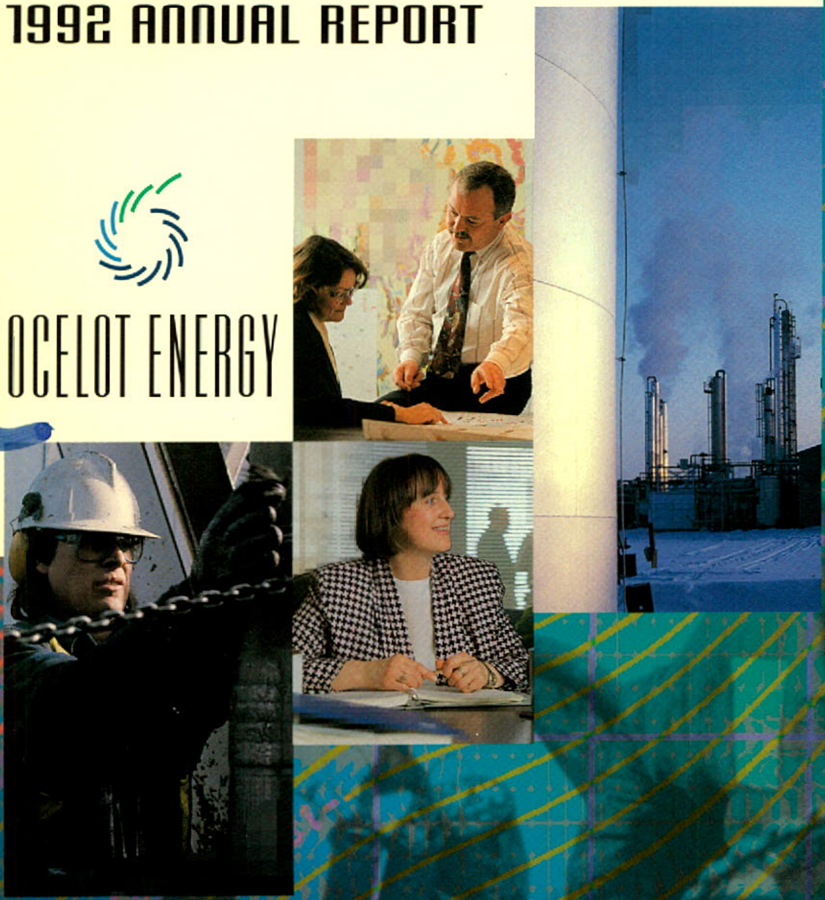
1992 ANNUAL REPORT

OCELOT ENERGY



GROWING

&

ADDING

VALUE

IN THE

1990's

CORPORATE PROFILE

Ocelot Energy Inc. is a publicly traded, independent Canadian energy company engaged primarily in two business activities– the exploration, production and marketing of oil and natural gas and the provision of contract services to the petroleum industry.

The mission of Ocelot Energy Inc. is to build and effectively manage a strong, well financed, independent energy company engaged in business activities which will generate a healthy return for all its stakeholders.

ANNUAL MEETING

The Annual General Meeting of the shareholders of Ocelot Energy Inc. will be held in the Belair Room of the Westin Hotel in Calgary, Alberta on Thursday, May 27, 1993 at 10:30 a.m. MDT.

The 1992 Ocelot Energy Inc. Annual Report is printed on Quintessence Remarque Gloss (80 lb. cover and 100 lb. text), a premium coated, acid free, recycled paper containing 50% pre-consumer waste and 10% post-consumer waste. The Hostmann-Steinberg Series Q7250 inks are vegetable-based, manufactured with linseed oil and pine gum resins and have only 15% or less Volatile Organic Compounds (V.O.C.s). The varnishes are also vegetable-based and meet similar content standards.

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HIGHLIGHTS

FINANCIAL

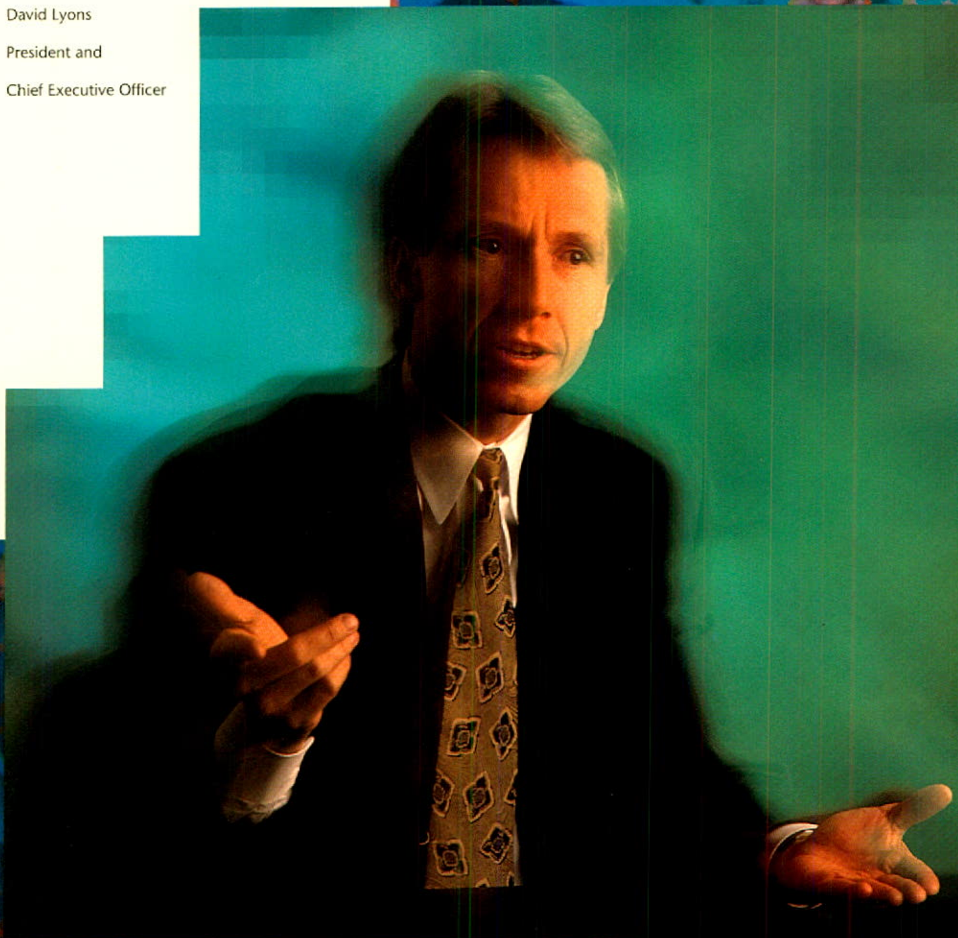
(thousands of dollars except where noted)

	Year ended December 31, 1992	From September 23, 1991 (commencement of active operations) to December 31, 1991
Revenue	**138,047**	**57,578**
Net earnings	**4,745**	**10,491**
Net earnings per share *(in dollars)*	**0.20**	**0.63**
Cash flow from operations	**22,607**	**16,355**
Cash flow per share *(in dollars)*	**0.95**	**0.98**
Capital expenditures	**20,511**	**6,976**
Working capital	**11,475**	**19,120**
Long-term debt	**49,359**	**98,133**
Obligations under capital leases *(long-term)*	**10,778**	**13,206**

1992

OPERATIONS

Natural gas production *(Mmcf/d)*	**55**	**54**
Proven and probable reserves *(Bcf)*	**508**	**508**
Proven natural gas reserves *(Bcf)*	**406**	**399**
Natural gas reserve life *(years)*	**20**	**20**
Proven and probable oil & NGL reserves *(MBbls)*	**528**	**375**
Proven oil and NGL reserves *(MBbls)*	**474**	**250**
Proven and probable sulphur reserves *(MLT)*	**609**	**684**
Proven sulphur reserves *(MLT)*	**358**	**483**
Drilling rigs: Canada	**18**	**19**
United States	**18**	**19**



David Lyons

President and

Chief Executive Officer

PRESIDENT'S MESSAGE

During 1992 Ocelot successfully accomplished the three key corporate objectives established at the beginning of the year.

Our first goal was to strengthen Ocelot's balance sheet. At the beginning of 1992, long-term bank debt was $98 million and by year end this had been reduced by $49 million to $49 million. This reduced the company's debt-to-cash-flow ratio to a satisfactory 2 times ratio.

Our second goal was to consolidate the businesses acquired by the company at the commencement of active operations on September 23, 1991 into an effective organization. I am pleased to report that the reorganization was successfully completed and that Ocelot's business units are now working well together.

Our third goal was to sustain Ocelot's traditional performance as one of the lowest cost independent Canadian finders of energy resources. To supplement our continuing program of reserve additions in the British Columbia Foothills we have developed a strategically focused oil and gas prospecting plan. That plan is now in place to provide low cost reserve growth through grass roots prospecting on high potential lands, selective acquisitions and international project development. The first major increase in reserves under the plan came through Ocelot's Sylvan Lake acquisition in February 1993. With the addition of this central Alberta property, Ocelot's reserves increased by 24 per cent and net deliverability increased by 60 per cent.

Ocelot can now report a gas reserve life index of approximately 20 years and focused production in four regions of western Canada. With short to mid-term cash flow growth from the energy services sector, reserve and deliverability growth from grass roots exploration and Sylvan Lake enhancements, Ocelot will generate strong financial performance over the next several years. This growth, combined with large-scale middle to long-term increases in reserves and deliverability from our B.C. Foothills gas project area and our international projects, provides the company with a coherent portfolio of property and assets which will generate sustained short, medium and long-term growth through the remainder of this decade.

1992 WAS A VERY GOOD YEAR FOR OCELOT ENERGY. OCELOT IS NOW WELL POSITIONED FOR SUBSTANTIAL GROWTH IN THE 1990'S.

GRASS ROOTS EXPLORATION

Ocelot continues to pursue its grass roots exploration strategies. During 1992, 35,820 net acres were added to our Alberta land position for this purpose. Our exploration activities focus on areas in which oil and gas reserves have been established by drilling. Within these areas, we seek to obtain a majority or a 100 per cent land ownership position on high potential lands. Favourable project economics, perceived risk, operating focus and production marketing opportunities are the other key factors in our decision making model. Ocelot expects to add at least two more core production areas to its existing portfolio of four producing areas by 1995 through grass roots exploration. With that objective in mind, Ocelot will participate in the drilling of two to three exploratory wells in Alberta during 1993 on new high working interest lands.

ACQUISITIONS

During 1991 and 1992, Ocelot acquired 8 billion cubic feet of natural gas reserves from its drilling fund partners. This added 2 million cubic feet of natural gas production per day in 1992. Additional acquisitions of reserves and production from other drilling fund partners are being considered in 1993.

In November of 1992, Ocelot committed to purchase, for $52.5 million, a large producing oil and gas property located near Sylvan Lake in central Alberta. The acquisition closed February 8, 1993. The purchase of this high quality property has increased Ocelot's proven and probable reserves by 7 million barrels of crude oil and natural gas liquids together with 52.5 billion cubic feet of natural gas reserves. The property currently produces approximately 2,000 barrels of oil and natural gas liquids per day

and 9 million cubic feet of natural gas per day net to Ocelot. Ocelot expects to add significant deliverability and reserves to the property through development activities in 1993.

ELEPHANT HUNTING IN THE FOOTHILLS

Drilling by Ocelot in its north-eastern British Columbia Foothills project area over the last three years has established very substantial new natural gas reserves. Ocelot is committed to continued drilling in this area and will participate in the drilling of approximately three wells per year over the next three to five years. Ocelot is confident that the B.C. Foothills project area will add many hundreds of billions of cubic feet of gas to Ocelot's reserve inventory.

EXPLOITING INTERNATIONAL OPPORTUNITIES

Ocelot is also pursuing opportunities for large-scale reserve and production growth outside of North America. The company has been asked by the Government of Tanzania to submit a proposal for the development of 300-600 billion cubic feet of proven, partially developed natural gas reserves for the production of urgently needed electrical energy. Early in 1993, the company also submitted a request to become the operator of 600 billion cubic feet of proven undeveloped natural gas reserves in shallow waters offshore Cameroon in West Africa.

Ocelot is prospecting to develop projects in Eastern Europe and expects to place a greater emphasis on growth through the international segment of its activities in 1993.

THE PEOPLE OF OCELOT

These strategies for growth and adding value are being implemented by an employee team that is second to none in the oil and gas industry. Dedicated, creative and committed to technical excellence, our head office and field employees are part of the foundation on which our company continues to build.

The economic climate for oil and gas investment in North America remains attractive within companies that have a strong sense of focus, solid technical skills and creative and dedicated employees. Ocelot is fortunate to have all of these qualities and continues to utilize them to create long lasting value for its shareholders.

DIRECTORS AND OFFICERS

There were a number of changes to the company's directors and officers in 1992. Glenn D. Gradeen was elected a Director of Ocelot, as well as being named Chief Operating Officer. He carries these new responsibilities while continuing as Executive Vice President.

Douglas A. Cutts was appointed a Director of the company. Mr. Cutts was also appointed as President of Lynx Energy Services Inc. He continues to serve as Ocelot's Vice President, Finance and Chief Financial Officer.

Robert C. Muir of Calgary, Alberta and W.K. Detlefsen of Pender Island, British Columbia were elected Directors of the company.

J. Verne Lyons resigned as Chairman of the Board and as a Director of the company on December 8, 1992. Mr. Lyons was appointed Chairman of Lynx Energy Services Inc. In accepting his resignation, the Board of Directors expressed their appreciation for the vision, trust, innovation and leadership that Verne Lyons has provided to Ocelot for over two decades.

1993 GOAL

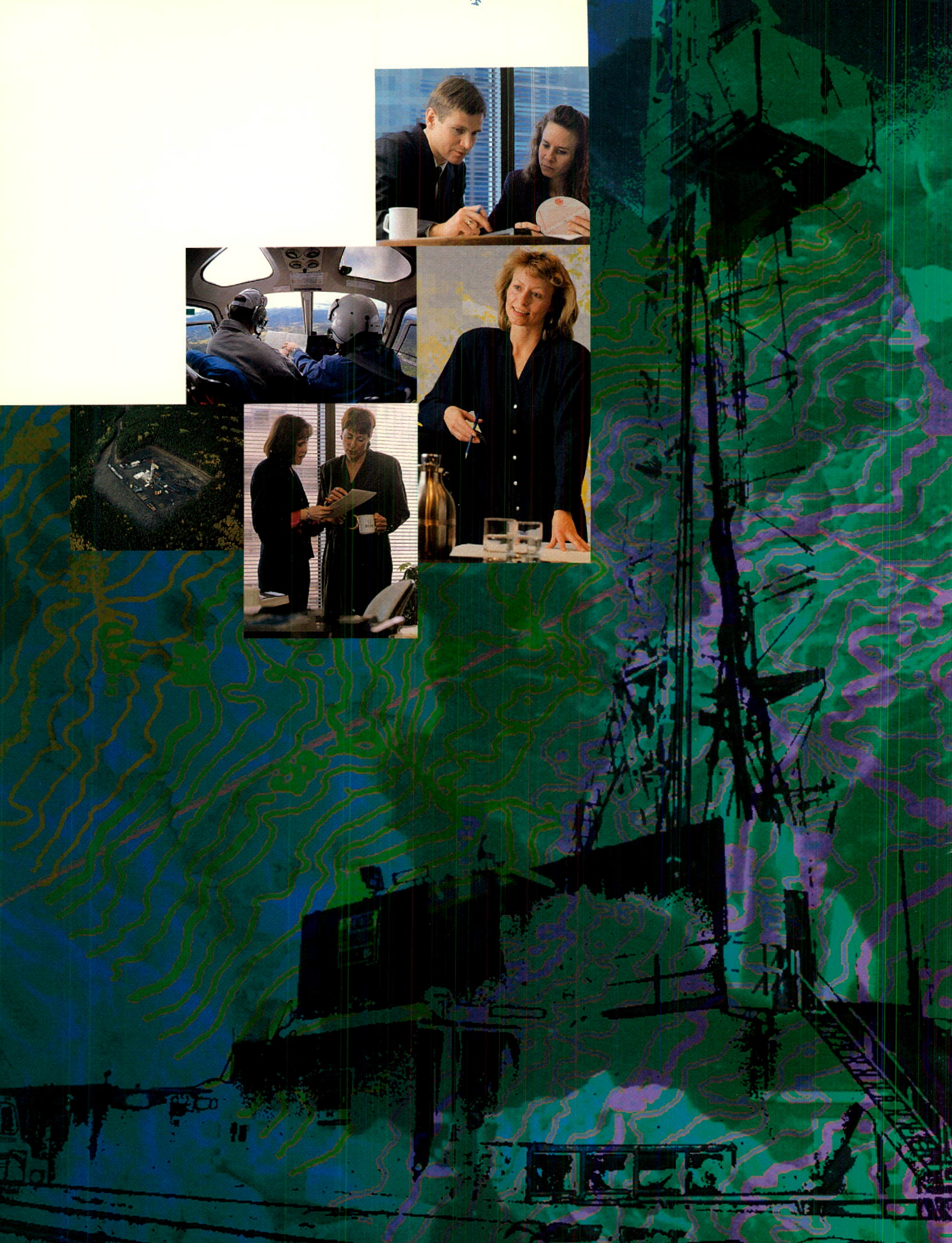
Ocelot's continuing goal for 1993 is to make major additions to the value of the company by building quality reserves, production and cash flow through strategically focused prospecting and development activities.

Ocelot expects to be a senior independent producer with in excess of 150 million cubic feet per day of energy equivalent production by 1995.

Your company has a clear vision of the direction Ocelot should take and the strategies that are needed to achieve our common goals. We are confident that 1993 will be a year of continued growth, opportunity and renewal for Ocelot and all of its stakeholders.

W. David Lyons
President and Chief Executive Officer

March 23, 1993



OIL AND GAS OPERATIONS

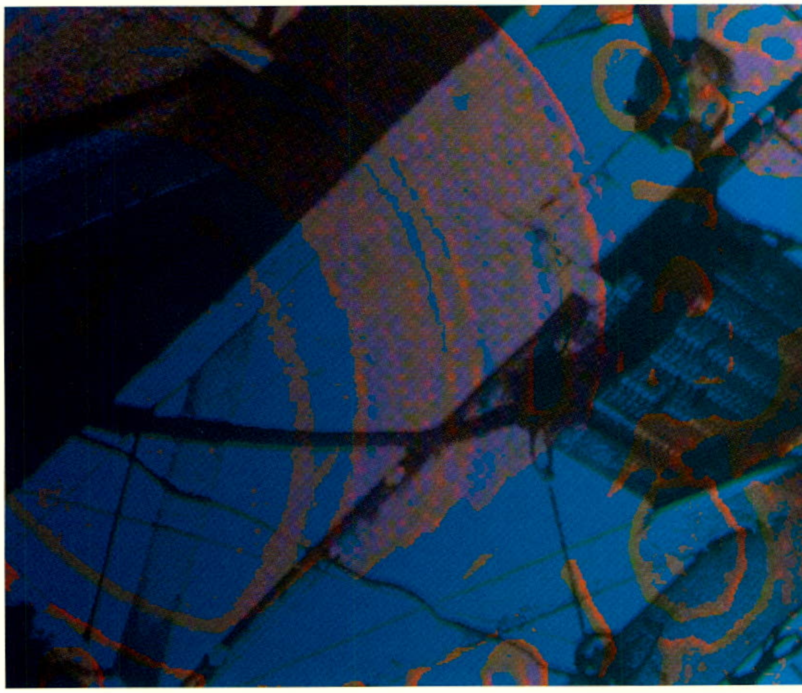
Ocelot Energy's reserves and production base continued to show strong growth through 1992.

Production averaged 54.5 million cubic feet of natural gas per day for the 12 months ended December 31, 1992 compared to a proforma average daily rate of 45.3 million cubic feet per day for the 12 months ended December 31, 1991. Oil and natural gas liquids production for the year ended December 31, 1992 averaged 134 barrels per day.

Effective January 1, 1993, with the acquisition of the Sylvan Lake property, Ocelot added a further 24 per cent to its oil and gas reserves and 60 per cent to the company's production base on a barrel-of-oil-equivalent basis. The acquisition closed on February 8, 1993. Information on reserves, discounted cash flows and land holdings presented in this section show the Ocelot assets before and after the Sylvan Lake acquisition.

With the addition of the Sylvan Lake property, Ocelot now has four core operating areas — central Alberta, southwestern Saskatchewan, northeastern B.C. Plains and northeastern B.C. Foothills. The Sylvan Lake acquisition is an important step in returning Ocelot to the status of a senior independent producer. It also provides for commodity diversification within Ocelot and re-establishes a significant base of operations in Alberta.

Capital expenditures by Ocelot's oil and gas group were $12.5 million in 1992. This included $3.2 million for capitalized general and administrative expenses and $8.0 million spent on land, seismic, drilling and facilities. The Sylvan Lake acquisition cost of $52.5 million was incurred in the 1993 fiscal year.

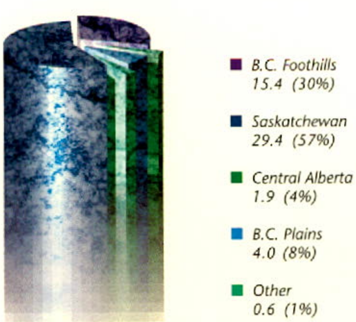


Glenn Gradeen

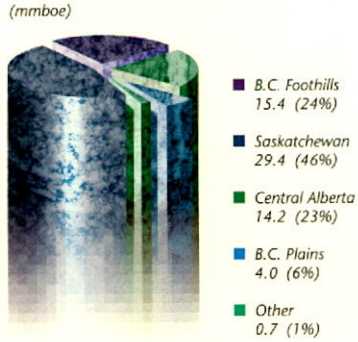
Executive Vice President and

Chief Operating Officer

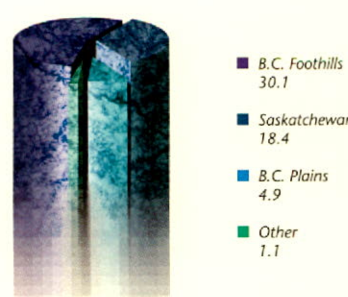
1992 RESERVES
(mmboe)



1992 RESERVES PLUS SYLVAN LAKE
(mmboe)



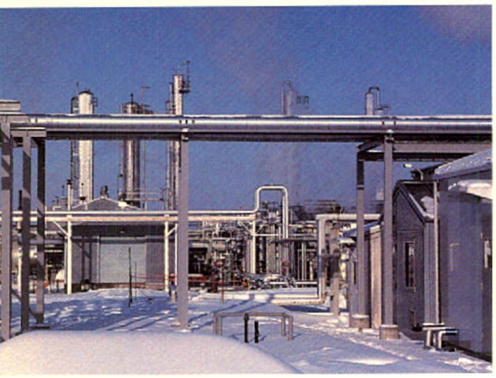
1992 SALES VOLUMES
(mmcf/d)



RESERVES, LAND AND DRILLING

At December 31, 1992, Ocelot had total reserves of 508 billion cubic feet of natural gas. This included 406 billion cubic feet of proven reserves and 102 billion cubic feet of probable reserves. Ocelot also had 528 thousand barrels (474 thousand barrels proven) of oil and NGL reserves as well as 609 thousand long tons (358 thousand long tons proven) of sulphur.

The Sylvan Lake gas plant is part of a $52.5 million acquisition of oil and gas assets which was initiated in 1992 and closed February 8, 1993



At January 1, 1993, after taking into account the Sylvan Lake acquisition, total proven and probable reserves were 561 billion cubic feet (442 billion cubic feet proven) of natural gas. Oil and NGL reserves totalled 7.5 million barrels (5.5 million barrels proven). Sulphur reserves remained unchanged at 609 thousand long tons (358 thousand long tons proven).

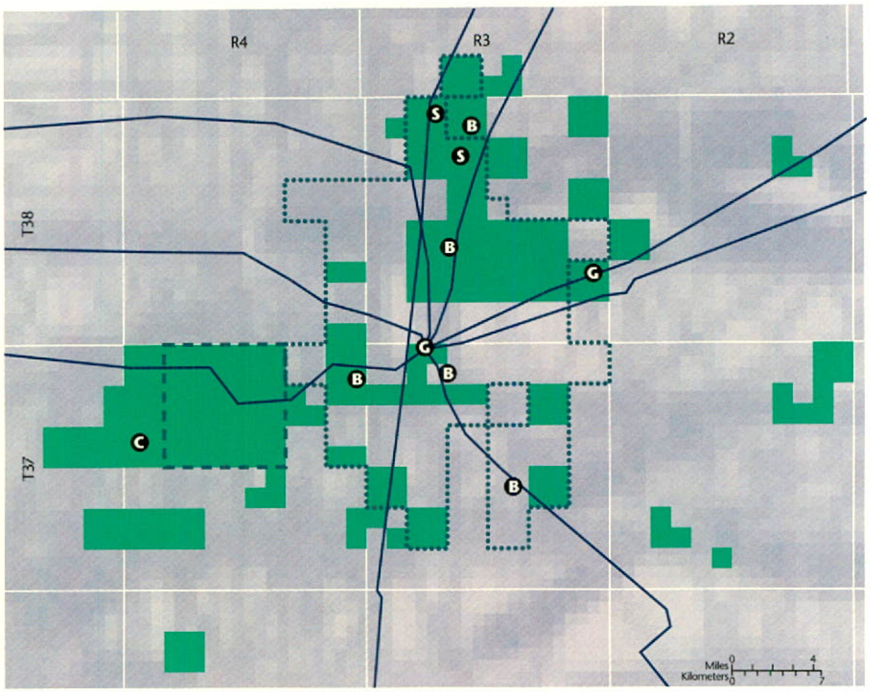
At 1993 current production rates, Ocelot has a reserves life index of approximately 20 years for gas and seven years for oil.

At December 31, 1992, prior to the Sylvan Lake acquisition, Ocelot had interests in Canada in 432,427 gross acres (270,313 net). At January 1, 1993, with the addition of the Sylvan Lake lands, the company had interests in 473,052 gross acres (292,539 net) compared with 452,271 gross acres (274,090 net) on December 31, 1991. The company currently has 323,185 gross acres (201,201 net) of undeveloped land.

In 1992, Ocelot Energy participated in the drilling of 99 wells (64.3 net). Of these, 97 wells (63.1 net) were cased as gas wells. At December 31, 1992, prior to the Sylvan Lake acquisition, Ocelot had interests in Western Canada in 622 gas wells (producing or capable of production).

SYLVAN LAKE/CENTRAL ALBERTA

By an agreement signed November 13, 1992, and which closed February 8, 1993, Ocelot acquired all of Encor's interests in approximately eight townships of lands in central Alberta. Included are



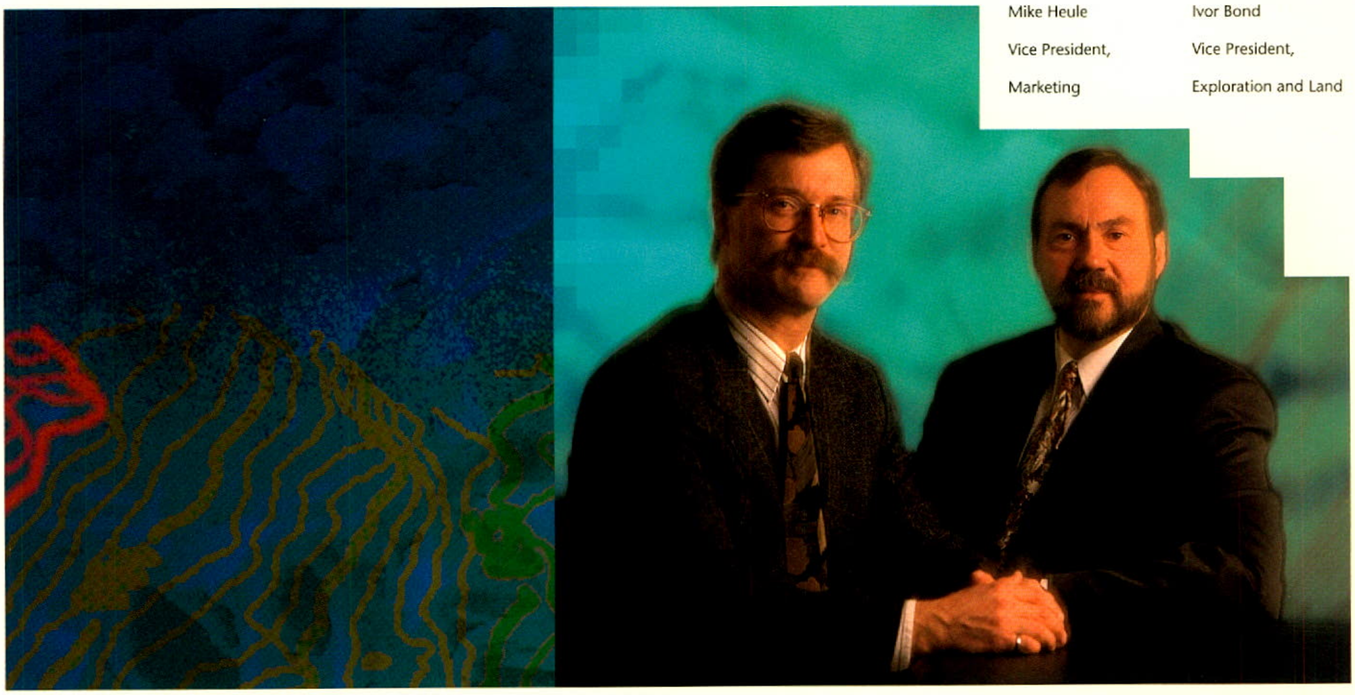
Sylvan Lake

61 Oil wells
32 Gas wells

- ■ *Ocelot lands*
- ••• *Sylvan Lake Gas Unit*
- -- *Raven Gas Unit*
- — *Pipelines*
- G *Gas plants*
- B *Batteries*
- C *Compressor*
- S *Satellites*

40,625 gross acres of land (22,226 net), 61 oil wells and 32 gas wells producing approximately 2,000 barrels per day of oil and NGLs and 9 million cubic feet per day of natural gas.

For 1993, Ocelot is planning a $2.0 million capital program including seismic and infill drilling. A three-dimensional seismic program is planned for the Pekisko B Pool in the first half of 1993. It is expected that this program will help to confirm infill drilling locations for the last half of 1993. In addition, operating enhancements being introduced by Ocelot are expected to increase oil production by approximately 10 per cent and reduce operating costs by approximately 10 per cent by year end.



Mike Heule
Vice President,
Marketing

Ivor Bond
Vice President,
Exploration and Land

Ocelot has two other properties of note in the central Alberta area. One is Ocelot's Westerose property which has been producing natural gas since 1990. The other is in the Pembina area, where Ocelot acquired two sections of lands in 1992 west of the Westerose property. In this area, a well at 3-24-47 4W5 was drilled to extend the Pembina Banff E Pool. This well was cased as a potential Banff gas well in December 1992 and will be tested in early 1993. It is anticipated that this 100 per cent working interest well will be completed and tied in by mid 1993.

The central Alberta area now represents Ocelot's largest single producing area. The area is currently producing approximately 2,000 barrels of oil and NGLs per day and 11 million cubic feet per day of natural gas net to Ocelot. Proven and probable reserves in Ocelot's central Alberta area at January 1, 1993, following the Sylvan Lake acquisition, total 7 million barrels of oil and NGLs and 71 billion cubic feet of natural gas.

Westcoast Energy's Pine River gas processing plant in northeastern British Columbia will be expanded in 1994 to accommodate additional gas production from the area. Ocelot has contracted for an additional 20 million cubic feet per day of gas processing capacity.

BRITISH COLUMBIA FOOTHILLS

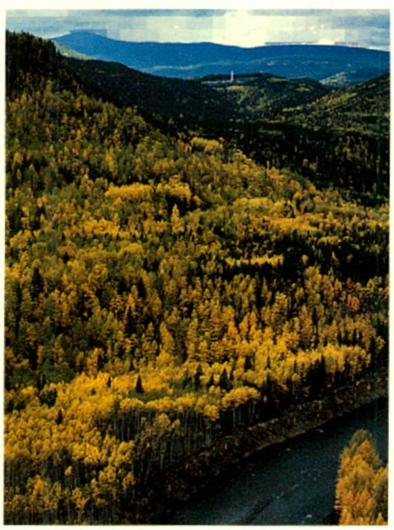
In 1992, Ocelot participated in the drilling and completion of two wells in the British Columbia Foothills area. One at d-33-H/93-P-4 was flow tested at 15 million cubic feet per day of raw gas. The other at b-30-C/93-P-3 cannot currently be produced at commercial flow rates. The b-30-C well is currently suspended and it is expected that further drilling and completion work will be required to make it commercial.

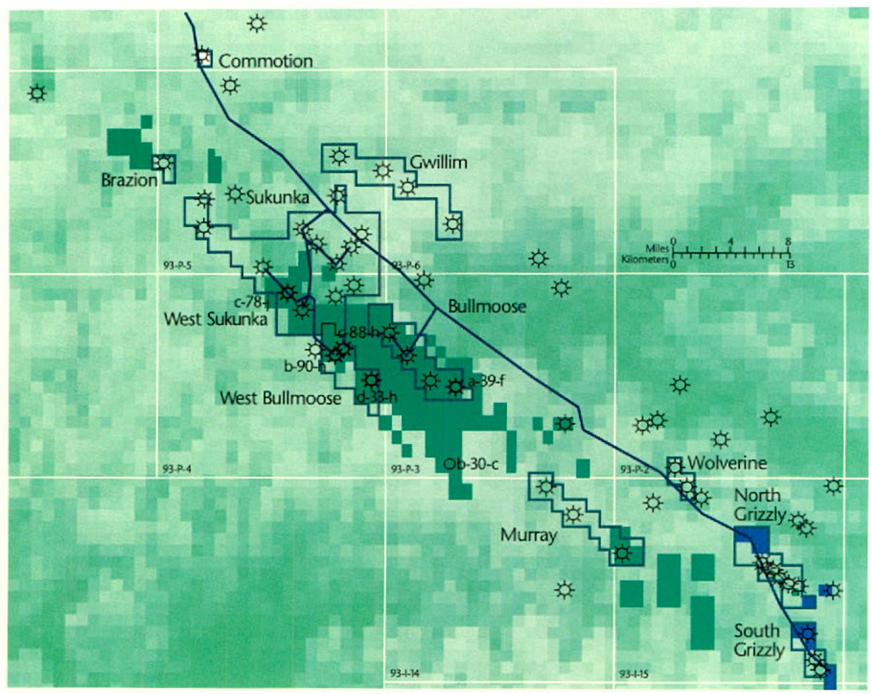
An extensive seismic program was conducted in the Bullmoose Sukunka and Brazion areas in 1992. A total of 147 miles of seismic was obtained through acquisition, purchase and trade and it is anticipated that Ocelot will drill up to three wells in the Bullmoose Sukunka area in 1993. Drilling locations will be based upon seismic data and other exploration successes in the area.

Westcoast Energy has announced plans to expand the Pine River processing plant effective November 1, 1994. The expansion will result in an additional 235 million cubic feet per day of residue gas processing capacity in the area. Ocelot has contracted for an additional 20 million cubic feet per day of residue gas processing capacity in this expansion with an option for additional capacity.

The B.C. Foothills area currently represents Ocelot's largest volume of gas production. Ocelot produces approximately 30 million cubic feet of gas per day from this area net to Ocelot and an additional 20 million cubic feet of gas per day on behalf of drilling fund partners. Total proven and probable Foothills area gas reserves net to Ocelot at December 31, 1992 were 154.1 billion cubic feet.

Ocelot will drill up to three wells in the rugged British Columbia Foothills area in 1993.





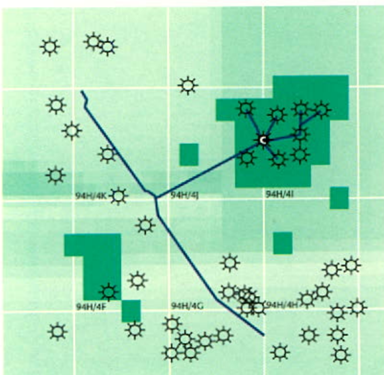
Foothills Gas Project Area

- Ocelot lands
- Royalty Interests
- Gas wells
- Gas pipelines

BRITISH COLUMBIA PLAINS

In the Plains area of British Columbia, Ocelot produces approximately 5 million cubic feet of gas per day net to Ocelot and an additional 8 million cubic feet per day net to drilling fund partners.

Drilling in 1992 included two stepout wells drilled in an attempt to extend existing reservoirs. Both of these wells were dry and abandoned. The British Columbia Plains area is Ocelot's smallest core area but still holds significant exploratory and acquisition opportunities. Year end reserves in Ocelot's British Columbia Plains properties were 35.9 billion cubic feet of gas and 428 thousand barrels of NGLs. Future capital plans



Nig Creek

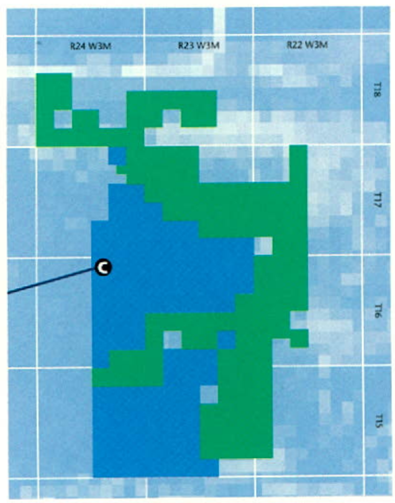
- Ocelot lands
- Gas wells
- Gas pipelines
- Compressor

include one development well at Nig Creek which was drilled in early 1993.

SOUTHWESTERN SASKATCHEWAN

This area consists of the Freefight and Crane Lake shallow gas properties which currently produce 18 million cubic feet per day. In 1992, Ocelot completed a 94 well infill development drilling program in this area. Efficient development of shallow gas reserves is a specialized niche that Ocelot has successfully occupied for almost two decades. The company is one of Canada's most experienced shallow gas producers and has pioneered the cost-effective recovery of these reserves.

The Freefight area represents another challenge that Ocelot is handling successfully. This gas

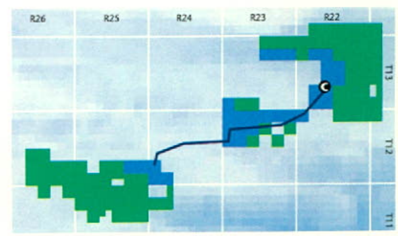


Freefight

- Ocelot lands
- Area of producing wells (546 gas wells)
- Gas pipelines
- Compressor

development project is on the western edge of the Great Sand Hills of Saskatchewan in an area that requires considerable sensitivity to environmental management issues, as well as carefully planned reclamation strategies. This year Ocelot introduced pitless (no sump) drilling technology for the first time. The elimination of the need for a drilling sump removes one of the major causes of land disturbance. It also represents a cost savings in the drilling of the shallow wells required to access the Milk River or Second White Speckled Shale formations in the area.

In the Freefight and Crane Lake areas another 70-90 well infill development drilling program is planned for 1993. Most of the wells



Crane Lake

- Ocelot lands
- Area of producing wells (48 gas wells)
- Gas pipelines
- Compressor

will be drilled in the Freefight area.

The shallow gas properties at Freefight and Crane Lake are Ocelot's largest reserves properties. Total proven and probable reserves in these areas at December 31, 1992 were 294.2 billion cubic feet of gas.

EXPLORATION FOCUS

Ocelot has targeted a number of high potential areas in Western Canada which meet the company's criteria for a successful grass roots exploration program. New exploratory lands were acquired in 1992, primarily in Alberta, and Ocelot's goal is to add two additional operating properties to the company's base of operations by 1995.

Ocelot recognizes that one measure of the company's credibility as an oil and gas company is its ability to successfully drill for new reserves. In selecting potential exploration targets, Ocelot is guided by a number of factors including perceived risk, exploratory potential, operating focus, project economics and opportunities to market oil or gas. To balance the potential risks in grass roots exploration programs, Ocelot will also target activity in areas in which production has already been established. This strategy worked successfully for Ocelot in late 1992 in the Pembina area and the same strategy is now being applied to other high potential prospects in western Canada.

In 1992, Ocelot completed its first "pitless" drilling program in Saskatchewan. Pitless drilling significantly reduces surface disruption when drilling in environmentally sensitive areas.

RESERVES

	Natural Gas (BCF)	Crude Oil & NGLs (MBbLs)	Sulphur (MLT)
Proven Reserves			
Reserves as at December 31,1991	**399**	**250**	**483**
Added by Drilling	**14**	-	-
Revisions, Dispositions and Acquisitions	**13**	**273**	**(90)**
Production	**(20)**	**(49)**	**(35)**
Reserves as at December 31,1992	**406**	**474**	**358**
Probable Reserves	**102**	**54**	**251**
Total Proven and Probable Reserves	**508**	**528**	**609**
Sylvan Lake Acquisition (closed February 8, 1993)			
Proven	**36**	**4,980**	-
Probable	**17**	**2,020**	-
Total Proven and Probable	**53**	**7,000**	-
Grand Total			
Grand Total Proven	**442**	**5,454**	**358**
Grand Total Probable	**119**	**2,074**	**251**
Grand Total Proven and Probable	**561**	**7,528**	**609**

Ocelot's proven and probable reserves are shown on a before royalty basis. The reserve evaluations, including estimated net cash flows, have been carried out by independent consultants. The definitions for proven and probable reserves are as follows:

Proven Reserves - Quantities of crude oil, natural gas, and natural gas by-products which, upon analysis of geological and engineering data, appear with a high degree of certainty to be recoverable at commercial rates in the future from known oil and gas reservoirs under presently anticipated economic and operating conditions.

Probable Reserves - Reserves which may be recovered in the future by using pressure maintenance or other secondary recovery methods, or by more favourable performance of the existing recovery mechanism than that which would be deemed proven at the present time. They may also be reserves which are assumed to exist because of geophysical or geological indications and drilling done in regions which contain proven reserves.

ESTIMATED NET CASH FLOWS FROM RESERVES

	Discounted At 10%	Discounted At 15%
Proven Reserves	**$ 270,452,207**	**$ 189,407,113**
Probable Reserves	**23,424,877**	**16,305,533**
Proven and Probable Reserves	**$ 293,877,084**	**$ 205,712,646**
Grand Total Including Sylvan Lake (closed February 8, 1993)		
Grand Total Proven	**$ 334,852,207**	**$ 241,707,113**
Grand Total Probable	**46,024,877**	**31,905,533**
Grand Total Proven and Probable	**$ 380,877,084**	**$ 273,612,646**

Independent engineering reserves and cash flows from McDaniel & Associates Ltd., except Sylvan Lake which is from Coles Gilbert Associates Ltd.

LANDHOLDINGS – DEVELOPED AND UNDEVELOPED

	Gross Hectares	Net Hectares	Gross Acres	Net Acres
Canada				
British Columbia	**76,793**	**22,786**	**189,758**	**56,305**
Alberta *(excluding Sylvan Lake)*	**18,126**	**15,522**	**45,316**	**38,806**
Saskatchewan	**79,868**	**70,903**	**197,353**	**175,202**
Sub-total	**174,787**	**109,211**	**432,427**	**270,313**
Sylvan Lake *(closed Feb 8/93)*	**16,250**	**8,890**	**40,625**	**22,226**
Total Canada	**191,037**	**118,101**	**473,052**	**292,539**
International				
Cameroon[1]	**58,000**	**9,280**	**145,000**	**23,200**
Total Land Holdings[2]	**249,037**	**127,381**	**618,052**	**315,739**

(1) The Cameroon lands are held under a permit which expired in January, 1993. It is Ocelot's intention to renegotiate in 1993 for a permit for 100 per cent of these lands.

(2) Does not include varying royalty interests in 47,949 acres.

NATURAL GAS PRODUCTION

Average Daily Production	Millions of cubic feet per day
Proforma 1991	**45.3**
1992	**54.5**

TOTAL WELLS DRILLED

	Total 1992 Drilling		Total 1991 Drilling[1]	
	Gross	Net[2]	Gross	Net[2]
Development				
Gas	**94**	**61.4**	**91**	**64.2**
Dry	**2**	**1.2**	**1**	**.2**
Total	**96**	**62.6**	**92**	**64.4**
Exploratory				
Gas	**3**	**1.7**	**1**	**.1**
Dry	**–**	**–**	**4**	**1.2**
Total	**3**	**1.7**	**5**	**1.3**

(1) Includes wells drilled by Ocelot Industries Ltd. from January 1, 1991 to September 22, 1991 and by Ocelot Energy Inc. from September 23 to December 31, 1991.

(2) The company's interests in drilling programs have been included using Ocelot's working interest after payout of applicable drilling funds.

RESERVE AND PRODUCTION GROWTH TARGETS

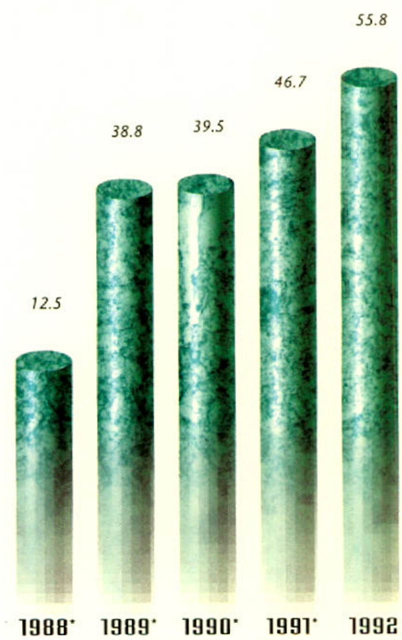
Ocelot Energy's growth plan for oil and gas includes specific growth targets and a clear timetable for achieving these goals.

Ocelot has targeted a reserve base of 1 trillion cubic feet of natural gas (including gas equivalent) reserves and 150 million cubic feet per day of natural gas (including gas equivalent) production to be achieved by the end of 1995.

Ocelot plans to achieve these growth targets by a strategy that combines adding to current reserves by a program of exploratory drilling and carefully selected acquisitions.

PRODUCTION GROWTH

(MMCFE/D)



*Proforma

PETROLEUM INDUSTRY SERVICES

Ocelot Energy supplies services to the oil and gas industry through the activities of its wholly-owned subsidiary — Lynx Energy Services Inc. Each operating unit in the Lynx group of companies maintains its own separate name and identity to allow that unit to build a strong and distinctive presence in the marketplace.

Activities of the Lynx Energy Services group of companies are focused in three service sectors:

- Pipeline Construction
- Contract Drilling
- Oilfield Equipment

MAJOR PIPELINE WORK COMPLETED ACROSS CANADA

Pipeline construction work within the Lynx group of companies is conducted by O.J. Pipelines and South Eastern Pipeline Contruction. O.J. Pipelines, based in Nisku, Alberta, is one of Canada's major large-diameter pipeline construction companies. O.J. has experience working the full range of varied terrain and seasonal conditions found across Canada. South Eastern Pipeline Construction, based in Medicine Hat, Alberta, specializes in smaller diameter pipeline construction work and operates primarily in southeastern Alberta and southwestern Saskatchewan.

In 1992, O.J. Pipelines completed large-diameter pipeline projects for three of Canada's largest natural gas transmission companies — TransCanada PipeLines (TCPL), Westcoast Energy Inc. and NOVA Corporation of Alberta.

Fifty-seven kilometers of 42-inch pipe was completed in the winter of 1991-92 for TCPL in eastern Manitoba and northwestern Ontario. In the third and fourth quarters of 1992, O.J. Pipelines also completed 40 kilometers of 36-inch diameter pipe in the British Columbia interior for Westcoast Energy and a 30-inch diameter pipe river crossing near Peace River, Alberta, for NOVA Corporation.

In December 1992, work commenced on two additional TCPL pipeline projects totalling 109 kilometers of 42-inch pipe. One spread consists of 56 kilometers of pipe in southeastern Manitoba and northwestern Ontario. The second contract has 53 kilometers of pipe in the North Bay area of Ontario. Both spreads are in rugged Canadian shield country where O.J. has substantial construction expertise.

In southern Alberta and Saskatchewan, South Eastern Pipeline Construction obtained approximately the same volume of small-diameter pipeline work in 1992 as in 1991. South Eastern is an industry leader in the installation of small-diameter lines that are put in place with minimal environmental disturbance. In December 1992, South Eastern successfully installed 52 kilometers of small-diameter pipelines and gathering lines for a 91 well natural gas

Doug Cutts
President, Lynx Energy Services
and Ocelot Energy's
Vice President, Finance

development drillng program north of Maple Creek, Saskatchewan. That project is located on the western edge of the environmentally sensitive Great Sand Hills area.

Gross revenues from pipeline construction operations totalled $75.2 million in 1992 down from $159.3 million in proforma 1991.

In 1992, O.J. Pipelines completed major projects in Ontario, Manitoba, Alberta and British Columbia.

CONTRACT DRILLING PACE ACCELERATES IN FOURTH QUARTER

Lynx owns 36 land-based rigs operating in Canada and the United States. In Canada, Cactus Drilling, based in Calgary, Alberta, has 18 rigs capable of operating at medium-to-deeper depths. In the United States, Cardinal Drilling, based in Billings, Montana, also operates 18 medium-to-deep rigs. Both companies have expertise in conventional, horizontal and directional drilling.

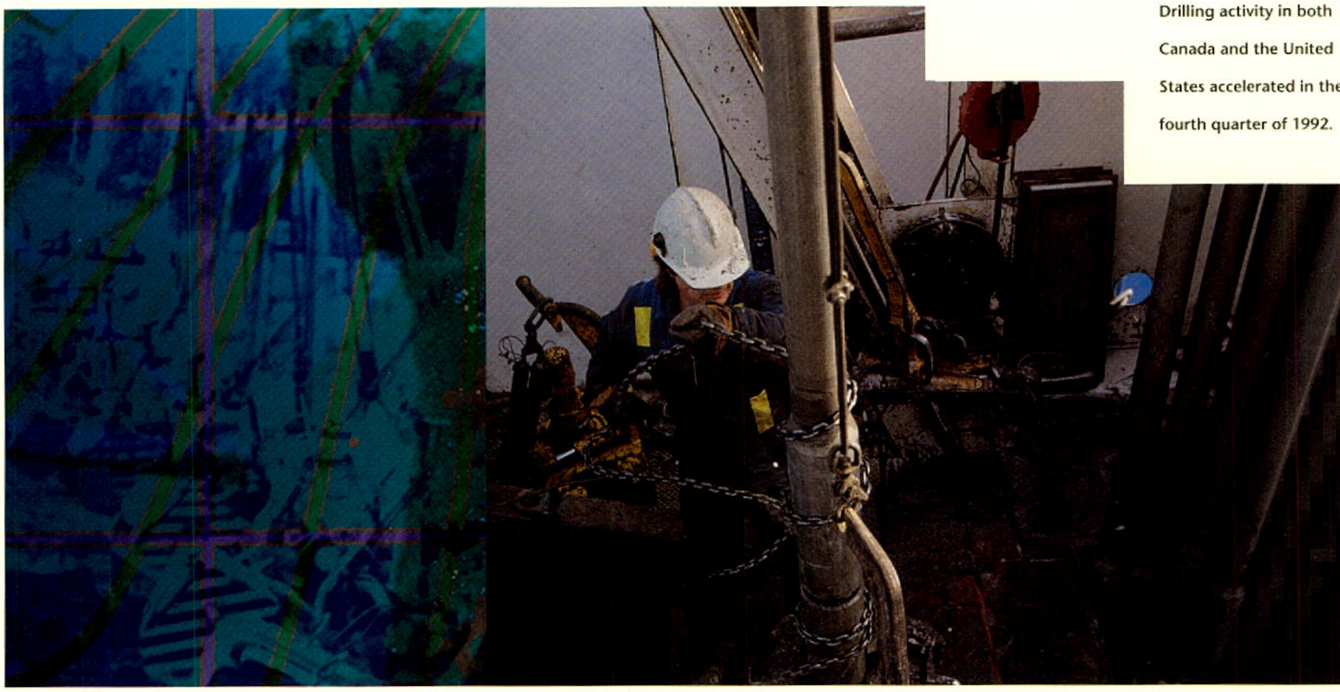
Both Cactus and Cardinal experienced reduced demand for drilling services in the first three quarters of 1992. However, by the fourth quarter, activity had picked up considerably due to the positive impact of a number of factors in both Canada and the United States. This increased level of activity has carried over into the first quarter of 1993.

An increase in natural gas prices combined with relatively stable oil prices was a major factor in the upswing in contract drilling activity near the end of 1992. Revisions to the Alberta royalty regime as well as amendments to Canadian income tax provisions also had a positive influence. In the United States, some favourable income tax amendments associated with the U.S. Energy Bill were also helpful. The overall effect was one of an improved attitude on the part of investors towards oil and gas exploration. Operating companies have responded by increasing drilling activity.

CONTRACT DRILLING RIG UTILIZATION FIGURES

	Total Operating Days		Company Utilization		Comparative Industry Utilization	
	1992	1991	1992	1991	1992	1991
Cactus Drilling	**2,169**	**2,336**	**33%**	**32%**	**25%**	**32%**
Cardinal Drilling	**1,441**	**1,536**	**21%**	**22%**	**27%**	**22%**

Gross revenues from contract drilling operations in both Canada and the United States totalled $31.9 million in 1992 down from $35.1 million in proforma 1991. The operating loss from contract drilling in 1992 was $2.7 million compared with $2.2 million in proforma 1991.



Drilling activity in both Canada and the United States accelerated in the fourth quarter of 1992.

LYNX TOOL ATTRACTS CUSTOMERS WITH HIGH QUALITY PRODUCTS

Lynx Tool Company manufactures, sells, repairs and rents downhole equipment in both Canada and the United States. Over the years, Lynx Tool has been successful in maintaining a loyal customer base for its specialized high quality products. Performance of the Lynx Tool companies in both Canada and the United States tends to track contract drilling activity levels. Revenues for 1992 were $5.0 million, down from $6.6 million in proforma 1991.

Lynx Tool recorded an operating loss in 1992 of $0.6 million compared with $0.1 million in proforma 1991.

LYNX ENERGY SERVICES OUTLOOK FOR 1993

Ocelot is optimistic that 1993 will be a positive year for Lynx Energy Services Inc. Two major large-diameter pipeline contracts will be completed by O.J. Pipelines in the first half of the year and additional large and small-diameter pipeline work will be available to the Canadian pipeline industry during the balance of 1993.

Contract drilling activities in the Western Canadian sedimentary basin will continue to be strong through the first quarter of 1993. Industry drilling associations are publicly optimistic that overall 1993 drilling activity in both Canada and in the Rocky Mountain region of the United States will be at a higher level than in 1992. However, there are many factors that will influence drilling activity over the year and a clearer picture of the full year will not be available until approximately the third quarter.

Drilling a horizontal well near Brooks, Alberta, Cactus No. 9 was one of the Cactus rigs in service in the fourth quarter of 1992.

INTERNATIONAL

Internationally, Ocelot is pursuing carefully selected opportunities for large scale oil and gas reserve and production growth.

Ocelot plans to utilize two complementary growth strategies. One is to work with local owners of established oil or gas reserves to initiate production on or optimize development of their proven oil and gas reserves. The other is to invest in established oil or gas developments. These strategies will increase Ocelot's international development expertise while adding value and cash flow to the company.

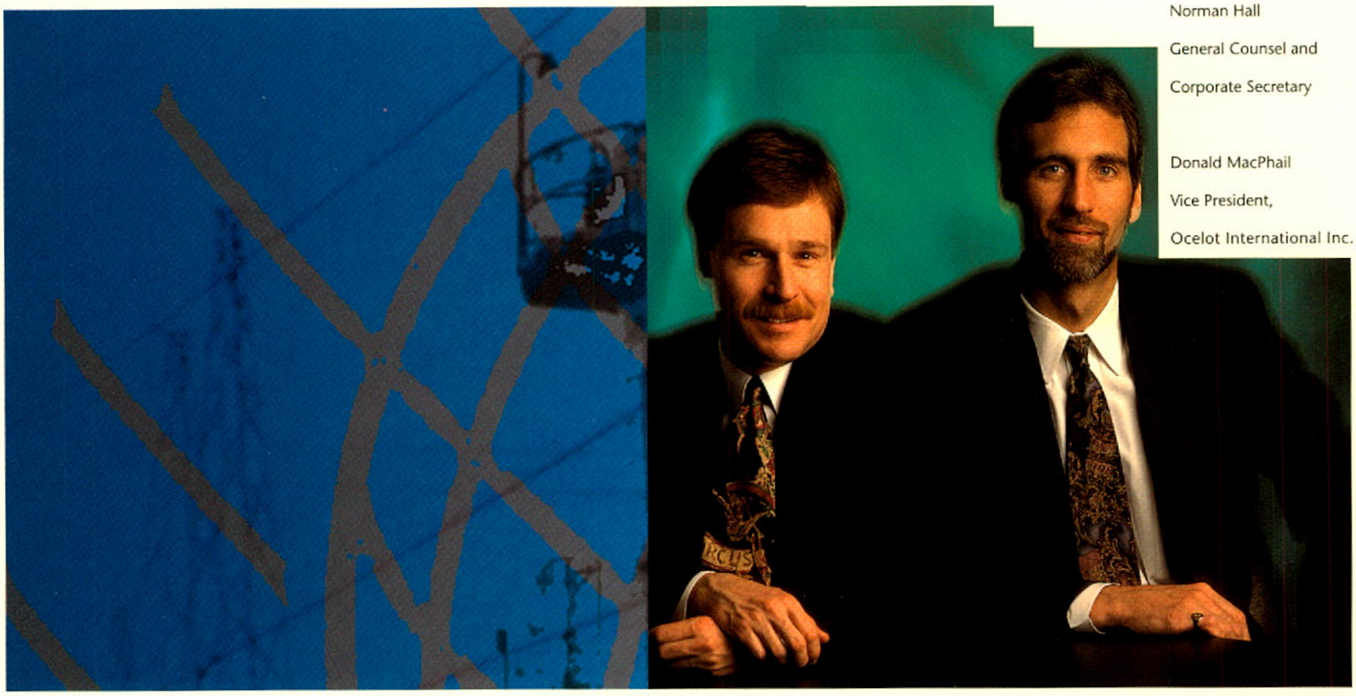
Over the course of 1992, Ocelot focused on building long-term international relationships in which Ocelot and local partners maintained defined roles and actively participated in all aspects of project evaluation.

Currently, Ocelot is pursuing opportunities in two African countries, in Eastern European countries and in selected areas of the Commonwealth of Independent States (CIS).

In Africa, two high potential natural gas projects are advancing. Feasibility studies, evaluations and government discussions have been ongoing in both Tanzania and Cameroon with a view to developing large established natural gas reserves into local markets. Power generation is one potential market for the natural gas.

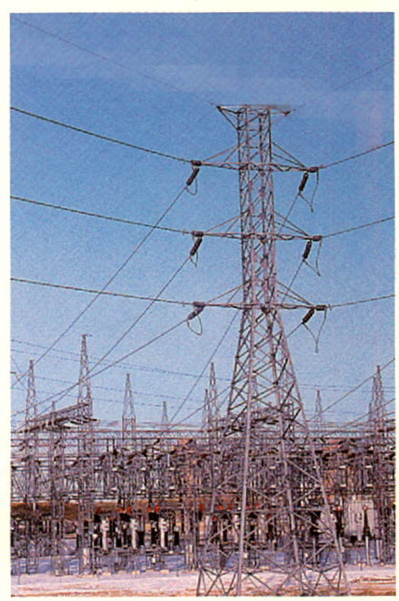
In Eastern Europe, discussions have been held in Poland focusing on regions of natural gas production decline. Ocelot is assessing whether these projects represent appropriate opportunities to expand the company's international scope of activity.

Within the CIS, oil development projects in Kazakhstan and Turkmenistan are being assessed. Potential opportunities in those countries involve optimization or expansion of existing oil production operations.



Norman Hall
General Counsel and
Corporate Secretary

Donald MacPhail
Vice President,
Ocelot International Inc.



Ocelot is working to develop markets for large established reserves of natural gas in Africa and Eastern Europe. Power generation is one potential market for the gas.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

General

Ocelot Energy Inc. is engaged in the oil and natural gas exploration, production and marketing business and the petroleum industry services business (which comprises pipeline construction, contract drilling of oil and gas wells, and the manufacture, sale, repair, and rental of oilfield equipment). On September 23, 1991 the Company acquired these businesses from Methanex Corporation (formerly Ocelot Industries Ltd. ("Methanex")) pursuant to a plan of arrangement in addition to the acquisition of the oil and gas assets of Lone Pine Resources Ltd. Prior to September 23, 1991, the Company had no active operations.

Consolidated operating revenues of the Company amounted to $138.0 million for the year ended December 31, 1992, compared to $57.6 million for the period September 23, 1991 to December 31, 1991. Net earnings for 1992 were $4.7 million, compared to net earnings of $10.5 million in the 1991 period.

Equity Financings

During 1992, Ocelot completed two equity financings, issuing a total of 7,175,000 Class B subordinate voting shares for gross proceeds of $42.7 million.

In January 1992, the Company entered into an underwriting agreement to issue 2,175,000 Class B subordinate voting shares for gross proceeds of $10.2 million. This transaction closed on January 30, 1992, at which time the net proceeds of $9.7 million were utilized to repay long-term debt.

In June 1992, the Company entered into an equity financing of 5,000,000 Special Warrants for gross proceeds of $32.5 million, convertible into 5,000,000 Class B shares of Ocelot. As part of this transaction, the Company issued 2,500,000 Redeemable Purchase Warrants entitling the holder to purchase an equal number of Class B shares at $7.00 per share until June 30, 1995. In August, the Company received net proceeds of $30.6 million which were utilized to repay long-term debt.

Major Acquisition

On February 8, 1993, the Company acquired properties in and operatorship of the Sylvan Lake area of Alberta for an aggregate consideration of $52.5 million. The acquisition primarily included producing oil and gas wells and associated production facilities. The purchase was financed through a combination of existing bank facilities and a $28 million limited recourse loan from the Company's principal banker.

Proforma Operating Results

The Company's financial results are analyzed below by its two major business segments. For comparative purposes only, the unaudited proforma operating results for the year ended December 31, 1991 have been presented to facilitate discussion of variances in operations on an annual basis. The unaudited proforma results give effect to the purchase of the petroleum and natural gas operations of Methanex and Lone Pine Resources Ltd. and the purchase of Methanex petroleum industry services operations as if they had occurred on January 1, 1991. Actual results for the period October 1, 1991 to December 31, 1991 were combined with the proforma results for the nine months ended September 30, 1991 to provide the unaudited proforma results for the year ended December 31, 1991.

The Company's operating revenues decreased by 38 per cent in 1992 over proforma 1991 primarily as a result of a reduction in pipeline construction revenues from the petroleum industry services operations.

OPERATING REVENUE *(millions)*	1992 *(audited)*	Proforma 1991 *(unaudited)*	%
Petroleum and natural gas	$ 26.0	$ 20.7	26
Petroleum industry services	112.1	201.0	(44)
	$ 138.1	$ 221.7	(38)

PETROLEUM AND NATURAL GAS OPERATIONS

PETROLEUM AND NATURAL GAS OPERATIONS *(millions)*	1992 *(audited)*	Proforma 1991 *(unaudited)*	September 23, 1991 to December 31, 1991 *(audited)*
Revenue	$ 26.0	$ 20.7	$ 6.9
Operating and administrative expenses	$ 8.6	$ 6.2	$ 1.9
Depletion and depreciation	$ 7.2	$ 5.8	$ 2.0
Cash flow from segment operations	$ 17.4	$ 14.5	$ 5.0
Natural gas production *(mmcf/d)*	54.5	45.3	53.9

Year ended December 31, 1992 compared to proforma year ended December 31, 1991

Petroleum and natural gas sales revenues increased 26 per cent from 1991 proforma revenue to $26.0 million in 1992. The improvement in this segment's revenue was primarily attributable to an increase in processing revenue of $2.5 million and a 20 per cent increase in natural gas production from a 1991 proforma average rate of 45.3 mmcf per day to an average of 54.5 mmcf per day in 1992. Most of the production increase in 1992 was attributable to a full year of production from the Company's core area of West Sukunka in northeastern British Columbia. In 1992, Ocelot was predominantly a gas producing company with approximately 98 per cent of the Company's working interest revenue derived from gas sales. With the recent acquisition of the Sylvan Lake properties, it is expected that the oil and natural gas liquids ("NGL") revenues will contribute approximately 30 per cent of the overall 1993 revenues.

Operating and administrative expenses increased 39 per cent to $8.6 million in 1992, compared to proforma $6.2 million in 1991. This increase was mainly due to the 20 per cent increase in gas production. As a percentage of petroleum and natural gas sales, expenses increased slightly to 33 per cent in 1992 versus 30 per cent in proforma 1991.

Depletion and depreciation expenses increased to $7.2 million in 1992, an increase of $1.4 million compared with proforma $5.8 million in 1991. This increase is mainly a result of the higher production volumes. Included in depletion expense is a provision of $0.2 million in 1992 ($0.2 million in 1991) for future site restoration and abandonment costs.

The rate of depletion for 1992 was $2.11 per equivalent barrel of oil production consistent with the 1991 average rate of $1.97 per equivalent barrel.

September 23, 1991 to December 31, 1991

During this period, the petroleum and natural gas operations recorded revenues of $6.9 million and contributed $5.0 million to this segment's operating cash flow. Approximately 79 per cent of the Company's 1991 natural gas production volume was attributable to the West Sukunka and Freefight areas. In the West Sukunka area, the Company realized most of its production from its c-45-J well (a 50 per cent working interest well which is capable of producing up to 60 mmcf per day of raw gas). Production was also generated from the b-90-H well which commenced production in October, 1991. The Company's current interest in this well (which is capable of producing over 40 mmcf per day of raw gas) is approximately 8 per cent. In the Freefight area, the Company has working interests ranging from 10 per cent to 100 per cent in 455 producing wells.

Factors affecting ongoing operations

The Company estimates that it will average approximately 2,000 bbls per day of liquids and 64 mmcf per day of natural gas production in 1993, which takes into account the acquisition of the Sylvan Lake properties effective January 1, 1993. These production numbers compare to 1992 production of 134 bbls per day of liquids and 54.5 mmcf per day of natural gas. Almost 100 per cent of the Company's 1993 liquids production will be derived from the Sylvan Lake properties with approximately 1,600 bbls per day being oil production. The majority of natural gas production will continue to come from the West Sukunka and Freefight areas in 1993 with the Sylvan Lake properties contributing approximately 9 mmcf per day of natural gas.

The objective of the petroleum and natural gas business segment continues to be directed towards exploration and development capital projects in order to build the Company's production and reserves base. The Sylvan Lake acquisition provided the Company the opportunity to continue to achieve this objective through ongoing exploration and development in a new core area. Approximately 50 per cent of the Company's 1993 capital budget (before acquisitions) will be directed toward exploration activities. It is expected that as production grows, a greater emphasis will be placed on development projects to ensure the optimization of production from existing fields.

The Company anticipates that it will drill over 90 wells in 1993 while maintaining high working interests and operatorship of its programs. Three wells have been budgeted in the highly productive Bullmoose Sukunka area of northeastern British Columbia. If successful, this drilling program may lead to a substantial increase in natural gas production in the second half of 1993.

The Company has taken advantage of a recent strengthening in the oil price market to secure three hedging transactions covering a portion of its 1993 and 1994 oil production, with the objective of certainty of cash flow to carry out development programs and pay down long-term debt.

PETROLEUM INDUSTRY SERVICES OPERATIONS

PETROLEUM INDUSTRY SERVICES OPERATIONS *(millions)*	1992 *(audited)*	Proforma 1991 *(unaudited)*	September 23, 1991 to December 31, 1991 *(audited)*
Revenue			
Pipeline construction	$ 75.2	$159.3	$41.7
Contract drilling	31.9	35.1	7.6
Oilfield equipment	5.0	6.6	1.4
Total revenue	$112.1	$201.0	$50.7
Operating and administrative expenses	$ 98.3	$173.5	$35.5
Depreciation	$ 6.5	$ 6.4	$ 1.2
Cash flow from segment operations	$ 13.8	$ 27.5	$15.2

Year ended December 31, 1992 compared to proforma year ended December 31, 1991

Revenues from the petroleum industry services business segment declined by 44 per cent from $201.0 million in proforma 1991 to $112.1 million in 1992. This reduction was primarily the result of the pipeline construction division which recorded an $84.1 million, or 53 per cent, decrease in revenues from $159.3 million in proforma 1991 to $75.2 million for 1992. Although O.J. Pipelines completed three pipeline construction projects in 1992 versus two in proforma 1991, the magnitude of the contracts mirrored the decline in revenue. A total of 253 kilometers of pipeline was completed in proforma 1991 compared to 97 kilometers of pipeline completed in 1992.

Both the contract drilling and oilfield equipment divisions recorded lower revenues in 1992 than in proforma 1991 due to a general decrease in industry drilling activity. The contract drilling division showed a 7 per cent reduction in operating days from 3,875 days in proforma 1991 to 3,610 days in 1992. The general softening of drilling activity prompted a review of the Company's operating capacity, which resulted in two drilling rigs being taken out of service during 1992.

September 23, 1991 to December 31, 1991

This segment contributed $50.7 million of revenues and $15.2 million of cash flow from operations. In this period, a significant portion of these revenues was derived from the pipeline construction work on Spread G of the TransCanada PipeLines ("TCPL") summer 1991 mainline construction project.

Factors affecting ongoing operations

Pipeline Construction

Demand for pipeline construction is affected by various factors including the demand for natural gas and crude oil; the age, condition and capacity of existing pipelines; political and economic factors and government regulations. Planned projects may be accelerated, deferred or cancelled in response to these variables. As a result, revenues from such projects are subject to substantial fluctuations from year to year due to the timing of such projects.

The Company's large-diameter (14-48 inches) pipeline construction division, O.J. Pipelines, is one of the major large-diameter pipeline construction companies operating in Canada. Large-diameter pipelines are used to transport petroleum and natural gas from central gathering points to markets.

O.J. Pipelines submits bids for contracts to construct large-diameter pipelines for customers who own and operate major gas transmission systems and crude oil pipelines. A competitive bidding process is used to award large-diameter pipeline construction projects. Bids are sealed and submitted on a per meter, fixed price basis. Certain items, such as river crossings, linking to existing pipelines or compression facilities, blasting, sand padding and valve installations, are bid as additional "pay items" submitted on a cost per item incurred basis. Once projects are awarded the success or failure of the contract is contingent on many outside factors such as the weather, which is beyond the control of the Company.

Major Canadian natural gas transmission companies are continuing their plans for significant capital expenditures, including large-diameter pipeline construction projects, to expand the Canadian pipeline infrastructure. This activity is due in part to increasing demand for natural gas. In addition, increases in demand for Canadian natural gas in the United States have reduced excess pipeline capacity. Increases in the volume of Canadian natural gas delivered to major population centres in the United States will require the continued expansion of the existing Canadian pipeline system.

The Company anticipates that this high level of pipeline construction activity in Canada will continue through 1993. In November, 1992, O.J. Pipelines was awarded two TCPL pipeline projects totalling 109 kilometers of 42-inch pipe having a combined value of approximately $85.0 million. Both projects were substantially completed by the end of the first quarter of 1993.

Contract Drilling

The demand for contract drilling services is affected primarily by oil and gas prices and the associated impact of these prices on drilling budgets of exploration and development companies. Contract drilling activity levels in Western Canada were strong during the first quarter of 1993. Industry drilling associations are publicly optimistic that overall 1993 drilling activity in both Canada and the Rocky Mountain region of the United States will be at a higher level than in 1992. However, many factors influence drilling activity during the year and activity levels for 1993 will remain uncertain until approximately the third quarter.

Oilfield Equipment

The oilfield equipment business is affected by the level of oil and gas drilling and production activity, which in turn depends upon oil and gas markets.

LIQUIDITY AND CAPITAL RESOURCES

The following analyses compare the year ended December 31, 1992 to the fiscal period ended December 31, 1991

During 1992, Ocelot's financial strategy focused on the reduction of long-term debt. This objective was principally achieved as long-term debt was reduced by $48.7 million; from $98.1 million at December 31, 1991 to $49.4 million at December 31, 1992. The majority of this reduction was accomplished through the aforementioned equity issues.

Cash Flow

Cash flow from operations substantially increased in the current year to $22.6 million, or $0.95 per share, from $16.4 million, or $0.98 per share, in 1991. Cash flow per share was essentially constant from 1991 with only a three per cent decline, despite a 42 per cent increase in the weighted average number of shares outstanding (from 16.7 million shares in 1991 to 23.8 million in 1992).

Net Earnings

Net earnings in 1992 were $4.7 million, or $0.20 per share compared to $10.5 million or $0.63 per share in 1991. Net earnings declined in 1992 due to increases in depletion expense (resulting from higher production volumes) and in deferred income tax expense (resulting from the recognition in 1991, of prior years' losses). As a result of the application of prior years' losses, Ocelot's 1991 effective income tax rate was 20 per cent of pre-tax income while in 1992, the effective rate increased to 40 per cent.

Capital Expenditures

Capital expenditures totalled $20.5 million in 1992 compared to $7.0 million in the 1991 period and consisted of the following:

CAPITAL EXPENDITURES *(millions)*	1992	September 23, 1991 to December 31, 1991
Petroleum and natural gas		
Lease acquisition and retention	$ 1.5	$ 0.4
Geological and geophysical	1.4	0.2
Drilling and completion	3.7	1.8
Production equipment	1.4	0.1
Purchase of reserves	0.4	1.3
Capitalized general & administrative	3.2	1.5
Office and other	0.9	0.2
	12.5	5.5
Petroleum Industry Services		
Pipeline construction	6.1	0.8
Contract drilling	1.0	0.6
Oilfield equipment	0.9	0.1
	8.0	1.5
Total Company	$ 20.5	$ 7.0

A total of 99 wells (64.3 net) were drilled in 1992 (1991 – 82 wells (58.8 net)) with an overall success ratio for exploratory and development drilling of 98 per cent (1991 – 100 per cent).

Funding of the Company's 1992 capital program was entirely from cash flow.

Capital expenditures for oil and gas activities, including the acquisition of the Sylvan Lake properties, have been budgeted at approximately $78.0 million for 1993. The Sylvan Lake acquisition of $52.5 million was funded by a non-recourse bank loan of

$28 million and available bank credit facilities of $24.5 million. The remaining capital expenditures are expected to be funded by internally-generated cash flow. The petroleum industry services operations have anticipated capital expenditures of $8.0 million in 1993 which will be funded by operational cash flow.

Capitalization

At December 31, 1992, Ocelot was primarily capitalized with shareholders' equity, consistent with the Company's financial strategy of maintaining a strong capital base. The Company takes a conservative approach to debt financing but will utilize its financial strength to pursue attractive acquisition opportunities. Total market capitalization at year end 1992 was $249.9 million, an increase of 59 per cent over $157.5 million at December 31, 1991. This increase was due to a continued improvement in Ocelot's operating and financial performance. As noted above, an additional 7,175,000 Class B shares were issued in 1992 which also had the effect of increasing the Company's market capitalization.

The following table summarizes Ocelot's market capitalization at December 31, for the respective years:

	1992		1991	
CAPITALIZATION	$ millions	%	$ millions	%
Working capital (surplus)	(11.5)	(5)	(19.1)	(12)
Capital leases	10.8	4	13.2	8
Long-term debt	49.4	20	98.1	62
Deferred income taxes	4.2	2	2.7	2
Capital stock at December 31 market value	197.0	79	62.6	40
	249.9	100	157.5	100

At December 31, 1992, Ocelot had a debt to equity ratio of 0.46 to 1. Based upon 1992 cash flow from operations, capital leases and long-term debt (net of working capital surplus) could be repaid in 2.2 years.

Effective January 1, 1993, Ocelot acquired the Sylvan Lake properties. While this transaction increased the Company's long-term debt by $52.5 million, it is also expected to result in a substantial increase in cash flow from operations. The Company's financial strategy will continue to focus on debt reduction in 1993, and this will be accomplished by cash flow from operations, disposal of selected non-core properties and a controlled capital expenditure program.

In 1993, the Company intends to refinance a portion of its bank debt (including the debt incurred for the Sylvan Lake acquisition) potentially with a long-term fixed rate financing.

SENSITIVITIES

The Company's 1993 estimated sensitivities to fluctuations in oil prices, gas prices, production volumes and interest rates are as follows:

	Cash Flow	
SENSITIVITY	$ millions	$ per share
Change of $1.00/bbl in the price of crude oil	0.6	0.02
Change of $0.10/mcf in the price of natural gas	2.0	0.07
Change of 100 bbls/d in oil production	0.4	0.02
Change of 1 mmcf/d in natural gas production	0.3	0.01
Change of 1 per cent in interest rates	0.7	0.03

ENVIRONMENTAL MATTERS

The Company's operations involve the use or handling of materials and products that may be classified as environmentally hazardous substances. Laws and regulations protecting the environment have become more stringent in recent years. The Company believes that compliance with existing environmental protection requirements will not have a material effect on earnings or the competitive position of the Company in the future. The Company cannot predict what changes may be made to environmental regulations in the future although it expects such requirements generally will become more onerous. Accordingly, environmental protection expenditures will likely increase in the future.

MANAGEMENT'S REPORT TO THE SHAREHOLDERS

The accompanying consolidated financial statements of Ocelot Energy Inc. are the responsibility of management. The financial and operating information presented in this Annual Report is consistent with that shown in the consolidated financial statements.

The consolidated financial statements have been prepared by management in accordance with the accounting policies disclosed in the notes to the financial statements. When necessary, management has made informed judgements and estimates in accounting for transactions which were not complete at the balance sheet date. In the opinion of management, the financial statements have been prepared within acceptable limits of materiality and are in accordance with Canadian generally accepted accounting principles appropriate in the circumstances.

Management maintains appropriate systems of internal controls. Policies and procedures are designed to give reasonable assurance that transactions are properly authorized, assets are safeguarded and financial records properly maintained to provide reliable information for the preparation of financial statements.

An independent firm of Chartered Accountants, as appointed by the shareholders, examines the consolidated financial statements in accordance with generally accepted auditing standards in Canada and provides an independent professional opinion.

The Board of Directors carries out its responsibility for the financial reporting and internal controls principally through its audit committee, consisting solely of outside directors. This committee has met with the external auditors and management in order to determine if management has fulfilled its responsibilities in the preparation of the consolidated financial statements. The consolidated financial statements have been approved by the Board of Directors on the recommendation of the audit committee.

W. David Lyons
President and
Chief Executive Officer

Douglas A. Cutts
Vice President, Finance and
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of Ocelot Energy Inc.:

We have audited the consolidated balance sheet of Ocelot Energy Inc. as at December 31, 1992 and 1991 and the consolidated statements of earnings and retained earnings and cash flows for the periods then ended. 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 the periods then ended in accordance with generally accepted accounting principles.

Peat Marwick Thorne

Calgary, Canada
February 26, 1993

Chartered Accountants

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

(thousands)	Year Ended December 31, 1992	From September 23, 1991 (commencement of active operations) to December 31, 1991
REVENUE		
Operating (Note 8)	$138,047	$ 57,578
EXPENSES		
Operating and administrative	106,858	37,393
Depletion and depreciation	13,728	3,158
Interest on long-term debt	6,994	3,028
Interest on obligations under capital leases	2,431	595
Other income	(1,294)	(175)
	128,717	43,999
	9,330	13,579
EARNINGS BEFORE TAXES		
Provision for taxes (Note 6)		
Large Corporations and capital taxes	896	398
Deferred income taxes	3,689	2,690
	4,585	3,088
NET EARNINGS FOR THE PERIOD	4,745	10,491
RETAINED EARNINGS, BEGINNING OF PERIOD	10,491	–
RETAINED EARNINGS, END OF PERIOD	$ 15,236	$ 10,491
PER SHARE (Note 11)		

CONSOLIDATED BALANCE SHEET

As at December 31 (thousands)	1992	1991
ASSETS		
CURRENT ASSETS		
Cash	$ 6,274	$ 16,176
Accounts receivable	32,641	25,449
Inventories, at lower of cost and net realizable value	2,375	2,829
Prepaid expenses	894	2,111
	42,184	46,565
PROPERTY AND EQUIPMENT (Note 3)	155,433	150,634
OTHER ASSETS	2,209	1,538
	$199,826	$198,737
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness, secured	$ 800	$ 121
Accounts payable and accrued liabilities	26,659	24,067
Current portion of long-term debt	849	939
Current portion of obligations under capital leases	2,401	2,318
	30,709	27,445
OBLIGATIONS UNDER CAPITAL LEASES (Note 4)	10,778	13,206
LONG-TERM DEBT (Note 5)	49,359	98,133
DEFERRED INCOME TAXES	4,244	2,690
	95,090	141,474
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 7)	89,500	46,772
RETAINED EARNINGS	15,236	10,491
	104,736	57,263
COMMITMENTS AND CONTINGENCIES (Note 10)		
SUBSEQUENT EVENT (Note 12)		
	$199,826	$198,737

APPROVED BY THE BOARD

Director

Director

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands)	Year Ended December 31, 1992	From September 23, 1991 (commencement of active operations) to December 31, 1991
OPERATING ACTIVITIES		
Net earnings for the period	$ 4,745	$ 10,491
Non-cash items:		
Depletion and depreciation	13,728	3,158
Deferred income tax	3,689	2,690
Other	445	16
Funds generated from operations	22,607	16,355
Changes in non-cash working capital	(3,211)	7,900
	19,396	24,255
FINANCING ACTIVITIES		
Decrease in long-term debt	(48,864)	(13,745)
Reduction in obligations under capital leases	(2,345)	(468)
Issuance of capital stock	40,593	11,790
Other assets	(736)	–
	(11,352)	(2,423)
Cash available for investing activities	8,044	21,832
INVESTING ACTIVITIES		
Property and equipment – acquisitions	(20,511)	(6,976)
– disposals	1,840	108
Other assets	46	1,091
	(18,625)	(5,777)
INCREASE (DECREASE) IN CASH	(10,581)	16,055
CASH, BEGINNING OF PERIOD	16,055	–
CASH, END OF PERIOD	$ 5,474	$ 16,055

(tabular amounts in thousands of dollars, except share and per share amounts)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

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

(b) Petroleum and Natural Gas Operations

The Company follows the full cost method of accounting for petroleum and natural gas operations whereby all costs incurred for exploration and development of petroleum and natural gas reserves are capitalized on a country-by-country cost centre basis. Capitalized costs include land acquisition costs, geological and geophysical expenditures, carrying charges of non-producing property, the costs of drilling both productive and non-productive wells, related plant and production equipment costs and overhead charges related to exploration and development activities. Proceeds received on the sale of petroleum and natural gas properties are credited to the capitalized costs, except when such a disposal would alter the rate of depletion and depreciation by more than 20 per cent, in which case, a gain or loss on disposal is recorded.

Depletion of exploration and development costs and depreciation of production equipment are provided on the unit-of-production method based upon the estimated proven oil and gas reserve volumes before royalties, as estimated by independent reservoir engineers. Gas reserves and production are converted to equivalent oil volumes based upon the relative energy content of six thousand cubic feet of gas to one barrel of oil.

The capitalized costs less accumulated depletion and depreciation in each cost centre are limited to an amount equal to estimated future net revenues from proven reserves (based on current prices and costs as at the balance sheet date) plus unproven properties. The total capitalized costs less depletion and depreciation and deferred income taxes of all cost centres are further limited to the aggregate estimated future net revenues for all cost centres less recurring general and administrative expenses, provision for future site restoration and abandonment costs, future financing costs and income taxes. Any costs carried on the balance sheet in excess of the ceiling test limits are charged to earnings.

The estimated costs for future site restoration and abandonment, net of expected recoveries, are provided for on a unit-of-production basis and included in depletion and depreciation expenses. These are based on engineering estimates of costs and on regulations in effect at year end.

Substantially all of the exploration and production activities are conducted jointly with others and accordingly, the Company only reflects its proportionate interest in such activities.

(c) Drilling Rigs and Related Property and Equipment

Costs of new equipment and upgrading existing equipment are capitalized. Repairs and replacements which do not extend the useful lives of assets are expensed as incurred. The costs and related accumulated depreciation are removed from the accounts when an asset is sold or retired and the resulting gain or loss is included in earnings.

(d) Depreciation

Depreciation of drilling and construction assets is provided on methods and at rates which depreciate the cost of the assets over their estimated useful lives. The annual rates of depreciation on major classes of assets are:

Drilling rigs	10 per cent (based on operating days)
Construction equipment	20 per cent to 35 per cent

(e) Revenue Recognition

The revenues and expenses on drilling and construction contracts are recorded on the percentage of completion basis.

(f) Foreign Currency Translation

The Company follows the temporal method when translating foreign currency transactions and the financial statements of integrated foreign subsidiaries. Under this method:

(i) monetary items are translated at the rates of exchange prevailing at the balance sheet date;

(ii) non-monetary items are translated at historic exchange rates; and

(iii) revenue and expenses (other than depletion and depreciation) are translated at average rates of exchange during the year.

The resulting gains or losses are credited or charged to earnings except for those relating to monetary items having a fixed life which are deferred and amortized over the life of the particular item.

NOTE 2 FORMATION OF THE COMPANY AND BASIS OF PRESENTATION

The Company was incorporated as 423842 Alberta Ltd. on June 18, 1990, under the Business Corporations Act of Alberta, and changed its name to Ocelot Energy Inc. on November 14, 1990.

On September 23, 1991, the Company purchased all of the petroleum and natural gas business and the petroleum industry services operations (which comprises pipeline construction, contract drilling of oil and gas wells, and the manufacture, sale, repair and rental of oilfield equipment) of Methanex Corporation (formerly Ocelot Industries Ltd. ("Methanex")). The Company also acquired the petroleum and natural gas assets of Lone Pine Resources Ltd. ("Lone Pine") on September 23, 1991.

Details of these acquisitions are as follows:

	Methanex	Lone Pine	Eliminations	Total
Current assets	$ 61,586	$ 690	$ 2,502	$ 64,778
Property, plant and equipment	115,495	29,355	–	144,850
Other assets	2,057	–	–	2,057
	179,138	30,045	2,502	211,685
Current liabilities	43,172	15,714	(6,249)	52,637
Long-term liabilities	100,985	14,330	8,751	124,066
	144,157	30,044	2,502	176,703
Net assets acquired at assigned values	$ 34,981	$ 1	$ –	$ 34,982
Consideration given at assigned values:				
Class A common shares	$ 7,133	$ –	$ –	$ 7,133
Class B subordinate voting shares	27,698	1	–	27,699
Warrants	150	–	–	150
	$ 34,981	$ 1	$ –	$ 34,982

The acquisitions of the above net assets have been accounted for using the continuity of interests method, whereby the net assets are recorded at the historical amounts provided by the predecessor entities.

NOTE 3 PROPERTY AND EQUIPMENT

	1992			1991		
	Cost	Accumulated depletion and depreciation	Net	Cost	Accumulated depletion and depreciation	Net
Petroleum and natural gas properties and related equipment(i)	$110,380	$ 8,644	$101,736	$ 99,050	$ 1,780	$ 97,270
Contract drilling	31,584	2,014	29,570	33,420	593	32,827
Pipeline construction	19,852	1,805	18,047	15,192	375	14,817
Land, buildings and other	6,699	619	6,080	5,835	115	5,720
Total	$168,515	$13,082	$155,433	$153,497	$ 2,863	$150,634

(i) The Company does not include unproven and unevaluated properties in costs subject to depletion until such time as it is determined whether proven reserves are attributable to the properties or impairment has occurred. As at December 31, 1992, such costs totalled $4.8 million (1991 – Nil).

The average depletion rate per equivalent barrel of oil production was $2.11 (1991 – $1.97). During the year, the Company capitalized $3.2 million (1991 – $1.5 million) of overhead costs related to acquisition, exploration and development activities.

NOTE 4 OBLIGATIONS UNDER CAPITAL LEASES

Certain wellsite and gas gathering and processing facilities, having costs in the aggregate of $16.0 million ($16.0 million at December 31, 1991) and accumulated depreciation of $0.8 million ($0.2 million at December 31, 1991), are leased under capital leases and are included in petroleum and natural gas properties. Pursuant to the individual lease agreements, the Company has the option to purchase such facilities and the applicable interest rates range from 14.2 per cent to 18.3 per cent.

The annual future lease payments under these capital leases are as follows:

1993	$ 4,445
1994	4,072
1995	3,687
1996	5,234
1997	815
1998	414
Total	18,667
Less: imputed interest	5,488
Present value of minimum lease payments	13,179
Less: current portion	2,401
	$10,778

NOTE 5 LONG-TERM DEBT

	1992	1991
Canadian dollar bank loans (i)	$49,300	$109,000
Other	908	1,810
	50,208	110,810
Less: Special Warrant proceeds (ii)	–	11,738
	50,208	99,072
Less: current portion (iii)	849	939
	$49,359	$ 98,133

(i) The Canadian dollar bank loans are comprised of a $25 million reducing credit facility and $67 million of revolving credit facilities of which as at December 31, 1992, a total of $49.3 million has been drawn down. The credit facilities are subject to an annual review and bear interest at 1/4 to 1/2 per cent above a Canadian Chartered Bank's prime lending rate. Security for the credit facilities include a debenture creating a fixed charge on the major proven producing properties and a floating charge on all of the Company's assets.

Repayments under the Company's reducing credit facility are determined annually and are based upon a formula related to certain of the Company's petroleum industry services operations.

(ii) Special warrant proceeds of $12.1 million were received and placed in escrow on November 29, 1991 pending fulfillment of certain conditions. These conditions were met on January 27, 1992 and these proceeds, less commission expenses plus interest income, were applied to the Canadian dollar bank loans.

(iii) Estimated aggregate principal repayments on the long-term debt for each of the next five years are as follows: 1993 – $0.8 million; 1994 – $0.4 million; 1995 – $0.1 million; 1996 – $0.1 million; and 1997 – $0.0 million.

NOTE 6 INCOME AND OTHER TAXES

(a) The provision for deferred income tax expense differs from the amounts which would be obtained by applying the combined Canadian federal and provincial income tax rate to the earnings before taxes. These differences result from the following:

	Year Ended December 31, 1992	From September 23, 1991 to December 31, 1991
Corporate income tax rate	44.3%	44.3%
Computed income tax	$4,133	$5,991
Non-deductible crown payments, net	889	249
Resource allowance	(1,899)	(509)
Non-deductible losses of subsidiaries	671	66
Recognized benefits of losses carried forward	–	(3,126)
Other	(105)	19
Deferred income taxes	$3,689	$2,690
Current taxes are represented by:		
Large Corporations Tax	$ 329	$ 354
Provincial capital taxes	567	44
	$ 896	$ 398

(b) As at December 31, 1992, the Company had available for deduction against future years' taxable income the following amounts (subject to final determination by taxation authorities):

	Canada	United States
Loss carry-forwards (expiring in varying amounts to the year 2007)	$ 1,023	$41,639
Property and capital costs (deductible at varying rates and methods)	$127,882	$ 1,858

NOTE 7 CAPITAL STOCK

(a) Authorized:

Unlimited First Preferred shares with no par value;
Unlimited Second Preferred shares with no par value;
Unlimited Class A common shares with no par value;
Unlimited Class B subordinate voting shares with no par value.

(b) The Class A and Class B shares rank equally except that each Class A share carries twenty votes and each Class B share carries one vote. The Class A shares are convertible at the option of the holder into Class B shares on a one-for-one basis. The Class B shares are convertible into Class A shares on a one-for-one basis in the event a takeover bid is made to purchase Class A shares which must, by reason of stock exchange or legal requirements, be made to all or substantially all of the holders of Class A shares and which is not concurrently made to holders of Class B shares. The declaration of dividends on all issued and outstanding shares is subject to the approval of the Company's principal banker.

(c) Changes in the capital stock of the Company from its incorporation were as follows:

	Number of shares		Consideration	
	Class A	Class B	Class A	Class B
Issued to acquire net assets of Methanex	1,756,795	6,818,935	$ 7,133	$ 27,698
Issued to acquire net assets of Lone Pine	–	7,016,505	–	1
Issued pursuant to Methanex' stock option plan	–	4,078	–	–
Share issue costs	–	–	–	(8)
Conversion of shares	(1,000)	1,000	(4)	4
Issued under a flow-through share agreement	–	105,259	–	500
Balance, December 31, 1991	1,755,795	13,945,777	7,129	28,195
Issued upon exercise of Special Warrants (i)	–	3,458,860	–	11,846
Issued pursuant to underwriting agreement (i)(d)	–	2,175,000	–	10,055
Issued upon exercise of Special Warrants (i)(e)	–	5,000,000	–	30,660
Issued upon exercise of stock options	–	89,506	–	358
Issued under private placement agreement	–	39,520	–	246
Issued upon exercise of Share Purchase Warrants	–	1,551	–	11
Cancelled pursuant to normal course issuer bid	–	(60,500)	–	(397)
Balance, December 31, 1992	**1,755,795**	**24,649,714**	**$ 7,129**	**$ 80,974**

	Number of warrants	Consideration
Share Purchase Warrants, exercisable at $5.00 per Class B subordinate voting share (ii)	65,000	$ 150
Special Warrants, exercisable at $3.50 per Class B subordinate voting share, net of issue costs of $808,000	3,458,860	11,298
Balance, December 31, 1991	3,523,860	11,448
Exercise of Special Warrants	(3,458,860)	(11,298)
Exercise of Share Purchase Warrants	(1,551)	(3)
Redeemable Purchase Warrants, exercisable at $7.00 per Class B subordinate voting share (e)	2,500,000	1,250
Balance, December 31, 1992	**2,563,449**	**$ 1,397**

(i) Consideration received is net of issue costs and net of deferred income taxes of $2.1 million.
(ii) These Share Purchase Warrants are exercisable at any time on or before November 5, 1994.

(d) On January 15, 1992, the Company entered into an underwriting agreement to issue 2,175,000 Class B subordinate voting shares for gross proceeds of $10.2 million. This transaction closed on January 30, 1992, at which time the net proceeds were utilized to retire long-term debt.

(e) On June 4, 1992, the Company entered into an underwriting agreement to issue and sell 5,000,000 Special Warrants of the Company for gross proceeds of $32.5 million. Each Special Warrant was exchanged for one Unit consisting of one Class B subordinate voting share and one-half of one Redeemable Class B subordinate voting share Purchase Warrant, each whole Redeemable

Warrant entitling the purchase of one Class B subordinate voting share at $7 until June 30, 1995. The closing of this transaction was August 24, 1992 at which time the net proceeds were utilized to retire long-term debt.

(f) At December 31, 1992, 1,093,455 Class B shares were reserved for exercise of directors and employee stock options. These options are exercisable at prices ranging from $3.80 to $6 3/8 per share at various dates to May, 1996.

Balance, September 23, 1991	254,886
Granted	800,000
Cancelled	(11,925)
Balance, December 31, 1991	1,042,961
Granted	140,000
Exercised	(89,506)
Balance, December 31, 1992	**1,093,455**

The options outstanding at September 23, 1991 represent those options granted by Methanex under its employee stock option plan prior to its restructuring. At December 31, 1992, an additional 312,039 Class B shares were reserved for future options which may be granted by the Company.

NOTE 8 SEGMENTED INFORMATION

The Company's operations are conducted through two business segments. These segments are petroleum and natural gas operations and petroleum industry services operations (which comprises pipeline construction, contract drilling of oil and gas wells, and the manufacture, sale, repair and rental of oilfield equipment). Presented below are data relevant to each business segment.

	Year Ended December 31, 1992			From September 23, 1991 to December 31, 1991		
BUSINESS SEGMENTS	Petroleum and natural gas	Petroleum industry services	Total	Petroleum and natural gas	Petroleum industry services	Total
Revenue	$ 25,952[i]	$112,095	$138,047	$ 6,859[a]	$50,719	$ 57,578
Operating and administrative expenses	8,597	98,261	106,858	1,904	35,489	37,393
Depletion and depreciation	7,246	6,482	13,728	1,986	1,172	3,158
Net segment earnings	$ 10,109	$ 7,352	17,461	$ 2,969	$14,058	17,027
Interest on long-term debt			6,994			3,028
Interest on obligations under capital leases			2,431			595
Other income			(1,294)			(175)
Large Corporations and capital taxes			896			398
Deferred income taxes			3,689			2,690
Net earnings			$ 4,745			$ 10,491
Total assets	$109,724	$ 90,102	$199,826	$105,523	$93,214	$198,737
Capital expenditures	$ 12,513	$ 7,998	$ 20,511	$ 5,507	$ 1,469	$ 6,976

(i) For the year ended December 31, 1992 petroleum and natural gas revenue is net of royalties of $3.3 million (1991 – $1.1 million).

GEOGRAPHIC SEGMENTS	Canada	United States	Total	Canada	United States	Total
Revenue	$122,667	$15,380	$138,047	$ 53,998	$ 3,580	$ 57,578
Operating profit (loss)	$ 19,103	$ (1,642)	$ 17,461	$ 17,140	$ (113)	$ 17,027
Total assets	$184,177	$15,649	$199,826	$183,456	$15,281	$198,737

NOTE 9 OTHER INFORMATION

(a) The Company and its United States subsidiaries have non-contributory pension plans covering substantially all permanent, full-time employees. The plans provide a defined benefit pension at retirement based on employees' earnings and length of service.

Pension costs are actuarially computed on an annual basis and take into consideration management's best estimate assumptions. At December 31, 1992, it is estimated that the present value of accrued pension benefits amounted to approximately $6.1 million in Canada and $2.4 million in the United States. At December 31, 1992, the market value of the net assets of the pension plans amounted to $6.7 million in Canada and $1.5 million in the United States. Any surplus or deficiency in the pension plans is amortized over the expected average remaining service life of the employees.

(b) The Company retained a private company owned by a major shareholder of the Company to contract operate wells and facilities in Saskatchewan. The Company terminated the operating agreement effective April 30, 1992 and has operated the wells and facilities from the date of termination. The Company also contracted with this party to drill, complete and tie-in on a turnkey basis 93 wells in 1992. The Company believes that the fees payable under these arrangements are reasonable and competitive in the industry. At December 31, 1992, working capital includes a net payable of $0.8 million (1991 – $1.2 million) related to these transactions.

NOTE 10 COMMITMENTS AND CONTINGENCIES

(a) Two Statements of Claims have been served on the Company and Methanex claiming various breaches, fiduciary relationship and unjust enrichment pursuant to certain royalty and assignment agreements. The plaintiff in both actions has claimed certain declarations as to entitlement to certain royalties and the manner of calculation thereof, judgement for royalty payments in amounts to be determined pursuant to such calculations and interest, and additional damages of $1.0 million. Pursuant to the Asset Purchase Agreement between Methanex and the Company, Methanex was indemnified on certain liabilities pertaining to these royalty and assignment agreements. The ultimate outcome of these legal proceedings is not predictable at this time.

(b) The Company is committed to deliver certain quantities of natural gas through transmission companies' gas pipeline systems. As at December 31, 1992, the Company has issued letters of credit amounting to approximately $0.3 million and has issued a debenture on certain properties to secure payments under such commitments.

(c) Future minimum lease payments under operating leases relating primarily to office space and equipment are as follows: 1993 – $0.7 million; 1994 – $0.7 million; 1995 – $0.2 million; 1996 – $0.1 million; and 1997 – $0.1 million.

NOTE 11 PER SHARE

Per share information provided is based upon the total of the Class A and Class B shares:

	Year ended December 31, 1992	From September 23, 1991 to December 31, 1991
Weighted average shares outstanding *(thousands)*		
Basic	23,787	16,739 (i)
Fully diluted	26,136	17,847
Net earnings per share		
Basic	$0.20	$0.63
Fully diluted	$0.20	$0.59
Funds generated from operations per share		
Basic	$0.95	$0.98
Fully diluted	$0.92	$0.92

(i) Includes 3,458,860 Class B subordinate voting shares deemed to have been issued when the funds from this issue were placed in escrow.

Fully diluted earnings per share and fully diluted funds per share have been calculated in the assumption that all stock options, warrants and Redeemable Purchase Warrants had been converted or exercised at the beginning of the year, or on the date of issue if issued during the year.

NOTE 12 SUBSEQUENT EVENT

On February 8, 1993, the Company acquired properties in the Sylvan Lake area of Alberta for an aggregate consideration of $52.5 million. The acquisition included producing oil and gas wells and associated production facilities. The purchase was financed through a combination of existing bank facilities and a $28 million limited recourse loan from the Company's principal banker.

CORPORATE INFORMATION

Ocelot Energy Inc.'s shares are listed for trading on the Toronto, Montreal and Alberta Stock Exchanges. The Class A shares and the Class B subordinate voting shares carry voting rights of 20 votes per share and one vote per share respectively.

At December 31, 1992 the aggregate Class A and Class B shares outstanding was 26,405,509. The stock market designations for the shares are Ocelot A and Ocelot B with the respective Toronto Stock Exchange symbols being OCE.A and OCE.B.

TRANSFER AGENTS AND REGISTRARS

The R-M Trust Company offices at
Toronto, Montreal and Calgary.

BANKERS

Bank of Montreal
Calgary, Alberta

Credit Lyonnais Canada
Calgary, Alberta

ABN AMRO Bank Canada
Vancouver, British Columbia

ENGINEERING CONSULTANT

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Consultants Ltd.
Calgary, Alberta

AUDITORS

Peat Marwick Thorne
Chartered Accountants
Calgary, Alberta

CORPORATE HEAD OFFICE

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Telephone: (915) 337-1565

1992 SHARE TRADING HISTORY	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
CLASS A COMMON SHARES				
High	\$ 7¾	\$ 13½	\$14.00	\$ 11¾
Low	\$ 4.70	\$ 8¼	\$ 12¾	\$11.00
CLASS B SUBORDINATE VOTING SHARES				
High	\$ 5⅜	\$ 7¼	\$ 6⅞	\$ 7⅛
Low	\$ 3.80	\$ 4.95	\$ 5.00	\$ 6¼

CORPORATE INFORMATION

BOARD OF DIRECTORS

Douglas A. Cutts
Vice President, Finance and
Chief Financial Officer
Ocelot Energy Inc.
President
Lynx Energy Services Inc.
Calgary, Alberta

W.K. Detlefsen*
Corporate Director
Pender Island, British Columbia

Glenn D. Gradeen
Executive Vice President and
Chief Operating Officer
Ocelot Energy Inc.
Calgary, Alberta

W. David Lyons
President and Chief Executive Officer
Ocelot Energy Inc.
Calgary, Alberta

Robert C. Muir
Lawyer
Calgary, Alberta

Frank G. Vetsch*
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Quantex Resources ltd.
Calgary, Alberta

Gregor I. White*
President
White Minerals Ltd.
Calgary, Alberta

* Audit Committee Member

DIRECTOR EMERITUS

George C. Solomon
President
Western Limited
(a private investment and
property development company)
Regina, Saskatchewan

OFFICERS

W. David Lyons
President and
Chief Executive Officer

Glenn D. Gradeen
Executive Vice President and
Chief Operating Officer

Douglas A. Cutts
Vice President, Finance and
Chief Financial Officer
President
Lynx Energy Services Inc.

Ivor J. Bond
Vice President, Exploration and Land

Norman E. Hall
General Counsel and
Corporate Secretary

Michael D. Heule
Vice President, Marketing

Donald E.A. MacPhail
Vice President
Ocelot International Inc.

J. Verne Lyons
Chairman
Lynx Energy Services Inc.

ABBREVIATIONS

Mcf	Thousands of cubic feet	Mmcf	Millions of cubic feet
Bcf	Billions of cubic feet	Tcf	Trillions of cubic feet
MBbls	Thousands of barrels	MLT	Thousands of long tons

METRIC CONVERSION

To Convert From	To	Divide By
Thousand cubic feet (Mcf)	Thousand cubic meters (10^3m^3)	35.49
Barrels (Bbls)	Cubic meters (m^3)	6.29
Feet	Meters (m)	3.28
Miles	Kilometers (km)	0.62
Acres	Hectares (ha)	2.50

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Printed in Canada