

# Opportunity in Saskatchewan

## Record Performance in Oil & Gas Industry

Fuelled by strong commodity prices, record levels of equity and favourable royalty and tax legislation changes, the oil and gas industry in Saskatchewan enjoyed a record year in 2003.

Drilling rates for oil and gas wells increased by 19% in 2003, with 4,189 wells drilled versus 3,517 wells drilled in 2002. This activity was 6% higher than the previous drilling record set in 1997. The majority of the increase can be attributed to a more than 600% increase in the number of natural gas wells drilled over the past six years. (see graph below)

### Driving the Saskatchewan Economy

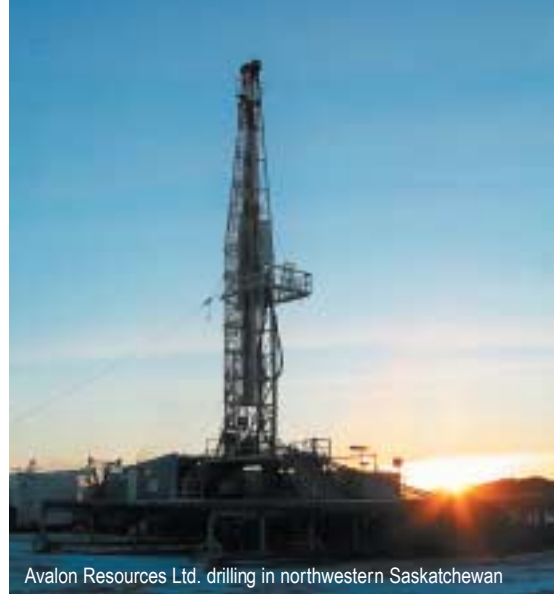
Saskatchewan is the second highest oil producing province in Canada and the third highest natural gas producing province. The oil and gas industry is a major economic driver in the province

of Saskatchewan. It is the largest contributor to the province's Gross Domestic Product, generating approximately 8% of total annual GDP.

On an annual basis, the oil-gas industry contributes between \$1.5 billion and \$2 billion to the Saskatchewan economy through investment in exploration and development. In 2002-2003, more than \$1 billion in royalties, production tax and land sale revenues were generated. Approximately 400 oil and gas companies operate in Saskatchewan, generating more than 23,000 direct and indirect jobs.

### Opportunity for Investors

From an investment perspective, the oil and gas industry offers a unique opportunity to realize capital gains and an extraordinary return on investment. It is common in the industry to build value within a company and realize that value through a merger, a sale or a public offering of shares. Many of the oil and gas companies operating in Saskatchewan are among the top performers in the industry.

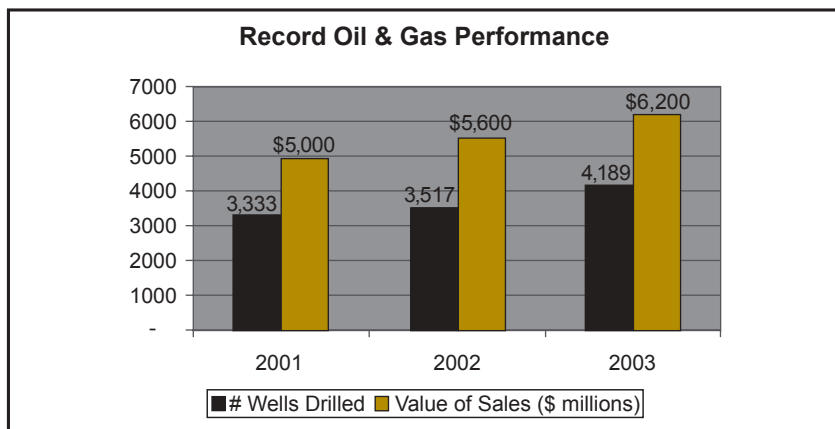


Avalon Resources Ltd. drilling in northwestern Saskatchewan

TRINIDAD DRILLING LTD., active in southern Saskatchewan, is an example of a company that has undertaken aggressive expansion through the acquisition of smaller complementary oil services companies. In the past year, Trinidad has completed two acquisitions totalling more than \$41 million to increase the capacity and depth of its operations. Trinidad is a publicly traded company and has one of the top performing Income Trusts in Canada.

ROMULUS EXPLORATION INC. is another example of typical investment activity within the Saskatchewan oil and gas industry. The company was founded in 2003 by an experienced management team that had built their predecessor company, Empire Energy Inc., from start-up to production of nearly 1,800 barrels of oil per day. Empire was sold for \$31 million in April 2002. Les Guzowski, President & CEO of Romulus Exploration, is confident that Romulus will be as successful as Empire. In 2003, its first year of operation, the company realized a 100% drilling success rate and secured 25,000 acres of land to ensure future exploration potential in Saskatchewan.

Due to its nature and reliance on contracted services, the oil and gas industry has had significant economic impact on many rural communities including Estevan, Swift Current, Kindersley and Lloydminster. In addition, many Saskatchewan First





Nations are able to contribute to oil and gas activity. For example, AVALON RESOURCES LTD. has been working with the Thunderchild First Nation near Turtleford, Saskatchewan to develop oil and gas reserves on Thunderchild lands. This activity generates royalty payments and potential service jobs. Financial contributions from Avalon, as well as other oil and gas companies working in the area, have helped support the development of community-based projects such as the local school and community centre.

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Provided a competitive investment climate is maintained, the oil and gas industry has the potential to be a major engine of economic growth in the province for many years to come. A combination of competitive royalty rates and access to capital through Saskatchewan venture capital funds encourages oil and gas companies to explore for, develop and produce oil and gas in the province. ♡

Golden Opportunities Fund Inc. is Saskatchewan's First and Largest Provincial Labour-Sponsored Venture Capital Corporation. To date, the Fund has raised more than \$33 million for investment in Saskatchewan growth companies. It has invested 30% of its diversified portfolio in the oil and gas sector. These investments have provided returns of more than 53% to the Fund, more than twice industry index returns, providing yields that stabilize unit values as well as capital gains opportunities.

Golden Opportunities Fund is proud to be an investor in Trinidad Drilling Ltd., Avalon Resources Ltd., Romulus Exploration Inc., Octane Energy Services Ltd., Quartus Energy Limited and Upton Resources Inc. The Fund's first oil and gas investment in Empire Energy Inc. was sold in 2002 for a 60% capital gain.

Golden Opportunities Fund's investment in small and medium sized Saskatchewan companies focuses on long-term capital appreciation, affecting hundreds of workers, their families and communities.