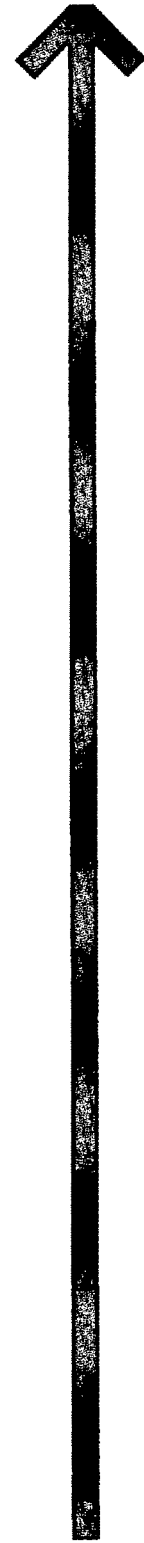


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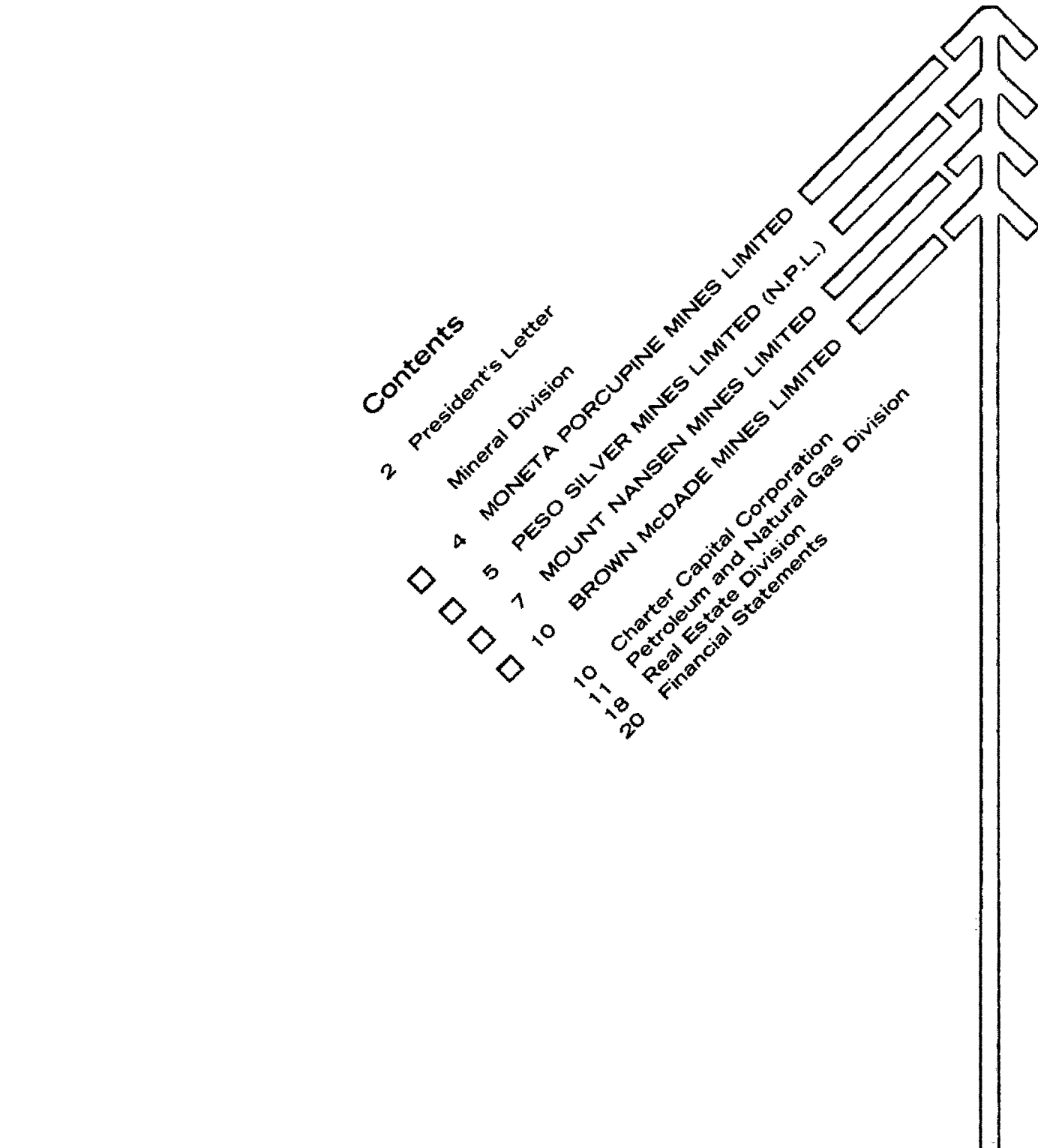


CHARTER OIL

COMPANY LIMITED

1968 ANNUAL REPORT
YEAR ENDED JULY 31, 1968

Directors	Edward W. Blessing Dr. D. D. Campbell F. L. Croteau Lloyd K. Turner Hans Willi
Officers	Hans Willi, <i>President</i> Edward W. Blessing, <i>Vice-President</i> A. Elmer Proznick, <i>Secretary-Treasurer</i>
Administrative Office	#420-475 Howe Street, Vancouver 1, B.C. Telephone: 604 681-1385 Telex: 04-50647 Cable: Nigertex
Registered Office	#420-475 Howe Street, Vancouver 1, B.C.
Transfer Agents	Canada Trust Huron & Erie, Vancouver, B.C., and Toronto, Ontario. Canada Permanent Trust Co., Calgary, Alberta, Irving Trust Company, New York
Auditors	Riddell, Stead, Graham & Hutchison, 505 Burrard Street, Vancouver 1, B.C. Telephone: 604 685-2411
Solicitors	Barbeau, McKercher, Collingwood, & Hanna, 900 West Hastings Street, Vancouver. Telephone: 604 684-2561 James C. Sargent, Parr, Doherty, Polk & Sargent, 80 Broad Street, New York 10004. Telephone: 212 422-1000
Stock Exchange Listings	American, Pacific Coast, Canadian, Toronto and Vancouver.
Consultants – Mining	Dr. D. D. Campbell, Dolmage, Campbell & Associates, 808-900 West Hastings Street, Vancouver, B.C. Telephone: 604 681-0241
Consultants – Oil	J. C. Sproule and Associates Ltd., 1009 Fourth Avenue S.W., Calgary, Alberta. Telephone: 403 269-7951
Bankers	Canadian Imperial Bank of Commerce 640 West Hastings Street, Vancouver, B.C. Telephone: 604 666-0111
Place of Incorporation	British Columbia, Canada.

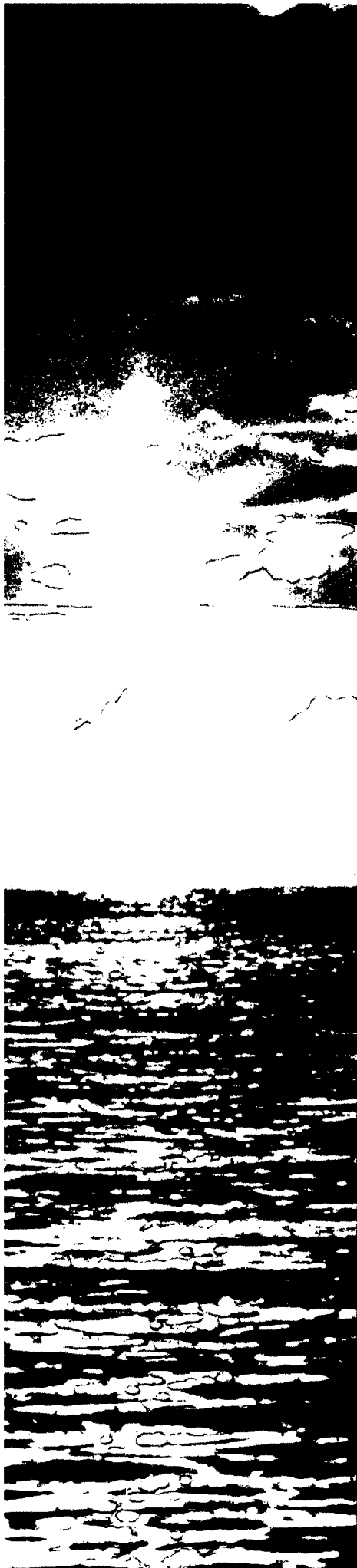


Contents	
2	President's Letter
	Mineral Division
□ 4	MONETA PORCUPINE MINES LIMITED
□ 5	PESO SILVER MINES LIMITED (N.P.L.)
□ 7	MOUNT NANSEN MINES LIMITED
□ 10	BROWN McDADE MINES LIMITED
10	Charter Capital Corporation
11	Petroleum and Natural Gas Division
18	Real Estate Division
20	Financial Statements

CHARTER OIL

COMPANY LIMITED

THE ANNUAL MEETING OF THE SHAREHOLDERS
OF CHARTER OIL COMPANY LIMITED WILL BE HELD
THURSDAY, DECEMBER 19, 1968 AT 10:00 A. M.
IN THE KENT ROOM, HOTEL GEORGIA,
VANCOUVER, BRITISH COLUMBIA; CANADA



To Our Shareholders

The Directors are pleased to submit this Eighteenth Annual Report of Charter Oil Company Limited and its subsidiaries together with audited financial statements for the fiscal year ended July 31, 1968.

The scope of your Company's activities has changed significantly during the last year by the adoption of a diversification policy evolved by a new management team.

Our primary objective is to become a dynamic natural resource enterprise concentrating in the areas of mineral, petroleum and natural gas exploration and development. To finance this activity without diluting equity, we have incorporated a wholly owned subsidiary, Charter Capital Corporation, to raise capital for these activities.

In addition, your Company is participating in the development of real estate holdings in Canada.

Mineral exploration and development activities have been concentrated in two main areas, namely, the construction of a 400 ton per day capacity mill on the Mount Nansen gold and silver property which is now in production, and the undertaking of further exploration work to ascertain additional reserves. Construction of the mill was completed last August, and a production rate of 250 tons a day should be reached early next year. The exploration work undertaken during the past year on the Mount Nansen and adjoining Brown McDade properties indicated ore reserves sufficient to justify further capital expenditures to increase the mills profitability. Further exploration and development work is currently being planned on these properties.

This additional work should enable us to have the mill running at 400 tons a day capacity by the end of the coming year.

Activities in petroleum and natural gas development have centered around three major projects: an evaluation of all existing petroleum and natural gas holdings was completed this year; further drilling lands on which your Company has an interest; and the acquisition of additional acreage.

The overall evaluation of our holdings made possible participation with other oil companies in a number of joint drilling ventures, one of which was drilled on Quirk Creek acreage on which Charter holds a royalty interest. The structure tested is reported to have reserves of 817 billion cubic feet with the ultimate limits not yet defined. In accordance with our new policy increased drilling activities are anticipated in the coming months.

During the course of the year your Company acquired a 75% interest in some 1,700,000 acres of permit land on the Arctic coastal plains and plateau areas of the Yukon Territory in Northern Canada. The significance of this acquisition can be estimated by its geological similarity to the 5 to 10 billion barrels of oil discovered at Prudhoe Bay, Alaska. Initial exploratory work on this acreage will soon be completed following which we anticipate pursuing an aggressive drilling program.

These main areas of activity, minerals, petroleum and natural gas, will be partially financed through a wholly owned subsidiary, Charter Capital Corporation, which was recently incorporated in California with its Head Office in San Diego,

California. The program under which Charter Capital will obtain funds for exploration and development activities of the Charter Group is now in the final stage of preparation. A prospectus will soon be filed with the Securities and Exchange Commission.

The first acquisition for the real estate division was recently completed by your Company. This was the purchase of Rideau Towers in Calgary, Alberta, Canada, which was acquired by the issue of approximately 194,000 treasury shares and the assumption of a \$1.3 million mortgage. Rideau Towers consists of a four building apartment complex with 201 suites located on a 13 acre site which has 4.4 acres available for further building development.

This year of achievement was made possible through the dedicated and loyal efforts of our management personnel and staff. On behalf of the Board of Directors, I wish to express my thanks to all of them. Our consultants, attorneys and chartered accountants provided their diverse knowledge in helping management set your Company on a dynamic growth program. Having set the course, this coming year should be one of exciting challenges and achievements.

Respectfully submitted on behalf of the Board of Directors.



Hans Willi
President

October 31, 1968

Moneta Porcupine Mines Limited

The principal commitment for Moneta Porcupine Mines, Limited during the past year has been the agreement with Mount Nansen Mines Limited to invest a total of \$690,000, for which Moneta received 600,000 shares of Mount Nansen Mines Limited, bringing the total holding to 620,000 shares.

Charter Oil owns slightly more than 50% of Moneta Porcupine Mines, Limited's outstanding shares.

Moneta has also made arrangements to increase its holding in Peso Silver Mines Limited by obtaining 110,350 shares of Peso Silver Mines Limited from Charter Oil Company Limited. Upon completion of this transaction, Moneta Porcupine will have 1,462,280 shares of Peso Silver Mines. The activities of Peso Silver Mines Limited and Mount Nansen Mines Limited, in both of which Moneta has an investment, are summarized on the following pages.

Silmonac Mines Limited, in which Moneta holds a 22.5% interest, has made a favourable operating lease agreement to develop its silver-lead-zinc property in the Slocan district of south central British Columbia. The prime object is to drive a 2,600 foot crosscut to test the area where ore grade intersections from surface and underground diamond drill holes were obtained last year. The portal area has been cleared and the crosscut collared. Work will proceed through the winter. As previously reported, the most recent diamond drilling results on Silmonac property yielded silver values ranging between 7.8 ounces and 31.2 ounces per ton, plus lead ranging between 1.2% and 5.1% and zinc ranging between 2.2% and 11.0%.

Interest in Clinton Copper Mines Limited, which holds a copper property in Clinton and Marston Townships in the Province of Quebec, remains at 23-1/3%, with no funds advanced during the year. Hastings Mining and Development Company Limited has control of the development of this property. A diamond drilling program was carried out on the property during the past season, the result of which has not yet been received from Hastings.

Tofino Mines Limited, of which Moneta holds 70% of the common shares and 33.7% of the preferred shares, was inactive during the year at its formerly producing gold mine on the West Coast of Vancouver Island, British Columbia. The gold values from this property are high-grade and the property is worthy of further exploration and development should the price of gold increase.

Moneta has a number of projects under consideration for the coming year.

Peso Silver Mines Limited (N.P.L.)

Four of the mining properties in which Peso Silver Mines Limited has interests were active in the past year. Of prime current importance is the coming on-stream of the 400 ton per day mill on the Mount Nansen Mines Limited gold-silver properties in the Yukon territory. For the details of the progress at the mine see the accompanying report on Mount Nansen Mines Limited. Peso Silver Mines owns 3,955,386 shares of Mount Nansen Mines Limited, about 51.7% of the issued shares and holds an option to increase this interest to 62%, and to maintain this increased interest.

Peso Silver Mines Limited is closely associated with Charter Oil Company Limited, both through the direct ownership of 883,487 shares of Peso by Charter and through the ownership of 1,462,280 shares of Peso by Moneta Porcupine, which is controlled by Charter Oil.

In the Mayo area (please see map page 6) of the Yukon, Peso owns, or controls, a number of well situated properties on which proven, probable and possible reserves are estimated at 424,630 tons. Ore in the proven and probable categories totals 207,630 tons, averaging 20.9 ounces silver per ton and 3.7% lead. Existing ore reserves and the area's future potential strengthen our belief that a feasibility study for construction of a mill should be commissioned. Present indications are that a 100 ton per day mill would be justified.

The wholly owned Peso Rex property located 30 miles north of Mayo, Yukon, was reassessed and a new road access in a more favourable location, on the south side of the mountain, is being considered.

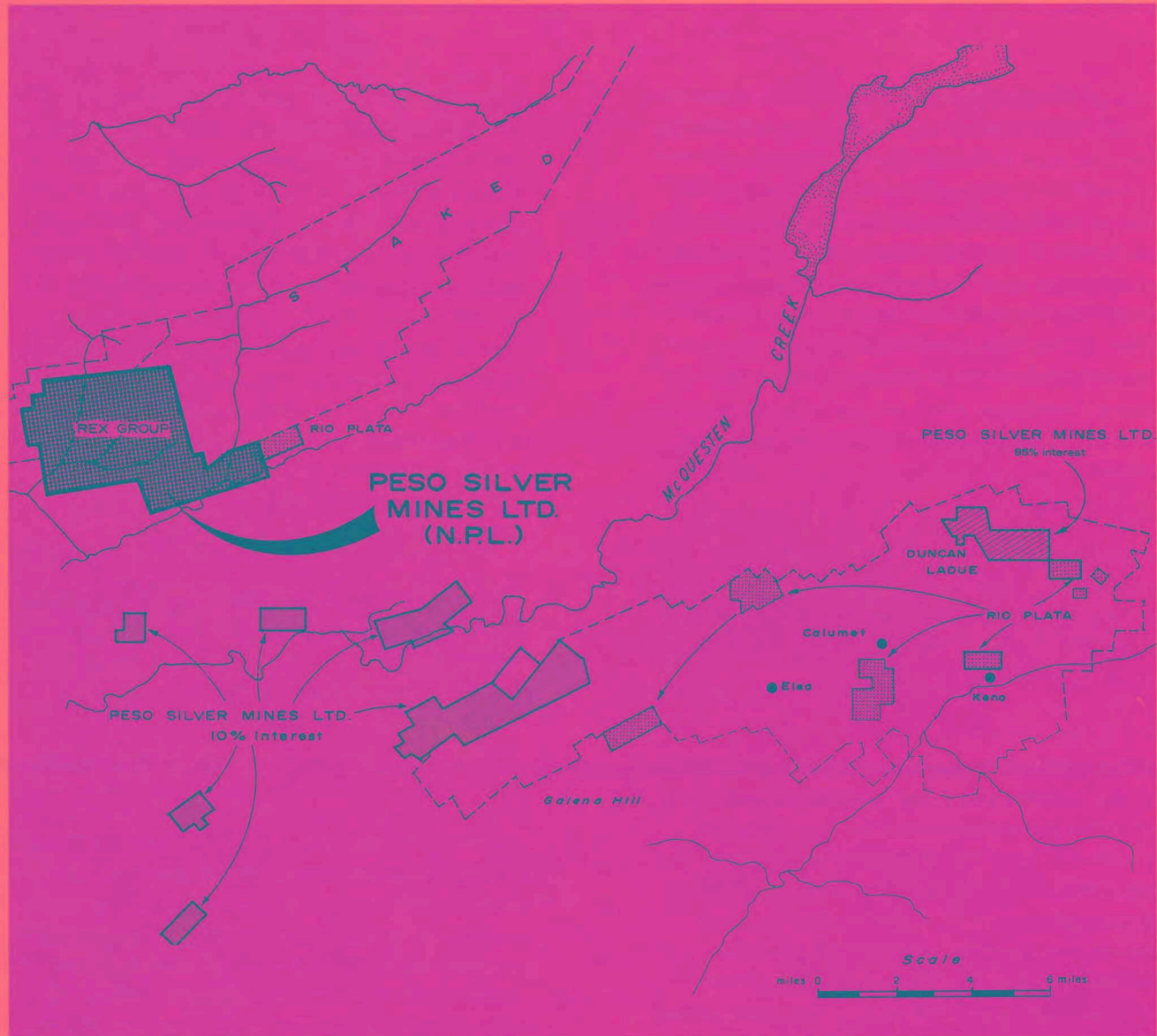
Work on the Duncan Ladue Mines property

located on the north side of Keno Hill, 10 miles from the producing United Keno Hill Mines and about 40 miles north and east of Mayo, was limited to the driving of a short adit level and the sinking of an exploration shaft. This work was directed to test a very high-grade silver vein exposed by surface work and indicated by five diamond drill holes. These holes intersected the vein structure and confirmed the presence of silver and lead in the vein. Further work has to be undertaken as the core recoveries are not conclusive as to the overall mining potential of this particular vein. Peso Silver Mines Limited owns 637,500 shares (85%) of Duncan Ladue Mines Limited.

On the properties of Rio Plata Silver Mines Limited in which Peso Silver holds 1,000,000 shares (36.9%), work was limited to brief inspections to confirm results of previous work to aid in the planning of the next phase of exploration. The majority of the work on the most important of the Rio Plata claim groups, the Formo, located on a good road a few miles from the United Keno Hill Mines mill, was done in 1952. Subsequently rehabilitation and re-examination has been undertaken several times. This work has indicated an ore reserve calculation of 44,000 tons of proven, probable and possible ore grading 16 ounces silver per ton, 6.9% lead and 10.7% zinc, giving a present gross value in the \$70.00 to \$80.00 per ton range. The Company's Consultant states, "The immediate potential of the deposit would appear to be easily 100,000 tons, with good indications for much more. A very modest development program would be required to properly assess the Formo deposit."

Varying interests are held by Peso in a number of other properties and exploration companies.

Peso Silver Mines Limited
(N.P.L.) *Continued*



6

Peso Silver Mines Property Holdings in the Mayo District, Yukon

With the existing reserves, the ore potential of all properties, the Mount Nansen mill working with a considerable production increase ahead, and the prospects of a further operation in the Mayo, this subsidiary will gain a noticeable position as a substantial producer of gold

and silver for many years to come. Plans are now well under way to add substantial mineral holdings. Peso intends to achieve this either by acquiring profit making mining companies, and/or by staking new claims and developing promising deposits.

Mount Nansen Mines Limited

The mill on the property of Mount Nansen Mines Limited, approximately forty (40) miles west of Carmacks and one hundred fifty (150) miles northwest of Whitehorse, Yukon Territory, Northern Canada came into production as scheduled on September 1, 1968. Originally, the mill had a capacity of 200 tons per day but as surface and underground work progressed during the year and the properties' gold and silver potential substantially increased, capacity was added to permit the milling of 400 tons per day. The tune-up of the plant has proceeded on a continuous basis with a production rate of 250 tons per day expected to be reached early next year. The current rate of progress is expected to be sustained into January while the cyanide circuit is being installed at a cost of \$100,000. When completed it will provide a higher rate of recovery of gold and silver from the more oxidized ores from the Webber veins.

Mount Nansen Mines Limited is closely associated with Charter Oil Company Limited through a direct ownership by Charter Oil of 1,142,500 Nansen shares (after loan conversion), and indirectly through Nansen shares held by Peso Silver Mines Limited and Moneta Porcupine Mines Limited. Peso Silver Mines Limited owns 3,955,386 Nansen shares, about 51.7% of the issued shares, and holds an option to increase and maintain its' interest at 62%. Moneta Porcupine Mines Limited owns 620,000 Nansen shares. In total, after loan conversion, approximately 72% of Nansen outstanding shares will be held by the Charter Oil group.

Over \$3,500,000 was spent during the past year on the Mount Nansen properties. The mill and ancillary building were constructed at a cost of \$1,250,000. Purchase of new equipment, completion of the all weather road, drilling water wells and construction of a pipeline, construction

7

View over-looking part of Mount Nansen Mines Property



successful in confirming ore indicated from the higher elevation workings and adding new ore potential to even greater depths. It opened the longest continuous length of ore on the property to date. This ore shoot is on the Huestis No. 12 vein and is over 300 feet long, across a good mining width, and grades in excess of \$60.00 per ton values in gold and silver.

As a result of the 1968 underground work at the Huestis, the Webber-Huestis ore reserves have been increased to 330,000 tons at 0.50 oz. gold per ton and 18.4 oz. silver per ton.

Present plans call for sinking an internal shaft from the Huestis working to give access to the deeper ore indicated by drilling. As development proceeds, it is intended to establish an interconnection between the lower elevations of the Huestis and Webber veins. This will permit underground transportation of all ores, eliminate rehandling on the surface and thus result in lower costs and higher production.

Diamond drilling on Cabin Creek has indicated the presence of a vein. The complete reconnaissance of this vein is a prime objective and further work is scheduled for the current year.

For the coming year we foresee great activity. A steady increase in milling rate at the Mount Nansen Mine, combined with higher metal recoveries due to the cyanidation process, can be expected. Additional geochemical survey on the Mount Nansen Mines Limited claims (of which 55% have not yet been surveyed) are planned.

The Brown McDade property will supply ore to the Mount Nansen mill during 1969 and as underground work proceeds and ore supplies increase, Mount Nansen will further adjust its milling capacity to more than 400 tons per day. Studies on how this would best be achieved are in preparation.

Mount Nansen Mines Mill



Brown-McDade Mines Limited

Surface exploration and development in the past season on the gold and silver property of the Brown-McDade Mines substantially increased the ore potential of the mine. The main Brown-McDade vein has been extended in both directions. Another parallel vein a few hundred feet southwest of the adit and about *two miles in length* has been defined. Present ore reserves are 110,000 tons grading 0.61 ounces gold and 5.4 ounces silver per ton. With the cyanide process available at the Mount Nansen mill, one mile from this property, metal recovery in excess of 90% can also be expected from the Brown-McDade ore.

The Mount Nansen plant has a designed capacity of 400 tons per day which provides ample capacity to process ore production from the Brown-McDade reserves when they become available for milling.

Recently, the parent company of the group, Charter Oil Company Limited, offered to exchange its treasury shares on the basis of one Charter share for each ten shares of Brown-McDade Mines Limited held by Peso Silver Mines Limited,

Moneta Porcupine Mines Limited and Mount Nansen Mines Limited. When this transaction is completed, Charter Oil will own a further 63% of the issued shares of Brown-McDade, which, together with its current holdings, will bring its ownership to 2,541,318 shares, about 64% of the issued outstanding shares.

Charter Oil Company Limited has undertaken to provide, and is currently negotiating for, the funds necessary to carry out an aggressive development program on the property to bring it to profitable production as soon as practical.

Present schedule calls for the resumption of underground raising and possibly some drifting on the known ore early next year. This work will provide ore for further metallurgical testing and will confirm the width and grade of the ore indicated by the diamond drilling.

The program planned for the Brown-McDade property over the next twelve months is confidentially expected to add substantially to the ore reserves and potential and to result in ore production on a sustained basis.

10

Capital Division

The first step in the establishment of this Division was completed recently with the incorporation in California of Charter Capital Corporation. This wholly owned subsidiary is to be responsible, on a continuous basis, for the securing of new funds to permit the Company to proceed with petroleum and mineral exploration and development. Present plans are to offer, under a prospectus, registered in the U.S.A., partnership participations in various projects through a direct sales force.

Details of the financing packages are now being worked out and will be available upon filing of the prospectus.

The present schedule calls for this subsidiary to be in full operation during the early months of 1969. This schedule should enable Charter Capital Corporation to raise funds for the summer mineral exploration program and for the petroleum division to have an aggressive exploration and well drilling program under way by midyear.

Petroleum Division

An aggressive policy of evaluation and expansion of the Company's Petroleum and Natural Gas holdings was set early in the year.

An Agreement was entered into with Ponderay Exploration Company Limited of Edmonton, Alberta, in March of this year for jointly managing all of Charter Oil's Petroleum and Natural Gas holdings. For this service, Ponderay was given the option to purchase 25% of Charter Oil's interest in all its Petroleum and Natural Gas properties.

The association has proved to be fruitful for your Company in that its oil and gas holdings have been substantially increased and upgraded. (see maps page 12, 13 and land holding inventory presented page 14 in this report).

Drilling activity on lands in which Charter Oil has an interest consisted of the drilling of six wells. Three were completed as gas wells, one was a marginal oil well and two were dry holes.

Of the six wells, five were drilled at no cost to Charter Oil.

One of the gas wells was drilled on the huge Quirk Creek structure, 25 miles southwest of Calgary, by Imperial Oil Limited. This structure is reported to have reserves of 817 billion cubic feet with the ultimate limits not yet defined. Your Company has an interest in 15,360 acres in the immediate area.

The other two gas wells were drilled in Southern Alberta in the Pendant D'Orielle Area within 15 miles of the Montana border. These wells were drilled by Pan American Petroleum Corporation and Canadian-Montana Gas Company. Both wells have been connected to the Canadian-Montana gas pipeline and are producing gas wells. Additional drilling is anticipated for this area within the next year. Charter Oil has a gross overriding royalty on these lands and the wells are being drilled at no cost to us.

The pursuit of this active program by Charter Oil has led to the acquisition of some 1,700,000 acres of Permit lands on the Arctic coastal plains and plateau areas of the Yukon Territory in Northern Canada. Your Company has a 75% interest in these Permits.

The significance of this large block of Permits can only be fully comprehended when the magnitude of the Atlantic Richfield discoveries at Prudhoe Bay, Alaska, is considered. The Prudhoe Bay discoveries are reported to have reserves in the magnitude of 5 to 10 billion barrels of oil.

The entire north coastal area of Alaska and Canada now becomes prime hunting ground for huge reserves of oil and gas as evidenced by the fact that over 30 million acres of Oil and Gas Permits have been issued to oil companies on Canada's Arctic coast in the past few months. The overwhelming majority of people in the Oil and Gas Industry in North America feel that the Arctic coastal plains could prove to contain North America's largest reserves of oil and gas.

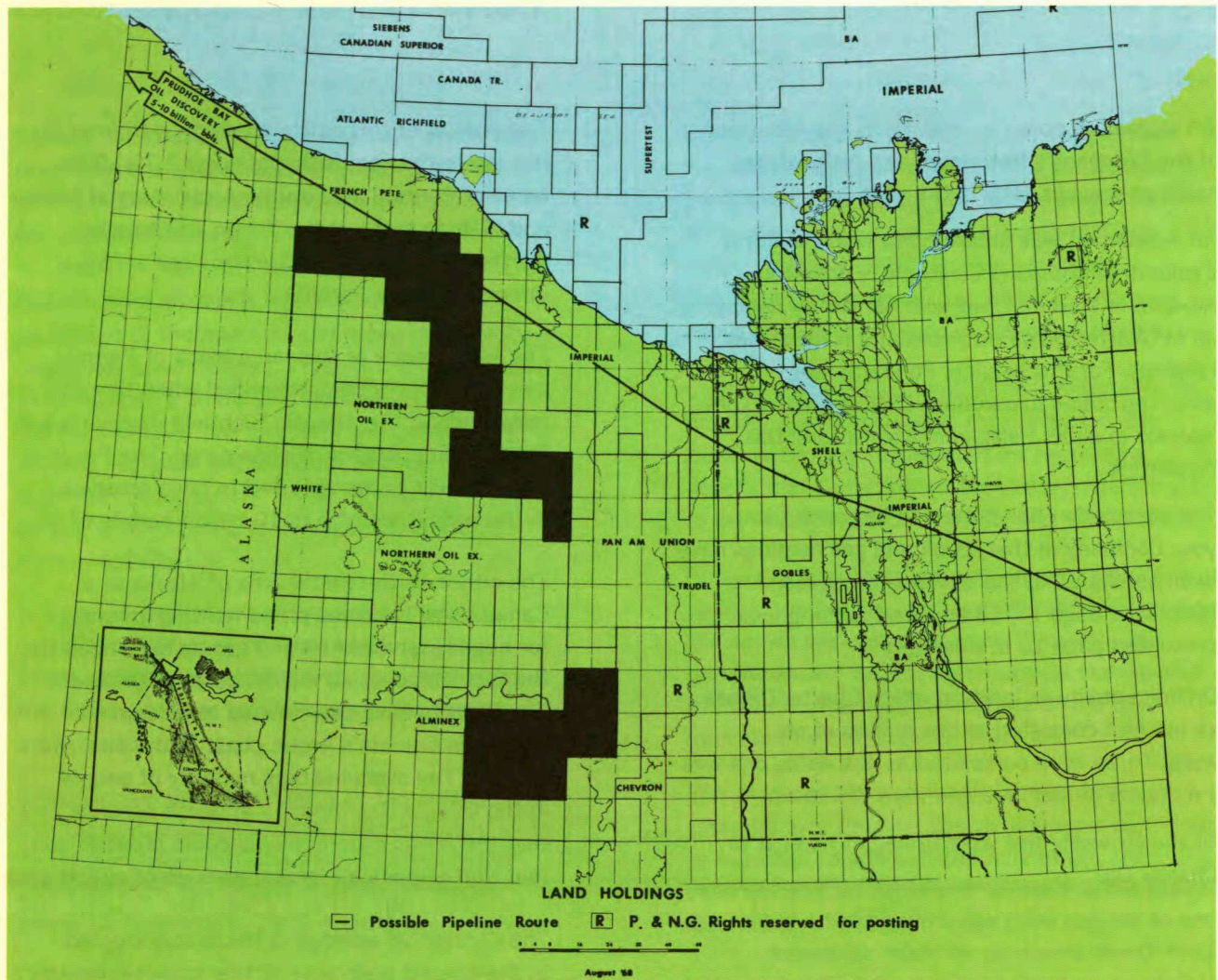
The Charter Oil acreage is favourably located in the coastal plain area of this huge sedimentary basin and exploratory work by the Consultants has already begun on our block of lands.

The initial exploratory work should be completed this coming winter and it is anticipated that a drilling program should be ready for consideration by the spring of 1969.

In addition, your Company holds an interest in approximately 500,000 acres of Permit lands in the Arctic islands. These Permits are part of the Panarctic program which calls for the expenditure of 20 million dollars. This is a joint venture by 20 companies in partnership with the Canadian Government. Charter Oil's interest is a gross overriding royalty eliminating direct exploration costs.

Petroleum Division

Continued



12

Land Holdings, Arctic Coast-McKenzie River Delta Area, Yukon-N.W.T., Canada

A 3% working interest is held in Petroleum and Natural Gas Reservation No. 415 which covers 19,814 acres in the Gap Lake area of Alberta, approximately 50 miles west of Calgary.

In the Peace River oil and natural gas area of Northeastern British Columbia, your Company holds interests which vary from 4-1/6% net carried interest to 25% net carried interest in a total of 364,769 lease acres. All of these acreage blocks were farmed out to Pacific Petroleum Limited and Pan American Petroleum several years ago.

Charter Oil has entered into an agreement with Ponderay Exploration Company for the acquisition of a 31% working interest in 93,000 acres of Permit lands in the Pointed Mountain area of the Yukon, just north of the British Columbia border. This area hosts one of the largest gas reserves discovered in Canada.

In total, Charter Oil now holds an interest in approximately 2,900,000 acres of Petroleum and Natural Gas rights in Canada and the Arctic islands.

Petroleum Division

Continued

Charter Oil has enjoyed an active year and will continue to concentrate on the acquisition of new oil and gas lands. In addition, your Company will follow a policy of increased drilling and exploration on its present holdings.

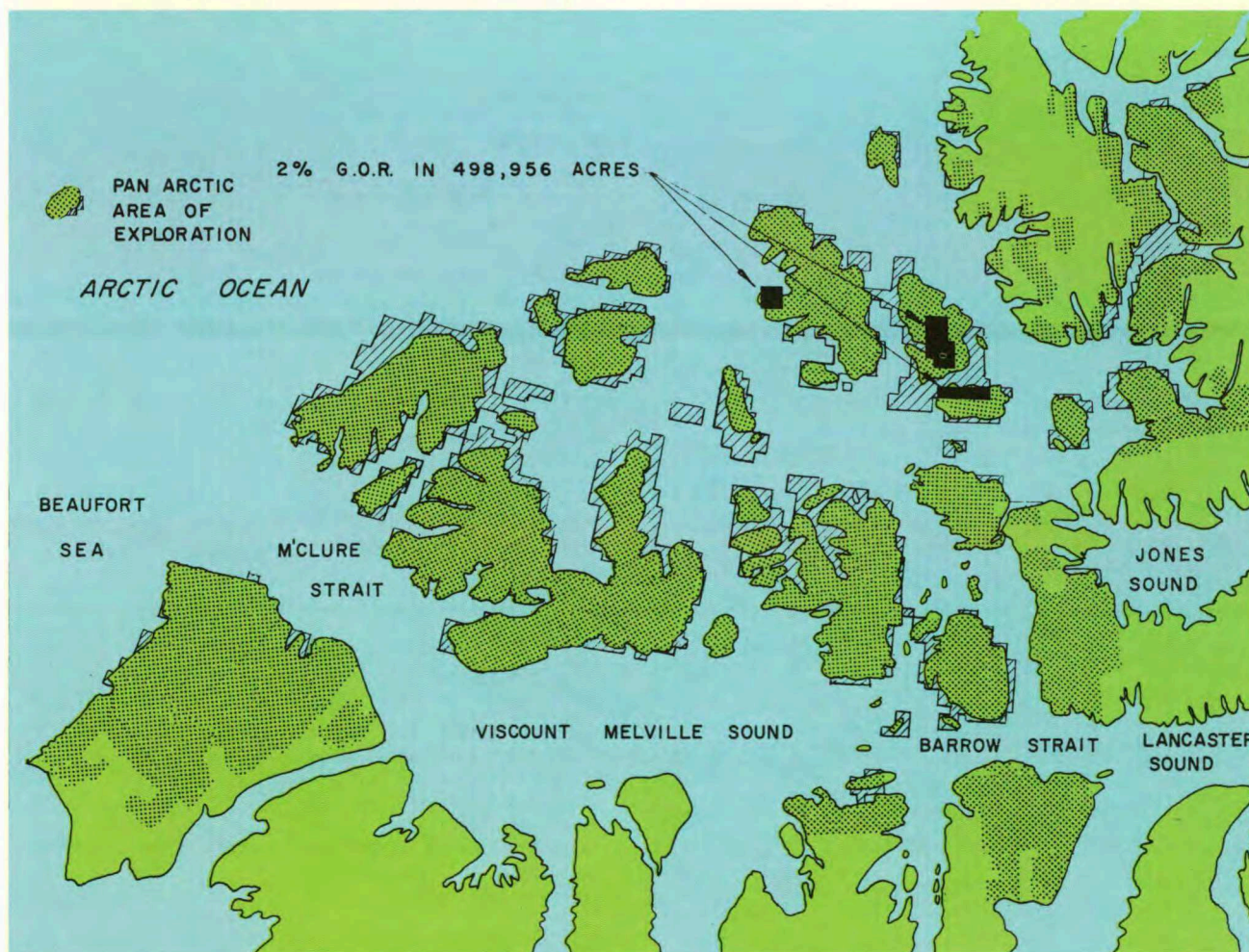
In line with this policy, the Company will shortly be drilling a 7,600 foot Cambrian test in Southern Alberta in association with Pacific Petroleum Limited. Your Company has a 25% working interest in the well and surrounding six sections of lease.

Imperial Oil Limited is presently drilling another well on a nine section block of leases

in which your Company has a gross overriding royalty.

A further step in the Company's plan to expand from a holding company to an active operating participant in the petroleum industry resulted in the recent conclusion of a contract with J.C. Sproule and Associates Limited of Calgary, Alberta, an internationally known firm of consulting petroleum geologists and engineers. This firm will assist Charter Oil in the evaluation and selection of exploratory and development drilling projects, as well as in participation in basic exploration, land plays, seismic programs and reserve acquisitions.

Land Holding Interests, Pan Arctic Area



Petroleum and Natural Gas Holdings and Interests

Continued CHARTER AGREEMENT ACREAGE—SCHEDULE "A"

TYPE OF INTEREST	AREA	GROSS ACRES	NET ACRES	CHARTER INTEREST
P. & N.G. Permits	Yukon N.W.T.	1,700,693	850,346	75% W.I.
P. & N.G. Res.	Gap Lake, Alta.	19,814	9,902	3% W.I.
P. & N.G. Leases	B.C.	364,072	364,072	Varies 4 1/2 to 25% Carried W.I.
	Alberta	65,116	65,116	Varies from 2 1/2 to 100% W.I.
	Sask.	3,773	3,773	27 & 25% W.I.
		66,768	66,768	60% W.I.
		625	625	3 3/4% W.I.
Gross Royalty	Alberta	44,887	44,887	3/4 of 1% to 3%
		5,129	5,129	2.4 to 2.5%
		15,360	15,360	5%
	Arctic Islands	498,956	259,478	2%
	Total:	2,807,925	1,708,188	

AREA AND LOCATION	NATURE OF INTEREST	DATE OF LEASE/RES. ETC.	CHARTER INTEREST	GROSS ACRES	REMARKS
NE. British Columbia NTS 94-0-1 Blocks E,F,H,L	Crown P. & N.G. Leases	April 17/62	4-1/6% net carried	15,582	Leases selected from Ex Permit #306. Farmed out to Pan American Petroleum Corporation.
				Total:	364,072

CHARTER AGREEMENT ACREAGE—SCHEDULE "A"

AREA AND LOCATION	NATURE OF INTEREST	DATE OF LEASE/RES. ETC.	CHARTER INTEREST	GROSS ACRES	REMARKS
NE. British Columbia NTS 94-G-7 Blocks C,D,E,F,G,K NTS 94-G-2 Blocks A,B,C,D,E,F,K, J,L NTS 94-G-1 Blocks A,B,C,D	Crown P. & N.G. Leases	March 28/60	15.5% net carried	83,562	Leases selected from Ex Permit 150 Farmed out to Pacific Petroleum Ltd.
NE. British Columbia NTS 94-I-16 Blocks G,H,I,J NTS 94-P-1 Blocks A & B	Crown P. & N.G. Lease	Jan. 18/62	25% net carried	32,654	Leases selected from Ex Permit #165. Farmed out to Pacific Petroleum Ltd.
NE. British Columbia NTS 94-I-16 Blocks A,B,G,H NTS 94-I-9 Blocks A,J,I	Crown P. & N.G. Lease	Jan. 18/62	25% net carried	26,679	Leases selected from Ex Permit #166. Farmed out to Pacific Petroleum Ltd.
NE. British Columbia NTS 94-B-9 Blocks B,C,D,E,F,G,K,L NTS 94-B-8 Blocks J,K,L	Crown P. & N.G. Lease	March 28/62	15.5% net carried	49,053	Farmed out to Pacific Petroleum Ltd. Leases selected from Ex Permit #204.
NE. British Columbia NTS 94-B-15 Blocks F,G,H,I,J,K	Crown P. & N.G. Lease	Jan. 18/62	10% net carried	30,530	Leases selected from Ex Permit #238. Farmed out to Pacific Petroleum Ltd.
NE. British Columbia NTS 94-J-3 Blocks A,B,C,F,G,H, J,K NTS 94-G-14 Blocks A,B,I,J	Crown P. & N.G. Lease	March 30/63	7 3/4% net carried	49,732	Leases selected from Ex Permit #250. Farmed out to Pacific Petroleum Ltd.
NE. British Columbia NTS 94-J-5 Block A,D,H NTS 94-J-6 Blocks A,C,D,E,F NTS 94-J-3 Blocks I,K,L	Crown P. & N.G. Lease	March 30/63	7 3/4% net carried	49,476	Leases selected from Ex Permit #251. Farmed out to Pacific Petroleum Ltd.
NE. British Columbia NTS 94-I-11 Block K	Crown P. & N.G. Lease	March 14/63	25% net carried	5,154	Leases selected from Ex Permit #244. Farmed out to Pacific Petroleum Ltd.
NE. British Columbia NTS 94-N-9 Blocks G,I,L,L	Crown P. & N.G. Lease	Feb. 28/62	4-1/6% net carried	21,560	Leases selected from Ex Permit #264. Farmed out to Pan American Petroleum Corporation.

CHARTER AGREEMENT ACREAGE-SCHEDULE "B"

AREA AND LOCATION	LEASE NO.	DATE OF LEASE	FROM WHOM ACQUIRED	CHARTER'S INTEREST	GROSS ACRES	REMARKS
Delburne				6 2/3% Working Interest	320	Held in association with Pacific Petroleum Ltd., Canadian Fina Oil Limited and Central Del Rio Oils Ltd.
E/2 24-36-22 W4	99380	Feb. 9/54	Crown			
SE/4 20-35-23 W4 Grouped	81167	Nov. 24/50	Crown		162	
SW/4 22-35-23 W4 Grouped	81168	Nov. 24/50	Crown		161	Subject to Crown royalty only.
Sec. 4-35-23 W4 Grouped 1964	92846	July 27/60	Crown		620	
NE/4 6-35-23 W4 Grouped 1964	92847	July 27/60	Crown		161	
W/2 10-35-23 W4 Grouped 1964	92848	July 27/60	Crown		322	
Sec. 16-35-23 W4 Grouped 1964	92849	July 27/60	Crown		648	
E/2 18-35-23 W4 Grouped 1964	92850	July 27/60	Crown		322	
Sec. 28-29-35-23 W4 Grouped 1964	92851	July 27/60	Crown		1,296	
E/2 30-35-23 W4 Grouped 1964	92852	July 27/60	Crown		322	
Sec. 32-35-23 W4 Grouped 1964	92853	July 27/60	Crown		646	
W/2 34-35-23 W4 Grouped 1964	92854	July 27/60	Crown		322	
Sec. 4-36-23 W4 Grouped 1964	92855	July 27/60	Crown		644	
E/2 6-36-23 W4 Grouped 1964	92856	July 27/60	Crown		322	
Sec. 2-35-22 W4 Grouped 1964	92857	Aug. 8/51	Crown		626	
Secs. 10 & 11-35-22 W4 Grouped 1964	92858	Aug. 8/51	Crown		1,280 8,174	
Delburne-Rumsey NW/4 17 & NE/4 18, SE/4 19 and SW/4 20-33-20 W4	81367	Aug. 12/50	Crown	2.5% Working Interest	640	Held in association with Socony Mobil Oil of Canada Ltd., Pacific Petroleum Ltd., Canadian Fina Oil Limited and Central Del Rio Oils Ltd.
NE/4 20, W/2's Secs. 21 & 22, Secs. 27 & 28, E/2 29, SE/4 32, S/2's 33 & 34 in Twp. 33, Rge. 20, W4	81368	Aug. 12/50	Crown		3,198	
N/2 23-33-20 W4	81369	Aug. 12/50	Crown		320	Subject to Crown Royalty only.
NW/4 24-33-20 W4	81370	Aug. 12/50	Crown		160	
W/2 25-33-20 W4	81371	Aug. 12/50	Crown		320	
NE/4 26-33-20 W4	81372	Aug. 12/50	Crown		160	
S/2 35-33-20 W4	81373	Aug. 12/50	Crown		320	
SW/4 36-33-20 W4	81374	Aug. 12/50	Crown		160	
					5,278	

Petroleum and Natural Gas Holdings and Interests *Continued*

Continued CHARTER AGREEMENT ACREAGE-SCHEDULE "B"

Continued CHARTER AGREEMENT ACREAGE-SCHEDULE "B"

AREA AND LOCATION	LEASE NO.	DATE OF LEASE	FROM WHOM ACQUIRED	CHARTER'S INTEREST	GROSS ACRES	REMARKS
Peace River Secs. 22, 23, 24, 25, 26, 27, S/2 34, S/2 35, S/2 36 in Twp. 86, Rge. 1, W6M	95979	Dec. 12/52	Crown	2.5% Working Interest	4,800	Held in association with Pacific Petroleum Ltd., Canadian Fina Oil Ltd., and Central Del Rio Oils Ltd. Subject to Crown Royalty only.
Secs. 19, 30, 31 in Twp. 86, Rge. 1, W6	95980	Dec. 12/52	Crown	5% Working Interest	3,200	Held in association with Pacific Petroleum Ltd., Canadian Fina Oil Ltd., and Central Del Rio Oils Ltd. Subject to Crown Royalty only.
Secs. 25, 36 in Twp. 86, Rge. 2, W6M				2.5% Working Interest	320	
N/2 34-86-1 W6	95981	Dec. 12/52	Crown	6% Working Interest	640	Subject to Crown Royalty only.
Sec. 8-87-2 W6	95984	Dec. 12/52	Crown	6% Working Interest	3,840	(Ex-rights below Bullhead formation on S/2 and N/2 34 and S/2 Sec. 35 in Twp. 86-1 W6M)
Secs. 10-15, Inclusive in Twp. 87, Rge. 2, W6	95985	Dec. 12/52	Crown	6% Working Interest	3,840	
Secs. 19, 20, 21, 28, 29 and 30 in Twp. 87-2 W6M Grouped	95986	Dec. 12/52	Crown		2,560	
Secs. 25, 26, 35 and 36 in Twp. 87-2 W6M	95987	Dec. 12/52	Crown		2,560	
Secs. 11-14 Inclusive in Twp. 87-3 W6M Grouped	95992	Dec. 12/52	Crown		1,280	
Secs. 35 & 36 in Twp. 87, Rge. 3, W6-Grouped	95993	Dec. 12/52	Crown		23,040	
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Grande Prairie All Sec. 6-73-7 W6M, All Secs. 1, 2, 11 & 14 in Twp. 73-8 W6 Grouped 1964	96529	Mar. 31/53	Crown	5% Working Interest	3,840	
N/2 and SE/4 34-72-8 W6 Grouped 1964	96530	Mar. 31-53	Crown		480	
E/27, All Secs. 8, 9, 16 & 17, E/2 Sec. 18, in Twp. 73-8 W6-Grouped 1964	96531	Mar. 31/53	Crown		3,200	
S/2 Sec. 20-73-8 W6	96532	Mar. 31/53	Crown		320	
S/2 21-73-8 W6	96533	Mar. 31/53	Crown		320	
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Tees Area SE/4 20-41-23 W4 Grouped	79247A	Jan. 19/50	Crown	28-4/7% Working Interest	160	Held in association with Tenneco Oil & Minerals Limited. Subject to Crown royalty only.
NW/4 20-41-23 W4 Grouped	79247B	Jan. 19/50	Crown		160	
SW/4 29-41-23 W4 Grouped	79249B	Jan. 19/50	Crown	Working Int. 28-4/7%	160	
NE/4 28-41-23 W4 Grouped	79249C	Jan. 19/50	Crown	Working Int. 28-4/7%	160	
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Carbon Area Sec. 5-29-22 W4	81323	Aug. 12/50	Crown	5% Working Interest	640	Held in association with Central Del Rio Oils Ltd., Pacific Petroleum Ltd., and Canadian Fina Oil Company. Leases 81323, 81324 and 81332 do not contain gas rights in the Glauconitic sand. Subject to Crown royalty only.
Sec. 9-29-22 W4	81324	Aug. 12/50	Crown		640	
Sec. 3-29-22 W4 Grouped 1965	81332	Aug. 12/50	Crown		640	
Sec. 11-29-22 W4 Grouped 1965	81325	Aug. 12/50	Crown		640	
Sec. 13-29-22 W4 Grouped 1965	81326	Aug. 12/50	Crown		640	
Sec. 15-29-22 W4 Grouped 1965	81327	Aug. 12/50	Crown		640	
Sec. 23-29-22 W4 Grouped 1965	81328	Aug. 12/50	Crown	2.5% Working Interest	640	
Sec. 25-29-22 W4 Grouped 1965 (Unit)	81329	Aug. 12/50	Crown		640	

AREA AND LOCATION	LEASE NO.	DATE OF LEASE	FROM WHOM ACQUIRED	CHARTER'S INTEREST	GROSS ACRES	REMARKS
Sec. 28-29-22 W4 Grouped	81330	Aug. 12/50	Crown		640	
Sec. 34-29-22 W4	81331	Aug. 12/50	Crown		640	Total: 6400 gross acres
Joffre Area N/2 and SW/4 22-39-27 W4	96365	Dec. 31/52	Crown	50% Working Interest	480	Subject to 1% overriding royalty.
Youngstown Area NW/4 Sec. 19-31-9 W4 NE/4	74367	Nov. 10/48	Crown	100% Working Interest	160	Subject to Crown royalty and a further overriding royalty of 5 to 12 1/2% to California Standard and Asamera Oil Co.
Sec. 24-31-10 W4	7802B-A	Nov. 4/49	Crown		160	
NW/4 30-31-9 W4 NE/4	110172	Aug. 19/57	Crown	50% Working Interest	160	Held in association with Pacific Petroleum Ltd., Shell Oil Limited and Youngstown Oils Ltd. subject to Crown royalty only.
Sec. 26-31-10 W4 S/2	110173	Aug. 19/57	Crown		160	
Sec. 36-31-10 W4	110174	Aug. 19/57	Crown		320	NOTE: Leases 7802B, 7802BB, 74367 (1200 acres) farmed out to Kerr McGee (75%) interest in rights Below D-1.
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Davey Lake Area Sec. 10, 14 & 24 of Twp. 34, Rge. 27, W4	3574	Aug. 11/64	Crown	5% Working Interest	1,920	Held in association with Shell Oil Limited and Central Del Rio Oil Company subject to Crown royalty plus 1% overriding royalty.
Sec. 20-34-27 W4	3575	Aug. 11/64	Crown		640	
N/2 Sec. 32-34-27 W4 & S/2 Sec. 4-35-27 W4	3576	Aug. 11/64	Crown		640	
N/2 Sec. 34-34-27 W4 & S/2 Sec. 2-35-24 W4	3577	Aug. 11/64	Crown		640	
Sec. 24-34-28 W4	3578	Aug. 11/64	Crown		640	
Sec. 36-34-28 W4	3579	Aug. 11/64	Crown		640	
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Hamilton Lake Area W/2 Sec. 36-35-10 W4	99321	Feb. 8/54	Crown	20% Working Interest	322	Held in association with Canadian Fina Oil Co. and Pacific Petroleum Limited subject to Crown royalty only.
E/2 Sec. 27-35-10 W4	101803	Oct. 27/54	Crown		321	
E/2 Sec. 36-35-10 W4	101804	Oct. 27/54	Crown		322	
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Manyberries Area W/2 Sec. 14, E/2 Sec. 15, E/2 Sec. 22, W/2 Sec. 23 in Twp. 2-9 W4M Grouped	94084	Oct. 29/52	Crown	30% Working Interest	1,284	Held in association with Pacific Petroleum Ltd., subject to Crown royalty plus 5% overriding royalty.
E/2 Sec. 34, W/2 Sec. 35 in Twp. 2-9 W4 Grouped	94086	Oct. 29/52	Crown	30% Working Interest	638	Farmed out to Canadian-Montana Gas and Pan American for 15% ORR.
SW/4 Sec. 2-3-9 W4 Grouped	94087	Oct. 29/52	Crown	30% Working Interest	159	
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Lost River Area N/2 Sec. 19, N/2 Sec. 20, Secs. 29-32 inclusive in Twp. 1-4 W4, S/2 Sec. 5, S/S Sec. 6-2-4 W4M	96838	Feb. 21/53	Crown	25.71% Working Interest	3,818	Preparing to drill in Sec. 32 with Pacific Pete.
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Exshaw-Gap Lake Area Twp. 24-9 W5 and Twp. 24-10 W5	P.&M.G. Res. #415	Nov. 27/63	Crown	3% Working Interest	19,814	Farmed out to Sulpetro of Canada Ltd.

Petroleum and Natural Gas Holdings and Interests *Continued*

CHARTER AGREEMENT ACREAGE — SCHEDULE "C"

AREA AND LOCATION	LEASE NO.	DATE OF LEASE	FROM WHOM ACQUIRED	CHARTER'S INTEREST	GROSS ACRES	REMARKS
NE/4 and SW/4 Sec. 10 in Twp. 14-13 W2	PN 345	Mar. 16/54	Crown	27%	316	Held in association with Canadian Fina Oil Company and subject to Crown Royalty. Held in association with Canadian Fina Oil Company and subject to a landowners royalty of 12½%.
NE/4 Sec. 16, SW/4 and NE/4 Sec. 22 in Twp. 14-13 W2	PN 346	Mar. 16/54	Crown	27%	479	
NE/4 & SW/4 20-14-13 W2	PN 347	Mar. 16/54	Crown	27%	320	
NE/4, SE/4 and SW/4 Sec. 25 in Twp. 16-19 W2		June 5/61	Freehold	25%	480	
SW/4 Sec. 2-17-19 W2		June 5/61	Freehold	25%	160	
NE/4 and SE/4 Sec. 3-26-20 W2		June 7/61	Freehold	25%	320	
S/2 Sec. 8-30-5 W3		June 26/61	Freehold	25%	320	
Lsds. 7, 8, 15 & 16 of Sec. 21 in Twp. 4-12 W2		May 10/61	Freehold	25%	160	
S/2 Sec. 28-19-9 W2		May 15/61	Freehold	25%	320	
Ptn. NE/4 21 and Ptn. N/2 of SE/4 Sec. 21-12-3 W2		May 21/61	Freehold	25%	80	
Ptn. NW/4 28-22-21 W2		May 21/61	Freehold	25%	98	
S/2 of the SE/4 Sec. 33-2-5 W2		May 22/61	Freehold	25%	80	
NE/4 Sec. 19-4-7 W2		May 22/61	Freehold	25%	160	
Ptn. E/2 Sec. 25-16-27 W2		May 24/61	Freehold	25%	160	
SW/4 Sec. 31-16-24 W2		May 26/61	Freehold	25%	160	
SE/4 Sec. 9-29-4 W2		May 29/61	Freehold	25%	160	
					<u>3773</u>	

CHARTER AGREEMENT ACREAGE — SCHEDULE "D"

AREA AND LOCATION	NATURE OF INTEREST	DATE OF LEASE/ RES. ETC.	CHARTER INTEREST	GROSS ACRES	REMARKS
Southern Saskatchewan	Freehold	Various Dates in 1959 & 1960		66,768	

These leases are for a term of 33 years renewable for an additional 33 years. The lessor retains a 20% interest in the lease in lieu of royalty on yearly rentals. These leases were purchased from Pioneer Petroleum Drilling and Marketing Limited of Regina, Saskatchewan and they retain a 25% net carried interest. The spread of acreage is quite extensive and gives the company good exposure over a wide part of the Saskatchewan oil play.

CHARTER AGREEMENT ACREAGE — SCHEDULE "E"

AREA AND LOCATION	NATURE OF INTEREST
South Central Alberta	Freehold Royalty Holdings

The company has gross royalty holdings of 44,887 acres spread throughout South Central Alberta from Township 53 South to the Montana border. The royalty interest in this large spread varies from ¼ of 1% to 3%, and is favourably situated with respect to most of the drilling activity which is taking place in this area.

CHARTER AGREEMENT ACREAGE — SCHEDULE "F"

AREA AND LOCATION	LEASE NO.	DATE OF LEASE	FROM WHOM ACQUIRED	CHARTER'S INTEREST	GROSS ACRES	REMARKS
Quirk Creek NW/4 Sec. 13, N/2 14, N/2 15, NE/4 16, E/2 21, Secs. 22 & 23, W/2 24, SW/4 25, S/2 26, S/2 27, SE/4 28 in Twp. 20-5 W5	105330	May 9/56	Crown	2.4% GOR	3,840	Held by Transalta Minerals Ltd.

Continued **CHARTER AGREEMENT ACREAGE — SCHEDULE "F"**

AREA AND LOCATION	LEASE NO.	DATE OF LEASE	FROM WHOM ACQUIRED	CHARTER'S INTEREST	GROSS ACRES	REMARKS
NW/4 26, N/2 27, NE/4 28, SE/4 33, S/2 34, SW/4 35-20-5 W5	105331	May 9/56	Crown	2.4% GOR	1,280	
NW/4 1, N/2's 2 & 3, NE/4 4, E/2 9, Secs. 10 & 11, W/2's 12 & 13, Sec. 14 & 15, E/2 16, SE/4 21, S/2's 22 & 23, SW/4 24-21-5 W5	105332	June 4/56	Crown	2.5% GOR	5,760	Held by Shell Oil Company of Canada.
NW/4 27, NE/4 28, SE/4 33 & SW/4 34 in 21-5 W5	105334	June 4/56	Crown	2.5% GOR	640	
Sec. 10, W/2's 11 & 14, Sec. 15-21-6 W5	105829	June 4/56	Crown	25% Net Carried Interest	1,920	
W/2 26, 27 & 34 and W/2 Sec. 35-21-6 W5	105831	June 4/56	Crown		1,920	
					<u>15,360</u>	
E/2 Sec. 25 & 26 in Twp. 45-22 W5	126604	June 14/62	Crown	5% GOR	640	Held by Shell Oil Company of Canada.
N/2 28, Sec. 33 in Twp. 45-22 W5	126605	June 14/62	Crown	5% GOR	960	
W/2 1, Secs. 2, 3, 10, 11, 14 & 15 in Twp. 46-22 W5	126606	June 14/62	Crown	5% GOR	4,160	
NW/4 6, SW/4 7 in Twp. 46-22 W5	126607	June 14/62	Crown	5% GOR	320	
NW/4 17, N/2 18, Sec. 19, W/2 20 & 29, Sec. 30, S/2 31 & SW/4 32-46-22 W5	126608	June 14/62	Crown	5% GOR	2,880	
					<u>8,960</u>	

CHARTER AGREEMENT ACREAGE — SCHEDULE "G"

AREA AND LOCATION	PERMIT NO.	DATE OF PERMIT	FROM WHOM ACQUIRED	CHARTER'S INTEREST	GROSS ACRES	REMARKS
Arctic Islands						
Amund Ringness Island						
78° 10' 96" 30'	A-140	June 24/60	Crown	2% GOR	53,022	Dominion of Canada Oil & Gas Permits dated June 24/60 held by Canada Southern Petroleum, Clark Oil & Refining Corp. and Tidewater Oil Co. and subsequently made part of the Panarctic development program.
78° 20' 96" 30'	A-142	June 24/60	Crown	2% GOR	52,291	
78° 20' 97" 00'	A-143	June 24/60	Crown	2% GOR	52,291	
78° 30' 96" 30'	A-144	June 24/60	Crown	2% GOR	25,780.5	
78° 30' 97" 00'	A-145	June 24/60	Crown	2% GOR	51,561	
Corwall Island						
77° 50' 94" 00'	A-146	June 24/60	Crown	2% GOR	27,332	
77° 50' 94" 30'	A-147	June 24/60	Crown	2% GOR	27,332	
77° 50' 95" 00'	A-148	June 24/60	Crown	2% GOR	27,332	
77° 50' 95" 30'	A-149	June 24/60	Crown	2% GOR	27,332	
Ellet Ringness Island						
78° 30' 103" 30'	A-150	June 24/60	Crown	2% GOR	51,561	
78° 30' 104" 00'	A-151	June 24/60	Crown	2% GOR	51,561	
78° 30' 104" 30'	A-152	June 24/60	Crown	2% GOR	51,561	
					<u>498,956</u> acres	

Petroleum and Natural Gas Holdings and Interests *Continued*

Continued SCHEDULE OF PROPERTIES — CHARTER OIL COMPANY LIMITED
At December 31, 1965

ARCTIC COASTAL PLAIN AND PLATEAUS

GRID	PERMIT NO.	DATE	ACRES	TERM	CHARTER INTEREST	LEASE NO.	LOCATION	NO. OF ACRES	CHARTER'S INTEREST	PARTICULARS
68° 20' 138° 00'	5842	23/7/68	47,512	6 yrs.	75%	78028B	Youngstown W½ Sec. 25 T31 R10 W4	322		
68° 30' 138° 00'	5843	23/7/68	47,166	6 yrs.	75%		Wells — Charter Youngstown 6-25-31-10			
68° 30' 138° 15'	5844	23/7/68	47,166	6 yrs.	75%	78028	W½ Sec. 24 & E½ Sec. 25 T31 R10-W4	644		100%
68° 30' 138° 30'	5870	26/7/68	47,166	6 yrs.	75%		Well — Charter Reist 14-25-31-10			
68° 30' 138° 45'	5871	26/7/68	47,166	6 yrs.	75%	110171	W½ Sec. 30 T31 R9 W4	320		50%
68° 30' 139° 00'	5872	26/7/68	47,166	6 yrs.	75%		Well — Mumber Charter Cree 4-30-31-9			
68° 40' 138° 45'	5845	23/7/68	46,820	6 yrs.	75%	106064	Willitsden Green NE¼ Sec. 26 T41 R6 W5	160		50%
S/2 68° 40' 139° 00'	5873	26/7/68	23,453	6 yrs.	75%		Well — Prof. Chtr Wilgin 16-26- 41-6			
68° 50' 138° 45'	5827	23/7/68	46,474	6 yrs.	75%	Freehold	Carnduff, Saskatchewan W½ Sec. 3 T2 R33 W1	320		25%
68° 50' 139° 00'	5846	23/7/68	46,474	6 yrs.	75%		Wells — Calvan Charter Carnduff 11-3			
68° 50' 139° 15'	5847	23/7/68	46,474	6 yrs.	75%	Freehold	Calvan Charter Carnduff 13-3	320		25%
69° 00' 139° 00'	5828	23/7/68	46,128	6 yrs.	75%		Medicine Hat Royalty on production of natural gas from the Medicine Hat zone in Sec. 2, N½ & SW¼ Sec. 3, Sec. 4, 6, 7, 9, 10, 11, S½ & NE¼ Sec. 13, Sec. 14, 15, 16, 17, 24 of T14, R5, W4			
69° 00' 139° 15'	5829	23/7/68	46,128	6 yrs.	75%	Freehold	Sec. 1, 2, 3 and 12 of T14 R6 W4	322		1.62% approx.
69° 10' 139° 00'	5830	23/7/68	45,780	6 yrs.	75%		Hamilton Lake W½ Sec. 25 T35 R10 W4			
69° 10' 139° 15'	5831	23/7/68	45,780	6 yrs.	75%	Freehold	Producing Royalties — Saskatchewan Pt. N¼ Sec. 34 T2 R34 W1	305		3¼%
69° 10' 139° 30'	5822	23/7/68	45,780	6 yrs.	75%		S¼ Sec. 34 T2 R34 W1			
69° 10' 139° 45'	5833	23/7/68	45,780	6 yrs.	75%	Freehold	Miscellaneous Areas — Alberta S¼ Sec. 5 T27 R1 W5	320		½%
S/2 68° 20' 139° 00'	5834	23/7/68	22,760	6 yrs.	75%		SW¼ Sec. 27 T27 R2 W5			
69° 20' 139° 15'	5835	23/7/68	45,432	6 yrs.	75%	Freehold	RW¼ Sec. 7 T39 R3 W5	160		½%
69° 20' 139° 30'	5836	23/7/68	45,432	6 yrs.	75%		NE¼ Sec. 19 T40 R1 W5			
69° 20' 139° 45'	5837	23/7/68	45,432	6 yrs.	75%	Freehold	NE¼ Sec. 3 T42 R2 W5	160		½%
69° 20' 140° 00'	5838	23/7/68	45,432	6 yrs.	75%		SW¼ Sec. 25 T35 R26 W4			
69° 20' 140° 15'	5839	23/7/68	45,432	6 yrs.	75%	Freehold	SE¼ Sec. 26 T35 R26 W4	160		½%
69° 20' 140° 30'	5840	23/7/68	45,432	6 yrs.	75%		SW¼ Sec. 31 T39 R21 W4			
69° 20' 140° 45'	5841	23/7/68	45,432	6 yrs.	75%	Freehold	SE¼ Sec. 17 T39 R26 W4	160		½%
Total: 1,109,197							Freehold			

EAGLE — PORCUPINE PLAINS PLATEAU

GRID	PERMIT NO.	DATE	ACRES	TERM	CHARTER INTEREST	LEASE NO.	LOCATION	NO. OF ACRES	CHARTER'S INTEREST	PARTICULARS
67° 20' 138° 00'	5874	26/7/68	49,578	4 yrs.	75%	101802	Hamilton Lake W½ Sec. 25 T35 R10 W4	322		1%
67° 20' 138° 15'	5875	26/7/68	49,578	4 yrs.	75%		Producing Royalties — Saskatchewan Pt. N¼ Sec. 34 T2 R34 W1			
67° 20' 138° 30'	5876	26/7/68	49,578	4 yrs.	75%	Freehold	S¼ Sec. 34 T2 R34 W1	320		3¼%
67° 20' 138° 45'	5877	26/7/68	49,578	4 yrs.	75%		Miscellaneous Areas — Alberta S¼ Sec. 5 T27 R1 W5			
67° 30' 137° 30'	5882	26/7/68	49,234	4 yrs.	75%	Freehold	SW¼ Sec. 27 T27 R2 W5	160		½%
67° 30' 137° 45'	5883	26/7/68	49,234	4 yrs.	75%		RW¼ Sec. 7 T39 R3 W5			
67° 30' 138° 00'	5878	26/7/68	49,234	4 yrs.	75%	Freehold	NE¼ Sec. 19 T40 R1 W5	160		½%
67° 30' 138° 15'	5879	26/7/68	49,234	4 yrs.	75%		NE¼ Sec. 3 T42 R2 W5			
67° 30' 138° 30'	5880	26/7/68	49,234	4 yrs.	75%	Freehold	SW¼ Sec. 25 T35 R26 W4	160		½%
67° 30' 137° 30'	5884	26/7/68	48,890	4 yrs.	75%		SE¼ Sec. 26 T35 R26 W4			
67° 40' 137° 45'	5885	26/7/68	48,890	4 yrs.	75%	Freehold	SW¼ Sec. 31 T39 R21 W4	160		½%
Total: 591,496							Freehold			

SCHEDULE OF PROPERTIES — CHARTER OIL COMPANY LIMITED
At December 31, 1965

LEASE NO.	LOCATION	NO. OF ACRES	CHARTER'S INTEREST	PARTICULARS
Freehold	NW¼ Sec. 9 T29 R2 W5	160	1%	
Freehold	NE¼ Sec. 9 T29 R2 W5	160	1%	
Freehold	NE¼ Sec. 19 T29 R2 W5	160	1%	
Freehold	NE¼ Sec. 23 T29 R3 W5	160	1%	
Freehold	SE¼ Sec. 23 T29 R3 W5	160	½%	
Freehold	NW¼ Sec. 26 T29 R3 W5	160	½%	
Freehold	PTN Sec. 31 & 32 T20 R28 W4	649	40 units	
Freehold	PTN Sec. 32-20-28 W4		40 units	
Freehold	SE1/45-43-23 W4	160	½%	
Freehold	SW1/415-38-2 W5	160	½%	
Freehold	SE¼ Sec. 25 T39 R22 W4	160	½%	
79993	Pembina Sec. 19 T48 R2 W5	640		
	Wells — Charter Pem. 4-19-48-2		100%	
	Charter Pem. 4-19BR-48-2		100%	

Real Estate Division



18

Rideau Towers, Calgary, Alberta, Canada

Purchase of Rideau Towers of Calgary, Alberta, Canada, is the first acquisition in the recently established Real Estate Division of your Company. Current planning is for this division to become active in property holding and development.

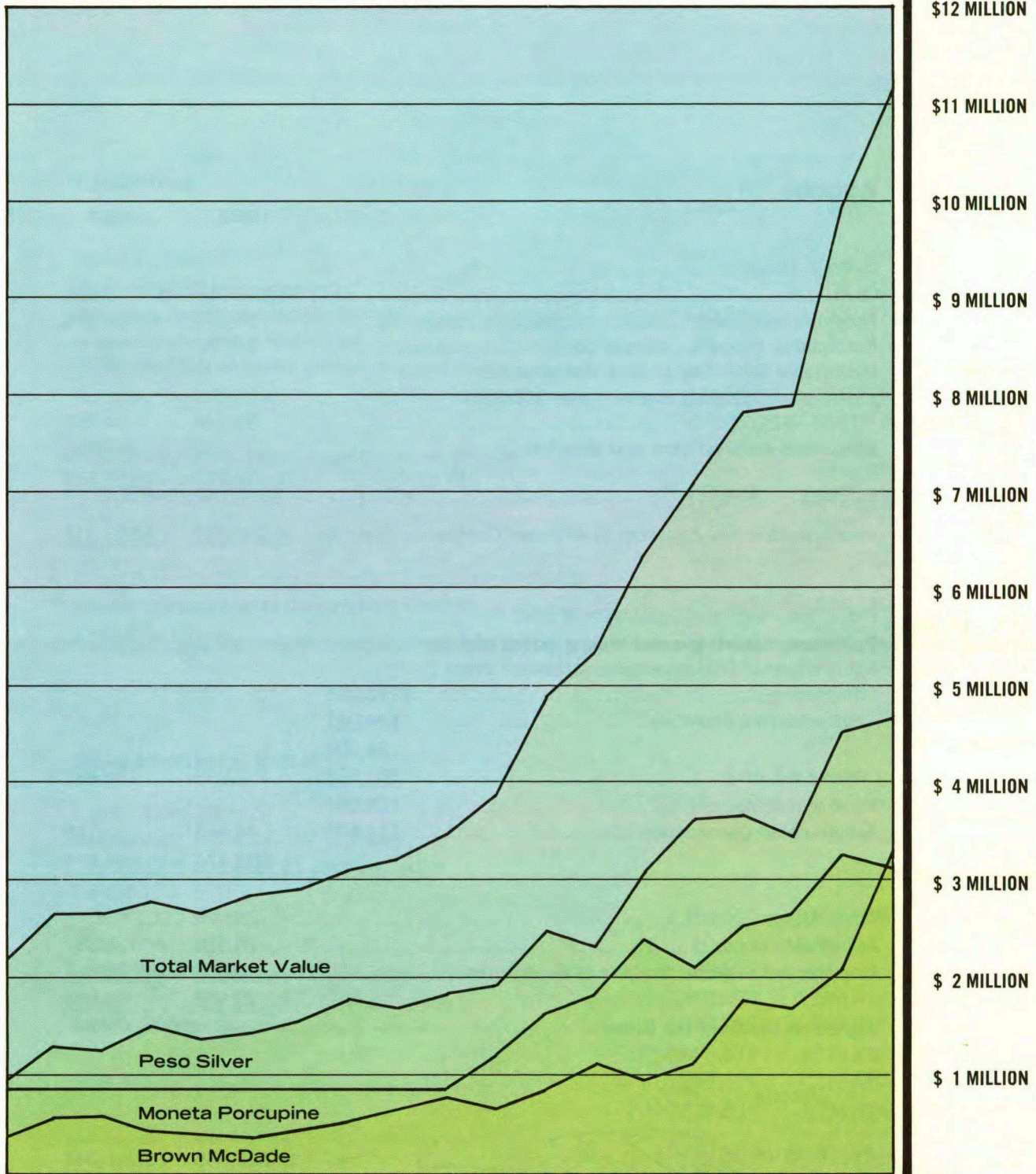
The Rideau Towers complex currently has four, six story, apartment buildings which include 201 suites. It is located on a partially developed 13 acres site on the south side of Calgary about five minutes drive from the central business district. The property is located on a bluff permitting the prime suites to have a panoramic view of the majority of Calgary and the eastern

slope of the Rocky Mountains.

4.4 acres of this site are available for further development. Various plans for this development are presently under consideration.

Charter Oil Company agreed to pay \$3,700,000 (Canadian) for the apartment complex by the issue of 194,087 treasury shares, plus the assumption of approximately \$1,350,000 in mortgages. All of the apartments are currently occupied with the majority covered by leases, many of which exceed two years duration.

Quoted Market Value of Certain Mineral Divisions Holdings
from April 1967 to October 31st 1968




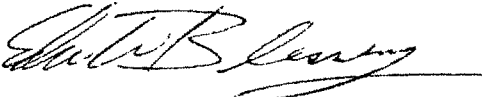
Charter Oil Company Limited

(Incorporated Under the Companies Act
of British Columbia) and Partially Owned
Subsidiary Company

Moneta Porcupine Mines, Limited

Consolidated Balance Sheet as at July 31, 1968

Assets

	1968	1967
<i>Current Assets</i>		
Cash.....	\$1,144,648	\$ 1,396
Accounts receivable.....	59,079	26,576
Refundable deposits—current portion.....	63,776	—
Marketable securities at cost less amounts written off (Quoted market value \$60,876; 1967—\$24,672).....	34,869	34,867
Receivable from officers and directors	—	105,000
	<u>1,302,372</u>	<u>167,839</u>
<i>Investments in and Advances to Affiliated Companies (Note 3)</i>	<u>4,336,052</u>	<u>4,855,935</u>
 <i>Properties, Plant and Equipment at cost</i>		
<i>Petroleum, natural gas and mining leases and rights together with development thereon (Note 2)</i>		
Producing.....	\$210,045	
Accumulated depletion.....	<u>156,041</u>	
	54,004	
Non-producing.....	<u>103,988</u>	182,491
Plant and equipment.....	158,084	
Accumulated depreciation	<u>113,600</u>	<u>52,185</u>
	<u>44,484</u>	<u>52,185</u>
	<u>202,476</u>	<u>234,676</u>
 <i>Other Assets</i>		
Refundable deposits.....	14,556	11,957
Unamortized expense on issue of debentures.....	<u>8,399</u>	<u>25,837</u>
	<u>22,955</u>	<u>37,794</u>
 Signed on behalf of the Board		
Director 		
Director 	<u>\$5,863,855</u>	<u>\$5,296,244</u>

Liabilities

	1968	1967
<i>Current Liabilities</i>		
Bank indebtedness—secured.....	\$ —	\$ 56,341
Advances from Anlagebank, Zurich.....	115,500	33,087
Accounts, payable and accrued.....	87,502	87,317
Advances from affiliated company.....	28,500	—
	<u>231,502</u>	<u>176,745</u>
 <i>Fifteen Year 5¼% Subordinate Convertible Debentures Due August 1, 1972 (Note 4) (U.S. \$433,000; 1967—\$1,074,000).....</i>		
	<u>411,344</u>	<u>1,020,283</u>
 <i>Minority Interest in Partially Owned Subsidiary Company</i>		
Owned by Canadawide Investments Limited	951,049	954,110
Owned by others.....	<u>937,421</u>	<u>943,682</u>
	<u>1,888,470</u>	<u>1,897,792</u>

21

Shareholders' Equity

Capital Stock (Note 5)

Authorized

4,000,000 shares of \$1 each par value

Issued

2,762,320 shares..... 2,762,320 2,591,419

Subscribed

130,000 shares..... 130,000 —
2,892,320 2,591,419*Capital Surplus*..... 2,137,555 931,807

5,029,875 3,523,226

Deficit..... 1,697,336 1,321,8023,332,539 2,201,424\$5,863,855 \$5,296,244

Charter Oil Company Limited

And Partially Owned Subsidiary Company
Moneta Porcupine Mines, Limited

Consolidated Statement of Earnings

For the Year Ended July 31, 1968

	1968	1967
<i>Revenue</i>		
Sale of production	\$ 30,419	\$ 33,973
Royalty income.....	<u>12,826</u>	<u>11,204</u>
	<u>43,245</u>	<u>45,177</u>
<i>Expenses</i>		
Well operating	38,138	25,229
General and administrative.....	253,518	199,343
Depletion.....	14,008	12,713
Depreciation.....	7,082	8,573
Carrying costs of non-producing properties	9,973	10,285
Exploration and non-productive development	<u>71,430</u>	<u>71,110</u>
	<u>394,149</u>	<u>327,253</u>
Loss on operations.....	<u>350,904</u>	<u>282,076</u>
<i>Other Deductions (Income)</i>		
Settlement on termination of employment contracts	65,925	—
Debenture interest and issue expense	46,009	71,286
Other interest expense.....	6,707	4,129
Interest, dividends and other income.....	(43,144)	(26,380)
Interest income—affiliated companies	(39,574)	(71,908)
Gain on disposal of assets	<u>(1,971)</u>	<u>(98,007)</u>
	<u>33,952</u>	<u>(120,880)</u>
	384,856	161,196
Minority Interest	<u>(9,322)</u>	<u>47,356</u>
Loss for the Year.....	<u>\$ 375,534</u>	<u>\$ 208,552</u>

Consolidated Statement of Deficit

For the Year Ended July 31, 1968

Balance at Beginning of Year	\$1,321,802	\$1,113,250
Loss for the year.....	<u>375,534</u>	<u>208,552</u>
Balance at End of Year	<u>\$1,697,336</u>	<u>\$1,321,802</u>

Consolidated Statement of Capital Surplus
For the Year Ended July 31, 1968

	1968	1967
<i>Balance at Beginning of Year</i>	\$ 931,807	\$ 921,914
Excess of conversion price of debentures over par value of shares issued	425,748	9,893
Excess of subscription price over par value of shares subscribed	<u>780,000</u>	<u>—</u>
<i>Balance at End of Year</i>	<u>\$2,137,555</u>	<u>\$ 931,807</u>

**Consolidated Statement of Source
and Application of Funds**
For the Year Ended July 31, 1968

23

<i>Source of Funds</i>		
Capital stock subscriptions.....	\$ 910,000	\$ —
Repayment of advances by affiliated companies – net	567,357	106,750
Proceeds on disposal of fixed assets less gain thereon	<u>3,080</u>	<u>108,041</u>
	<u>1,580,437</u>	<u>214,791</u>
 <i>Application of Funds</i>		
Loss for the year.....	375,534	208,552
Non cash charges and credits.....	<u>34,511</u>	<u>134,423</u>
	341,023	74,129
Investments	147,474	76,680
Other.....	<u>12,164</u>	<u>17,724</u>
	<u>500,661</u>	<u>168,533</u>
<i>Increase in Working Capital</i>	1,079,776	46,258
Working capital deficiency at beginning of year	<u>8,906</u>	<u>55,164</u>
 <i>Working Capital (Deficiency) at End of Year</i>	 <u>\$1,070,870</u>	 <u>\$ (8,906)</u>

Charter Oil Company Limited

And Partially Owned Subsidiary Company
Moneta Porcupine Mines, Limited

Notes to Consolidated Financial Statements
As at July 31, 1968

1. Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its partially owned (50.87%) subsidiary, Moneta Porcupine Mines, Limited.

As Peso Silver Mines Limited is in the exploratory stages of its development and all expenditures have been capitalized in its accounts, there have, therefore been no profits or losses requiring recognition in the accounts of the Company.

2. Accounting Policies

The Company follows the practice of charging oil exploration and carrying costs applicable to both producing and non-producing properties to income as such costs are incurred. Property acquisition costs are capitalized and charged to income if the property is subsequently surrendered. The costs of drilling unproductive wells are charged to income when the wells are determined to be dry and the costs of productive wells, together with related property acquisition costs are charged to income on the unit of production method using estimated reserves of oil and gas.

3. Investments in and Advances to Affiliated Companies

	Investments	Shares Owned	Percentage	Cost
	Peso Silver Mines Limited	2,345,767	50.17%	\$3,408,775
	Mount Nansen Mines Limited (subsidiary company of Peso Silver Mines Limited)	602,500	9.0 %	<u>303,250</u>
24				<u>3,712,025</u>
	Advances at cost			
	Mount Nansen Mines Limited (Advances of \$600,000 plus accrued interest)			611,998
	Canadawide Investments Limited			<u>12,029</u>
				<u>624,027</u>
				<u>\$4,336,052</u>

The amounts shown as investments in affiliated companies represent cost and are not intended to reflect present or realizable values.

An evaluation of the mining properties of Peso Silver Mines Limited (and of its subsidiary companies) as prepared by an independent consulting engineer, indicates that the underlying value of the Peso and Mount Nansen shares is in excess of cost.

The market value of the investment in Peso Silver Mines Limited, based on the closing market price of such shares on the Vancouver Stock Exchange on July 31, 1968 was \$8,444,761.

The companies have agreed to advance an additional \$790,000 to Mount Nansen Mines Limited. Charter Oil Company Limited has the option to convert its resultant total advances (\$700,000), together with accrued interest thereon, into capital stock of Mount Nansen Mines Limited at the rate of \$1.25 per share while Moneta Porcupine Mines, Limited, by agreement, will receive 600,000 treasury shares of Mount Nansen Mines Limited for its total advances of \$690,000.

4. Fifteen Year 5¾% Subordinate Convertible Debentures

The Fifteen Year 5¾% Subordinate Convertible Debentures due August 1, 1972, issued and outstanding in the principal amount of \$433,000 (U.S. funds), are unsecured obligations of the Company and subject to sinking fund payments in the amount of \$150,000 (U.S.) per year. Future years' sinking fund requirements have been satisfied by debentures converted to July 31, 1968.

The trust indenture provides that the debentures may be converted into common shares (of the Company) of \$1 each, par value at a price of \$3.75 (U.S.) per share. Debentures in the principal amount of \$641,000 (U.S.) were converted into common shares of the Company during the year ended July 31, 1968.

5. Capital Stock

During the year 170,901 common shares of the capital stock of the Company were issued on the conversion of \$641,000 (U.S.) face value of the subordinate convertible debentures (Note 4). The excess of the conversion price of the debentures converted (less the unamortized debenture expense applicable thereto) over the par value of the shares issued has been credited to capital surplus.

130,000 common shares of the capital stock of the Company have been subscribed for as at July 31, 1968. The issuance of these shares is subject to the approval of the regulatory Stock Exchanges. The excess of the subscription price over the par value of the shares subscribed for has been credited to capital surplus.

As at July 31, 1968 there are 115,467 common shares reserved to meet the conversion privilege of the Fifteen Year 5¾% Subordinate Convertible Debentures and 150,000 common shares reserved in connection with stock options which were exercised by certain officers and directors prior to the commencement of the year. The 150,000 shares will not be issued until they are approved for trading by the American Stock Exchange.

6. Directors' Remuneration

The accounts of the Companies include \$35,402 paid as remuneration to directors and \$65,925 paid on termination of employment contracts. The directors of the Company also received \$7,547 as remuneration and \$19,075 on termination of employment contracts from a subsidiary whose statements have not been consolidated.

7. Subsequent Events

(a) Subsequent to the balance sheet date the Company entered into an agreement for the purchase of an apartment complex in consideration for 194,087 treasury shares of the Company and the assumption of mortgages approximating \$1,350,000.

(b) Charter Oil Company Limited has made an offer to its affiliated Companies whereby the Company and its partially owned subsidiary would receive 2,459,578 shares of Brown-McDade Mines Limited in consideration for 245,958 treasury shares of the Company.

Both of the above transactions are subject to the approval of the regulatory Stock Exchanges.

RIDDELL, STEAD, GRAHAM & HUTCHISON
CHARTERED ACCOUNTANTS

505 BURBARD STREET
VANCOUVER 1, B. C.

AUDITORS' REPORT

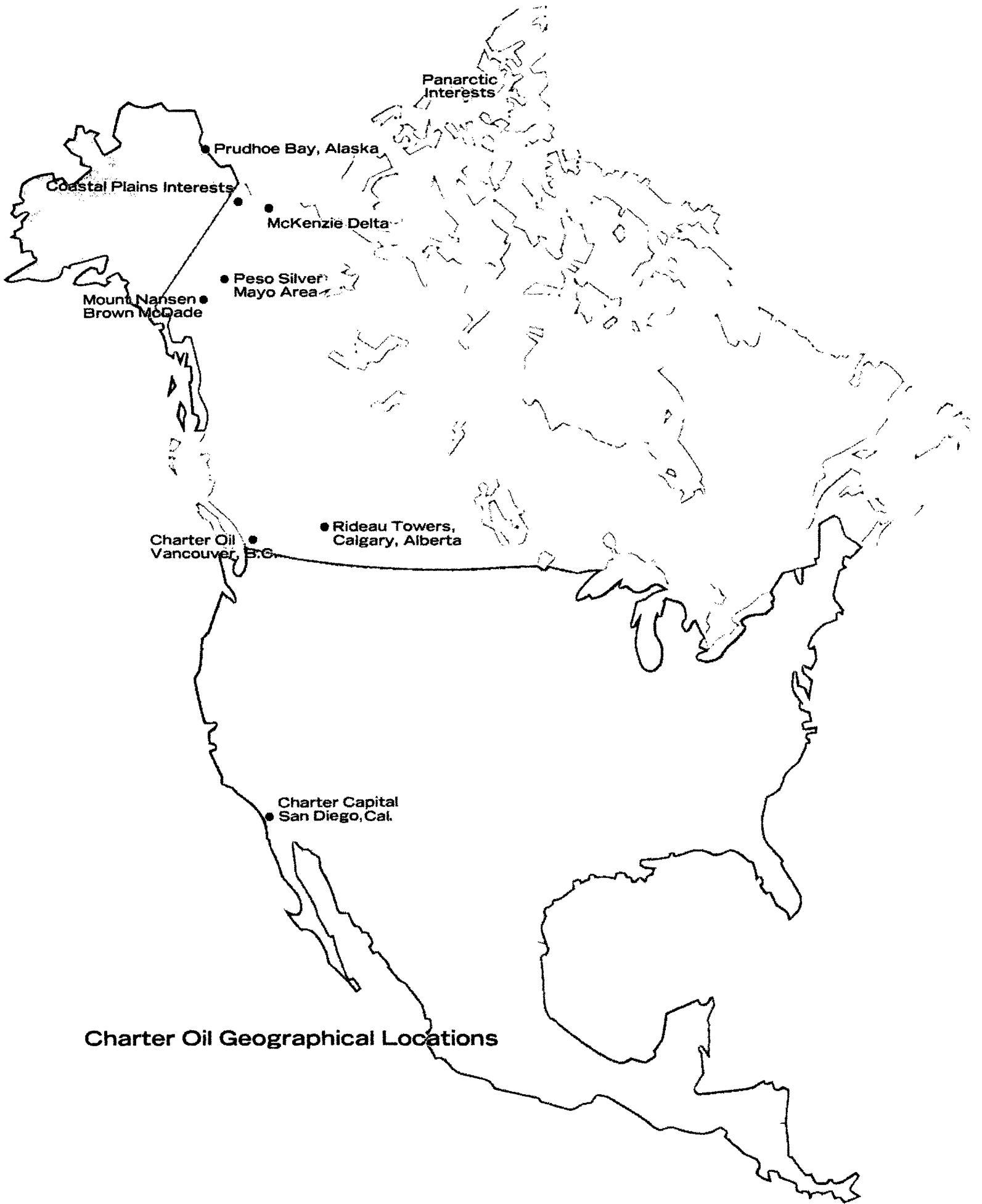
To The Shareholders,
Charter Oil Company Limited.

We have examined the consolidated balance sheet of Charter Oil Company Limited and its partially owned subsidiary company, Moneta Porcupine Mines, Limited as at July 31, 1968 and the consolidated statements of earnings, deficit, capital surplus and source and application of funds for the year then ended. Our examination of the financial statements of Charter Oil Company Limited included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of other auditors who have examined the financial statements of the partially owned subsidiary company, Moneta Porcupine Mines, Limited.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at July 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Riddell, Stead, Graham & Hutchison

September 29, 1968.



Charter Oil Geographical Locations