Trimac

1982 ANNUAL REPORT

THE COMPANY

Trimac Limited is a Canadian owned company providing services in the energy and transportation industries.

Trimac drills for oil and gas in North America and Europe and our trucks carry bulk commodities across Canada and the United States. Other interests include waste management, heavy construction, and petroleum investment. We employ 4,000 people.

Trimac is based in Calgary and its shares are listed on the Toronto, Montreal and Vancouver stock exchanges.

ANNUAL MEETING

Trimac's Annual General Meeting will be held Wednesday, May 11, 1983, at 10:00 A.M. in the Glenview Room of the Calgary Convention Centre. Shareholders who are unable to attend are requested to complete, sign and return their proxies as soon as possible.

CONTENTS

THE YEAR IN BRIEF

	December 31 1982	December 31 1981
	(thousands of dollars)	
Operating revenues	**$369,417**	$450,721
Net earnings	**13,420**	35,679
Funds from operations	**43,370**	83,671
Net capital expenditures	**87,056**	97,379
Working capital	**22,943**	36,426
Net capital invested	**479,194**	421,876
Long term debt (excluding current maturities)	**248,319**	200,372
Shareholders' equity	**159,624**	147,437

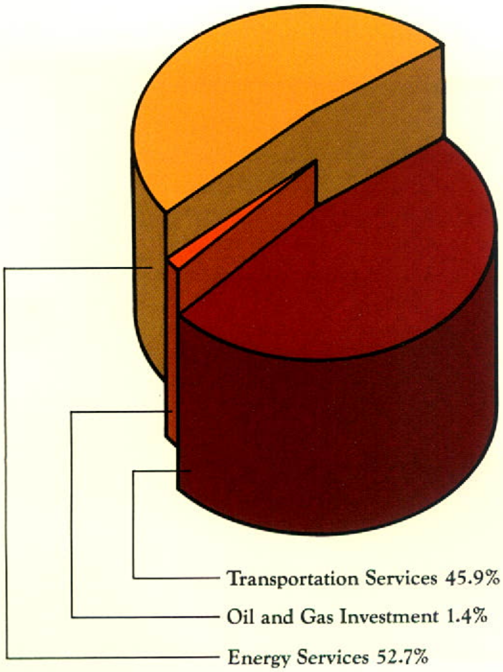
COMMON SHARE DATA

	1982	1981
Net earnings before extraordinary item		
—Basic	**$0.50**	$1.27
—Fully diluted	**0.50**	1.23
Net earnings		
—Basic	**0.45**	1.27
—Fully diluted	**0.45**	1.23
Dividends	**0.09**	0.12
Common shareholders' equity	**5.30**	5.06

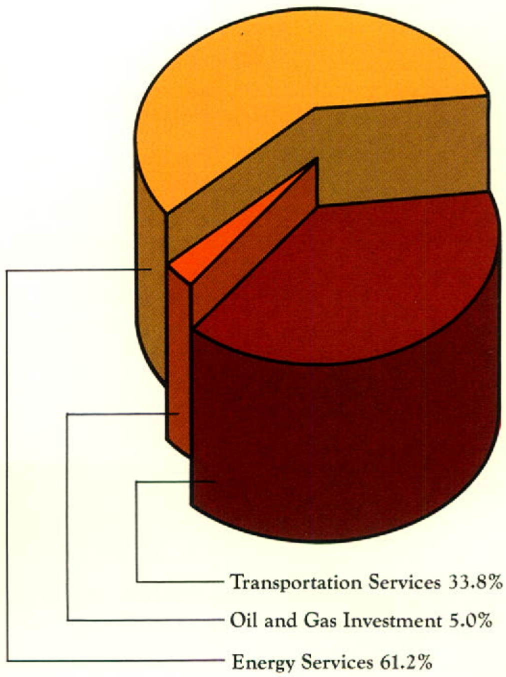
SHAREHOLDER INFORMATION

	1982	1981
Number of Shareholders:		
Common	**3,341**	2,980
Preferred (Series A)	**708**	757
Number of shares outstanding:		
Common	**28,851,204**	27,743,238
Preferred (Series A)	**266,200**	279,000

OPERATING REVENUES



OPERATING INCOME



TO OUR SHAREHOLDERS

Trimac Limited responded to the difficult business climate of 1982 by adjusting operations and revising our investment plans.

We tightened our cost controls, increased efficiency and intensified our marketing efforts. Trimac continued with moderate growth where expansion would open new markets or move us into related businesses. We curtailed activity in those areas not central to our long term goals.

Our earnings and revenues declined as the recession deepened in Canada and the United States.

Despite the weak economy, our businesses, with one major exception, operated close to their previous levels of profitability. The major exception was in United States contract drilling where the industry has been hard hit by the drop in oil and gas exploration. This drop in demand has left idle more than one-half of that country's drilling capacity. At these levels of activity, our U.S. land drilling operations are not profitable.

In transportation, we continued with our strategy of taking a larger role in the United States market for bulk highway hauling. We acquired Quality Service Tank Lines, Inc. of San Antonio, Texas, which adds about $30 million in annual revenues. Quality Service, hauling primarily cement, drilling mud and flyash, serves one of the stronger economic areas of the United States.

Trimac acquired a 20 per cent interest in Banister Continental Ltd., a major Canadian builder of heavy construction projects and large diameter pipelines. Trimac holds an option until December 31, 1983, to purchase another 20 per cent which, if exercised, obligates us to make an equivalent offer for the remaining shares. Banister earned $13.8 million in the 12 months ended December 31, 1982, reversing the loss of $11.1 million a year earlier. The outlook is less certain with declines in major construction projects and large diameter pipeline work.

Trimac's investments in oil and gas development produced encouraging results with discoveries of oil near Fenn-Big Valley in east-central Alberta and in the Paradox Basin area of southeastern Utah.

Tricil Limited, our joint venture with C-I-L Inc. in waste management, entered the United States market for industrial waste treatment with the purchase of Systech Liquid Treatment Corporation. Systech treats 150 million litres (33 million gallons) of industrial waste annually at plants in Ohio, Tennessee and Michigan.

We discontinued operations in seismic survey with the sale of most of the assets of Kenting Exploration Services Limited. The employees transferred to the purchaser.

A proposed joint venture with C-I-L to build a high-density polyethylene plant in Edmonton has been postponed indefinitely because of poor market conditions worldwide.

Construction of our head office building in downtown Calgary proceeded on budget toward completion in the summer of 1983.

Financial

Net earnings for 1982 were $13.4 million, down from $35.7 million in 1981. Per share earnings before extraordinary items were $.50 compared with $1.27 a year earlier.

Funds from operations were $43.4 million, a decline from $83.7 million.

Operating revenues were $369.4 million compared with $450.7 million in 1981.

Net capital expenditures of $87.1 million were directed mostly toward construction of our head office building, replacement of operating equipment, and the completion of commitments for improvements to the Cactus fleet.

Early in 1983, Trimac issued three million common shares at $6.75 a share in a private placement. The net proceeds of about $19.5 million are being used to strengthen the company's working capital position. Had the placement been made at the end of 1982, shareholders' equity at December 31 would have been $179.1 million. The debt equity ratio would have been 1.4 to 1—the same as at the end of 1981—rather than the actual ratio of 1.6 to 1 at December 31, 1982.

The Trimac Board of Directors decided to discontinue the dividend on common shares in the fourth quarter of 1982 because of the adverse effect business conditions had on earnings.

Employees

One of Trimac's strongest assets, particularly during the last year, has been our employees. Many of them took on extra responsibilities and found innovative ways to improve efficiencies. Through the efforts of these 4,000 individuals, Trimac and our subsidiary companies have been able to maintain our strength during these economic trials.

On behalf of the directors and shareholders we would like to express our appreciation to our employees for their determination and efforts.

Future Prospects

We continue to re-evaluate our business strategy in light of the worst economic situation since the depression of the 1930s. Trimac strives for leadership in our main businesses and seeks growth in existing operations and in complementary industries.

In one of our major areas of endeavour, United States land drilling, we see uncertain markets for the next couple of years. The decline in world oil prices and the lower demand for petroleum have diminished the immediate drive to find new supplies of oil. Over the longer term, there will be a continuing need to develop petroleum reserves. While the excess drilling capacity that was created during the intense growth of 1980-1981 will cause problems, the demand for drilling will resume.

We intend to continue our investment in searching for and developing oil and gas resources in Canada and the United States.

In transportation, we are one of the most efficient bulk carriers. This allows us to maintain strong operations in the face of declining volumes and industry overcapacity. Our system of regional management promotes an operational intensity that will enable us to remain a leader in this business.

The waste management industry continues to develop. Incineration and energy recovery are being considered as alternative methods for disposal of municipal waste. Companies and regulatory agencies are looking for economic and environmentally safe means for the treatment and disposal of liquid industrial wastes.

We expect the drilling industry to have good long term potential following the current weakness. Our bulk highway hauling is efficient, competitive and profitable. An economic recovery will improve returns and open opportunities for the continued growth of Trimac.

A. Vanden Brink
President

J. R. McCaig
Chairman
March 16, 1983

TRANSPORTATION

Trimac delivers cement for construction of the British Columbia Hydro dam near Revelstoke.

Segment Summary

	Year ended December 31	
	1982	1981
	(thousands)	
Revenues	**$169,672**	$159,082
Operating income	**15,725**	16,888
Depreciation & amortization	**18,055**	16,530
Capital expenditures	**20,297**	36,699
Identifiable assets	**121,087**	112,988

Trimac provides transportation services, mainly bulk highway hauling, across North America. Our bulk trucking operation is the largest in Canada and the third largest in North America. We also provide helicopter charters and, in Canada, truck leasing and rentals.

TRANSPORTATION LOCATIONS

- Highway Hauling
- Leasing and Rentals

Refer to page 31 for branch locations.

HIGHWAY HAULING

Trimac continued its expansion into the United States market during 1982 with the acquisition of Quality Service Tank Lines, Inc. of Texas. Quality Service, principally a cement carrier, provides an entry into one of the strongest economic areas of the country. It joins Trimac's other United States operation, Liquid Transporters, Inc., which is based in the Ohio River Valley.

This expansion is part of Trimac's long term strategy to increase our presence in the United States market. In Canada, Trimac Transportation System is the only bulk carrier operating coast to coast. The combined Canadian and United States operations give Trimac the broadest operating authority of any North American bulk commodity carrier.

HAULING CAPABILITIES

	Power Units	Trailers	Terminals
Trimac Transportation	640	1,692	29
Liquid Transporters	280	540	15
Quality Service	231	276	11
Total	1,151	2,508	55

Our trucking operations in both countries have been affected by the recession which has reduced volumes and placed downward pressure on prices. Our bulk hauling divisions have been able to offset these forces and maintain profitability by increasing efficiency and cutting expenditures.

Trimac Transportation System

The Trimac Transportation System, which hauls a wide variety of liquid and dry bulk products, such as cement and petroleum, maintained its strong position in the Canadian market despite weak industry conditions. Major customers serving the petroleum, mining, lumber and construction industries reduced shipments during the year.

The situation was recognized early in the first quarter and action was taken to improve efficiency. Proposed capital expenditures were re-examined and reduced, fixed overheads were lowered and tight controls were placed on variable costs. These measures led to a strong performance over the year.

The acquisition of North Star Transport Ltd. of Saskatoon provided opportunities to serve the asphalt market and uranium mining developments in northern Saskatchewan.

A new terminal was built in Saskatoon to accommodate existing operations and the North Star addition. The terminal in Thunder Bay was renovated and enlarged. Tractor storage buildings were added in Regina and Saskatoon and cleaning facilities were improved in Calgary.

A Quality Service Tank Lines cement carrier loading at Midlothian, Texas.

The Trimac fleet was adjusted to match the market with the number of power units reduced to 640 from 737 while the number of trailers increased to 1,692 from 1,582 because of the acquisition of North Star. Staff, together with leased operators, numbered 981. About $3 million was spent on capital assets, mostly power units, and expenditures of about $6 million are planned for 1983.

The trucking outlook for the next year is closely tied to the state of the economy. While inflation has moderated and recovery appears closer, rationalization among truckers will create opportunities for well managed companies to add to their operations.

Liquid Transporters

Liquid Transporters is a major carrier of chemical and petrochemical products into and out of the Ohio River Valley. Its fleet also hauls cement in Tennessee and a wide variety of other liquid and dry products from 14 terminals in eight states.

During 1982, particular efforts were made to increase the amount of backhaul business which enabled Liquid to make better use of equipment and to be more competitive on rates. Markets in the northeastern United States were expanded with new customers acquired in the Chicago, New York and New Jersey areas. To a lesser degree, new accounts were added in Georgia, Florida, Michigan and North Carolina. Terminals were added in New Jersey and Chicago.

While the opportunity to obtain backhauls was created by the removal of restrictions through deregulation in 1980, it also led to overcapacity and increased competition among carriers. The current deep recession has added the additional burden of reduced demands for service. This has been particularly noticeable among Liquid's traditional customers, many of which serve the automobile industry.

Liquid, with a staff of 400, has tightened its operations with revised administration procedures and a daily monitoring system to control other variable costs.

To keep operations efficient, and in line with market requirements, the number of power units was reduced to 280 from 330 and the number of trailers declined to 540 from 658. Planned capital expenditures of $1.9 million for 1983 include the addition of one new terminal, the replacement of another and fleet improvements.

Emphasis will be placed on increasing the percentage of loaded miles by adding new clients and by improving equipment allocation. Marketing efforts are being intensified. The outlook for 1983 depends largely on economic recovery. With an increase in housing construction, and an improvement by the automobile industry, increased activity is expected by the third quarter.

Quality Service

Quality Service Tank Lines, acquired by Trimac in mid-year, hauls dry bulk commodities in Texas and to a limited degree into neighbouring states.

Trimac sees good potential for bulk hauling in the southwestern United States. The area is economically strong with natural resource development and construction supported by the movement of people into the region.

Quality Service concentrates on hauling cement, which accounts for 65 per cent of all loads; drilling mud and flyash make up nearly all of the remainder. Most activity is within Texas, where it has 11 terminals.

The first effects of the recession were felt by Quality during the year. Customers, with excess production capacity, changed their marketing plans which caused rapid shifts in service demands as hauling patterns changed. The Quality Service management has increased sales efforts and obtained a greater market share giving a slight rise in the volume of shipments. Capital expenditures of $1.8 million were made in 1982 and a like amount is planned for 1983. At year end, the company's 423 employees operated 231 power units with 276 trailers.

Higher revenues are expected in 1983, with costs remaining comparable to 1982 levels. The reduction in inflation and the lower interest rates will have a favourable impact, particularly among customers in the construction industry.

TRUCK LEASING AND RENTALS

Trimac provides truck leasing and rentals through Rentway Canada Ltd. which operates 11 branches from Montreal to Vancouver.

Customers from industry and governments are supplied with vehicles under arrangements designed to meet their specific needs. Rentway leases and rents vehicles ranging from highway tractor-trailers to pickups.

Major pipeline construction activity in eastern Canada produced significant rental business which offset a decrease in activity among pipeline and oil and gas customers in western Canada. The development of two coal mines in northeastern British Columbia provided further activity.

Full service leasing in British Columbia was increased with the acquisition from Hertz Canada of truck equipment and leases in Vancouver.

Despite these developments, economic pressures held earnings to levels close to those of 1981. Vehicle utilization increased as Rentway moved to improve efficiency; and to dispose of surplus vehicles promptly at the end of lease and rental periods.

Restraints on variable expenses, along with a curtailment of capital expenditures reduced other costs. Another significant cost, interest, was reduced by the decline in rates during the year.

A net capital expenditure of $2 million was made for additional and replacement vehicles in 1982, and the planned net expenditure for 1983 is $6 million.

HELICOPTER CHARTER

Kenting Helicopters, with a staff of 42, operates 17 single and twin-engined helicopters in western and northern Canada.

The recession in Canada caused a drop in demand from customers in forestry, mining, petroleum exploration and construction.

The decline in traditional business areas was partly offset by the increased use of twin-engined machines for Kenting's first contracts providing support to oil and gas operations in the Beaufort Sea. Marketing efforts are being directed to further offshore work in the North and to the east coast where contracts require twin-engined machines capable of instrument flight. Smaller single-engined machines continue to face a diminished demand and more intense competition.

Kenting Helicopters service petroleum exploration activities off shore from Tuktoyaktuk, N.W.T.

A Kenting rig drilling near the foothills of southwestern Alberta.

Segment Summary

	Year ended December 31	
	1982	1981
	(thousands)	
Revenues	$194,393	$287,616
Operating income	28,491	74,643
Depreciation & amortization	22,391	17,581
Capital expenditures	50,648	70,934
Identifiable assets	346,551	348,165

Trimac provides services to the energy industry mainly in North America and Europe. The most important of these is contract drilling for major and independent oil and gas companies. Other services are airborne and resource surveys, which are offered worldwide, and pipeline and oilfield construction in western Canada.

CONTRACT DRILLING

The demand for contract drilling services has traditionally fluctuated with prospects for the petroleum industry and changing government policies. These factors, plus the world oil surplus had led to a significant reduction in exploration and development drilling in North America by the end of 1982. In the United States, this situation was complicated by the exceptional growth in the number of available rigs during the previous two years. The subsequent decline in drilling demand meant that in late 1982 more than half the total United States drilling capacity was idle. In Canada, drilling also declined, but less noticeably mainly because Canadian activity had dropped sharply the previous year. Europe presented the strongest drilling market and was steady with 1981 levels although considerable pressure was felt on prices in the last quarter.

Cactus

In the United States, Trimac provides drilling service mainly through the Cactus group of companies which operates 52 rigs on land in Texas, Oklahoma, New Mexico and Michigan. Seven platform rigs work offshore in the Gulf of Mexico.

At the start of the year, drilling activity was near its peak with 4,530 rigs drilling throughout the United States and with nearly all the Cactus land rigs at work. A year later U.S. rig activity stood at 2,756 after having dipped as low as 2,380 in the autumn. Cactus rig utilization averaged less than 50 per cent during the year. Not only were fewer Cactus rigs working, but drilling rates were under severe pressure as competition was keen for the fewer number of wells being drilled.

A more encouraging situation was found offshore where six of the seven platform rigs were at work with four of the contracts extending through 1983.

Cactus responded to the industry-wide decline with rigorous steps to lower expenses. It was forced to trim wages and salaries and to lower the number of personnel by 40 per cent to 825. These reductions were made among rig crews, which normally work on an hourly basis and only when the rigs are active, and among administrative staff. Sales staff was increased and its efforts intensified.

Capital expenditures of $36 million were made mainly in early 1982 to complete a program of fleet improvements for which commitments had been made previously. Capital expenditures were curtailed in the remainder of the year and will remain at a low level during 1983.

The outlook for Cactus depends largely on the stability of world oil prices and progress toward a United States economic recovery. The decline in interest rates has helped. During the first months of 1983 the seasonal downturn in drilling reduced industry activity below the lowest levels of 1982. Some resumption of demand is anticipated with the yearly average slightly higher than during the last months of 1982. With a leaner, more cost-efficient organization, Cactus would benefit from any increase in drilling activity.

A Cactus platform rig drilling in the Gulf of Mexico.

Kenting

The largest market for Kenting Drilling is in Canada where 18 rigs are located; seven rigs provide service in the northern United States and another eight are located in Europe.

Kenting's activities in the United States were affected by the same forces that caused a drop in activity for Cactus, while in Canada the decline was more moderate. Kenting rigs in both countries averaged 20 per cent less activity than in 1981.

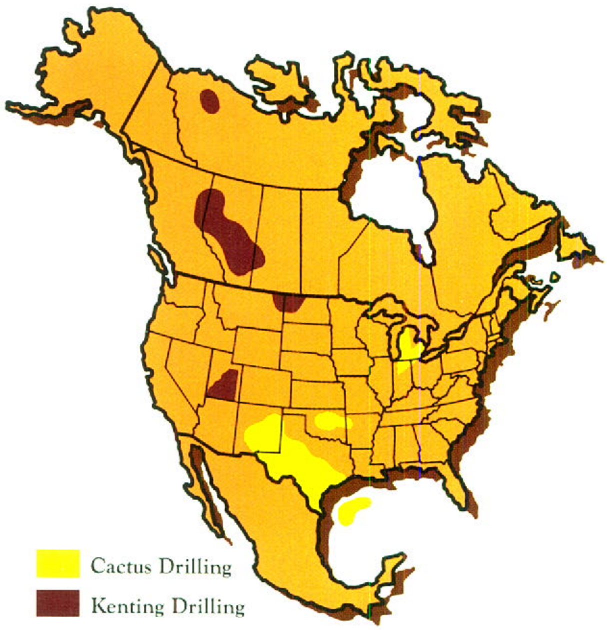
Drilling in Canada was aided late in 1982 by a special Alberta government incentive program. With termination of this incentive at year end, activity again subsided.

Despite the decline in activity, Kenting kept its level of rig utilization above the industry average. Cost controls were emphasized and staff was reduced one-third to average 400 at year end.

Several rigs remained on long term contracts and another began an extensive program at Norman Wells, Northwest Territories. Capital expenditures were generally limited to the completion of projects committed to in 1981, such as shop, office and yard facilities at Williston, North Dakota, and Castle Donington, England. One new rig, capable of drilling to 6,100 metres (20,000 feet) was under construction at year end and a smaller rig was transferred from Cactus.

In Europe, Kenting moved its second rig onto the continent where it drilled four wells in France and Switzerland before returning to Britain. Our first rig on the continent drilled several wells in Holland and moved early in 1983 to Denmark. Activity levels remained stable in Britain.

DRILLING LOCATIONS



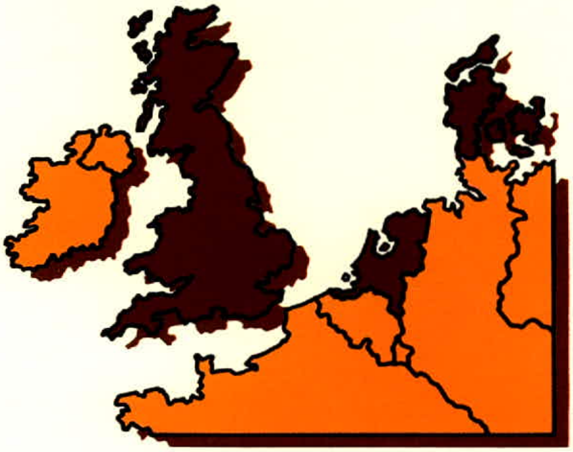
Demand is expected to soften during 1983 because of the continued weak economy, declining world oil prices and the problem of shut-in oil and gas reserves in western Canada. In the longer term, economic recovery and the prospect of increased natural gas exports could lead to higher levels of exploratory and development drilling.

DRILLING RIG CAPACITIES

	United States	Canada	Europe	United States Offshore	Total
Less than 3,050 m (10,000 ft.)	25	8	4	–	37
3,050 m to 4,550 m (10,000 ft. to 15,000 ft.)	20	8	3	–	31
4,550 m to 6,100 m (15,000 ft. to 20,000 ft.)	5	2	1	–	8
6,100 m to 7,600 m (20,000 ft. to 25,000 ft.)	7	–	–	–	7
7,600 m and more (25,000 ft.)	2	–	–	7	9
Total	59	18	8	7	92

EUROPEAN DRILLING LOCATIONS

Kenting Drilling



AIRBORNE AND RESOURCES SURVEY

From its base in Ottawa, Kenting Earth Sciences provides service internationally for airborne geophysics, aerial photography and mapping, non-mineral resource studies and hydrographic surveys. An affiliate, Kenting Africa Resource Services conducts mapping and surveying work in Nigeria.

During 1982, a major study of land use was completed in western Nepal. The study is being extended to the remainder of the country.

A contract, funded by the Canadian International Development Agency, for aerial photography in Indonesia was completed after 18 months of work. More than 60,000 line kilometres (37,000 miles) of high and low level photography were taken.

Airborne magnetometer surveys, used in petroleum exploration, were completed in Kenya and Burundi on contracts funded by the World Bank. Further airborne magnetometer surveys were conducted for the federal government off the coast of Nova Scotia and in Labrador.

In Egypt, work finished on a hydrographic survey that produced bathemetric charts and profiles of the Nile River. This was the longest river survey in the world ever completed by a private contractor.

The volume of resource survey work declined during the year as clients, particularly in the depressed mining industry, reduced their exploration levels.

Although markets are not expected to pick up before the second half of 1983, opportunities are presented by a new airborne gradiometer system. The system, developed with the federal and Ontario governments, provides unusually high sensitivity and accuracy in airborne geophysical surveys.

PIPELINE AND OILFIELD CONSTRUCTION

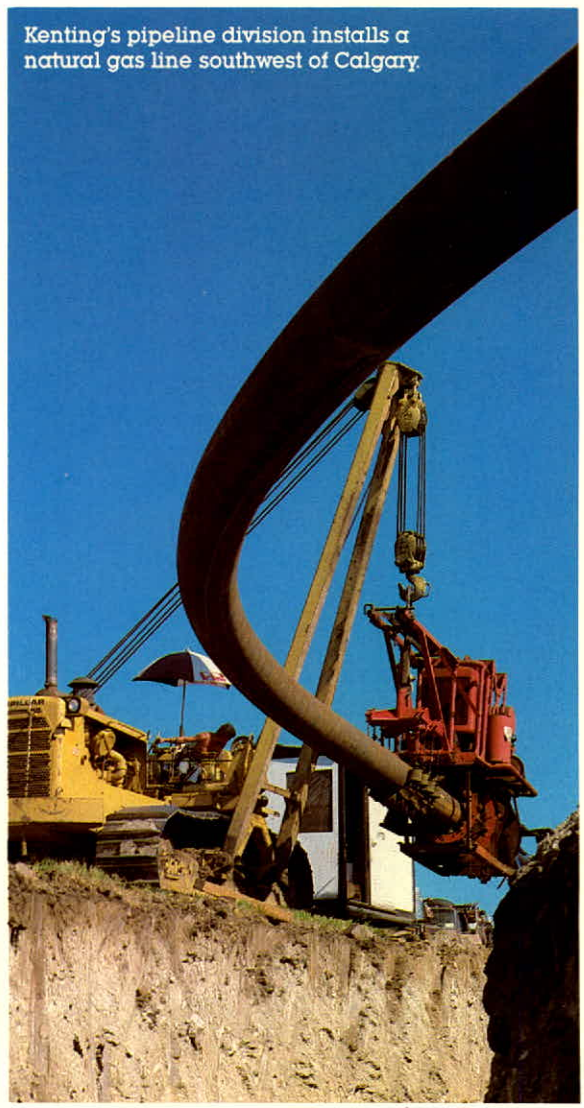
Kenting Oilfield Services, with a permanent staff of 145, constructs pipelines, builds oilfield production facilities and supplies oilfield maintenance services in western Canada.

The Pipeline Department, Kenting United Construction, operates up to three crews which built a total of 224 km (140 miles) of small and medium diameter pipeline in five separate projects. These involved gas transmission lines and oilfield gathering systems. The volume of work declined slightly from the previous year. Major acquisitions of pipeline equipment were deferred indefinitely as equipment can currently be rented more economically.

The Projects Department built four new gas processing plants, expanded two existing plants and added facilities at two existing compressor stations.

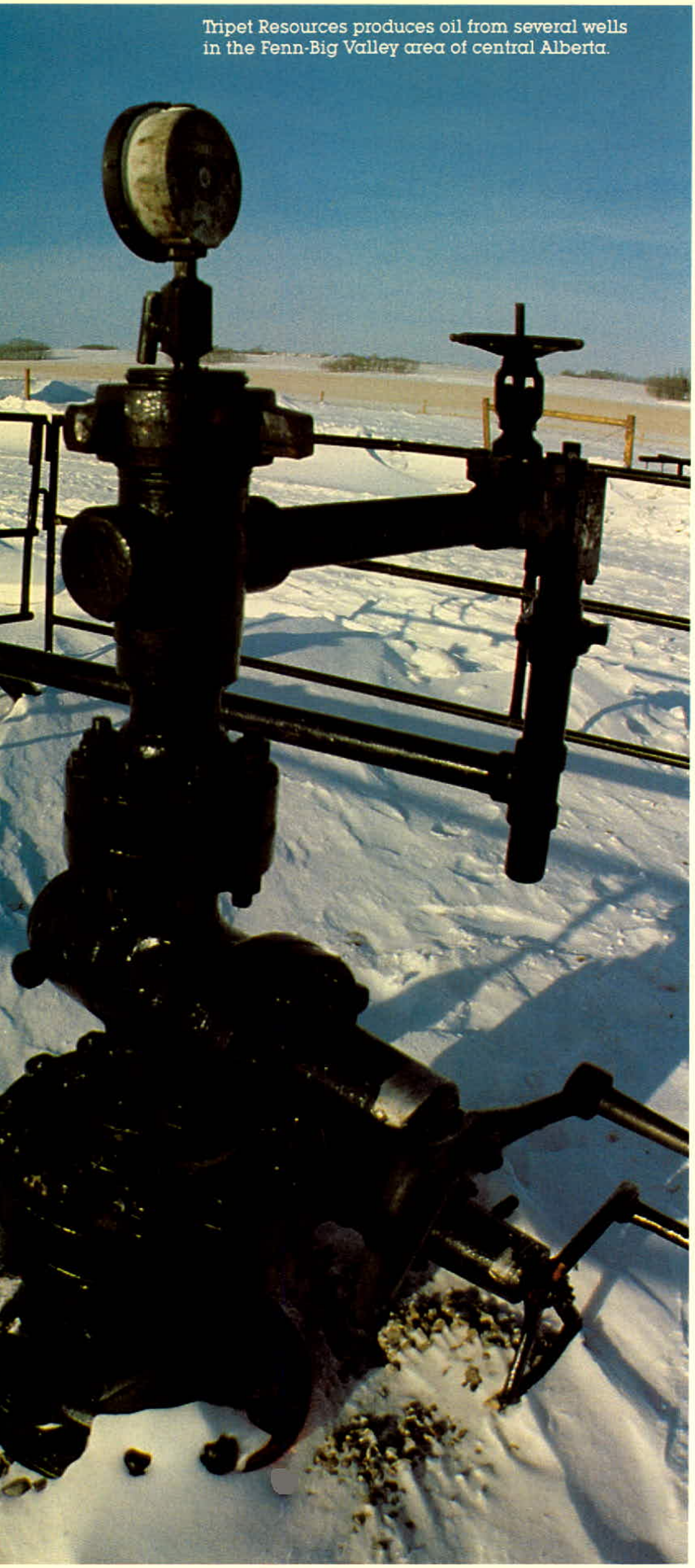
The District Oilfield Maintenance Department, operating from offices in Turner Valley, Stettler and Nisku, Alberta, provided ongoing maintenance for production facilities and carried out small construction jobs.

The Technical Enterprise Department discontinued its electrical installation and maintenance service for oil rigs because of a lack of business. It now concentrates on providing pneumatic power systems for drilling and general industry along with airport navigational aids.



Kenting's pipeline division installs a natural gas line southwest of Calgary.

OIL AND GAS INVESTMENT



Tripet Resources produces oil from several wells in the Fenn-Big Valley area of central Alberta.

Segment Summary

	Year ended December 31	
	1982	1981
	(thousands)	
Revenues	$ 5,280	$ 3,879
Operating income	2,318	1,168
Depreciation, depletion & amortization	1,687	1,237
Capital expenditures	6,600	8,069
Identifiable assets	34,941	29,617

Trimac explores for and develops oil and gas resources in Canada and the United States. Most of our investment in Canada is through Tripet Resources Limited and in the United States through Quantum Resources Inc. Other properties are held in Canada by Kenting Drilling and in the United States through the Cactus group of companies. In 1982, Trimac invested $2.4 million in exploration and development in Canada and $4.2 million in the United States.

CANADA

Trimac's exploration for oil and gas resources showed encouraging results in 1982. Oil was discovered in the Fenn-Big Valley area of east-central Alberta and brought into production. Natural gas reserves near Wardlow, Alberta, were readied for production at year end and other oil deposits were being evaluated.

Our Canadian exploration and development program, operated by Tripet, is funded on an equal basis with General Distributors of Canada Ltd.

The program's greatest exploration success occurred at Fenn-Big Valley where seven of 17 wells were cased and five are on oil production. The other 10 were abandoned. Trimac's share of allowable production from the area was 375 barrels per day at year end. This production, which receives the New Oil Reference Price, is subject to regulatory review and prorationing if Alberta oil production exceeds market demand. Reserves are being evaluated. Tripet, with interests in more than 6,800 gross hectares (17,000 gross acres) of undeveloped land, plans to continue exploration.

In other exploration activity, Trimac has a 12.5 per cent interest in an oil discovery near Kyle in northern Alberta. The well is being evaluated and further exploration and development could proceed.

Near Cynthia, two oil discoveries are being evaluated and additional exploration is planned. Trimac's interest is 4.5 per cent.

Trimac has interests of between 10 and 25 per cent in several other holdings in northern Alberta on which further operations are planned.

In the Wardlow area, production began January 11, 1983, from 105 shallow gas wells in which Trimac has a 15 per cent interest. Trimac's share of the production, which is being sold under a long term contract, approaches 28,000 cubic metres (one million cubic feet) per day.

At Chauvin, in east-central Alberta, Trimac has a 10 per cent interest in 15 wells that produce medium-gravity crude oil. Whether additional wells are drilled will depend on the demand for this lower-grade oil. A similar situation exists with separate heavy oil discoveries at Lost Point, Court and Denzil, Saskatchewan, where development will depend on markets.

Trimac plans to invest $3 million in petroleum exploration and development in Canada during 1983.

DRILLING RESULTS

(number of wells)	1982		1981	
	gross	net	gross	net
Canada				
oil	17	5.1	10	1.6
gas	3	1.1	108	31.9
dry	22	7.2	18	3.1
United States				
oil	3	0.5	—	—
gas	1	0.2	2	0.2
dry	2	0.1	3	0.4

UNITED STATES

Trimac, through Quantum Resources, has a 22 per cent interest in an exploration joint venture in the Paradox Basin of southeastern Utah and southwestern Colorado. Nine wells were drilled by early 1983, resulting in four oil discoveries, one gas find and four dry holes. The joint venture, with an interest in more than 40,000 hectares (100,000 acres), will continue gathering seismic data and drilling exploratory wells. Trimac plans to invest about $2.5 million in the program during 1983.

NET PROVED RESERVES

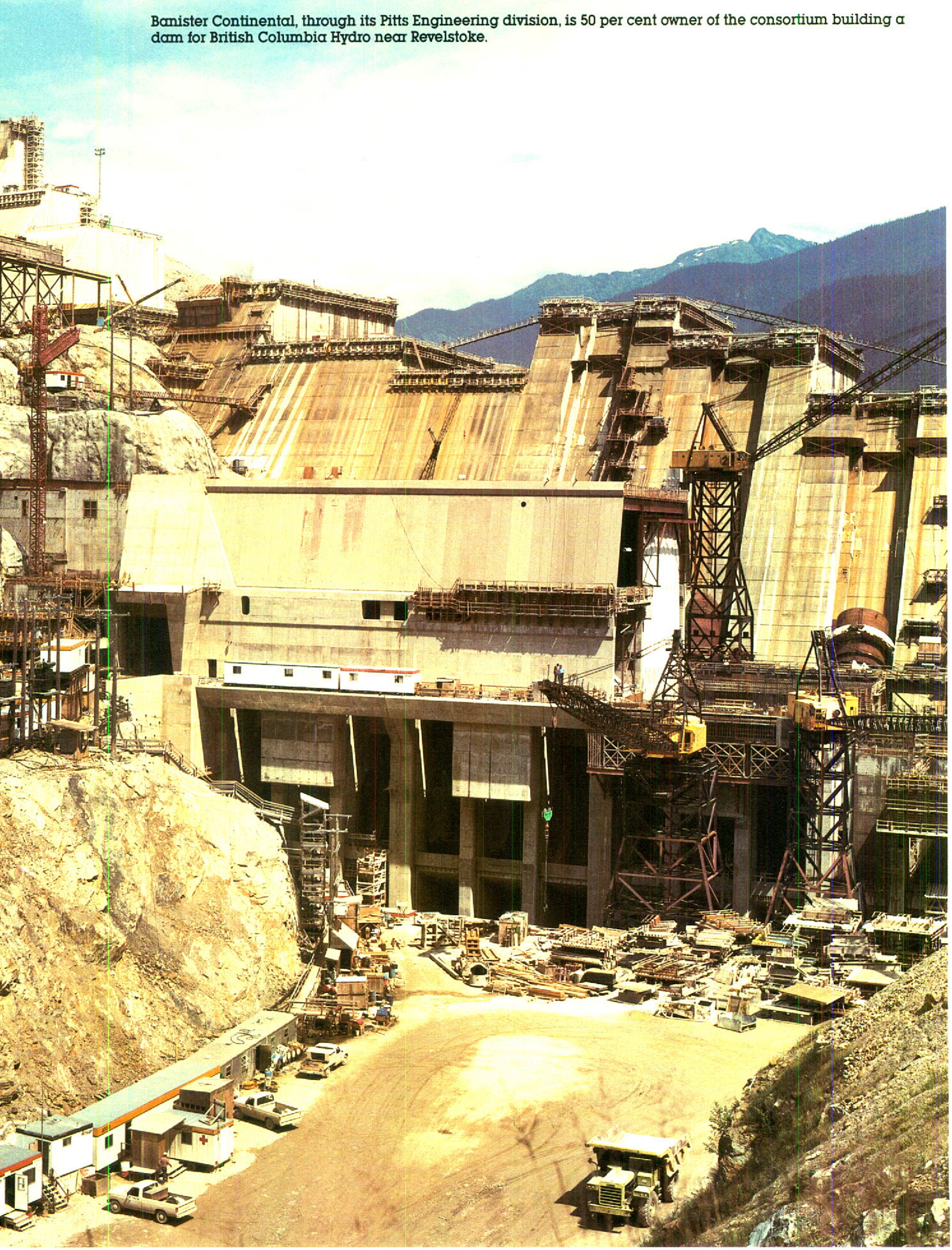
	Oil and NGLs (barrels)		Natural Gas (millions of cubic feet)	
	1982	1981	1982	1981
Canada	677,000	380,000	23,624	26,411
United States	278,000	253,000	2,055	2,094
Total	955,000	633,000	25,679	28,505

UNDEVELOPED LAND

(acres)	1982		1981	
	gross	net	gross	net
Alberta	340,100	51,100	318,400	45,200
British Columbia	58,300	5,900	58,300	5,900
Saskatchewan	28,100	6,000	50,900	7,800
Total Canada	426,500	63,000	427,600	58,900
Total United States	131,600	26,800	1,200	400
Total	558,100	89,800	428,800	59,300

AFFILIATES

Banister Continental, through its Pitts Engineering division, is 50 per cent owner of the consortium building a dam for British Columbia Hydro near Revelstoke.



Segment Summary
(Trimac's share of affiliates)

	Year ended December 31	
	1982	1981
	(thousands)	
Revenues	$81,755	$19,395
Operating income	4,924	3,925
Depreciation & amortization ..	2,753	1,542
Capital expenditures ..	7,317	2,002
Identifiable assets	49,443	17,169

The pursuit of opportunities related to our core services in transportation and energy has given Trimac an interest in several complementary enterprises. These include waste management services, hydrocarbon trading and construction of large diameter pipelines and major civil engineering projects.

HEAVY CONSTRUCTION

Banister Continental Ltd., a major Canadian builder of large diameter pipelines and large civil engineering projects, was active and successful during 1982.

Trimac acquired a 20 per cent interest in Banister effective April 1, 1982, through the purchase of one million treasury shares at $7.50 per share. Trimac also obtained an option to purchase another 20 per cent from the founding Banister family. This option, at the higher of market price or $12.00 a share, expires December 31, 1983. Trimac has agreed, if the option is exercised, to make a follow up offer of equivalent value to all minority shareholders.

Banister's pipeline division worked on several projects during 1982. The largest of these was 190 km (120 miles) of 914 mm (36 inch) natural gas pipeline built for TransCanada PipeLines in eastern Ontario. This project, completed in December, 1982, was one of the largest dollar value pipeline contracts ever undertaken by Banister.

Banister, through its Pitts Engineering Construction division, was active on heavy construction projects in British Columbia, Alberta, Ontario, Newfoundland and the Yukon. Pitts is sponsor and 50 per cent partner in the consortium that is building a dam and powerhouse for British Columbia Hydro on the Columbia River near Revelstoke. The six-year project, to create an installed capacity of 2,760 megawatts, is scheduled for completion in 1984. Other projects include hydroelectric powerhouses, bridges, highway overpasses and marine drydock facilities.

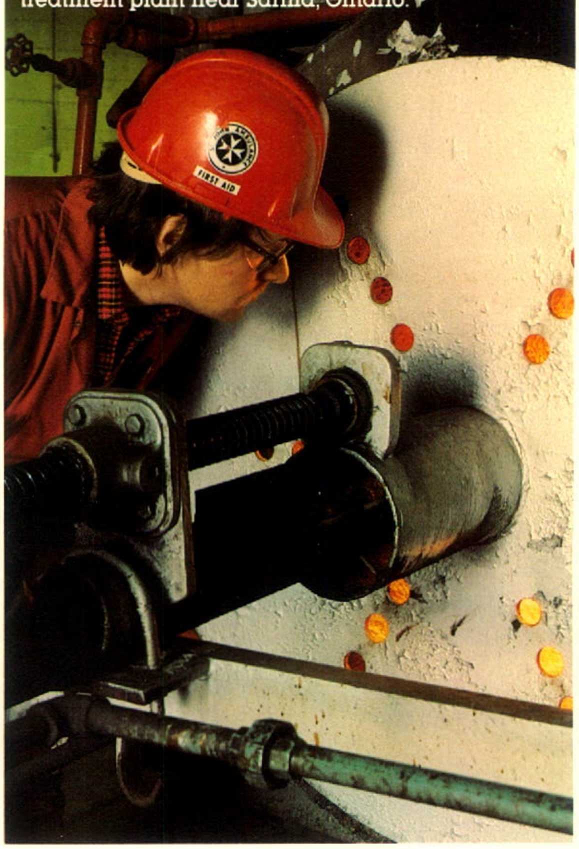
Cliffside Pipelayers, another Banister division, installs underground utility services such as natural gas pipelines, water and sewer pipes, and electrical cables mostly in the Toronto area.

Banister anticipates reduced markets in 1983. The amount of large diameter pipeline work available has declined and fewer major construction projects are planned. This has resulted in a considerable reduction in Banister's backlog of projects which was $95 million at the end of 1982, compared with $211 million a year earlier.

WASTE MANAGEMENT

Trimac supplies waste management services in Canada and the United States through Tricil Limited, a joint venture owned equally with C-I-L Inc. Tricil provides industrial and government clients with three major services: collection, treatment and disposal of liquid waste; collection and disposal of solid waste; and the recovery from waste of energy and other resources.

Tricil expanded its operations in the United States with the purchase of Systech Liquid Treatment Corporation which operates plants in Ohio, Michigan and Tennessee. These facilities handle 150 million litres (33 million gallons) of waste annually and are the first liquid treatment operations for Tricil in the United States.



Industrial liquid wastes are incinerated at the Tricil treatment plant near Sarnia, Ontario.

Modifications began on the Tricil liquid waste treatment plant near Sarnia, Ontario. The new plant, incorporating the latest waste treatment technologies, will be the largest liquid waste treatment centre in Canada. The $9 million improvement program, to be completed in mid-1983, was 75 per cent finished at year end.

A patented process—the Soliroc Process—for the stabilization and solidification of inorganic liquid wastes was acquired under licence from a Belgian company, Cemstobel S.A.

During 1982, Tricil completed a contract under which it successfully modified the Recycle Energy System at Akron, Ohio, enabling the plant to reliably process municipal refuse for the first time in its history. Tricil also obtained a contract to operate the Akron facility for 10 years and has an option to renew the agreement for another decade. The Akron plant converts waste into steam for distribution to a district heating system. Additional means are being evaluated to more fully utilize the energy obtained from waste incineration.

The addition of a steam-driven turbine generator was completed in October at the waste incineration plant Tricil operates at Hamilton, Ontario. This demonstration unit is the first in Canada fueled by municipal waste that sells its power into an electric power grid.

Construction of a smaller energy-from-waste plant near Charlottetown, Prince Edward Island, proceeded on schedule toward a 1983 completion.

Tricil added to its municipal waste collection and disposal operations with the purchase of Haul-Away Waste Removal Services (Edmonton) Ltd.

While Tricil successfully developed new business opportunities, its operations were affected by the recession. Costs were reduced by increasing operating efficiency and by delaying replacement of some capital items. Staff increased by 10 per cent to 510.

Tricil has a sound outlook because of its broad range of waste services and the increasing requirements for environmentally safe waste disposal.

HYDROCARBON TRADING

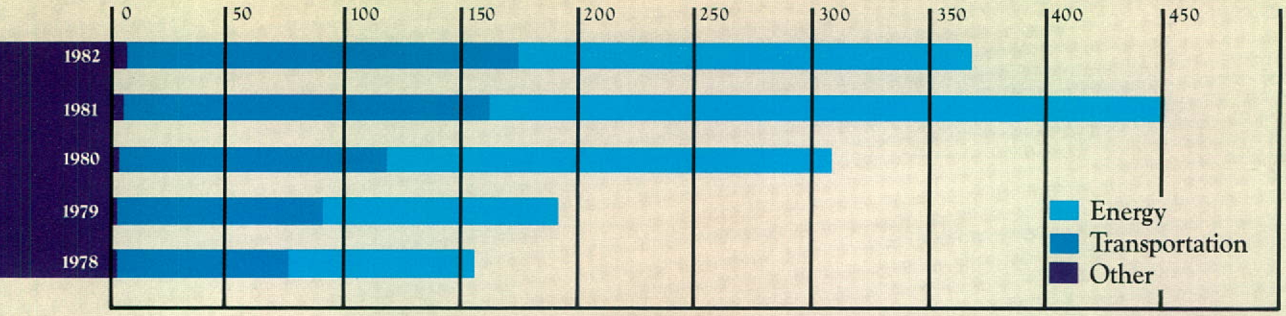
Stephens Energy Limited, owned equally by Trimac and The Great Western Holding Corporation, markets petrochemical feedstocks, specialty refinery products and natural gas liquids across North America.

Operations expanded during 1982 to keep pace with rising demand. Staff more than doubled to 26 and wholesale offices were opened in early 1983 at Houston, Texas, and Bridgewater, New Jersey. The fleet of leased and short term rental rail tank cars, used to ship products from refiners and oilfield producers, increased to 275 from 165.

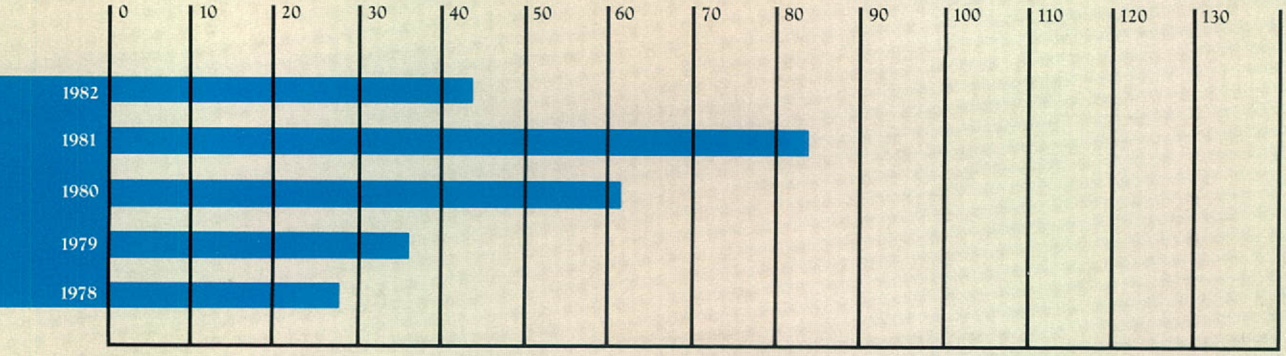
Stephens expanded into local propane distribution with the purchase of Commercial Propane, Inc. which will handle supply and distribution to service stations in Ontario.

FINANCIAL RESULTS

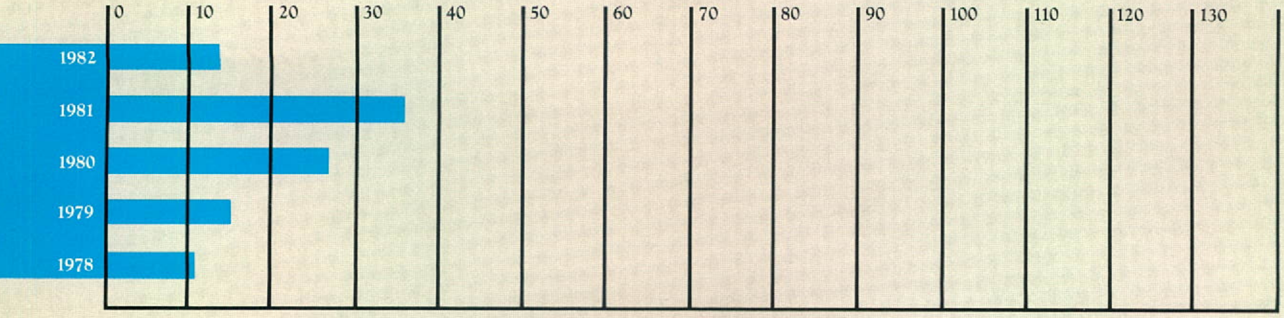
OPERATING REVENUES (Millions of dollars)



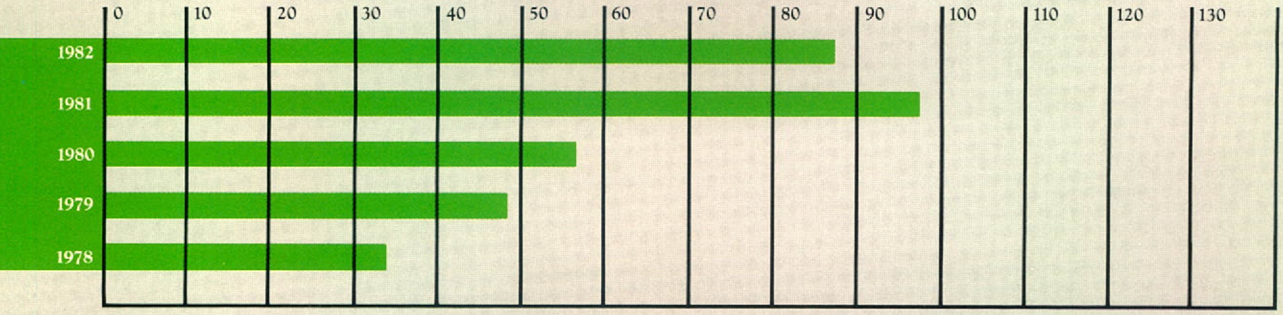
FUNDS FROM OPERATIONS (Millions of dollars)



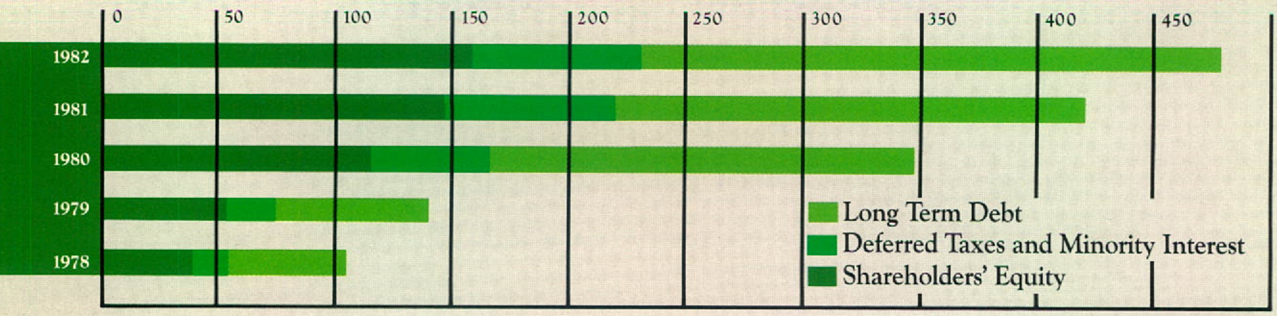
NET EARNINGS (Millions of dollars)



NET CAPITAL EXPENDITURES (Millions of dollars)



CONSOLIDATED CAPITALIZATION (Millions of dollars)



FINANCIAL REVIEW

All segments of Trimac maintained results comparable with 1981, with the exception of Cactus where the depressed drilling market in the United States was the principal reason for the reduced 1982 net earnings.

On February 22, 1983, Trimac issued 3,000,000 common shares; the net proceeds of $19,430,000, were used to strengthen the company's equity base and to increase working capital.

OPERATIONS

Revenues—Trimac's revenues decreased 18.0 per cent to $369,417,000 from $450,721,000. This was mainly attributable to a decline in our land drilling revenues, particularly in the United States. Small declines in revenues in Canadian highway hauling were more than offset by increases in United States highway hauling due to the acquisition of Quality Service Tank Lines.

Interest on Long Term Debt—This decreased $1,725,000 to $32,943,000 reflecting an effective rate of 15.2 per cent during 1982 approximately 2.0 per cent lower than 1981. Total long term debt, including current portion, increased $54,258,000, of which $26,000,000 relates to the construction of the company's head office building. Interest on this project is being capitalized during the construction and development period.

Income Tax Recovery—The 1982 net recovery of $5,721,000 reflects the continuing positive effect of the 1980 income tax reorganization of Cactus as well as investment tax credits earned in Canada and in the United States. Details are shown in Note 3.

Share of Earnings of Affiliates—Trimac's investment in Banister Continental Ltd., effective April 1, 1982, contributed to the increase in this category. Earnings from Tricil and Stephens Energy were slightly below those of 1981.

Net Earnings—Trimac's net earnings decreased to $13,420,000, a 62.4 per cent decline, mostly because of the marked downturn in the United States drilling market throughout 1982, compared with the buoyant market of 1981. At the activity levels experienced in 1982, the United States land drilling operations are not profitable.

FINANCIAL POSITION

Investments in and Advances to Affiliates—This increased as a result of the acquisition of 20.4 per cent of the outstanding common stock of Banister Continental Ltd., effective April 1, 1982, for $8,292,000. The shares were acquired from Banister treasury stock, strengthening its financial position. At December 31, 1982, Banister had working capital of $11,000,000, total assets of $108,000,000, long term debt of $2,000,000 and total shareholders' equity of $50,000,000.

Working Capital—Working capital decreased by $13,483,000, mainly due to the decline in revenues and the resulting lower levels of accounts receivable.

Consolidated Capitalization—Trimac's capitalization changed as shown in the following table from 1981 to 1982 (after giving effect to the February 22, 1983, share issue):

	1982	1981	1982	1981
	(thousands of dollars)		(percentage)	
Long term debt	$248,319	$200,372	49.8	47.5
Deferred income taxes	61,882	63,130	12.4	15.0
Minority interest	9,369	10,937	1.9	2.6
Shareholders' equity	179,054	147,437	35.9	34.9
	$498,624	$421,876	100.0	100.0

CHANGES IN FINANCIAL POSITION

Funds from Operations—Funds from operations declined to $43,370,000 in 1982, consistent with the earnings decline.

Capital Expenditures—Expenditures on fixed assets, net of disposal proceeds, were $87,056,000 (1981—$97,379,000). This net expansion resulted from the completion of the program initiated previously to upgrade the Cactus drilling fleet, further expenditures for the Calgary head office building and expenditures in Kenting Drilling for construction of a 6,100 metre rig. Oil and gas development expenditures totalled $6,600,000 and $9,400,000 was spent in the other energy and transportation divisions.

Long Term Debt—Long term debt increased by $47,947,000. This increase was mainly as a result of completion of the upgrade program for the United States drilling fleet assets; the acquisition of Quality Service Tank Lines and investment in Banister Continental Ltd. shares together with an amount of $26,000,000 to finance construction costs of the head office building in Calgary.

Capital Expenditures

	Drilling	Highway Transportation	Oil and Gas	Leasing	All Other Divisions	Total
			(thousands of dollars)			
Funds provided for fixed asset replacement:						
(a) Depreciation, depletion and amortization	$19,563	$10,884	$ 1,687	$ 6,547	$ 3,650	$42,331
(b) Asset disposal proceeds	1,884	2,869	—	7,357	3,525	15,635
Total replacement funds	21,447	13,753	1,687	13,904	7,175	57,966
Capital expenditures	47,850	7,172	6,600	9,375	31,694 (1)	102,691
Net expansion of fixed assets	$26,403	$ (6,581)	$ 4,913	$ (4,529)	$24,519	$44,725
Net expansion was financed from the following sources:						
(c) Net increase (decrease) in term debt	$11,057	$ 50	$ 75	$ (3,828)	$32,875 (2)	$40,229
(d) Deferred income tax increase (decrease)	1,448	(994)	(134)	202	(2,825)	(2,303)
(e) Net funds from or (to) working capital	13,898	(5,637)	4,972	(903)	(5,531)	6,799
	$26,403	$ (6,581)	$ 4,913	$ (4,529)	$24,519	$44,725

(1) Mainly head office building
(2) Includes financing of investment in Banister Continental of $8,100,000.

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS

	Year ended December 31	
	1982	1981
	(thousands of dollars)	
OPERATING REVENUES	$369,417	$450,721
COSTS AND EXPENSES:		
Operating	286,679	335,311
Depreciation, depletion and amortization	42,331	35,516
	329,010	370,827
	40,407	79,894
OTHER DEDUCTIONS (INCOME):		
Interest—long term debt	32,943	34,668
Other interest (net)	113	(2,856)
Gains on sale of assets	(74)	(6,485)
	32,982	25,327
	7,425	54,567
INCOME TAXES (Note 3):		
Current	6,630	1,079
Deferred	(12,351)	15,695
	(5,721)	16,774
	13,146	37,793
Share of earnings of affiliates	2,278	1,775
	15,424	39,568
Minority interest in net earnings of subsidiaries	(508)	(3,719)
Net earnings before extraordinary item	14,916	35,849
Extraordinary item (Note 7)	(1,496)	(170)
NET EARNINGS	13,420	35,679
Retained earnings, beginning of the year	93,061	61,343
Dividends—		
Common shares (1982—$0.09 per share; 1981—$0.12 per share)	(2,581)	(3,318)
Preferred shares	(663)	(694)
Gain on redemption of 9.12% First Preferred Shares, Series A	84	51
RETAINED EARNINGS, END OF THE YEAR	$103,321	$ 93,061
NET EARNINGS PER SHARE BEFORE EXTRAORDINARY ITEM		
—Basic	$ .50	$1.27
—Diluted	.50	1.23
NET EARNINGS PER SHARE		
—Basic	.45	1.27
—Diluted	.45	1.23

CONSOLIDATED BALANCE SHEET

	December 31 1982	December 31 1981
	(thousands of dollars)	
ASSETS		
CURRENT ASSETS:		
Cash and term deposits	$ 10,465	$ 12,983
Accounts receivable	56,001	88,409
Contracts in progress	1,695	4,405
Income taxes recoverable	10,032	5,135
Materials and supplies	4,560	4,880
Prepaid expenses	6,189	6,087
Due from foreign affiliate	4,636	—
TOTAL CURRENT ASSETS	93,578	121,899
INVESTMENTS AND ADVANCES:		
Investments in and advances to affiliates	17,918	7,254
Notes receivable and other	7,649	7,440
	25,567	14,694
FIXED ASSETS (Note 2)	425,889	367,875
GOODWILL AND AUTHORITIES	4,795	2,881
	$549,829	$507,349
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank advances, secured	$ 8,719	$ 12,376
Accounts payable and accrued	38,392	46,377
Contract advances	4,274	13,781
Current maturities of long term debt (Note 4)	19,250	12,939
TOTAL CURRENT LIABILITIES	70,635	85,473
LONG TERM DEBT (Note 4)	248,319	200,372
DEFERRED INCOME TAXES	61,882	63,130
MINORITY INTEREST	9,369	10,937
SHAREHOLDERS' EQUITY:		
Share capital (Note 5)	56,303	54,376
Retained earnings	103,321	93,061
	159,624	147,437
CONTINGENCIES (Notes 3 and 6)		
	$549,829	$507,349

Approved by the Board:

J. R. McCaig

J. R. McCaig
Director

A. Vanden Brink

A. Vanden Brink
Director

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1982	1981
	(thousands of dollars)	
SOURCE OF FUNDS:		
From operations	$ 43,370	$ 83,671
Increase in long term debt	69,874	42,550
Proceeds on sale of fixed assets	15,635	23,003
Recovery of income taxes paid	11,781	3,716
Proceeds on issue of common shares	2,271	394
	142,931	153,334
APPLICATION OF FUNDS:		
Purchase of fixed assets	102,691	120,382
Decrease in long term debt	29,645	24,479
Investment in subsidiaries, net of working capital acquired	10,234	—
Increase in investments in and advances to affiliates (net)	8,486	263
Dividends	3,244	4,012
Other changes—net	2,114	(21)
	156,414	149,115
(Decrease) increase in working capital	(13,483)	4,219
Working capital, beginning of the year	36,426	32,207
WORKING CAPITAL, END OF THE YEAR	$ 22,943	$ 36,426
CHANGES IN COMPONENTS OF WORKING CAPITAL:		
Increase (decrease) in current assets:		
Cash and term deposits	$ (2,518)	$ (12,872)
Accounts receivable, contracts in progress and income taxes	(30,221)	10,797
Materials and supplies, prepaid expenses and due from affiliate	4,418	1,044
	(28,321)	(1,031)
Decrease (increase) in current liabilities:		
Bank advances	3,657	(8,566)
Accounts payable and contract advances	17,492	7,453
Current maturities of long term debt	(6,311)	6,363
	14,838	5,250
(Decrease) increase in working capital	$ (13,483)	$ 4,219

AUDITORS' REPORT

To the Shareholders of
TRIMAC LIMITED:

We have examined the consolidated balance sheet of Trimac Limited as at December 31, 1982 and the consolidated statements of earnings and 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 the 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.

Calgary, Alberta
February 18, 1983

PRICE WATERHOUSE
Chartered Accountants

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of Trimac Limited ("the Company") and its subsidiaries (collectively "Trimac"). All of the Company's subsidiaries are wholly owned except Cactus Corporation of Texas (87%).

Investments in affiliates (generally ownership of 20% to 50%) are accounted for by the equity method. Under this method, the cost of the investment, including goodwill at acquisition, is adjusted for Trimac's share of undistributed earnings or losses and capital transactions.

Translation of foreign currencies

The accounts of foreign subsidiaries have been translated into Canadian dollars; current assets and liabilities using the rate in effect at December 31, other balance sheet items and related depreciation, depletion and amortization at applicable historical rates, and revenues and other expenses at the average exchange rate. Unrealized exchange gains and losses are reflected in earnings as they accrue with the exception of unrealized gains relating to translation of the accounts of the 49% owned Nigerian affiliate (previously a 60% subsidiary), which is subject to foreign exchange control regulations and lengthy collection periods.

Fixed assets

Depreciation is provided at rates which will amortize costs to estimated residual values, mainly as follows:

Asset	Depreciation Method	Estimated Useful Life (Years)
Land drilling rigs	Straight line (residual - 15% to 25%)	15
Offshore platform rigs	Straight line based on operating days (residual - 25%)	15
Highway tractors	Varying percentages of original cost	5 - 7
Highway trailers	Straight line	7 - 8
Rental vehicles	Varying percentages of original cost	3
Lease vehicles	Varying percentages of original cost	2 - 5
Buildings and other	Various	4 - 25

Trimac capitalizes interest relating to the construction of the Calgary office building, properties under development and rigs under construction (1982—$2,886,000; 1981—$1,313,000).

Goodwill and authorities

Goodwill and authorities are being amortized on a straight line basis over periods of up to 40 years, except for $2,223,000 which was acquired prior to March 31, 1974.

Income from contracts

Income from contracts is recorded by the percentage of completion method of accounting. Any anticipated losses are provided for in their entirety.

Interests in oil and gas properties

The full cost method of accounting for interests in oil and gas properties is followed, whereby all costs (net of any disposal proceeds) related to the exploration for and development of oil and gas reserves are capitalized. Costs are depleted using the unit of production method, based on total estimated proven reserves.

Investment tax credits

Investment tax credits are accounted for by reducing the income tax provision in the year in which the related assets are acquired or put into service.

Comparative information

Certain comparative figures have been restated to conform to the current year's presentation.

NOTE 2 - FIXED ASSETS

The cost of fixed assets and net book value by major classification are as follows:

	December 31			
	1982		1981	
	Cost	Net Book Value	Cost	Net Book Value
	(thousands of dollars)			
Equipment				
Drilling rigs and related equipment	$307,265	$261,911	$265,490	$238,257
Bulk hauling highway units	81,176	39,205	66,753	33,124
Lease and rental vehicles	27,838	18,429	31,997	23,051
Other	34,737	19,299	36,237	20,519
	451,016	338,844	400,477	314,951
Land, buildings and yard improvements	59,404	55,616	28,959	26,343
Interests in oil and gas properties	35,568	31,429	28,968	26,581
	$545,988	$425,889	$458,404	$367,875

NOTE 3 - INCOME TAXES

The provision for 1982 and 1981 income taxes is less than would otherwise be expected, for the reasons set out below:

	1982		1981	
	Amount	% of Earnings Before Tax	Amount	% of Earnings Before Tax
	(thousands of dollars)			
Computed "expected" tax	$ 3,630	48.9 %	$25,449	46.6 %
Permanent difference in tax depreciation (a)	(3,330)	(44.9)	(5,162)	(9.5)
Investment tax credits (b)	(5,512)	(74.2)	(3,627)	(6.6)
Other (net)	(509)	(6.9)	114	.2
Actual tax (recovery) provision	$(5,721)	(77.1)%	$16,774	30.7 %

Recovery of income taxes paid

The tax reorganization of Cactus resulted in approximately $28,000,000 in income taxes payable (included with deferred taxes); of this amount $17,390,000 was paid in 1980, however $15,497,000 was recovered in 1981 and 1982.

(a) Contingent liability—Pursuant to the 1980 tax reorganization of Cactus the current year's tax provision has been reduced by $3,330,000 as a result of deducting, for U.S. federal income tax purposes, $7,239,000 of the $41,537,000 by which the tax cost base of the assets exceeded the related accounting cost. Cactus intends to deduct the remaining $16,835,000 over the next three years, thereby reducing its income tax expense and increasing its net earnings and retained earnings by a further aggregate $7,744,000, assuming a 46% U.S. federal income tax rate. In view of the magnitude of the amounts involved, it is expected that the Internal Revenue Service will challenge this treatment. Should such a challenge be ultimately upheld, the effect would be to reduce Trimac's 1982 net earnings by up to $3,330,000 (1981—$5,162,000; 1980— $2,871,000).

(b) As stated in Note 1, investment tax credits are recognized when the related assets are put into service. In 1982, this had the effect of increasing income by $5,512,000 (1981—$3,627,000).

NOTE 4 - LONG TERM DEBT

Details of long term financing arrangements, including aggregate annual repayments required over the next five years, are as follows:

	December 31			
	1982		1981	
	Long Term	Current	Long Term	Current
	(thousands of dollars)			
Equipment obligations				
Bank term loans				
Cactus (a)	$107,755	$ 4,229	$ 86,519	$ –
Kenting (b)	24,230	9,192	30,099	10,223
Other (c)	5,829	2,703	–	–
Revolving credit agreements (d)	32,292	716	38,275	213
Other	3,441	410	1,667	141
Total equipment obligations	173,547	17,250	156,560	10,577
Other long term debt				
Bank term loans (e)	37,055	1,523	27,635	2,075
Building loan (f)	29,164	—	3,110	–
Purchase liability (g)	5,591	—	12,046	–
Other	2,962	477	1,021	287
Total other long term debt	74,772	2,000	43,812	2,362
Total long term debt (h)	$248,319	$19,250	$200,372	$12,939

(a) The loans may be drawn down under a $100,000,000 U.S. (approximately $120,000,000 Canadian) line of credit until July 23, 1985. At July 23, 1983 equal quarterly principal repayments over 12 years will commence. Interest rates will vary over the period from ⅝% to 1% over the London Interbank Offered Rate ("LIBOR"). The loans are secured by Cactus drilling rigs.

(b) The loans are secured mainly by certain drilling rigs, a helicopter and related accounts receivable. Interest rates are mainly ½% to ¾% over prime or LIBOR.

(c) The loans are secured by highway transportation equipment and a drilling rig. Interest rates vary mainly from 11.5% to 17.0%.

(d) The revolving credit agreements of various subsidiaries provide for credit lines equal to the lesser of a total of $58,589,000 at December 31, 1982, or an amount determined by formula in each agreement (which amounts totalled $36,296,000 at December 31, 1982). Fixed and floating interest rates vary from ½% to 1% over prime. The loans are secured by charges against certain vehicular equipment under either a floating charge debenture or chattel mortgages. Although the revolving credits may be terminated by defined notice they are expected to continue. If termination does occur, each of the agreements provides for the loans to be repaid in monthly installments on a term basis ranging from five to eight years.

(e) Bank term loans are repayable over periods of up to nine years. The interest rates vary from ½% to 1½% over prime. 410,241 common shares and 9,000 Class "C" preferred shares of Kenting Limited have been lodged as security for loans of $3,742,000.

(f) The building loan relates to a construction facility aggregating $40,000,000, maturing July 1, 1984, convertible to a 13 year term loan. Interest rates are ⅛% over prime during construction and vary from ⅜% to ⅞% over prime during the term period. No principal repayments are required until 1990.

(g) The purchase liability, which arose on the acquisition of Cactus is payable over three years to July 23, 1985, in varying amounts. It is anticipated that payments will be financed under the Cactus equipment loan facility.

(h) Repayments—Aggregate amounts of long term debt repayable in the years ending December 31 are: 1983— $19,250,000; 1984—$24,632,000; 1985—$30,794,000; 1986—$30,566,000; 1987—$18,496,000; thereafter—$111,539,000.

If the revolving credit agreements were terminated, estimated additional repayments in the years ending December 31, would be: 1983—$5,488,000; 1984—$8,129,000; 1985—$6,148,000; 1986—$4,273,000; 1987—$2,656,000; thereafter—$5,598,000.

NOTE 5 - SHARE CAPITAL

	Issued	
	Number	Amount
First Preferred Shares of a par value of $25. each (authorized 640,000 shares—$16,000,000)—		
9.12% Cumulative Redeemable First Preferred Shares, Series A		
Issued as at December 31, 1981	279,000	$ 6,975,000
Purchased for cancellation (a)	(12,800)	(320,000)
Issued as at December 31, 1982	266,200	6,655,000
Second Preferred Shares of a par value of $10. each (authorized 250,000 shares—$2,500,000)—		
4% Non-Cumulative Redeemable, Convertible Second Preferred Shares, "A" Series		
Issued as at December 31, 1981	8,400	84,000
Converted into common shares	(2,400)	(24,000)
Issued as at December 31, 1982	6,000	60,000
Common (authorized 45,000,000 shares—maximum consideration $200,000,000)—		
Issued as at December 31, 1981	27,743,238	47,317,000
Issued on the conversion of Kenting Limited Class D preferred shares	527,850	1,577,000
Issued on the exercise of the Employees' Stock Option Plan	38,100	157,000
Issued on conversion of Second Preferred Shares, "A" Series	28,800	24,000
Issued on exercise of Share Purchase Warrants	513,216	513,000
Issued as at December 31, 1982	28,851,204	49,588,000
Total share capital—December 31, 1982		$56,303,000

(a) Purchase obligation—The Company is required to purchase 3,200 First Preferred Shares, Series A each calendar quarter in the open market, if the market price does not exceed par plus accrued and unpaid cumulative dividends and costs of purchase. The quarterly purchase obligation carries forward for up to three succeeding quarters, to the extent not satisfied, and is then extinguished. During 1982 the Company purchased 12,800 shares pursuant to its purchase obligation. For the first quarter of 1983, the outstanding obligation amounts to 3,200 shares, that quarter's obligation. After June 30, 1982, the Company is further entitled to redeem the outstanding First Preferred Shares, Series A at a premium reducing from $1.75 per share during the 12 months ending June 30, 1983, to nil after June 30, 1987.

Common Shares Reserved

At December 31, 1982, the following common shares were reserved:

	Number of Shares
—for conversion of 6,000 Second Preferred Shares, "A" Series	72,000
—for options granted to officers and employees of the Company and its subsidiaries under the terms of the Company's Employee Stock Option Plan (a)	779,900
	851,900

(a) Options to purchase common shares were outstanding as follows:

Date granted	Expiry date	Price per share	Number of common shares
November 20, 1979	November 20, 1984	$ 4.011	207,900
November 26, 1980	November 26, 1985	11.875	474,000
April 21, 1981	April 21, 1986	14.707	33,000
August 20, 1981	August 20, 1986	12.830	6,000
November 17, 1981	November 17, 1986	9.500	35,000
March 11, 1982	March 11, 1987	6.175	24,000
			779,900

NOTE 6 - INVESTMENT IN BANISTER CONTINENTAL LTD.

Effective April 1, 1982, Trimac acquired a 20.4% interest in Banister Continental Ltd. at a cost of $8,292,000; Trimac's share of earnings has been recorded since that date. Banister is a major public Canadian company specializing in the engineering and construction of large scale energy developments, hydro-electric dams, cross country pipelines, marine projects and underground utilities certain of which are carried out with joint venture partners. Banister follows the percentage of completion method of accounting for construction in progress and provides for any anticipated losses based on estimates.

At December 31, 1982, Banister had claimed $40,000,000 under a contract in progress and was subject to possible penalties under the contract of some $8,500,000. In another claim Banister was awarded $15,800,000; such award is subject to appeal. No recognition has been given in the accounts to such claim, penalties or award.

NOTE 7 - EXTRAORDINARY ITEM

The 1982 extraordinary item represents a write-off of the development costs of a joint venture to construct a high density polyethylene plant in Edmonton. The write-off of $1,496,000 is net of estimated income taxes of $1,425,000.

NOTE 8 - STATUTORY INFORMATION

The aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers (as defined in the Alberta Companies Act) of the Company for the year ended December 31, 1982, was $924,000 (1981 — $1,224,000).

NOTE 9 - INTEREST OF EMPLOYEES IN CACTUS CORPORATION OF TEXAS

Each of three senior officers of Cactus has an option to sell his shares in Cactus to Trimac and Trimac has options to buy their shares for cash after April 1, 1985, and prior to April 1, 1990. The price for such shares is to be calculated by applying one of two formulae based on the performance of Cactus. The total amount of these payments cannot be determined at this time but is expected to be no less than $3,510,000 U.S.

NOTE 10 - SUBSEQUENT EVENT

On February 8, 1983, Trimac agreed to issue, on February 22, 1983, 3,000,000 common shares at a price of $6.75 per share, or $20,250,000 in total, before commission and expenses of the issue, estimated to be $820,000.

NOTE 11 - SEGMENTED INFORMATION

Trimac's operations can be divided into three business segments:

Energy services includes oil and gas drilling, pipeline and oilfield construction, airborne and resources survey and land seismic survey.

Transportation services includes highway transportation, truck leasing and rentals, helicopter charter and transportation consulting.

Oil and gas investment includes the exploration for, and development and production of crude oil and natural gas reserves.

By Industry Segment
(thousands of dollars)

	Operating Revenues	Operating Income (a)	Depreciation, Depletion and Amortization	Capital Expenditures	Identifiable Assets
1982					
Energy services (b)	$194,393	$28,491	$22,391	$ 50,648	$346,551
Transportation services	169,672	15,725	18,055	20,297	121,087
Oil and gas investment	5,280	2,318	1,687	6,600	34,941
	369,345	46,534	42,133	77,545	502,579
Corporate and other	1,581	(6,053)	198	25,146	47,250
Interest	—	(33,056)	—	—	—
Inter-segment eliminations	(1,509)	—	—	—	—
	$369,417	$ 7,425	$42,331	$102,691	$549,829
1981					
Energy services	$ 287,616	$ 74,643	$ 17,581	$ 70,934	$ 348,165
Transportation services	159,082	16,888	16,530	36,699	112,988
Oil and gas investment	3,879	1,168	1,237	8,069	29,617
	450,577	92,699	35,348	115,702	490,770
Corporate and other	1,552	(6,320)	168	4,680	16,579
Interest	–	(31,812)	–	–	–
Inter-segment eliminations	(1,408)	–	–	–	–
	$ 450,721	$ 54,567	$ 35,516	$ 120,382	$ 507,349

By Geographic Area
(thousands of dollars)

	Year ended December 31, 1982			Year ended December 31, 1981		
	Operating Revenues	Operating Income (a)	Identifiable Assets	Operating Revenues	Operating Income (a)	Identifiable Assets
Canada	$194,455	$24,299	$223,108	$204,041	$22,488	$201,557
United States	149,809	9,630	280,441	217,418	57,780	257,609
Other	28,811	6,552	46,280	31,993	6,111	48,183
	373,075	40,481	549,829	453,452	86,379	507,349
Interest	—	(33,056)	—	–	(31,812)	–
Inter-area eliminations	(3,658)	—	—	(2,731)	–	–
	$369,417	$ 7,425	$549,829	$450,721	$54,567	$507,349

(a) Operating income is income before taxes, share of earnings of affiliates, minority interest and extraordinary items.

(b) Effective December 31, 1982, a significant portion of the land seismic service assets of the Energy Services segment was sold and losses related to the assets sold (approximately $1,000,000 on a pre-tax basis in 1982) will not continue. The gain on sale amounted to approximately $1,000,000 on a pre-tax basis.

FIVE YEAR FINANCIAL REVIEW

	1982	1981	1980	1979	1978
	Year ended December 31 (thousands of dollars, except per share figures)				
RESULTS					
Operating revenues	$369,417	$450,721	$308,987	$193,468	$155,450
Depreciation, depletion and amortization	42,331	35,516	24,527	16,346	12,745
Interest - long term debt	32,943	34,668	17,685	7,495	4,252
Earnings before income taxes, share of earnings of affiliates, minority interest and extraordinary items	7,425	54,567	43,072	24,703	19,593
Provision for income taxes	(5,721)	16,774	16,590	10,401	9,036
Share of earnings of affiliates	2,278	1,775	1,569	908	372
Minority interest	508	3,719	1,741	232	258
Net earnings for the year before extraordinary items	14,916	35,849	26,310	14,978	10,671
Per common share (1)					
- Basic	0.50	1.27	1.09	0.66	0.51
- Fully diluted	0.50	1.23	0.99	0.58	0.40
Net earnings for the year	13,420	35,679	26,828	15,069	10,464
Per common share (1)					
- Basic	0.45	1.27	1.11	0.67	0.49
- Fully diluted	0.45	1.23	1.01	0.58	0.39
Funds from operations	43,370	83,671	61,108	35,930	27,935
Per common share (1)					
- Basic	1.51	3.03	2.60	1.67	1.43
- Fully diluted	1.46	2.87	2.34	1.45	1.13
Net capital expenditures	87,056	97,379	56,390	48,637	33,384
Average number of common shares outstanding (1)					
- Basic	28,680,563	27,621,124	23,480,658	21,478,428	19,557,891
- Fully diluted	29,720,461	29,167,208	26,077,029	24,839,028	24,785,028
YEAR END POSITION					
Working capital	$ 22,943	$ 36,426	$ 32,207	$ 12,909	$ 10,676
Fixed assets, at cost	545,988	458,404	365,277	169,310	121,919
Total assets	549,829	507,349	439,473	187,424	146,871
Long term debt	248,319	200,372	182,301	66,017	49,976
Shareholders' equity	159,624	147,437	115,645	53,521	40,262
Net capital invested	479,194	421,876	348,750	141,096	104,874
QUARTERLY RESULTS (unaudited)					
Operating revenues					
First quarter	$ 99,321	$103,734	$ 54,818	$ 44,321	$ 35,318
Second quarter	81,798	108,368	52,251	42,257	36,114
Third quarter	96,573	121,877	97,846	55,801	42,360
Fourth quarter	91,725	116,742	104,072	51,089	41,658
	$369,417	$450,721	$308,987	$193,468	$155,450
Net earnings					
First quarter	$ 4,928	$ 7,433	$ 2,810	$ 3,498	$ 1,968
Second quarter	2,695	8,592	3,845	2,769	1,894
Third quarter	2,459	10,193	9,532	5,272	3,356
Fourth quarter	3,338	9,461	10,641	3,530	3,246
	$ 13,420	$ 35,679	$ 26,828	$ 15,069	$ 10,464
Fully diluted earnings per common share (1)					
First quarter	$ 0.17	$ 0.26	$ 0.10	$ 0.13	$ 0.07
Second quarter	0.08	0.29	0.15	0.11	0.06
Third quarter	0.09	0.35	0.37	0.20	0.13
Fourth quarter	0.11	0.33	0.39	0.14	0.13
	$ 0.45	$ 1.23	$ 1.01	$ 0.58	$ 0.39

(1) Restated to give effect to the January, 1980, and April, 1981, three for one common share splits.

CORPORATE INFORMATION

DIRECTORS

DIRECTORS	Director Since
J.R. McCaig, Calgary	1970
M.W. McCaig, Calgary	1971
M. Dubinsky, Q.C., Calgary	1971
A. Vanden Brink, Calgary	1976
D.D.C. McGeachy, London	1977
D.A. McIntosh, Q.C., Toronto	1977
D.K. Jackson, Calgary	1981

OFFICERS

J.R. McCaig, Chairman and Chief Executive Officer
A. Vanden Brink, President and Chief Operating Officer
K.W. Winger, Senior Vice President
M.W. McCaig, Vice President
F.T. Bailey, Vice President Administration and Secretary
C.A. Fletcher, Vice President Finance
R.B. McNichol, Treasurer

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange
Montreal Stock Exchange
Vancouver Stock Exchange

REGISTRARS AND TRANSFER AGENTS

The Royal Trust Company
— Common Shares
Central Trust Company
— 9.12% First Preferred Shares, Series A

DUPLICATE REPORTS

If, as a shareholder, you are receiving more than one copy of Trimac's Annual and Quarterly Reports, it could be individual purchases of securities are registered in slightly different names or at different addresses. If this is the case, please contact the Secretary, Trimac Limited.

ADDITIONAL INFORMATION

Contact Trimac's Public Relations Department, Box 3500, Calgary, Alberta, T2P 2P9, or telephone (403) 265-9900 for additional copies of this report or for general information about Trimac companies.

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W.W. Ebel, Vice President
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K.C. Grogan, Secretary Treasurer
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E.M. Dunlevy Jr., Vice President Finance
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C. Hollier, Operations Manager
Cactus Drilling Company
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H. Gansen, Managing Director
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