

FIRST CALGARY PETROLEUMS LTD.

REVISED RENEWAL ANNUAL INFORMATION FORM

September 1, 2003

TABLE OF CONTENTS

	Page
THE COMPANY.....	1
General.....	1
History and Development.....	1
Recent Developments.....	1
BUSINESS AND PROPERTIES.....	2
Principal Properties.....	2
Other.....	6
Trends.....	7
Reserves.....	7
Reserves Reconciliation.....	10
Drilling Summary.....	10
Undeveloped Acreage.....	11
Capital Expenditures.....	11
SELECTED FINANCIAL INFORMATION.....	11
Quarterly Financial Summary.....	11
Annual Data.....	11
MANAGEMENT'S DISCUSSION AND ANALYSIS.....	12
RISK FACTORS.....	12
Exploration and Reserve Risk.....	12
Uncertainty of Reserve Estimates.....	12
Risk of Loss of Production Sharing Contracts, Joint Ventures and Related Agreements.....	13
Title to Properties.....	13
Drilling and Operating Risks.....	13
Economic and Political Risk.....	14
Results to Date and Additional Requirement for Capital.....	14
Legal Systems.....	14
Corporate and Regulatory Formalities.....	14
Ability to Exploit Successful Discoveries.....	15
Environmental Regulation.....	15
Market Risk.....	15
Reliance on Strategic Relationships.....	15
Competition.....	16
Volatility of Prices of Oil and Gas.....	16
Currency Risks.....	16
Dependence on Key Personnel.....	16
Market Perception.....	16
DIRECTORS AND OFFICERS.....	16
CONFLICTS.....	18
HUMAN RESOURCES.....	18
DIVIDEND HISTORY.....	19
MARKET FOR SHARES OF THE COMPANY.....	19
ADDITIONAL INFORMATION.....	19

Abbreviations

Crude Oil and Natural Gas Liquids

bbls	barrels
bbls/d	barrels per day
mbbls	thousand barrels
bopd	barrels of oil per day
boe	barrels of oil equivalent of natural gas and crude oil on the basis of 1 bbl of crude oil for 6 mcf of natural gas, unless otherwise indicated
boe/d	barrels of oil equivalent per day
NGLs	natural gas liquids
mmbtu	million British thermal units

Natural Gas

mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
mcf/d	thousand cubic feet per day
mmcf/d	million cubic feet per day
GJ	gigajoule
OGIP	original gas in place

LPG liquified petroleum gas

Conversion

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Mcf	Cubic metres ("m ³ ")	28.174
Cubic metres	Cubic feet	35.494
Bbls	Cubic metres ("m ³ ")	0.159
Cubic metres	Bbls oil	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Square kilometres	Acres	247.105

All dollar amounts in this Annual Information Form are in Canadian dollars, except where otherwise indicated.

THE COMPANY

General

First Calgary Petroleum Ltd. ("First Calgary" or the "Company") was incorporated in Alberta under the *Companies Act* (Alberta) on January 10, 1949 under the name of Long Island Petroleum Limited. The Company changed its name to Canadian Long Islands Petroleum Ltd. on January 26, 1962 and on July 31, 1979 changed its name to its current name, First Calgary Petroleum Ltd. The Company filed Articles of Continuance under the *Business Corporations Act* (Alberta) on July 26, 1985 (the "Articles"). The Articles were amended on December 31, 1987 to change all of the issued and outstanding Class "A" Preferred Shares into Class "A" Common Shares and to reduce the number of Class "A" Preferred Shares to zero. On October 16, 1995 the Articles were amended to change the name of the Class "A" Common Shares to Common Shares. On June 15, 1997 the Company amended its Articles to change its authorized capital to an unlimited number of Common Shares and an unlimited number of Preferred Shares, issuable in series.

The Company has one active wholly-owned subsidiary, being EURL FCP Algeria OPCI (Algeria). It was established to hold the Company's interest under the Block 406(a) joint venture described below. The Company and its subsidiaries are referred to as "First Calgary Group" or "Group".

The Company's head office is located at 900, 520 – 5th Avenue S.W., Calgary, Alberta, T2P 3R7 and its registered office is 1400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9. The Company has an operations office in Algiers, Algeria.

History and Development

First Calgary commenced operations in 1949 as an oil and gas exploration and production company. The Company's Common Shares were listed on the Toronto Stock Exchange in August 1979.

In the mid 1990s, the majority of the Group's oil and gas assets in western Canada were disposed of and in 1996 the Company was recapitalised and new management was given the mandate to pursue international exploration projects. Today, the First Calgary Group has oil and natural gas rights in the Republic of Algeria and in the Republic of Yemen and derives some insignificant revenues and royalty income from minority interests in oil and gas producing properties in Western Canada.

In Algeria, the First Calgary Group is a party in two agreements with Sonatrach, the national oil company of Algeria, to explore for hydrocarbons in the Berkine Basin. It entered into a joint venture (a "JV") and a production sharing contract (a "PSC") on June 25, 2000 and October 13, 2001 respectively, to explore for hydrocarbons in Blocks 406(a)(Yacoub) and 405(b)(Ledjmet).

During 2002 and into the first quarter of 2003, the Company drilled and tested a well (referred to as MLE-2) on the Ledjmet Block 405(b) described below. Production liner was set to total depth of 4,390 metres in the well and multi-rate production tests were conducted over six intervals. The Company has received an updated independent engineering report with respect to reserves, including those associated with MLE-2. See "Business and Properties – Principal Properties – Algeria", below.

In Yemen, First Calgary is a party in a production sharing agreement (a "PSA") with the Yemen Ministry of Oil covering Block 43, which was ratified on July 26, 1998. See "Business and Properties - Principal Properties - Yemen (Block 43)" below.

Recent Developments

On Block 405(b) the Company commenced drilling the MLE-3 appraisal well in June 2003 and reached total depth of 4,497 metres in August 2003. The logging program identified 121 metres of hydrocarbon net pay over multiple intervals. A production testing program commenced in September 2003. The MLE-3 well is located 3.7 kilometres east of the MLE-2 appraisal well.

First Calgary commenced drilling operations on the MLE-4 appraisal well in September 2003. MLE-4 has a projected total depth of 4,500 metres and is located 4.9 kilometres southwest of the MLE-3 well.

In June 2003 the Company commenced a 600 square kilometre (km²) 3D seismic program immediately adjacent to and west of the MLE pool. Field acquisition of seismic data is scheduled to be completed in September 2003. Processing and interpretation will follow.

On Block 406(a) the First Calgary Group has recently completed the acquisition of approximately 240 kilometres of 2D seismic data. The Joint Venture Agreement requires the Group to drill a second exploration well by November 11, 2003, the scheduled end of the first exploration period. The First Calgary Group has elected to go into the second exploration period which will extend through to November 10, 2005. In conjunction with this election, the Group has deferred the planned drilling of the second exploration well to 2004 to allow time for the acquisition of additional 3D seismic before selecting the drilling location. In electing to go into the second exploration period, the Group has committed to the drilling of two additional exploration wells and the additional 3D seismic program, the total cost of which is currently estimated at US\$13,000,000. While Sonatrach has indicated its agreement in principle to the election and the deferment, subject to technical approval, the election and deferment must be formalized effective prior to November 11, 2003, otherwise the Company may be subject to the forfeiture and financial penalty described below. See "Business and Properties – Algeria – BLOCK 406(a) (Yacoub) – License and obligations".

In Yemen, DNO drilled and abandoned the Zaboon-1 well, the first of three exploration wells scheduled to be drilled prior to February 2004.

BUSINESS AND PROPERTIES

Principal Properties

Oil and Gas Exploration Strategy

The Company's principal operations are located in the Republic of Algeria. Management's strategy is to participate in a combination of development and exploration projects. Operations in Algeria are focused on a proven hydrocarbon basin where there is existing infrastructure and the potential exists for the development of significant oil and gas fields.

In addition, the Company has a minor interest in an exploration block in Yemen.



This map has been prepared on behalf of the Company and is indicative but not to scale.

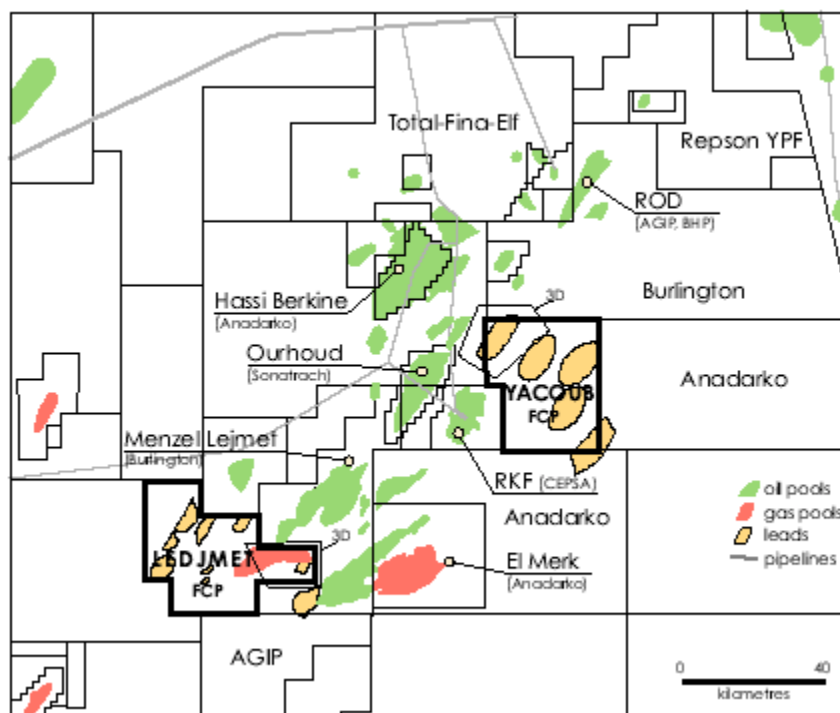
Algeria

The Republic of Algeria, which is a member of the Organisation of Petroleum Exporting Countries ("OPEC"), is reported by Sonatrach to have estimated oil and gas reserves of approximately 40 billion barrels of oil equivalent ("boe"). Algeria is also a major exporter of natural gas and ranks in the top ten countries worldwide for proven reserves.

The Berkine Basin

The First Calgary Group has entered into two agreements with Sonatrach to explore for hydrocarbons in the Berkine Basin. It entered into a JV and a PSC on June 25, 2000 and October 13, 2001, respectively, to explore for hydrocarbons in Blocks 406(a) (Yacoub) and 405(b) (Ledjmet). The Berkine Basin is generally characterized by two source rocks (Devonian and Silurian), a stacked succession of Palaeozoic and Mesozoic porous sandstone reservoirs and an overlying blanket of impermeable shales and evaporites acting as a seal.

The Group utilizes a privately owned Algerian company (the "Algerian Company") to provide services in connection with the operations in Algeria. Such services include, coordination of office and expatriate living arrangements, transportation, security, personnel, furniture and office equipment, other office services, accounting, Algerian taxation compliance and advice, technical consulting, legal and general consulting regarding the conduct of business in Algeria. As consideration for these services the Group pays the Algerian Company monthly amounts that are periodically negotiated and adjusted for the services provided. As an incentive to maximize operating efficiencies the Group has granted to the Algerian Company, as additional consideration, a carried interest equal to 5% of the Group's net cash flow from the projects for which the Algerian Company provides services.



This map has been prepared on behalf of the Company and is indicative but not to scale.

BLOCK 405(b) (Ledjmet)

Location

Block 405(b) is a natural gas and condensate (light oil) prospect with proven reserves, covering 1,108 km² in the Ledjmet area and lies southwest of Block 406(a). It is adjacent to and south of Burlington's Menzel Ledjmet Block and to the west of Anadarko's El Merk field.

Licence and obligations

On October 13, 2001, the Group entered into a PSC with Sonatrach for the exploration, appraisal and exploitation of hydrocarbons relating to Block 405(b) in the Ledjmet area. The PSC received presidential ratification on December 30, 2001 and is subject to the laws of Algeria.

The Company is obliged to finance 100 percent of the exploration and appraisal costs. In the event of a commercial discovery, Sonatrach will repay to the Company 25 percent of the exploration and appraisal costs from its share of production revenue in five equal annual amounts. Development and operating costs will be allocated 75 percent to the Company and 25 percent to Sonatrach. Pursuant to the PSC, production is allocated between the parties in accordance with a prescribed sliding scale formula set out in the agreement based on such factors as production levels, product prices and project investment. Pursuant to the formula, the Group's share of production may range from 27.72 percent to 8.16 percent. All royalties and Algerian income taxes are paid by Sonatrach from its share of production. Sonatrach will provide the transportation for all of the production from the

PSC area to the export point at the Algerian border. In the event the national transportation network has insufficient capacity, the Company and Sonatrach will finance the necessary expansion 75 percent and 25 percent respectively. The Company will be entitled to a 10 percent after tax return on its transportation network investment, if any, and reimbursement of the investment over 15 annual payments.

The PSC runs for a five year exploration period until December 29, 2006, split into a first phase of three years with a two year optional second phase of exploration and a subsequent 25 year commercial exploitation period for crude oil and a 30 year exploitation period for natural gas. At the end of the first exploration period, the Company is obliged to return 30 percent of the Block acreage to the government. At the end of the second exploration period, all land not subject to an exploitation permit (granted or requested) will be returned to the government. To date, the Company has drilled the MLE-2 and MLE-3 wells and is nearing completion of a 600 km² 3D seismic program. The remaining first exploration period minimum work commitment is to drill one exploration well prior to December 2004. The current estimated cost of the remaining minimum work commitment is US\$7,000,000. The second exploration phase minimum work commitment includes the acquisition of additional seismic data and the drilling of one additional exploration well at a current estimated combined cost of US\$8,000,000. The Group is also required to pay Sonatrach an annual training bonus of US\$150,000 during the period of the PSC.

If the Group fails to satisfy the first phase minimum work obligations on Block 405(b), the rights (other than for areas for which an exploitation permit has been granted or requested), will be relinquished and the Group will be liable to pay Sonatrach a penalty of US\$20,000,000. If the Group elects to enter into the second exploration period of the PSC and fails to satisfy the respective minimum work obligations, the rights (other than for areas for which an exploitation permit has been granted or requested), will be relinquished and the Group will be liable to pay Sonatrach a penalty of US\$6,250,000.

As part of the Block 405(b) PSC, FCP has the right to appraise and if determined to be commercial, develop the MLE pool discovered with the MLE-1 well drilled in 1995 by a prior holder of the lands. For the access right to the MLE discovery and conditional upon the pool being commercial, FCP is committed to pay Sonatrach a fee of US\$0.25 per barrel of oil equivalent calculated upon the total estimated recoverable MLE reserves. This access fee will be payable as a deduction from Sonatrach's share of the MLE development expenditures.

The Block 405(b) PSC terminates at the end of the exploration period if there is no commercial discovery and the MLE discovery is not established to be commercial.

The Company's Block 405(b) current exploration and appraisal work programs exceed the minimum obligations set out in the PSC.

Work in progress

During 2002, the Group's activity on Block 405(b) focused on the appraisal of the MLE pool with the interpretation of approximately 110 square kilometres of 3 dimensional ("3D") seismic followed by the drilling of the MLE-2 well. The MLE-2 well was completed in the first quarter of 2003 and production tested 44,300 barrels of oil equivalent per day consisting of 189 million cubic feet of gas per day and 12,874 barrels of condensate (light oil) per day at 2,000 psi flowing tubing head pressure. In total, six geological horizons were production tested over 147 meters (480 feet) of net pay, as determined by the Company, in the Triassic, TAGI, Carboniferous and Devonian zones. The MLE structure involves multiple geologic horizons and bears substantial complexity that will be further understood with each well drilled.

The Block 405(b) 2003 capital work program completed to date includes the previously discussed completion and testing of the MLE-2 well and drilling the MLE-3 well to further appraise the MLE structure. The Company commenced drilling the MLE-4 appraisal well in September 2003 and is nearing completion of a 600 km² 3D seismic acquisition program to further evaluate the lands west of the MLE structure.

Reserves

First Calgary commissioned DeGolyer and MacNaughton an independent engineering firm of Dallas, Texas, USA to determine the estimated gross and net proven and probable reserves of the Block and to estimate the revenue and net present value attributable to those reserves as at March 31, 2003. This reserve report reflects the results of the MLE-2 well and also considers 110 km² of 3D seismic that extends over the MLE structure and was not available when the December 31, 2001 reserves were estimated. The reserve report does not consider the MLE-3 well results since the well was drilled subsequent to the preparation of

the report and testing of this well has only recently commenced. See "Business and Properties - Reserves" for a summary of this report.

BLOCK 406(a) (Yacoub)

Location

Block 406(a) covers 1,091 km² and lies close to Anadarko's Hassi Berkine Field, the BHP and Agip ROD field, the Sonatrach Ourhoud field, the Cepsa RKF field and the Anadarko El Merk field.

Licence and obligations

On June 25, 2000, the First Calgary Group entered into a 49/51% JV agreement with Sonatrach, which received presidential ratification on November 11, 2000 for the exploration and development of Block 406(a). The Block 406(a) JV is subject to the laws of Algeria.

The Company is obligated to finance 100 percent of the exploration costs (representing its 49 percent share and Sonatrach's 51 percent share of the JV costs). In the event of a commercial discovery, Sonatrach will repay to the Company 51 percent of exploration costs as a deduction from its share of production revenues in five equal annual amounts. Development and operations costs will be funded by the Company and Sonatrach in proportion to their interests in the JV, being 49 percent and 51 percent respectively. Production volumes are allocated to the Company and Sonatrach in proportion to their interests in the JV. The Company and Sonatrach are individually responsible for the payment of Algerian royalties and taxes.

The JV runs for an exploration period of five years until November 10, 2005 split into a first phase of three years, with a two year optional second phase for further exploration and a subsequent 15 year exploitation period for commercial oil discoveries. The exploitation period can be extended for a further five years with agreement of both parties. During the first exploration phase the Group's minimum work obligation is to conduct a seismic programme and drill two exploration wells. To date, FCP has satisfied its seismic programme obligation and drilled the first exploration well. The remaining work commitment for the first exploration period is to drill the second exploration well, the cost of which is currently estimated to be US\$4,500,000. At the end of the first exploration period, the Company will be obliged to return 30 percent of the Block acreage to the government. The second exploration phase is subject to the acquisition of additional seismic data and the drilling of two additional exploration wells at a current estimated combined cost of US\$11,000,000. At the end of the second exploration period, all land not subject to an exploitation permit (granted or requested) will be returned to the government. The Group is required to pay Sonatrach an annual training bonus of US\$150,000 during the period of the JV.

Pursuant to JV agreement, if the Group fails to satisfy the first phase minimum work obligations on Block 406(a), the rights (other than for areas for which an exploitation permit has been granted or requested), will be relinquished and the Group will be liable to pay Sonatrach a penalty of US\$18,250,000. If the Group elects to enter into the second exploration period of the JV and fails to satisfy the respective minimum work obligations, the rights (other than for areas for which an exploitation permit has been granted or requested), will be relinquished and the Group will be liable to pay Sonatrach a penalty of US\$12,750,000.

The Group has elected to enter the second exploration period extending the exploration rights for two years through to November 2005. In conjunction with this election, the First Calgary Group has deferred the planned drilling of the second exploration well to 2004 to allow for the acquisition of additional 3D seismic data before selecting the drilling location. While Sonatrach has indicated its agreement in principle to the election and the deferment, subject to technical approval, the election and deferment must be formalized effective prior to November 11, 2003, otherwise the Company may be subject to the forfeiture and the US\$18,250,000 financial penalty described above.

Work in progress

First Calgary has reprocessed and interpreted in excess of 500 km of existing 2D seismic data on Block 406(a) from which work several leads have been identified. During 2002, First Calgary acquired a further 239 km² of 3D seismic data in the northwest corner of Block 406(a). In the first quarter of 2003, the Company drilled and abandoned the YCB-1 exploration well. Analysis of the YCB-1 data showed that local geological variations led to the replacement of the sandstone reservoir by non-prospective shales. Towards the east side of the Block reservoir thicknesses are seen to increase and there is strong support from the existing 2D seismic data indicating faults and structures. To complement the existing 2D seismic, First Calgary has also conducted a 240 km 2D seismic acquisition program in 2003.

Yemen (Block 43)

Introduction

Yemen's primary source of revenue is oil output. It has approximately 4 billion barrels of proven oil reserves. Oil exploration has accelerated in Yemen since 1997, after a downturn during the mid 1990's caused by Yemen's civil war. New operators have now entered the Republic and several new PSCs have been signed.

BLOCK 43*Location*

Block 43 covers 2,038 km² in the south of the Howarime region and is adjacent in the east and south to Nexen's Masila Field.

Licence & Obligations

On January 7, 1998 First Calgary entered into a PSA with the Yemen Ministry of Oil covering Block 43, which was ratified on July 26, 1998, and is subject to the laws of Yemen. The PSA provides for an exploration period of five years, divided into two phases of 30 months each. Each phase originally required the acquisition of seismic data and the drilling of two exploration wells and minimum expenditures aggregating US\$7.5 million. The PSA also requires that a US\$7.5 million irrevocable letter of credit be provided to secure the minimum expenditure commitment. The Group financed the first 30 month phase by entering into a joint venture with a US industry partner. During 2000, two wells were drilled and abandoned. The partner subsequently withdrew from the joint venture and its interest in Block 43 was reassigned to First Calgary.

First Calgary then obtained an extension of the first phase of exploration in order to evaluate further the existing seismic and well data. It was subsequently successful in bringing in a second partner, DNO ASA, a Norwegian oil and gas company, in order to fund and operate the second phase of exploration, which commenced on August 26, 2001 and continues until February 26, 2004. During 2002, the second exploration phase minimum work commitment was amended to increase the number of exploration wells to three from two and reduce the original seismic commitment. In exchange for a 75% interest in the PSA, DNO ASA is required to provide the requisite letter of credit and has committed to fund 100% of the minimum work requirements for phase two until the earlier of US\$7.5 million in petroleum exploration costs have been incurred or a commercial discovery is made. Thereafter, the Group is required to fund its 11.76% share of ongoing costs.

Certain operating and exploration expenses are recoverable by the Company and DNO ASA as a first deduction against production revenues. These recoveries are up to a maximum of 50 percent of the oil produced on a quarterly basis after deduction of royalty payments to the Republic of Yemen. The first US\$4.9 million of such cost oil recoveries after operating costs is allocated to DNO ASA. The Republic of Yemen is entitled to a sliding scale royalty ranging from 3 to 10 percent dependent upon incremental production volumes. The oil remaining after deducting royalties and cost oil ("Production Sharing Oil") is allocated between the Republic of Yemen, on the one hand, and the Company, DNO ASA and Yemen Oil Company (together the "Contractors") on the other at varying percentages dependent upon production levels. The Production Sharing Oil allocated to the Contractors varies from 30 percent to 20 percent. The Company is entitled to 10 percent of the Contractor's allocation. Any natural gas that is discovered on the Block is the property of the state.

Work in progress

DNO's efforts during 2002 concentrated on interpreting the existing seismic and well information to develop its prognosis of the Block's geology and hydrocarbon sources. For 2003, it is planning the acquisition of a small 2D seismic program and the drilling of three exploration wells. The Zaboon-1 well, the first of the three exploration wells to be drilled prior to February 2004, was drilled and abandoned. DNO's current planned total expenditures for 2002 and 2003 (which included those associated with Zaboon-1) are approximately US\$9,500,000.

Other

The Company does not have a significant sustainable source of cash flow from its minor Canadian nonoperated working and royalty interests. The revenues and operating expenses reported in the consolidated statement of operations have varied in the last

two fiscal years as adjustments relating principally to prior years' operations were agreed to with the operator before the sale of a property.

Trends

The prices for crude oil and natural gas have been volatile over the last few years. Management anticipates this volatility to continue. Dramatic downward swings in the world prices for crude oil and natural gas could affect the economic viability of the Company's prospects.

Another trend is the volatility in the external capital markets that the industry is currently experiencing and which impacts the public companies, such as First Calgary, in the event that they seek to raise additional equity. This can be partly attributed to uncertainty regarding the future growth prospects for the world economies and to uncertainty regarding the future supply and demand for oil and gas.

Reserves

Included in the Ledjmet 405(b) Block and as part of the Production Sharing Contract, the Company obtained the right to access and appraise the MLE-1 well, a Sonatrach well that first discovered the MLE structure. Subject to the Company and Sonatrach confirming the MLE structure is of commercial size, the Company will seek an exploitation permit that will allow for the development and production of the reserves. The Company drilled the MLE-2 appraisal well in the fourth quarter of 2002 and completed and production tested the well during the first quarter of 2003. In addition, during 2002, the Company obtained 110 km² of 3D seismic extending over the MLE structure. The Company has received an independent engineering evaluation of the Block 405(b) reserves that reflects the MLE-2 well results and the 3D seismic acquired in 2002. The following is a summary of the extent and value of the proved and probable natural gas, condensate, and LPG of Block 405(b) and the Company's potential interest therein as prepared by DeGolyer and MacNaughton of Dallas, Texas in a report dated July 31, 2003 and effective March 31, 2003 (the "DeGolyer and MacNaughton Report").

The Company's Yacoub 406(a) Block in Algeria and Block 43 in Yemen are exploratory and have no assigned reserves.

All evaluations of future net revenue are realized from the sale of net reserves attributable to First Calgary's potential interest in the PSC relating to Block 405(b) after deduction of direct operating expenses, capital expenditures, access fee payable to Sonatrach, a carried interest held by a third party and without Canadian taxes being taken into account. Pursuant to the PSC, all Block 405(b) Algerian state royalties and Algerian income taxes are to be paid by Sonatrach from its allocated share of production. The discounted future net revenue contained in the following tables may not be representative of the fair market value of the properties evaluated. There is no assurance that either the constant or the escalating price and cost assumptions will be attained and variances could be material. The recovery and reserve projections on the properties described herein are estimates only. The actual reserves on the evaluated properties may be greater or less than those estimated.

Reserves and Pre-Tax Present Worth of Estimated Future Net Revenue Based on Escalated Price Assumptions

Reserves Category	Natural Gas		Condensate		LPG		Present Worth of Future Net Revenue			
	Gross	Net	Gross	Net	Gross	Net	PW(0)	PW(10)	PW(15)	PW(20)
	mmcf	mmcf	mbbls	mbbls	mbbls	mbbls	(thousands of US\$)			
Proved Producing	0	0	0	0	0	0	0	0	0	0
Proved Non-Producing	0	0	0	0	0	0	0	0	0	0
Proved Undeveloped	530,120	108,750	23,976	4,918	5,669	1,163	441,406	100,516	32,299	(7,218)
Total Proved	530,120	108,750	23,976	4,918	5,669	1,163	441,406	100,516	32,299	(7,218)
Probable Additional	710,862	66,007	145,627	18,793	16,246	2,096	771,698	271,624	173,998	112,381
Total Before Risk	1,240,982	174,757	169,603	23,711	21,915	3,259	1,213,104	372,140	206,297	105,163
Reduction for Risk ⁽²⁾	(355,431)	(33,004)	(73,621)	(9,501)	(7,315)	(944)	(385,849)	(135,812)	(86,999)	(56,190)
Total After Risk	885,551	141,753	95,982	14,210	14,600	2,315	827,255	236,328	119,298	48,973

**Reserves and Pre-Tax Present Worth of Estimated Future Net Revenue
Based on Constant Price Assumptions**

Reserves Category	Natural Gas		Condensate		LPG		Present Worth of Future Net Revenue			
	Gross	Net	Gross	Net	Gross	Net	PW(0)	PW(10)	PW(15)	PW(20)
	mmcf	mmcf	mbbls	mbbls	mbbls	mbbls	(thousands of US\$)			
Proved Producing	0	0	0	0	0	0	0	0	0	0
Proved Non-Producing	0	0	0	0	0	0	0	0	0	0
Proved Undeveloped	530,120	118,800	23,976	5,373	5,669	1,270	339,632	70,044	12,417	(21,723)
Total Proved	530,120	118,800	23,976	5,373	5,669	1,270	339,632	70,044	12,417	(21,723)
Probable Additional	710,862	78,195	145,627	16,019	16,246	1,787	597,194	254,336	171,801	115,233
Total Before Risk	1,240,982	196,995	169,603	21,392	21,915	3,057	936,826	324,380	184,218	93,510
Reduction for Risk ⁽²⁾	(355,431)	(39,098)	(73,621)	(8,098)	(7,315)	(805)	(261,554)	(60,506)	(32,178)	(18,100)
Total After Risk	885,551	157,897	95,982	13,294	14,600	2,252	675,272	263,874	152,040	75,410

Notes:

- (1) Gross reserves are defined as the total estimated petroleum to be produced after March 31, 2003, from Block 405(b). Net reserves are defined as the volume of the estimated recoverable reserves attributable to First Calgary's potential interest in the PSC based upon certain assumptions respecting production volumes, product prices, capital costs and rates of inflation. Pursuant to the PSC, all state royalties and Algerian income taxes attributable to the production are to be paid by Sonatrach from its share of production.
- (2) The probable reserve volumes have been presented before and after application of risk. Risk adjusted gross probable reserves have in the constant price case been estimated by DeGolyer and MacNaughton by applying a 50% probability to the unrisks probable reserves. The net risk adjusted probable reserves are estimated by the Company by applying a 50% probability to the unrisks net probable reserves.

Risk adjusted probable gross and net reserves and the present worth of the future net revenue reduction associated with the reserve reduction for risk in the escalating price case has been estimated by the Company to be approximately 50% of the present worth of the probable reserves. This estimated percentage approximates the percentage of present worth risk reduction calculated by DeGolyer and MacNaughton in the constant price case.

- (3) Definitions used for reserve categories in the DeGolyer and MacNaughton Report are as follows:

"Proved Reserves" are those reserves that have been proved to a high degree of certainty by analysis of the producing history of a reservoir and/or by volumetric analysis of adequate geological and engineering data. Commercial productivity has been established by actual production, successful testing, or in certain cases by favorable core analyses and electrical-log interpretation when the producing characteristics of the formation are known from nearby fields. Volumetrically, the structure, area extent, volume, and characteristics of the reservoir are well defined by a reasonable interpretation of adequate subsurface well control and by known continuity of hydrocarbon-saturated material above known fluid contacts, if any, or above the lowest known structural occurrence of hydrocarbons.

"Developed Reserves" are those reserves that are recoverable from existing wells with current operating methods and expenses.

Developed reserves include both producing and nonproducing reserves. Estimates of producing reserves assume recovery by existing wells producing from present completion intervals with normal operating methods and expenses. Developed nonproducing reserves are in reservoirs behind the casing or at minor depths below the producing zone and are considered proved by production from other wells in the field, by successful drill-stem tests, or by core analyses from the particular zones. Nonproducing reserves require only moderate expense to be brought into production.

"Undeveloped Reserves" are those reserves that are recoverable from additional wells yet to be drilled.

Undeveloped reserves are those considered proved for production by reasonable geological interpretation of adequate subsurface control in reservoirs that are producing or proved by other wells but are not recoverable from existing wells. This classification of reserves requires drilling of additional wells, major deepening of existing wells, or installation of enhanced recovery or other facilities.

"Probable Reserves" are those reserves susceptible of being proved that are based on reasonable evidence of producible hydrocarbons within the limits of a structure or reservoir above known or inferred fluid contacts but are defined to a lesser degree of certainty because of more limited well control and/or the lack of definitive production tests. Probable reserves may include extensions of

proved reservoirs or other reservoirs that have not been tested at commercial rates of flow or reserves recoverable by enhanced recovery methods that have not yet been tested in the same reservoir or where there is reasonable uncertainty that the program will be implemented.

- (4) Block 405(b) is currently in a pre-commerciality phase and accordingly certain assumptions have been made concerning development plans, availability of markets and access to transportation systems. Ultimate development plans may vary and will be subject to review and approval by the Algerian Government and Sonatrach.
- (5) The DeGolyer and MacNaughton escalating price report utilizes the following prices of oil, natural gas condensate and LPG which have been supplied by the Company.

Year	WTI Oil (U.S.\$/bbl)	Brent Oil (U.S.\$/bbl)	Border Gas (U.S.\$/Mcf)	Gas Tariff (U.S.\$/Mcf)	Wellhead Sales Gas (U.S.\$/Mcf)	Border Condensate (U.S.\$/bbl)	Wellhead Condensate (U.S.\$/bbl)	Border LPG (U.S.\$/bbl)	Wellhead LPG (U.S.\$/bbl)
2003	26.40	25.00	4.00	0.00	4.00	26.00	26.00	24.00	24.00
2004	26.40	25.00	4.00	0.00	4.00	26.00	26.00	24.00	24.00
2005	26.40	25.00	4.00	0.00	4.00	26.00	26.00	24.00	24.00
2006	26.40	25.00	4.00	0.00	4.00	26.00	26.00	24.00	24.00
2007	27.19	25.75	4.12	0.00	4.12	26.78	26.78	24.72	24.72
2008	28.01	26.52	4.24	0.00	4.24	27.58	27.58	25.46	25.46
2009	28.85	27.32	4.37	0.00	4.37	28.41	28.41	26.23	26.23
2010	29.71	28.14	4.50	0.00	4.50	29.26	29.26	27.01	27.01
2011	30.60	28.98	4.64	0.00	4.64	30.14	30.14	27.82	27.82
2012	31.52	29.85	4.78	0.00	4.78	31.05	31.05	28.66	28.66
2013	32.47	30.75	4.92	0.00	4.92	31.98	31.98	29.52	29.52
2014	33.44	31.67	5.07	0.00	5.07	32.94	32.94	30.40	30.40
2015	34.45	32.62	5.22	0.00	5.22	33.92	33.92	31.31	31.31
2016	35.48	33.60	5.38	0.00	5.38	34.94	34.94	32.25	32.25
2017	36.54	34.61	5.54	0.00	5.54	35.99	35.99	33.22	33.22
2018	37.64	35.64	5.70	0.00	5.70	37.07	37.07	34.22	34.22
2019	38.77	36.71	5.87	0.00	5.87	38.18	38.18	35.24	35.24
2020	39.93	37.81	6.05	0.00	6.05	39.33	39.33	36.30	36.30
2021	41.13	38.95	6.23	0.00	6.23	40.51	40.51	37.39	37.39
2022	42.36	40.12	6.42	0.00	6.42	41.72	41.72	38.51	38.51
2023	43.64	41.32	6.61	0.00	6.61	42.97	42.97	39.67	39.67
2024	44.94	42.56	6.81	0.00	6.81	44.26	44.26	40.86	40.86
2025	46.29	43.84	7.01	0.00	7.01	45.59	45.59	42.08	42.08
2026	47.68	45.15	7.22	0.00	7.22	46.96	46.96	43.35	43.35
2027	49.11	46.51	7.44	0.00	7.44	48.37	48.37	44.65	44.65
2028	50.59	47.90	7.66	0.00	7.66	49.82	49.82	45.99	45.99
2029	52.10	49.34	7.89	0.00	7.89	51.31	51.31	47.37	47.37
2030	53.67	50.82	8.13	0.00	8.13	52.85	52.85	48.79	48.79
2031	55.28	52.34	8.38	0.00	8.38	54.44	54.44	50.25	50.25

- (6) The product prices used in the constant price and cost evaluation were as follows:

Condensate	US \$26.00/bbl
LPG	US \$24.00/bbl
Gas	US \$4.00/mcf

- (7) DeGolyer and MacNaughton utilized estimates provided by the Company of the total capital costs net to the Company to achieve the estimated future net proved and probable production revenues set out in the DeGolyer and MacNaughton Report. For both the escalated and constant cost assumptions, the capital costs, including the reserve based access fee, were estimated to be as follows:

<u>U.S.\$ 000</u>	<u>Total</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Thereafter</u>
Proved	205,414	Nil	106,789	81,375	17,250
Probable	338,464	Nil	172,039	148,875	17,550
Risk adjusted probable	337,264	Nil	172,039	148,875	16,350

- (8) DeGolyer and MacNaughton utilized estimates provided by the Company of the operating costs and operating-cost forecasts. Per the PSC, all intra Algeria pipeline transportation costs are to be paid by Sonatrach.
- (9) Per the PSC, all royalties payable to the state of Algeria and Algerian income taxes are paid by Sonatrach from its share of production allocation.
- (10) The extent and character of ownership and all factual data pertaining to the Company's petroleum properties and contracts (except for certain information residing in the public domain) were supplied by the Company to DeGolyer and MacNaughton and accepted without any further investigation. DeGolyer and MacNaughton accepted this data as presented and neither title searches nor field inspections were conducted by DeGolyer and MacNaughton.

Reserves Reconciliation

The following table sets forth a reconciliation of the changes in the gross natural gas, condensate and LPG reserves relating to Ledjmet Block 405(b) during the period indicated.

	<u>Natural gas (mmcf)</u>			<u>Condensate (mbbls)</u>			<u>LPG (mbbls)</u>		
	<u>Proved</u>	<u>Probable</u>	<u>Total</u>	<u>Proved</u>	<u>Probable</u>	<u>Total</u>	<u>Proved</u>	<u>Probable</u>	<u>Total</u>
Total at Jan. 1, 2002⁽¹⁾	356,154	492,921	849,075	12,111	11,021	23,132	2,986	2,675	5,661
Discoveries, Extensions and Acquisitions ⁽³⁾	156,146	79,855	236,001	6,495	35,229	41,724	1,601	8,610	10,211
Revisions ⁽⁴⁾	17,820	138,086	155,906	5,370	99,377	104,747	1,082	4,961	6,043
Total at Mar. 31, 2003	<u>530,120</u>	<u>710,862</u>	<u>1,240,982</u>	<u>23,976</u>	<u>145,627</u>	<u>169,603</u>	<u>5,669</u>	<u>16,246</u>	<u>21,915</u>

Notes:

- (1) For the purpose of this reconciliation, Probable Reserves are unrisks and were determined pursuant to National Policy 2-B.
- (2) See "Business and Properties - Reserves".
- (3) Reserve additions are based on the additional OGIP moved into the respective classification due to the drilling and testing of the MLE-2 well.
- (4) Revisions are due to changes in projected recovery and deliverability based on new information for the MLE-2 well.

Drilling Summary

During the periods indicated, the Company drilled or participated in the drilling of the following wells:

	<u>Year Ended Dec. 31, 2002</u>		<u>Year Ended Dec. 31, 2001</u>	
	<u>Gross⁽¹⁾</u>	<u>Net</u>	<u>Gross</u>	<u>Net</u>
Natural Gas (Algeria)	1	See Note (2)	-	-
Crude Oil	-	-	-	-
Dry	-	-	-	-
Total	<u>1</u>	<u>See Note (2)</u>	<u>-</u>	<u>-</u>

Notes:

- (1) "Gross" means the number of wells in which the Company participated in the drilling.
- (2) During 2002, the Company participated in the drilling of one well on Block 405(b) in the Ledjmet area. Upon commerciality of the associated reserves, the hydrocarbon production will be allocated between the parties in accordance with a prescribed sliding scale formula set out in the production sharing contract based on such factors as production levels, product prices and project investment. Pursuant to this formula, which is to be calculated monthly, the Company's share of production may range from 27.72% to 8.16%. The development and operating costs will be allocated at 75% to the Company and 25% to Sonatrach.

Undeveloped Acreage

The following table summarizes the Company's interest in undeveloped acreage as at December 31, 2002.

	Gross Acres ⁽¹⁾	Net Acres ⁽²⁾
Algeria	543,000	337,000
Yemen	500,000	50,000
Total	1,043,000	387,000

Notes:

- (1) "Gross" refers to the total acres in which the Company has an interest.
 (2) "Net" refers to the total acres in which the Company has an interest, based on, in the case of Algeria, an allocation of the Company's estimated cost interest by Block in a development phase, and in the case of Yemen by the Company's interest in the related production sharing contract.

Capital Expenditures

The following table sets forth the exploration and development expenditures by the Company incurred during the periods indicated.

	Three Months Ended							
	Mar. 31 2002	Mar. 31 2001	June 30, 2002	June 30, 2001	Sept. 30, 2002	Sept. 30, 2001	Dec. 31, 2002	Dec. 31, 2001
	(unaudited)(\$000)							
Rights acquisition costs	245	367	237	650	8	1,196	-	3,822
Exploration, including drilling	2,225	-	2,347	1	900	1	13,854	(1,137)
Development, including facilities	-	-	-	-	-	-	-	-
Office equipment	5	-	9	3	18	13	29	10
Total capital expenditures	<u>2,475</u>	<u>367</u>	<u>2,593</u>	<u>654</u>	<u>926</u>	<u>1,210</u>	<u>13,883</u>	<u>2,695</u>

SELECTED FINANCIAL INFORMATION

Quarterly Financial Summary

	For the Three Months Ended							
	Dec. 31/02	Sept. 30/02	June 30/02	Mar. 31/02	Dec. 31/01	Sept. 30/01	June 30/01	Mar. 31/01
	(unaudited) (\$000, except per share numbers)							
Petroleum and natural gas sales	3	24	2	3	6	11	227	12
Cash flow from (used in) operations	(608)	(1,123)	(733)	(512)	(532)	(321)	(165)	(290)
Net income (loss)	(665)	(1,464)	(787)	(722)	(537)	(326)	(170)	(295)
- per common share								
- basic and diluted	(0.00)	(0.02)	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.01)

Annual Data

	Years ended December 31,		
	2002	2001	2000
	(\$000, except per share numbers)		
Revenues less royalties	266	298	105
Income (loss) before taxes	(3,638)	(1,328)	(1,551)
Per share – basic and diluted	(0.04)	(0.02)	(0.03)
Net income (loss)	(3,638)	(1,328)	(1,551)
Per share – basic and diluted	(0.04)	(0.02)	(0.03)
Total assets	49,566	14,377	5,263
Working capital (deficiency)	10,470	3,242	(3,693)
Long-term debt	nil	nil	nil

Details of the Company's financial commitments pursuant to its exploration and appraisal licences in Algeria and Yemen are set out in the Operations and Commitments note to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the Results of Operations and Financial Condition is set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 9 to 12, inclusive, of the Company's 2002 Annual Report, which pages are incorporated herein by reference.

RISK FACTORS

There are a number of risks and uncertainties that may materially adversely affect the First Calgary Group's business, financial condition and/or results of operations. Additional risks and uncertainties not currently known to the management of FCP may also have an adverse effect on the First Calgary Group's business and the information set out below does not purport to be an exhaustive summary of the risks affecting the First Calgary Group.

Exploration and Reserve Risk

The First Calgary Group has no existing commercial reserves of any significance. Its future value is therefore dependent on the success or otherwise of the First Calgary Group's activities which are principally directed towards the further exploration, appraisal and development of its assets in Algeria. The First Calgary Group has a right to explore and appraise such assets but does not have a right to produce same until such time as the reserves are determined to be commercial. Exploration, appraisal and development of oil and gas reserves is speculative and involves a significant degree of risk. There is no guarantee that exploration or appraisal of the properties in which the First Calgary Group holds an interest will lead to a commercial discovery or, if there is commercial discovery, that the First Calgary Group will be able to realize such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage the First Calgary Group is precluded from pursuing its exploration or development programmes, or such programmes are otherwise not continued, the First Calgary Group's business, financial condition and/or results of operations and, accordingly, the trading price of the Common Shares, is likely to be materially adversely affected.

Uncertainty of Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of proved reserves, including many factors beyond FCP's control. The reserve data contained herein represents estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary considerably from actual results. All such estimates are to some degree speculative, and classifications of reserves are only attempts to define the degree of speculation involved. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues expected therefrom, prepared by different engineers or by the same engineers at different times, may vary substantially. FCP's actual production, revenues, operating costs and capital expenditures with respect to the reserves that it has a potential interest in will vary from such estimates, and such variances could be material.

Estimates with respect to proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history will result in variations, which may be substantial, in the estimated reserves.

Consistent with the securities disclosure legislation and policies of Canada, as interpreted by the securities regulatory authorities in Canada, FCP has used escalated product prices and costs in calculating reserve quantities described herein. Actual future net cash flows also will be affected by other factors such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and

the impact of inflation on costs. The DeGolyer and MacNaughton Report was prepared according to National Policy Statement 2-B, which has been adopted by various Canadian securities regulators. This National Policy is in the process of being replaced by National Instrument 51-101. A report has not been prepared according to National Instrument 51-101 nor has an assessment been made as to the effect to the reserve assignment if report has been prepared according to the National Instrument. If the reserves were evaluated pursuant to the new National Instrument the reserve assignment may have been different, and such different assignment may have been material.

Risk of Loss of Production Sharing Contracts, Joint Ventures and Related Agreements

The production sharing agreements entered into with respect to the Algerian properties are structured such that if the First Calgary Group does not meet its work and/or expenditure obligations under production sharing contracts and joint ventures or related agreements, the rights granted therein will be forfeited and the First Calgary Group will be liable to pay financial penalties. Such penalty amounts are significant relative to the financial resources and assets of FCP.

As described under the heading "Business and Properties – Principal Properties – Algeria – BLOCK 406(a) (Yacoub) – Licence and obligations", FCP has elected to enter the second exploration period to extend the exploration rights pursuant to a JV with Sonatrach in relation to Block 406(a) for two years through to November 2005. In conjunction with this election, the Company has deferred the planned drilling of the first exploration period well to 2004 to allow for additional 3D seismic data to be acquired before selecting a drilling location. **While Sonatrach has indicated its agreement in principle to the election and the deferment, subject to technical approval, the election and deferment must be formalized effective prior to November 11, 2003, otherwise the Company may be subject to the forfeiture of Block 406(a) and the US\$18,250,000 financial penalty described under the heading referred to above. FCP does not currently have sufficient working capital to pay this penalty.**

Title to Properties

No legal opinion as to the title to any of the properties in which First Calgary Group holds an interest has been obtained. As a result, no assurance can be given that title defects do not exist. If a title defect does exist it is possible that the First Calgary Group may lose all or a portion of its interest in properties to which the title defect relates.

Drilling and Operating Risks

Exploration and development activities may be delayed or adversely affected by factors outside the control of the First Calgary Group. These include adverse climatic and geographic conditions, labour disputes, the performance of joint venture or farm-in partners on whom the First Calgary Group may be or may become reliant, compliance with governmental requirements, shortage or delays in installing and commissioning plant and equipment or import or customs delays. Problems may also arise due to the quality or failure of locally obtained equipment or interruptions to services (such as power, water, fuel or transport or processing capacity) or technical support which result in failure to achieve expected target dates for exploration or production and/or result in a requirement for greater expenditure. Drilling may involve unprofitable efforts, not only with respect to dry wells, but also with respect to wells, which, though yielding some oil or gas, are not sufficiently productive to justify commercial development or cover operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs.

Substantial operational risks are involved in the drilling for, development of and production from oil and gas fields, including blow-outs, cratering, explosions, pollution, seepage or leaks, fire, earthquake activity, unusual or unexpected geological conditions, absence of economically viable reserves and other hazards which may delay, or ultimately prevent, the exploitation of such fields or may result in cost overruns or substantial losses or other extensive liabilities to the First Calgary Group due to substantial environmental pollution or damage, personal injury or loss of life, clean-up responsibilities, regulatory investigation and penalties or suspension of operations. Such hazards can also severely damage or destroy equipment, surrounding areas or property of third parties. Damage or loss occurring as a result of such risks may give rise to claims against FCP. Although the First Calgary Group carries insurance which management considers to be appropriate, there may be circumstances where the First Calgary Group's insurance, or that of the operator of a field, will not cover or be adequate to cover the consequences of such events or where the First Calgary Group may become liable for pollution or other operational hazards against which it either cannot insure or may elect not to insure on account of high premium costs. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on the First Calgary Group's business, financial condition, operations and the

results therefrom. Moreover, there can be no assurance that the First Calgary Group will be able to maintain adequate insurance in the future at rates FCP consider reasonable.

Economic and Political Risk

The First Calgary Group's operations are in foreign jurisdictions where there may be a number of risks over which it will have no control. These risks may include risks relating to economic, social or political instability or change, terrorism, hyperinflation, currency non-convertibility or instability and changes of laws affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing and petroleum export licensing and export duties as well as government control over domestic oil and gas pricing. In particular, certain areas, such as Africa and the Middle East, present a significant political and economic risk in terms of stability, political and economic uncertainty, terrorism and civil unrest.

Results to Date and Additional Requirement for Capital

FCP is likely to remain cash flow negative for some time and there can be no certainty that FCP will achieve or sustain profitability or positive cash flow from its operating activities. FCP will need to raise additional capital in the future to fund the work commitments on the properties. The future of FCP is dependent upon its ability to raise the required funding. FCP's ability to fund its obligations is dependent upon obtaining additional financing in the form of equity, debt, joint ventures, farmouts or a combination thereof through to the discovery of economically recoverable petroleum and natural gas reserves and the commencement of commercial production. FCP has limited debt capacity and therefore its exploration activities are expected to be financed through equity or third party joint ventures. There is no assurance that additional financing will be available on terms acceptable to FCP. Failure to obtain additional financing on a timely basis could cause FCP to forfeit its interest in some or all of the properties and reduce or terminate its operations. In addition, future production, oil and gas prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological success are all factors which will have an impact on the amount of additional capital required. If FCP fails to satisfy minimum work obligations it may also be liable to pay penalties. Any additional equity financing may be dilutive to shareholders and debt financing, if available, may involve restrictions on financing and operating activities.

Legal Systems

Some of the jurisdictions in which the First Calgary Group operates may have less developed legal systems than jurisdictions with more established economies which may result in risks such as (i) effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation or in an ownership dispute, being more difficult to obtain; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Corporate and Regulatory Formalities

In the jurisdictions in which the First Calgary Group operates, both the conduct of petroleum operations and the steps involved in the First Calgary Group acquiring its current interests involve or have involved the need to comply with numerous procedures and formalities. It has not been possible in all cases to date to comply with, or obtain waivers from, all such formalities and it is not always clear whether statutory or corporate formalities have been properly completed, nor possible or practical to obtain evidence of such issues. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions taken. The Group is unable to predict the effect of additional corporation and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase the Group's cost of doing business or effect its operations in any area.

Ability to Exploit Successful Discoveries

It may not always be possible for the First Calgary Group to participate in the exploitation of successful discoveries made in areas in which the First Calgary Group has an interest. Such exploitation may involve the need to obtain licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied. Furthermore, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the First Calgary Group. Such further work may also require the First Calgary Group to meet or commit to financing obligations, which it may not have anticipated or may not be able to commit to due to lack of funds or inability to raise funds.

Environmental Regulation

As the Group is involved in oil and gas exploration, it is subject to extensive environmental and safety legislation (e.g. in relation to plugging and abandonment of wells, discharge of materials into the environment and otherwise relating to environmental protection) and this legislation may change in a manner that may require stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from oil and gas activities which may be costly to remedy. In particular, the acceptable level of pollution and the potential clean-up costs and obligations and liability for toxic or hazardous substances for which the First Calgary Group may become liable as a result of its activities may be impossible to assess against the current legal framework and current enforcement practices of the various jurisdictions. The extent of potential liability, if any, for the costs of abatement of environmental hazards cannot be accurately determined and, consequently, no assurances can be given that the costs of implementing environmental measures or meeting any liabilities in the future will not be material to the First Calgary Group or affect its business or operations.

Market Risk

In the event of successful development of oil and gas reserves, the marketing of the First Calgary Group's prospective production of oil and gas from such reserves will be dependent on market fluctuations and the availability of processing and refining facilities and transportation infrastructure, including access to ports, shipping facilities, pipelines and pipeline capacity at economic tariff rates over which the First Calgary Group may have limited or no control. For example, the First Calgary Group has not yet secured access to markets or infrastructure in the event that natural gas associated with the Ledjmet Block 405(b) is commercial and there is no assurance that it will be able to secure such markets or infrastructure in a timely or cost effective manner. Pipelines may be inadequately maintained and subject to capacity constraints. Economic tariff rates may be increased with little or no notice and without taking into account producer concerns. The right to export oil and gas may depend on obtaining licences and quotas, the granting of which may be at the discretion of the relevant regulatory authorities. There may be delays in obtaining such licences and quotas leading to the income receivable by the First Calgary Group being adversely affected, and it is possible that from time to time export licences may be refused.

Reliance on Strategic Relationships

In conducting its business, the First Calgary Group will rely on continuing existing strategic relationships and forming new ones with other entities in the oil and gas industry, such as joint venture parties and farmin partners, and also certain regulatory and governmental departments. While the board of directors of FCP have no reason to believe otherwise, there can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed and the First Calgary Group could be materially adversely affected by changes to such relationships or difficulties in forming new ones.

Examples of such strategic relationships are the provision of services to the Group from two entities that are at arm's length to the Group and its directors and officers. The Group has used the services of these entities to provide technical and legal services to the Group relating to its efforts to evaluate and acquire oil and gas exploration projects in the Middle East and Africa and to provide services with in connection with the Group's operation in Algeria. One of the entities is entitled to a carried interest equal to 5% of the Group's net cash flow derived from projects for which they provide services (being the Group's two blocks in Algeria; such entitlement has been deducted from the Company's future net revenue in the independent engineering report summarized elsewhere in this AIF).

Competition

A number of other oil and gas companies operate, and are allowed to bid for exploration and production licences and other services, in the countries in which the First Calgary Group operates, thereby providing competition to the First Calgary Group. Larger, foreign-owned companies, in particular, may have access to greater resources than the First Calgary Group, may be more successful in the recruitment and retention of qualified employees, and may conduct their own refining and petroleum marketing operations, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

Volatility of Prices of Oil and Gas

The demand for, and price of, oil and gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments. Geographic location and a lack of adequate infrastructure may also result in any oil or gas produced being sold at a discount to world market prices for oil and gas. International oil prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future due to numerous factors which the Group is neither able to control or predict. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on FCP's business, financial condition, ability to pay dividends and results of operations. The performance of an oil and gas exploration and production company's share price may, but will not necessarily, exhibit a correlation with the price of oil and gas.

Currency Risks

Most of the First Calgary Group's financial obligations are denominated in US dollars although its financial results are reported in Canadian dollars. As a result, a number of foreign currency effects may arise. First Calgary does not engage in active hedging to minimise exchange rate risk.

Dependence on Key Personnel

The First Calgary Group has a small management team and the loss of a key individual or its inability to attract suitably qualified personnel in the future could materially and adversely affect the First Calgary Group's business. Difficulties may also be experienced in certain jurisdictions in employing and retaining qualified personnel who are willing to work in such jurisdictions.

Market Perception

Market perception of junior oil and gas exploration companies is volatile and changes could impact the value of investors' holdings and the ability of FCP to raise funds by the issue of securities of FCP.

DIRECTORS AND OFFICERS

The names, municipalities of residence, the offices held by each in the Company, and principal occupation of the director and officers, the period served as director and the number of securities of the Company owned by such individuals is as follows:

<u>Directors And Senior Officers</u>	<u>Position Presently Held</u>	<u>Principal Occupation</u>	<u>Director /Officer Since</u>
Richard G. Anderson ⁽²⁾ Calgary, Alberta	President, Chief Executive Officer and a Director	President of the Company	February 1997
Raymond P. Antony ⁽¹⁾⁽³⁾ Calgary, Alberta	Director	President of Resolution Resources Ltd. (a publicly traded oil and gas company)	March 1996
Alastair J. Beardsall ⁽¹⁾⁽²⁾⁽³⁾ London, England	Director	Oil & Gas Consultant	January 2002
Darryl J. Raymaker, Q.C. ⁽¹⁾⁽²⁾⁽³⁾ Calgary, Alberta	Director	Barrister and Solicitor Raymaker Bontorin (law firm)	February 1997

Directors And Senior Officers	Position Presently Held	Principal Occupation	Director /Officer Since
Yuri K. Shafranik Moscow, Russia	Director	Chairman of the Board and Executive of SoyuzNefteGas, Co-Chairman of the Saudi-Russian Business Council, Chairman of the Council of Oil Producers of Russia and former Chairman of the Board and Executive of the Central Fuel Company from 1997 to 2001.	February 2003
Kenneth C. Rutherford Calgary, Alberta	Vice President, Finance	Vice President, Finance for the Company	November 1999
Martin G.J. Layzell Calgary, Alberta	Vice President, Exploration	Vice President, Exploration for the Company	June 2001
Gary R.J. Bugeaud Calgary, Alberta	Corporate Secretary	Partner, Burnet, Duckworth & Palmer LLP (law firm)	February 1998

Notes:

- (1) Member of the audit committee.
- (2) Member of the compensation committee.
- (3) Member of the governance committee.
- (4) The Company does not have an executive committee of the Board.
- (5) The Company's directors shall hold office until the next annual general meeting of the Company's shareholders or until each director's successor is appointed or elected pursuant to the *Business Corporations Act* (Alberta).

The principal occupations of the directors and senior officers of the Company for the last five years are as set above except for the following:

Richard Anderson has been President and Chief Executive Officer of the Company since February 1997. Prior thereto and since June 1996 he was an independent businessman. Prior thereto, he was a director, the President and Chief Executive Officer of Petrostar Petroleum Inc., a publicly traded oil and gas company. Richard Anderson graduated from the University of Calgary in 1971 with a Bachelor of Commerce degree. He has worked in oil and gas exploration throughout his career. Previously he was a landman with both Texaco Exploration Canada Ltd. and Siebens Oil & Gas Ltd in Calgary.

Darryl Raymaker, Q.C. graduated from the University of Alberta with a Bachelor of Arts degree in 1962 and a Bachelor of Laws degree in 1964. He has practised law in Calgary, Alberta since 1964. Mr. Raymaker has been a director of the Canadian Deposit Insurance Corporation since August 2002 and currently is a member of its Governance Committee. He has extensive public service experience having served as a member of the City of Calgary Police Commission and as a member of the City of Calgary Planning Commission. He has served as a director of First Calgary since 1997.

Raymond Antony received a Bachelor of Commerce degree with distinction from the University of Alberta, Edmonton, Canada in 1975 and is a member of the Institute of Chartered Accountants. He was a partner in a firm of Chartered Accountants after articling with Price Waterhouse in Calgary. He is currently, and has been for the past five years, the president of DCR Investments Inc. which provides services to several companies which are listed on CDNX and the TSX. During the period of 1997 to 2001, Mr. Antony was the President of two private oil and gas companies which were recently acquired by the TSX listed companies. Mr. Antony is and has been since October 2001, the President of Resolution Resources Ltd., a publicly traded oil and gas company.

Alastair Beardsall graduated from University of Warwick in 1976 with a Bachelor of Science in Physics and has been involved in the international oil and gas industry since 1981. He has worked internationally with Schlumberger, Quest Petroleum, and EuroSov Energy plc. He has served as a director of Sibir Energy plc., an AIM listed company. Alastair Beardsall has been an oil and gas consultant since June 2000. Prior thereto, Mr. Beardsall served as operations director of oil and gas projects in the Former Soviet Union for Sibir Energy plc from 1999 to 2000 and operations director oil and gas projects for EuroSov Energy plc. from 1997 to 1999.

Yuri K. Shafranik served as Russia's Minister of Fuel and Energy from 1993 to 1996 and Advisor to the Chairman of the Government of the Russian Federation from 1996 to 1997. He has also served as Chairman of the Board and Executive of Tyumen Oil Company from 1996 to 1997, Central Fuel Company from 1997 to 2001 and SoyuzNefteGas from 2001 to present.

Kenneth Rutherford is the Vice President, Finance and Chief Financial Officer of the Company since 1999. Prior thereto Mr. Rutherford was Vice President, Finance and Chief Financial Officer of Scorpion Energy Corporation, a publicly traded oil and gas company from 1998 to 1999 and prior thereto Mr. Rutherford was Vice President Finance of Mayfair Energy Ltd., a private oil and gas company from 1997 to 1998. Mr. Rutherford graduated from the University of Calgary with a Bachelor of Commerce (with distinction) in 1975 and in 1977 was admitted to the Institute of Chartered Accountants of Alberta. Mr. Rutherford was elected a director of Abacan Resource Corporation on February 8 1999. Abacan was in financial difficulty at the time Mr. Rutherford allowed his name to stand for election as a director. Mr Rutherford's appointment arose at the request of an institutional shareholder of Abacan. Throughout 1999 and early 2000 Abacan sought joint venture partners to fund the exploration and development of its remaining holdings, however, was unsuccessful in those endeavours. On February 29, 2000, Mr Rutherford resigned as a director of Abacan. On March 3, 2000 Abacan made an assignment in bankruptcy and a trustee in bankruptcy was appointed.

Martin Layzell graduated from the University of London, England in 1977 with a joint honours degree in Education and Geography and then completed an MA in Geography from the University of Windsor in 1978. Mr. Layzell joined First Calgary as exploration manager in 1999. During 1998 Mr. Layzell worked as an international petroleum consultant and from 1997 to 1998 served as a senior international oil and gas advisor to Yorkton Securities Inc. Prior thereto he worked for Dome Petroleum Ltd both as a division geophysicist and as an exploration supervisor following the merger with Amoco Corp. He has also held the position of chief geophysicist for Westcoast Petroleum/Numac Energy Ltd. Mr. Layzell is a Chartered Geologist and Fellow of the Geological Society of London.

Gary Bugeaud is a partner with the law firm Burnet, Duckworth & Palmer LLP and has been with the firm since November 1997. Mr. Bugeaud is a director of American Leduc Petroleums Limited, Defiant Energy Corporation and Great Northern Exploration Ltd. (each being publicly traded oil and gas companies) and Trican Well Service Ltd. (a publicly traded oilfield services company). Mr. Bugeaud is also the corporate secretary of Gauntlet Energy Corporation (a publicly traded oil and gas company). Gauntlet has sought creditor protection pursuant to the Companies' Creditors Arrangement Act. In addition, Gauntlet, the directors of Gauntlet, and certain officers of Gauntlet (which does not include Mr. Bugeaud) have been named in actions relating to misrepresentation in a prospectus.

As at May 9, 2003, the directors and executive officers of the Company, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 2,162,647 common shares of the Company, or approximately 2% of the issued and outstanding common shares of the Company. In addition, the directors and executive officers of the Company, as a group, have outstanding options to purchase 5,759,333 common shares of the Company under the Company's stock option plan.

CONFLICTS

Circumstances may arise where members of the board of directors or officers of the Company are directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by such board members or officers will be provided to the Company. Pursuant to the *Business Corporations Act* (Alberta), a director or officer of a corporation who is a party to a material contract or proposed material contract with that corporation or is a director or an officer of or has a material interest in any person who is a party to a material contract or proposed material contract with that corporation shall disclose to the corporation the nature and extent of the director's or officer's interest. In addition, a director shall not vote on any resolution to approve a contract of the nature described except in limited circumstances.

Management of the Company is not aware of any existing or potential material conflicts of interest between the Company or a subsidiary of the Company and a director or officer of the Company or of a subsidiary of the Company.

HUMAN RESOURCES

As at December 31, 2002, the Company had 11 full-time employees. In addition, 5 persons worked for the Company on a part-time consulting basis.

DIVIDEND HISTORY

The Company has not declared or paid any dividends on any of its shares in the last five years. It is intended that the Company will not pay any dividends in the near future.

MARKET FOR SHARES OF THE COMPANY

The Common Shares of First Calgary are listed for trading on the Toronto Stock Exchange and trade under the symbol "FCP" and on the Alternative Investment Market (AIM) of the London Stock Exchange under the symbol "FPL".

ADDITIONAL INFORMATION

Additional information related to directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase the Company's securities and interest of insiders in material transactions, where applicable, is contained in the Company's Information Circular - Proxy Statement dated May 9, 2003, prepared in connection with the Annual and Special Meeting of Shareholders held on June 11, 2003. Additional financial information provided in the Company's financial statements for the year ended December 31, 2002 is included in the Company's 2002 Annual Report.

The Company shall provide to any person, upon request to the Corporate Secretary of the Company or Mr. Kenneth C. Rutherford at Suite 900, 520 Fifth Avenue S.W., Calgary, Alberta, T2P 3R7, phone (403) 264-6697 fax (403) 264-3955:

1. when the securities of the Company are in the course of a distribution pursuant to a preliminary short form prospectus or a short form prospectus:
 - a. one copy of the Annual Information Form of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;
 - b. one copy of the comparative financial statements of the Company for its most recently completed fiscal year for which financial statements have been filed, together with the accompanying report of the auditor and one copy of the most recent interim financial statements of the Company that have been filed, if any, for any period after the end of its most recently completed financial year;
 - c. one copy of the Information Circular of the Company in respect of its most recent annual meeting of shareholders; and
 - d. one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and which are not required to be provided under items (a) to (c) above; or
2. at any other time, one copy of any documents referred to in items (1)(a), (b) and (c) above.