated balance sheet gives effect to the business combination as at March 31, 1993. The pro forma consolidated financial statements include the following pro forma assumptions and adjustments:

(i) Assumptions and adjustments with respect to Numac

(a) Pursuant to the Plan of Arrangement, as more fully described in the Information Circular, Numac shareholders are entitled to receive a total of 33,058,366 Westcoast common shares, resulting in an aggregate share consideration of $161,937,000. The business combination has been accounted for by the purchase method of accounting. The following table shows the assumptions made with respect to the allocation of the aggregate purchase price to Numac's net assets and the adjustments necessary to Numac's historical cost financial statements:

Balance Sheet as at March 31, 1993

	Purchase Allocation ($000s)	Adjustment ($000s)
Current assets	$ 7,969	$ -
Other assets	56	(662)
Fixed assets	230,307	(24,504)
Current liabilities	(12,439)	(1,250)
Long-term debt	(61,000)	-
Deferred credits and other long term obligations	(1,706)	-
Deferred income taxes	-	36,548
	$163,187	$10,132

Purchase Price:	
Westcoast common shares	$161,937
Arrangement costs	1,250
	$163,187

(b) Had Numac and Westcoast been associated since January 1, 1992 the ARTC earned by the corporations would have been reduced by $385,000 in the first quarter of 1993 and $1,752,000 in 1992;

(c) Interest expense is assumed to be reduced by $18,000 for the three months ended March 31, 1993 and $73,000 for the year ended December 31, 1992 due to the elimination of deferred debenture issue costs (other assets) resulting from the adjustments in note (i)(a) to these pro forma consolidated financial statements;

Interest expense is assumed to increase by $629,000 for the three months ended March 31, 1993 and $3,555,000 for the year ended December 31, 1992 in order to conform with the Westcoast accounting policy of not capitalizing interest on major development projects;

Interest expense is assumed to be reduced by $1,728,000 for the year ended December 31, 1992 after accounting for the reduction in debt that resulted from the issuance of 6.6 million common shares as if it occurred January 1, 1992 rather than in October, 1992.

(d) Depletion and depreciation expense was assumed to be reduced by $522,000 for the three months ended March 31, 1993 and $2,191,000 for the year ended December 31, 1992 due to the lower value assigned to fixed assets resulting from the adjustments in note (i)(a) to these pro forma consolidated financial statements.

(e) Deferred income taxes were assumed to be increased by $625,000 for the three months ended March 31, 1993 and $1,527,000 for the year ended

December 31, 1992 due to the combined effect resulting from the adjustments described in notes (i)(a), (c) and (d) above.

(f) Capital taxes were assumed to be reduced by $13,000 for the three months ended March 31, 1993 and $51,000 for the year ended December 31, 1992 resulting from the effect of the adjustments described in note (i)(a) to these pro forma consolidated financial statements.

(ii) Assumptions and adjustments with respect to Westcoast

The pro forma assumptions and adjustments with respect to Westcoast give effect to the change in the control of Westcoast as at January 1, 1992 on the statements of earnings and funds generated from operations and as at March 31, 1993 and on the balance sheet.

(a) On May 5, 1993, Westcoast was sold by Westcoast Energy Inc. to a consortium of overseas investors for $247.5 million. The cost of the acquirers' investment in Westcoast was reflected in the accounts of Westcoast through the application of push down accounting as at the acquisition date. The following table shows the adjustments required to Westcoast's consolidated balance sheet to reflect the acquirers' allocation of the purchase price assuming the transaction took place on March 31, 1993:

	Purchase Allocation ($000s)	Adjustment ($000s)
Current assets	$ 55,787	$ 6,000
Fixed assets	411,766	(95,760)
Current liabilities	(28,110)	-
Long-term debt	(148,983)	-
Deferred credits and other long term obligations	(20,603)	-
Non-controlling interest	(22,357)	-
Deferred income taxes	-	87,924
	$247,500	$ (1,836)

(b) In January 1993, Westcoast entered into a credit facility arrangement with a Canadian chartered bank which provides for a $165 million production loan and a $15 million operating loan. In January 1993, $150 million (U.S. $117 million) was advanced under the production loan facility and was used to repay advances from Westcoast Energy Inc. of $150 million. The production loan provides for various interest rate options, all of which are based on market rates. The average effective rate of interest on borrowings under the facility, which is based upon the U.S. London Interbank Offer Rate, has been 4.4% since its inception in January 1993. Interest expense is assumed to be reduced by $385,000 for the three months ended March 31, 1993 and $6,888,000 for the year ended December 31, 1992 using market rates of interest of 4.6% and 5.6%, respectively.

(c) Depletion and depreciation expense was assumed to be reduced by $2,458,000 for the three months ended March 31, 1993 and $28,102,000 for the year ended December 31, 1992 due to the lower value assigned to fixed assets resulting from the adjustments in notes (ii)(a) and (d) to these pro forma consolidated financial statements.

(d) In 1992, Westcoast recorded a writedown of $207.5 million to fixed assets, before deferred taxes of $82.3 million, as a result of the decision of Westcoast Energy Inc. to dispose of its 100% ownership interest in Westcoast.

(e) Deferred income taxes were assumed to be increased by $2,267,000 for the three months ended March 31, 1993 and $99,433,000 for the year ended December 31, 1992 due to the combined effect resulting from the adjustments described in notes (ii)(a), (b), (c) and (d) above.

(f) Capital taxes were assumed to be reduced by $31,000 for the three months ended March 31, 1993 and $325,000 for the year ended December 31, 1992 due to the combined effect resulting from the adjustments described in notes (ii)(a) and (d) to these pro forma consolidated financial statements.

3. **Per Share Amounts**

Net earnings and funds generated from operations per share are calculated based on 83,623,908 common shares, being the sum of 50,565,542 Westcoast common shares outstanding prior to the business combination and 33,058,366 Westcoast common shares to be issued to Numac shareholders pursuant to the Plan of Arrangement. The conversion of debentures and exercise of stock options would not have a dilutive effect on net earnings per share.

APPENDIX F

SPECIAL RESOLUTION

Plan of Arrangement under Section 186 of the
***Business Corporations Act* (Alberta)**

BE IT RESOLVED AS A SPECIAL RESOLUTION THAT:

1. The plan of arrangement (the "Arrangement") under Section 186 of the *Business Corporations Act* (Alberta) (the "Act"), in the form set forth in Exhibit 1 to the Arrangement Agreement dated June 23, 1993 between Numac Oil & Gas Ltd. ("Numac") and Westcoast Petroleum Ltd. (the "Arrangement Agreement), is hereby authorized, approved and agreed to.

2. Notwithstanding the approval by shareholders of this special resolution, Numac, subject to the provisions of the Arrangement Agreement and without further notice to or approval of the Numac shareholders, may amend the Arrangement or may decide not to proceed with the Arrangement at any time prior to the Arrangement becoming effective pursuant to the provisions of the Act.

3. The proper officers of Numac be and are hereby authorized for and on behalf of Numac (whether under its corporate seal or otherwise) to execute and deliver Articles of Arrangement and all other documents and instruments and to take such other actions as they may deem necessary or desirable to implement this resolution and the matters authorized hereby, including the transactions required by the Arrangement, such determination to be conclusively evidenced by the execution and delivery of such documents or other instruments or the taking of any such actions.

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APPENDIX G

SECTION 184 OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

Pursuant to the Interim Order, Numac Shareholders have the right to dissent in respect of the Arrangement. Such right of dissent is described in the Information Circular. The full text of Section 184 of the ABCA is set forth below. Note that certain provisions of such section have been modified by the Interim Order attached to the Information Circular as Appendix B. In particular, the written objection required to be provided by a dissenting shareholder to Numac must be received by the Corporate Secretary of Numac at the registered office of Numac or by the Chairman of the Meeting at or prior to the Meeting in order to be effective.

184 (1) Subject to sections 185 and 234, a holder of shares of any class of a corporation may dissent if the corporation resolves to

(a) amend its articles under section 167 or 168 to add, change or remove any provisions restricting or constraining the issue or transfer of shares of that class,

(b) amend its articles under section 167 to add, change or remove any restrictions on the business or businesses that the corporation may carry on,

(c) amalgamate with another corporation, otherwise than under section 178 or 180.1,

(d) be continued under the laws of another jurisdiction under section 182, or

(e) sell, lease or exchange all or substantially all its property under section 183.

(2) A holder of shares of any class or series of shares entitled to vote under section 170, other than section 170(1)(a), may dissent if the corporation resolves to amend its articles in a manner described in that section.

(3) In addition to any other right he may have, but subject to subsection (20), a shareholder entitled to dissent under this section and who complies with this section is entitled to be paid by the corporation the fair value of the shares held by him in respect of which he dissents, determined as of the close of business on the last business day before the day on which the resolution from which he dissents was adopted.

(4) A dissenting shareholder may only claim under this section with respect to all the shares of a class held by him or on behalf of any one beneficial owner and registered in the name of the dissenting shareholder.

(5) A dissenting shareholder shall send to the corporation a written objection to a resolution referred to in subsection (1) or (2)

(a) at or before any meeting of shareholder at which the resolution is to be voted on, or

(b) if the corporation did not send notice to the shareholder of the purpose of the meeting or of his right to dissent, within a reasonable time after he learns that the resolution was adopted and of his right to dissent.

(6) An application may be made to the Court by originating notice after the adoption of a resolution referred to in subsection (1) or (2),

(a) by the corporation, or

(b) by a shareholder if he has sent an objection to the corporation under subsection (5),

to fix the fair value in accordance with subsection (3) of the shares of a shareholder who dissents under this section.

(7) If an application is made under subsection (6), the corporation shall, unless the Court otherwise orders, send to each dissenting shareholder a written offer to pay him an amount considered by the directors to be the fair value of the shares.

(8) Unless the Court otherwise orders, an offer referred to in subsection (7) shall be sent to each dissenting shareholder

(a) at least 10 days before the date on which the application is returnable, if the corporation is the applicant, or

(b) within 10 days after the corporation is served with a copy of the originating notice, if a shareholder is the applicant.

(9) Every offer made under subsection (7) shall

(a) be made on the same terms, and

(b) contain or be accompanied by a statement showing how the fair value was determined.

(10) A dissenting shareholder may make an agreement with the corporation for the purchase of his shares by the corporation, in the amount of the corporation's offer under subsection (7) or otherwise, at any time before the Court pronounces an order fixing the fair value of the shares.

(11) A dissenting shareholder

(a) is not required to give security for costs in respect of an application under subsection (6), and

(b) except in special circumstances shall not be required to pay the costs of the application or appraisal.

(12) In connection with an application under subsection (6), the Court may give directions

for

(a) joining as parties all dissenting shareholders whose shares have not been purchased by the corporation and for the representation of dissenting shareholders who, in the opinion of the Court, are in need of representation,

(b) the trial of issues and interlocutory matters, including pleadings and examinations for discovery,

(c) the payment to the shareholder of all or part of the sum offered by the corporation for the shares,

(d) the deposit of the share certificates with the Court or with the corporation or its transfer agent,

(e) the appointment and payment of independent appraisers, and the procedures to be followed by them,

(f) the service of documents, and

(g) the burden of proof on the parties.

(13) On an application under subsection (6), the Court shall make an order

(a) fixing the fair value of the shares in accordance with subsection (3) of all dissenting shareholders who are parties to the application,

(b) giving judgment in that amount against the corporation and in favor of each of those dissenting shareholders, and

(c) fixing the time within which the corporation must pay that amount to a shareholder.

(14) On

(a) the action approved by the resolution from which the shareholder dissents becoming effective,

(b) the making of an agreement under subsection (10) between the corporation and the dissenting shareholder as to the payment to be made by the corporation for his shares, whether by the acceptance of the corporation's offer under subsection (7) or otherwise, or

(c) the pronouncement of an order under subsection (13),

whichever first occurs, the shareholder ceases to have any rights as a shareholder other than the right to be paid the fair value of his shares in the amount agreed to between the corporation and the shareholder or in the amount of the judgment, as the case may be.

(15) Subsection (14)(a) does not apply to a shareholder referred to in subsection (5)(b).

(16) Until one of the events mentioned in subsection (14) occurs,

(a) the shareholder may withdraw his dissent, or

(b) the corporation may rescind the resolution,

and in either event proceedings under this section shall be discontinued.

(17) The Court may in its discretion allow a reasonable rate of interest on the amount payable to each dissenting shareholder, from the date on which the shareholder ceases to have any rights as a shareholder by reason of subsection (14) until the date of payment.

(18) If subsection (20) applies, the corporation shall, within 10 days after

(a) the pronouncement of an order under subsection (13), or

(b) the making of an agreement between the shareholder and the corporation as to the payment to be made for his shares,

notify each dissenting shareholder that it is unable lawfully to pay dissenting shareholders for their shares.

(19) Notwithstanding that a judgment has been given in favor of a dissenting shareholder under subsection (13)(b), if subsection (20) applies, the dissenting shareholder, by written notice delivered to the corporation within 30 days after receiving the notice under subsection (18), may withdraw his notice of objection, in which case the corporation is deemed to consent to the withdrawal and the shareholder is reinstated to his full rights as a shareholder, failing which he retains a status as a claimant against the corporation, to be paid as soon as the corporation is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the corporation but in priority to its shareholders.

(20) A corporation shall not make a payment to a dissenting shareholder under this section if there are reasonable grounds for believing that

(a) the corporation is or would after the payment be unable to pay its liabilities as they become due, or

(b) the realizable value of the corporation's assets would thereby be less than the aggregate of its liabilities.

APPENDIX H

NUMAC OIL & GAS LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following table summarizes average production statistics for the past three years and the first quarter of 1993 and 1992:

	Three Months Ended March 31		Year Ended December 31		
	1993	1992	1992	1991	1990
Crude Oil					
Price (per Bbl)	$21.40	$20.04	$22.15	$21.47	$25.17
Volume (Bbls/day)	3,818	4,403	4,046	4,360	4,148
Natural gas liquids					
Price (per Bbl)	$17.15	$11.27	$13.55	$12.46	$13.12
Volume (Bbls/day)	631	814	554	698	662
Natural gas					
Price (per Mcf)	$ 1.72	$ 1.29	$ 1.40	$ 1.33	$ 1.50
Volume (Mmcf/day)	28.1	20.1	21.3	18.7	15.4
BOE production (Bbls/day)	7,259	7,227	6,730	6,928	6,350
BOE net-backs (excluding Empress liquids)					
Revenue	$19.56	$17.58	$19.15	$18.77	$21.79
Royalties, net	(2.71)	(2.43)	(2.86)	(2.93)	(2.87)
Operating	(3.58)	(3.55)	(3.73)	(3.96)	(3.73)
	$13.27	$11.60	$12.56	$11.88	$15.19

The following is based on the Numac Financial Statements and provides further details in connection with Numac's operating results and its financial condition.

Results of Operations for Three Months Ended March 31, 1993 and 1992

Numac recorded production revenues of $12.7 million in the first quarter of 1993 compared with $11.2 million in 1992. Funds generated from operations increased to $7.3 million in the first three months of 1993 from $5.9 million in the year earlier period. The improvement in funds generated from operations resulted from increased natural gas production volumes and selling prices, and from reduced interest costs. Net income, including a $0.9 million after-tax gain on the sale of the Midwest uranium property, was $2.1 million compared with $0.7 million in the first quarter of the prior year.

Natural gas sales volumes increased from an average of 20 Mmcf/day in the first quarter of 1992 to over 28 Mmcf/day in the first quarter of 1993, an improvement of 40%. Selling prices averaged $1.72 per Mcf in the first three months of 1993 compared with $1.29 per Mcf in the first three months of the prior year. As a result, natural gas revenues increased by over 80% to $4.4 million in the first quarter of 1993 from $2.4 million in the year earlier period. Prices have continued to strengthen in the second quarter and sales volumes are expected to improve further with the commencement of production from Caroline and as other properties are brought on stream.

Crude oil selling prices increased to $21.40 per barrel in the first three months of 1993 compared with $20.04 in the first three months of 1992. As a result of a modest drilling program in 1992, natural reservoir declines resulted in crude oil and liquids production averaging 4,449 Bbls/day in the first quarter of 1993 compared with 5,217 Bbls/day in the first quarter of the prior year. The 1992 volumes included 360 Bbls/day of ethanes extracted at Empress which are not currently being extracted due to unacceptably low ethane prices. An expanded 1993 drilling program combined with the commencement of production from Caroline will result in substantial production increases for the balance of the year.

Net royalties expense increased to $1.7 million in the first quarter in 1993 from $1.5 million in the first quarter of 1992 as a result of increased gas sales volumes and prices.

Operating expenses of $2.5 million were unchanged from the first quarter of 1992.

Interest expense decreased $0.6 million to $0.6 million during the first quarter of 1993 as a result of lower interest rates and lower average debt levels.

Increased gas production combined with an increase in Numac's 1993 depletion rate were the primary reasons for an increase in depletion and depreciation expense to $5.2 million in the first quarter of 1993 compared with $4.5 million in 1992. Included in this expense category is $.2 million for estimated future site restoration costs.

The provision for deferred income taxes totalled $1.6 million in the first three months of 1993 compared with $0.6 million in 1992. This increase is a result of higher earnings in the current year.

In late March, Numac completed the sale of its interest in the Midwest uranium property for proceeds of $5.4 million. A gain of $1.7 million, which is not included in funds generated from operations, was recorded in the first quarter. The sale of this asset resulted in a reduction in bank debt and is in accordance with Numac's strategy of focusing upon its principal business.

Results of Operations for the Years Ended December 31, 1992, 1991 and 1990

Overview

Readers in the United States should refer to Note 11 to the Numac Financial Statements which discusses differences between Canadian and United States generally accepted accounting principles.

Over the past two years, Numac has been engaged in an intensive capital program to develop proven hydrocarbon reserves at Tommy Lakes in northeast British Columbia and at Caroline in west-central Alberta. The commencement of production from these long life reserves in late 1992 and early 1993 marks an important milestone for Numac. Not only will these projects generate incremental annual cash flow of approximately $10 million but, more importantly, the heavy capital outlays associated with these facilities over the past two years have been eliminated. Numac will now focus its resources on adding to its crude oil and natural gas reserves and production.

An increase in production revenue combined with decreased operating and interest expenses resulted in an 11% increase in funds generated from operations to $24.4 million in 1992 from $22.0 million in 1991. Net income was $2.3 million in 1992 compared with a net loss of $61.8 million in 1991. The prior year's loss arose from a full cost accounting ceiling test write-down of $59.9 million. In 1990, high commodity prices during the Iraqi invasion of Kuwait led to net income and funds generated from operations of $4.7 million and $29.8 million, respectively.

Revenue

Gross production revenue was $46.5 million in 1992 compared with $46.0 million in 1991 and $50.4 million in 1990. Natural gas sales volumes of 21.3 Mmcf/day were 14% higher than in 1991 and 38% higher than in 1990 notwithstanding the sale of producing shallow gas reserves at Surmont effective January 1, 1992. Prices for natural gas have improved significantly since the first half of 1992 and the trend for the future appears positive. In the fourth quarter of 1992, the average price Numac received for its natural gas jumped to $1.64 per Mcf compared with an average of $1.40 for all of 1992, $1.33 in 1991 and $1.50 in 1990. Gross revenue from the sale of natural gas was $10.8 million in 1992, an increase of 27% from $8.5 million in 1991 and 44% from $7.5 million in 1990. Further increases are expected in 1993 when natural gas sales volumes are anticipated to average in excess of 30 Mmcf/day and average selling prices are expected to exceed those received in 1992.

Crude oil selling prices have been relatively stable over the past year. The average price Numac received for its light gravity crude oil was 3% higher in 1992 than in 1991 primarily as a result of a decline in the value of the Canadian dollar. Prices were higher in 1990 due to the war in the Persian Gulf. Gross revenue from the sale of crude oil and natural gas liquids production decreased modestly from $35.6 million in 1991 to $34.2 million in 1992. Numac's production of crude oil and liquids averaged 4,304 Bbls/day in 1992, a decrease of 6% from 1991. New production from Numac's limited drilling program in 1992 was insufficient to offset normal reservoir declines. However, the capital invested in Caroline began to generate returns to shareholders in March of 1993. Liquids production from Caroline, Numac's single largest property, is expected to average approximately 1,000 Bbls/day in 1993.

Numac's share of liquids extracted from natural gas processed through the Empress gas liquids plant was 296 Bbls/day in 1992 compared with 484 Bbls/day in 1991 and 492 in 1990. Effective June 1, 1992, Novacor Chemicals Ltd. terminated its ethane supply agreement with the Empress plant owners for which Numac received a cash payment of $1.2 million which was credited to the book value of fixed assets. Plant owners continue to pursue alternative markets for ethane which is currently reinjected into the gas stream. A plant expansion is currently underway that will increase the volumes of liquids extracted and reduce unit operating costs commencing in November, 1993.

Royalties expense declined to $6.7 million in 1992 from $6.9 million in the prior year due to a $0.2 million increase in the ARTC, which is netted against royalties. In 1992 the province of Alberta announced changes to its Crown royalty regime which became effective January 1, 1993. The Crown royalty formula has been modified in an effort to provide more price sensitivity and to encourage exploration for crude oil. If commodity prices decrease Numac will benefit from lower royalty rates. Conversely, price increases will attract higher royalty rates.

In 1992 Numac completed the liquidation of its investment portfolio. Proceeds on the sale of investments totalling \$3.9 million, compared with \$3.1 million in 1991, were employed in Numac's heavy capital program. Due to recurring operating losses experienced by EOR, Inc., Numac wrote off its 12.75% equity interest in the fourth quarter of 1992.

Operating Expense

Numac reduced its operating costs by 8% from \$10.6 million in 1991 to \$9.8 million in 1992. On a barrel of oil equivalent basis, operating costs, excluding those related to Empress, were \$3.73 in 1992 compared with \$3.96 in 1991 and \$3.73 in 1990. Operating costs per BOE are expected to decrease further in 1993 due to lower projected average costs at Tommy Lakes and Caroline.

General and Administration

Total general and administration costs increased to \$3.4 million in 1992 from \$3.3 million in 1991 and \$3.0 million in 1990. Costs related to exploration and development are capitalized. Numac is decreasing the portion of capitalized general and administration costs as non-producing properties are brought into production. Capitalized costs were \$1.7 million in 1992, \$1.8 million in 1991 and \$1.9 million in 1990. While the expensed portion of general and administration costs is expected to rise in 1993, this expense on a barrel of oil equivalent basis is projected to be maintained at or below 1992 levels.

In 1991 Numac incurred \$0.7 million of non-recurring costs for property valuations and for legal and investment advice related to the sale by its largest shareholder of its 41% interest in Numac. No additional costs were required in 1992 when the sale was completed.

Interest

Numac continues to take advantage of low short-term interest rates by maintaining all of its bank debt at floating rates. The prime lending rate is currently 6.0 percent and averaged 7.6 percent in 1992 compared with 10.1 percent in 1991 and 13.6 percent in 1990. While lower interest rates are available in the United States, the decline in the value of the Canadian dollar made borrowing in U.S. dollars unattractive for the majority of 1992. Numac continues to monitor interest and foreign exchange rates in an effort to borrow on the most beneficial terms. Interest costs totalled \$7.6 million in 1992 compared with \$8.7 million and \$9.1 million in 1991 and 1990, respectively. Numac raised \$32.7 million on the sale of Common Shares from treasury in October of 1992. Proceeds were used to repay bank indebtedness with the result that interest costs will be substantially reduced in 1993. Interest capitalized on debt related to the Caroline project was \$3.6 million in 1992 compared to \$3.8 in 1991 and \$4.9 million in 1990. Numac will cease capitalizing interest when the Caroline plant becomes fully operational in 1993.

Depletion and Depreciation

Depletion and depreciation expense decreased by 19% to $19.0 million in 1992 as a result of the full cost accounting ceiling test write-down recorded in 1991. The ceiling test is performed annually and compares estimated future net cash flows from proven reserves, using year-end commodity prices, to the book value of oil and gas properties. No additional write-down was required in 1992. Effective the fourth quarter of 1991 Numac commenced accruing future site restoration costs. These costs, which are included in depreciation and depletion expense, were $0.7 million in 1992 and $0.2 million in 1991. Total estimated future site restoration costs of $9.9 million, net of expected recoveries, are being accrued on the unit of production basis over the life of Numac's proven reserves.

Taxes

The federal and certain provincial governments charge taxes on Numac's capital base that are unrelated to its income. Such taxes totaled $0.5 million in 1992 and 1990, and $0.3 million in 1991.

Numac has large tax pools available and does not expect to pay income taxes for a number of years. At December 31, 1992 Numac's estimated tax pool balances were as follows:

	Millions
Undepreciated capital cost	$43.0
Canadian oil and gas property expense	17.9
Canadian development expense	5.0
Canadian exploration expense	40.1
Earned depletion	22.0
Alberta attributed royalty income	21.5

Canadian exploration expense is fully deductible against taxable income each year, while other tax pools are subject to annual maximum deductions at rates prescribed in the Tax Act.

Capital Resources and Liquidity

In 1992 Numac invested $38.0 million in its capital program compared with $44.3 million in 1991 and $34.5 million in 1990. Over 60% of 1992 capital outlays were related to development and carrying costs of Numac's interests in the Caroline and Tommy Lakes projects. The Tommy Lakes natural gas project came on production November 1, 1992. The Caroline facility was brought on stream in March 1993 and is expected to be operating at capacity in the third quarter of the year. The development of these projects was financed by bank debt and the disposition of non-strategic assets. Numac liquidated its investment portfolio and realized net proceeds of $3.9 million in 1992 and $3.1 million in 1991. In addition, proceeds on the sale of non-core resource properties were $8.6 million and $1.5 million in 1992 and 1991, respectively.

In October of 1992 Numac raised net proceeds of $32.7 million from the sale of 6.6 million Numac Common Shares from treasury. A large portion of the debt incurred to fund development of proven reserves at Caroline and Tommy Lakes has been converted to equity. This financing has resulted in a significant improvement in Numac's financial ratios and provides Numac with the flexibility to pursue future investment opportunities. At December 31, 1992 Numac's debt to equity ratio was .45 to 1.00 and available unused bank lines of credit were in excess of $40 million.

Business Risks and Prospects

Crude oil and natural gas exploration, production and marketing are subject to a number of business risks over which management has varying degrees of control. Exploration activities require significant capital expenditures for locating and acquiring properties, shooting and analyzing seismic, drilling exploratory and development wells and equipping wells for production. Numac engages in programs that can result in substantial additions to reserves, but all exploration involves the risk that reserves may not be found in economic quantities. Numac attempts to mitigate these risks by employing highly skilled personnel and utilizing the most current technologies and analytical techniques.

While Numac has traditionally relied upon exploration to increase its reserve base, increased emphasis will be placed on exploitation of Numac's existing properties and on the acquisition of reserves to provide more balance to Numac's capital program.

Numac is committed to conducting its operations in a safe and environmentally responsible manner. Training is provided to ensure that all operations are conducted with the safety of people and the environment in mind.

Numac's financial results are largely dependent upon commodity prices which are determined by supply and demand. While crude oil prices have been quite stable over the past year, prices can move dramatically in either direction as demonstrated by the price collapse of 1986 and the surge in prices during the conflict in the Persian Gulf in 1990.

Natural gas prices have recently shown signs of resurgence. Over the past few years access to markets in the United States has improved. In addition, an increasing awareness of the benefits to the environment of clean burning natural gas lead to rising demand throughout North America. Numac is optimistic that the improvements in natural gas prices that have been experienced for the past six months are sustainable.

MANAGEMENT REPORT

The accompanying financial statements and all information in this annual report are the responsibility of management. The financial statements have been prepared by management in accordance with the accounting policies outlined in the notes to financial statements. Due to the nature of the Company's operations, certain estimates are necessary in the preparation of such statements. In the opinion of management, the financial statements have been prepared within reasonable limits of materiality and are in accordance with Canadian generally accepted accounting principles. The financial information contained elsewhere in this report has been reviewed to ensure consistency with that in the financial statements.

Management maintains systems of internal control which are designed to give reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of financial statements. The Company's system of internal controls includes Business Conduct Policies which require all employees to maintain high ethical standards and annually requires key employees to formally confirm their compliance with the Policies.

The Audit Committee of the Board of Directors, comprised of three non-employee directors, meets periodically, and as necessary, with management and the external auditors to review audit plans and financial results and the Company's accounting, financial reporting and internal control practices and procedures. The financial statements have been approved by the Board on the recommendation of the Audit Committee.

Deloitte & Touche, an independent firm of Chartered Accountants, has been engaged, as approved by a vote of the shareholders at the Company's most recent annual general meeting, to examine the financial statements for each of the years in the five year period ended December 31, 1992 in accordance with generally accepted auditing standards in Canada and provide an independent professional opinion. In addition, Deloitte & Touche have been engaged to review the financial statements for the three month periods ended March 31, 1993 and March 31, 1992. Their reports are presented below.

(signed) Stewart D. McGregor
President and Chief Executive Officer

(signed) Dale J. Hohm, CA
Vice-President and Treasurer

AUDITORS' REPORT

To the Directors of
Numac Oil & Gas Ltd.

We have audited the balance sheets of **Numac Oil & Gas Ltd.** as at December 31, 1992 and 1991 and the statements of earnings and retained earnings and changes in financial position for each of the years in the five year period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for each of the years in the five year period ended December 31, 1992 in accordance with accounting principles generally accepted in Canada (which differ in certain material respects from accounting principles generally accepted in the United States--see note 11).

Edmonton, Alberta
February 26, 1993

(signed) Deloitte & Touche
Chartered Accountants

REVIEW ENGAGEMENT REPORT

To the Directors of
Numac Oil & Gas Ltd.

We have reviewed the balance sheet of **Numac Oil & Gas Ltd.** as at March 31, 1993 and the statements of earnings and retained earnings and changes in financial position for each of the three month periods ended March 31, 1993 and 1992. Our review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with accounting principles generally accepted in Canada.

Edmonton, Alberta
July 5, 1993

(signed) Deloitte & Touche
Chartered Accountants

STATEMENT OF EARNINGS AND RETAINED EARNINGS

(thousands of Canadian dollars except per share amounts)

	Three Months Ended March 31		Year Ended December 31				
	1993	1992	1992	1991	1990	1989	1988
REVENUE	(unaudited)						
Production	$12,686	$11,243	$46,511	$46,047	$50,393	$41,224	$38,795
Royalties, *net*	(1,717)	(1,474)	(6,739)	(6,895)	(6,143)	(3,939)	(3,444)
Investment and other	1,790	207	(207)	(627)	400	975	3,951
	12,759	9,976	39,565	38,525	44,650	38,260	39,302
EXPENSE							
Operating	2,474	2,455	9,787	10,622	9,475	9,157	9,005
General and administration *(Note 2(b))*	558	303	1,713	1,512	1,104	1,261	1,446
Non-recurring charges	—	—	—	692	—	3,027	1,774
Interest *(Note 2(b))*	624	1,241	4,043	4,914	4,182	3,021	2,826
Depletion and depreciation	5,245	4,549	19,016	23,502	21,905	19,262	18,522
Write-down of oil and gas properties *(Note 2(c))*	—	—	—	96,437	—	—	—
	8,901	8,548	34,559	137,679	36,666	35,728	33,573
Earnings (loss) before taxes	3,858	1,428	5,006	(99,154)	7,984	2,532	5,729
Taxes							
Capital taxes	151	130	524	335	528	271	—
Income taxes *(Note 9)*	1,597	556	2,156	(37,723)	2,507	164	914
	1,748	686	2,680	(37,388)	3,035	435	914
Earnings (loss) before minority interest	2,110	742	2,326	(61,766)	4,949	2,097	4,815
Minority Interest	—	—	—	—	246	219	40
NET EARNINGS (LOSS)	2,110	742	2,326	(61,766)	4,703	1,878	4,775
RETAINED EARNINGS *beginning of period*	14,533	12,207	12,207	73,973	69,270	67,392	62,617
RETAINED EARNINGS *end of period*	$16,643	$12,949	$14,533	$12,207	$73,973	$69,270	$67,392
NET EARNINGS (LOSS) PER SHARE *(Note 8)*	$ 0.06	$ 0.03	$ 0.08	$ (2.34)	$ 0.18	$ 0.07	$ 0.19

See summary of significant accounting policies and notes to the financial statements

BALANCE SHEET

(thousands of Canadian dollars)

	March 31, 1993 (unaudited)	As at December 31 1992	As at December 31 1991
ASSETS			
Current			
Receivables	$ 6,762	$ 6,101	$ 7,610
Inventories, at lower of cost or net realizable value	84	152	262
Prepaid expenses and deposits	1,123	502	829
	7,969	6,755	8,701
Other Assets *(Note 1)*	718	736	5,358
Fixed Assets *(Note 2)*	254,811	254,620	244,662
	$263,498	$262,111	$258,721
LIABILITIES			
Current			
Bank indebtedness *(Note 3)*	$ 743	$ 1,060	$ 6,787
Accounts payable and accrued *(Note 4)*	11,696	6,557	9,549
	12,439	7,617	16,336
Advance Gas Payments	858	1,085	1,338
Site Restoration Costs	848	763	162
7% Convertible Debentures *(Note 5)*	30,000	30,000	30,000
Long-term Bank Debt *(Note 6)*	31,000	38,000	63,455
Deferred Income Taxes	36,548	34,951	33,175
	111,693	112,416	144,466
Contingency *(Note 7)*			
SHAREHOLDERS' EQUITY			
Share Capital *(Note 8)*			
Authorized			
80,000,000 common shares			
8,000,000 series preferred shares			
Issued and outstanding			
33,048,366 common shares (December 31, 1991 - 26,448,366)	135,162	135,162	102,048
Retained Earnings	16,643	14,533	12,207
	151,805	149,695	114,255
	$263,498	$262,111	$258,721

APPROVED BY THE BOARD

(signed) Bruce W. Watson
Director

(signed) Stewart D. McGregor
Director

See summary of significant accounting policies and notes to the financial statements

STATEMENT OF CHANGES IN FINANCIAL POSITION

(thousands of Canadian dollars)

	Three Months Ended March 31		Year Ended December 31				
	1993	1992	1992	1991	1990	1989	1988
OPERATING ACTIVITIES	(unaudited)						
Net-earnings (loss)	$2,110	$ 742	$ 2,326	$(61,766)	$ 4,703	$ 1,878	$ 4,775
Items not involving cash							
Depletion and depreciation	5,245	4,549	19,016	23,502	21,905	19,262	18,522
Write-down of oil and gas properties	—	—	—	96,437	—	—	—
(Gain) Loss on assets	(1,705)	—	822	1,395	380	347	—
Deferred income taxes	1,597	556	2,210	(37,676)	2,507	(327)	944
Other	18	18	24	73	320	8	(291)
Funds generated from operations	7,264	5,865	24,398	21,965	29,815	21,168	23,950
Net change in non-cash working capital balances *(Note 10)*	1,337	(2,358)	(2,553)	6,304	(4,582)	1,662	3,506
Cash available for investing	860	3,507	21,845	28,269	25,233	22,830	27,456
INVESTING ACTIVITIES							
Acquisition of fixed assets	(6,643)	(6,947)	(36,580)	(47,690)	(32,784)	(60,960)	(38,882)
Proceeds on sale of fixed assets	5,708	7,409	9,763	1,471	196	1,375	48
Proceeds on sale of investments	—	1,500	3,866	3,092	206	78	2,959
Investment in subsidiary	—	—	—	—	(6,043)	—	—
Other	(122)	(7)	(139)	(243)	(101)	—	11,363
Cash used in investing activities	(1,057)	1,955	(23,090)	(43,370)	(38,526)	(59,507)	(24,512)
Cash deficiency before financing activities	7,544	5,462	(1,245)	(15,101)	(13,293)	(36,677)	2,944
FINANCING ACTIVITIES							
Advance gas payments	(227)	(104)	(253)	(99)	(513)	(255)	(234)
Term bank loans	(7,000)	(955)	(25,455)	11,329	17,126	35,000	—
Issue of common shares	—	—	32,680	1,257	2,745	289	260
Net Proceeds from subsidiary share issue	—	—	—	—	—	—	3,277
Production loan	—	—	—	—	(2,533)	(3,820)	(3,229)
Cash (used in) provided by financing activities	(7,227)	(1,059)	6,972	12,487	16,825	31,214	74
(DECREASE) INCREASE IN BANK INDEBTEDNESS	(317)	(4,403)	(5,727)	2,614	(3,532)	5,463	(3,018)
BANK INDEBTEDNESS *beginning of period*	1,060	6,787	6,787	4,173	7,705	2,242	5,260
BANK INDEBTEDNESS, *end of period*	$ 743	$2,384	$ 1,060	$ 6,787	$ 4,173	$ 7,705	$ 2,242

See summary of significant accounting policies and notes to financial statements

SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada which do not differ materially from those established in the United States except as disclosed in Note 11. The comparative financial statements for 1990, 1989 and 1988 include the consolidation of the accounts of the Company's subsidiary, Giant Reef Petroleums Limited, which was amalgamated with Numac on January 1, 1991 pursuant to Section 178 of the Business Corporations Act (Alberta). The following policies have been adopted where alternatives are available under generally accepted accounting principles:

JOINT VENTURES

The majority of the Company's exploration and production activities are conducted jointly with others and, accordingly, the accounts reflect only the Company's proportionate interest in such activities.

DEBENTURE ISSUE COSTS

Costs incurred on the issue of debentures are deferred and amortized to income over the life of the debentures on the straight-line basis.

INVESTMENTS

Investments are recorded at cost. When there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss.

OIL AND GAS PROPERTIES

The Company follows the full cost method of accounting for oil and gas properties as described in the accounting guideline issued by the Canadian Institute of Chartered Accountants (CICA). Under this method, all costs relative to the exploration for and development of oil and gas reserves are capitalized into a single Canadian cost centre. Capitalized costs include those related to lease acquisitions, geological and geophysical activities, lease rentals on non-producing properties, drilling of productive and non-productive wells, and general and administration costs related to exploration and development activities. Proceeds received from disposals of properties are credited against such costs. Government incentives are applied against the cost of oil and gas properties.

The Company applies a ceiling test to capitalized costs to ensure that such costs do not exceed the estimated future net revenues from production of proven reserves, at prices and operating costs in effect at the year end, plus the lower of cost or estimated fair market value of unevaluated properties. The test also provides for future administrative overhead, financing costs, site restoration costs and income taxes.

Costs accumulated are depleted using the unit-of-production method based upon estimated proven reserves before royalties. Various products included in proved reserves are converted to equivalent barrels of oil based on approximate relative energy content.

DEPRECIATION

Depreciation is provided on the straight-line method based on the estimated useful life of equipment as follows:

(1) Production equipment at 7%
(2) Other equipment at 10% to 20%
(3) Roads at 10%

MINING PROPERTIES

The costs of acquiring, exploring, and developing mining properties are capitalized. Costs are accumulated using individual mineral deposits as cost centers and will be depleted using the unit-of-production method when production commences. When the estimated future net cash flows from a mining property fall below its net book value, the book value is written down by a charge to earnings.

When a portion of an interest in an undeveloped mining property is sold, the book value of the property is reduced by the amount of the proceeds.

FUTURE REMOVAL AND SITE RESTORATION COSTS

Estimated future costs, net of expected recoveries, for dismantling and abandoning property are accrued using the unit-of-production method based upon proven reserves before royalties. The annual provision is included in depletion and depreciation expense and the accumulated amount is recorded as a non-current liability. Actual costs incurred are applied against deferred site restoration costs.

CAPITALIZATION OF INTEREST

The Company capitalizes interest on unusually significant investments in unproved oil and gas properties, major development projects, and mining projects on which exploration and development activities are in progress but which are not currently amortized and from which no production revenues are currently being earned.

FLOW-THROUGH SHARES

The resource expenditure deductions for income tax purposes related to exploratory and development activities funded by flow-through share arrangements are renounced to investors in accordance with tax legislation. Petroleum and natural gas properties and share capital are reduced by the estimated costs of the renounced tax deductions when the expenditures are incurred.

FORWARD CONTRACTS AND OPTIONS

The Company periodically uses forward contracts and options to hedge against the potential adverse impact of volatile commodity prices and interest and foreign exchange rates. Gains or losses on these instruments are deferred and recognized in earnings when the hedged items are recognized in earnings.

STOCK APPRECIATION RIGHTS

The Company's Key Employee Stock Option Incentive Plan allows for the granting of stock appreciation rights. A liability is recorded for the amounts the Company may be required to pay based upon the market value of the Company's shares at the end of each period.

(Tabular amounts in thousands of dollars except share and per share amounts.)

NOTE 1 - OTHER ASSETS

	March 31, 1993 (unaudited)	As at December 31 1992	1991
Debenture issue costs, net of amortization	$662	$680	$ 753
Shares of private companies	56	56	56
Shares of public companies *(Market value 1991 - $5,215)*	—	—	3,049
Debentures and notes *(Market value 1991 - $1,338)*	—	—	1,500
	$718	$736	$5,358

NOTE 2 - FIXED ASSETS

March 31, 1993 (unaudited)	Cost	Accumulated Depletion and Depreciation	Net Book Value
Oil and gas properties	$431,818	$224,710	$207,108
Mining properties	3	—	3
Production and other equipment	96,214	48,514	47,700
	$528,035	$273,224	$254,811

December 31, 1992	Cost	Accumulated Depletion and Depreciation	Net Book Value
Oil and gas properties	$425,613	$220,416	$205,197
Mining properties	3,646	—	3,646
Production and other equipment	93,580	47,803	45,777
	$522,839	$268,219	$254,620

December 31, 1991	Cost	Accumulated Depletion and Depreciation	Net Book Value
Oil and gas properties	$414,992	$204,979	$210,013
Mining properties	3,644	—	3,644
Production and other equipment	75,906	44,901	31,005
	$494,542	$249,880	$244,662

(a) Costs associated with the acquisition and evaluation of unproved properties and the major development project excluded from the depletion and depreciation calculations during the year are $88,818,000 (1991 - $91,619,000). These costs were incurred in the following categories and periods:

	Total	1992	1991	1990	1989 and Prior
Acquisition costs	$50,180	$1,150	$4,859	$2,765	$41,406
Exploration costs	1,335	530	630	94	81
Development costs	25,455	13,055	10,667	1,117	616
Capitalized interest	11,848	3,555	2,524	3,260	2,509
	88,818	$18,290	$18,680	$7,236	$44,612

(b) The following expenses have been capitalized and included in oil and gas properties:

	Three Months Ended March 31		Year Ended December 31				
	1993	1992	1992	1991	1990	1989	1988
	(unaudited)						
Interest	$629	$1,044	$3,555	$3,788	$4,892	$3,766	$ 331
General and administration	$372	$ 497	$1,687	$1,780	$1,900	$1,991	$1,862

(c) Each year the Company performs a test of the capitalized costs of its oil and gas properties at constant prices in accordance with the Canadian Institute of Chartered Accountants full cost accounting guideline. Year-end prices in each of the last five years were as follows:

	1992	1991	1990	1989	1988
Crude oil (per barrel)	$21.82	$20.30	$30.79	$22.83	$17.93
Natural gas liquids (per barrel)	$12.28	$10.88	$18.61	$13.24	15.51
Natural gas (per thousand cubic feet)	$ 1.55	$ 1.39	$ 1.50	$ 1.42	$ 1.57
Sulphur (per long ton)	$19.67	$38.90	$58.07	$51.89	$80.00

As a result of low commodity prices and a reduction in the value of undeveloped property, a ceiling test write-down of $96.4 million ($59.9 million after a recovery of deferred income taxes) was recognized in 1991. The write-down did not impact cash flow and reduces depletion expense in subsequent years.

NOTE 3 - BANK INDEBTEDNESS

	March 31, 1993	As at December 31	
		1992	1991
	(unaudited)		
Current account - net	$135	$ 291	$ 201
Operating loans	608	769	6,586
	$743	$1,060	$6,787

At March 31, 1993 the Company had unsecured short-term bank lines of credit totalling $20 million, of which approximately $19 million were unused, with interest at the bank prime rate or at the option of the Company, 5/8 percent above the interest rate on Canadian Bankers' Acceptance notes or 1/2 percent above the rate on London Interbank Offer Rate (LIBOR) loans.

NOTE 4 - ACCOUNTS PAYABLE AND ACCRUED

	March 31, 1993	As at December 31	
		1992	1991
	(unaudited)		
Trade	$ 9,742	$5,008	$7,927
Debenture Interest	968	443	443
Accrued severance	986	1,106	1,179
	$11,696	$6,557	$9,549

NOTE 5 - 7% CONVERTIBLE DEBENTURES

On April 15, 1987 Numac issued $30,000,000 of unsecured 7% convertible subordinated debentures, which are redeemable at par, mature on April 15, 2002, and are convertible into common shares until April 14, 1997 at $13.50 per share.

NOTE 6 - LONG-TERM BANK DEBT

The long-term bank debt balance represents the outstanding portion of an unsecured $62,500,000 revolving term credit facility through a Canadian Chartered Bank. The credit facility is reviewed annually and, unless it is renegotiated, will be reduced by $12.5 million in 1994, $15.0 million in 1995 and 1996 and $17.5 million in 1997. A standby fee of 1/4% per annum is charged on the unused portion of the credit line. Interest is charged at the bank's prime rate plus 1/4% or, at the option of the Company, 3/4% over LIBOR or at 7/8% above the interest rate on Canadian Bankers' Acceptance notes. Interest on the portion of the loan that relates to acquisition and development costs of the Company's interest in the Caroline field, a major development project, is capitalized.

Interest expense on long-term debt totalled $2,512,000 in 1992 (1991 - $3,450,000; 1990 - $4,170,000; 1989 - $1,911,000; 1988 - $1,801,000) and $543,000 in the three months ended March 31, 1993.

NOTE 7 - CONTINGENCY

Since 1982, the Lubicon Lake Band and others have been pursuing an action against the Government of Alberta, several major oil companies and Numac in an attempt to restrain exploration and development on certain lands, to enforce land claims and to receive damages in a total sum of $900 million. At present, all pretrial proceedings have been unsuccessful. The Band is still free to prove the allegations set forth in its original Statement of Claim in the Court of Queen's Bench in Alberta. Negotiations between the Band and representatives of the Government of Alberta and the Government of Canada to settle this matter have been stalled for the past three years and no indication of a resumption was evident at year-end. Counsel for Numac consider it unlikely that the Plaintiffs will succeed in obtaining any form of relief which will be materially adverse to the interests of the oil companies named as defendants.

NOTE 8 - SHARE CAPITAL

Common Shares Issued (in thousands)

	Three Months Ended March 31, 1993		Year Ended December 31			
			1992		1991	
	Shares	Amount	Shares	Amount	Shares	Amount
	(unaudited)					
Balance beginning of period	33,048	$135,162	26,448	$102,048	26,177	$100,791
Share issue	—	—	6,600	33,114	—	—
Flow-through	—	—	—	—	269	1,240
Employee Stock option plan	—	—	—	—	2	17
Balance end of period	33,048	$135,162	33,048	$135,162	26,448	$102,048

Basic earnings per share was computed using 33,048,366 shares for the three months ended March 31, 1993 (1992 - 27,890,989 shares; 1991 - 26,432,542 shares; 1990 - 25,716,759 shares; 1989 - 25,557,910 shares; 1988 - 25,535,359 shares). The conversion of debentures and exercise of options would not have a dilutive effect on earnings per share.

Key Employee Stock Option Incentive Plan

On June 24, 1982 the Company established a Key Employee Stock Option Incentive Plan (the "Option Plan") for the purpose of granting incentive common share options to key full-time employees of the Company or its subsidiaries. The Board of Directors of the Company administers the Option Plan and, subject to the terms of the Option Plan, determines the employees to whom options shall be granted, the number of shares to be covered by each option, the option exercise prices and other terms and conditions of each option. Under the Option Plan, the exercise price for an option cannot be less than 90% of the last reported selling price for a board lot trade of common shares on The Toronto Stock Exchange on the date the option is granted. Options can be granted for a term of up to 10 years, are cumulative and non-assignable, and (except in the event of death) automatically terminate following termination of employment with the Company or its subsidiaries. As at March 31, 1993, options for the purchase of an aggregate of 1,026,000 shares were outstanding under the Option Plan and 624,000 shares were reserved for future options.

A summary of changes in shares under option is as follows:

	Three Months Ended March 31, 1993	Year Ended December 31				
		1992	1991	1990	1989	1988
	(unaudited)					
Shares under option at beginning of period	1,041,000	630,275	655,275	340,275	715,275	649,975
Share options granted at exercise prices of $6.25 in 1992, $6.25 to $8.75 in 1990, and $9.37 to $9.50 in 1988	—	450,725	—	640,275	—	115,000
Less						
Share options exercised at $6.38 to $9.50 per share	—	—	(2,688)	(10,000)	(371,250)*	(38,450)
Share options expired or canceled	(15,000)	(40,000)	(22,312)	(315,275)	(3,750)	(11,250)
Shares under option at end of period at prices of $6.25 to $9.50 per share	1,026,000	1,041,000	630,275	655,275	340,275	715,275
Shares under option to officers (included above)	512,500	512,500	150,000	150,000	—	330,000
Number of options vested	323,050	335,050	321,961	279,901	340,275	715,275

* includes stock appreciation rights exercised

575,275 of the shares under option expire in 2000 and the balance expire in the year 2002.

NOTE 9 - INCOME TAXES

The table below indicates the causes of the differences between the expected income tax expense obtained by applying statutory income tax rates and the recorded income tax expense.

	Three Months Ended March 31, 1993	1992	Year Ended December 31 1992	1991	1990	1989	1988
	(unaudited)						
Combined Federal and Provincial income tax rate	44.3%	44.3%	44.3%	44.2%	44.0%	44.0%	47.5%
Earnings (loss) before taxes	$ 3,858	$ 1,428	$ 5,006	$(99,154)	$ 7,984	$ 2,532	$ 5,729
Expected income tax expense (recovery)	$ 1,709	$ 633	$ 2,219	$(43,841)	$ 3,513	$ 1,114	$ 2,721
Add (deduct) effect of:							
Royalties and other payments to provinces	920	826	3,947	3,731	3,482	2,580	2,550
Alberta royalty tax credit	(171)	(183)	(777)	(673)	(742)	(913)	(1,138)
Federal resource allowance	(916)	(613)	(3,319)	(3,393)	(3,656)	(1,845)	(2,042)
Non-deductible depletion and depreciation	54	—	198	6,112	—	—	—
Other - net	1	(107)	(112)	341	(90)	(772)	(1,177)
Income tax expense (recovery)	$ 1,597	$ 556	$ 2,156	$(37,723)	$ 2,507	$ 164	$ 914

The balance of deferred income taxes payable relates primarily to the difference between the net book value and the income tax value of fixed assets.

The Company has a net capital loss carried forward of approximately $30 million, the potential benefit of which has not been reflected in the financial statements.

NOTE 10 - NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES

	Three Months Ended March 31 1993	1992	Years Ended December 31 1992	1991	1990	1989	1988
	(unaudited)						
Receivables	$ (661)	$ 2,420	$ 1,509	$ 3,889	$(4,992)	$ 262	$ 7,793
Inventories	68	21	110	164	148	101	(257)
Prepaid Expenses and deposits	(443)	(4,500)	(346)	5,203	(4,781)	(251)	1,074
Accounts payable and accrued	2,373	(299)	(3,826)	(2,952)	5,043	1,550	(5,104)
	$ 1,337	$ (2,358)	$ (2,553)	$ 6,304	$ (4,582)	$ 1,662	$ 3,506

The changes to working capital balances exclude capital and long-term debt items that form part of receivables, prepaid and payable balances as such items relate to investing and financing activities rather than to operating activities.

NOTE 11 - RECONCILIATION TO ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada (Canadian GAAP) which differ in some respects from those used in the United States (U.S. GAAP). Significant differences in accounting principles as they pertain to the accompanying financial statements are as follows:

(a) The United States Securities and Exchange Commission's ("SEC") full cost accounting rules differ significantly from the CICA Full Cost Accounting Guideline followed by the Company. In determining the limitation on costs capitalized to an individual cost centre, SEC rules require a 10% discounting of after-tax future net revenues from production of proved oil and gas reserves while the CICA Guideline only requires the recognition of interest on debt and taxes on a total enterprise basis. The CICA Guideline also requires the deduction of future administration costs.

(b) Under U.S. GAAP the effect of the Company's change in the method of accounting for flow-through shares would be accounted for in the first quarter of 1990 without restatement of prior years financial statements.

(c) U.S. GAAP requires specific disclosure of gains arising from issuance by a subsidiary of its stock. In 1988, a subsidiary company issued 1,000,000 shares for gross proceeds of $4,750,000. As Numac acquired only 25% of the new issue, the Company's ownership of the subsidiary was reduced from 84% to 70%. The offering price was in excess of the carrying value of the subsidiary's stock. A gain of $629,011 was recorded and included in investment income and gains.

(d) On the Statement of Changes in Financial Position the definition of cash equivalents under U.S. GAAP is restricted to short term, highly liquid investments. Current bank indebtedness is considered to be financing.

The effect of the above differences on the Company's financial statements is set out below:

Balance Sheet	**1992**		**1991**	
	Canadian GAAP	**U.S. GAAP**	**Canadian GAAP**	**U.S. GAAP**
Fixed assets	$254,620	$160,124	$244,662	$148,134
Deferred income taxes	34,951	1,828	33,175	(660)
Shareholders' equity	149,695	88,322	114,255	51,562

Statement of Earnings	**1992**	**1991**	**1990**	**1989**	**1988**
Net earnings (loss) under Canadian GAAP	$ 2,326	$ (61,766)	$ 4,703	$ 1,878	$ 4,775
Write-down of oil and gas properties	(2,955)	(42,690)	—	(23,000)	—
Depletion and depreciation expense	6,582	2,648	2,269	(672)	(716)
Change in accounting policies	—	—	2,542	(1,031)	—
Deferred income taxes	(2,307)	(1,033)	(886)	295	340
Net earnings (loss) under U.S. GAAP	$ 3,646	$(102,841)	$ 8,628	$(22,530)	$ 4,399
Net earnings (loss) per common share					
Canadian GAAP	$ 0.08	$ (2.34)	$ 0.18	$ 0.07	$ 0.19
U.S. GAAP	$ 0.13	$ (3.89)	$ 0.34	$ (0.88)	$ 0.17

Statement of Changes in Financial Position

	1992	1991	1990	1989	1988
Under U.S. GAAP					
Cash used in investing	$(23,090)	$(43,371)	$(37,922)	$(46,927)	$(36,272)
Cash provided by financing	1,245	15,101	12,689	24,097	8,816
Cash at end of year	—	—	—	—	—
Interest paid in the year	$ 7,577	$ 8,556	$ 9,072	$ 6,793	$ 3,415
Income taxes paid in the year	—	—	—	—	—

In 1992 the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 109 - Accounting for Income Taxes which requires, amongst other, that deferred income tax balances be adjusted for changes in tax rates. This statement becomes effective for fiscal years beginning after December 15, 1992. No significant adjustments to the deferred income tax balance would be expected if the Company were to adopt FAS No. 109 prospectively in 1993.

(Tabular amounts in thousands of dollars except share and per share amounts)

ESTIMATED QUANTITIES OF PROVED OIL AND GAS RESERVES NET OF ROYALTIES

Both the Canadian Institute of Chartered Accountants (CICA) and the Financial Accounting Standards Board (FASB) recommend supplementary disclosure with respect to oil and gas reserves. The following information is prepared in accordance with the CICA recommendations, which closely parallel the guidelines issued by the FASB in its Statement No. 69.

Crude oil, including natural gas liquids, is expressed in thousands of barrels. Natural gas is expressed in millions of cubic feet. The quantities below represent net reserves owned by Numac after deduction of royalties.

	1992		1991		1990		1989		1988	
	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas	Oil	Gas
Net proved developed and undeveloped reserves At January 1	12,648	144,453	12,607	153,543	12,166	132,370	8,520	117,417	8,698	118,243
Revisions of previous estimates	656	(9,307)	699	(8,582)	1,056	2,637	(1,823)	(2,747)	(731)	(3,025)
Purchase of minerals in place	—	—	—	647	—	—	6,138	16,180	—	—
Extensions and discoveries	632	2,402	762	7,732	694	23,338	634	5,642	1,870	5,164
Production	(1,281)	(6,301)	(1,350)	(5,781)	(1,309)	(4,802)	(1,303)	(4,122)	(1,317)	(2,965)
Sales of minerals in place	(30)	(17,010)	(70)	(3,106)	—	—	—	—	—	—
At December 31	12,625	114,237	12,648	144,453	12,607	153,548	12,166	132,370	8,520	117,417
Net proved developed reserves	5,576	43,720	5,301	38,500	6,254	33,423	5,763	115,031	8,520	116,451

Oil and gas reserve information was compiled by the Company's independent petroleum consultants, Coles Gilbert Associates Ltd. in 1992 and 1991 and McDaniel & Associates Consultants Ltd. in prior years. The prices used are shown in Note 2(c) to the financial statements. All independent reserve studies were reviewed by the Company's engineering staff. Proved reserves cannot be measured exactly and therefore all reserve estimates may be subject to revision.

Proved reserves are those quantities of crude oil, natural gas liquids and natural gas which geological and engineering data indicate with reasonable certainty are recoverable in the future from known reservoirs under existing economic and operating conditions.

Proved developed reserves are defined to be those which can be expected to be recovered from existing wells, equipment and operating methods. Proved undeveloped reserves are those that are expected to be recovered from new wells on undrilled acreage or from existing wells where a relatively major expenditure is required for recompletion.

The figures presented are believed to be reasonable estimates of reserves which may be expected to be recoverable commercially at current prices and costs under existing regulatory practice and with existing conventional equipment and operating methods.

COSTS INCURRED IN CANADIAN OIL AND GAS PROPERTY ACQUISITION, EXPLORATION AND DEVELOPMENT ACTIVITIES (1)

	1992	1991	1990	1989	1988
Acquisition of oil and gas properties:					
Unproved	$ 736	$ 3,641	$ 4,659	$ 4,573	$5,809
Proved	—	—	—	35,653	—
Exploration costs	3,853	12,042	13,291	11,863	24,402
Development costs	28,217	22,901	9,780	7,154	4,306
	$32,806	$38,584	$27,730	$59,243	$34,517

(1) Costs do not include capitalized interest or general and administration.

CAPITALIZED COSTS RELATING TO OIL AND GAS PRODUCING ACTIVITIES

	1992	1991	1990	1989	1988
Oil and gas properties	$425,613	$414,992	$392,180	$361,656	$301,788
Production and other equipment	93,580	75,906	55,957	49,600	46,170
	519,193	490,898	448,137	411,256	347,958
Accumulated depreciation, depletion and amortization	268,219	249,880	13,146	108,275	89,042
Net capitalized costs	$250,974	$241,018	$317,991	$302,981	$258,916

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS AND CHANGES THEREIN RELATING TO PROVED OIL AND GAS RESERVES

The following standardized measure was computed using year-end prices, costs, and statutory tax rates. The 10% discount factor is mandated by FASB Statement No. 69.

The future net cash flow information should be interpreted with considerable caution. Reserve estimates, by their very nature, are inexact and are subject to constant revision. Also, the future production streams and future development and production expenditures are unpredictable for numerous reasons including government regulations and are, therefore, subject to significant uncertainty.

It should not be assumed that the estimates of the standardized measure of future net cash flows represent fair market value of the reserves or of the oil and gas properties. Also, because of the year-end price assumptions the standardized measure does not represent the present value of future cash flows.

	1992	1991	1990	1989	1988
Future cash inflows	$503,243	$514,875	$737,669	$580,824	$411,601
Deduct					
Future production and development costs	183,966	186,451	201,320	179,738	128,272
Future income taxes	49,545	55,444	107,215	28,590	41,926
Future revenue taxes	63,393	71,959	113,229	85,916	64,638
	296,904	313,854	421,764	294,244	234,836
Future net cash flows	206,339	201,021	315,905	286,580	176,765
Deduct					
10% annual discount for estimated timing of cash flows	75,396	86,738	153,419	153,648	82,213
Standardized measure of discounted future net cash flows	$130,943	$114,283	$162,486	$132,932	$ 94,552

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

	1992	1991	1990	1989	1988
Beginning of the year	$114,283	$162,486	$132,932	$94,552	$82,560
Net change in prices and production costs	3,385	(110,235)	57,998	13,456	(10,926)
Net change in estimated future development costs	9,917	8,564	(3,955)	3,180	2,912
Sales of oil and gas production net of related costs	(16,814)	(14,852)	(25,851)	(16,030)	(24,434)
Extensions and discoveries net of related costs	6,899	9,656	21,339	10,937	20,528
Purchase or sale of minerals in place	(8,016)	(1,983)	—	19,544	—
Revisions of previous quantity estimates	1,533	1,436	15,219	(11,134)	(6,255)
Accretion of discount	11,428	16,249	13,932	9,455	8,256
Net change in income taxes	3,561	16,939	(40,412)	5,974	23,852
Net change in revenue taxes	5,170	25,095	(9,365)	2,508	—
Other	(403)	928	649	490	(1,941)
End of the year	$130,943	$114,283	$162,486	$132,932	$ 94,552

RESULTS OF OPERATIONS FOR PRODUCING ACTIVITIES

For the year ended December 31

	1992	1991	1990	1989	1988
Operating revenues	$46,511	$46,047	$50,393	$41,224	$38,795
Deduct					
Royalties, *net*	6,739	6,895	6,143	3,939	3,444
Production costs	9,787	10,622	9,475	9,157	9,005
Depreciation, depletion and amortization	19,016	23,502	21,905	19,262	18,522
Write-down of oil and gas properties	—	96,437	—	—	—
Income tax expense	2,009	(38,499)	2,331	446	1,455
	37,551	98,957	39,854	32,804	32,426
Results of operations from producing activities	$ 8,960	$(52,910)	$ 10,539	$ 8,420	$ 6,369

The above revenues and costs exclude items which are not directly related to producing activities.

SELECTED QUARTERLY FINANCIAL INFORMATION

	Three Months Ended	1992 - Three Months Ended			
	March 31, 1993	March 31	June 30	September 30	December 31
Production revenue	$12,686	$11,243	$11,576	$11,197	$12,495
Earnings before taxes	3,858	1,428	1,067	2,242	269
Net earnings (loss)	2,110	742	624	1,303	(343)
Per share (basic and fully diluted)	0.06	0.03	0.02	0.05	(0.02)

	1991 - Three Months Ended			
	March 31	June 30	September 30	December 31
Production revenue	$11,716	$10,992	$10,954	$12,385
Earnings (loss) before taxes	607	(297)	(561)	(98,903)
Net earnings (loss)	359	(337)	(240)	(61,548)
Per share (basic and fully diluted)	0.01	(0.01)	(0.01)	(2.33)

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APPENDIX I

WESTCOAST PETROLEUM LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section should be read in conjunction with the Westcoast Consolidated Financial Statements and notes thereto as well as the other information contained in this Information Circular. Readers in the United States should refer to Note 14 to the Westcoast Consolidated Financial Statements which discusses the differences between Canadian and United States generally accepted accounting principles.

Selected Unit Costs

The following table summarizes average production statistics for the past three years and the first quarter of 1993 and 1992.

	Three Months Ended March 31		Year Ended December 31		
	1993	1992	1992	1991	1990
Crude Oil and Natural Gas Liquids					
Average Price (per Bbl)	$18.06	$15.92	$18.79	$18.15	$23.43
Volume (Bbls/day)	13,784	14,940	14,583	14,711	15,377
Natural Gas					
Average Price (per Mcf)	$1.50	$1.24	$1.30	$1.33	$1.44
Volume (Mmcf/day)	87.3	78.6	78.2	71.2	63.5
BOE production (Bbls/day)	22,500	22,800	22,400	21,800	21,700
BOE net-backs					
Revenue	$16.60	$14.51	$16.58	$17.18	$20.58
Royalties, net	(2.88)	(2.56)	(2.93)	(2.86)	(3.40)
Operating costs	(3.59)	(3.60)	(3.53)	(3.85)	(3.57)
	$10.13	$ 8.35	$10.12	$10.47	$13.61
G&A cost per BOE[1]	$ 1.77	$ 1.92	$ 1.96	$ 2.26	$ 1.66

Note:

(1) Gross general and administrative less overhead recoveries.

Results of Operations for the Three Months Ended March 31, 1993 and 1992

Overview

Westcoast reported net income of $1.8 million for the three months ended March 31, 1993, compared with a net loss of $0.9 million in the three months ended March 31, 1992. Higher crude oil and natural gas prices, an 11% increase in natural gas sales volumes, and lower depletion and depreciation rates resulting from the writedown of property, plant and equipment in December 1992, were the primary causes of this increase.

Funds from operations for the three months ended March 31, 1993 were $17.9 million compared with $14.5 million for the first quarter of 1992. Increases in natural gas prices and volumes were the primary causes of this change in funds from operations.

Crude Oil and Natural Gas Revenues

Revenue from the sale of crude oil and natural gas liquids of $18.1 million, after deduction of royalties, increased 3% from $17.6 million in the first three months of 1992. The average price received per barrel, before gains on crude oil futures contracts, increased from $15.92 in 1992 to $18.06 in 1993. The revenue impact of this price increase was partially offset by an 8% decrease in crude oil and natural gas liquids volumes.

Crude oil and natural gas liquids production averaged 13,784 Bbls/day in the first quarter of 1993 compared to 14,940 Bbls/day in the first quarter of 1992. Production decreased due to normal field declines, and also as a result of the asset rationalization program that commenced in the fourth quarter of 1992 and continued in the first quarter of 1993.

Natural gas revenue in the first three months of 1993 of $9.7 million, after deduction of royalties, increased 35% from $7.2 million in 1992 due to increased production and significantly higher prices received. Natural gas prices received in the first three months of 1993 increased from $1.24/Mcf in 1992 to $1.50/Mcf in 1993 primarily because of the narrowing of the supply and demand imbalance that has existed in the market place. Natural gas sales increased in the first three months of 1993, averaging 87.3 Mmcf/day, an increase of 11% from 78.6 Mmcf/day in the previous year. This increase was partly due to the commencement of production from the Tommy Lakes field in northeast British Columbia which produced at an average rate of 6.2 Mmcf/day in the first quarter of 1993. In addition, the improvement in natural gas markets resulted in an increase in deliveries from the majority of Westcoast's fields, as aggregators purchased significantly greater volumes in 1993.

Pipeline

Pipeline revenue of $2.3 million and expenses of $1.5 million remained virtually unchanged from 1992 due to stable throughput volumes.

Investment and Other Income

During the first three months of 1993, investment and other income of $0.4 million decreased from $0.7 million during the same period in 1992. This decrease was mainly due to a reduction in interest received from advances to Westcoast Energy Inc. combined with lower interest rates in 1993.

Production Expense

Production expense decreased by 2% from $7.5 million in the first three months of 1992 to $7.3 million in the first three months of 1993 due to the sale of properties that occurred in 1992 and a focused effort by management to reduce costs.

	March 31	
	1993	1992
Crude oil - $/Bbl[(1)]	$4.00	$3.81
Natural gas - $/Mcf	$0.31	$0.34

Note:

(1) Includes Joffre. Excluding Joffre, costs are $3.82 at March 31, 1993 and $3.64 at March 31, 1992.

General and Administrative Expense

General and administrative expense of $1.8 million in the first three months of 1993 remained unchanged from the same period in 1992.

Interest Expense

Interest on debt increased $0.5 million from $1.6 million at March 31, 1992 to $2.1 million at March 31, 1993. In March 1992, Westcoast Energy Inc. recapitalized Westcoast, replacing $150 million of share capital with promissory notes with an effective rate of interest of approximately 11.75%. In January 1993, the promissory notes were repaid to Westcoast Energy Inc. and a revolving production loan facility was negotiated with a Canadian chartered bank at an approximate interest rate of 4% per annum. The interest rate in 1993 will be significantly lower than the 1992 effective interest rate as a result of this debt restructuring.

Non-Cash Charges

Non-cash charges comprised of depletion, depreciation and future site restoration were $14.5 million in the first quarter of 1993 compared to $16.5 million in the first quarter of 1992. Lower depletion expense was recorded in the first three months of 1993 compared to the first three months of 1992 as a result of the writedown of property, plant and equipment that occurred in the fourth quarter of 1992. The effect of the writedown on depletion and depreciation expense was partially offset by a downward revision in reserves that also occurred in 1992.

The provision for future site restoration costs charged to income in the first three months of 1993 was $0.6 million compared with $0.5 million in the first three months of 1992. Actual costs incurred for site clean-up, which were charged against the accumulated provision amounted to $0.1 million in the first three months of 1993 and 1992.

Income and Other Taxes

The provision for income and other taxes before ARTC totalled $1.8 million in the first three months of 1993, compared to $0.4 million in the first three months of 1992. This change is primarily a result of increased income in the first three months of 1993. The amount of ARTC remained unchanged at $0.4 million.

Westcoast has significant tax pools available and, when considered in conjunction with planned capital expenditures, does not expect to pay income taxes until approximately 1996. Westcoast's estimated tax pool balances at May 5, 1993 are as follows:

	Millions
Undepreciated capital cost (UCC)	$ 60
Canadian oil and gas property expense (COGPE)	57
Canadian development expense (CDE)	26
Canadian exploration expense (CEE)	15
Earned depletion	13
Foreign exploration and development expenses (FE&D)	10
	$181

These balances exclude tax pools which are successored against specific resource income. These successored tax pools are large enough to shelter income from these specific properties for a number of years.

Liquidity and Capital Resources

Funds from operations amounted to $17.9 million in the first quarter of 1993 and $14.5 million in the first quarter of 1992. An increase in natural gas revenue was the primary reason for the change in funds from operations.

The following table summarizes Westcoast's investing activities:

	Three Months Ended March 31, 1993	Year Ended December 31	
		1992	1991
Property acquisition	$ 718	$ 4,208	$ 4,720
Exploration	7,307	19,150	30,231
Development	7,400	20,973	30,940
International	368	7,274	2,042
Other	51	1,620	4,155
	$15,844	$53,225	$72,088

Westcoast has relied primarily on cash provided by operating activities to finance exploration and development programs. In previous years, the discretionary cash flow was reduced significantly due to annual dividends paid to Westcoast Energy Inc. The sale of Westcoast to the Hong Kong consortium is expected to result in additional discretionary cash flow as it is a stated intention of the new ownership to fully reinvest in Westcoast the funds generated from operations, without payment of dividends.

In 1992, Westcoast implemented an asset rationalization program aimed at the divestiture of non-strategic assets. The first phase of the program, which was completed in early 1993, realized proceeds amounting to approximately $33 million (net of disposition costs). The funds generated by the rationalization program will be used to selectively acquire increased ownership in core areas with upside potential and greater operating margins, or to acquire other producing properties. Westcoast is currently investing these funds in short-term instruments and is evaluating several proposed property acquisitions.

In January 1993, Westcoast entered into a credit facility with a Canadian chartered bank which provides for a $165 million production loan and a $15 million operating loan. In January 1993, $150 million was advanced under the production loan facility and was used to repay the promissory notes payable to Westcoast Energy Inc. The production loan facility is a revolving loan which may be extended annually at the option of the bank, or converted to a term loan repayable over seven years. In January 1993, the funds advanced under the production loan facility were converted to approximately U.S. $117 million through the Libor market. In the first quarter of 1993, U.S. $58.5 million was borrowed in 30-day Libor with an average effective rate of interest of 4%. The remaining U.S. $58.5 million has an effective 2-year term at an effective rate of interest of 4.8% through an interest rate swap transaction.

Business Risks

Westcoast's principal business risks arise from uncertain results of capital expenditure programs, the nature of crude oil and natural gas markets, and the instability of exchange rates.

Risk Management Strategies

Westcoast actively manages the risks associated with exploration and development activities. These risks, related to the uncertainty of establishing sufficient reserves at a cost that provides an acceptable return on investment, are reduced by concentrating on areas, both domestically and internationally, where the hydrocarbon assessment is sufficient and new geophysical technologies provide new opportunities. In addition, enhanced production and reserve recovery techniques such as horizontal drilling and miscible floods are used wherever economically practical.

Recognizing that prices for crude oil are subject to fluctuation, Westcoast continues a program of price hedging to stabilize future cash flow. Approximately 4,000 Bbls/day of Westcoast's crude oil production has been hedged for the period April to December 1993 at an average price of U.S. $21.25 per Bbl (Cdn. $26.65 per Bbl). This hedging program allows Westcoast to more effectively manage and plan its capital expenditure program for 1993 by reducing the risk of downward fluctuations in cash flow.

As crude oil is priced in U.S. dollars, a significant portion of Westcoast's revenue is affected by fluctuations in the Canadian/U.S. exchange rate. With Westcoast's new credit facility, future long term borrowings may be made in U.S. dollars to provide a partial hedge against such currency fluctuations.

Westcoast maintains a corporate insurance program to protect against losses due to accidental destruction of assets, well blowouts, pollution and other operating accidents or disruptions as well as business interruption insurance. Westcoast also has operational and emergency response procedures, and safety and environmental programs in place which are designed to reduce potential loss exposure.

Sensitivities

The main factors affecting Westcoast's funds from operations are crude oil and natural gas prices, production volumes, and the Canadian/U.S. dollar exchange rate. The sensitivities of funds from operations to changes in these factors is shown in the following table, based on actual activity levels for the first three months of 1993. The impact of a change in any one factor may be compounded or offset by changes in other factors. This table does not consider the impact of any interrelationship between the factors.

Factor	First Quarter 1993 Average	Increase (Decrease)	Approximate Annual Increase in Funds from Operations (millions of dollars)
Price of crude oil (WTI)	U.S. $19.86/Bbl	U.S. $1.00/Bbl	$ 5.1
Price of natural gas	$1.50/Mcf	$0.10/Mcf	$ 2.5
Production of crude oil and NGLs	13,784 Bbls/day	1,000 Bbls/day	$ 3.9
Production of natural gas	87.3 Mmcf/day	10 Mmcf/day	$ 3.3
Canadian/U.S. dollar exchange rate	$0.79	$(0.01)	$ 1.3

Outlook

The 1993 fiscal year will mark a year of transition for Westcoast. The $205.9 million writedown of assets at December 31, 1992 will result in lower depletion charges in 1993. Interest expense will significantly decrease as a result of the repayment of the promissory notes to Westcoast Energy Inc., which have been replaced with a revolving production loan facility with a Canadian chartered bank. The continued strength in natural gas prices will serve to increase net income and cash flow from operations. The combined impact of these factors will be beneficial, positioning Westcoast for a significant increase in cash flow from operations, thereby allowing for an increased capital reinvestment program.

Cash flow from operations based on an average WTI price throughout the year of U.S. $20.50 per barrel, a natural gas price of $1.35/Mcf throughout 1993 (based on Westcoast's blend of contracts), exchange rates at 1992 year end levels, and interest rates based on the restructured debt, is estimated to be $75 million. This assumes that production levels can be maintained at 1992 levels through drilling success and acquisition of producing properties as part of the asset rationalization program.

Westcoast plans to reinvest the majority of its discretionary cash flow in the exploration, development and acquisition of oil and gas assets in the Western Canadian Basin. In the short term, approximately 10% of annual capital expenditures will be invested internationally. The proportion of annual capital expenditures directed toward international assets will be increased if new opportunities are identified.

Westcoast's plans for exploration in the Western Canadian Basin include an acceleration in natural gas exploration. In 1992, 75% of exploration funds were directed towards oil exploration. For 1993, the capital program will be equally divided between natural gas and oil with an overall greater emphasis on natural gas through the rest of this decade.

In the Western Canadian Basin, the primary oil exploration focus will be on the Devonian age reef complexes in central and northern Alberta where advances in geophysical technologies permit identification of new opportunities. This strategy has resulted in a successful oil well at Shekilie, Alberta in the second quarter of 1993. As a secondary focus, Westcoast will continue oil exploration of sandstone reservoirs in southern Alberta.

In the near term, natural gas exploration will be focused almost exclusively in northeastern British Columbia where the company will follow-up recent successes in the Keg River and Slave Point formations at Fort Nelson and Sahtaneh. The company also holds an interest in more than 111,700 undeveloped gross (33,470 net) acres in the northeast British Columbia Triassic Foothills play. Westcoast expects to participate in several deep natural gas exploration wells in the Monkman and Honeymoon Creek areas in late 1993 and 1994. Over the next few years, funds will also be targeted to the large gas plays in the Alberta Foothills and Devonian reef gas prone complexes in western Alberta.

Westcoast will also focus its efforts on developing the upside potential on its 780,000 net acres of undeveloped land in the Western Canadian Basin. These activities will have the objective of moving proven undeveloped and probable reserves into the proven producing category. The primary development focus will be on lower risk exploitation of Westcoast's existing producing properties, drilling adjacent to current producing properties and the use of horizontal drilling.

Other areas of interest with respect to operations include a carbon-dioxide miscible recovery project at Joffre, in central Alberta. This asset has remaining proven reserves of approximately 3.1 million barrels. This technology has application to other pools in Alberta. The development of this asset will be accelerated if a higher, longer term crude oil price outlook is established.

Westcoast is also assessing and pursuing joint venture exploration opportunities outside of Canada. Westcoast plans to expand its international activity to four or five areas as opportunities arise. The objective will be to initially enter into relatively low risk, non-operated joint ventures in existing basins with relatively modest entry costs. The preferential focus will be on oil exploitation/exploration opportunities to offset the company's diminishing Western Canadian Basin oil asset base.

At present, Westcoast is involved in exploration activity in Libya and Indonesia. The first well of a twelve well commitment program on the Libya concessions will be spudded in the second half of 1993. In Indonesia, three to four exploration slim-hole wells are tentatively scheduled for 1994 based upon promising seismic and surface geology to date.

Further rationalization of Westcoast's asset base will be undertaken to ensure asset optimization is concentrated on Westcoast's core properties. In addition, plans are currently being developed to further decrease general and administrative costs. Westcoast plans to maintain its position as a low cost producer and will continue to maintain a relatively high level of asset ownership in order to ensure future control over development.

Effective May 5, 1993 Westcoast had a change in control which resulted in non-capital losses of approximately $20 million becoming available to reduce taxable income. These losses will be used to recover approximately $6 million of taxes previously paid. Westcoast has sufficient tax pools to shelter future earnings and, based on current levels of cash flow and capital expenditures, does not anticipate paying income tax until 1996/1997.

Westcoast has entered into an agreement to hedge approximately 4,000 barrels per day of its crude oil production for the period April to December 1993 and 2,000 barrels per day for the period January to December 1994. The average price at which these contracts are hedged is Cdn.$26.65 and Cdn. $26.99 respectively. The intention of these contracts is to effectively reduce the downside risk of oil prices and to therefore stabilize revenues and cash flows for future months.

Westcoast will continue to prudently manage its debt level and debt costs. The current credit facility allows Westcoast to manage its financing costs by combining fixed and floating borrowing. This will allow Westcoast to realize an average interest rate of approximately 4.5% on its debt assuming current interest rate levels.

The current outlook for natural gas prices provides Westcoast with an opportunity to improve profitability. In order to remain profitable, even if product prices remain volatile, Westcoast will continue to focus on reducing the costs of finding and developing oil and gas reserves, maintaining low production costs and continuing to review general and administrative expenditures.

Results of Operations for the Years Ended December 31, 1992, 1991 and 1990

Overview

Westcoast reported a net loss of $126.1 million for the year ended December 31, 1992 compared with net income of $21.7 million in 1991 and net income of $33.0 million in 1990. The net loss in 1992 was primarily a result of a $125.1 million writedown of assets (after deferred taxes of $82.3 million) to net realizable value. The writedown arose as a result of Westcoast Energy Inc.'s decision to dispose of its investment in Westcoast, which resulted in a writedown of the investment to the amount expected to be realized on sale ($247.5 million). This adjustment has been reflected in the financial statements of Westcoast. Funds from operations in 1992 decreased 21% to $63.0 million from $79.3 million in 1991, and $95.7 million in 1990. An increase in interest expense as a result of an issue of long-term promissory notes to the parent, Westcoast Energy Inc., as well as lower gains on crude oil futures contracts were the primary cause of this decrease from 1991. In addition, 1991 included a gain of $8 million (after tax $5.4 million) resulting from the disposition of Westcoast's investment in shares of Ranger Oil Limited. The relatively high net income and funds from operations in 1990 were primarily due to higher crude oil prices and revenues as a result of the Persian Gulf war.

Crude Oil and Natural Gas Revenues

Revenue from the sale of crude oil and natural gas liquids, after deduction of royalties, was $81.0 million in 1992 compared to $85.0 million in 1991 and $108.0 million in 1990. The average price received per barrel, before gains on crude oil futures contracts, increased from $18.15 in 1991 to $18.79 in 1992. The 1990 price of $23.43 per barrel reflects the increase in oil prices from the Persian Gulf war. Gains realized by the hedging program decreased from $6.5 million in 1991 to $0.5 million in 1992. There were no hedging gains in 1990.

Crude oil and natural gas liquids production averaged 14,583 Bbls/day in 1992 compared to 14,711 Bbls/day in 1991 and 15,377 Bbls/day in 1990. Production declines were mitigated as a result of a successful horizontal drilling program at the Suffield, Otter and Elswick fields.

Natural gas revenue of $30.9 million, after deduction of royalties, increased from $29.2 million in 1991 and $28.2 million in 1990 due to increased production partially offset by lower prices. Natural gas sales reached record levels in 1992, averaging 78.2 Mmcf/day, compared to 71.2 Mmcf/day in 1991 and 63.5 Mmcf/day in 1990. These increases were achieved as a result of additional production from various fields and the commencement of production from the Tommy Lakes field in November 1992. During the fourth week of December 1992, peak natural gas production of 94.7 Mmcf/day was attained.

Natural gas prices in 1992 remained depressed primarily because of oversupply and competitive natural gas markets. Prices averaged $1.30/Mcf in 1992 compared to $1.33/Mcf in 1991 and $1.44/Mcf in 1990.

Pipeline

Pipeline revenue of $10.2 million increased from $9.8 million in 1991 and $7.4 million in 1990 due to increased throughput volumes. Pipeline expenses were $6.8 million in 1992, $6.5 million in 1991 and $5.4 million in 1990. The increase in revenues and expenses from 1990 to 1991 was mainly attributable to increased throughput volumes following the closure of Petro-Canada's Taylor Plant in British Columbia.

Investment and Other Income

During 1992, investment and other income was $2.9 million compared to $15.4 million in 1991 and $2.0 million in 1990. The change from 1992 to 1991 was mainly due to a gain of $8.0 million in 1991 on the sale of Westcoast's investment in shares of Ranger Oil Limited, interest earned on advances to Westcoast Energy Inc., and dividend income from the investment in Ranger Oil Limited in 1991.

Production Expense

Production expense decreased by 6% from $30.7 million in 1991 to $29.0 million in 1992 due to lower production maintenance costs and the shut-in of high cost wells. Production expense increased from $28.3 million in 1990 to $30.7 million in 1991 due to costs related to managing the increase in water production from mature fields.

	1992	1991	1990
Crude oil - $/Bbl(1)	$ 3.73	$ 4.04	$ 3.70
Natural gas - $/Mcf	$ 0.33	$ 0.36	$ 0.34

Note:

(1) Includes Joffre. Excluding Joffre, costs are $3.55 (1991 - $3.91, 1990 - $3.57)

General and Administrative Expense

General and administrative expense decreased from $9.0 million in 1991 to $7.8 million in 1992 ($6.2 million in 1990). Increased costs in 1991 were attributable to expenses relating to staff reductions during the year and the increased cost of new office premises. General and administrative costs decreased from 1991 partly due to a focused effort by management to reduce administrative costs.

Interest Expense

In March 1992, Westcoast Energy Inc. recapitalized Westcoast, replacing $150 million of share capital with promissory notes with an effective rate of interest of approximately 11.75% during the year. This resulted in a $13.8 million increase in interest expense from $1.4 million in 1991 to $15.2 million in 1992. Interest expense in 1990 of $3.5 million was primarily comprised of interest incurred on short term borrowings.

Non-Cash Charges

Non-cash charges, comprised of depletion, depreciation, and future site restoration, were $69.0 million in 1992, $60.5 million in 1991, and $54.7 million in 1990. An increase in depletion and depreciation expense was recorded as a result of the rising cost of finding reserves and a downward revision in the proved natural gas reserves carried by Westcoast. The increase in depletion and depreciation expense was partially offset by a prospective change in Westcoast's policy with respect to excluding costs of acquiring and evaluating unproved properties from costs subject to depletion, effective January 1, 1992. Previously, such costs were included in the amount subject to depletion. As a result, the 1992 provision for depletion was decreased by $2.8 million.

The provision for future site restoration charged to income in 1992 was $2.0 million compared with $1.7 million in 1991 and $1.6 million in 1990. Actual costs incurred for site clean-up, which were charged against the accumulated provision, amounted to $0.2 million in 1992 and $0.4 million in 1991.

During 1992, a non-cash writedown of property, plant and equipment of $205.9 million was recorded as a result of Westcoast Energy Inc.'s formal plan to dispose of its investment in Westcoast.

Income and Other Taxes

The provision for income and other taxes before ARTC totalled a recovery of $82.2 million in 1992, compared to an expense of $12.2 million in 1991 and an expense of $17.2 million in 1990. The recovery in 1992 was primarily a result of the writedown of property, plant and equipment. The provision for income taxes before ARTC in 1991 was $12.2 million, representing a decrease of $5.0 million from 1990, primarily as a result of lower income before taxes. The amount of ARTC decreased from $2.3 million in 1991 to $1.7 million in 1992. This decrease resulted from amendments to the association rules which became effective January 1, 1992. Westcoast and its subsidiaries, including Canadian Roxy, must now share the maximum claim. The decrease in ARTC from $2.9 million in 1990 to $2.3 million in 1991 resulted from price sensitive regulations which determine the maximum claim on the basis of crude oil prices.

WESTCOAST CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Westcoast Petroleum Ltd. and its subsidiaries are the responsibility of management.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. The financial statements include some amounts that are based on best estimates and judgments. Financial information used elsewhere in the Information Circular is consistent with that in the financial statements.

The management of the Company and its subsidiaries, in furtherance of the integrity and objectivity of data in the financial statements, has developed and maintains a system of internal accounting controls and supports a program of internal audits. Management believes the internal accounting controls provide reasonable assurance that the financial records are reliable and form a proper basis for preparation of financial statements and that assets are properly accounted for and safeguarded. The internal accounting control process includes management's communication to employees of policies which govern ethical business conduct.

The Board of Directors carries out its responsibility for the financial statements in this Information Circular principally through regular meetings with management and the external auditors to review the financial statements and other auditing, financial reporting and internal control matters to ensure that each group is properly discharging its responsibilities.

These financial statements have been audited by Ernst & Young, the external auditors, except for the March 31, 1993 and 1992 financial information, which has been reviewed by Ernst & Young. Their reports are presented below.

(Signed) Stephen J. Letwin
Senior Vice-President, Finance
Chief Financial Officer and Corporate Secretary

July 5, 1993

AUDITORS' REPORT

To the Directors of
Westcoast Petroleum Ltd.

We have audited the consolidated balance sheets of **Westcoast Petroleum Ltd.** as at December 31, 1992 and 1991 and the consolidated statements of operations, retained earnings and cash flow for each of the years in the five year period ended December 31, 1992. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1992 and 1991 and the results of its operations and the changes in its financial position for each of the years in the five year period ended December 31, 1992 in accordance with accounting principles generally accepted in Canada.

Calgary, Canada
February 17, 1993, except as to
Notes 14 and 15 which are as of
July 5, 1993.

(signed) Ernst & Young
Chartered Accountants

REVIEW ENGAGEMENT REPORT

To the Directors of
Westcoast Petroleum Ltd.

We have reviewed the consolidated balance sheet of **Westcoast Petroleum Ltd.** as at March 31, 1993 and the consolidated statements of operations, retained earnings and cash flow for each of the three month periods ended March 31, 1993 and 1992. Our review as made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the Company.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these consolidated financial statements are not, in all material respects, in accordance with accounting principles generally accepted in Canada.

Calgary, Canada
July 5, 1993

(signed) Ernst & Young
Chartered Accountants

WESTCOAST PETROLEUM LTD.

CONSOLIDATED BALANCE SHEETS
(Thousands of Dollars)

	March 31, 1993 (unaudited)	December 31 1992	December 31 1991
ASSETS			
Current assets			
Cash and temporary cash investments	$ 25,087	$ 1,960	$ 6,318
Accounts receivable	23,001	21,670	21,844
Due from parent (Note 12)	-	-	52,500
Assets held for sale (Note 5)	1,699	24,433	-
	49,787	48,063	80,662
Property, plant and equipment (Note 5)	507,526	507,708	759,629
	$557,313	$557,771	$840,291
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	$ 2,244	$ -	$ 55,443
Accounts payable and accrued liabilities	24,919	27,861	22,383
Income and other taxes payable	947	1,000	4,569
Long term debt to be repaid within one year	-	-	1,250
Advances from parent (Notes 6 and 12)	-	150,000	-
Long term debt (Note 7)	148,983	2,177	7,277
Deferred credits and other long term obligations (Note 8)	20,603	18,207	16,500
Deferred income taxes	87,924	86,614	173,146
Non-controlling interest	22,357	22,412	22,721
Shareholder's equity			
Share capital (Note 9)	179,105	179,105	320,555
Contributed surplus	43,938	43,938	43,938
Retained earnings	26,293	24,457	172,509
	249,336	247,500	537,002
	$557,313	$555,771	$840,291

See accompanying notes.

On behalf of the board:

(signed) I. J. Koop
Director

(signed) S. J. Letwin
Director

WESTCOAST PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Thousands of Dollars)

	Three Months Ended March 31		Years Ended December 31				
	1993	1992	1992	1991	1990	1989	1988
	(unaudited)						
REVENUES							
Crude oil and natural gas liquids, less royalties (Note 12)	$ 18,122	$ 17,567	$ 81,027	$ 84,945	$108,014	$ 89,552	$ 72,272
Natural gas, less royalties (Note 12)	9,694	7,226	30,939	29,164	28,236	26,958	27,285
Pipeline	2,336	2,323	10,196	9,767	7,369	8,064	8,576
Investment and other income (Note 4)	421	732	2,850	15,413	2,019	2,412	1,123
	30,573	27,848	125,012	139,289	145,638	126,986	109,256
EXPENSES							
Production	7,284	7,465	28,973	30,645	28,339	25,987	24,633
Pipeline	1,553	1,552	6,760	6,467	5,407	5,543	6,134
General and administrative	1,844	1,852	7,832	9,014	6,245	5,355	5,045
Interest on debt (Note 7)	2,115	1,592	15,213	1,413	3,503	3,520	4,599
Depletion	9,527	11,995	50,611	45,483	40,915	38,678	36,937
Depreciation	4,482	3,987	16,382	13,299	12,145	10,804	10,574
Future site restoration	574	483	2,025	1,722	1,648	1,539	1,396
Write-down of property, plant and equipment (Note 5)	-	-	207,452	-	-	-	-
	27,379	28,926	335,248	108,043	98,202	91,426	89,318
Income (loss) before taxes and non-controlling interest	3,194	(1,078)	(210,236)	31,246	47,436	35,560	19,938
Income taxes (Note 10)							
Current	491	1,339	4,346	7,521	9,367	9,085	3,505
Deferred	1,310	(927)	(86,532)	4,682	7,853	5,223	3,519
Alberta Royalty Tax Credit	(388)	(397)	(1,689)	(2,300)	(2,939)	(3,916)	(3,908)
	1,413	15	(83,875)	9,903	14,281	10,392	3,116
Non-controlling interest	(55)	(164)	(309)	(371)	159	(62)	(324)
Net income (loss) for the period	$ 1,836	$ (929)	$(126,052)	$ 21,714	$ 32,996	$ 25,230	$ 17,146

See accompanying notes.

WESTCOAST PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(Thousands of Dollars)

	Three Months Ended March 31 (unaudited)		Years Ended December 31				
	1993	1992	1992	1991	1990	1989	1988
Retained earnings, beginning of period	$ 24,457	$172,509	$172,509	$179,395	$163,299	$152,669	$135,523
Net income (loss) for the period	1,836	(929)	(126,052)	21,714	32,996	25,230	17,146
Dividends	-	-	22,000	28,600	16,900	14,600	-
Retained earnings, end of period	$ 26,293	$171,580	$ 24,457	$172,509	$179,395	$163,299	$152,669

See accompanying notes.

WESTCOAST PETROLEUM LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW
(Thousands of Dollars)

	Three Months Ended March 31 1993 (unaudited)	Three Months Ended March 31 1992 (unaudited)	Years Ended December 31 1992	1991	1990	1989	1988
OPERATING ACTIVITIES							
Funds from operations (Note 3)	$ 17,917	$ 14,475	$ 63,015	$ 79,347	$ 95,716	$ 81,412	$ 69,248
Change in working capital other than cash	(6,294)	1,880	3,891	2,488	(12,412)	8,979	(4,037)
Net cash provided by operating activities	11,623	16,355	66,906	81,835	83,304	90,391	65,211
INVESTING ACTIVITIES							
Expenditures on property, plant and equipment	(15,844)	(12,443)	(53,225)	(72,088)	(69,434)	(52,710)	(56,859)
Proceeds on sale of property (Note 5)	24,751	51	7,768	2,021	1,921	-	-
Investment in Ranger Oil Limited	-	-	-	-	-	(74,211)	-
Investment in Canadian Roxy Petroleum Ltd.	-	-	-	-	-	(274)	(16,439)
Proceeds on sale of investment (Note 4)	-	-	-	82,257	-	-	-
Amount due to (from) parent	-	49,500	52,500	(51,043)	(1,457)	(16,940)	(1,875)
Change in working capital other than cash	1,968	(2,562)	(1,808)	586	891	4,020	1,638
Net cash provided (used) by investing activities	10,875	34,546	5,235	(38,267)	(68,079)	(140,115)	(73,535)
FINANCING ACTIVITIES							
Common shares issued (Note 9)	-	-	8,550	2,910	68,446	16,940	17,314
Capital distribution	-	(150,000)	(150,000)	(74,200)	-	-	-
Advances (repayment of advances) from parent	(150,000)	150,000	150,000	-	-	-	-
Long term debt additions	149,471	-	-	346	-	-	-
Long term debt repayments	(26)	(6,262)	(6,350)	(1,437)	(3,035)	(3,178)	(2,133)
Dividends	-	-	(22,000)	(28,600)	(16,900)	(14,600)	-
Reduction in gas production prepayment	(1,018)	(1,014)	(1,806)	(1,651)	(1,652)	(1,726)	(1,981)
Lease inducements	(42)	407	550	3,384	-	-	-
Change in working capital other than cash	-	-	-	(3,113)	3,113	-	-
Net cash provided (used) by financing activities	(1,615)	(6,869)	(21,056)	(102,361)	49,972	(2,564)	13,200
Increase (decrease) in cash and cash equivalents during the period	20,883	44,032	51,085	(58,793)	65,197	(52,288)	4,876
Cash and cash equivalents, beginning of period	1,960	(49,125)	(49,125)	9,668	(55,529)	(3,241)	(8,117)
Cash and cash equivalents, end of period	$ 22,843	$ (5,093)	$ 1,960	$ (49,125)	$ 9,668	$ (55,529)	$ (3,241)

Cash and cash equivalents consist of cash and temporary cash investments net of bank indebtedness.

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited for the periods ended March 31, 1993 and March 31, 1992)

1. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles in Canada and conform in all material respects with those in the United States except as outlined in Note 14.

(i) Principles of Consolidation

The consolidated financial statements include the accounts of Westcoast and all of its subsidiaries. All subsidiaries are wholly owned except for Westcoast's 82.6 percent interest in Canadian Roxy Petroleum Ltd.

(ii) Property, Plant and Equipment

Westcoast follows the full cost method of accounting whereby all costs associated with the exploration for and development of crude oil and natural gas reserves are capitalized in cost centres on a country by country basis and charged against income as set out below. Such costs include land acquisition, drilling, geological and geophysical, facilities, and related overhead.

Proceeds upon disposition of oil and gas properties and production equipment are credited against accumulated costs, except when such disposal would change the rate of depletion and depreciation by more than 20 percent, in which case a gain or loss is recorded.

Capitalized costs of developed properties, including a provision for future costs to develop proved reserves, are amortized through depletion and depreciation charges using the unit of production method based on estimated proved crude oil and natural gas reserves. For purposes of these calculations, crude oil, natural gas liquids and natural gas production and proved reserves before royalties are converted to a common unit of measure on the basis of their approximate relative energy content. Costs of acquiring and evaluating unproved properties are excluded from costs subject to depletion until it is determined whether or not proved reserves are attributable to the properties, or impairment occurs.

The net carrying value of Westcoast's oil and gas properties and production equipment in cost centres is limited to an estimated recoverable amount. This amount is the aggregate future net revenues from proved reserves and the cost of unproved properties net of impairment allowances, less future expenditures required to develop and produce the reserves, and future site restoration costs. Future net revenues are calculated using prices in effect at Westcoast's year-end without escalation or discounting.

The net carrying value of all cost centres, less related accumulated provisions for future site restoration costs and deferred income taxes, is further limited to the total estimated recoverable amount of all cost centres less future general and administrative costs, financing costs and income taxes.

Other fixed assets are depreciated based on the estimated service life of the asset.

Future estimated site restoration costs for property, plant and equipment, net of expected recoveries, are accrued and charged against income over the life of the estimated proved crude oil and natural gas reserves on a unit of production basis. Site restoration expenditures incurred are charged to the accumulated provision for future site restoration.

(iii) Joint Interest Operations

Substantially all of Westcoast's exploration and development activities are conducted with other parties and accordingly, the accounts reflect only Westcoast's proportionate interest in such activities.

(iv) Hedging

Westcoast periodically enters into contracts to hedge its exposure to price fluctuations on a portion of its crude oil production. Gains or losses on these contracts are deferred and reported as adjustments to revenue in the related production period.

(v) Interest Costs

Interest costs are included in expenses as incurred.

(vi) Foreign Exchange

Assets and liabilities of Westcoast which are denominated in foreign currencies are translated at the exchange rates in effect at the balance sheet dates, while revenue and expense items are translated at average rates prevailing during the period. Gains and losses on translation are reflected in net income for the period, except for unrealized foreign currency gains and losses on long term monetary assets and liabilities, which are deferred and amortized over the remaining lives of the assets or liabilities on a straight-line basis.

2. Change in Accounting

Effective January 1, 1992, Westcoast prospectively adopted a policy to exclude the costs of acquiring and evaluating unproved properties from costs subject to depletion until it is determined whether proved reserves are attributable to the properties or impairment occurs. Previously, such costs were included in the amount subject to depletion. As a result, for the year ended December 31, 1992 the provision for depletion has decreased by $2,824,000 and net loss has decreased by $1,594,000. During the quarter ended March 31, 1992 the provision for depletion has decreased by $670,000 and net loss has decreased by $378,000. This change in accounting has been applied on a prospective basis as the necessary financial data for years prior to 1992 is not reasonably determinable.

3. Funds From Operations

	Three Months Ended March 31		Years Ended December 31				
	1993	1992	1992	1991	1990	1989	1988
				(thousands of dollars)			
Net income (loss) for the period	$ 1,836	$ (929)	$(126,052)	$ 21,714	$ 32,996	$ 25,230	$ 17,146
Add (deduct) items to reconcile to net cash:							
Non-controlling interest	(55)	(164)	(309)	(371)	159	(62)	(324)
Deferred income taxes	1,310	(927)	(86,532)	4,682	7,853	5,223	3,519
Depletion and depreciation	14,009	15,982	66,993	58,782	53,060	49,482	47,511
Write-down of property, plant and equipment (Note 5)	-	-	205,952	-	-	-	-
Amortization of deferred credits and other long term obligations	817	513	2,963	2,586	1,648	1,539	1,396
Gain on sale of investment	-	-	-	(8,046)	-	-	-
Funds from operations	$ 17,917	$ 14,475	$ 63,015	$ 79,347	$ 95,716	$ 81,412	$ 69,248

4. Investment in Ranger Oil Limited

In 1991, Westcoast disposed of its investment in common shares of Ranger Oil Limited, which had been acquired in 1989. Cash proceeds of $82,257,000 resulted in a gain of $8,046,000. Dividends received in the amount of $940,000 for the year ended December 31, 1991 (December 31, 1990 - $713,000) were recorded as income.

5. Property, Plant and Equipment

	March 31, 1993		
	Cost	Accumulated Depletion and Depreciation	Net
		(thousands of dollars)	
Oil and gas properties	$ 951,139	$562,699	$388,440
Production equipment	199,143	87,422	111,721
Other	52,311	44,946	7,365
	$1,202,593	$695,067	$507,526

	December 31, 1992		
	Cost	Accumulated Depletion and Depreciation	Net
		(thousands of dollars)	
Oil and gas properties	$ 939,205	$553,171	$386,034
Production equipment	197,301	83,316	113,985
Other	52,260	44,571	7,689
	$1,188,766	$681,058	$507,708

	December 31, 1991		
	Cost	Accumulated Depletion and Depreciation	Net
		(thousands of dollars)	
Oil and gas properties	$ 923,945	$296,608	$627,337
Production equipment	192,043	68,578	123,465
Other	52,330	43,503	8,827
	$1,168,318	$408,689	$759,629

For the three months ended March 31, 1993, Westcoast capitalized $1,857,000 of overhead costs related to exploration and development (year ended December 31, 1992 - $8,274,000 and year ended December 31, 1991 - $8,989,000).

Included in oil and gas properties at March 31, 1993 and December 31, 1992 are expenditures of $35,100,000 related to unproved properties in Canada which have been excluded from costs subject to depletion.

During 1992, Westcoast Energy Inc. adopted a formal plan to dispose of its investment in Westcoast and accordingly recorded a write-down of its investment to the amount expected to be realized on the sale. This adjustment has been reflected in these financial statements by a charge to income consisting of a write-down of oil and gas properties in the amount of $205,952,000, transaction costs of $1,500,000 and a reduction in deferred taxes of $82,310,000. Accordingly, net income in 1992 has been reduced by $125,142,000.

During 1992, following a detailed review of its oil and gas assets, Westcoast decided to dispose of certain non-core properties. Completed sales of property in 1992 amounted to $7,768,000. Additional properties with a net realizable value of approximately $24,433,000 are subject to sales agreements which closed in 1993. Accordingly, these properties were included in current assets at December 31, 1992 as assets held for sale. Of these properties held for sale, $22,734,000 were sold in the first quarter of 1993, leaving a remaining balance of $1,699,000 as a current asset. In addition, other properties were sold in 1993 for proceeds of $2,017,000.

6. Advances From Parent

Westcoast has received advances from its parent, Westcoast Energy Inc., at interest rates ranging from prime interest rate to 12.54%. Interest paid during the year ended December 31, 1992 amounted to $14,262,000.

During January 1993, the advances from Westcoast Energy Inc. were repaid from borrowings under the new credit facility (Note 7).

7. Long Term Debt

	March 31, 1993	December 31 1992	1991
	(thousands of dollars)		
Revolving production loan facility	$146,832	$ -	$ -
Non-recourse non-interest bearing loan	2,151	2,177	2,277
10% Sinking Fund Debentures	-	-	6,250
	148,983	2,177	8,527
Less sinking fund requirements due within one year	-	-	(1,250)
	$148,983	$ 2,177	$ 7,277

In January 1993, Westcoast entered into a credit facility with a Canadian chartered bank which provides for a $165 million production loan and a $15 million operating loan. In January 1993, $150,000,000 (US$117,203,000) was advanced under the production loan facility and was used to repay the advances from Westcoast Energy Inc. (Note 6). The production loan facility is a revolving loan which may be extended annually at the option of the bank, or converted to a term loan. Under the term loan, the outstanding loan would be repaid in equal payments over the subsequent seven years. The production loan provides for various interest rate options, all of which are based on market rates in effect from time to time. The production loan facility and the operating loan facility are collateralized by a general security agreement, a floating charge debenture on the Canadian assets of Westcoast and a pledge of Westcoast's interest in the common shares of its subsidiary, Canadian Roxy Petroleum Ltd. The operating loan facility is reviewable annually and may be renewed by the bank. The unused portion of this facility amounted to $11,654,000 at March 31, 1993.

The non-recourse non-interest bearing loan from the Alberta Oil Sands Technology and Research Authority is to be repaid from production proceeds of certain petroleum and natural gas properties and is secured by an assignment of these properties.

During 1992, Westcoast redeemed its 10% Sinking Fund Debentures.

Interest on long term debt for the three months ended March 31, 1993, the three months ended March 31, 1992 and the five years ended December 31, including amounts paid on advances from the parent, was $2,115,000 in the first three months of 1993 and $1,188,000 for the first three months of 1992 (1992 - $14,435,000, 1991 - $740,000, 1990 - $865,000, 1989 - $990,000, and 1988 - $1,115,000).

8. Deferred Credits and Other Long Term Obligations

	March 31, 1993	December 31 1992	December 31 1991
	(thousands of dollars)		
Future site restoration	$ 11,005	$ 10,516	$ 8,667
Lease inducement payments	3,891	3,934	3,384
Supplementary retirement income benefits	2,722	2,394	1,280
Gas production prepayment	346	1,363	3,169
Unrealized foreign exchange gain	2,639	-	-
	$ 20,603	$ 18,207	$ 16,500

Payments received upon occupying new office premises in 1991 are amortized to income over the term of the related lease. The supplementary retirement income benefits obligation is described in Note 11. Advance payments received under supply contracts for natural gas which is not delivered are deferred and recognized as revenue when deliveries are made or at the end of the period allowed for such deliveries. The unrealized foreign exchange gain relates to the long term debt denominated in U.S. dollars.

9. Share Capital

Authorized and issued share capital at March 31, 1993 and December 31, 1992 and 1991 is as follows:

Authorized: 6,804,099 Class A common shares
20,000,000 Class B common shares

Issued:

	Number of Shares: March 31	Number of Shares: Years ended December 31		Amount (thousands of dollars): March 31	Amount (thousands of dollars): Years Ended December 31	
	1993	1992	1991	1993	1992	1991
Class A common shares	6,804,099	6,804,099	6,804,099	$ 13,608	$ 13,608	$ 13,608
Class B common shares						
Balance, beginning of period	19,741,344	19,057,344	18,911,817	$165,497	$306,947	$378,237
Issued during the period (Note 12)	-	684,000	145,527	-	8,550	2,910
Capital distribution (Note 12)	-	-	-	-	(150,000)	(74,200)
Balance, end of period	19,741,344	19,741,344	19,057,344	$165,497	$165,497	$306,947
Share capital				$179,105	$179,105	$320,555

10. Income Taxes

The provision for income taxes varies from the amounts that would be computed by applying the combined Canadian federal and provincial income tax rates for the following reasons:

	Three Months Ended March 31		Years Ended December 31 (thousands of dollars)				
	1993	1992	1992	1991	1990	1989	1988
Canadian and provincial income tax rates	43.5%	43.5%	43.5%	43.3%	42.9%	42.9%	47.9%
Federal and provincial income tax rates applied to accounting income (loss)	$ 1,389	$ (468)	$(91,558)	$13,533	$20,350	$15,255	$ 9,550
Add (deduct) income taxes resulting from:							
Non-deductible crown payments in excess of (less than) federal resource allowance	263	488	778	811	(1,198)	(1,124)	185
Earned depletion allowance	(158)	-	(361)	(363)	(1,313)	(995)	(618)
Acquired assets with tax basis less than (exceeding) cost	(197)	(23)	8,379	(523)	(1,295)	(1,290)	(869)
Non-taxable capital gains and dividends	-	-	-	(1,279)	(312)	-	-
Acquired investment tax credits	-	-	-	-	-	-	(1,481)
Large corporations tax and provincial capital taxes	490	402	1,988	1,840	1,472	864	139
Alberta Royalty Tax Credit	(388)	(397)	(1,689)	(2,300)	(2,939)	(3,916)	(3,908)
Other	14	13	(1,412)	(1,816)	(484)	1,598	118
Provision for income taxes	$ 1,413	$ 15	$(83,875)	$ 9,903	$14,281	$10,392	$ 3,116
Components of the provision for deferred income taxes are as follows:							
Depletion of property acquisition, oil and gas exploration and development expenditures claimed for income tax purposes in excess of (less than) that recorded for accounting purposes	$2,395	$(272)	$(84,402)	$ 5,619	$ 6,777	$ 4,099	$ 2,665
Depreciation recorded for accounting purposes less than (greater than) capital cost allowance claimed for income tax purposes	(881)	(637)	(2,146)	(1,404)	(537)	53	717
Other	204	(18)	16	467	1,613	1,071	137
Provision for deferred income taxes	$1,310	$(927)	$(86,532)	$ 4,682	$ 7,853	$ 5,223	$ 3,519

11. Pension Plan

Westcoast has a non-contributory defined benefit pension plan covering all employees.

The pension plan is subject to periodic actuarial valuations. Adjustments arising on valuation are charged to, or taken into income on a straight-line basis over the average remaining service life of the employee group.

The pension costs charged to operations for the three months ended March 31, 1993 was $247,000 (March 31, 1992 - $264,000) and for the five years ended December 31, was $1,045,000 in 1992 (1991 - $1,080,000, 1990 - $910,000, 1989 - $889,000, and 1988 - $724,000).

The present value of the accrued pension obligation and the pension fund assets at market-related values at December 31 are as follows:

	1992	1991
	(thousands of dollars)	
Accrued pension obligation	$ 14,009	$ 13,539
Pension fund assets	$ 16,102	$ 14,366

In addition, Westcoast provides certain officers and retirees supplementary retirement income benefits. The net present value of the unfunded benefit obligation, established using generally accepted actuarial procedures and assumptions, is shown as supplementary retirement income benefits in Note 8.

12. Related Party Transactions

In the normal course of business, Westcoast sells natural gas production to Westcoast Energy Inc. and certain of its subsidiaries. The aggregate value of these sales for the three months ended March 31, 1993 was approximately $1,009,000 (March 31, 1992 - $1,326,000) and for the five years ended December 31, was approximately $7,096,000 in 1992 (1991 - $5,823,000, 1990 - $5,615,000, 1989 - $4,250,000, and 1988 - $3,059,000), including sales on behalf of others.

Westcoast received advances from Westcoast Energy Inc., which had various interest rates (Note 6). In addition, Westcoast also, at times, made advances to Westcoast Energy Inc. which had current market interest rates. The amount of interest received by Westcoast for the three months ended March 31, 1993 amounted to $31,000 (March 31, 1992 - $6,000) and for the five years ended December 31, amounted to $389,000 in 1992 (1991 - $5,152,000, 1990 - $278,000, 1989 - $1,121,000, and 1988 - $589,000). Westcoast Energy Inc. also made payments on behalf of Westcoast in the ordinary course of business, which were reimbursed at their cost.

Westcoast sold crude oil production and charged pipeline tariffs to Petro-Canada, a shareholder of Westcoast Energy Inc. until September 15, 1992. The aggregate value of these sales for 1992 was approximately $63,113,000 (1991 - $76,924,000, 1990 - $92,335,000, 1989

- $76,354,000, and 1988 - $57,745,000), including sales on behalf of others. Westcoast and Petro-Canada were also engaged in joint venture oil and gas exploration and production activities. Westcoast believes that the terms of these transactions and joint ventures were similar to those which could have been arranged with unrelated third parties.

During 1992, Westcoast issued 684,000 Class B common shares to its parent (Westcoast Energy Inc.) for cash consideration of $8,550,000 (1991 - 145,527 shares for $2,910,000). In addition, during 1992, a Special Resolution of the shareholder of Westcoast authorized a reduction of capital of $150,000,000 (1991 - $74,200,000) which was distributed to the shareholder.

13. Commitments

Westcoast leases various types of property and equipment through operating leases. Minimum payments under non-cancelable operating leases with terms of one year or more are as follows:

1993	$ 2,290,000
1994	2,282,000
1995	2,282,000
1996	1,805,000
1997	2,090,000
After 1997	7,101,000
Total	$17,850,000

14. Reconciliation to Accounting Principles Generally Accepted in the United States of America

Westcoast follows Canadian generally accepted accounting principles (GAAP) which, in some respects, differ from those generally accepted in the United States. The following are those policies which result in significant differences:

(i) Property, plant and equipment

Westcoast follows the Full Cost Accounting Guideline as established by the Canadian Institute of Chartered Accountants. In accordance with the full cost method of accounting, as set out by the Securities and Exchange Commission (SEC), a limitation on capitalized costs by the use of the standardized measure of discounted future cash flows from proven oil and gas reserves on a country by country basis requires a provision against the recorded value for these assets. Amounts previously charged to income under these rules are reversed as the properties are depleted for accounting purposes in Canada.

(ii) Statement of Changes in Cash Position

On the Consolidated Statements of Cash Flows the definition of cash equivalents under United States GAAP is restricted to short-term, highly liquid instruments. Current bank indebtedness is considered to be a financing activity.

The following sets out the significant differences on the consolidated financial statements using United States GAAP:

(a) Under United States GAAP, the effect on consolidated net income (loss) would be as follows:

	Years Ended December 31 ($000s)				
	1992	1991	1990	1989	1988
Net income (loss) as reported	$(126,052)	$21,714	$32,996	$25,230	$17,146
Adjustments:					
Write-down of property, plant and equipment *	123,642	-	-	-	-
Prior years' adjustment **	-	(3,757)	893	833	679
Full cost accounting	(37,841)	(104,491)	7,112	6,912	(22,525)
Adjusted net income (loss)	$(40,251)	$(86,534)	$41,001	$32,975	$(4,700)

* Under United States GAAP, the write-down discussed in Note 5 to the financial statements would not be required.

** In 1991, a retroactive adjustment was made to reflect future site restoration costs. Under United States GAAP, this adjustment would have been recorded as a charge to income in 1991.

(b) Under United States GAAP, consolidated balance sheet items would be as follows:

	December 31, 1992 ($000s)		December 31, 1991 ($000s)	
	Canadian GAAP	United States GAAP	Canadian GAAP	United States GAAP
Property, plant and equipment	$507,708	$280,509	$759,629	$365,470
Deferred income taxes	$ 86,814	-	$173,146	$ 6,355
Retained earnings (deficit)	$ 24,457	$(81,341)	$172,509	$(20,590)

(c) Under United States GAAP, changes in the consolidated statements of cash flow would be as follows:

	December 31 ($000s)				
	1992	1991	1990	1989	1988
Cash provided by (used in) financing activities	$(76,499)	$(46,918)	$(11,790)	$53,600	$(420)
Cash and cash equivalents, end of year	$1,960	$6,318	$9,668	$6,233	$2,357

15. Subsequent Events

Effective May 5, 1993, Westcoast's former shareholder, Westcoast Energy Inc., sold its 100% interest in Westcoast to a Hong Kong consortium for $247,500,000. The acquisition has been accounted for as a purchase transaction using push-down accounting and as a result, Westcoast will adjust its accounts to reflect the allocation of the purchase price.

Upon change of control, a non-capital loss of approximately $20,500,000 became available to Westcoast. This has resulted in a recovery of taxes previously paid of approximately $6,000,000 and an increase in net income in 1993 of approximately $2,500,000.

Westcoast entered into an agreement made June 23, 1993 with Numac Oil & Gas Ltd. contemplating a plan of arrangement under the *Business Corporations Act* (Alberta) pursuant to which Westcoast will acquire all of the outstanding shares of Numac Oil & Gas Ltd. In connection with the plan of arrangement, the share capital of Westcoast is proposed to be reorganized such that the issued and outstanding Class A common shares and Class B common shares will be changed into common shares on the basis of 1.9 common shares for each Class A or Class B common previously outstanding. In connection with the plan of arrangement an aggregate of 33,058,000 common shares will be issued to Numac shareholders.

SUPPLEMENTARY FINANCIAL INFORMATION (unaudited)

1. Costs incurred in oil and gas producing activities
(Thousands of dollars)

Year Ended December 31, 1992	Property Acquisition Costs Proved	Unproved	Exploration Costs	Development Costs
Canada	$ 88	$ 4,120	$19,150	$20,973
Other	-	-	7,274	-
	$ 88	$ 4,120	$26,424	$20,973

Year Ended December 31, 1991	Property Acquisition Costs Proved	Unproved	Exploration Costs	Development Costs
Canada	$ 1,441	$ 3,279	$30,231	$30,891
Other	-	-	2,042	49
	$ 1,441	$ 3,279	$32,273	$30,940

Year Ended December 31, 1990	Property Acquisition Costs Proved	Unproved	Exploration Costs	Development Costs
Canada	$ 320	$ 6,172	$29,900	$30,049
Other	-	-	866	11
	$ 320	$ 6,172	$30,766	$30,0607

Year Ended December 31, 1989	Property Acquisition Costs Proved	Unproved	Exploration Costs	Development Costs
Canada	$ -	$ 6,141	$19,023	$28,177
Other	-	-	199	155
	$ -	$ 6,141	$19,222	$28,332

Year Ended December 31, 1988	Property Acquisition Costs Proved	Unproved	Exploration Costs	Development Costs
Canada	$ -	$11,498	$22,719	$27,610
Other	-	-	21	180
	$ -	$11,498	$22,740	$27,790

2. Results of operations for oil and gas producing activities

(Thousands of dollars)

Year Ended December 31, 1992	Canada	United States	Total
Net production revenue	$ 111,284	$ 682	$ 111,966
Production expenses	(28,759)	(214)	(28,973)
Depletion and depreciation	(64,904)	(600)	(65,504)
Writedown of resource properties	(207,117)	(335)	(207,452)
	(189,496)	(467)	(189,963)
Income tax	(7,626)	14	(7,612)
Results of operations	$(197,122)	$ (453)	$(197,575)

Year Ended December 31, 1991	Canada	United States	Total
Net production revenue	$113,220	$ 889	$114,109
Production expenses	(30,471)	(174)	(30,645)
Depletion and depreciation	(56,979)	(789)	(57,768)
	25,770	(74)	25,696
Income tax	(9,268)	(107)	(9,375)
Results of operations	$ 16,502	$ (181)	$ 16,321

Year Ended December 31, 1990	Canada	United States	Total
Net production revenue	$134,708	$ 1,542	$136,250
Production expenses	(28,192)	(147)	(28,339)
Depletion and depreciation	(50,419)	(1,036)	(51,455)
	56,097	359	56,456
Income tax	(19,644)	(47)	(19,691)
Results of operations	$ 36,453	$ 312	$ 36,765

Year Ended December 31, 1989	Canada	United States	Total
Net production revenue	$115,378	$1,132	$116,510
Production expenses	(25,828)	(159)	(25,987)
Depletion and depreciation	(47,200)	(1,363)	(48,563)
	42,350	(390)	41,960
Income tax	(15,188)	(3)	(15,191)
Results of operations	$ 27,162	$ (393)	$26,769

Year Ended December 31, 1988	Canada	United States	Total
Net production revenue	$98,838	$719	$99,557
Production expenses	(24,432)	(201)	(24,633)
Depletion and depreciation	(46,758)	(745)	(47,503)
	27,648	(227)	27,421
Income tax	(9,266)	-	(9,266)
Results of operations	$18,382	$ (227)	$18,155

3. Estimated quantities of proved oil and gas reserves (after royalties)

	Crude Oil and Natural Gas Liquids (Thousands of Barrels)	Natural Gas (Billions of Cubic Feet)
Proved Reserves at December 31, 1987	43,849	506.3
Acquisitions	543	-
Revisions of previous estimates	799	8.4
Extensions, discoveries & other additions	3,629	25.0
Production	(4,667)	(18.1)
Proved Reserves at December 31, 1988	44,153	521.6
Revisions of previous estimates	(1,028)	0.1
Extensions, discoveries & other additions	1,132	25.8
Production	(4,752)	(18.7)
Proved Reserves at December 31, 1989	39,505	528.8
Sales	(42)	(4.4)
Revisions of previous estimates	93	13.9
Extensions, discoveries & other additions	1,473	22.9
Production	(4,609)	(19.6)
Proved Reserves at December 30, 1990	36,420	541.6
Acquisitions	501	0.6
Sales	(254)	(0.5)
Revisions of previous estimates	2,251	(93.9)
Extensions discoveries & other additions	1,339	24.1
Production	(4,235)	(20.7)
Proved Reserves at December 31, 1991	36,022	451.2
Acquisitions	60	1.5
Sales	(1,465)	(23.5)
Revisions of previous estimates	(168)	(76.4)
Extensions, discoveries & other	(108)	5.6
Production	(4,285)	(23.7)
Proved Reserves at December 31, 1992	30,056	334.7

Proved oil and gas reserves are estimated quantities of crude oil, natural gas and natural gas liquids which have been demonstrated with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

The estimates are based on judgements and interpretations of data dependent upon uncertainties including market conditions, government actions and the environment itself. As a result, it is possible that the ultimate recovery from proved reserves will be different from those reported.

4. Standardized measure of discounted future net cash flows and changes therein relating to proved oil and gas reserves

The following standardized measure was computed using year-end prices, costs, and statutory tax rates. The 10% discount factor is mandated by FASB Statement No. 69.

The future net cash flow information should be interpreted with considerable caution. Reserve estimates, by their very nature, are inexact and are subject to constant revision. Also, the future production streams and future development and production expenditures are unpredictable for numerous reasons including government regulations and are, therefore, subject to significant uncertainty.

It should not be assumed that the estimates of the standardized measure of future net cash flows represent fair market value of the reserves or of the oil and gas properties. Also, because of the year-end price assumptions the standardized measure does not represent the present value of future cash flows.

	(Thousands of dollars)
1992	
Future cash inflows	$1,127,829
Deduct: Future production, development and abandonment costs	(471,786)
Future income taxes	(149,059)
Future net cash flows	506,984
Deduct: 10% annual discount for estimated timing of cash flows	(247,476)
Standardized measure of discounted future net cash flows	$ 259,508
1991	
Future cash inflows	$1,286,963
Deduct: Future production, development and abandonment costs	(469,608)
Future income taxes	(179,549)
Future net cash flows	637,806
Deduct: 10% annual discount for estimated timing of cash flows	(316,912)
Standardized measure of discounted future net cash flows	$ 320,894
1990	
Future cash inflows	$1,956,234
Deduct: Future production, development and abandonment costs	(431,925)
Future income taxes	(487,142)
Future net cash flows	1,037,167
Deduct: 10% annual discount for estimated timing of cash flows	(521,479)
Standardized measure of discounted future net cash flows	$ 515,688
1989	
Future cash inflows	$1,678,769
Deduct: Future production, development and abandonment costs	(424,131)
Future income taxes	(359,224)
Future net cash flows	895,414
Deduct: 10% annual discount for estimated timing of cash flows	(445,957)
Standardized measure of discounted future net cash flows	$ 449,457

1988

Future cash inflows	$1,624,260
Deduct: Future production, development and abandonment costs	(420,359)
Future income taxes	(275,700)
Future net cash flows	928,201
Deduct: 10% annual discount for estimated timing of cash flows	(481,303)
Standardized measure of discounted future net cash flows	$ 446,898

The following are the principal sources of the changes in the standardized measure of discounted future net cash flows relating to proved oil and gas reserves.

Balance at December 31, 1987	$427,636
Sales of oil and gas production net of related costs	(74,924)
Net change in prices	(55,615)
Net change in estimated future development costs	15,790
Extensions and discoveries net of related costs	42,099
Acquisitions	4,397
Revisions of previous quantity estimates	11,674
Accretion of discount	42,763
Net change in income taxes	33,078
Balance at December 31, 1988	$446,898
Sales of oil and gas production net of related costs	(90,523)
Net change in prices	55,330
Net change in estimated future development costs	13,014
Extensions and discoveries net of related costs	21,390
Acquisitions	-
Revisions of previous quantity estimates	(3,346)
Accretion of discount	44,690
Net change in income taxes	(37,996)
Balance at December 31, 1989	$449,457
Sales of oil and gas production net of related costs	(107,911)
Net change in prices	138,891
Net change in estimated future development costs	18,120
Extensions and discoveries net of related costs	17,698
Acquisitions	(2,038)
Revisions of previous quantity estimates	3,219
Accretion of discount	44,946
Net change in income taxes	(46,694)
Balance at December 31, 1990	$515,688

Sales of oil and gas production net of related costs	(83,464)
Net change in prices	(332,125)
Net change in estimated future development costs	25,468
Extensions and discoveries net of related costs	21,421
Sales	(2,150)
Acquisitions	503
Revisions of previous quantity estimates	(23,669)
Accretion of discount	51,569
Net change in income taxes	147,653
Balance at December 31, 1991	$320,894
Sales of oil and gas production net of related costs	(82,993)
Net change in prices	7,469
Net change in estimated future development costs	14,320
Extensions and discoveries net of related costs	6,564
Sales	(26,926)
Acquisitions	653
Revisions of previous quantity estimates	(34,020)
Accretion of discount	32,089
Net change in income taxes	21,458
Balance at December 31, 1992	$259,508

Quarterly Financial Information

(Thousands of dollars)

	1992 Quarter First	Second	Third	Fourth	Total
Gross production revenue	29,902	33,031	34,544	38,0 03	135,480
Operating income	17,328	19,788	21,245	24,632	82,993
Earnings (loss)	(1,307)	(661)	(664)	(123,420)	(126,052)

	1991 Quarter First	Second	Third	Fourth	Total
Gross production revenue	36,286	31,404	29,925	32,769	130,384
Operating income	26,973	21,181	16,825	18,485	83,464
Earnings	6,329	12,116	2,833	436	21,714

	1990 Quarter First	Second	Third	Fourth	Total
Gross production revenue	38,473	28,241	42,058	54,440	163,212
Operating income	25,846	16,984	28,284	36,797	107,911
Earnings	6,556	3,673	8,851	13,916	32,996

	1989 Quarter First	Second	Third	Fourth	Total
Gross production revenue	34,421	34,426	32,933	37,065	138,845
Operating income	22,833	22,951	21,509	23,230	90,523
Earnings	5,587	7,728	6,078	5,837	25,230

	1988 Quarter First	Second	Third	Fourth	Total
Gross production revenue	26,778	24,507	39,754	28,631	119,670
Operating income	17,630	16,157	24,024	17,113	74,924
Earnings	5,859	4,959	3,339	2,989	17,146

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