CONSOLIDATED CANADIAN FARADAY LIMITED

1982 ANNUAL REPORT

Directors:	W. Clarke Campbell, Partner of the firm of Day, Wilson, Campbell Barristers and Solicitors
	Colin C. Coolican, Executive Vice-President Conwest Exploration Company Limited
	John C. Lamacraft, President and Chief Executive Officer Conwest Exploration Company Limited
	Jules Loeb, General Manager, Falcon Investments Limited
	Howard A. Masson, Mining Executive
	Robert J. Metcalfe, Partner of the firm of Lang, Michener Cranston, Farquharson & Wright Barristers and Solicitors
	Michael Zurowski, Exploration Manager, Minerals Conwest Exploration Company Limited
Officers:	W. Clarke Campbell, Chairman of the Board
	John C. Lamacraft, President and Chief Executive Officer
	Colin C. Coolican, Executive Vice-President
	James A. Kalman, Vice-President
	S. Lawrence Koroluk, Vice-President
	J. Andrew Patterson, Vice-President
	William M. O'Shaughnessy, Secretary-Treasurer
	John S. Adams, Assistant Secretary-Treasurer
Registrar and Transfer Agent:	Guaranty Trust Company of Canada Toronto, Ontario
Co-Transfer Agent:	Bank of Montreal Trust Company New York, N.Y.
Auditors:	Thorne Riddell Toronto, Ontario
Head Office:	Suite 1010, 85 Richmond Street West, Toronto, Ontario, M5H 2G1

TO THE SHAREHOLDERS

Your directors are pleased to present the Annual Report for the year ended December 31, 1982.

1982 was a year of transition for your Company. The suspension of operations at the Madawaska Mine as a result of AGIP's termination of the mine's uranium sales contract was an unfortunate but necessary step. To maintain your Company's presence in the resource sector and replace the revenue and cash flow which the mine was generating, two oil and gas investments were made during 1982. These represent a new direction for your Company and will provide a stable base from which to broaden the Company's resource exposure.

The financial results for 1982 reflect the Company's difficult circumstances of 1982. Loss from operations for the year ended December 31, 1982 was $1,234,000 or $0.35 per share which was principally attributable to the costs of suspending operations at the Madawaska Mine. The operating loss was offset by a termination settlement received in conjunction with the cancellation of the mine's uranium sales contract. Overall, net income after extraordinary items for the year ended December 31, 1982 was $429,000 or $0.12 per share compared to net income after extraordinary items for 1981 of $2,212,000 or $0.62 per share.

The Madawaska joint venture, owned 49% by Faraday, was advised in early 1982 by its customer, AGIP, that it was terminating its sales contract with the joint venture. Extremely weak uranium markets, AGIP's large uranium inventories and cancellations in Italy's aggressive nuclear power program were the cause. An agreement was reached with AGIP to maintain sales under the contract until the end of June, 1982. Every effort was made to secure new markets for the mine's production. However, general weakness in uranium markets and the competitive advantage of other low cost, high grade producers in western Canada precluded securing a new customer.

Operations at the Madawaska Mine were suspended July 9, 1982 and the mine has been placed on a low cost "care and maintenance" basis. Whether the mine will re-open depends entirely on a strong recovery in uranium prices and demand. The Madawaska Mine had become a very efficient underground operation, but its comparatively low grade renders it at a serious disadvantage when compared to new open pit sources of U_3O_8. In addition, it is unlikely that the imbalance on a world-wide basis of uranium supply and demand, created largely by the widespread reductions in nuclear power programs, will be reversed in the near term.

Tonnage milled at the Madawaska Mine in 1982 for the period leading up to the suspension of operations was 213,962 tons at an average mill head grade of 1.90 pounds U_3O_8 per ton. Total production was 384,190 pounds U_3O_8 in concentrates for an overall recovery of approximately 94.5%. The tonnage and grade milled and the pound of U_3O_8 produced in the last three months of operation represented records for the mine since it was re-opened in 1976.

Prior to 1982, your Company's principal asset and source of income was its interest in the Madawaska Mine. As uranium prices began to plummet in 1980, Faraday's objective was to preserve the working capital generated by the mine and redeploy it to increase the Company's exposure to the Canadian resource sector and diversify its earnings base. During 1982, your Company made two significant acquisitions of oil and gas interests at a cost of $14,300,000. Early in the year, in conjunction with the reorganization of the petroleum interests in the Conwest Group, the Company acquired a 25% minority shareholding in Conwest Petroleum Corporation, Conwest's primary oil and gas vehicle. Later in the year, two producing properties were acquired which provide direct cash flow to the Company.

These acquisitions have provided Faraday with a significant interest, direct and indirect, in producing oil and gas properties in Western Canada. Proven and probable working interest reserves now total 1,128,000 barrels of oil and liquids and 11.3 bcf of gas. The discounted value of cash flow from these reserves, over their productive lives, is forecast to be $22,926,000 discounted at 15% and $17,119,000 discounted at 20%. Faraday's net production income from oil and gas on a consolidated basis was $1,553,000 for 1982.

Priorities for 1983 will be to expand and build on the new base which has been created. The Company will continue to look for opportunities to acquire directly producing oil and gas properties. The principal criteria for acquisitions will be current cash flow to service any financing charges, long life reserves on which to build Faraday's future cash flow and properties which complement the Company's existing interests. Through its interest in Conwest Petroleum, Faraday will participate in that company's increasing efforts to build a strong exploration team and develop its own exploration program and prospects. As Faraday increases its revenue generating assets and its cash flow grows, it may participate directly in this exploration program.

Since 1980, uranium prices have had a precipitous decline. As a result, your Company adopted a strategy of conserving its working capital for ultimate re-investment in one or more projects in the Canadian resource sector. The petroleum acquisitions of 1982 have resulted in a smooth transition from the uncertainties of the past several years and provide a solid base for long term growth. In the future, Faraday's objective is to broaden its exposure to resource investments and create a more balanced mix of assets.

With the changed direction of the Company in the past year, it is appropriate that the name of the Company should better reflect its interests. As part of the annual meeting, shareholders will be asked to approve a change in the Company's name to "Faraday Resources Inc."

Your directors would like to thank, on your behalf, the employees of the Company and, in particular, the employees at the Madawaska Mine. Without their loyalty and hard work, 1982 would have been a much more difficult year for the company.

On behalf of the Board

W. CLARKE CAMPBELL,
Chairman

JOHN C. LAMACRAFT,
President and Chief
Executive Officer

Toronto, Ontario
May 10, 1983

OIL AND GAS INTERESTS

During the past year, Faraday has made a significant investment in the Western Canadian oil and gas industry. Through its 25% shareholding in Conwest Petroleum Corporation, Faraday enjoys the benefits of a substantial base of producing and exploration assets and a dedicated group of employees. Due to the indirect nature of the Conwest Petroleum investment, and the attractive acquisition opportunities presented to the Company during 1982, Faraday has also invested directly in producing oil and gas assets.

Directly owned and indirectly owned reserves (through 25%-owned Conwest Petroleum Corporation) on a proven basis, totalled 810,000 barrels of oil and natural gas liquids and 7.26 bcf of natural gas at year-end. Proven plus probable reserves are estimated to total 1,128,000 barrels of oil and natural gas liquids and 11.32 bcf of natural gas. The present value of these reserves, discounted at 20% on a proven, and proven and probable basis, is $14.3 million and $17.1 million respectively.

Net production income during 1982 from oil and gas operations was $1,553,000. It is expected that cash flow (both direct and indirect) during 1983 will show a further significant increase to in excess of $2.5 million.

The majority of Faraday's production comes from wells in the Alderson, Buffalo Lake, Delburne, Gough Lake, Leo-Byemoor, Kaybob, Nipisi, Stettler North and Scandia areas of Alberta.

Nipisi Gilwood Unit No. 1

Faraday holds a .67659% direct and indirect interest in the Nipisi Gilwood Unit No. 1. Faraday's working interest production from the area in 1982 was 55,600 barrels of oil and natural gas liquids.

A tertiary recovery scheme employing a miscible flood process has been approved by the partners in the Unit and the Alberta Energy Resources Conservation Board (ERCB) for a six section block inside the Unit. It is anticipated this scheme will be in operation early 1984.

The original oil in place in the Nipisi Unit has been estimated by the Unit operator and the ERCB to be more than 700 million barrels with a primary and secondary recovery factor of approximately 40%. If the miscible flood program referred to above is successful and miscible flooding can similarly be implemented throughout the Unit, it is possible that ultimate recoveries would be in excess of 50% of the original oil in place. Production classified as tertiary qualifies as "new oil" and world price entitlement. Tertiary production from the field represents a significant positive factor in the long-term earnings potential of the Company.

Gough Lake/Leo-Byemoor

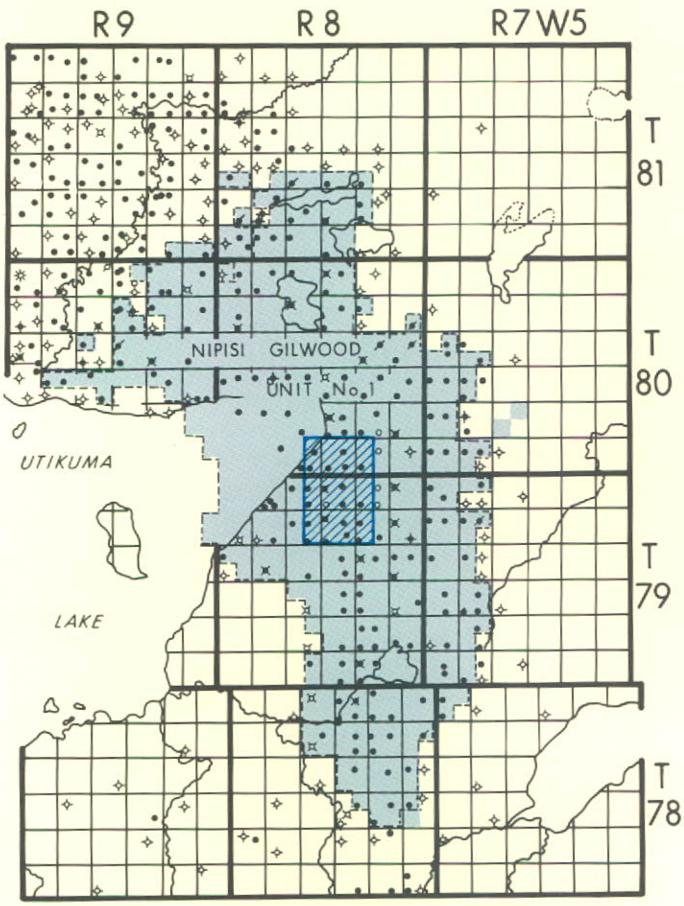
Conwest Petroleum has an interest in 17,440 acres (4,560 net acres) in the Gough Lake/Leo-Byemoor area as well as an interest in eight producing wells (2.38 net wells), seven shut-in wells (1.65 net wells) and two gas plants. Working interest production from the area in 1982 was 1,425 barrels of oil and 457 million cubic feet of gas.

Buffalo Lake-Stettler North Area

Conwest Petroleum has an interest in 6,240 acres (1,620 net acres) in the Buffalo Lake-Stettler North area as well as an interest in four producing wells (1.12 net wells), one shut-in well (0.16 net wells) and two gas plants. Working interest production from the area in 1982 was 284 million cubic feet of gas.

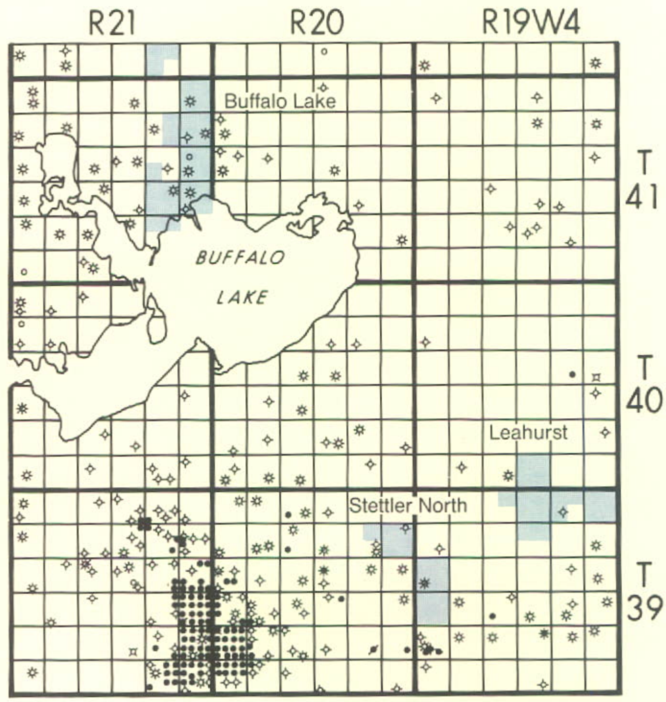
Summary of Proven and Probable Reserves
At December 31, 1982
(Direct and Indirect)
(Working Interest Reserves)

	Natural Gas Reserves (mmcf)	Oil and Natural Gas Liquids (bbls)
Proven	7,256	810,000
Probable	4,062	318,000
Proven and Probable	11,318	1,128,000

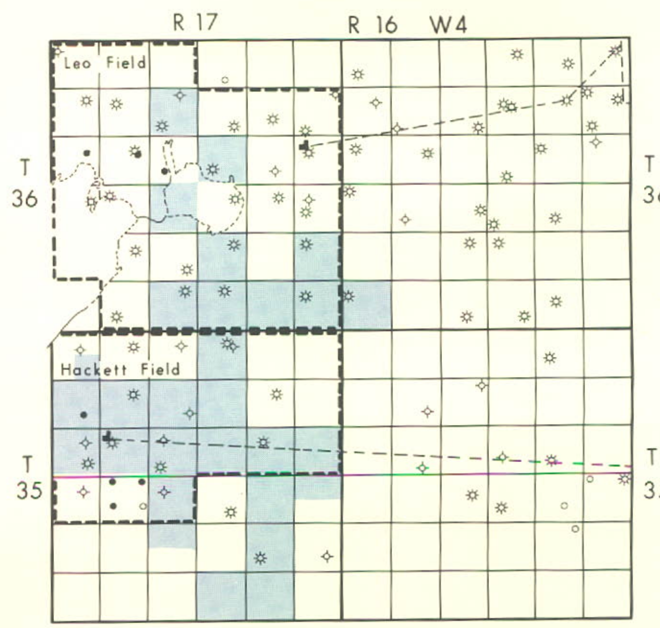


Miscible Flood Program

NIPISI AREA



NORTH STETTLER AREA



GOUGH LAKE & LEO-BYEMOOR AREAS

- Gas Plant
- Gas Pipeline
- Gas Well
- Oil Well
- Abandoned Well

Forecast Net Cash Flow At December 31, 1982 After Operating and Capital Expenditures and Royalties* (Direct and Indirect)

	Undiscounted	Discounted at 15%	Discounted at 20%
Proven Reserves	$ 66,215,000	$18,274,000	$14,326,000
Probable Reserves	57,688,000	4,652,000	2,793,000
	$123,903,000	$22,926,000	$17,119,000

* based on independent consultants' reports.

OIL AND GAS EXPLORATION (25% owned Conwest Petroleum Corporation)

The exploration climate in Canada until recently had been extremely competitive. Due to the decrease in availability of exploration capital from both the drilling fund and equity markets, better farm-in, land-acquisition and drilling terms have become prevalent in the industry. Conwest Petroleum is in the fortunate position of having established a solid cash flow with minimal overhead to take advantage of these opportunities and the better availability of exploration personnel.

Conwest Petroleum had a potentially significant exploration discovery (in the Shekelie area) in 1982 and has established, over the past few years, a sizeable land bank of 72,000 net acres. It owns widespread acreage along the edges of large oil and gas pools (Sturgeon Lake, Swan Hills, Virginia Hills, Westward Ho) and some wildcat and "low value" acreage. A number of the areas in which Conwest Petroleum holds acreage are currently extremely active (Leo-Byemoor/Gough Lake, Lubicon, Utikuma, Pembina, Lanaway) and provide upside potential to your Company. To date, through the exploration programme, Conwest Petroleum has been exposed to expenditures which exceed more than fifteen times the amounts expended by that company.

Conwest Petroleum made a significant gas discovery in early 1982 when a well in the Shekelie area of north-eastern B.C., Pesh c-67-A/94-P-8, blew out after having penetrated the Slave Point formation. Subsequent extended testing of the zone resulted in a calculated four-point A.O.F. of 108 million cu. feet per day. The Jean-Marie formation was tested during drilling and also proved productive. The reserves associated with this discovery are potentially significant but cannot be estimated with a meaningful degree of reliability at this time; a second well, Pesh d-83-I/94-P-1, approximately 3.5 miles to the south of the discovery well (on a separate structure) was considered not economic. Conwest Petroleum holds an interest in 33,660 gross acres (8,020 net acres) in the area and an option on a further 2,600 acres (680 net acres). Further delineation drilling of the discovery is likely to be undertaken in 1983, but full evaluation of the prospect is dependent upon the outlook for B.C. gas markets.

To the north-east of Stettler in the Leahurst area, a multizone gas well was drilled in lsd 8-4-40-19W4M adjacent to lands in which Conwest Petroleum has a 44% working interest. Exploratory work is being conducted on the company's lands to define a potential offset location to the above-mentioned well.

One of the top priorities for 1983 will be the development of an experienced exploration team. Conwest Petroleum will direct the bulk of its efforts towards the discovery of oil reserves in central and southern Alberta where access is easy, drilling is relatively inexpensive, the geology provides multiple potential productive zones and there exists a substantial information base to lessen the risk. Conwest Petroleum will concentrate on a select few areas which fit the above criteria and in addition provide the opportunity to acquire land at reasonable cost at land sales or via the farm-in route.

Conwest Petroleum Corporation 1982 Drilling Activity

Wells	
Oil	6
Gas	4
Dry	6
Total	16

Conwest Petroleum Corporation Land Holdings at December 31, 1982

Gross Acres	375,700
Net Acres	72,350

PRINCIPAL AREAS OF ACTIVITY

ALBERTA – N.E. BRITISH COLUMBIA

■ AREAS IN WHICH CONWEST PETROLEUM HAS CROWN FREEHOLD OR OTHER LEASE INTERESTS

MINING INTERESTS

All of Faraday's mining interests were affected by the depressed economic conditions which prevailed during 1982. Faraday's only operating interest, the 49% joint venture stake in the Madawaska Mine, suspended operations in the middle of the year and eliminated the Company's only source of mining cash flow. Work on the mining exploration programs in which Faraday has participated were limited to maintaining the interests previously held.

Madawaska Mine

As described earlier in this report and last year's annual report, the Madawaska joint venture had to negotiate the termination of its uranium sales contract early in 1982 when its customer, AGIP, notified the joint venture it would no longer take deliveries of U_3O_8 from the Madawaska Mine. Under a termination settlement, AGIP agreed to buy the mine's production until the end of June, 1982.

Tonnage milled at the Madawaska Mine in 1982 for the period leading up to the suspension of operations was 213,962 tons at an average mill head grade of 1.90 pounds U_3O_8 per ton. Total production was 384,190 pounds U_3O_8 in concentrates for an overall recovery of approximately 94.5%. The bulk of this production was purchased by AGIP under the termination settlement at a price of Cdn. $32.75 per pound U_3O_8. The balance was sold at the current spot price for uranium which was considerably lower. Since it was re-opened in 1976, productivity at the Madawaska Mine has improved each year. This was in large measure due to the co-operation, efficiency and stability of the workforce at the mine. Despite the pressures and uncertainties of suspending operations, this trend continued in 1982. The tonnage milled and the pounds of U_3O_8 produced in the last three months of operation represented records for the mine since it re-opened. Cash operating costs per pound U_3O_8 during 1982 were $30.01.

Prior to the suspension of operations, the joint venture attempted to secure a new customer for the mine's production. However, all of its efforts proved unsuccessful because of the depressed state of the uranium market and the competitive advantage of other low cost, high grade producers in Canada and elsewhere. As a result, operations at the mine were suspended on July 9, 1982 and the mine has been put on a "care and maintenance" basis. Since the suspension of operations, the mine has been allowed to flood, steps have been taken to moth-ball the milling operation and regulatory approvals are being sought for the decommissioning of the mine. The costs of carrying the mine have been reduced to a relatively low level.

The Company will continually monitor uranium markets and demand to determine the feasibility of re-opening the Madawaska Mine. The cancellations and reductions in many nuclear programs and the grade and cost advantages of the newest uranium producers make it unlikely that a decision to re-open the Madawaska Mine will occur in the near future.

Hydra Explorations Limited

Faraday owns a 26% controlling interest in Hydra which has two gold properties. One is known as the Porcupine Peninsular property in the Timmins Area, which has been leased to Pamour Porcupine Mines Limited since 1973. Undiluted geological reserves established by drilling and development work on the property prior to 1980 are estimated to be 1.9 million tons grading 0.113 ounces of gold per ton. Although no development work has been done on the property since 1980, Pamour has conducted some further surface explorations including geophysical and overburden surveying, drilling on the Porcupine Peninsula property and Pamour's surrounding property over the past few years. Higher gold prices are necessary to make mining of the property economic. Until Pamour's capital costs have been repaid, Hydra will receive a royalty based on tons of ore removed from the property. Thereafter, Hydra's interest reverts to a 20% net profits interest.

Hydra's other property, held through 50% owned Johnsby Mines Limited, is a large tonnage deposit averaging 0.055 oz. gold per ton, located in the Indin Lake area north of Yellowknife, N.W.T. The Indin Lake property has been inactive for several years. Much higher gold prices than now prevail are required to make it economically attractive.

Prairie Potash Mines Limited

Faraday owns 38% of Prairie Potash. The balance is owned by Inco. Prairie Potash holds 16,000 acres of freehold potash leases in the Province of Manitoba. Negotiations were in progress to farm these lands to International Minerals and Chemical Corporation (Canada) Limited. IMC Canada intended to include these leases, with contiguous Crown potash leases for which it was negotiating, in a large potash mining project being promoted by the former Manitoba government. With the change in government in Manitoba in 1982, this project was put on a hold basis. Current economic conditions have since resulted in IMC Canada's dropping the project.

C

Consolidated Canadian Faraday Limited

Suite 1010
85 Richmond Street West,
Toronto, Ontario
M5H 2G1
(416) 362-6721

NOTICE OF ANNUAL AND GENERAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual and a General Meeting of Shareholders of the Corporation will be held on Thursday, the 16th day of June, 1983, at the hour of 10:00 o'clock in the forenoon (Toronto time) or as soon thereafter as a quorum shall be present, in the Gold Room, Second Floor, North Wing, Park Plaza Hotel, 4 Avenue Road, Toronto, Ontario, for the following purposes:

(a) To receive and consider the financial statements of the Corporation for the year ended December 31, 1982, together with the report of the auditors thereon;

(b) To elect directors;

(c) To appoint auditors and authorize the directors to fix the auditors' remuneration;

(d) To consider and, if deemed advisable, to confirm, with or without modification, a Special Resolution of the Corporation changing the name of the Corporation to FARADAY RESOURCES INC.; and

(e) To transact such further or other business as may properly be brought before the meeting or any adjournment or adjournments thereof.

Copies of the annual report, including the financial statements together with the auditors' report thereon, and a form of proxy statement and information circular, accompany this notice.

If you cannot be present in person, please complete the enclosed proxy without delay. A business reply envelope is provided for your convenience.

DATED at Toronto, this 25th day of May, 1983.

By Order of the Board,

W. M. O'SHAUGHNESSY,
Secretary.

CONSOLIDATED CANADIAN FARADAY LIMITED

ANNUAL AND GENERAL MEETING OF SHAREHOLDERS TO BE HELD JUNE 16, 1983

PROXY STATEMENT AND INFORMATION CIRCULAR

This statement is furnished in connection with the solicitation of proxies on behalf of the Board of Directors of Consolidated Canadian Faraday Limited (the "Corporation") to be used at the Annual and a General Meeting of Shareholders of the Corporation to be held at the time and place and for the purposes set forth in the attached notice of meeting.

The cost of preparing, assembling and mailing to shareholders the notice of the meeting, the Proxy Statement and Information Circular and the form of proxy for the meeting will be borne by the Corporation. In addition to the solicitation of proxies by mail, officers, directors and regular employees of the Corporation may, without additional compensation, solicit proxies on behalf of the Board of Directors of the Corporation personally or by telephone. The Corporation will also pay to broker-dealers, banks or other record holders of shares of the Corporation their reasonable expenses in mailing copies of the foregoing material to beneficial owners of shares.

The annual report of the Corporation for its year ended December 31, 1982, containing certified financial statements, is being mailed to the Corporation's shareholders with this statement. The mailing date of the Proxy Statement and Information Circular will be on or about May 25, 1983.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers of the Corporation. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER) TO REPRESENT HIM AT THE MEETING MAY DO SO EITHER BY INSERTING SUCH PERSON'S NAME IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED PROXY TO THE SECRETARY OF THE CORPORATION PRIOR TO THE MEETING OR THE CHAIRMAN OF THE MEETING.

Under the provisions of the Business Corporations Act (Ontario), a shareholder giving a proxy has power to revoke it. The following is the revocation procedure prescribed in Section 113(4) of the Business Corporations Act (Ontario):

> "In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a body corporate, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked."

The shares represented by the enclosed form of proxy will be voted and, where a choice with respect to any matter to be acted upon has been specified in the proxy, the shares will, subject to Section 119 of the Business Corporations Act (Ontario), where applicable, be voted in accordance with the specifications so made. Section 119 provides as follows:

> "The chairman at a meeting has the right not to conduct a vote by way of ballot on any matter or group of matters in connection with which the form of proxy has provided a means whereby the person whose proxy is solicited may specify how such person wishes the shares registered in his name to be voted unless,
>
> (a) a poll is demanded by any shareholder present at the meeting in person or represented thereat by proxy; or

The Corporation has purchased an annuity on the life of Mr. Campbell for the sum of $50,000, which annuity will be transferred to him or his estate on the earlier of his death or his reaching age 65. So long as he remains as Chairman of the Board, he will be paid a salary of $25,000 per annum.

A fully-secured, non-interest bearing mortgage loan has previously been made by the Corporation to Mr. Coolican. The maximum amount of such indebtedness during fiscal 1982 was $150,000 of which $140,000 remains outstanding.

INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

On March 6, 1983 Conwest Exploration Company Limited loaned $2,290,000 to the Corporation to enable it to discharge its then outstanding bank indebtedness. The loan to the Corporation is on the same terms and conditions as the Corporation's previously outstanding bank loan, including interest at the rate of 0.5% plus the prime bank rate of the Corporation's bankers.

Messrs. J. C. Lamacraft and C. C. Coolican are directors and officers of Conwest. Mr. W. C. Campbell is a director of Conwest.

APPOINTMENT OF AUDITORS

Thorne Riddell and its predecessor firms have been auditors of the Corporation since its inception, and were auditors of the predecessor companies, and accordingly have acted as the Corporation's principal accountant. A representative of Thorne Riddell is expected to be present at the Annual and General Meeting. In addition to the auditors' rights referred to above in connection with the Audit Committee, the auditor of the Corporation is entitled to attend and be heard at any meeting of the directors on matters related to the auditors' duties, as well as any meeting of shareholders on any part of the business of the meeting that concerns the auditor. If present at the shareholders' meeting, the auditor is obliged to answer inquiries concerning the basis for the opinion set forth in the auditors' report to the shareholders on the Corporation's financial statements.

The vote necessary for the appointment of the auditors is a majority of the vote cast at the meeting.

Unless otherwise instructed, proxies which are received pursuant to this solicitation will be voted for the appointment of Thorne Riddell as auditors of the Corporation at such remuneration as the directors may fix.

CHANGE OF NAME

With the changed direction of the Corporation in the past year, it is appropriate that the name of the Corporation should better reflect its interests. Shareholders are being asked to confirm a Special Resolution of the Corporation changing the name of the Corporation to FARADAY RESOURCES INC. In order that the Special Resolution may become effective, it must be confirmed by at least two-thirds (⅔rds) of the votes cast at the following shareholders' meeting.

SHAREHOLDERS PROPOSALS FOR 1984 ANNUAL MEETING

To be considered for presentation to the Annual Meeting of Stockholders to be held in 1984, a stockholder proposal must be received at the offices of the Corporation not later than February 14, 1984.

OTHER BUSINESS

The Board of Directors do not know of any other matters that may come before the meeting. It should be noted, however, that the enclosed form of proxy is a discretionary proxy and if amendments or variations in the matters identified in the notice of meeting or any other matter should properly come before the meeting the shares represented by the form of proxy will be voted upon such other matters in accordance with the best judgment of the named proxy.

By Order of the Board of Directors,

W. M. O'Shaughnessy,
Secretary.

Toronto, Canada
May 25, 1983

Name	Principal Occupation and Age	Shares Beneficially Owned, Directly or Indirectly, as of May 25, 1983 (1)	Became Director of Corporation or of Predecessor Company
Michael Zurowski (2)	Exploration Manager, Minerals, Conwest Exploration Company Limited or a predecessor company since 1968. (55)	—	1982

(1) The number of shares shown is based upon information furnished by each person named.

(2) Member of the Audit Committee.

(3) Each of the above nominees, except Mr. Metcalfe, has been elected to his present term of office by a vote of shareholders at a meeting, the notice of which was accompanied by an information circular. Prior to and since May, 1978 Mr. Metcalfe has been a partner of Lang, Michener, Cranston, Farquharson & Wright.

The Business Corporations Act (Ontario) requires that the Corporation have an Audit Committee of not fewer than three directors, a majority of the members of which may not be officers or employees of the Corporation or an affiliate, which is to review the financial statements of the Corporation before submission to the full Board. The Committee may require the auditor of the Corporation to appear before it; the auditor also has the right to be heard at any meeting of the Audit Committee. The Audit Committee also systematically reviews the Corporation's accounting and financial controls and reporting procedures and reports its findings to the full Board of Directors. The members of the Audit Committee are as indicated above.

During 1982 five meetings of the Board of Directors and one meeting of the Audit Committee were held. All incumbent directors attended the meetings of the Board and committees of which they were members with the exceptions of the following: Messrs. Lamacraft and Coolican were absent one meeting. Mr. Loeb missed two meetings.

In the absence of instructions to the contrary, the enclosed proxy will be voted for the nominees herein listed (or for the substitute nominees in the event of contingencies not known at present) who will serve until the next Annual Meeting of Shareholders and until their successors are elected and qualify.

REMUNERATION OF AND OTHER TRANSACTIONS WITH DIRECTORS AND OFFICERS

During 1982 no officer or director received aggregate remuneration from the Corporation or any affiliated company in excess of $50,000. No pension benefits were paid to the officers and directors of the Corporation.

The following table shows all cash and cash equivalent remunerations, vested or contingent, that have been paid by the Corporation for services in all capacities during its fiscal year ended December 31, 1982, to all officers and directors as a group who were directors and officers of the Corporation at any time during such fiscal year.

Number of Persons in Group	Capacities in which Remuneration was Received	Aggregate Remuneration	Contingent Forms of Remuneration
Directors (7)	Directors	$ 21,825	See Below
Five (5) Senior Officers	Officers	$111,958	
Eleven (11) Officers and Directors	Officers and Directors	$165,230	

Conwest Exploration Company Limited pays substantially all of the remuneration of directors and senior officers of certain related companies and is reimbursed by these companies. During the financial year ended December 31, 1982 the Corporation's share of the amount so paid was $88,005, all of which is included in the total shown above.

During 1982 Day, Wilson, Campbell, in which firm Mr. Campbell is a partner, received legal fees from the Corporation and affiliated corporations in the amount of $15,385, which amount is not included in the above.

Conwest owns 42% of the Corporation and consequently many of the companies within the Conwest Group of companies are related parties. As part of normal business operations the Corporation makes extensive use of Conwest's management and technical services. The Corporation absorbs 20% of the cost of such services, which in 1982 amounted to $194,780, excluding salaries referred to above.

(b) proxies requiring that the shares represented thereby be voted against what would otherwise be the decision of the meeting in relation to such matters or group of matters total more than 5 per cent of all the voting rights attaching to all the shares entitled to be voted and be represented at the meeting."

Subject to the foregoing, voting at the meeting will be conducted by ballot.

IF THERE IS NO CHOICE OR DIRECTION GIVEN AS TO VOTING, SHARES WILL BE VOTED IN FAVOUR OF THE RESOLUTIONS BEFORE THE MEETING. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the meeting. As of the date hereof, the Board of Directors of the Corporation does not know of any such amendment, variation or other matters to come before the meeting other than the matters referred to in the notice of meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

Holders of record of common stock as of May 25th, 1983, are entitled to notice of the meeting and holders of record at the date of the meeting, to vote at the meeting. There are 3,568,800 shares outstanding, each of which is entitled to one vote.

Conwest Exploration Company Limited, 85 Richmond Street West, Toronto, Ontario ("Conwest"), beneficially owns 1,503,470 shares, or 42% of the outstanding shares, and is the only person to the knowledge of the directors and officers who owns of record or beneficially, directly or indirectly, more than 5% of the outstanding shares of the Corporation.

The following table indicates the shares of the Corporation beneficially owned by all directors and officers of the Corporation as a group:

Title of Class	Amount Beneficially Owned	% of Class
Common Stock	33,300 shares	.94

ELECTION OF DIRECTORS

The Board consists of seven directors who are elected annually. The persons named in the enclosed form of proxy intend to vote, unless otherwise instructed, for the election of the nominees, listed below. If for any presently unforeseen reason any nominee becomes unavailable for election, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

Name	Principal Occupation and Age	Shares Beneficially Owned, Directly or Indirectly, as of May 25, 1983 (1)	Became Director of Corporation or of Predecessor Company
William Clarke Campbell (2)	Chairman of the Board. Partner of the firm of Day, Wilson, Campbell (barristers and solicitors), which firm has been general counsel of the Corporation since its inception by Letters Patent of Amalgamation dated May 4, 1967, and will continue so to act in 1983. (64)	12,400	1961
John C. Lamacraft	President of the Corporation. President of Conwest since April, 1979. Has held various executive positions with Conwest since 1971. (41)	—	1975
Jules Loeb	General Manager of Falcon Investments Ltd. (real estate development company). (65)	20,900	1967
Howard Alfred Masson (2)	Mining Executive; self-employed. (75)	—	1967
Colin C. Coolican	Executive Vice-President of the Corporation and Conwest since 1980. For the five years prior to 1980 he was a partner of McCarthy and McCarthy (barristers and solicitors). (39)	—	1980
Robert J. Metcalfe (3)	Partner of the firm of Lang, Michener, Cranston, Farquharson & Wright (barristers and solicitors). (43)	—	1982

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial condition and results of operations for 1982 reflect the suspension of operations of the Madawaska Mine in early July, 1982 and management's decision to retain Faraday's exposure to the resource sector and replace some of the cash flow generated by the mine through two investments in oil and gas.

FINANCIAL CONDITION

Liquidity and Capital Resources

Working capital decreased by $7.9 million during 1982 to $3.0 million. This arose from the acquisition of a 25% interest in Conwest Petroleum Corporation and the direct purchase of two producing oil and gas properties.

During 1982 the Company borrowed $2.9 million of which $0.2 million was subsequently repaid, and reflects a further $2.3 million of long term debt as the holder of a 25% interest in Conwest Petroleum Corporation.

RESULTS OF OPERATIONS

Summary

The Company has a 49% direct interest in the Madawaska Mine, Bancroft, Ontario. By agreement dated March 12, 1982 the Joint Venture's contract with AGIP Nucleare International Ltd., the principal purchaser of mine production, was terminated effective July, 1982. An alternative purchaser of mine production could not be found and accordingly, in July, 1982, mine operations were suspended. The mine property is presently being maintained on a care and maintenance basis. The Company's interest in the underlying net assets of the Joint Venture have been written-down to estimated net realizable value. In prior years the Company's interest in the results of operations of the Joint Venture have been included on the proportionate consolidation method, however, in view of the suspension of operations, Management concluded that more informative financial statement presentation would result from the segregation of mine operating results from those of the Company's on-going activities.

The following table summarizes the Company's consolidated net earnings for the years ended December 31, 1982, 1981 and 1980 (in thousands of dollars), after giving effect to the above-noted reclassification:

	1982	1981	1980
Income (loss) from continuing operations before interest and income taxes			
Oil and gas	$ 914	$ 153	$ 158
Other resource	(204)	(595)	1,015
Interest and other	(108)	969	86
	602	527	1,259
Interest expense	(550)	—	—
Income taxes	(108)	(229)	(470)
Income (loss) from continuing operations	(56)	298	789
Income (loss) from discontinued operations			
Madawaska Mine	(1,178)	629	22
Revenue producing property	—	—	647
Income (loss) before extraordinary items	(1,234)	927	1,458
Termination settlement	1,663	—	—
Income tax reduction realized on application of resource expenditures of prior years	—	1,285	629
Net income	$ 429	$ 2,212	$ 2,087

Revenue

Revenue from oil and gas production was $2.1 million in 1982 compared to $0.2 million in 1981. This dramatic increase results from the Company's acquisition of oil and gas interests during 1982.

As a result of the suspension of Madawaska operations in mid-1982 the Company's interest in uranium concentrate sales, included in income from discontinued operations, decreased approximately $6 million as compared to 1981. The decline in interest revenue in 1982 from that of the previous year was coincidental with the decrease in working capital.

Selected Financial Data and Comparison of Selected Data

	In Thousands except per share amounts Year ended December 31		
	1982	1981	1980
Selected Financial Data			
Net income	$ 429	$ 2,212	$ 2,087
Per share	$ 0.12	$ 0.62	$ 0.58
Dividends per share	—	—	—
At year end			
Total assets	$20,318	$14,545	$12,647
Long-term obligations	$ 5,444	NIL	NIL
Working capital	$ 2,992	$10,899	$ 8,871
Shareholders' equity	$13,935	$13,506	$11,294

Percentage of revenue, including those of discontinued operations, by line of business for each of the past two years was as follows:

	1982	1981
Mineral Operations	71%	87%
Oil and Gas Interests	24%	2%
Investment and Real Estate	5%	11%

Price Range of Shares

	1982	1981
First Quarter	$2.00 - 1.36	$3.95 - 2.85
Second Quarter	1.75 - 1.37	3.15 - 2.70
Third Quarter	1.40 - 1.10	3.00 - 2.10
Fourth Quarter	2.30 - 1.70	2.35 - 1.82

Form 10-K Annual Report

Copies of the Company's Form 10-K Annual Report for 1982 to the United States Securities and Exchange Commission will be available to shareholders upon written request to the Secretary of the Company.

BALANCE SHEET AS AT DECEMBER 31, 1982 AND 1981

Assets

	1982	1981
CURRENT ASSETS		
Cash and short term deposits	$ 2,544,000	$ 8,624,000
Accounts receivable	1,245,000	2,142,000
Inventories	139,000	1,119,000
Prepaid expenses	3,000	53,000
	3,931,000	11,938,000
INVESTMENTS (note 4)	1,797,000	1,639,000
OIL AND GAS INTERESTS (notes 3 and 5)	13,818,000	164,000
FIXED ASSETS (note 6)	761,000	783,000
MINERAL EXPLORATION INTERESTS	1,000	1,000
OTHER	10,000	20,000
	$20,318,000	$14,545,000

Liabilities

	1982	1981
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 865,000	$ 931,000
Royalties and production taxes payable	74,000	108,000
	939,000	1,039,000
DEFERRED REVENUE	254,000	
LONG-TERM DEBT (note 7)	5,082,000	
DEFERRED INCOME TAXES	108,000	

Shareholders' Equity

	1982	1981
CAPITAL STOCK		
Authorized		
5,000,000 Shares of no par value		
Issued		
3,568,800 Shares	6,693,000	6,693,000
CONTRIBUTED SURPLUS	1,506,000	1,506,000
	8,199,000	8,199,000
RETAINED EARNINGS	5,736,000	5,307,000
	13,935,000	13,506,000
	$20,318,000	$14,545,000

Approved by the Board

W. C. CAMPBELL, Director

J. C. LAMACRAFT, Director

STATEMENT OF INCOME

Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
Revenue			
Oil and gas production	$ 2,089,000	$ 211,000	$ 191,000
Interest and other income	438,000	1,502,000	534,000
Gain (loss) on investments	(132,000)	(463,000)	862,000
Gain on disposal of mining interests	—	80,000	260,000
Equity in earnings of companies subject to significant influence	65,000	47,000	31,000
	2,460,000	1,377,000	1,878,000
Expenses			
Mineral exploration	137,000	260,000	137,000
Oil and gas production	369,000	25,000	22,000
General and administrative	536,000	517,000	438,000
Taxes under the National Energy Program	167,000	18,000	—
Depreciation, depletion and amortization	649,000	30,000	22,000
	1,858,000	850,000	619,000
Income before undernoted	602,000	527,000	1,259,000
Interest expense	(550,000)	—	—
Income taxes (note 8)	(108,000)	(229,000)	(470,000)
Income (loss) from continuing operations	(56,000)	298,000	789,000
Income (loss) from discontinued operations			
Madawaska Mine (note 2)	(1,178,000)	629,000	22,000
Other	—	—	647,000
Income (loss) before extraordinary items	(1,234,000)	927,000	1,458,000
Termination settlement (note 9)	1,663,000		
Income tax reduction realized on application of resource expenditures of prior years (note 8)	—	1,285,000	629,000
NET INCOME	$ 429,000	$ 2,212,000	$ 2,087,000
EARNINGS (LOSS) PER SHARE			
Continuing operations	$(.02)	$.08	$.22
Discontinued operations	(.33)	.18	.19
Extraordinary items	.47	.36	.17
Net income	$ .12	$.62	$.58

STATEMENT OF RETAINED EARNINGS
Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
BALANCE AT BEGINNING OF YEAR	$ 5,307,000	$ 3,095,000	$ 1,008,000
Net income	429,000	2,212,000	2,087,000
BALANCE AT END OF YEAR	$ 5,736,000	$ 5,307,000	$ 3,095,000

STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31, 1982, 1981 and 1980

	1982	1981	1980
WORKING CAPITAL DERIVED FROM			
Operations	$ 1,302,000	$ 3,142,000	$ 2,203,000
Long-term debt	7,479,000	—	—
Deferred revenue	254,000	—	—
Proceeds from investments	7,000	31,000	995,000
Proceeds on disposal of oil and gas interests	—	—	275,000
Proceeds on disposal of revenue producing property, net of mortgages assumed and taken back	—	—	266,000
	9,042,000	3,173,000	3,739,000
WORKING CAPITAL APPLIED TO			
Purchase of investments	232,000	1,017,000	195,000
Purchase of fixed assets	28,000	86,000	197,000
Oil and gas interests	14,292,000	42,000	23,000
Reduction in long-term debt	2,397,000	—	—
	16,949,000	1,145,000	415,000
INCREASE (DECREASE) IN WORKING CAPITAL	(7,907,000)	2,028,000	3,324,000
WORKING CAPITAL AT BEGINNING OF YEAR	10,899,000	8,871,000	5,547,000
WORKING CAPITAL AT END OF YEAR	$ 2,992,000	$10,899,000	$ 8,871,000

AUDITORS' REPORT

To the Shareholders of
Consolidated Canadian Faraday Limited

We have examined the balance sheet of Consolidated Canadian Faraday Limited as at December 31, 1982 and 1981 and the statements of income, retained earnings and changes in financial position for the three years ended December 31, 1982. 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 financial statements present fairly the financial position of the Corporation as at December 31, 1982 and 1981 and the results of its operations and the changes in its financial position for the three years ended December 31, 1982 in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada
April 8, 1983

THORNE RIDDELL
Chartered Accountants

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1982, 1981 AND 1980

1. ACCOUNTING POLICIES
The Corporation's principal accounting policies, which are in accordance with generally accepted accounting principles in Canada, are summarized below:

(a) Basis of accounting
The financial statements include the accounts of the Corporation, its 49% interest in the Madawaska Mine and its 25% interest in Conwest Petroleum Corporation, which interests are reflected therein on the proportionate consolidation basis. The accounts for 1980 are on a consolidated basis as they also include the financial position and results of operations of the Corporation's former subsidiaries.

(b) Long-term inter-corporate investments
(i) Companies subject to significant influence
The Corporation's investment in companies in which it has significant influence, other than Conwest Petroleum Corporation, is accounted for on the basis of cost plus the Corporation's net equity in undistributed earnings in such companies since the date significant influence was acquired. The following are the principal companies accounted for on the equity method:

	Equity in Common Shares
Hydra Explorations Limited	26%
Prairie Potash Limited	38%

(ii) Other
Shares with a quoted market value are carried at the lower of cost and market value. Other shares are carried at cost or at cost less amounts written off to reflect a decline in value which is other than temporary.

Because of the number of shares held in certain companies, the quoted market values are not necessarily indicative of the value of such investments, which may be more or less than indicated by market quotations. For the purpose of determining quoted market value for certain investments, escrowed shares are valued at 50% of the quoted market value of free shares.

(c) Inventories
Broken ore and concentrate in process are carried at the lower of cost, using the average cost method, and net realizable value. Finished concentrate is carried at cost on a specific identification method. Materials and supplies are carried at estimated net realizable value.

(d) Mineral exploration interests
Direct exploration expenditures and the cost of acquisition of mineral exploration interests are charged to income in the year incurred.

(e) Mineral resource interests
The cost of acquisition of mineral interests which contain economic mineral reserves and the cost incurred on mineral exploration interests subsequent to the determination that such interests contain economic mineral reserves are deemed to be mineral resource interests. These interests, together with development expenditures thereon, are deferred and carried as an asset to be amortized against future production. Upon disposal or abandonment, the net gain or loss related to such asset is reflected in the statement of income.

(f) Oil and gas interests
The Corporation follows the full cost method of accounting for oil and gas interests whereby all costs of exploring for and developing oil and gas reserves are capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties and costs of both productive and unproductive drilling. Proceeds received on disposal of properties are credited against such costs. Costs are accumulated in a North American cost centre.

Depreciation and depletion charges on such costs have been calculated as the proportion that current production revenues are to current plus estimated future production revenues. Estimated future production revenues are based on proven reserves, as determined as at January 1, 1983 by an independent consultant, and on prices limited to 75% of the estimated world price for crude oil to December 31, 1986.

(g) Fixed assets
Substantially all of the Corporation's fixed assets are related to its interest in the Madawaska Mine. These assets are being carried at estimated net realizable value. Other fixed assets are being depreciated on the straight line basis over their estimated useful lives.

(h) Foreign currency translation
Current assets and current liabilities in foreign currencies are translated into Canadian dollars at year-end exchange rates. All other assets and liabilities in foreign currencies are translated at rates prevailing when the assets were acquired or the liabilities incurred. Revenue and expenses are translated at average rates prevailing during the year except for depreciation, depletion and amortization which are translated at historical rates. Exchange gains or losses are reflected in income in the year incurred.

2. MADAWASKA MINE JOINT VENTURE

The Corporation has a 49% direct interest in the Madawaska Mine, Bancroft, Ontario. By agreement dated March 12, 1982 the Joint Venture's contract with AGIP Nucleare International Ltd., the principal purchaser of mine production, was terminated effective June 30, 1982. An alternative purchaser of mine production could not be found and accordingly, in July, 1982, mine operations were shut-down. The mine property is presently being maintained on a care and maintenance basis. The Corporation's interest in the underlying net assets of the Joint Venture have been written-down to estimated net realizable value.

The Corporation's share of the net assets of the Joint Venture, included in the accompanying financial statements on the proportionate consolidation basis, are summarized as follows:

	1982	1981	1980
Working capital	$ 2,376,000	$ 2,785,000	$ 2,648,000
Fixed assets	686,000	735,000	1,133,000
Net equity	$ 3,062,000	$ 3,520,000	$ 3,781,000

In prior years the Corporation's interest in the results of operations of the Joint Venture have also been included on the proportionate consolidation method, however, in view of the shut-down of operations, Management has concluded that more informative presentation would result from the segregation of mine operating results from those of the Corporation's on-going activities. The results of operations from the Madawaska Mine included on this basis are summarized as follows:

	1982	1981	1980
Uranium concentrate sales	$ 6,096,000	$12,006,000	$12,426,000
Deduct:			
Mine operating expenses	5,651,000	9,770,000	9,212,000
Mining taxes	–	67,000	532,000
Depreciation and amortization	–	484,000	1,750,000
	5,651,000	10,321,000	11,494,000
Operating income	445,000	1,685,000	932,000
Shut-down costs	1,623,000	–	–
	(1,178,000)	1,685,000	932,000
Income taxes	–	1,056,000	910,000
Income (loss) from discontinued operations	$ (1,178,000)	$ 629,000	$ 22,000

Income taxes for 1980 include $829,000 being the Corporation's share of income taxes recorded in the accounts of the corporate Joint Venture, Madawaska Mines Limited.

3. CONWEST PETROLEUM CORPORATION

(a) Acquisition

Effective January 1, 1982 the Corporation acquired a 25% interest in Conwest Petroleum Corporation, a company created for the purpose of acquiring all of the oil and gas interests of the Corporation, Conwest Exploration Company Limited and International Mogul Mines Limited, at that time a 90% subsidiary of Conwest and the beneficial owner of 38% of the shares of the Corporation, for $9,015,000. As part of the purchase the Corporation sold its oil and gas interests and certain of its other related assets to Conwest Petroleum. These assets, which had a carrying value of $257,000 at December 31, 1981, were sold for $1,315,000. The balance of the purchase price was satisfied by a cash subscription of $7,700,000. As consideration for this investment the Corporation received the following:

25% Interest in the shares of Conwest Petroleum represented by:	
25,000 Non-voting preference shares redeemable at $80 each	$2,000,000
250,000 Common shares with a par value of $10 each	6,925,000
	8,925,000
Liabilities of the Corporation assumed by Conwest Petroleum	12,000
Demand promissory note at bank prime + 1%, taken back from Conwest Petroleum	78,000
	$9,015,000

Subsequent to the completion of the transaction, the Corporation owned 25% of Conwest Petroleum. The remaining 75% of Conwest Petroleum was owned by Conwest as to 10%, and International Mogul as to 65%, which interests were acquired by the respective companies in consideration of the transfer of their oil and gas interests, and certain of their other related assets. Conwest, as a consequence of its August, 1982 amalgamation with International Mogul, now owns 75% of Conwest Petroleum.

(b) Share of corporate joint venture

The Corporation's share of the net assets and results of operations of Conwest Petroleum, included in the accompanying financial statements on the proportionate consolidation basis, are summarized as follows:

Working capital	$ 461,000
Oil and gas interests	9,943,000
Other assets	115,000
Deferred revenue	(187,000)
Operating assets	$10,332,000
Comprised of:	
Corporation's underlying equity in net assets of Conwest Petroleum	$ 7,857,000
Corporation's proportionate interest in long-term debt and deferred income taxes of Conwest Petroleum	2,475,000
	$10,332,000
Oil and gas production revenue	$ 1,395,000
Expenses	
Oil and gas production	(336,000)
Taxes under the National Energy Program	(167,000)
Operating income before undernoted	892,000
Depreciation and depletion	460,000
Income before financing costs and deferred income taxes	$ 432,000

4. INVESTMENTS

Investments are comprised of the following:	1982	1981
Companies subject to significant influence		
With quoted market value		
Hydra Explorations Limited (quoted market value $775,000; 1981, $460,000)	$ 255,000	$ 159,000
Without quoted market value	195,000	195,000
	450,000	354,000
Other		
Shares with a quoted market value (quoted market value $376,000; 1981, $446,000)	376,000	446,000
Shares without quoted market value	92,000	53,000
	468,000	499,000
Mortgages receivable		
10% Second mortgage, payable interest only quarterly, due September 23, 1985	627,000	627,000
Mortgage from a director, non-interest bearing, payable $5,000 annually	145,000	150,000
Other	107,000	9,000
	879,000	786,000
	$1,797,000	$1,639,000

5. OIL AND GAS INTERESTS

At December 31, 1982 oil and gas interests of $13,818,000 (1981, $164,000), at cost less accumulated depletion, are comprised of $3,875,000 (1981, $164,000) in direct interests and $9,943,000 as the Corporation's proportionate share of such assets of Conwest Petroleum.

Oil and gas production equipment, having a carrying value of $1,552,000, is included in oil and gas interests at cost less accumulated depreciation.

6. FIXED ASSETS

	1982	1981
Environment land improvements	$ 458,000	$ 458,000
Buildings	547,000	648,000
Equipment	2,728,000	2,689,000
	3,733,000	3,795,000
Less accumulated depreciation	3,026,000	3,064,000
	707,000	731,000
Land	54,000	52,000
	$ 761,000	$ 783,000

7. LONG-TERM DEBT

Bank loan		$2,715,000
Indebtedness of Conwest Petroleum Corporation		
Production loan	$1,250,000	
Due to Conwest Exploration Company Limited	1,117,000	2,367,000
		$5,082,000

(a) The Corporation's bank loan is unsecured and bears interest at prime plus 0.5%. Subsequent to the year end the Corporation repaid $425,000 of this loan and borrowed $2,290,000 from Conwest Exploration Company Limited, applying the proceeds to eliminate the balance of the bank loan. This loan from Conwest is unsecured and bears interest at prime plus 0.5%.

(b) The production loan, which bears interest at prime plus 0.625%, is part of a $20,000,000 revolving credit production loan facility granted to Conwest Petroleum Corporation, which is available on this basis until June 30, 1984 and thereafter, subject to negotiation of satisfactory repayment terms, as a term loan to June 30, 1991. This loan is principally secured by a pledge of Conwest Petroleum's production oil and gas interests. On March 10, 1983 Conwest Petroleum borrowed $5,000,000 from Conwest Exploration Company Limited, at prime plus 1%, and repaid the production loan.

(c) During 1982 Conwest Petroleum paid interest on unsecured loans from shareholders at prime plus 1%. Included in interest expense for the year is $414,000 with respect to Conwest Petroleum of which $390,000 is on account of shareholder loans.

(d) Conwest Exploration has advised both the Corporation and Conwest Petroleum that in the ordinary course of business it will not require repayment of the respective loans prior to January 1, 1984.

8. INCOME TAXES

The income taxes reflected in the statement of income are comprised of the following:

	1982	1981	1980
Provision for income taxes that would have been required if resource expenditures of prior years had not been available as deductions for tax purposes	–	$1,285,000	$ 629,000
Less income tax netted against income from discontinued operations	–	1,056,000	159,000
	–	229,000	470,000
Corporation's interest in deferred income taxes recorded in the accounts of Conwest Petroleum Corporation	$ 108,000	–	–
	$ 108,000	$ 229,000	$ 470,000

At December 31, 1982 the Corporation's share of the oil and gas interests of Conwest Petroleum are carried at $9,943,000 in the accompanying balance sheet of which approximately $5,000,000 is deductible for income tax purposes.

9. TERMINATION SETTLEMENT

Pursuant to an agreement dated March 12, 1982 the contract between the Madawaska Mine and AGIP Nucleare International Ltd. was terminated. The Corporation's interest in the termination settlement was $1,663,000.

10. RELATED PARTY TRANSACTIONS

Conwest Exploration Company Limited owns 41% of the Corporation and 75% of Conwest Petroleum Corporation. As part of normal business operations extensive use is made of Conwest's management and technical services. During 1982 the Corporation's share of such services provided to the Corporation and Conwest Petroleum was $403,000.

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