

EXPLORATION, DRILLING AND MINING

Oil drilling began in Canada as early as 1858, yet in Australia it didn't commence until 1953, almost 100 years later. Today Australia produces 25% of the oil equivalent of Canada. Canadian mining and exploration companies are playing a significant role in

Home Oil (Australia) Ltd.

Home Oil Company Limited is a Canadian exploration and production company. It is one of the largest independent oil companies in Canada and it is also one of the oldest, having been incorporated in 1929. The Company participated in the early development of Western Canada's major oil and gas fields.

In terms of oil and gas exploration, the Company's most notable successes have been related to the discovery and development of carbonate reef reservoirs.

Late in 1978 the Government of Western Australia invited applications for various exploration permits in Western Australia. Of particular interest to Home Oil was Area L78-36, otherwise known as "the Meda Block." Home was interested in this area because of its potential for Devonian carbonate reef reservoirs.

Home Oil Company Limited assembled a group of Canadian, American and Australian partners during early 1979 and made an application for an exploration permit over the "Meda Block."

The group as presently constituted is: Home Oil Australia Limited — 27.5%, Australian Occidental Pty. Ltd. — 27.5%, Alberta Eastern (1978) Ltd. — 25%, Vamgas Ltd. — 10% and Petroleum Securities Pty. Ltd. — 10%.

Within a week of the granting of the five year permit the first seismic survey had commenced and during the last two and a half years the group has shot 1318 kilometres of seismic survey in four separate surveys. As a result of those seismic surveys the Home Oil et al Blina No. 1 well was spudded on 18 April 1981.

Home Oil et al Blina No. 1 was a discovery well which flowed high quality crude oil to the surface from two separate reservoir zones. The find is significant in that it is the first oil discovery in Australia from rocks of Devonian age and has generated increased industry interest in oil exploration in similarly aged rocks in the Canning Basin of Western Australia.

A further two extension wells on the Blina discovery have been drilled and two exploration wildcat wells have been drilled to date. With the discovery of Blina, Home Oil has moved to strengthen its exploration holdings in Western Australia by taking a 25% interest (still subject to formal signing) in an offshore Canning Basin block — WA-117P. Two wells will be drilled by the Company and its partners on this offshore permit.

As Home Oil settles more permanently into the Western Australia scene, assessments are being made as to the economic viability of the Blina discovery. With the possibility of production, moves are being investigated into raising Australian participation in the project. One of the possible moves is for Home Oil to "naturalize" or become ultimately an Australian company with a majority Australian shareholding.

the development of Western Australia and among these are Home Oil (Australia) Ltd., Hudbay Oil (Australia) Ltd., Canada Northwest Australia Oil N.L. and Whim Creek Consolidated N.L.

Hudbay Oil (Australia) Limited

Hudbay Oil (Australia) Ltd. is a wholly owned subsidiary of Hudson's Bay Oil and Gas Co. Ltd. whose head office is in Calgary, Alberta, Canada.

Since the office was opened in Perth in January, 1978 the staff has risen from an initial five employees, consisting of three Canadian expatriates and two Australian nationals, to fifty-three employees, fifteen Canadian expatriates and thirty-eight Australian nationals.

The original area of activity was the Western Australia offshore permit WA-93-P. Hudbay is the operator of the Permit. The company has acquired an interest in an additional four permits, two in W.A., one in Victoria and one in Queensland, and is the designated operator of such.

The five permits comprise almost 7,200,000 gross hectares.

The company is presently very active in drilling operations with two land rigs, one in Queensland and the other in Western Australia and the drill-ship "Petromar North Sea" is active in a multi well programme in the Gippsland basin offshore Victoria. The latter programme has resulted in one oil and one gas discovery to date.

Preparations are underway for construction of a pipeline tie-in to test two gas wells. Drilling is about to commence to further develop and evaluate hydrocarbon resources.

Exploration and development of hydrocarbons is only in its infancy in Australia and Hudbay looks forward with optimism to its future activities.

Whim Creek Consolidated N.L.

Whim Creek Consolidated N.L. is a public company listed on both the Toronto Stock Exchange and the Australian Associated Stock Exchanges. Its activities, which are presently confined mainly to Western Australia, comprise the operation of a gold mine and the search for gold, tungsten, nickel, copper and oil on exploration prospects which are either owned by Whim Creek or operated on a joint venture basis with other Australian or overseas companies. Substantial control of Whim Creek is exercised by Northgate Exploration Limited of Canada who currently hold, directly and indirectly, 37% of Whim Creek's issued shares.

The Haveluck Gold Mine is located at Meekatharra some 760 kilometres north of Perth and is owned jointly by Whim Creek (85%) and C.S.R. Limited (15%). Ore of average grade 2 grams per tonne of gold is mined from an open pit at the rate of 300,000 tonnes per annum. Gold is removed from the ore by means of heap leaching and carbon-in-pulp processing. Current production of gold is in excess of 35,000 grams (1,100