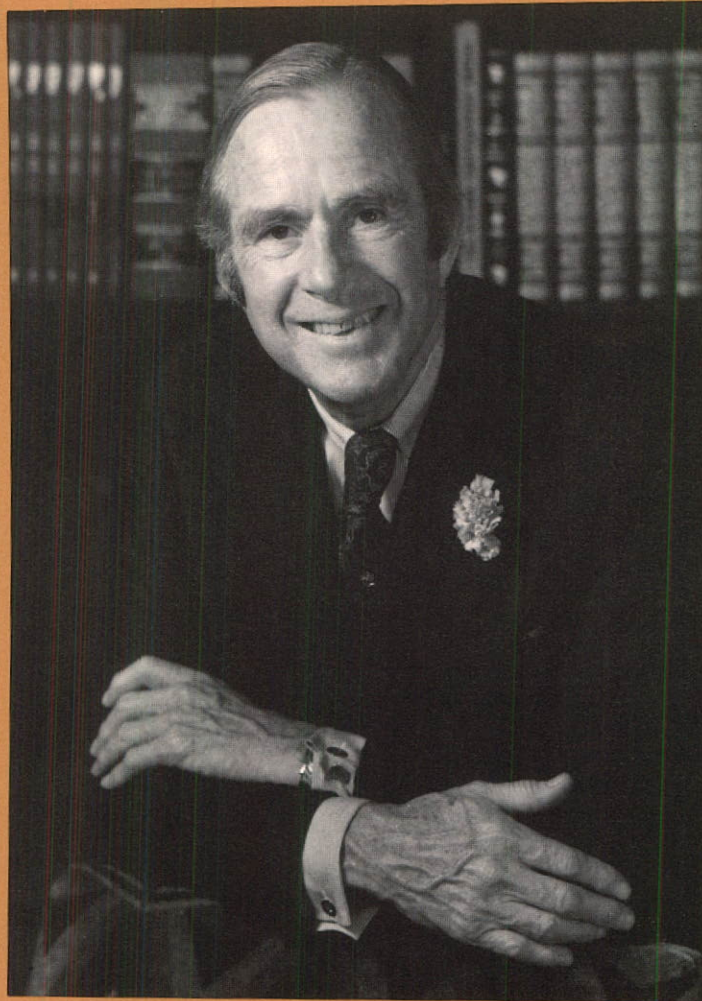


BRINCO LIMITED

1982 Annual Report

BRINCO LIMITED
1982 ANNUAL REPORT
MAY 1983
MILL UNIVERSITY



In Memoriam

ROBERT BALDWIN DALE-HARRIS
1913 - 1982

Chairman, Brinco Limited
1979-1982

Bob Dale-Harris died suddenly at his home on December 18, 1982. His zest for life, his determination to overcome difficulties and his leadership will long be remembered by all at Brinco.

HIGHLIGHTS

<i>Financial</i>	1982	1981
	(in thousands)	
REVENUE		
Asbestos	\$ 76,000	\$ 76,300
Coal	13,304	9,188
Oil and gas	3,693	2,854
Gold	3,878	—
Investments and other	2,978	3,703
Total Revenue	\$ 99,853	\$ 92,045
LOSS BEFORE EXTRAORDINARY ITEMS	\$ (8,921)	\$ (9)
Per common share after deducting dividends on preferred shares (dollars per share)	(.75)	(.26)
NET EARNINGS (LOSS) AFTER EXTRAORDINARY ITEMS	\$ (28,756)	\$ 1,091
Per common share after deducting dividends on preferred shares (dollars per share)	(1.91)	(.20)
EXPENDITURES ON PROPERTY, PLANT AND EQUIPMENT		
Asbestos	\$ 20,082	\$ 23,193
Coal	3,234	4,533
Oil and gas	1,346	2,594
Gold	3,455	7,134
Uranium	14	28
Corporate	—	100
Total Expenditures	\$ 28,131	\$ 37,582
LONG-TERM INVESTMENTS	\$ 2,307	\$ 22,171
LONG-TERM DEBT	\$ 60,000	\$ 70,143
SHAREHOLDERS' EQUITY	\$ 120,494	\$ 152,854
DIVIDENDS ON PREFERRED SHARES	\$ 2,989	\$ 4,495

<i>Production</i>	1982	1981
ASBESTOS (tons)	††86,207	†97,827
COAL (tons)	327,271	225,643
GOLD (ounces)	11,210	—
SILVER (ounces)	1,910	—
CRUDE OIL (barrels)	115,118	121,600
Daily	315	333
NATURAL GAS (MCF)	777,000	697,000
Daily	2,130	1,910

<i>Net Reserves</i>	1982	1981
OPERATING		
Asbestos ore (tons)	8,265,496	12,321,480
Coal (tons of clean recoverable coal)	4,940,000	5,275,000
Crude oil (barrels)	*2,334,000	*2,877,000
Natural gas (BCF)	* 33.7 *	32.7

* July 1st † 11 months operation in 1981 †† 9 months operation in 1982

Brinco Limited is a Canadian controlled resource development company engaged through subsidiaries, in the exploration, development and production of energy resources (oil and gas,

uranium and coal), industrial minerals (asbestos), and base and precious metals. The Company's shares are listed on the Toronto, Montreal and Alberta stock exchanges. The Company's

corporate office is located in Toronto while its oil and gas operations are directed from Calgary and its mining activities are directed from Vancouver.

Results

The year 1982 was extraordinarily difficult for Brinco Limited and indeed for all companies engaged in the natural resource industry. The demand and price for most resource products which started to deteriorate in the second quarter of 1981, continued at depressed levels throughout 1982.

The 1982 loss was \$28,756,000 consisting of a loss from operations of \$8,921,000 and charges to earnings for extraordinary items of \$19,835,000.

The net loss per share for 1982 was \$1.91 after providing for extraordinary items which amounted to \$1.16 per share. Retained earnings dropped from \$43,172,000 to \$11,427,000 and working capital fell from \$30,603,000 in 1981 to \$11,898,000 at the end of 1982.

Having regard for these results, the Board of Directors decided that dividends normally payable on the Company's Preferred shares on December 31, 1982 should be omitted. A similar decision was later made by the Board with respect to dividends normally payable on March 31, 1983.

While revenues increased from \$92,045,000 in 1981 to \$99,853,000 in 1982, these revenues for the first time included receipts for a full year from the Loftis coal mine and production at the San Antonio gold mine. On the other hand, total expenditures for the year increased from \$91,715,000 in 1981 to \$114,367,000 in 1982. A considerable portion of the increase in expenditures resulted from expenses relating to the Loftis coal mine, the San Antonio gold mine and higher interest costs. These were to some extent offset by reduced general and administration costs.

The charges to earnings for extraordinary items resulted from the write-off of the Company's investment in Abitibi Asbestos Mining Company Limited the write-down of its investment in the San Antonio gold property and a loss from the disposal of certain oil and gas investments. It is unlikely that further work will be done on the Abitibi Asbestos Mining Company Limited property in the foreseeable future. The write-down in the book value of the San Antonio gold property results from a decision to discontinue operations in the upper levels of the mine due to the grades of ore proving to be lower than expected. The major portion of the Company's interest in a joint venture with the Texas based Hrubetz Oil Company, as well as the Company's portfolio investment in a United States oil and gas corporation, were sold at a loss in order to improve the Company's working capital.

Markets

World demand for asbestos, which was down severely in 1980 and 1981, continued at depressed levels in 1982. The worldwide recession has resulted in a high level of inventories in the hands of producers with resultant extremely competitive pricing, and the net return per unit of Cassiar production has seen little change since 1981.

Notwithstanding these very depressed market conditions, asbestos sales from Cassiar slightly exceeded production for the year and inventory was reduced by 5,400 tons; this performance in a difficult market reflects the high quality of the chrysotile asbestos fibre and mix of fibre types produced at Cassiar.

During the course of 1982, prices received for Loftis coal production, destined principally for industrial customers, deteriorated by 30% in response to the depressed economy in the United States, and the mine was also forced to close for 12 days to ensure a balance of production and orders. Similarly, steam coal prices on the international market worsened sharply during the year and, by year-end, spot prices were as much as 40% below long term contracted prices.

The gold price fell to a low of \$295 U.S. per ounce in midyear before recovering to approximately \$500 per ounce by year-end. This latter price was more than \$100 per ounce below the price prevailing in April 1980 when the decision was made to proceed with construction of the San Antonio mine.

Brinco Oil & Gas Limited gas production continued to be constrained due to poor gas markets, both domestically and internationally. However, prices for Canadian oil and gas production increased in line with the National Energy Program pricing arrangements.

REPORT TO THE SHAREHOLDERS

Operations

CASSIAR ASBESTOS

During the year, 1.1 million tons of ore were mined at Cassiar from which 86,207 tons of asbestos were produced (1.35 million tons and 97,827 tons respectively in 1981). Cash costs at the mine were lower than those experienced in 1981 due to extended mine closures, reduction of stripping and also to significantly improved productivity.

Mineable ore reserves available from the existing open pit were recalculated based on present product prices and resulted in a reduction in both tons of ore and waste rock to be removed. Additional fibre sources remain under active investigation in the McDame extension of the Cassiar lens, retreatment of tailings and the newly discovered Tanya property, approximately ten miles north of the Cassiar mine.

SAN ANTONIO GOLD

Operations at the San Antonio mine commenced on a continuous basis in January 1982, with mining activities restricted to the upper levels of the mine. By year-end a total of 86,191 tons of ore had been processed, and the ore processing plant and support facilities functioned according to plan. Ore production was approximately 80% of target levels by year-end, but grades were disappointing - approximately 0.14 oz gold compared to projections of 0.19 oz. Early in 1983, it was decided that mining operations in the upper levels of the mine would continue to be unprofitable and these operations are scheduled to be terminated in May 1983. The feasibility of mining the lower levels of the mine, where a higher grade of gold mineralization is indicated, will be studied during the first half of 1983.

During 1982, the original joint venture arrangement between the company and New Forty-Four Mines Ltd. was renegotiated. Under the new arrangements, the company's interest in the mine increased from the original 50% to 100% with New Forty-Four Mines Ltd. retaining a 10% net profits interest, payable after the company has recovered its costs associated with development and operation of the mine. Under certain conditions this net profits interest could increase to 25%.

LOFTIS COAL

In 1982, production from the Loftis mine totalled 327,000 tons (226,000 tons in 1981). Mining problems in the first quarter were overcome and targeted production levels and productivity were achieved in the final three quarters. Unfortunately, poor market conditions prevented the mine from operating at full capacity in the latter part of the year.

BRINCO OIL & GAS

During 1982, Brinco Oil & Gas Limited participated in drilling a total of 30 wells (54 in 1981) resulting in 17 oil wells (10 in 1981) and nine gas wells (28 in 1981). Of these wells, 21 were drilled at no expense to the company, three were wild cat wells drilled with funds raised under Brinco's 1981 Energy Program leaving six in which the company had direct financial participation.

Crude oil production decreased from 333 barrels of oil per day in 1981 to 315 barrels of oil per day in 1982; however gas production increased from 1,910 MCF per day in 1981 to 2,130 MCF per day in 1982.

QUINSAM COAL

The Quinsam coal property is located 17 miles southwest of Campbell River on Vancouver Island, British Columbia, and is subject to joint venture arrangements with Weldwood of Canada Limited. Major activities during 1982 were the completion of environmental studies and a feasibility study. A drilling program was also undertaken to obtain samples for coal quality testing. The feasibility study contemplates an open pit mining operation producing one million tons of clean thermal coal per year.

On February 16, 1983 the Government of British Columbia granted Stage II approval to the project and announced that a public inquiry will be held under the Environment Management Act at a later date. Since the granting of Stage II approval, the marketing program has been accelerated.

EXPLORATION

During 1982, Brinco Mining Limited participated in 18 exploration projects at an overall cost of \$1.5 million, down from \$1.9 million in 1981, providing exposure through joint venturing to exploration activity costing \$5 million overall. Highlights of the year were the promising results of work done under the joint venture with Getty Canadian Metals Limited on the base metals Dawes Pond project in Newfoundland; the location of the promising Tanya asbestos property, ten miles north of the Cassiar mine in a joint venture with Cominco Ltd. and Exploram Minerals Ltd.; the discovery of an extensive high grade silver-lead-zinc deposit contiguous to a block of land held under a joint venture with Amax Exploration Inc., 50 miles north of Cassiar; and the further expansion of high grade lead-zinc-silver reserves at the 20 percent owned Jason project in the Yukon.

REPORT TO THE SHAREHOLDERS

Outlook

Asbestos sales early in 1983 are comparable with results obtained for the similar period in 1982. Increased demand in Europe and the U.S.A. for asbestos cement fibres is expected as construction activity improves in those areas, but is likely to be offset by the depressed conditions which continue to prevail in the construction industry in most developing countries. The market for spinning fibres continues buoyant and it is expected that overall sales of Cassiar asbestos fibre will approximate levels achieved in 1982. Due to further improvements at the mine, operating costs are expected to remain at 1982 levels and the mine should therefore generate a modest contribution to cash flow.

Although the life of the present Cassiar pit has been shortened as a consequence of recalculated ore reserves, the amount of development waste to be removed has also been reduced substantially, and this should result in a higher than normal operating cash flow in the last few years of the present open pit operations. The additional asbestos resources which have been identified in the vicinity of the Cassiar mine will continue to be evaluated for future operations as the present open pit reserves are depleted.

The Loftis mine is expected to make modest contributions to cash flow when demand and price in the eastern United States for thermal coal return to normal levels. Although thermal coal markets in Pacific Rim countries are also depressed at this time, the Quinsam property, close to tidewater on Vancouver Island, is attractively situated for coal deliveries to such markets when conditions improve. Approval in principle from the Government of British Columbia to proceed with the Quinsam project is a major step in the development of this property.

The policy of spending a portion of Brinco Oil & Gas Limited's cash flow on low risk development activities on its substantial land position will continue. Contributions to cash flow from this subsidiary are also expected to continue. Partners at both the project level and the corporate level will be sought to further the growth of Brinco Oil & Gas Limited, while ensuring continuation of its status as a healthy participant in the oil and gas industry.

Exploration and project activity expenditures will be further reduced in 1983 and will concentrate on those activities which have the potential of improving or extending existing reserves, particularly those of Cassiar.

In summary, the recovery in markets served by the Company's operations is likely to be slow and operating results for 1983 are expected to be similar to those for 1982. While cash flow will remain under pressure in the current year, this pressure has been significantly reduced, compared to 1982, due to reduction in costs at the corporate, project and exploration levels and closure of the San Antonio mine. Nevertheless, a significant improvement in the construction and building industries served by Cassiar's high quality asbestos production is required to provide the earnings and cash flow necessary to enable the Company to resume payment of dividends on its preferred shares.

The circumstances experienced in 1982, dictate the need to renegotiate the terms of outstanding bank loans in Brinco Mining Limited and discussions to that end with that subsidiary's bankers are in progress at the present time.

Although Brinco's growth as an operating resource development company received a severe setback as a result of the events of 1982, it should be noted that the Cassiar mine, operating in extremely difficult market conditions, was nevertheless able to make a modest contribution to cash flow, and a significant upturn in asbestos markets could very substantially improve future operating results.

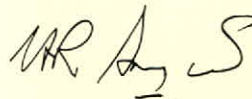
Acknowledgements

To all Brinco's employees who have cooperated in attempting to reduce costs and improve efficiency, we would like to extend our thanks and those of the Board of Directors.

All those who are associated with the Brinco Group were saddened by the death of the Chairman, Mr. Robert B. Dale-Harris in December. His good humour, intelligence and even temper were wonderful antidotes in the difficult circumstances which prevailed in 1982. The Board of Directors has elected Mr. Harry W. Macdonell O.C. a former President and longtime Director of Brinco Limited, to succeed Mr. Dale-Harris as Chairman of the Company.



Harry W. Macdonell
CHAIRMAN



Hugh R. Snyder
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

April 29, 1983

REPORT TO THE SHAREHOLDERS

Directors

Arthur J. Block
Vancouver, British Columbia
President
Block Bros. Industries Ltd.

E. J. Courtois, Q.C.
Montreal, Quebec
Partner
Stikeman, Elliott, Tamaki
Mercier & Robb

Thomas N. Dirks
Calgary, Alberta
Executive

*Sir Alistair G. Frame
London, England
Deputy Chairman
and Chief Executive
The Rio Tinto-Zinc
Corporation PLC

Donald R. Getty
Edmonton, Alberta
President
D. Getty Investments

J. Douglas Little
Vancouver, British Columbia
Chairman
Brinco Mining Limited

*Harry W. Macdonell, Q.C.
Toronto, Ontario
Partner
McCarthy & McCarthy

Albert Reichmann
Toronto, Ontario
President
Olympia & York
Developments Limited

*Paul Reichmann
Toronto, Ontario
Senior Executive Vice-
President and Secretary
Olympia & York
Developments Limited

Ralph Reichmann
Toronto, Ontario
Senior Executive Vice-
President and Treasurer
Olympia & York
Developments Limited

C. Alan Smith
Calgary, Alberta
Executive

*Hugh R. Snyder
Toronto, Ontario
President and Chief
Executive Officer
Brinco Limited

Sir Anthony Tuke
London, England
Chairman
The Rio Tinto-Zinc
Corporation PLC

David A. Ward, Q.C.
Toronto, Ontario
Partner
Davies, Ward & Beck

*Members of the Executive
Committee

Officers

Harry W. Macdonell, Q.C.
Chairman

Hugh R. Snyder
President and Chief Executive
Officer

Garth A. C. MacRae
Vice-President
Finance and Administration
and Treasurer

James C. O'Rourke
Vice-President
Mining and Projects

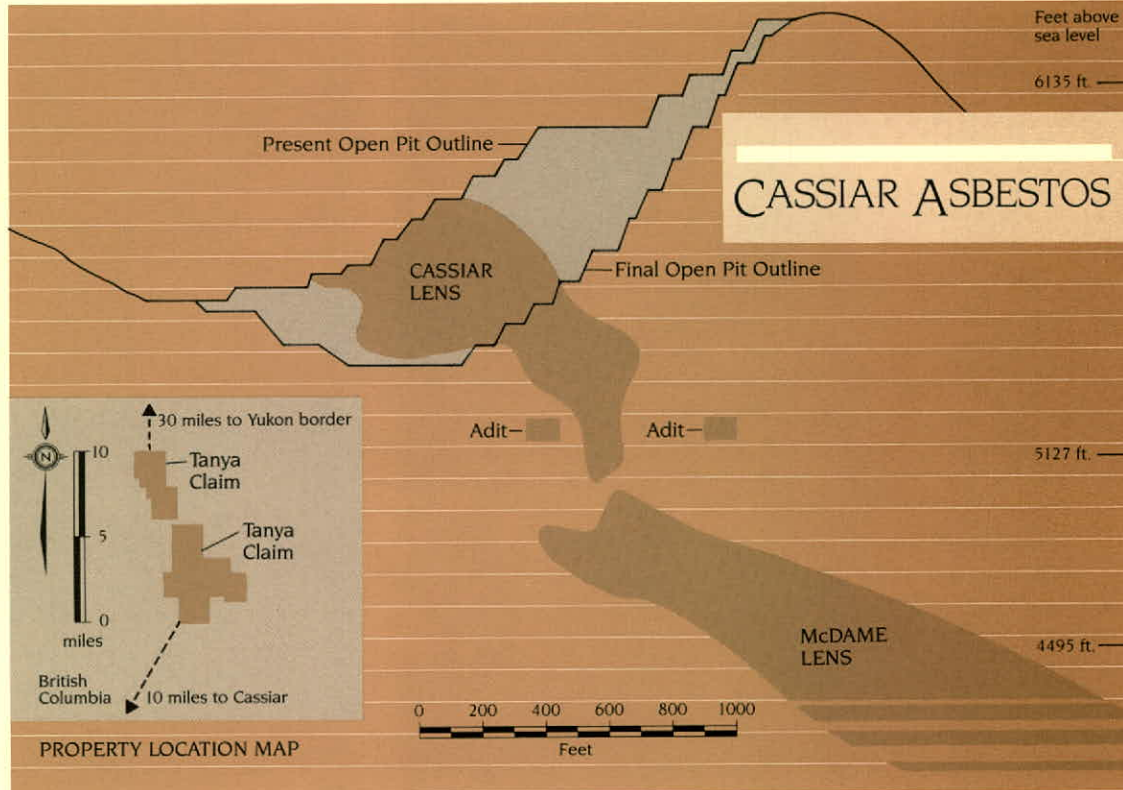
Norbert M. Peters
Vice-President
General Counsel
and Secretary

Operations

In 1982, 1,083,738 tons of ore were mined from the Cassiar asbestos mine compared with 1,354,400 tons in 1981. The mill produced 86,207 tons of fibre during nine months of operations. 4.6 million cubic yards of waste were removed during 1982, some 200,000 tons less than in the previous year, at unit costs somewhat below 1981 levels. Capital expenditures were \$4.5 million compared with \$6.0 million in 1981, with 60% of 1982 expenditures being spent on mill improvements and modifications.

The mine was closed for a holiday shutdown throughout July, and operations were again halted in December when a haul rope broke on the ore tramline. Following repairs to the tramline, operations resumed in mid-January 1983.

For the third year in a row, Cassiar won the Government of British Columbia's top safety award for large open pit mines.



Cassiar and McDame asbestos ore bodies and location of Tanya deposit.

Ore Reserves

During the year, Cassiar open pit ore reserves were recalculated to establish ultimate open pit limits in the light of current asbestos market conditions. By comparison with previous reserve calculations, the cutoff limits were determined on a dollar value basis rather than on fibre content. The net effect of the change was an increase in cutoff grade and a decrease in both ore tonnage and waste rock to be removed.

Open pit ore reserves as of December 31, 1982, based on the new mine model, are calculated to be 8,265,496 tons. Further optimization and scheduling refinements to the ultimate pit design are under study.

Additional Fibre Resources

During the year, studies continued on the McDame deposit contiguous to the Cassiar deposit, and an auger drill testing program was carried out on the Cassiar tailings pile. Additionally, a drilling and trenching program was conducted on the

Tanya asbestos claims, some ten miles north of Cassiar. Previous work on the McDame deposit has outlined approximately 15 million tons of asbestos-bearing serpentinite with asbestos content similar to that of the Cassiar ore body. The Cassiar tailings pile is estimated to contain 9.1 million tons of material with an average fibre content of 7%, plus four million tons having lower asbestos grades. At Tanya, good quality fibre has been located in overburden and bedrock. These three prospects are considered potential sources of additional asbestos ore supply for the Cassiar mill, and investigations will continue on all three during the current year.

Marketing

Fibre sales slightly exceeded production during the year. The high quality chrysotile asbestos fibre produced at the Cassiar mine is sold mainly to building material suppliers to the construction industry, although some 7-9% of Cassiar production is sold to the asbestos textile market. Building materials

markets for Cassiar fibre showed little improvement during 1982 but markets for the textile grades were buoyant.

DISTRIBUTION OF SALES:

	1982 Percent	1981 Percent
North America	13.5	21.0
South America	8.6	8.0
Asia	20.3	24.0
Continental Europe	36.9	29.0
Australia - New Zealand	11.9	13.0
Middle East	8.8	4.0

Product Liability Litigation

Brinco Mining Limited, like other asbestos producers, is a named defendant in many legal actions in which it is alleged that mine operators are liable to individuals who have contracted disease as a result of exposure to asbestos, chiefly in manufacturing plants and in the handling or use of asbestos fibre products. Brinco Mining Limited denies such liability and is defending its position in all actions which have been brought

against it.

While few of these actions involving Brinco Mining Limited have reached the point of trial, the defence costs are high and the position of the Canadian producers has been made more difficult as a result of a number of United States companies, including Manville Corporation (the largest supplier and manufacturer of asbestos products), having made applications under Chapter 11 of the United States Bankruptcy Code. These applications have effectively removed the companies involved, at least for the time being, as co-defendants in existing litigation in United States Federal and State courts, and may prevent new actions being brought against them in those courts.

The eventual impact of these bankruptcy proceedings on Brinco Mining Limited and other asbestos producers is difficult to predict, but Brinco Mining Limited will continue to take such measures as may be appropriate to minimize exposure in the product liability litigation.

Operations

At the San Antonio gold mine, a total of 86,191 tons of ore grading 0.14 ounces per ton gold were processed during 1982, of which 14,098 tons were acquired from nearby gold properties. The processing plant and support facilities functioned according to plan but mine development was slower than anticipated. Since the mine was reopened early in 1982, mining operations conducted in the mine have been restricted to the upper levels serviced by A and B shafts. While mine productivity continued to improve throughout the year and tonnages mined were close to target by year-end, the ore grade was below expectations.

A detailed review of operations conducted early in 1983 indicated it was unlikely that sufficient gold production could be achieved in the upper levels.

of the mine to warrant the continuation of operations, since most of the reserves in these areas are remnants of past mining and have proven unreliable as primary sources of ore. Accordingly, on February 23, 1983 the company announced that mining operations would be terminated May 27, 1983.

The original plan envisaged mining in the deeper portions of the mine. The feasibility of mining these lower levels, where higher grade ore reserves are indicated, will be studied in the first half of 1983. Drilling of the 97 Vein below the 33rd level of the mine will be carried out to assess reserves and grades of gold mineralization.

Operating Results

OPERATION	1982
Ore milled	86,191 tons
Mill feed grade	0.14 oz. gold/ton
Mill recovery	91.0 %
Gold recovered	11,210 oz.
Silver recovered	1,901 oz.

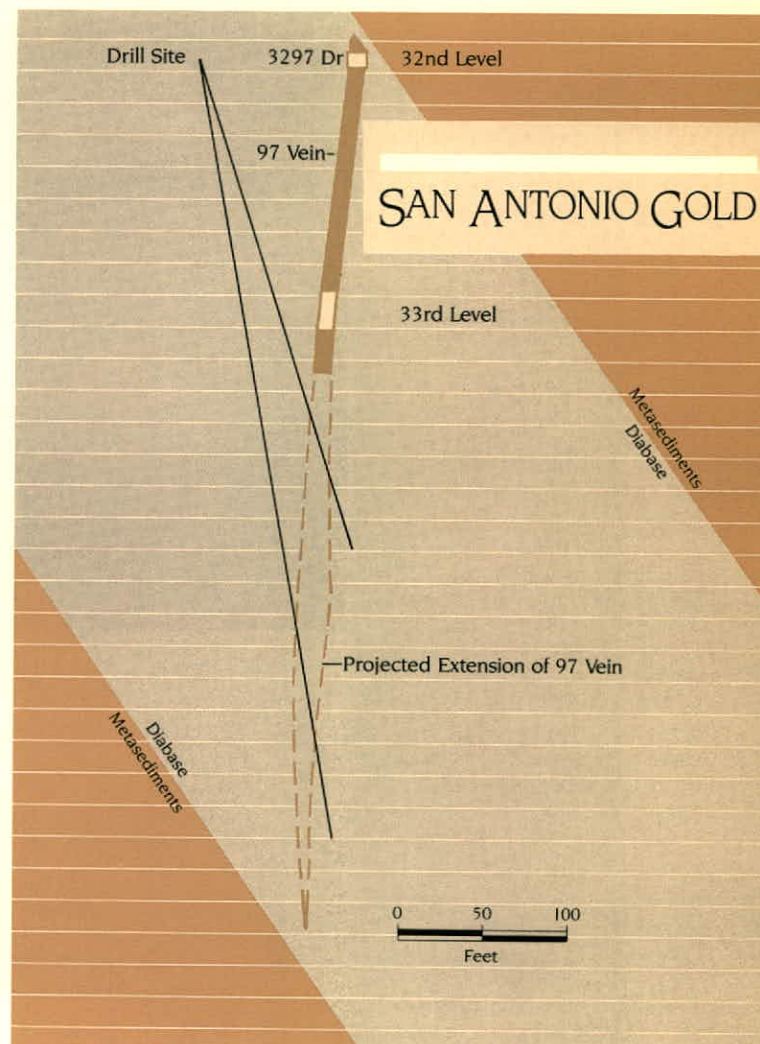
During 1982, Brinco Mining Limited operated or participated in eighteen exploration projects, of which six were major programs. Expenditures of \$1.5 million by Brinco Mining Limited provided direct exploration exposure through joint venturing to exploration activity costing \$5.0 million overall. Major exploration programs have been carried out in Newfoundland, Labrador and British Columbia with smaller programs in New Hampshire, Ontario and Yukon.

In Newfoundland, work directed towards the search for volcanogenic base metals on the Dawes Pond project in a joint venture with Getty Canadian Metals Limited continued

to produce encouraging results. In Labrador, under the uranium joint venture with Edison Development Canada Inc., detailed follow-up surveys were carried out on the Emben uranium prospect and the Geological Survey of Canada completed glacial terrain studies in the Michelin area.

On the Tanya asbestos claims, a total of 3,998 feet of diamond drilling over 17 holes encountered several asbestos intersections in bedrock and abundant asbestos fibre in overburden.

In the Tootsee River area, some 50 miles north of Cassiar, Amax Exploration Inc., under farm in arrangements covering Brinco Mining Limited's Tootsee silver-



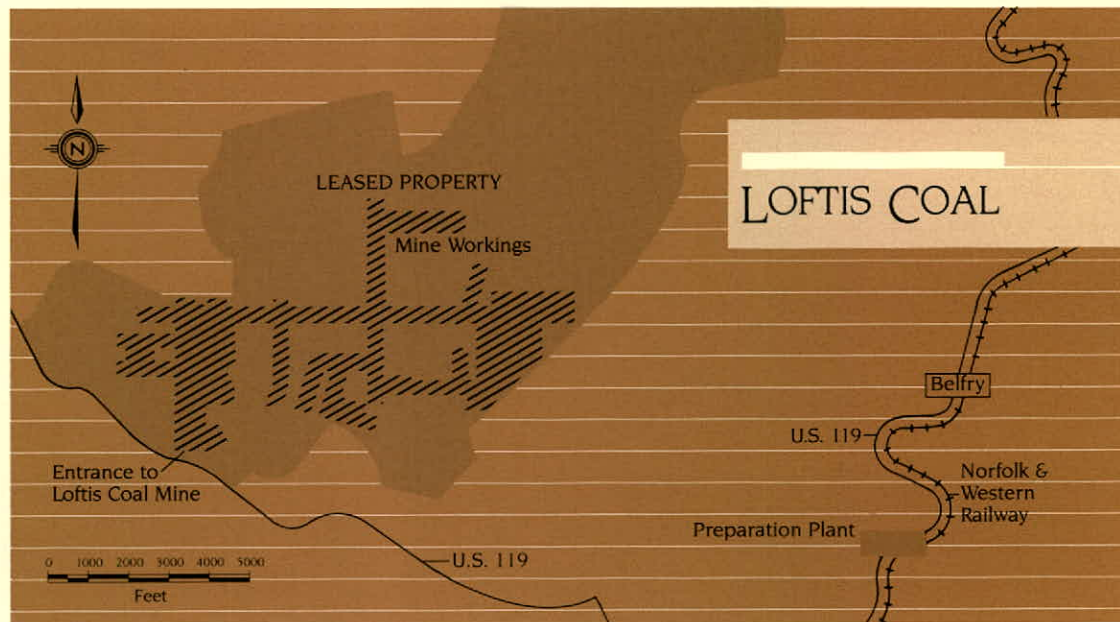
Planned San Antonio Exploration of the 97 Vein

lead zinc property has completed a major exploration program. On the immediately adjoining property, a large drilling program financed by Amax has defined reserves reported to contain three million tons grading 18% combined lead-zinc and 13.3 oz. per ton silver. The mineralized zones dip on to the Tootsee property.

Work done during 1982 on the large shale-hosted Jason lead-zinc silver deposit at MacMillan Pass in the Yukon, resulted in definition of significantly increased reserves. Preliminary tonnage estimates are 11.2 million drill-indicated tons grading 14.08% combined lead-zinc and 2.23 oz. per ton silver and 4.3 million drill inferred

EXPLORATION

tons grading 12.57% combined lead-zinc and 2.60 oz. per ton silver. Brinco has a 21.1% interest in the joint venture which is operated by Aberford Resources Limited of Calgary.



Loftis Coal mine, Belfry, Kentucky.

Operations

Coal activities in the United States are operated by Sharondale Corporation, a wholly-owned subsidiary of the Company based in Lexington, Kentucky. Sharondale operates the Loftis coal mine near Belfry in eastern Kentucky.

Coal sales from the Loftis mine during 1982 were 327,271 tons. The mine was closed for 12 working days as a result of poor market conditions. Production rates reached target levels following the first quarter and the improvement in productivity resulted in a reduction in unit operating costs.

There were 145 employees at the Loftis mine during 1982. The employees are now represented by the United Mineworkers of America.

Marketing

Prices in 1982 were extremely unstable with a steady decline during the latter half of the year. This decrease reflected a low demand from industrial customers and a general oversupply of product. No significant improvement is forecast during the first part of 1983.

PRODUCTION AND SALES	1982	1981
Clean Coal Sales (tons)	327,271	225,643
Coal Quality -		
BTU per pound	13,000+	13,000+
% Sulphur	0.9 - 1.0	0.9 - 1.0
% Ash	7.0 - 8.0	6.0 - 8.0

Mine Information

COAL RESERVES	
Gross Acres	3,100 acres
Net Acres	1,545 acres
Coal Thickness	45 inches
Seam Thickness	60 inches
Mining Recovery	65%
Wash Plant Recovery	70%
Net Tons Clean Recoverable Coal	4.94 million

General

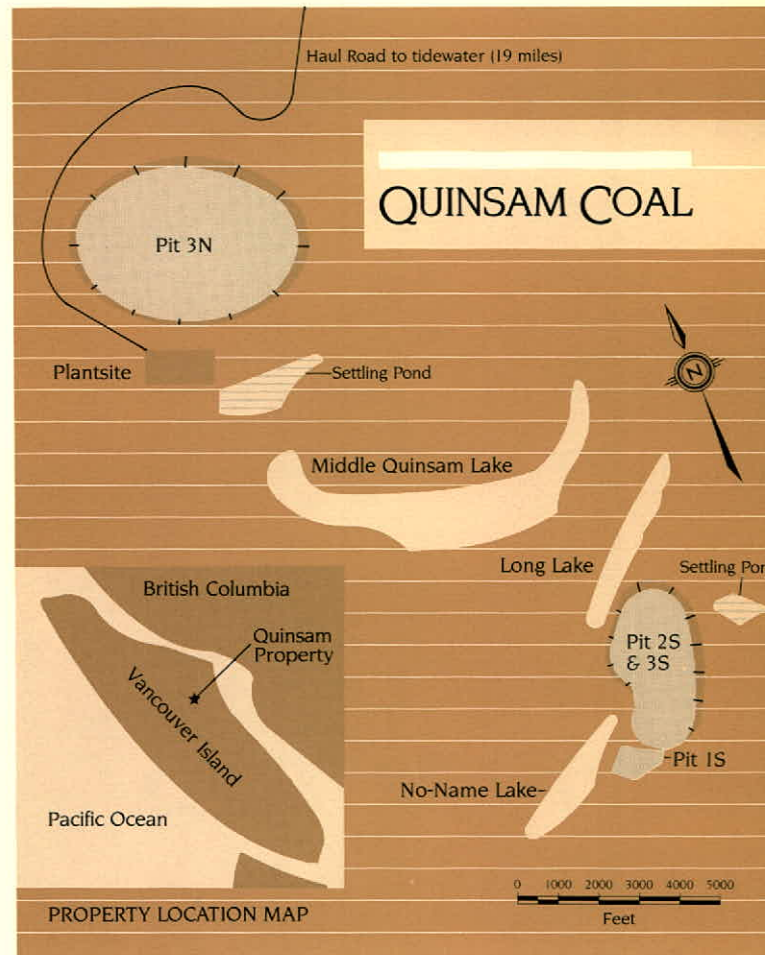
The Quinsam coal property is located 17 miles southwest of Campbell River on Vancouver Island, British Columbia. The project is a joint venture arrangement between Brinco Limited and Weldwood of Canada Ltd. Major activities on the Quinsam Coal project during 1982 were the completion of environmental studies and a feasibility study. A modest drill program was undertaken to obtain samples of coal for coal quality testing. An active community relations program was carried out in Campbell River.

Feasibility and Environmental Studies

The feasibility study included a review of coal reserves, coal quality, washability, mine plan, capital and operating costs. Environmental studies included ground water hydrology, surface water management, control of suspended solids, acid generation and acid consumption properties of material to be mined. The Stage II Addendum, submitted to the Coal Guidelines Steering Committee on August 16, 1982, addressed concerns outlined by the provincial and federal government agencies in their original Stage II review, as well as the concerns expressed by residents of Campbell River. On February 16, 1983, the Government of British Columbia granted Stage II approval to the project, and announced that a public inquiry will be held under the Environment Management Act at a later date. The company will now proceed with the work required to apply for permits and licences. This work is expected to be completed during the first half of 1983.

Community Relations

An office has been maintained in Campbell River since November 1981 to provide information about the Quinsam Coal project to Campbell River residents. This community relations program will continue during 1983.



Quinsam Coal mine plan for first five years

Marketing

Potential coal markets have been identified in Malaysia, Hong Kong, Japan and Korea, and Marubeni Corporation has been appointed marketing representative in Japan. Coal markets in these areas, as elsewhere in the world, are currently soft, but intensive efforts will nevertheless be made during 1983 to secure sale contracts. Quinsam coal is a high volatile thermal coal which is well suited for the utility companies in the Pacific Rim countries. Because of its proximity to tidewater and a mature infrastructure, the Quinsam project is considered to have the potential to become a low risk, high quality coal producer.

Project Information

Coal Reserves	
— Surface	27.8 million raw tons
— Underground	13.5 million raw tons
Estimated rate of Clean Coal Production	1 million tons per year
Coal Quality —	
BTU per pound	12,500
% Ash	11.5 - 12
% Sulphur	.95 - 1.9
Shipping	by truck, 18 miles to barge loading site on tidewater
Operating Personnel	246

Operations

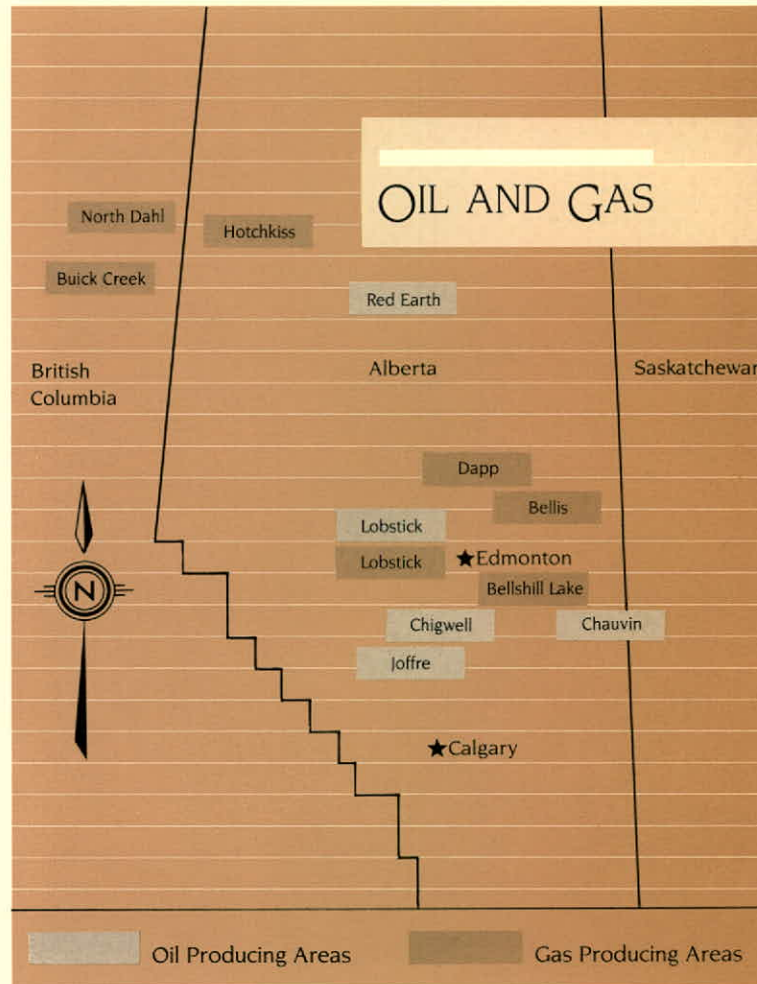
In 1982, Brinco's average oil production was 315 barrels per day, with the Joffre, Lobstick and Chigwell areas being the major contributors to oil production in Alberta; the McAden property in Texas is the major producer in the United States. Natural gas production in 1982 averaged 2,130 MCF per day, with northeastern British Columbia and east central Alberta being the major production regions. Weak demand, particularly in export markets, continues to be a major problem for Canadian natural gas producers.

Brinco's oil and gas reserves, as estimated by an independent consulting engineering firm in mid-1982, are tabulated below. Oil reserves show a decline from estimates a year earlier due to production and reinterpretation. Gas reserves showed a modest improvement, indicating new reserve development exceeded production.

Exploration and Development

During 1982, Brinco Oil & Gas Limited adopted a conservative strategy emphasizing low risk, high quality development opportunities. A total of 30 wells were drilled on company land resulting in 17 oil wells, nine gas wells and four dry and abandoned holes. Of these, 21 were drilled at no cost to the company, three were wildcat wells drilled with funds raised under the Brinco 1981 Energy Program, leaving six in which the company had direct financial participation. The success rate on these three categories was 90%, 33%, and 100% respectively. Major areas of drilling activity were in Pembina (Lobstick), Chauvin and east central Alberta.

Development highlights include two new gas plants and a waterflood project. The Bellshill Lake Gas Plant (Brinco Oil & Gas Limited - 3.3%) went on stream in March 1982 and contributes 350 MCF per day to our production. The Hotchkiss Gas Plant (Brinco Oil & Gas Limited - 7.3%) went on stream in September 1982, producing 230 MCF per day for the company. The



Major oil and gas producing areas in Western Canada.

DRILLING RESULTS

	1982	1981
Success Rate	87%	70%
Total Wells Drilled	30	54
Crude Oil	17	10
Natural Gas	9	28

PRODUCTION (average daily)

	1982	1981
Crude Oil (barrels)	315	333
Natural Gas (MCF)	2,130	1,910

COMPANY SHARE OF RESERVES (After deducting royalties)

	July 1, 1982	July 1, 1981
Crude Oil (barrels)	2,334,000	2,877,000
Natural Gas (BCF)	33.7	32.7

McAden property in north central Texas commenced waterflooding in mid-1982 and enhanced recovery is expected in 1983.

Drilling expenditures in 1982 totalled \$4.9 million, including \$3.6 million under the Brinco 1981 Energy Program. Drilling under the Brinco 1981 Energy Program was completed in 1982. The 1982 drilling activity was all in northeastern British Columbia and northwestern Alberta. A total of nine wells were drilled resulting in one gas well, three potential gas wells and five dry holes.

In the Canadian Frontiers, the company has interests in the Arctic Islands and the Eastcoast Offshore. In the Arctic, one well is currently drilling and further seismic is planned. The company farmed out its interest in the well to avoid capital exposure. In the Hopedale block, offshore Labrador, company interests vary from .05% to 1%. In an area south of Hibernia, the company has a 15% interest in a

permit application. Both Eastcoast Offshore projects are at the stage of negotiation of Exploration Agreements with the Canadian Oil & Gas Lands Administration.

Brinco Limited's involvement in a joint venture with Hrubetz Oil Company of Dallas, Texas was reduced in 1982. Interests in the undrilled exploratory acreage accumulated by the partnership were sold, leaving the Company with the opportunity to participate in development resulting from 1981 exploratory drilling.

Brinco Limited and three Canadian partners have applied for four exploration permits covering 680,000 acres in central Sicily. The permits have been issued but will not be in effect until certain formalities are completed. Brinco has the right to acquire the interests of its Canadian partners, which would give the Company a 100% interest in the project subject to certain royalty and production interests. Discus-

sions are underway with international companies with a view to bringing other partners into the exploration program. Offshore Sicily has recently been the scene of one of the most exciting oil discoveries in the Mediterranean region. The two Vega wells, some 60 miles south of the Company's onshore permit areas, have tested 3,200 barrels and 14,500 barrels per day respectively.

Land Holdings (at December 31, 1982)

	Gross	Net
	(Acres)	
Alberta	469,361	60,423
British Columbia	236,089	31,586
Saskatchewan	3,120	1,040
Eastcoast Offshore	753,403	5,461
Northwest Territories	1,224,651	12,456
Total Canada	2,686,624	110,966
United States	13,007	1,288
Total Holdings	2,699,631	112,254

Ownership in Productive Wells (at December 31, 1982)

	Gross Wells	Net Wells	Status		1982 Production	
			Producing	Capped	m ³	Barrels
CRUDE OIL WELLS						
Alberta	122	27.6	89	33	14,770	92,948
British Columbia	2	.5	1	1	529	3,327
Saskatchewan	3	2.0	3	0	1,551	9,762
United States	22	3.2	22	0	1,443	9,078
Total Oil	149	33.3	115	34	18,293	115,118
NATURAL GAS WELLS						
Alberta	221	26.1	75	146	14,448	513
British Columbia	46	6.3	19	27	6,229	221
United States	9	0.6	9	0	1,217	43
Total Gas	276	33.0	103	173	21,894	777
Total Wells	425	66.3	218	207		

		1982	1981
		(in thousands)	
REVENUE	Notes		
Asbestos		\$ 76,000	\$76,300
Coal		13,304	9,188
Oil and gas		3,693	2,854
Gold		3,878	-
Investments and other		2,978	3,703
Total revenue		<u>99,853</u>	<u>92,045</u>
EXPENSES			
Production		55,048	37,223
Transportation and warehousing		9,361	8,180
Depletion and depreciation		23,996	24,227
Mineral exploration		1,941	1,931
General and administration		9,545	12,106
Interest	4	14,476	8,048
Total expenses		<u>114,367</u>	<u>91,715</u>
		(14,514)	330
INCOME AND MINING TAXES	5	5,593	(339)
LOSS BEFORE EXTRAORDINARY ITEMS		(8,921)	(9)
EXTRAORDINARY ITEMS	8	(19,835)	1,100
NET EARNINGS (LOSS) FOR THE YEAR		<u>\$ (28,756)</u>	<u>\$ 1,091</u>
LOSS PER COMMON SHARE AFTER DEDUCTING DIVIDENDS ON PREFERRED SHARES			
Before extraordinary items		<u>\$ (0.75)</u>	<u>\$ (0.26)</u>
After extraordinary items		<u>\$ (1.91)</u>	<u>\$ (0.20)</u>

See accompanying notes

Brinco Limited and Subsidiaries
**CONSOLIDATED
STATEMENT
OF EARNINGS**

for the year ended December 31, 1982
(with comparative figures for 1981)

ASSETS		1982	1981
(in thousands)			
CURRENT ASSETS	Notes		
Cash and short-term investments		\$ 8,607	\$ 21,000
Accounts receivable		25,178	16,820
Asbestos and gold inventory		13,561	18,768
Mine supplies and prepaids		8,445	7,986
Income and mining taxes receivable	5	1,594	596
Total current assets		<u>57,385</u>	<u>65,170</u>
PROPERTY, PLANT AND EQUIPMENT	2	188,714	201,688
ADVANCES TO JOINT VENTURE PARTNER	2	-	6,043
LONG-TERM INVESTMENTS	3	2,307	22,171
OTHER ASSETS		4,446	4,658
		<u>\$252,852</u>	<u>\$299,730</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Bank indebtedness	4	\$ 22,820	\$ 20,320
Current portion of long-term debt	4	10,000	-
Accounts payable and accrued liabilities		12,667	14,247
Total current liabilities		<u>45,487</u>	<u>34,567</u>
LONG-TERM DEBT	4	60,000	70,143
DEFERRED INCOME AND MINING TAXES	5	26,871	39,183
MINORITY INTEREST IN SUBSIDIARY		-	2,983
SHAREHOLDERS' EQUITY	6	120,494	152,854
		<u>\$252,852</u>	<u>\$299,730</u>
CONTINGENCIES	9		

See accompanying notes

Brinco Limited and Subsidiaries
**CONSOLIDATED
STATEMENT
OF FINANCIAL
POSITION**
as at December 31, 1982
(with comparative figures for 1981)

On Behalf of the Board:



Harry W. Macdonell, Director



Hugh R. Snyder, Director

	1982	1981
	(in thousands)	
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 43,172	\$ 46,576
NET EARNINGS (LOSS) FOR THE YEAR	(28,756)	1,091
	14,416	47,667
DIVIDENDS ON PREFERRED SHARES	2,989	4,495
RETAINED EARNINGS AT END OF YEAR	\$ 11,427	\$ 43,172

See accompanying notes

Brinco Limited and Subsidiaries

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

for the year ended December 31, 1982
(with comparative figures for 1981)

We have examined the consolidated statement of financial position of Brinco Limited as at December 31, 1982 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1982 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Brinco Limited and Subsidiaries

AUDITORS' REPORT TO THE SHAREHOLDERS

Toronto, Canada
April 29, 1983

Peat, Marwick, Mitchell & Co.

Chartered Accountants

	1982	1981
	(in thousands)	
WORKING CAPITAL PROVIDED		
Loss before extraordinary items	\$ (8,921)	\$ (9)
Items not affecting working capital:		
Depletion and depreciation	23,996	24,227
Deferred income and mining taxes	(5,241)	(1,378)
Other	648	(450)
Working capital provided by operations	<u>10,482</u>	<u>22,390</u>
Proceeds from sale of long-term investments	14,483	-
Proceeds from disposal of property and equipment	592	2,601
Issue of long-term debt	-	70,143
Issue of common shares	-	411
Total working capital provided	<u>25,557</u>	<u>95,545</u>
WORKING CAPITAL APPLIED		
Property, plant and equipment	28,131	37,582
Long-term investments	2,123	19,112
Advances to joint venture partner	-	6,043
Reduction of long-term debt	10,143	-
Dividends on preferred shares	2,989	4,495
Redemption of preferred shares	615	-
Purchase of debenture	-	3,629
Other	261	2,220
Total working capital applied	<u>44,262</u>	<u>73,081</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(18,705)	22,464
WORKING CAPITAL AT BEGINNING OF YEAR	30,603	8,139
WORKING CAPITAL AT END OF YEAR	<u>\$ 11,898</u>	<u>\$30,603</u>

See accompanying notes

Brinco Limited and Subsidiaries

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

for the year ended December 31, 1982
(with comparative figures for 1981)

1. Summary of Significant Accounting Policies

The financial statements have been prepared on the historic cost basis in accordance with accounting principles generally accepted in Canada and conform in all material respects with International Accounting Standards adopted by the International Accounting Standards Committee. The accounting policies of significance to the Company are as follows:

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiary companies. The operations of the subsidiaries are included in the accounts from the date of acquisition.

Substantially all of the oil and gas exploration and production and a significant amount of the mining exploration and development is conducted under joint venture agreements. The Company's proportionate interest in the assets and liabilities and revenues and expenses of such ventures is included in the accounts.

The active subsidiaries, all of which are wholly-owned, are as follows:

Brinco Mining Limited
Brinco Oil & Gas Limited
Sharondale Corporation

INVENTORIES AND MINE SUPPLIES

Asbestos fibre and ore stockpiled are valued at the lower of cost, determined on a first-in, first-out basis and net realizable value. Gold concentrate is carried at the lower of cost, determined on a first-

in, first-out basis, and net realizable value less amounts received in advance pending final settlement. The Company does not hold inventories of coal. Mine supplies are valued at the lower of cost, principally average cost, and replacement cost.

MINERAL EXPLORATION

Exploration expenditures and costs related to the investigation of possible investments in mineral resource properties are charged to earnings as incurred, net of recoveries from joint venture partners.

FUTURES CONTRACTS

The Company enters into futures contracts for the sale of gold and currencies as a hedge against gold price and foreign exchange fluctuations. These contracts are not recorded in the Company's accounts except for deposits required.

PROPERTY, PLANT AND EQUIPMENT

MINERAL RESOURCE PROPERTIES

Development and preproduction expenditures on mineral resource properties, net of recoveries from joint venture partners, are capitalized providing the properties are considered to be of value to the Company. When the property achieves commercial production volumes, costs are charged to earnings using the unit-of-production method based on estimated reserves. In the event of abandonment or disposal of such properties, the resulting gain or loss is charged to earnings.

OIL AND GAS PROPERTIES

Expenditures on oil and gas properties are accounted for using the full cost method whereby all costs relating to the exploration

and development of oil and gas reserves are capitalized. The costs of such properties are charged to earnings using the unit-of-production method based on estimated proved reserves.

PLANT AND EQUIPMENT

Expenditures for plant and equipment are capitalized in the property accounts. Depreciation of oil and gas plant and equipment is charged to earnings using the unit-of-production method based on estimated reserves. Mine plant and equipment is charged to earnings over its physical or economic life using the unit-of-production and the straight-line methods of depreciation.

LONG-TERM INVESTMENTS

Long-term investments are recorded at cost and the related income is recorded when received. In the event of a permanent decline in value, the investment is written down to estimated realizable value and the loss is charged to earnings.

TRANSLATION OF FOREIGN CURRENCIES

The accounts of the Company's foreign subsidiaries and assets and liabilities arising in foreign currencies are translated into Canadian dollars on the following basis: current assets and current liabilities at the rate of exchange in effect at the end of the year; revenue and expense items at the average rate of exchange for the year; non-current assets, related depletion and depreciation and non-current liabilities at exchange rates applicable at the time of relevant transactions. Gains and losses on currency translations are included in the determination of earnings.

Brinco Limited and Subsidiaries NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982

2. Property, Plant and Equipment

	1982		1981	
	Cost	Accumulated depletion and depreciation	Net	Net
	(in thousands)			
OPERATING				
Asbestos	\$ 116,807	\$ 61,611	\$ 55,196	\$ 57,429
Coal	9,051	1,894	7,157	6,592
Oil and gas	72,871	11,259	61,612	62,680
Corporate	733	329	404	452
	\$ 199,462	\$ 75,093	124,369	127,153
Unamortized waste removal costs (asbestos)			39,018	37,210
NON-OPERATING				
Asbestos	\$ 5,792	\$ -	5,792	18,803
Coal	2,006	-	2,006	472
Gold	8,102	-	8,102	8,366
Uranium	9,427	-	9,427	9,413
Other	-	-	-	271
	\$ 25,327	\$ -	25,327	37,325
			\$ 188,714	\$ 201,688

MINERAL RESOURCE PROPERTIES (NON-OPERATING)

ASBESTOS

Detailed technical and financial reviews are continuing in respect of a property contiguous to the Cassiar ore body in British Columbia.

In view of existing asbestos market conditions, the Company has decided not to continue the development of its Quebec asbestos property (held by 60% owned subsidiary Abitibi Asbestos Mining Company Limited). Development costs have been written down resulting in an extraordinary loss of \$7,696,000, net of deferred taxes and minority interest.

COAL

The Company has entered into a joint venture agreement with Weldwood of Canada Limited and is investigating the feasibility of developing a coal property on Vancouver Island in British Columbia. The federal and provincial governments must approve the development of the property in order for the investigation to continue.

GOLD

The joint venture agreement with New Forty-Four Mines Limited to develop the gold property at Bissett Manitoba, was renegotiated in 1982 resulting in an increase in the Company's interest from 50% to 100%. New Forty-Four Mines Limited retained a 10% net profits interest which becomes effective after the Company has recovered all costs associated with the project. Under certain circumstances New Forty-Four Mines Limited may acquire an additional 15% net profits interest for \$3,750,000.

The Company had advanced its joint venture partner 50% of the project costs. The additional interest was acquired at an amount equal to these advances.

The grades of ore encountered in the upper levels of the gold property have proved to be uneconomic and the operations in this portion of the mine will be discontinued in early 1983. Preproduction costs which relate to the upper levels have been written off resulting in an extraordinary loss of \$5,285,000, net of deferred taxes. The Company is evaluating the feasibility of mining the lower levels.

URANIUM

The Company has entered into a joint venture agreement with Edison Development Canada Inc. to develop the Kitts and Michelin uranium deposits in Labrador. In view of the existing uranium market conditions, the parties have delayed a production decision indefinitely.

3. Long-Term Investments

	1982	1981
	(in thousands)	
Portfolio Investment	\$ -	\$15,529
Investment in U.S. oil and gas venture	307	3,642
Brinco 1981 Energy Program	2,000	3,000
	<u>\$2,307</u>	<u>\$22,171</u>

PORTFOLIO INVESTMENT

The Company sold its portfolio investment during the year resulting in an extraordinary loss of \$3,712,000.

INVESTMENT IN U.S. OIL AND GAS VENTURE

In order to relieve itself of its continuing obligations, the Company sold its interest in a U.S. oil and gas venture to its major shareholders. As a result of this transaction the Company received \$2,666,000 representing a recovery of its contributions to the 1982 exploration program (\$1,875,000) and the fair market value of its interest in undeveloped lands (\$791,000). The Company has maintained its interest in lands which were developed as at December 31, 1981. To reflect the fair value of the developed lands, the investment was written down resulting in an extraordinary loss of \$2,507,000, net of deferred taxes.

BRINCO 1981 ENERGY PROGRAM

Brinco Mining Limited holds 3,000 units of the Brinco 1981 Energy Program. The company anticipates receiving grants of approximately \$900,000 under the Petroleum Incentives Program in 1983. To reflect the fair value of the developed lands after receipt of the grants, the investment was written down resulting in an extraordinary loss of \$635,000, net of deferred taxes.

4. Bank Indebtedness

LONG-TERM DEBT

Brinco Mining Limited has a bank term loan in the amount of \$70,000,000 payable to a Canadian Chartered Bank. The loan bears interest at spreads over various money market rates quoted from time to time for Bankers acceptances, prime Canadian or U.S. dollar loans,

and L.I.B.O.R. loans. The bank term loan and current bank indebtedness, in the amount of \$10,000,000, are secured by a first fixed and floating charge on the assets of the Cassiar Asbestos Division of Brinco Mining Limited.

Covenants relating to the loan require, inter alia, that Working Capital and Net Tangible Worth, as defined by the loan agreement between Brinco Mining Limited and the Bank, be maintained at specified minimum levels. Brinco Mining Limited is not meeting the requirements of these covenants. However, the Bank has provided Brinco Mining Limited with a waiver of the defaults to June 15, 1983 by which time a revised loan agreement is expected to be in place.

An independent review of the Cassiar operations is being conducted by consultants. Upon completion of this review, the Bank will consider the need to revise repayment terms and covenants to the loan. Adjustments to interest rates and changes in the forms of security also may be required.

The loan is included in the financial statements in accordance with existing terms which require repayments in equal semi-annual installments commencing September 15, 1983 and ending September 15, 1986.

Interest on long-term debt expensed in 1982 amounted to \$10,284,000.

CURRENT BANK INDEBTEDNESS

Bank indebtedness includes demand bank loans and cheques issued but not cashed.

5. Income and Mining Taxes

The Company and certain subsidiaries have losses available for carry-forward for which no recognition is given to the possible future income tax benefits in the accounts. These losses, which approximate \$9,000,000, are available to offset future income for tax purposes. Tax losses expire in taxation years to 1987 in Canada and 1997 in the United States. The tax benefit resulting from the utilization of these losses will be recognized as an extraordinary item in the years of utilization. In addition, the Company and certain subsidiaries have unclaimed earned depletion allowances which are available for deduction from future resource profits.

Brinco Limited and Subsidiaries NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982

Deferred income taxes relate primarily to Brinco Mining Limited and represent the tax deductions for expenditures on mine development, exploration and depreciation deducted in the determination of taxable in-

come but not yet charged to earnings. Income and mining tax credits on the statement of earnings arise primarily from the reversal of such timing differences during the year at historical tax rates.

Income and mining taxes receivable include \$677,000 which relates to a re-assessment of tax to which the Company is objecting. The Company believes that this amount will be recovered.

6. Shareholders' Equity

CAPITAL STOCK

Authorized

10,000,000 preferred shares with a par value of \$5.50 each, issuable in series
35,000,000 common shares without nominal or par value

	1982	1981
	(in thousands)	
Issued		
1,980,138, 7% cumulative convertible redeemable retractable preferred shares, series A (1981-2,092,109)	\$ 10,891	\$ 11,506
7,272,728, 8% cumulative convertible preferred shares, series C (1981-7,272,728)	40,000	40,000
17,077,833 common shares (1981-17,077,833)	58,176	58,176
7,762,632 class A common shares (1981-7,762,632)	54,882	54,882
Total capital stock	163,949	164,564
RETAINED EARNINGS	11,427	43,172
	175,376	207,736
Cost of common shares purchased pursuant to the 1974 tender offer to shareholders, net	(54,882)	(54,882)
	\$ 120,494	\$ 152,854

PREFERRED SHARES

(a) At the option of the holder, each preferred share, series A is convertible until October 18, 1984, into 0.55 of a common share. At the option of the Company, the preferred shares, series A are redeemable if the market price of the Company's common shares is more than 150% of the conversion price (\$10.00) of the preferred shares. The Company shall invite tenders on or about October 18, 1984 for retraction of the preferred shares, series A at \$5.50 each plus accrued and unpaid dividends. Each year, under a mandatory provision, the Company is required to offer to redeem an amount equal to 5% of the originally issued shares for \$5.50 each plus accrued and unpaid dividends if the defined market value of these shares is less than par value. During the year 111,971 shares were redeemed under the mandatory provision. As required, the Company offered to redeem a further 110,521 shares in 1983.

(b) At the option of the holder, each preferred share, series C can be converted into 0.55 of a common share. On November 6, 1985, the conversion of the remaining preferred shares, series C to common shares will take place. Should the weighted average market price of the common shares for any ninety consecutive days after November 6, 1983 be more than 130% of the conversion price (\$10.00) the preferred shares, series C will be converted at the end of the ninety days.

(c) Each issued and outstanding preferred share, series A and series C is entitled to a fraction of a vote equal to the conversion basis of such shares into common shares.

(d) Dividends on the cumulative preferred shares, series A and series C are payable quarterly on the last days of March, June, September and December of each year. The dividend payable in December of \$990,600 is in arrears.

COMMON SHARES

In 1978, 9,973,067 common shares purchased for \$7.07 each, pursuant to the 1974 tender offer to shareholders, were deemed by legislation to be a special class of common shares designated as class A. When these shares are reissued, they revert to their former status as common shares. To date 2,210,435 such shares have been reissued.

7. Stock Options

Under the Company's stock option plan, 700,000 common shares have been set aside for issuance. At December 31, 1982, options were outstanding on 309,000 shares (including 152,500 to officers) at prices ranging from \$6.25 to \$9.45 per share exercisable at various dates to 1986. During the year no options were exercised.

8. Extraordinary Items

	1982	1981
	(in thousands)	
Write-down of Quebec asbestos property, net of deferred taxes of \$3,384,000 (note 2)	\$ (7,696)	\$ -
Write-down of gold property, net of deferred taxes of \$3,035,000 (note 2)	(5,285)	-
Loss on sale of portfolio investment (note 3)	(3,712)	-
Write-down of U.S. oil and gas venture, net of deferred taxes of \$287,000 (note 3)	(2,507)	-
Write-down of Brinco 1981 Energy Program, net of deferred taxes of \$365,000 (note 3)	(635)	-
Reduction of deferred income taxes	-	1,100
	\$ (19,835)	\$ 1,100

Brinco Limited and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982

9. Contingencies

MINERAL RESOURCE PROPERTIES

Development of non-operating mineral resource properties and recovery of related costs are dependent upon capital financing arrangements, mineral market conditions, environmental considerations and general economic conditions. Uncertainties in respect of such properties are outlined in note 2.

BANK INDEBTEDNESS

Brinco Mining Limited currently is renegotiating its loan agreement with its Bank. Uncertainties in respect of possible revisions to repayment terms, covenants, interest rates and forms of security are outlined in note 4.

LEGAL ACTIONS

Brinco Mining Limited, as well as others, continues to be named as a defendant in a large number of product liability suits in the United States in which substantial damages are claimed for alleged injuries to the health of asbestos workers and others by means of their exposure to asbestos fibres or dust. The subsidiary company is currently involved in approximately 950 such suits. Since 1974, the company has been involved in approximately 2,400 claims and has agreed to settle or been dismissed from approximately 1,450 claims. Three cases have gone to trial. In one case, the company was dismissed before the verdict was rendered. A second trial resulted in a verdict for the defense. The third case, involving seven plaintiffs, was decided against the defendants and the jury apportioned damages of U.S. \$41,650 against the company. From 1974 to date, legal and settlement costs have totalled approximately \$8,000,000. The costs to date may not be indicative of future costs since the company's potential liability in each case depends upon a great many factors apart from legal defenses, including the seriousness of the claimant's illness, whether the illness is related to exposure to asbestos supplied by the company and the amount of contribution required from the various co-defendants.

In 1982, Manville Corporation, which is both a substantial fibre supplier in many of the actions in which Brinco Mining Limited has been sued and the employer in a large number of Brinco Mining Limited's cases, petitioned for relief under Chapter 11 of the U.S. Bankruptcy Code. Amatex Corporation, which is the employer in certain cases in which Brinco Mining Limited has been sued, applied for similar relief. The company is not now in a position to assess the impact of these bankruptcy filings on its potential liabilities. The bankruptcy filings have had the immediate effect of removing the petitioning companies from the litigation. Some cases are proceeding to trial without the petitioning companies and other cases have been stayed pending further developments in the bankruptcy proceedings.

The company held policies of insurance providing coverage for product liability in the years 1953 to 1975. The company takes the position that a substantial portion of the settlement and litigation costs, as well as any judgment that might be rendered against it, should be reimbursed by its insurance carriers. While these insurers have thus far denied coverage in most instances, the company has instituted litigation in the Ontario Courts to recover certain of these costs.

BRINCO 1981 ENERGY PROGRAM

Brinco Oil & Gas Limited is the general partner of the Brinco 1981 Energy Program, an oil and gas exploration and development limited partnership which during 1981 sold 5,219 units to third parties at \$1,000 per unit. Commencing in 1984, any limited partner may require the company to offer to purchase all or any of their units at a price related to the fair market value of each unit at the time. The maximum number of units that the company is obligated to purchase in any one year is 1,000.

10. Commitments

EXPLORATION AND DEVELOPMENT

As a condition of the purchase of Brinco Oil & Gas Limited in 1979, the Company agreed to spend over the ensuing five years \$25,000,000 for exploration and development of oil and natural gas properties principally in Canada (to date the Company has spent approximately \$22,500,000).

U.S. COAL PROPERTY

An annual payment of U.S. \$750,000 is due in each of the years to 1986. After January 1, 1987, a royalty of U.S. \$1.25 per ton of coal mined and sold will be payable.

FUTURES CONTRACTS

At December 31, 1982 the Company had entered into gold futures contracts to sell a total of 5,000 ounces of gold at prices per ounce ranging from U.S. \$441 to U.S. \$500 maturing at various dates to February 1984. The Company anticipates having sufficient production to meet this commitment.

11. Retirement Plans

The Company maintains contributory retirement plans which cover certain salaried and hourly paid employees. A deficiency, which existed as at the date of the last actuarial evaluation, has been fully funded.

12. Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid or payable for the year by the Company and its subsidiaries to its directors and senior officers amounted to \$955,000 (1981 - \$1,039,000).

13. Reclassification

For 1982 certain figures reported in 1981 have been reclassified to conform to current presentation.

Brinco Limited and Subsidiaries

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1982

14. Segmented Information

The segmented financial information has been determined by the Company based on industry segment and geographic area. Segmented information on revenues, earnings (before income and mining taxes and extraordinary items) and assets is summarized in the chart below.

Brinco Limited and Subsidiaries
**NOTES TO THE
 CONSOLIDATED
 FINANCIAL
 STATEMENTS**
 December 31, 1982

	Asbestos*		Coal		Oil & Gas		Gold		Uranium		Corporate		Consolidated	
	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982	1981
(in thousands)														
Revenue:														
Operations														
Canada	\$ 76,000	\$ 76,300	\$ -	\$ -	\$ 3,348	\$ 2,382	\$ 3,878	\$ -	\$ -	\$ -	\$ 2,456	\$ 3,703	\$ 85,682	\$ 82,385
United States	-	-	13,304	9,188	345	472	-	-	-	-	522	-	14,171	9,660
Total Revenue	\$ 76,000	\$ 76,300	\$ 13,304	\$ 9,188	\$ 3,693	\$ 2,854	\$ 3,878	\$ -	\$ -	\$ -	\$ 2,978	\$ 3,703	\$ 99,853	\$ 92,045
Earnings:														
Canada	\$ (5,796)	\$ 3,618	\$ -	\$ -	\$ (1,331)	\$ (2,483)	\$ (3,373)	\$ -	\$ -	\$ -	\$ (3,327)	\$ (665)	\$ (13,827)	\$ 470
United States	-	-	(1,446)	(745)	237	(22)	-	-	-	-	522	627	(687)	(140)
Total Earnings	\$ (5,796)	\$ 3,618	\$ (1,446)	\$ (745)	\$ (1,094)	\$ (2,505)	\$ (3,373)	\$ -	\$ -	\$ -	\$ (2,805)	\$ (38)	\$ (14,514)	\$ 330
Depletion and Depreciation	\$ 19,010	\$ 20,637	\$ 1,134	\$ 763	\$ 2,415	\$ 2,770	\$ 1,372	\$ -	\$ -	\$ -	\$ 65	\$ 57	\$ 23,996	\$ 24,227
Capital Employed	\$114,751	\$133,891	\$ 9,353	\$ 7,309	\$ 60,527	\$ 68,234	\$ 10,271	\$ 14,544	\$ 9,427	\$ 9,463	\$ 3,036	\$ 31,722	\$207,365	\$265,163
Identifiable Assets:														
Canada														
Operating	\$139,731	\$138,775	\$ -	\$ -	\$ 61,888	\$ 64,845	\$ -	\$ -	\$ -	\$ -	\$ 10,888	\$ 29,970	\$212,507	\$233,590
Non-Operating	5,792	18,807	2,006	472	-	-	10,731	14,544	9,427	9,463	-	271	27,956	43,557
United States														
Operating	-	-	8,320	7,719	4,069	5,889	-	-	-	-	-	8,975	12,389	22,583
Total Identifiable Assets	\$145,523	\$157,582	\$ 10,326	\$ 8,191	\$ 65,957	\$ 70,734	\$ 10,731	\$ 14,544	\$ 9,427	\$ 9,463	\$ 10,888	\$ 39,216	\$252,852	\$299,730
Expenditures on Property, Plant and Equipment and Long-Term Investments	\$ 20,082	\$ 23,193	\$ 3,234	\$ 4,533	\$ 3,469	\$ 9,236	\$ 3,455	\$ 7,134	\$ 14	\$ 28	\$ -	\$ 12,570	\$ 30,254	\$ 56,694

* Substantially all asbestos revenue is derived from sales to customers outside of Canada. Sales to two major customers account for approximately one-half of the revenue in 1982 and 1981.

Company Offices and Locations

Registered Office

Brinco Limited
Royal Trust Building
Suite 1101
Water Street
St. John's, Newfoundland
A1C 5J9

Executive Offices

Brinco Limited
10th Floor
20 King Street West
Toronto, Ontario
M5H 1C4

Brinco Mining Limited
2000, 1055 West Hastings Street
Vancouver, British Columbia
V6E 3V3

Exploration Offices

Suite 704,
602 West Hastings Street
Vancouver, British Columbia
V6B 1P2

North West River
Labrador
AOP 1M0
P.O. Box 249
Springdale, Newfoundland
A0J 1T0

Cassiar Resources
Cassiar, British Columbia
V0C 1E0

San Antonio Joint Venture Ltd.
P.O. Box 1000
Bissett, Manitoba
R0E 0T0

Sharondale Corporation
Leftis Coal Division
Box 310
Belfry, Kentucky 41514
U.S.A.

Quinsam Coal Limited
973 Alder Street
Campbell River,
British Columbia
V9W 2R1

Brinco Oil & Gas Limited
1801, 300-5th Avenue S.W.
Calgary, Alberta
T2P 3C4

Registrars and Transfer Agents

Common Shares

The Royal Trust Company
St. John's Newfoundland
Montreal, Quebec
Toronto, Ontario

Preferred Shares

Guaranty Trust Company of
Canada
St. John's, Newfoundland
Montreal, Quebec
Toronto, Ontario
Calgary, Alberta

Shares Listed

Montreal Stock Exchange
Toronto Stock Exchange
Alberta Stock Exchange

