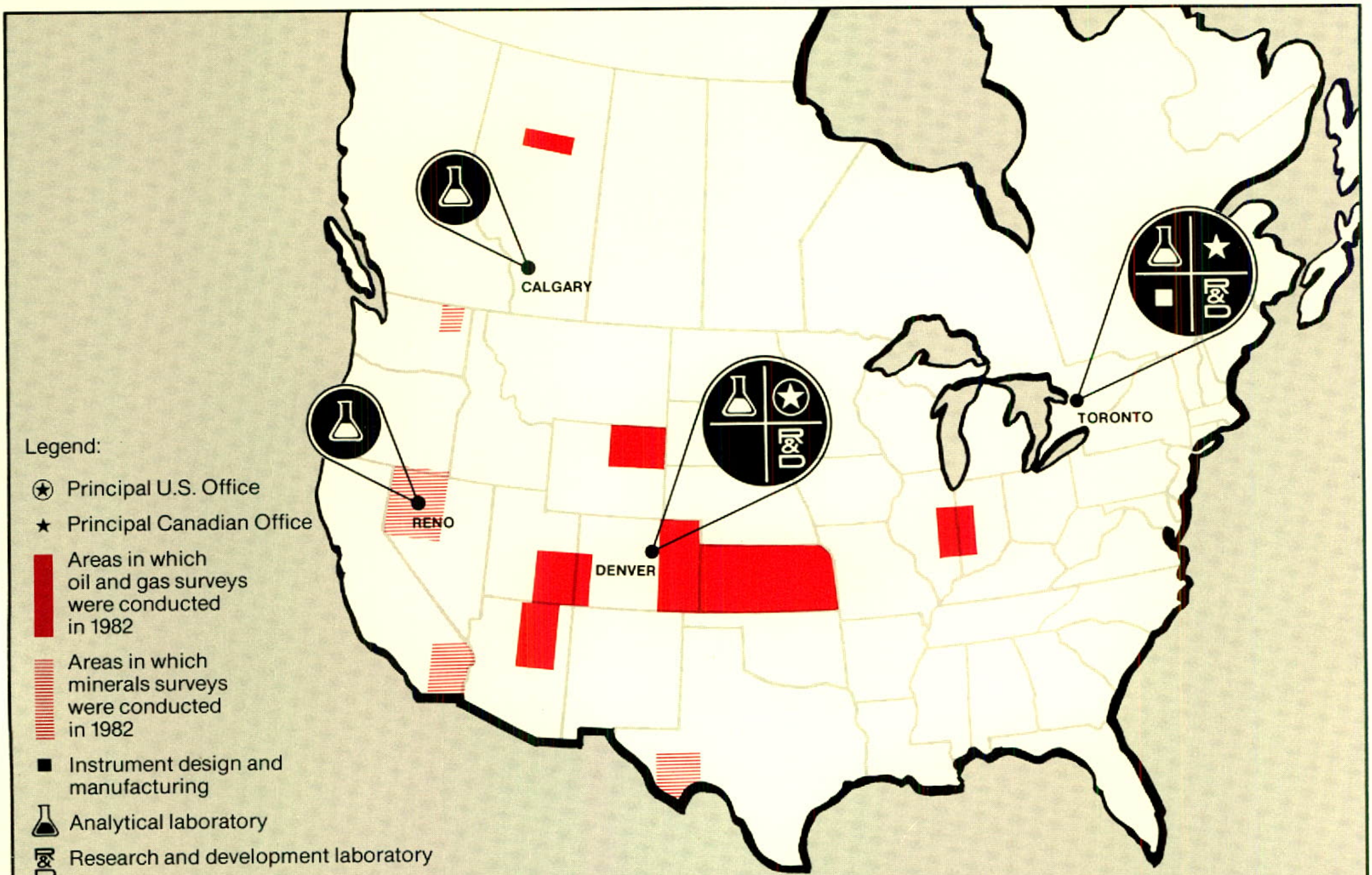
BARRINGER RESOURCES INC.

1982 ANNUAL REPORT

"Discovery is our Business"

BARRINGER RESOURCES INC.

Corporate Profile: Barringer Resources Inc. is an exploration and research company which uses a wide range of its own advanced techniques and instruments to explore and develop oil and gas and mineral prospects. The Company's research and development efforts in electro-optics, electromagnetics, magnetics and atmospheric physics have resulted in patented and proprietary instruments, instrument systems and techniques used in airborne and ground exploration, environmental monitoring, process control and metal detection. The Company also provides minerals exploration and analytical services including airborne and ground surveys, data compilation, geochemical, geological, geophysical and exploration management consultation, geochemical and multi-element analysis and assaying.



Areas of Activity: During 1982, Barringer conducted operations mainly throughout North America. In addition, oil and gas and mineral surveys were conducted in Australia, the United Kingdom and South Africa. As in prior years, the Company continued to sell its manufactured products throughout the United States, Canada and Europe.

The Cover: Line illustration of gas chromatograph, an instrument used to analyze soil samples gathered in reconnaissance exploration to determine the presence of hydrocarbons.

Dr. Anthony R. Barringer, President and Chairman of the Board.

Report to Shareholders

The year 1982 was one of mixed results. The research area was very productive but others were disappointing. The minerals industry experienced, and is continuing to experience, a severe curtailment in exploration activities. Also, the decline in the demand for energy and the softening of oil and gas prices has led to a reduction of exploration activity in the oil industry. However, despite these poor economic conditions and the effects they have had on your Company, Barringer has managed to enter into several new and important agreements and at the same time steadily improve its proprietary exploration methods.

With the lowering of oil prices, it has become very desirable to reduce the costs of finding oil. If this can be achieved while taking full advantage of recent reductions in land acquisition costs, it then becomes possible to counteract the effects of reduced oil prices and still achieve good profitability from new discoveries and production. In view of these considerations, we have chosen a policy of using our new technologies to move increasingly towards involvement in exploration ventures in which the Company acquires and/or earns a direct interest in the properties being explored.

Throughout the year, Barringer continued to refine TIVAC™, its airborne system for oil and gas exploration, which has been under development for three years. During the fourth quarter of 1982, TIVAC was used for the first time in operational surveys and provided what your Company believes to be decidedly encouraging results. A follow-up program using other proprietary exploration techniques developed by your Company as well as geological, seismic and other conventional techniques is underway.

Your Company participated in several exploratory wells in 1982 through application of its advanced geochemical technology. The exploration was conducted under the terms of various agreements including one with Petro-Dynamics Corporation of Wichita that was announced in the third quarter. Although the results of drilling were somewhat disappointing in a commercial sense, considerable experience was gained and important technical advances were made to Barringer's exploration technologies. While this work, along with the other research and development and drilling activities, has been limited in scope and cannot be considered conclusive your Management is quite encouraged by the technical results of exploration conducted to date.

In November, 1982, Barringer entered into an agreement with Programmed Neuro Cybernetics of London to form a minerals exploration joint venture known as Auritech. Through Auritech, the companies signed a combination exploration and lease agreement in December, 1982 with Southern Pacific Land Company of San Francisco. The agreement calls for Auritech to conduct aerial and ground reconnaissance over various lands owned by Southern Pacific with an option to acquire mineral rights in at least 200,000 acres.

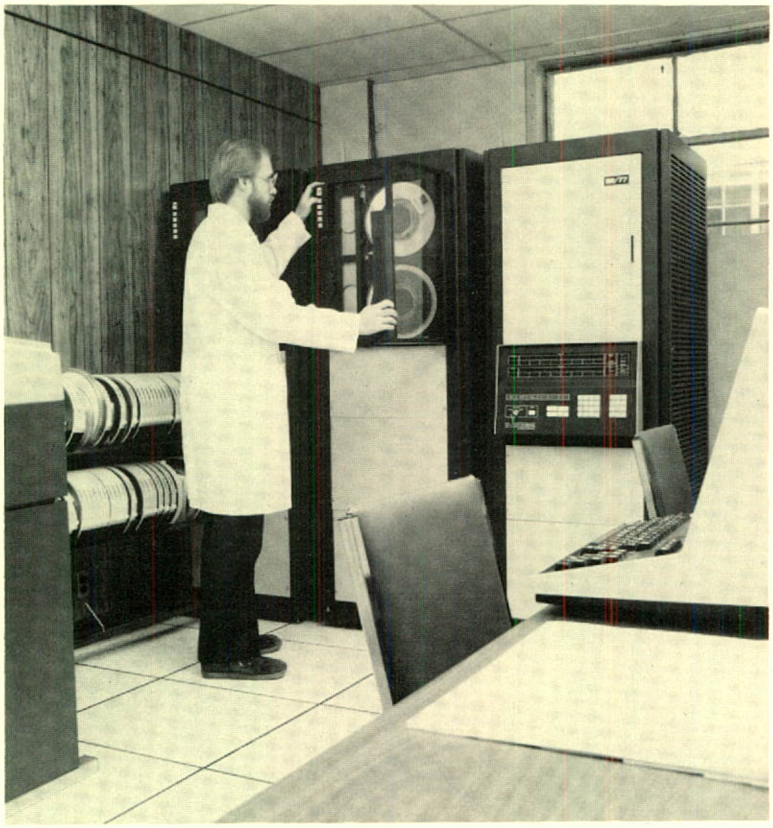
An equally significant development was an agreement with British Petroleum (BP) that was actually signed in January, 1983 after six months of negotiations and performance of demonstration field test programs during 1982. Under the agreement, BP acquired the right to use certain of our hydrocarbon exploration technology and to join your Company in an extensive program of hydrocarbon exploration research.

Based on these programs, your Company is operating in 1983 with strong funded support for its research and development activities. At the same time, the results of its exploration work in 1982 have been sufficiently encouraging to provide the basis for a number of new exploration programs which either are currently underway or in advanced negotiation.

A.R. Barringer

Dr. Anthony R. Barringer,
President and Chairman of the Board

March 23, 1983



A key to processing and interpretation of airborne geophysical data is the SEL Model 32/77 Mini Computer in Barringer's Toronto research and development facility. The data are gathered for research and development and various oil and gas and minerals exploration programs.

Through the use of Barringer's patented SURTRACE® instrumentation on board this helicopter, soil samples are gathered for geochemical analysis to identify the presence of hydrocarbons or minerals. There is also a mounted backpack version of SURTRACE® for ground sampling.

Current Activities

Background Information

Barringer Resources Inc. was founded in 1961 primarily to develop new exploration systems for mineral resources based on the integration of multiple scientific disciplines. Its staff of scientists and engineers are experts in the fields of geology, geochemistry, electromagnetics, electro-optics, analytical chemistry and instrumentation design.

This unique concept of integrating diverse disciplines has enabled the Company to develop a wide range of advanced electromagnetic and electro-optical systems, as well as specialized analytical support services that have applications in oil and gas and other minerals exploration and environmental sciences. Barringer has also developed numerous airborne devices for survey operations as well as optical systems for remote detection of gases by means of their spectral signatures.

The Company has 40 United States patents relating to its equipment and systems. In addition, it has an aggregate of 256 patents and patent applications that have been issued or are pending in countries other than the United States. Although Barringer regards its patents and patent applications to be of value, it does not deem its business as a whole to be materially dependent on them.

While the Company's operations are not necessarily seasonal, the months of December to March historically represent a slower period of operations due, in part, to reduced exploration activities in northern areas.

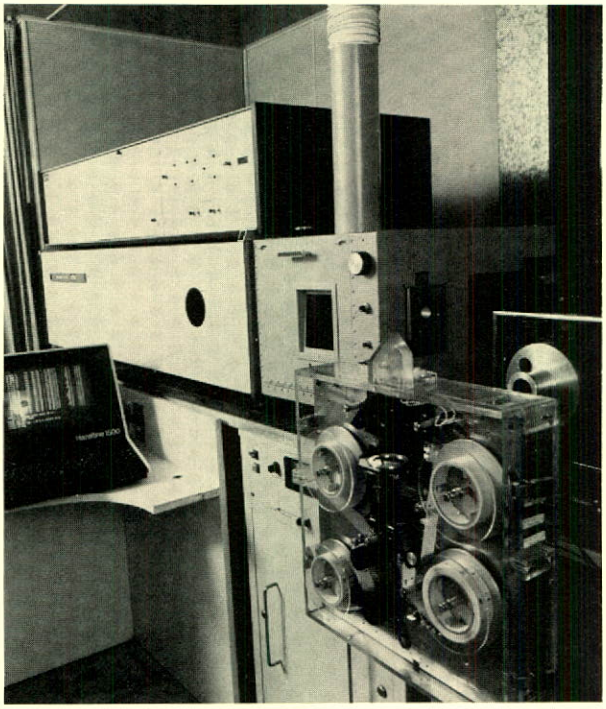
As of December 31, 1982, there were 104 persons, including officers, employed by the Company.

Oil and Gas Exploration

Barringer has developed and is continuing to refine various new geochemical and geophysical techniques to explore for oil and gas. By combining the Company's knowledge of remote sensing with its expertise in analytical technology, it has developed a broad multi-level and multi-discipline approach to oil and gas exploration. Barringer believes that these techniques for both rapid reconnaissance and detailed exploration are most effective when used in conjunction with conventional geologic and seismic methods.

On January 26, 1983, the Company entered into an agreement with British Petroleum of London (BP) in which BP acquired the right to use certain oil and gas exploration technology developed by Barringer in consideration for $2 million. BP has also agreed to continue the joint development of the technology for $1 million per year for the next three years with no obligation by Barringer to provide additional funds. BP's commitment may be cancelled at the end of either the first or second year. The Company is entitled to earn at least 80% of all future research and development funds spent on the program.

Under terms of various agreements, the Company uses its expertise to conduct exploration programs over properties owned by others. The results of these specialized surveys assist the operator in selecting drillsite locations. Barringer is paid a fee for its services and, generally, retains an interest in the properties upon discovery of hydrocarbons.



Another instrument developed by Barringer, LASERTRACE® can analyze up to 1,000 samples of 25 different elements per day, many of which are gathered by SURTRACE®. LASERTRACE® is currently being used in the Auritech joint venture minerals exploration program and may be used in others including oil and gas exploration programs.

In September, 1982, under this type of agreement, the Company agreed to provide its proprietary services to Petro-Dynamics Corporation of Wichita. To date, nine wells have been drilled under the program. Of these, the Company's evaluations indicated that five had a reasonable chance of success, two of which were relocated after further geochemical interpretations.

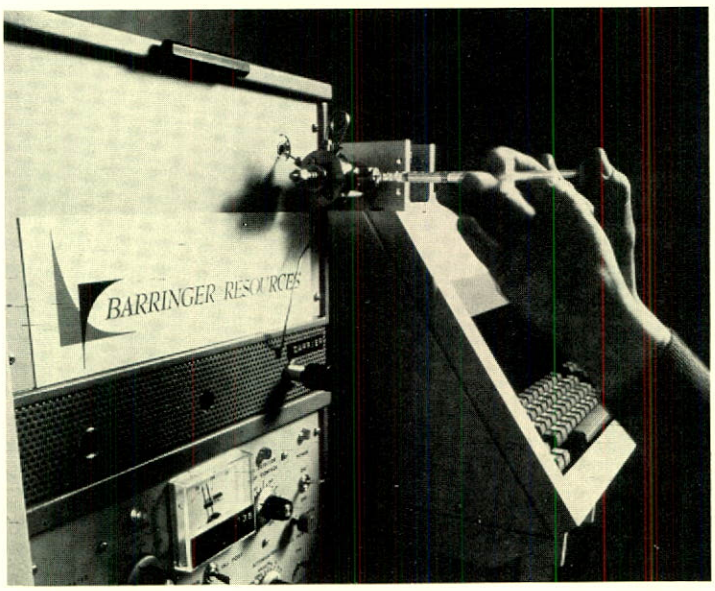
Drilling resulted in the discovery of one oil well (producing 150 barrels per day), one gas well that may be brought into production when market conditions improve and one well in which the oil-bearing reservoir was present but depleted by nearby production. The two other wells favored by the Company and the remaining four wells which were not recommended as priority targets were abandoned as dry holes.

The Company also purchased interests in some properties upon interpretation of results of certain exploration programs. During 1982, the Company acquired interests in five exploratory wells, one located in Texas and four in Kansas. The Company owns a 5% working interest in the Texas well which is now producing as a stripper well. The four Kansas wells were abandoned due to a lack of permeability in the geologic formations but hydrocarbons present in the formations were detected by the Company's geochemical exploration techniques.

At December 31, 1982, the Company had commitments of approximately $287,000 for its share of estimated costs in other exploration programs. The Company is still in the early stages of acquiring and earning interests in oil and gas properties; it has no significant proven oil and gas reserves.

At December 31, 1982, Barringer had earned interests in two producing oil wells, one in Kansas and one in Texas and had a 50% interest in approximately 440,000 acres of undeveloped oil and gas leases located in Arizona. The Company also has active exploration programs and/or has the right to acquire interests in various oil and gas properties upon the successful drilling of exploratory wells in the Denver-Julesburg Basin of Colorado, the Powder River Basin of Wyoming, the Paradox Basin of Utah, the Illinois Basin of Indiana and various areas in Kansas.

During 1982, the Company reduced its carrying value in its Arizona leasehold interests to reflect Management's view that current market conditions affecting the oil and gas industry may have impaired the Company's investment in these leases. Barringer is actively seeking a joint venture partner to continue with the exploration and development of these leasehold interests.



Through the use of geochemical research at its laboratory in Denver, Barringer's scientists analyze soil samples gathered by reconnaissance exploration to determine the presence of hydrocarbons before drilling.

Currently being developed by Barringer is the COTRAN® Airborne Digital Electro-Magnetic Mineral Prospecting System. Performance has been advanced by recent improvements in computer technology and signal processing.

The following table, covering the three years ended December 31, 1982, sets forth amounts expended in the Company's oil and gas activities:

	Years Ended December 31		
	1982	1981	1980
Interests in Oil and Gas Properties*	$389,000	$ 691,000	$355,000
Research and Development	—	288,000	332,000
Purchase of Fixed Assets	2,000	115,000	32,000
	$391,000	$1,094,000	$719,000

*Includes costs in areas not presently being explored by the Company, and therefore expensed for financial statement purposes.

The Company is a relatively new entrant in the field of oil and gas exploration and its techniques and methodologies are proprietary and different from conventional approaches. Other systems and techniques for oil and gas exploration are well established and there are numerous companies and individuals competing for desirable leases. Many of the companies engaged in oil and gas exploration possess larger technical staffs, greater financial resources and more experience than the Company, although they do not necessarily use the same type of technology.

Research and Development

The Company undertakes projects that may lead to the development of patented or proprietary products or services. Such projects generally include conceptual development, design engineering and construction of prototype instruments and systems. Funding usually comes from third parties, primarily oil companies, as well as governmental agencies. Research and development contracts are generally entered into on a cost reimbursement plus fee basis.

The Company's research and development efforts have resulted in a number of unique exploration systems, both airborne and ground, as well as proprietary instruments in the fields of environmental monitoring, process control and metal detection. These instruments, systems and techniques are sold, licensed or leased to others and used directly by the Company in joint venture exploration programs as well as in providing services to others.

Significant research and development projects include the following:

The COTRAN® (COrrelation of TRANsients) system is an airborne digital electromagnetic mineral prospecting system that has been in development for several years. Recent improvements in computer technology and signal processing have significantly advanced the performance of COTRAN and will likely lead to the commercial introduction of the system when market conditions in the currently depressed minerals industry improve.

The TIVAC™ system is an airborne geophysical/geochemical system designed primarily for oil and gas exploration. Petro-Canada Exploration Inc. (PEX), a wholly-owned subsidiary of Canada's national oil company, Petro-Canada Inc., and the National Research Council of Canada have provided the funds for the cost of the TIVAC program. The Company has earned revenues of $1,138,400, $493,600 and $495,600 during 1982, 1981, and 1980, respectively, under this program.

PEX ceased funding the TIVAC program as of March 1, 1983 after contributing $2.4 million (Canadian) to the program. The National Research Council of Canada announced in March, 1983 a grant to the Company of $430,000 (Canadian) for the continued development of the system.

TIVAC is based on the use of multi-parameter remote sensing methods to detect hydrocarbon leakage in "geochemical chimneys" over oil and gas deposits. Tests and operational field programs conducted during 1982 have yielded encouraging results. Nevertheless, the commercial potential of the system can be judged only after considerable additional operational survey experience, including the drilling of oil and gas wells.

On January 26, 1983, the Company and British Petroleum of London entered into an agreement to continue the joint development of certain oil and gas exploration technology. Refer to "Oil and Gas Exploration".

While there are no other companies that compete directly with Barringer in its proprietary exploration techniques in the earth sciences field, some companies have other geophysical methods that are competitive in the mineral and oil and gas exploration markets.

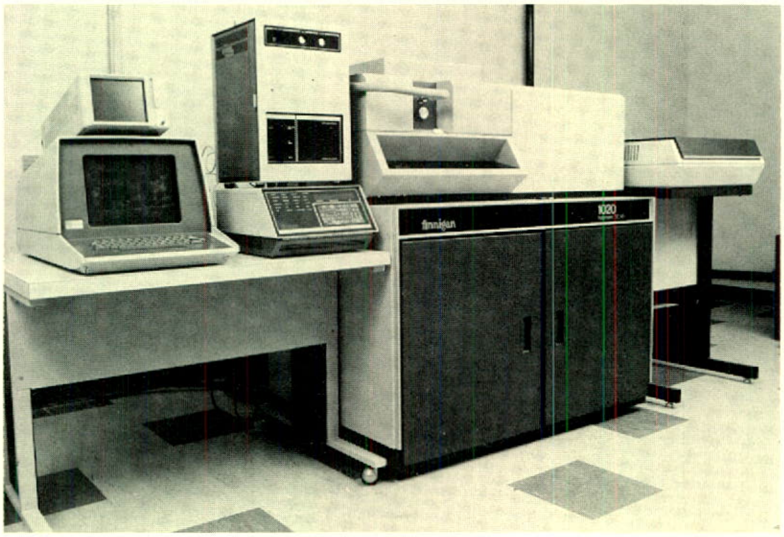
As of December 31, 1982 and 1981, the Company had a backlog of $538,000 and $1,855,000, respectively, of research work on hand. It is estimated that substantially all of the backlog will be completed by December 31, 1983.

Manufacture and Sale of Instruments

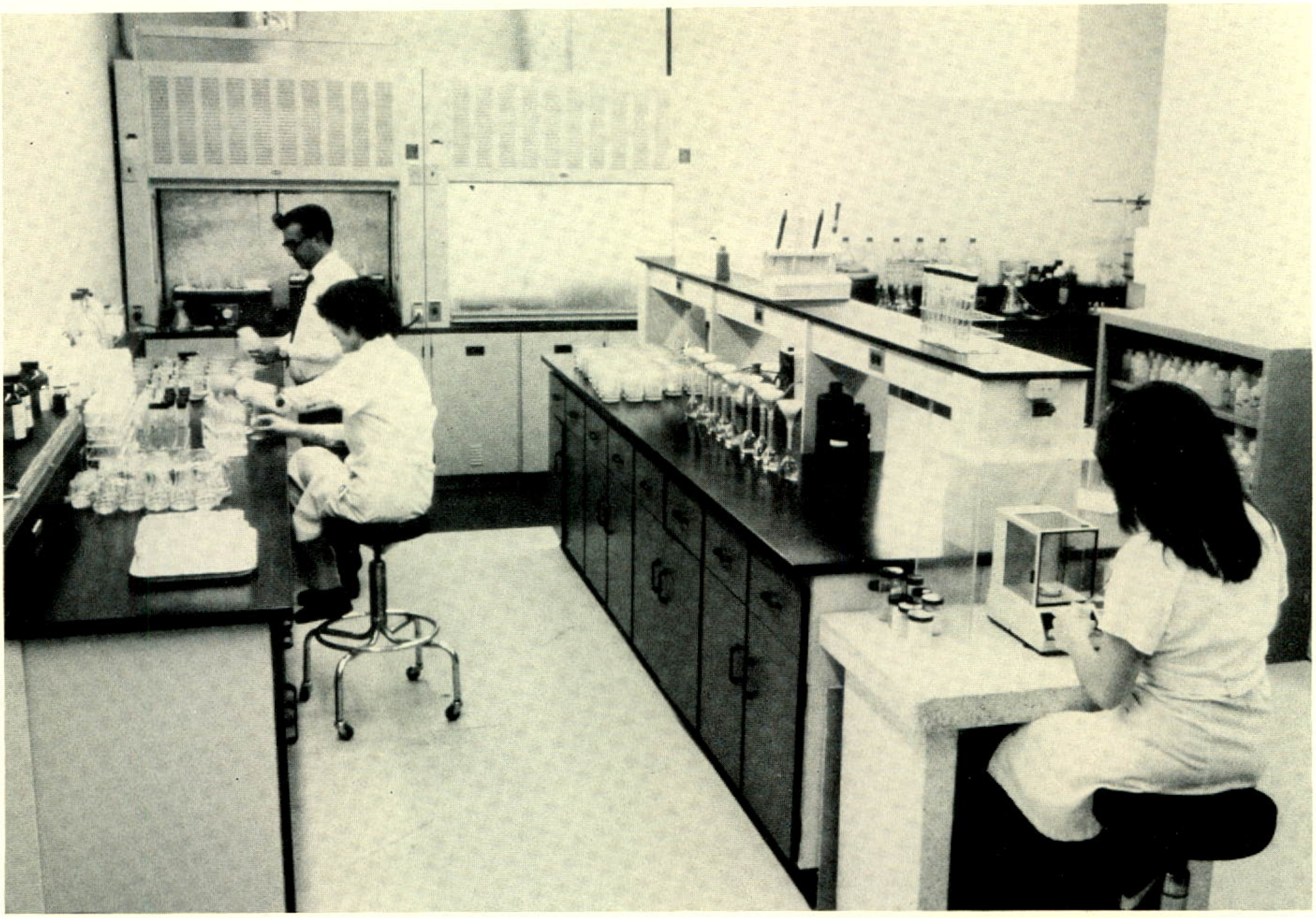
For many years, the Company has been involved in the manufacture and sale of certain geophysical instruments and environmental and process monitoring instruments which have been derived from the Company's research and development programs.

Numerous other companies are engaged in the manufacture of geophysical instruments that compete with the instruments manufactured by Barringer. Although there are other pollution monitoring devices available on the market which compete with the Company's instruments, Management believes that they do not provide the advantages made available by the Company's patented electro-optical methods. Barringer is not, however, a major manufacturer of pollution monitoring devices.

As of December 31, 1982 and 1981, the Company had a backlog of $150,000 and $164,000, respectively, of instrument manufacturing work on hand. It is estimated that all such backlog will be completed by December 31, 1983.



To perform trace analysis of organic liquids, drugs, toxic vapors, water impurities and other matter, Barringer uses one of the most powerful instruments available, the Finnigan 1120 OWA Gas Chromatography/Mass Spectrometry.



Barringer laboratories are equipped with the latest instrumentation for soil, sediment, geochemical and trace element analysis that is used in oil and gas and minerals exploration and environmental impact studies.

Minerals—Systems Licensing, Analytical Services and Exploration

A portion of the Company's income comes from the licensing and leasing of the INPUT® (INduced PUlse Transient) system, an original development of Barringer that is the only commercial airborne electromagnetic mineral prospecting system to use a pulsed field principle. INPUT is licensed on an exclusive basis to Geoterrex Ltd. of Ottawa and Questor Surveys Ltd. of Toronto and is used worldwide for mineral surveys. A royalty is paid to the Company for every line mile of production survey carried out by each company. In addition, lease payments are made on the equipment. Since 1967, approximately 20 orebodies have been discovered for clients using the systems. INPUT revenues were $275,000, $417,000 and $540,000 for 1982, 1981, and 1980, respectively, with the decline during 1982 and 1981, attributable largely to the downturn in minerals exploration activities worldwide.

Barringer has also developed airborne, ground geophysical and geochemical methods for mineral exploration that are used primarily to detect deeply buried mineral deposits. In general, the Company operates on a contract basis in its mineral exploration activities. Utilizing its previously discussed proprietary techniques and instrumentation in addition to conventional methods, the Company provides extensive analytical services. In some instances, the Company may earn an economic interest in any mineralization discovered under the program.

In November, 1982, the Company entered into a joint venture with Programmed Neuro Cybernetics (PNC) of London in which each party has a 50 percent interest, subject to PNC recouping its initial cash investments. The Company is under no financial obligation to provide funds for the exploration programs. PNC is reported to be the only company in the world flying its own imaging scanner with multiband thermal response and correlated classifiers for detection of rock alteration associated with mineral deposits.

Through the same minerals exploration joint venture, called Auritech, the Company signed a combination exploration and lease option agreement in December, 1982, with Southern Pacific Land Company of San Francisco. The agreement calls for Auritech to conduct aerial and ground reconnaissance over various lands owned by Southern Pacific with an option to acquire mineral rights in at least 200,000 acres. The venture will include the use of advanced remote sensing and geochemical technology to explore for precious metals in commercial quantities. Auritech must exercise all of its lease options by June 1, 1984.

Upon completion of the exploration phase, Southern Pacific may re-acquire a working interest in the properties of between 25% and 50% by reimbursing Auritech for a portion of its exploration costs. Barringer is under no obligation to provide funds to Auritech for its exploration programs. Upon recovery of all costs related to Auritech exploration programs, the Company has an equal undivided working interest in any mineral properties earned or acquired by Auritech.

The Company operates four custom analytical laboratories which conduct assay and geochemical and environmental analyses for a broad range of customers. Laboratories have been established in Toronto, Ontario; Wheat Ridge, Colorado; Calgary, Alberta; and Sparks, Nevada. The Company's laboratories are computer based which allows rapid turnaround of data for customers. Customers who wish to carry out their own computational or statistical work have direct access to their data in the computer data base.

There are numerous companies that provide exploration and analytical geochemical services to the mining industry similar to those provided by the Company.

As of December 31, 1982 and 1981, Barringer had a backlog of $520,000 and $575,000, respectively, of laboratory work on hand. It is estimated that all such backlog will be completed by December 31, 1983.

Investment in Royex Sturgex Mining Limited

Due to recent increases in the price of gold, the value of the Company's investment in 487,265 shares of common stock of Royex Sturgex Mining Limited, a Canadian company traded on the Toronto Exchange, has increased significantly. The Company's investment is carried at $833,334 or $1.71 per share, while the market value of the stock at February 25, 1983 was $6.52 per share, giving a net value to the Company's holdings of $3.2 million.

Royex owns a 25% interest in Cullaton Lake Gold Mines Ltd. Royex and Cullaton are also joint venture partners in the exploration and development of certain Royex gold claims which are adjacent to the Cullaton Lake gold mine, which was brought into commercial production during 1982. In addition, Royex has recently exercised its option to acquire the Gravelotte Emerald Mine in Eastern Transvaal in South Africa. Royex assumed control of the mine February 1 and will complete the acquisition by June, 1983.

Gold ore is stockpiled at the Cullaton Lake Gold Mine, which is owned by Cullaton Lake Gold Mines Ltd. Barringer has a 13% interest in Royex Sturgex Mining Limited, which owns 25% of the Cullaton Lake Mine.

Financial Highlights
(in thousands except per share data)

Consolidated Statement of Operations

	Year ended December 31				
	1982	1981	1980	1979	1978
Sales of goods & services	$5,427	$6,484	$5,868	$4,957	$3,880
Net income (loss)	(2,835)	(1,540)	684	460	162
Income (loss) per share	(1.44)	(0.79)	0.35	0.25	0.09

Consolidated Balance Sheet

	December 31				
	1982	1981	1980	1979	1978
Working capital, net	$ 794	$3,071	$ 868	$ 910	$ 722
Total assets	5,777	8,020	4,903	3,346	2,213
Long-term obligations	4,044	4,360	104	182	—
Shareholders' equity (deficit)	(356)	1,929	3,354	2,145	1,669

Management's Discussion and Analysis of Financial Condition and Results of Operations

Capital Resources and Liquidity

The Company has developed and is continuing to refine various new geochemical and geophysical techniques to explore for hydrocarbons, mineral deposits and precious metals. As discussed under "Current Activities," the Company is presently engaged in several research programs funded by others to continue the development of its techniques. The Company is seeking to increase its future revenues and expand its related operations through the increased utilization of its advanced exploration methods. While the Company believes it has developed viable systems and techniques for hydrocarbon and minerals exploration, some of the techniques have not yet been sufficiently utilized in exploration operations to fully confirm their effectiveness.

As discussed under "Current Activities — Oil and Gas Exploration", the Company entered into an agreement with British Petroleum plc of London in which BP acquired the right to use certain oil and gas exploration technology developed by the Company in consideration for $2 million. The $2 million cash payment received from BP was recognized as income by the Company in January, 1983. The following condensed proforma balance sheet reflects the impact of the BP agreement had the agreement been consummated at December 31, 1982:

	Pro-forma	As Reported
Working capital, net	$2,794,265	$ 794,265
Total assets	7,776,616	5,776,616
Long-term liabilities	4,043,934	4,043,934
Equity, net	1,643,739	(356,261)

During the months of December, 1982 and January, 1983, principal amounts of $593,000 and $88,000, respectively, of the Company's 12-1/2% Subordinated Convertible Debentures were converted into common stock. The Company's annual interest saving as a result of such conversions is approximately $85,000.

At December 31, 1982, the Company held short-term cash investments of $768,500 representing the remaining proceeds of the debenture offering completed in July, 1981. In January, 1983, these investments were increased to $1,950,000 as a result of the BP agreement. Such increases are net of payments of approximately $452,800 made to reduce outstanding balances under a short-term line of credit and the use of approximately $366,700 for other working capital requirements.

Working capital was $794,000 at December 31, 1982, down approximately $2,276,000 from December 31, 1981 due principally to $1,385,000 (including interest of $604,000 on debentures) used in operations and capital purchases of $388,000 for oil and gas property interests and exploration programs and $797,000 for purchases of other property and equipment and new capital leases.

At December 31, 1982, the Company had unused short-term lines of credit of $169,000. In August, 1982, the Company's investment in the common stock of Royex Sturgex Mining Ltd. was pledged as additional collateral to a short-term line of credit maintained with a Canadian bank. The assignment of the Royex stock was rescinded in February, 1983 due to reductions in the outstanding short-term line of credit and the assignment of a certificate of deposit of $200,000 to the Canadian bank. At February 25, 1983, the Company had pledged $300,000 of certificates of deposit as collateral under its short-term lines of credit.

The Company owns 487,265 shares of common stock of Royex Sturgex Mining Ltd. which, as of February 25, 1983, had an aggregate market value of approximately $3,178,500 or $6.52 per share. The Company's carrying value of its investment is $833,334 or $1.71 per share. Because of limited trading activities, no assurance can be given that the quoted market value is indicative of realizable value.

Results of Operations

During 1982, the Company's operations were adversely effected by poor economic conditions in general and particularly by the currently depressed minerals industry. Numerous minerals exploration companies curtailed or closed their operations in 1982. Consequently, the Company experienced a severe decline in revenues in sales of manufactured products and from providing analytical services. Until such time as the minerals industry improves, the Company does not expect to significantly increase its revenues from these segments of its business.

Sales of Goods and Services. Refer to Note 12 of Notes to Consolidated Financial Statements for an analysis of revenues by principal activities. Research and development revenues from funded programs have consistently increased during 1980, 1981 and 1982. Increases are largely attributable to the development of an airborne oil and gas exploration system, TIVAC, under an agreement with Petro-Canada Exploration Ltd. ("PEX"). PEX ceased funding the TIVAC program as of March 1, 1983 after contributing $2.4 million (Canadian) to the program. The National Research Council of Canada announced in March, 1983 a grant to the Company of $430,000 (Canadian) for the continued development of the system. Declines in manufactured instrument sales from 1980 to 1982 are a result of lower volumes of process control instruments which are used to monitor heavy water content of flow streams in nuclear reactors; the Company is a supplier for the Canadian built CANDU nuclear reactor. Additional declines in manufactured product sales in 1982 are principally a result of lower demand resulting from the worldwide business recession, particularly with respect to the minerals industry. Minerals licensing, exploration and analytical service revenue increased in 1981 over 1980 due to expansion of laboratory facilities in Reno, Nevada and additional contract field services performed using proprietary oil and gas exploration techniques. Licensing and analytical service revenues declined in 1982 due to the currently depressed minerals industry. Services provided in connection with oil and gas exploration programs partially offset the decreases as the Company's proprietary hydrocarbons exploration techniques gained wider acceptance in the industry.

Gain on Sale of Investments. The gain in 1980 relates to an exchange of an interest in mineral properties for additional shares of Royex Sturgex Mining Ltd. Refer to Note 3.

Costs of Goods and Services Sold and Gross Margins. Costs of goods and services sold increased in 1981 over 1980 and decreased from 1981 to 1982 corresponding to fluctuations in sales of goods and services. However, gross margins were 17.0%, 19.7% and 34.3% in 1982, 1981, and 1980, respectively. The decline from 1980 to 1981 was due to expansion of facilities and management personnel to handle anticipated increases in oil and gas exploration activities and the start-up of the Reno laboratory in late 1980. Decreases in 1982 reflect a higher proportion of funded research and development activities which are generally less profitable to the Company.

Research and Development. These expenses represent in-house funding of proprietary and patent oriented activities. Management believes these activities are important to its future patenting and licensing positions as well as its current revenue producing programs. Increases in 1981 and 1980 from prior years were primarily directed towards the continued development of techniques for oil and gas exploration, an airborne minerals exploration system (COTRAN), and new products for instrument manufacture and sale. Decreases in 1982 reflect reductions in unfunded costs incurred in the development of oil and gas exploration technologies due to their expanded commercial use and in the development of the COTRAN system.

Exploration Expense. Exploration expense in 1980 pertains to Canadian exploration programs where the Company has, for the time being, abandoned its oil and gas exploration efforts. Such expenses in 1981 pertain to U.S. exploration programs whereby the Company was not successful in obtaining proven interests in oil and gas properties upon interpreting the results of the related exploration program. During 1982, the Company reduced the carrying value of its investment in approximately 440,000 acres of oil and gas leasehold interests in Arizona from $485,000 to $100. This adjustment reflects Management's view that current market conditions affecting the oil and gas industry may have impaired the Company's investment in these leases. The Company is actively seeking a joint venture partner to continue with the exploration and development of these leases. To maintain its interest in these leases, the Company will be required to pay approximately $75,000 per annum for its share of delay rental payments. In addition, 1982 expenses increased due to expiration of certain leases, costs incurred on four dry holes in which the Company participated as a working interest owner, and the election by the Company not to acquire certain leases under option.

General and Administrative. The increase in 1980 was attributed to inflationary trends and, in part, to increases in professional services rendered in connection with various licensing agreements, certain oil and gas exploration agreements and various minor litigations. Increases in 1981 were attributable to additional expenses incurred in conjunction with the preparation of a public offering of Common Stock, superceded by the debenture offering in July, 1981, and from professional service fees associated with the Intex litigation (Note 11 of Notes to Consolidated Financial Statements). Continuing increases in 1982 over 1981 resulted from the hiring of additional personnel, expansion of U.S. and Toronto plant facilities in late 1981, higher professional services for outside business consultants and amortization of deferred financing costs related to the issuance of debentures.

Interest Expense. Interest expense increased during 1980 as a result of higher interest rates, increased bank indebtedness and capital leases and a long-term loan obtained in 1979. The increases in 1981 and 1982 were primarily related to interest on debentures.

Other Expenses. Other expenses primarily reflect gains and losses on translations of amounts from Canadian dollars into United States dollars.

Income Taxes. Current income tax provision in 1980 represents a charge equivalent to the benefit of tax losses and timing differences brought forward relating to the Company's Canadian operations. The $206,000 deferred income tax provision in 1980 results from the Royex exchange transaction discussed in Note 3 of Notes to Consolidated Financial Statements.

BARRINGER RESOURCES INC.

Consolidated Statement of Operations

For The Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
Revenues			
Sale of goods and services	$ 5,426,558	$ 6,484,302	$5,868,393
Interest	144,024	203,138	—
Gain on sale of investments (Note 3)	—	57,813	824,333
	5,570,582	6,745,253	6,692,726
Costs and expenses			
Cost of goods and services sold	4,505,210	5,208,880	3,854,323
Research and development	147,124	663,259	475,758
Exploration expense	845,120	375,677	142,108
General and administrative	1,984,980	1,658,177	1,186,350
Interest	758,990	412,683	130,296
Other	164,640	(33,240)	14,117
	8,406,064	8,285,436	5,802,952
Income (loss) before income taxes and extraordinary item	(2,835,482)	(1,540,183)	889,774
Provision for income taxes (Note 9)	—	74,000	426,000
Income (loss) before extraordinary item	(2,835,482)	(1,614,183)	463,774
Extraordinary credit equivalent to utilization of operating tax losses and timing differences brought forward (Note 9)	—	74,000	219,917
Net income (loss)	$(2,835,482)	$(1,540,183)	$ 683,691
Per share data			
Income (loss) before extraordinary item	$ (1.44)	$ (0.83)	$ 0.24
Extraordinary item	—	0.04	0.11
Net income (loss)	$ (1.44)	$ (0.79)	$ 0.35
Weighted average shares outstanding	1,972,010	1,952,183	1,930,025

See notes to consolidated financial statements.

Consolidated Balance Sheet

As of December 31, 1982 and 1981

Assets

	1982	1981
Current assets		
Cash and temporary cash investments (Note 5)	$ 901,460	$1,945,289
Receivables (Note 5)		
Trade, less allowance for doubtful accounts, 1982 - $93,808; 1981 - $82,670	1,059,550	1,449,730
Selling price of contracts in process, less billings	171,151	375,465
Inventories (Note 2)	479,570	772,785
Deposits, advances and prepaid expenses	65,394	52,640
Total current assets	2,677,125	4,595,909
Investments (Notes 3 and 5)	837,758	850,350
Interests in oil and gas properties, at cost determined by full cost method	71,975	528,518
Plant, property and equipment, net (Note 4)	1,903,266	1,776,474
Patents and trademarks, at cost less accumulated amortization of $58,338 in 1982 and $94,145 in 1981	209,740	200,792
Other	76,752	68,101
	$5,776,616	$8,020,144

Liabilities and Shareholders' Equity

	1982	1981
Current liabilities		
Bank indebtedness (Note 5)	$ 741,655	$ 387,107
Current portion of capital lease obligations (Note 6)	66,762	27,572
Accounts payable and accrued liabilities	737,517	774,806
Accrued interest	246,316	284,517
Excess of billings over selling price of contracts in process	90,610	50,985
Total current liabilities	1,882,860	1,524,987
Long-term debt (Note 7)	3,819,606	4,301,280
Obligations under capital leases (Note 6)	224,328	58,799
Deferred income taxes (Note 9)	206,083	206,083
Total liabilities	6,132,877	6,091,149
Commitments and contingencies (Notes 6 and 11)		
Shareholders' equity		
Common stock, $0.01 par value, 10,000,000 shares authorized; issued, 1982 - 2,262,214 shares and 1981 - 2,157,589 shares (Note 8)	22,622	21,576
Additional paid-in capital	3,213,788	2,664,608
Accumulated deficit	(3,493,270)	(657,788)
	(256,860)	2,028,396
Less: Common stock in treasury, at cost, 197,000 shares	(20,401)	(20,401)
Due from officer/shareholder (Note 8)	(79,000)	(79,000)
	(99,401)	(99,401)
Total shareholders' equity (deficit)	(356,261)	1,928,995
	$5,776,616	$8,020,144

See notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

For The Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
From operations			
Income (loss) before extraordinary item	$(2,835,482)	$(1,614,183)	$ 463,774
Items not involving funds			
Benefit of operating losses and timing differences brought forward	—	74,000	219,917
Exploration expense	845,120	375,677	142,108
Depreciation and amortization	578,794	471,779	307,093
Deferred income taxes	—	—	206,083
Gain on sale of investments	—	(57,813)	(824,333)
Other	27,090	(1,215)	593
Working capital provided by (used in) operations	(1,384,478)	(751,755)	515,235
Other sources of funds			
Issuance of 12½% subordinated convertible debentures, net of financing costs	—	4,382,897	—
Sale of common stock	37,375	2,250	516,130
Increase in capital lease obligations	273,643	—	—
Proceeds on sale of fixed assets	179,710	—	—
Proceeds on sale of investment	—	68,496	—
Other	—	12,394	21,754
	490,728	4,466,037	537,884
Other use of funds			
Additions to interests in oil and gas properties	388,577	691,076	355,227
Purchases of plant, property and equipment	796,744	744,831	604,216
Reduction in long-term debt and capital lease obligations	116,572	8,351	69,444
Other	81,014	66,725	66,552
	1,382,907	1,510,983	1,095,439
Increase (decrease) in working capital	(2,276,657)	2,203,299	(42,320)
Working capital, beginning of year	3,070,922	867,623	909,943
Working capital, end of year	$ 794,265	$ 3,070,922	$ 867,623
Working capital — beginning of year	$ 3,070,922	$ 867,623	$ 909,943
Changes in components of working capital			
Cash and temporary cash investments	(1,043,829)	1,938,796	(12,993)
Receivables	(594,494)	240,449	(52,430)
Inventories	(293,215)	337,812	196,680
Other current assets	12,754	(27,679)	46,837
Bank indebtedness	(354,548)	91,064	(55,764)
Accrued interest	38,201	(284,517)	—
Other current liabilities	(41,526)	(92,626)	(164,650)
Increase (decrease) in working capital	(2,276,657)	2,203,299	(42,320)
Working capital — end of year	$ 794,265	$ 3,070,922	$ 867,623
Funds represented by			
Current assets	$ 2,677,125	$ 4,595,909	$2,106,531
Current liabilities	1,882,860	1,524,987	1,238,908
	$ 794,265	$ 3,070,922	$ 867,623

See notes to consolidated financial statements.

BARRINGER RESOURCES INC.

Consolidated Statement of Shareholders' Equity

For the Years Ended December 31, 1982, 1981 and 1980

	Common Stock		Additional Paid-in Capital	Retained Earnings (Deficit)	Treasury Stock	Due from Officer/ Shareholder
	Shares	Amount				
Balance at January 1, 1980	988,400	$ 9,884	$2,034,934	$ 208,690	$20,421	$79,000
Common stock issued through exercise of stock options	10,200	102	10,098	—	—	—
Stock split effected in form of stock dividend	998,600	9,986	—	(9,986)	—	—
Common stock issued through exercise of stock options	42,400	424	45,526	—	—	—
Common stock issued in consideration of debt	2,064	21	9,979	—	—	—
Common stock issued for cash	100,000	1,000	449,000	—	—	—
Common stock issued from treasury	(200)	(2)	(18)	—	(20)	—
Net income	—	—	—	683,691	—	—
Balance at December 31, 1980	2,141,464	21,415	2,549,519	882,395	20,401	79,000
Common stock issued through exercise of stock options	2,000	20	2,230	—	—	—
Common stock issued in consideration of 12½% subordinated convertible debentures	14,125	141	112,859	—	—	—
Net loss	—	—	—	(1,540,183)	—	—
Balance at December 31, 1981	2,157,589	21,576	2,664,608	(657,788)	20,401	79,000
Common stock issued through exercise of stock options	30,500	305	37,070	—	—	—
Common stock issued in consideration of 12½% subordinated convertible debentures	74,125	741	512,110	—	—	—
Net loss	—	—	—	(2,835,482)	—	—
Balance at December 31, 1982	2,262,214	$22,622	$3,213,788	$(3,493,270)	$20,401	$79,000

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Principles of consolidation:

The accompanying consolidated financial statements comprise the accounts of the Company and its active subsidiary companies. All intercompany transactions have been eliminated.

Principles of translation:

The accounts of foreign subsidiaries have been translated into United States dollars as follows: income and expenses (other than depreciation and amortization) at the average rate for the year; depreciation and amortization at historic rates applicable to the related asset accounts; current assets and liabilities at year-end rates; and other assets and liabilities at historic rates.

Operations reflect gains (losses) on foreign exchange translation and transactions of $(28,348), $31,856 and $7,760 for 1982, 1981 and 1980, respectively.

Selling Price of Contracts-in-Process:

The percentage of completion method is used to account for contracts in process with anticipated losses on contracts, if any, being provided for in full.

Inventories:

Materials and supplies are carried at cost. Finished goods and work-in process are carried at the lower of average cost or net realizable value.

Patents and Trademarks:

Patents and trademarks are carried at cost and are amortized over seventeen years which approximates their useful lives. Amortization amounted to $15,980, $12,400 and $11,416 for 1982, 1981 and 1980, respectively.

Interests in Oil and Gas Properties:

The Company has adopted the "full cost" method of accounting whereby all costs associated with interests in oil and gas properties incurred through acquisition, exploration and development activities are capitalized. All such costs are related to exploration activity in the United States where the Company is actively acquiring interests in oil and gas properties. Such costs, in the opinion of Management of the Company, are not in excess of their net realizable value.

As of December 31, 1982 and 1981, the Company was in the early stages of acquiring and earning interests in oil and gas properties and consequently had no significant proven reserves. Until such time as the Company is successful in discovering or earning significant quantities of proved reserves, all exploration costs for separate prospects will continue to be evaluated individually. Adjustments to the carrying value of interests in oil and gas properties which have been impaired due to market considerations and abandoned prospects are charged to exploration expense. The eventual recovery of the Company's investment in its oil and gas properties is dependent upon the discovery of adequate proven reserves or subsequent sales of the properties.

Plant, Property and Equipment:

Plant, property and equipment are carried at cost. Depreciation is taken on a straight-line basis over the estimated useful lives of the related assets, generally from four to ten years. Leasehold improvements are amortized over the term of the related lease, generally from five to twenty years. Equipment under capital leases are amortized on the straight-line method over the term of the lease, generally five to ten years.

Income Taxes:

The Company files United States income tax returns on a consolidated basis with its United States subsidiaries. Canadian subsidiaries are required to file separate income tax returns.

The Company provides for deferred income taxes as a result of timing differences in the recognition of income and expenses for financial and tax reporting purposes in the United States and Canada.

Investment tax credits are recognized as a reduction of income taxes in the year in which the credits are utilized.

Income (Loss) Per Share:

Income (loss) per share is based on the weighted average number of common shares and dilutive common share equivalents outstanding.

Reclassifications:

Certain of the December 31, 1981 and 1980 figures have been reclassified to conform to the December 31, 1982 financial statement presentation.

2. Inventories

Inventories consist of the following:

	December 31	
	1982	1981
Finished goods	$105,070	$206,966
Work in progress	327,835	502,922
Materials and supplies	46,665	62,897
	$479,570	$772,785

3. Investments

Investments are as follows:

	December 31			
	Book Value 1982	Market Value 1982	Book Value 1981	Market Value 1981
Royex Sturgex Mining Limited— 487,265 common shares	$833,334	$1,982,700	$833,334	$3,597,200
Other investments	4,424	No quoted value	17,016	No quoted value
	$837,758		$850,350	

At December 31, 1979, a subsidiary owned 237,265 shares (14%) in Royex which were carried at a written down value. By an agreement dated October 23, 1980, the Company acquired an additional 250,000 shares in Royex (valued at the then market price of $4.00 [Canadian] per share) in exchange for a 3.6% direct interest in the Cullaton Lake gold orebody and increased its interest in Royex to 25%, recognizing a gain on the exchange. Between January, 1981 and January, 1983, Royex sold an additional 1,827,000 shares of its common stock which diluted the subsidiary's interest to approximately 13%. Royex is traded on the Toronto Stock Exchange. The market value at February 25, 1983 was $3,179,000

4. Plant, Property and Equipment

The major categories of plant, property and equipment, which are carried at cost, are as follows:

	December 31	
	1982	1981
Owned:		
Office furniture and equipment	$ 384,848	$ 387,063
Plant, machinery and exploration equipment	2,469,788	2,275,027
Equipment for lease	726,126	644,241
Leasehold improvements	642,297	564,687
	4,223,059	3,871,018
Accumulated depreciation and amortization	2,637,885	2,213,840
	1,585,174	1,657,178
Held Under Capital Leases (Note 6):		
Office equipment	35,033	35,033
Plant and machinery	383,976	123,820
	419,009	158,853
Accumulated amortization	100,917	39,557
	318,092	119,296
Total	$1,903,266	$1,776,474

Depreciation and amortization amounted to $523,179, $431,844 and $282,622 for 1982, 1981 and 1980, respectively.

5. Bank Indebtedness

The Company has short-term lines of credit aggregating $911,000 from various banks. At December 31, 1982, approximately $742,000 was outstanding and approximately $169,000 was available under these short-term lines of credit. These arrangements terminate and are reviewed annually for renewal.

At December 31, 1982, the short-term lines of credit were collateralized by a general lien on assets of up to $800,000 (Canadian), an assignment of accounts receivable and an assignment of the Company's investment in the common stock of Royex Sturgex Mining Ltd. (Note 3). The assignment of the Royex stock was rescinded in February, 1983 due to reductions in the outstanding balances under short-term lines of credit and the assignment of a certificate of deposit to a bank. At February 25, 1983, the Company had pledged $300,000 of certificates of deposit as collateral under its short-term lines of credit.

6. Leasing Activities

Future minimum lease payments under capital leases are as follows:

Year ending December 31,	
1983	$107,441
1984	91,760
1985	85,177
1986	76,017
1987	38,681
Minimum lease payments	399,076
Less: Amount representing interest	(107,986)
Present value of minimum lease payments December 31, 1982	$291,090

The Company rents office and laboratory facilities, automobiles and equipment under various operating leases. Rental expenses under such leases amounted to $414,900, $404,700 and $253,400 for 1982, 1981 and 1980, respectively. At December 31, 1982, the aggregate minimum lease commitments for all operating leases are as follows:

Year ending December 31,	
1983	$ 379,394
1984	248,185
1985	106,746
1986	78,777
1987	63,177
1988 and thereafter	132,289
	$1,008,568

7. Long-Term Debt

Long-term debt consists of the following:

	December 31	
	1982	1981
12½% subordinated convertible debentures due July 17, 1996, annual sinking fund payments of $470,000 commencing July 15, 1988, convertible at face amount into common stock any time before maturity at $8.00 per share (536,750 shares of common stock reserved)	$4,294,000	$4,887,000
Less deferred financing costs	(478,464)	(598,247)
	3,815,536	4,288,753
Other, non-interest bearing	4,070	12,527
	$3,819,606	$4,301,280

The debentures are callable at a premium of 111.5%. The call premium declines at 1% per year through 1994 and is 100% thereafter. At its option, the Company may redeem up to an additional $470,000 principal amount of debentures each July 15 commencing in 1988. The Company may take credit against its sinking fund obligation for debentures acquired by it and surrendered to the trustee for cancellation or redemption through the sinking fund and conversion into common stock.

Costs relating to the debenture issue have been deferred and are being amortized over 15 years. Amortization for the years ended December 31, 1982 and 1981 was $39,635 and $18,856, respectively. Upon conversion of debentures into common stock a prorata portion of deferred financing costs were charged to additional paid-in capital.

8. Shareholders' Equity

Stock Options:

The Company has stock option plans outstanding which originally reserved 740,000 shares of Common Stock. The plans have similar provisions whereby options are granted at fair market value at date of grant, are exercisable two years from date of grant provided optionee continues as a director or employee, and expire five years from date of grant. The Company retains a first right of refusal to purchase any of the shares purchased by optionees under options which were not registered under the Securities Act of 1933.

At December 31, 1982, options to purchase an aggregate of 261,000 shares at prices ranging from $.75 to $7.625 were outstanding. Options to purchase 101,600 shares were exercisable at December 31, 1982. Options were exercised for 30,500 shares in 1982 at prices ranging from $.75 to $4.25; for 2,000 shares in 1981 at $1.125; and for 62,800 shares in 1980 at prices ranging from $.50 to $1.50. There were 368,500 unoptioned shares at December 31, 1982 reserved for the granting of additional options under the plans.

The Company also grants stock options to consultants as authorized by the Board of Directors. These options are exercisable at varying times from date of grant and expire five years from date of grant. At December 31, 1982, options to purchase 50,000 shares at prices ranging from $1.125 to $5.125 were outstanding.

Warrants:

Under the terms of an underwriting agreement covering the issuance of its 12½% subordinated convertible debentures (Note 7), the Company sold to the underwriters for $500, warrants to purchase 50,000 shares of Common Stock. The warrants are exercisable anytime through July 15, 1986 at an exercise price equal to 110% of the conversion price of the debentures, $8.00 per share of common stock.

In connection with the termination of a joint venture with certain parties in 1980, the Company sold to such parties an aggregate of 100,000 shares of common stock at a price of $4.50 per share and issued warrants to such parties to purchase an additional 100,000 shares of common stock of the Company. These warrants are exercisable through December 1, 1983 at $10.00 per share.

Due from Officer/Shareholder:

In connection with the issuance of unregistered shares under an employment agreement, an officer/shareholder signed a promissory note with the Company. The note matures and is payable on June 30, 1985, and bears interest at the rate of 4% per annum, payable quarterly.

9. Income Taxes

U.S. income taxes:

There were no U.S. income taxes payable for the three years ended December 31, 1982. The Company has net operating loss carryforwards for income tax purposes, as set forth below, that can be used to reduce taxable U.S. income in future years. These losses will expire as follows:

1991	$ 94,000
1992	113,000
1993	105,000
1994	112,000
1995	337,000
1996	1,221,000
1997	1,833,000
	$3,815,000

Canadian income taxes:

The Company has net operating loss carryforwards for income tax purposes of approximately $240,000 (Canadian) that can reduce taxable Canadian income until 1987, and capital cost allowances (tax depreciation) and other deductions of approximately $1,246,000 (Canadian) already expensed for book purposes that can be deducted for tax purposes at any future time.

Deferred income taxes:

As of December 31, 1982, a Canadian subsidiary had recorded $206,083 of deferred income taxes. These taxes will be payable only in the event that the subsidiary sells certain shares of common stock of Royex Sturgex Mining Limited received in a 1980 exchange for the Company's interest in a gold orebody (Note 3).

Reconciliation of income taxes:

A reconciliation of income taxes at United States statutory rate of 46% to the effective tax rate follows:

	1982 Amount	1981 Amount	1980 Amount
Income taxes (benefit) computed at the United States statutory rate	$(1,304,000)	$(708,000)	$409,000
Losses with no tax benefit	1,304,000	791,000	199,000
Consolidated subsidiaries outside the United States			
Canadian inventory allowance	—	(8,000)	(9,000)
Non-taxable portion of capital gains	—	—	(212,000)
Exchange losses not deductible	—	—	30,000
Tax rate differential on earnings	—	8,000	36,000
Other, net	—	(9,000)	(27,000)
Provision for income taxes	$ —	$ 74,000	$426,000

10. Pension Plan

A Canadian subsidiary maintains a pension plan that provides retirement benefits for all of its employees with more than one year of service. The aggregate cost of the plan was $42,441, $40,783 and $32,775 for 1982, 1981, and 1980, respectively. As a foreign pension plan, this plan is not required to report under ERISA and does not otherwise determine the actuarial value of accrued benefits. The net assets of the pension fund exceed vested benefits.

11. Litigation

In March, 1981, the Company brought an action in the United States District Court, District of Maryland, against Intex, Inc. ("Intex"), a licensee under certain patents of the Company relating to "walk-through" metal detection devices used for airport security, for breach of a patent license agreement and to recover royalties due since March 31, 1980.

In its answer, Intex claims that the Company's patents relating to "walk-through" metal detectors are "invalid and unenforceable" and seeks an order that the license agreement be declared null and void, seeks restitution of approximately $401,000 of royalties paid by Intex to the Company plus interest and alleges that the Company has sought illegally to control and monopolize interstate and foreign commerce in "walk-through" metal detectors through the enforcement of allegedly invalid and unenforceable patents in violation of Sections 1 and 2 of the Sherman Act. Intex seeks treble damages in the amount of approximately $1,038,000 from the Company.

In the opinion of special counsel retained by the Company with respect to these counterclaims, the Company has meritorious defenses to such claims and the likelihood that Intex will be successful on such claims is remote.

12. Information Concerning the Company's Principal Activities

A summary of the Company's operations by principal activity for the three years ended December 31, 1982, 1981 and 1980 follows:

	Total	Research and Development	Instrument Manufacture and Sale	Minerals Licensing Exploration & Analytical Services	Oil and Gas	Corporate
1982						
Revenues	$5,570,582	$1,454,396	$ 560,470	$3,327,933	$ 1,153	$ 226,630
Operating income (loss)	73,128	71,767	113,882	582,529	(847,785)	152,735
General & administrative	1,984,980	535,944	216,362	1,232,674	—	—
Interest expense and other	923,630	—	—		—	923,630
Loss before income taxes	(2,835,482)	(464,177)	(102,480)	(650,145)	(847,785)	(770,895)
Depreciation and amortization	578,794	51,098	43,915	383,971	3,817	95,993
Capital expenditures	1,185,321	59,272	112,608	526,996	388,577	97,868
Identifiable assets	5,776,616	841,668	771,395	1,678,068	71,975	2,413,510
1981						
Revenues	$6,745,253	$1,118,744	$1,146,100	$4,210,476	$ —	$ 269,933
Operating income (loss)	497,437	109,293	100,917	605,988	(375,677)	46,916
General & administrative	1,658,177	295,239	302,759	1,060,179	—	—
Interest expense and other	379,443	—	—	—	—	379,443
Loss before income taxes	(1,540,183)	(185,946)	(201,842)	(444,191)	(375,677)	(332,527)
Depreciation and amortization	471,779	42,018	16,565	323,127	—	90,069
Capital expenditures	1,435,907	83,754	65,245	382,492	691,076	213,340
Identifiable assets	8,020,144	712,868	1,190,932	2,165,352	528,518	3,422,474
1980						
Revenues	$6,692,726	$ 937,519	$1,451,374	$3,479,500	$ —	$ 824,333
Operating income	2,220,537	83,788	428,212	1,026,312	(142,108)	824,333
General & administrative	1,186,350	188,630	293,028	704,692	—	—
Interest expense and other	144,413	—	—	—	—	144,413
Income (loss) before income taxes	889,774	(104,842)	135,184	321,620	(142,108)	679,920
Depreciation and amortization	307,093	30,291	12,188	241,973	—	22,641
Capital expenditures	959,443	26,733	15,241	519,884	355,227	42,358
Identifiable assets	4,903,272	627,566	837,611	1,871,260	213,119	1,353,716

Identifiable assets are those assets used in the operation of each activity. Corporate assets consist of cash, prepaid expenses, investments and other assets.

A summary of the Company's operations by geographic areas for the three years ended December 31, 1982 is as follows:

	1982	1981	1980
Total revenues			
United States	$ 2,066,892	$ 2,422,247	$1,544,580
Canada	3,503,690	4,323,006	5,148,146
Totals	$ 5,570,582	$ 6,745,253	$6,692,726
Net income (loss) before taxes			
United States	$(2,083,273)	$(1,266,905)	$ (402,897)
Canada	(752,209)	(273,278)	1,292,671
Totals	$(2,835,482)	$(1,540,183)	$ 889,774

Identifiable assets	1982	1981	1980
United States	$ 2,052,595	$ 3,683,628	$1,653,221
Canada	3,724,021	4,336,516	3,250,051
Totals	$ 5,776,616	$ 8,020,144	$4,903,272

Revenues in 1982 under the TIVAC program which were paid to the Company by Petro-Canada Exploration Inc. amounted to $897,000. Petro-Canada Exploration Inc. is the only significant customer of the Company.

13. Agreement With British Petroleum

On January 26, 1983, the Company entered into an agreement with British Petroleum plc of London in which BP acquired the right to use certain hydrocarbon exploration technology in consideration for $2 million. In addition, BP agreed to continue joint development of the technology by providing $1 million per year for the next three years with an option to cancel after either the first or second years. Under the terms of the agreement, at least 80% of the research funding will go through the Company.

Report of Independent Certified Public Accountants

To the Shareholders of
Barringer Resources Inc.

We have examined the consolidated balance sheets of Barringer Resources Inc. as of December 31, 1982 and 1981, and the related consolidated statements of operations, shareholders' equity and changes in financial position for the years ended December 31, 1982, 1981 and 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the financial position of Barringer Resources Inc. as of December 31, 1982 and 1981, and the results of its operations and the changes in its financial position for the years ended December 31, 1982, 1981 and 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

COOPERS & LYBRAND

Denver, Colorado
February 25, 1983

Market for the Company's Common Stock and Related Security Holder Matters

The Company's Common Stock is traded on the over-the-counter market and reported on NASDAQ under the symbol BARR. The Company's Common Stock is also listed for trading on the Alberta Stock Exchange but is not actively traded on that Exchange. The following table shows the range of high and low bid prices of the Company's Common Stock as reported by the National Quotation Bureau, Inc.

1982	High	Low
First Quarter	$ 5.75	$3.75
Second Quarter	4.25	1.25
Third Quarter	3.50	1.50
Fourth Quarter	7.38	2.87
1981		
First Quarter	$ 8.25	$5.75
Second Quarter	7.25	5.00
Third Quarter	12.75	6.25
Fourth Quarter	7.50	4.25

The above prices represent quotations among dealers without adjustment for retail mark-ups, mark-downs or commissions. They do not necessarily represent actual transactions.

The approximate number of shareholders of record as of February 8, 1983 was 840.

The Company has not paid any cash dividends since inception.

Annual Meeting

The Annual Meeting of Shareholders will be held in Golden, Colorado on May 11, 1983. The notice of meeting and proxy materials will be mailed to all registered shareholders in advance of the meeting.

Additional Information

Barringer also prepares a Form 10-K for the Securities and Exchange Commission and as a supplement to the Annual Report. Shareholders may obtain this report by writing to the Company at:

Barringer Resources Inc.
1626 Cole Boulevard, Suite 120
Golden, Colorado 80401

Corporate Information

BARRINGER RESOURCES INC.

Officers

Dr. Anthony R. Barringer, *President*
Dr. D. Richard Clews, *Exec. Vice Pres.*
John H. Davies, *Senior Vice President*
Dr. W. Timothy Meyer, *Vice Pres.*
Andrew Murray, *Vice President*
Robert J. Armstrong, *Secretary*
Robert R. Gilmore, *Treasurer*
Douglas C. McIntyre, *Controller*

Directors

Robert J. Armstrong
Dr. Anthony R. Barringer
Daniel R. Bereskin
Dr. D. Richard Clews
Sholly Kagan
Brandon W. Sweitzer
Frank Van Kasper
Roger C. Wilson

Corporate Counsel

Satterlee & Stephens
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New York, New York 10172

Blackwell, Law, Spratt, Armstrong & Grass
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Toronto, Ontario, Canada M5C 1V2

Stock Traded

Over-the-counter
NASDAQ Symbol: BARR

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Certified Public Accountants
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Denver, Colorado 80202

Transfer Agent

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