

Temagami Oil & Gas Ltd.

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

TO THE SHAREHOLDERS:

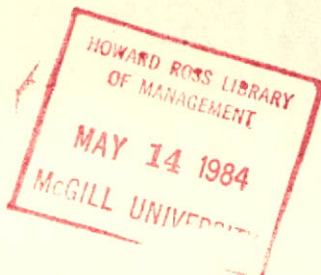
We are enclosing the Consolidated Statement of Earnings (Loss) and the Consolidated Statement of Changes in Financial Position for your Company for the nine months ended February 29th, 1983.

The last three wells on the six well program in the Terre Haute Bank Play, Indiana were unsuccessful. The Company had been carried for a 10.5% interest in this program on 125,000 acres. Temagami also participated in a well at the McCommon's Ranch in Texas with an 8.125% working interest and a 9.376% working interest in a well in Southern Michigan. Both of these wells were plugged and abandoned. The operators on these ventures are evaluating future alternatives and exploring farmouts.

The Company has just reached agreement with Roman Corporation (U.S.) Inc. for Roman to farm-in on a three well program on the Hiland leases in Wyoming. Roman will pay 100% of the Company's cost of this three well program and receive 75% of the Company's share of the revenue until payout, after which its working interest in the respective spacing units will be reduced to 40%. Roman also has the option to participate in the drilling of additional wells on the same basis. It is planned to spud the first well about the middle of May, with all three wells being completed by the end of September 1984. It is estimated that the Company's share of this three well program will be U.S. \$1.25 million, all of which will be paid for by Roman. There is no change in the Company's share of the existing five producing wells in the Hiland Field, nor in the gas plant.

Calgary, Alberta.

May 9th, 1984.

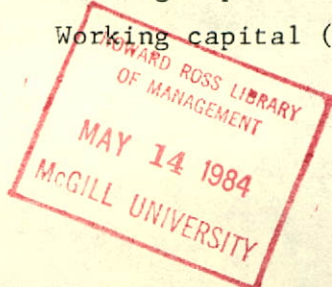


TEMAGAMI OIL & GAS LTD.
CONSOLIDATED STATEMENT OF EARNINGS (LOSS) AND RETAINED EARNINGS
NINE MONTHS ENDED FEBRUARY 29, 1984

	<u>1984</u>	<u>1983</u>
Revenue		
Oil and gas sales	1,426,777	1,860,266
Other	<u>106,927</u>	<u>43,187</u>
	<u>1,533,704</u>	<u>1,903,453</u>
Expenses		
Production and production taxes	525,273	797,668
General and administration	173,951	437,496
Interest on long-term debt	592,848	689,326
Depletion	559,000	569,100
Depreciation and amortization	<u>245,380</u>	<u>207,307</u>
	<u>2,096,452</u>	<u>2,700,897</u>
Earnings (loss) before income taxes	(562,748)	(797,444)
Deferred income taxes (recovery)	<u>(196,000)</u>	<u>(257,000)</u>
Net earnings (loss)	<u>(366,748)</u>	<u>(540,444)</u>
Retained earnings, beginning of period(deficit)	(13,804)	469,962
Retained earnings (deficit), end of period	<u>=====</u> <u>(380,552)</u>	<u>=====</u> <u>(70,482)</u>

TEMAGAMI OIL & GAS LTD.
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
NINE MONTHS ENDED FEBRUARY 29, 1984

	<u>1984</u>	<u>1983</u>
Working capital provided from:		
Operations	242,235	(43,640)
Proceeds from sale of property & equipment	158,870	873,809
Increase in long-term debt	9,216	-
Reduction in long-term receivable	<u>127,401</u>	<u>-</u>
	<u>537,722</u>	<u>830,169</u>
Working capital used for:		
Acquisition of property and equipment	322,518	731,535
Reduction of long-term debt	496,002	108,477
Long-term accounts receivable	<u>-</u>	<u>81,325</u>
	<u>818,520</u>	<u>921,337</u>
Increase in working capital (decrease)	(280,798)	(91,168)
Working capital (deficiency), beginning of period	<u>(965,840)</u>	<u>(535,181)</u>
Working capital (deficiency), end of period	<u>=====</u> <u>(1,246,638)</u>	<u>=====</u> <u>(626,349)</u>



March 20, 1984

