



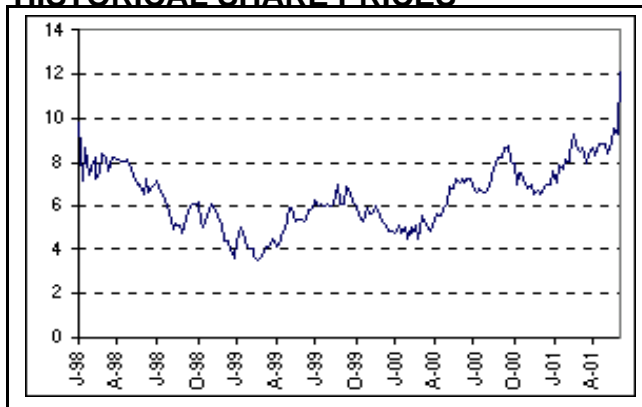
THE COMPANY

Gulf Canada Resources Limited is a senior Canadian oil and natural gas exploration and development company. Gulf holds a diversified portfolio of Western Canadian properties, including a 9% interest in the Syncrude Project. Other assets are based in the East Coast of Canada, the Mackenzie Delta, the Dutch North Sea and Indonesia, through the Company's 72% stake in Gulf Indonesia Resources Limited. Since 1998 Gulf has concentrated on debt and cost reduction in an effort to strengthen its balance sheet and improve operational performance. With the Company's debt now under control, Gulf was recently able to announce a takeover bid for Crestar Energy.

FINANCIAL DATA

Table with 4 columns: Metric, 1999, 2000, 2001e. Rows include Cash Flow per Share, Price to Cash Flow, Dividend, Dividend Yield, Net Asset Value, and Price to Net Asset Value.

HISTORICAL SHARE PRICES



WHY ABC FUNDS BOUGHT GULF CANADA

Established in 1906, Gulf Canada built a diversified asset base of oil and natural gas producing properties. However, in September 1997 the combination of excessive debt and collapsing oil prices led to a precipitous share price decline from a high of \$13.75. New management was brought in at the beginning of 1998 and assigned the task of reducing the debt load, which had ballooned to approximately \$2.7 billion. Mr. Dick Auckinleck, the new President and CEO, also set about rebalancing Gulf's portfolio with assets that had lower decline rates and higher growth potential to ensure future profitability. Gulf's share price bottomed at \$3.33 in February 1999 before investors' confidence returned and the share price recovery began.

At the end of the most recent fiscal year, Gulf's financial results showed a marked improvement as a result of management's efforts. Though Gulf lost \$0.58 per share, this was significantly better than the \$1.66 loss in 1998. Cash flow per share showed a similar improvement, increasing from \$0.98 in 1998 to \$1.39 in 1999, up 42%. Management was on pace to reduce long-term debt to \$1.5 billion and return to profitability for the first time since 1997. In fact, at the end of the first half of 2000, earnings per share were \$0.08 and cash generated from operations totaled \$1.15 per share. Given the exceptional oil and natural gas commodity price levels, good financial performance is anticipated for the balance of 2000 and into 2001.

The expected financial results would only improve with the potential acquisition of Crestar Energy. The announcement was officially made on October 2, with Gulf stating its intention to purchase Crestar for approximately \$2.3 billion, including the assumption of \$565 million of Crestar debt. Gulf offered 3.333 Gulf shares and \$3.25 for each Crestar share, which implied a takeover value of \$29.75 per share, based on Gulf's most recent closing price of \$7.95.

Should Crestar's shareholders accept the takeover offer, the proposed deal would be beneficial both financially and strategically. The combined entity would have a lower debt to cash flow multiple and improved earnings and cash flow. Further, Gulf has over \$1 billion in tax pools, which could be used to shelter Crestar's taxable earnings in the years to come. Strategically, Gulf's assets have good mid to long-term prospects and Crestar's assets have good short-term prospects. The merged company would be able to quickly generate cash that could be used to accelerate the development of various promising properties. In terms of size, the combined entity would be the fifth largest independent Canadian exploration and production company.

Gulf Canada, even without the integration of Crestar Energy, offers excellent value. Gulf is currently trading at a discount to its net asset value and at only 3 times 2000 expected cash flow. The Company has turned around its operations, stabilized its balance sheet and expects to return to profitability at the end of this year. Without a controlling shareholder, Gulf is itself an acquisition target, as any of the large independent producers could be interested in Gulf's diversified domestic and international assets. It is also worth noting that the Company is listed on the NYSE, which enhances its profile in the eyes of American oil and gas producers and investors alike. The acquisition of Crestar would be immediately accretive to earnings and cash flow, but even on a stand-alone basis Gulf is an excellent value play in the outperforming oil and gas sector.

## UPDATES

In early November Gulf Canada Resources made two important announcements. The first press release announced the tender of over 95 percent of Crestar's shares, or approximately 54.4 million shares on a fully diluted basis, in response to Gulf's takeover bid. Because more than 90 percent of Crestar's outstanding shares were successfully tendered, Gulf will exercise its right to purchase the balance outstanding. The second announcement was the release of Gulf's third quarter financial results. The Company reported good numbers, with cash flow from operations per share of \$0.72, up 50% from the third quarter in 1999. Earnings per share of \$0.10 were greatly improved from the \$0.03 earned in the comparable period in 1999.

The favourable response to the takeover offer lends credence to the combination of Crestar's short-term cash generating ability with the potential of Gulf's longer-term assets. Gulf's solid third quarter results mark a return to financial stability and management can now focus on disciplined growth, to the benefit of the shareholders.

ABC Funds

November 17, 2000

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Gulf Canada Resources recently reported exceptional fourth quarter and fiscal 2000 financial results. Including the immediately accretive Crestar acquisition, which closed in the fourth quarter, Gulf generated over \$1 billion in cash over the course of the year. On a per share basis, cash flow increased by 100 percent, from \$1.39 in 1999 to \$2.78 in 2000. Earnings per share for the year totaled \$0.30, vastly better than the \$0.58 loss recorded in 1999.

In addition to these solid financial results, Gulf also reported a strong operational performance. Excluding the Crestar acquisition, approximately 200 percent of reserves were replaced at a reasonable price. Finding and development expenses, excluding Syncrude operations and the Crestar acquisition, of \$5.16 per boe (barrel of oil equivalent) were well below the Company's three-year average of \$6.05 per boe.

The most tangible benefit from the tremendous cash flow from operations was Gulf's ability to reduce net debt to 41% of capital at year-end. Due to the Company's stabilizing financial position, senior debt was upgraded for the first time in almost ten years. Management was then able to restructure existing debt in order to improve financial flexibility and reduce interest costs. Given these developments, Gulf Canada Resources has shown that it is now capable of disciplined, profitable growth in the years ahead.

ABC Funds

March 9, 2001

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On May 29, 2001 Gulf Canada and Conoco jointly announced that their boards of directors have unanimously approved the acquisition of Gulf Canada by Conoco for \$12.40 per common share. The cash offer represents a 35% premium over Gulf's closing price on Friday, May 25. In addition to the \$6.7 billion in cash required to purchase Gulf's outstanding shares, Conoco will assume approximately \$3.1 billion of Gulf Canada's net debt, preferred stock and minority interests.

We believe that the deal recognizes a fair price for Gulf's assets and highlights the tremendous value that exists in the Canadian oil and gas sector. Based on the Company's estimates, the cost of the transaction was approximately \$9.60 per proven BOE and only four times 2001 expected cash flow. All in all, we are very pleased to see that management's efforts to create a balanced portfolio of properties while maintaining a strong balance sheet were rewarded. The friendly nature of the deal and the \$220 million break fee suggests that a better bid will not materialize and therefore we sold our entire position of Gulf Canada Resources.

ABC Funds

June 1, 2001