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SHORT FORM PROSPECTUS

New Issue

June 23, 2005

FIRST CALGARY PETROLEUMS LTD.

\$99,630,000
12,300,000 Common Shares

Price: \$8.10 (£3.59) per Common Share

This short form prospectus qualifies the offering of 12,300,000 common shares (the "Offered Shares") of First Calgary Petroleum Ltd. ("FCP", "First Calgary" or the "Company") at a price of \$8.10 (£3.59) per Offered Share. The common shares of FCP (the "Common Shares") are listed for trading on the Toronto Stock Exchange (the "TSX") under the trading symbol "FCP" and on the Alternative Investment Market ("AIM") of the London Stock Exchange plc under the trading symbol "FPL". The TSX has conditionally approved the listing of these securities. Listing is subject to FCP fulfilling all of the requirements of the TSX on or before September 15, 2005. FCP has also applied to list the Offered Shares on AIM. On June 22, 2005, the closing price of the Common Shares on the TSX was \$7.76 and on the AIM was £3.40.

	Offering Price ⁽¹⁾	Underwriters Fee ⁽²⁾	Net Proceeds to FCP ⁽³⁾
Per Offered Share	\$8.10	\$0.405	\$7.695
Total	\$99,630,000	\$4,981,500	\$94,648,500

Notes:

- (1) The offering price of the Offered Shares was determined by negotiation between FCP and the Underwriter (as defined herein).
- (2) The Company has granted to the Underwriter an option (the "Underwriter's Option") to purchase up to an additional 4,625,000 Common Shares, on the same terms as set forth above, exercisable, in whole or in part, at any time until 24 hours prior to closing. This short form prospectus qualifies both the grant of the Underwriter's Option and the distribution of the Common Shares issuable on exercise of the Underwriter's Option. If the Underwriter's Option is exercised in full, the Total Offering Price, the Underwriter's Fee and the Net Proceeds to FCP will be \$137,092,500, \$6,854,625 and \$130,237,875, respectively. The Underwriter has advised that it will exercise the option in full. See "Plan of Distribution". All references to the "offering" and "Offered Shares" in this short form prospectus includes the Common Shares, if any, issued pursuant to the exercise of the Underwriter's Option unless the context otherwise requires.
- (3) Before deducting expenses of the offering, estimated to be \$650,000, which will be paid from the general funds of FCP. See "Use of Proceeds".

Canaccord Capital Corporation (the "Underwriter") conditionally offer the Offered Shares for sale, subject to prior sale, if, as and when issued by FCP and accepted by the Underwriter in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on our behalf by Burnet, Duckworth & Palmer LLP and on behalf of the Underwriter by McCarthy Tétrault LLP. The Underwriter may effect transactions which stabilize or maintain the market price for the Offered Shares at levels other than those which otherwise might prevail in the open market. See "Plan of Distribution".

Subscriptions for the Offered Shares will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that definitive certificates representing the Offered Shares will be available for delivery at closing, which is expected to occur on or about June 30, 2005.

All references to \$ are to Canadian dollars unless otherwise stated.

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DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of FCP, Suite 900, 520 – 5th Avenue S.W., Calgary, Alberta, T2P 3R7, telephone (403) 264-6697.

The following documents of FCP, filed with the various securities commissions or similar authorities in the provinces of Canada, are specifically incorporated by reference into and form an integral part of this short form prospectus:

1. the renewal annual information form (the "AIF") of FCP dated March 31, 2005, including management's discussion and analysis of financial condition and operations for the year ended December 31, 2004 incorporated by reference therein (the "MD&A");
2. the audited comparative consolidated financial statements of FCP as at and for the years ended December 31, 2004 and 2003, together with the notes thereto and the auditors' report thereon, contained in FCP's 2004 Annual Report;
3. the unaudited interim comparative consolidated financial statements of FCP as at March 31, 2005 and 2004 and for the three-month periods then ended;
4. the management's discussion and analysis of financial condition and operations of FCP for the three months ended March 31, 2005;
5. the Information Circular - Proxy Statement in connection with the annual general meeting of shareholders held on June 16, 2005 (excluding those portions that are not required pursuant to National Instrument 44-101 of the Canadian Securities Administrators to be incorporated by reference herein, being the disclosure given under the headings, "Report on Executive Compensation", "Performance Graph" and "Corporate Governance"); and
6. material change reports filed January 26, 2005 (relating to Algerian reserves estimates), May 25, 2005 (with respect to strategic discussions), June 10, 2005 (with respect to exploration activities) and June 16, 2005 (relating to this financing and to the completion of a review of strategic alternatives).

Any material change reports (excluding confidential material change reports), interim financial statements, annual financial statements and the auditors' report thereon, management's discussion and analysis of financial condition and results of operations in respect of the periods covered by such interim or annual financial statements, and information circulars (excluding those portions that are not required pursuant to National Instrument 44-101 of the Canadian Securities Administrators to be incorporated by reference herein) filed by FCP with the securities commissions or similar authorities in the provinces of Canada subsequent to the date of this short form prospectus and prior to the termination of the offering of the Offered Shares shall be deemed to be incorporated by reference in this short form prospectus.

Any statement contained in this short form prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this short form prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form prospectus.

FORWARD LOOKING STATEMENTS

FCP cautions that certain statements in this short form prospectus and the documents incorporated by reference herein, including estimates of reserves, estimates of future cash flow and estimates of future production as well as other statements about anticipated future events or results are forward-looking statements. Forward-looking statements often, but not always, are identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect", "targeting" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. The forward-looking statements that are contained in this short form prospectus and the documents incorporated by reference herein involve a number of risks and uncertainties. As a consequence, actual results might differ materially from results forecast or suggested in these forward-looking statements. Some of these risks and uncertainties are identified in this short form prospectus under the heading "Risk Factors" and in the AIF. Additional information regarding these factors and other important factors that could cause results to differ materially may be referred to as part of particular forward-looking statements. The forward-looking statements are qualified in their entirety by reference to the important factors discussed in this short form prospectus under the heading "Risk Factors" and in the AIF and to those that may be discussed as part of particular forward-looking statements.

FIRST CALGARY PETROLEUMS LTD.

FCP is an oil and gas exploration company with indirect interests in oil and natural gas properties in the Republic of Algeria. See "The Company" in the AIF incorporated by reference in this short form prospectus.

FCP has two active wholly-owned subsidiaries, being EURL FCP Algeria OPCO (Algeria) ("FCP Algeria") and 1082294 Alberta Ltd., and one wholly-owned active partnership being First Calgary Petroleum Partnership ("FCP Partnership"). FCP Algeria was established to hold FCP's interest in Block 406(a) (Yacoub) ("Block 406a") and FCP Partnership was established to hold FCP's interest in Block 405(b) (Ledjmet) ("Block 405b"). The transfer of the interest to FCP Partnership is subject to Sonatrach's approval. Both Block 405b and Block 406a are located in Algeria's Berkine Basin, and are more particularly described under the heading "Reserves Data Report" in the AIF. FCP, its subsidiaries and the FCP Partnership are collectively referred to herein as the "First Calgary Group" or the "Group".

FCP'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. FCP has an administrative office in Algiers, Algeria and a field operations base in Hassi Messaoud, Algeria.

RECENT DEVELOPMENTS

Review of Strategic Alternatives

In October 2004, FCP retained Lehman Brothers Europe Limited as a financial adviser and Canaccord Capital (Europe) Limited as a strategic adviser to assist the Company in seeking and evaluating strategic alternatives. The Company has now completed the strategic review process and, following proposals and discussions with a number of parties, it has decided to terminate discussions. The Company now considers it to be in the best interests of shareholders that FCP access the capital markets to independently develop its Algerian assets in the near term. The key objectives of this strategy will be to increase the Company's proven and probable reserves through an on-going exploration and appraisal drilling programme with a target of at least doubling the current level of its probable reserves over the next 18 months and to simultaneously move forward the MLE commercialization programme in accordance with the terms of the Block 405b Production Sharing Contract.

RISK FACTORS

An investment in the Offered Shares should be considered highly speculative given the nature of the First Calgary Group's business and its present stage of development. Before deciding whether to invest in the Offered Shares, prospective investors should carefully consider the risks described below, together with all other information contained in, or incorporated by reference in, this short form prospectus. If any of the following risks actually occur, the First Calgary Group's business, financial condition and/or results of operations could be materially and adversely affected. In such case, the trading price of the Common Shares would likely decline and a holder thereof could lose all or part of his or her investment. 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. The risk factors set out below and in the AIF do not purport to be an exhaustive summary of the risks affecting the First Calgary Group.

Exploration and Reserve Risk

The First Calgary Group currently has no existing rights to produce 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 oil or natural gas from the assets, until such time as the reserves are determined to be commercial and Sonatrach, the national oil company of Algeria approves an application for an exploitation permit. Exploration, appraisal and development of oil and gas reserves are speculative and involve a significant degree of risk. There is no guarantee that the First Calgary Group will be able to realize any reserves from its assets 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 reserves and undiscovered resources, including many factors beyond FCP's control. The reserve data incorporated by reference 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. 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.

Given that the Company's reserves are in the early stages of development, there are a number of uncertainties including the timing of the development, obtaining Sonatrach's approval for the development availability and access to markets for FCP's reserves and the availability of capital.

Estimates with respect to 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 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 both constant and forecast product prices and costs in calculating reserve quantities incorporated by reference herein. Actual future net cash flows also will be affected by other factors such as actual production levels, capital investment, 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.

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

The hydrocarbon 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.

The following table outlines the minimum work obligations First Calgary Group is committed to respecting the Algeria Block 405b and Block 406a hydrocarbon contracts, current estimated costs as well as the required completion dates thereof:

Work Commitments	Minimum Work Commitments Estimated Cost (Cdn. \$000)⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	Required Completion Date
Block 406a		
Second Exploration Period		
Drill exploration well	11,250	November 10, 2005
Block 405b		
Second Exploration Period		
Drill exploration well	11,250	December 29, 2006
Total estimated costs	22,500	

Notes:

- (1) The table excludes the annual training bonus required pursuant to the agreements.
- (2) The table excludes the work obligations completed prior to June 2005.
- (3) Assumed U.S.\$1 = Cdn.\$1.25.
- (4) Not all exploration expenditures that may be incurred by FCP using the net proceeds of this offering will be applied to minimum work commitments referred to in the table above. See "Use of Proceeds".

Title to Properties

No legal opinion as to the title to any of the properties in which the 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 farmin 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 considers 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 licencing and petroleum export licencing 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 commercial development of its assets. 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 development of economically recoverable oil and natural gas reserves and the commencement of commercial production. FCP has limited debt capacity and therefore its 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 oil and natural gas exploration and development operations and the steps involved in the First Calgary Group acquiring its current interests in its assets 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 complied with, nor possible or practical to obtain evidence of such compliance. 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 corporate 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 the Group's 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 reserves associated with Block 405b are declared 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 FCP has 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.

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 natural 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 natural gas prices

and, in particular, a material decline in the price of oil or natural 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 natural gas exploration and production company's share price may, but will not necessarily, exhibit a correlation with the price of oil and natural gas.

Currency Risks

Most of the First Calgary Group's financial obligations are denominated in United States dollars and its financial results are reported in United States dollars. Financing proceeds are denominated in Canadian dollars and British pounds. As a result, a number of foreign currency effects may arise. First Calgary does not engage in active hedging to minimize 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.

Passive Foreign Investment Company Status

FCP is likely a "passive foreign investment company" ("PFIC") for purposes of United States tax law. Assuming that FCP is in fact a PFIC, investors who are United States taxpayers may suffer adverse tax consequences. Certain elections may be available to such investors that would mitigate these adverse effects, but there can be no assurance that such elections will be available.

PLAN OF DISTRIBUTION

Pursuant to an underwriting agreement dated June 17, 2005 (the "Underwriting Agreement") between FCP and the Underwriter, the Underwriter has agreed to act as agent for FCP, on a bought deal basis, for the sale in Alberta, British Columbia and Ontario and in the United Kingdom and certain other jurisdictions of 12,300,000 Offered Shares at a price of \$8.10 (£3.59) per Offered Share, payable in cash to FCP against delivery of certificates (or pursuant to typical settlement procedures under the CREST system) representing Offered Shares. In consideration for their services in connection with this offering, the Underwriter will be paid a fee of \$0.405 per Offered Share.

The Underwriter may terminate its obligations at its discretion upon the occurrence of certain stated events. The Underwriter is, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement. In addition, FCP has agreed under the Underwriting Agreement to indemnify the Underwriter against certain liabilities.

FCP has agreed that it will not, without the prior consent of the Underwriter pursuant to the Underwriting Agreement, which consent may not be unreasonably withheld, agree to issue or sell any Common Shares or financial instruments convertible or exchangeable into Common Shares for a period of 90 days from the closing of this offering, except for the grant of stock options or the issuance of Common Shares pursuant to FCP's stock option plan or pursuant to existing obligations.

Pursuant to policy statements of certain Canadian securities authorities, the Underwriter may not, throughout the period of distribution under this short form prospectus, bid for or purchase Common Shares. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged for the purpose of creating actual or apparent active trading in, or raising the price of, the Common Shares. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution, provided that the bid or purchase was not engaged for the purpose of creating actual or apparent trading in, or raising the price of Common Shares.

In connection with the offering, and subject to the foregoing, the Underwriter may effect transactions which stabilize or maintain the market price for Common Shares at levels other than those which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Certificates representing the Offered Shares will be available for delivery at the closing of the offering, which is expected to take place on or about June 30, 2005.

The Offered Shares have not been and will not be registered under the *United States Securities Act of 1933*, as amended (the "1933 Act") or any state securities laws, and accordingly may not be offered or sold within the United States of America or to U.S. Persons (as such term is defined in Regulation S under the 1933 Act) except pursuant to the Underwriting Agreement in transactions exempt from the registration requirements of the 1933 Act and applicable state securities laws.

In addition, until 40 days after the commencement of this offering, any offer or sale of Offered Shares offered hereby within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the 1933 Act unless made pursuant to Rule 144A under the 1933 Act.

No prospectus has been registered in the United Kingdom and no offer is being made in the United Kingdom in circumstances which would require a prospectus to have been registered in the United Kingdom under the *Public Offers of Securities Regulations 1995* or approved by the Financial Services Authority pursuant to exemptions set out in the *Financial Services and Markets Act 2000*, as amended from time to time, and in particular as amended by the *Prospectus Regulations 2005*.

CAPITALIZATION

The following table sets forth the capitalization of FCP as at December 31, 2004 and as at March 31, 2005 as well as at June 17, 2005 before and after giving effect to this offering:

	<u>As at December 31, 2004</u>	<u>As at March 31, 2005</u>	<u>As at June 17, 2005</u>	<u>As at June 17, 2005 after giving effect to this offering</u>
	(audited)	(unaudited)	(unaudited)	(unaudited)
Long Term Debt ⁽²⁾	Nil	Nil	Nil	Nil
Common Shares ⁽¹⁾⁽³⁾	\$377,288,080 (183,086,675 shares)	\$377,856,744 (183,591,052 shares)	\$377,914,376 ⁽⁴⁾⁽⁵⁾ (183,605,460 shares) ⁽⁴⁾	\$481,584,676 ⁽⁶⁾ (200,530,460 shares)
Contributed Surplus ⁽¹⁾⁽³⁾	\$9,441,153	\$9,981,296	\$10,453,079	\$10,453,079

Notes:

- (1) In this section, \$ amounts refer to U.S. Dollars and Cdn.\$ refers to Canadian dollars.
- (2) FCP does not have any established credit lines. Details of the Company's financial commitments pursuant to its exploration and appraisal licences in Algeria are set out in the "Risk Factors – Risk of Loss of Production Sharing Contracts, Joint Ventures and Related Agreements" section of this document and in the operations and commitments notes to the financial statements.
- (3) FCP's deficit as at December 31, 2004 and March 31, 2005 was \$31,402,614 and \$34,122,055, respectively.
- (4) As at June 17, 2005, FCP had outstanding options to acquire, in aggregate, 7,629,501 Common Shares pursuant to its stock option plan at prices ranging between Cdn.\$0.50 and Cdn.\$15.77 with expiry dates ranging from August 17, 2005 to November 15, 2009. In addition, FCP has 450,000 options outstanding that entitle the holder to acquire 450,000 Common Shares at Cdn.\$0.70 per share expiring January 24, 2007.
- (5) FCP's operations include oil and natural gas exploration in Algeria. These contracts are structured such that FCP commits to conduct certain exploration activities, as a minimum, over a period of time and in return FCP earns an interest in any commercial reserves established. Failure to complete the work obligations on a timely basis could cause FCP to forfeit its interest in some or all of its properties, incur financial penalties equivalent to the estimated cost of the work obligations and reduce or terminate its operations. Currently, FCP does not earn revenue from its Algerian assets. The development of FCP's Algerian assets through to commercial production will require additional capital investment.
- (6) Assuming the Underwriter's Option is exercised in full.

DESCRIPTION OF COMMON SHARES

FCP is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. As of June 16, 2005 there were 183,605,460 Common Shares and no preferred shares issued and outstanding. All of the outstanding Common Shares are fully paid and non-assessable. Except for meetings at which only holders of another specified class or series of shares of FCP are entitled to vote separately as a class or series, each holder of Common Shares is entitled to receive notice of, to attend and to vote at all meetings of the shareholders of FCP. Holders of Common Shares are entitled to one vote per Common Share at each such meeting. Subject to the preferences accorded to holders of the preferred shares, holders of the Common Shares are entitled to receive dividends if, as and when declared by the directors of FCP and subject to the rights, privileges, restrictions and conditions attached to any other class of shares of FCP, the holders of Common Shares are entitled to share equally in the remaining property of FCP upon liquidation, dissolution or winding-up of FCP.

USE OF PROCEEDS

The estimated net proceeds to FCP from the offering of the Offered Shares assuming the exercise of the Underwriter's Option in full, after deducting the Underwriters' fee of \$6,854,625 and the estimated expenses of the offering of \$650,000 will be \$129,587,875.

FCP intends to use the net proceeds of the offering as follows:

	(CDN\$)
Capital expenditures	
Drilling, Completions and Workovers	\$102,500,000
Commercialisation	\$3,750,000
Working capital	\$23,337,875
Total	<u>\$129,587,875</u>

Due to the nature of the oil and gas industry, budgets are regularly reviewed with respect to the success of the expenditures and other opportunities which become available to FCP. Accordingly, while it is currently intended by management of FCP that the net proceeds will be expended by FCP as set forth above, actual expenditures may in fact differ from these amounts and allocations.

INTERESTS OF EXPERTS

Certain legal matters in connection with the issuance of the Offered Shares offered hereby will be passed upon on behalf of FCP by Burnet, Duckworth & Palmer LLP, Calgary, and on behalf of the Underwriters by McCarthy Tétrault LLP, Calgary. Gary R. Bugeaud, the Corporate Secretary of FCP, is a partner of Burnet, Duckworth & Palmer LLP.

As of the date hereof, none of DeGolyer and MacNaughton or its shareholders or employees own any Common Shares.

AUDITORS AND TRANSFER AGENT

The auditors of FCP are KPMG LLP, Chartered Accountants, 1200, 205 – 5th Avenue S.W., Calgary, Alberta T2P 4B9.

The transfer agent and registrar for the Common Shares is Computershare Trust Company of Canada at its principal offices in Calgary and Toronto.

LEGAL PROCEEDINGS

There are no outstanding legal proceedings material to FCP to which FCP is a party or any of its properties are subject, nor are there any such proceedings known to be contemplated.

The Company has received a notification of a potential claim, from a company called Ecotrade SA, referring to a consultancy agreement dated July 1, 1997 and purporting to be entitled to a remuneration of 2.5% of the general revenue generated by the Algeria oil fields, as a net profits interest and U.S.\$250,000 of fees payable. FCP disputes the validity of this claim.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the prospectus and any amendment thereto contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of such purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of such purchaser's province for the particulars of these rights or consult with a legal advisor.

CONSENT OF AUDITORS

The Board of Directors of First Calgary Petroleums Ltd.

We have read the short form prospectus dated June 23, 2005 relating to the sale and issue of common shares of First Calgary Petroleums Ltd. (the "Company"). We have complied with Canadian generally accepted standards for an auditors' involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned short form prospectus of our report to the shareholders of the Company on the consolidated balance sheets of the Company as at December 31, 2004 and 2003 and the consolidated statements of operations and deficit and cash flows for each of the years then ended. Our report is dated March 28, 2005.

(signed) *KPMG LLP*

Chartered Accountants

Calgary, Canada
June 23, 2005

CERTIFICATE OF FIRST CALGARY

Dated: June 23, 2005

This short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Provinces of Alberta, British Columbia and Ontario.

(signed) *Richard G. Anderson*
President and Chief Executive Officer

(signed) *Kenneth C. Rutherford*
Vice President, Finance and Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(signed) *Darryl J. Raymaker Q.C.*
Director

(signed) *Raymond P. Antony*
Director

CERTIFICATE OF THE UNDERWRITER

Dated: June 23, 2005

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated herein by reference, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this short form prospectus as required by the securities legislation of the Provinces of Alberta, British Columbia and Ontario.

CANACCORD CAPITAL CORPORATION

By: (signed) *Stephen C. Hayden*