Canada Tungsten Mining Corporation Limited

1984 ANNUAL REPORT

Highlights for five years

dollars in millions *(except where indicated)*

	1984	1983(1)	1982	1981(2)	1980(2)
FOR THE YEAR					
Earnings (loss) from operations	**$ (5.5)**	$ (16.0)	$ (3.3)	$ 0.7	$ 34.2
Net earnings (loss)	**(5.6)**	(12.1)	(8.5)	2.8	23.0
Dividends declared	**0.3**	–	2.2	6.0	6.0
Capital expenditures and investments	**0.4**	0.7	5.7	12.2	14.6
Exploration charged to operations	**1.0**	1.5	1.8	2.8	4.3
Net earnings (loss) – $/share	**$ (1.10)**	$ (2.43)	$ (1.70)	$ 0.56	$ 4.60
Dividends declared – $/share	**0.05**	–	0.45	1.20	1.20
Ore milled – tons 000	**339**	40	361	234	349
Grade – % WO_3(3)	**1.43**	1.30	1.38	1.49	1.55
Recovery – % WO_3(3)	**79.6**	75.0	79.4	79.2	81.6
Production – STU* 000	**386**	39	395	277	442
MB average wolframite price US $/STU(4)	**$ 74**	$ 73	$ 96	$ 130	$ 131
MB average scheelite price US $/STU(4)	**$ 84**	–	–	–	–
AT YEAR-END					
Cash	**$ –**	$ –	$ –	$ 1.5	$ 26.0
Total working capital	**12.8**	7.8	16.4	16.3	29.4
Total assets	**70.8**	71.4	81.1	90.6	100.2
Long-term debt	**9.4**	13.5	4.9	–	–
Shareholders' equity	**54.8**	51.0	63.1	73.8	77.0
Book value – $/share	**$ 9.61**	$10.22	$12.65	$14.80	$15.43
Quoted market value – $/share	**$14.00**	$16.00	$14.00	$25.00	$41.00
Number of shareholders	**720**	759	874	927	957
Number of employees	**209**	158	233	267	245

(1) Production in 1983 was affected by the suspension of operations from January through November.

(2) Production was affected by a strike from November 1980 to May 1981.

(3) Adjusted procedures for determining recovery and grade of ore processed were initiated on the recommencement of operations in December 1983. Recoveries and grades previously reported for prior periods have been recalculated using the adjusted procedures.

(4) The Company sells scheelite, and realizes prices per STU which differ from the average quoted price of wolframite. A scheelite price quotation was introduced by the Metal Bulletin (MB) in May 1984 and the average stated is since that date; prior to that time, MB quotations were for wolframite only.

* The STU is the short ton unit of 20 pounds avoirdupois of tungsten trioxide (WO_3).

FRONT COVER

High grade scheelite fluorescing under ultra-violet light.

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Corporate profile

FACING PAGE

A Mission drill preparing 6½" diameter blast holes for bulk mining. Up to 70,000 tons are now broken with each blast.

Canada Tungsten Mining Corporation Limited

Report of directors to the shareholders

The Directors are pleased to present the Company's annual report for the year ended December 31, 1984.

"Conditions were difficult in 1984, but there was significant progress in cost reduction"

In common with most other metals, market prices for your Company's product, tungsten, continued to be disappointing in 1984. As a result and due also to production rates that were low at the commencement of the year, there was a net loss of $5.6 million or $1.10 per share.

However, we are pleased to report that, primarily due to the success of improvement programs initiated in 1983 when operations were suspended, production costs were reduced significantly during the year. Unit costs of production in the latter months of the year were, in real terms, lower than in any recent year.

Results improved as the year progressed and it is notable that $4.6 million of the $5.6 million net loss arose during the first half of the year. The 1984 net loss represents an improvement over 1983, during most of which operations were suspended and for which a net loss of $12.1 million or $2.43 per share was recorded.

"In 1984, market prices improved but then fell back; we are now cautiously optimistic"

Demand for the Company's high quality scheelite was materially higher in 1984 than in 1983. However, price improvements recorded in the first half of the year were not sustained and prices trended downwards in the last few months of the year. A separate scheelite quotation was introduced by the Metal Bulletin in May, 1984. This rose to U.S.$91/STU in July but had fallen to U.S.$74/STU by year-end and averaged U.S.$84/STU from May through December. The wolframite quotation (formerly the basis for pricing most of the Company's sales) averaged U.S.$74/STU in 1984, the same as in 1983.

We are cautiously optimistic regarding the tungsten market in 1985. Demand has risen from the low 1983 level and we expect it to continue to rise, provided that economic activity generally does not slacken. Price recovery should take place as excess inventories are reduced.

"A share issuance in late 1984 reduced debt"

A financial highlight of 1984 was the public offering of 715,000 shares at $14 per share made in October. The offering was well received and was fully subscribed, adding $10 million to share capital. The resulting reduction in debt will reduce future interest charges while improving the Company's financial position and its ability to take advantage of business opportunities.

Following the issuance of shares, the holdings of Amax Securities, Inc. represented 57% (previously 65%) of the outstanding shares. Dome Mines Limited purchased sufficient shares pursuant to the offering to maintain its 20% holding.

"Investigation of the westerly extension of the existing orebody is encouraging"

The orebody at Tungsten, NWT, remains open along strike to the west. During the year, underground investigative diamond drilling was carried out up to 700 feet to the west of the previously defined orebody and mineralization of good, mineable grades was encountered. It is intended to extend an exploratory drift a further 1200 feet to the west in 1985 and this should give a clearer indication of the future life of the Tungsten mine.

"The Company is moving to further develop its markets"

The Company believes that market development and good customer contacts will be important keys to future growth. Research and development activities are being emphasized and include the efforts of the Amax research and development group. New products and new uses will ultimately benefit Canada Tungsten. Close contacts with customers to identify and fill individual customer needs are being emphasized and other possibilities for

A miner operating a load-haul-dump unit by remote radio control.

Inset: New procedures have been assisted by extensive computerization.

extending the scope of the marketing effort are being examined.

"Teamwork is being emphasized"

The significant improvements in productivity already achieved have been based on good cooperation between all employees. Continued teamwork should help make the Company even more competitive in the future, for the benefit of employees and shareholders alike.

"There is an excellent foundation to build future growth"

The Company's high grade ore, lowered cost base, production potential, skilled workforce and sound finances provide a firm foundation for future growth. The Company is already the largest producer of tungsten concentrates in the western world. Through its holding in Queenstake Resources Ltd. it has involvement in the production of, and exploration for, precious metals. The Company intends to maintain and expand its presence in the tungsten business and to take advantage of business opportunities as they arise.

BOARD OF DIRECTORS

Mr. J. M. Richard Corbet resigned as a director in June, 1984. He had been associated with the Company for more than 25 years as a director and as vice president of finance during the formative years. Mr. Corbet played a key role in arranging the financing to bring the property into production. In recognition of his exceptional contribution to the Company, your directors appointed him a director emeritus, the first such appointment.

Mr. John J. Crowhurst of Vancouver, B.C. was appointed a director to fill the vacancy created by the resignation of Mr. Corbet. Mr. Crowhurst is a consulting mining engineer and corporate executive with an extensive background in operations management. He had previously been associated with the Company as general manager from 1961 through 1965.

Mr. James B. Redpath resigned as Chairman of the Board in October, 1984, an appointment he had held since January 1976. He remains active as a director. Your Directors extend to Mr. Redpath an expression of gratitude for his leadership, unfailing courtesy and the employment of his extensive experience in guiding the affairs of the Company.

RECOGNITION

The Directors recognize and record their appreciation for the accomplishments of the employees in reducing costs while increasing productivity.

On behalf of the Board of Directors,

J.H. Foreman

James H. Foreman
President and Chief Executive Officer

Toronto, Ontario
March 1, 1985

An ore haulage truck exiting the main portal is framed by a cloud of ice crystals formed by the sudden cooling of warm moist air from underground.

Operations review

Production for the year was 386,000STU from 339,000 tons of ore at a grade of 1.43% WO_3 and a mill recovery of 79.6%. By comparison, because of the 10½-month shutdown, 1983 production was only 39,000STU from 40,000 tons of ore at a grade of 1.30% WO_3 and a mill recovery of 75.0%.

Underground development included 4,100 feet of drifting and 800 feet of raising. Diamond drilling totalled 37,100 feet and included exploratory work and ore definition. The exploratory drilling was conducted from a drift that was extended 700 feet to the west of the current workings. The results were encouraging. A program of in-fill drilling will continue in 1985 for the purpose of ore reserve calculations. To further investigate the extent of the ore body, it is intended to extend exploratory drifting significantly further to the west in 1985.

The mineable ore reserve at December 31, 1984 was estimated to be 2.8 million tons at an average grade of 1.39% WO_3, compared with 3.0 million tons averaging 1.32% WO_3 at December 31, 1983.

One of the most important and successful of the programs to enhance productivity involved the introduction of high productivity bulk mining procedures using large diameter blast holes. In 1984, the greater part of the ore mined was produced by these methods. Other methods employed, where advantageous, included cut and fill and the top slice horizontal bench method. A further success was the addition of units which allow load-haul-dump equipment, used to extract broken ore from stopes, to be operated by remote control. Also, while virtually all mining now uses fill, costs of placing fill have been successfully contained by the new hydraulic backfill plant which separates the coarse fraction

A Dings magnetic separator helps upgrade product quality.

of the mill tailings and pumps this back into the mine at low cost.

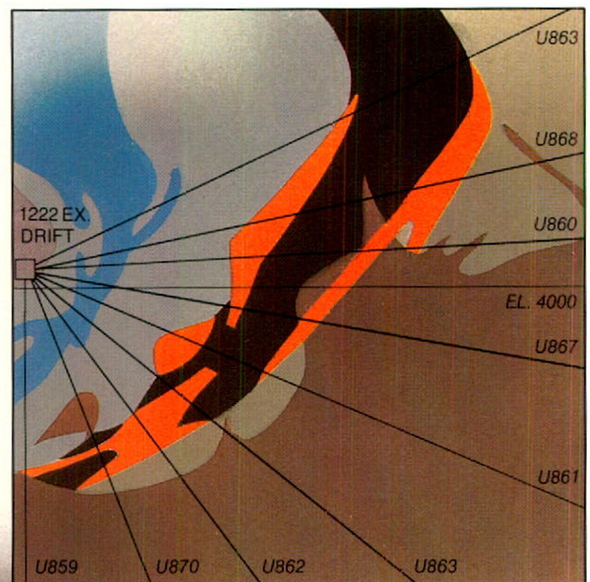
Backfill placed underground in 1984 totalled 60,700 tons of development waste and 152,400 tons of mill tailings.

Various improvement programs enhanced productivity and helped reduce unit costs in 1984. In addition to the changes in mining outlined above, programs included better training, an emphasis on teamwork, new preventive maintenance procedures, improved process control in the mill and upgraded analytical capability. Employee numbers have been reduced by over 20% as compared to previous periods at similar production rates.

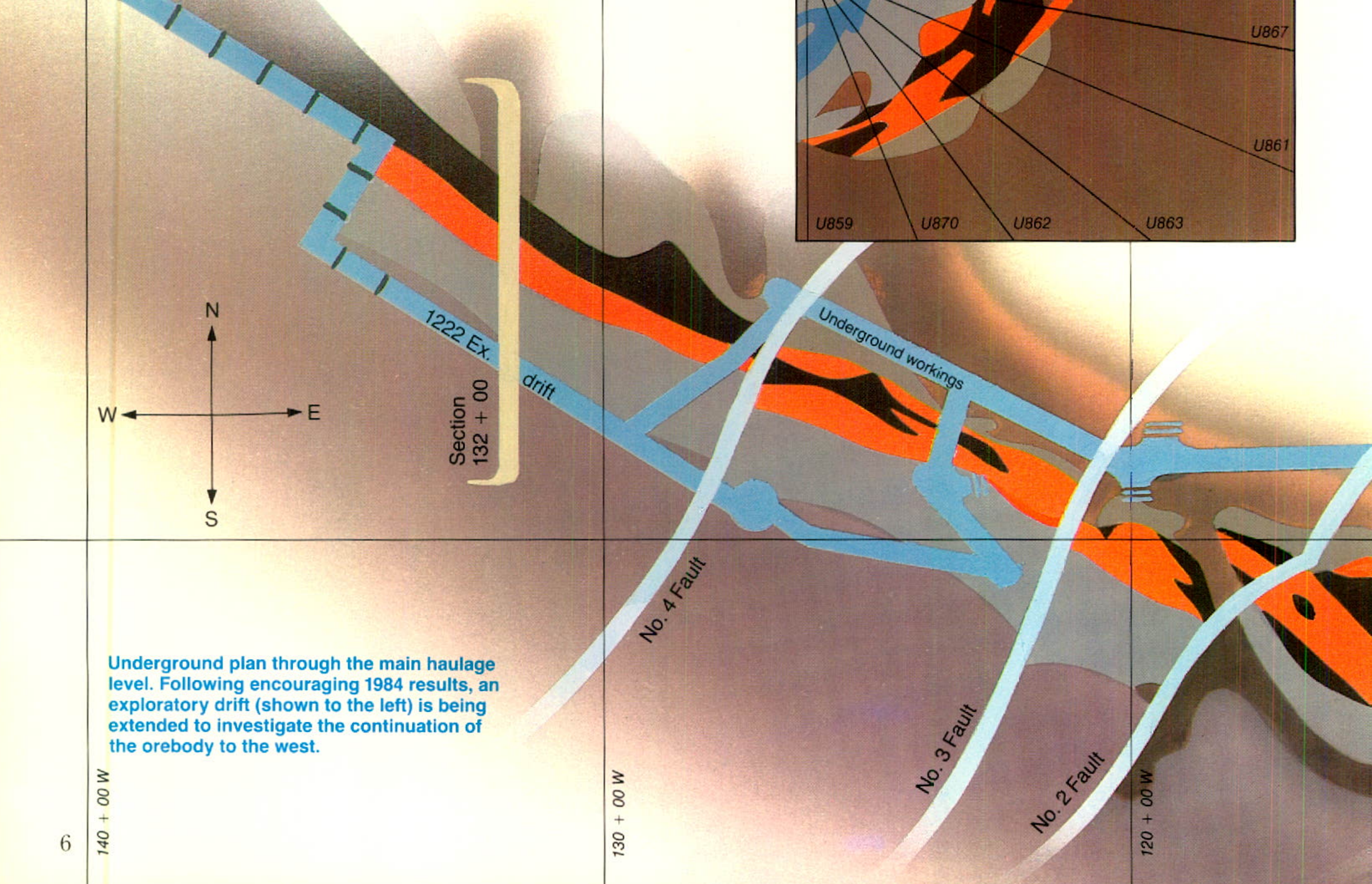
The gold placer property at Dublin Gulch, Yukon operated throughout the summer. Pay gravels were processed through a grizzly and sluice box arrangement. A total of 28,500 cubic yards of waste was stripped and 30,500 cubic yards of pay gravel were processed, producing approximately 3,000 troy ounces of gold.

The Company spent $1.0 million on

Colorometric assaying of product.



A section through the orebody near the commencement of the exploratory drift, looking west.



Underground plan through the main haulage level. Following encouraging 1984 results, an exploratory drift (shown to the left) is being extended to investigate the continuation of the orebody to the west.

exploration, excluding exploratory development underground, in 1984 as compared to $1.5 million in 1983. The majority of the work was near the Tungsten, N.W.T. mine and included sampling, mapping, surveying and one 3000 foot hole drilled from surface, designed to assist the underground exploratory program.

Samples are prepared for X-ray analysis during each shift, to assist process control.

Monitoring ground-water quality for environmental protection.

Legend

Cretaceous

Granodiorite — quartz monzonite

Lower Cambrian

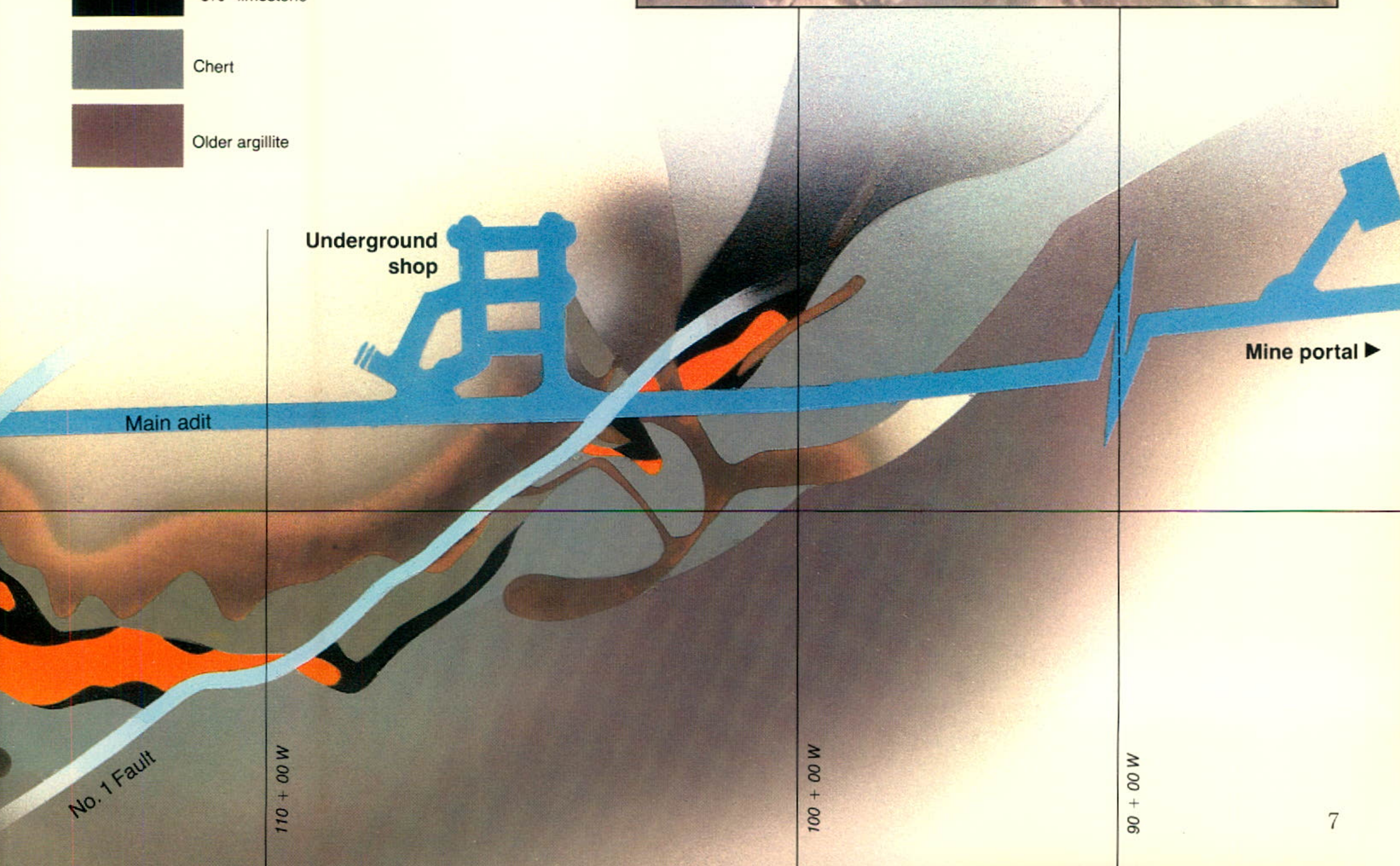
Younger argillite

Ore zone — generally high pyrrhotite-garnet-diopside skarn with scheelite

"Ore" limestone

Chert

Older argillite



The coarse fraction of tailings is segregated and pumped into the mine, using a Zimpro pump, to provide backfill at low cost.

Financial review

OVERVIEW

The net loss for 1984 was $5,630,000 or $1.10 per share, which compares with a net loss of $12,129,000 or $2.43 per share in 1983. The 1984 results were affected by below-optimum operating rates, particularly in the early months of the year, while the 1983 results were affected by the suspension of operations from January 22 until December 1, during which period customers were supplied from inventories. Operations were recommenced in December 1983 at a curtailed rate which was increased in 1984 in response to increasing market demand.

Net losses were reduced as the year progressed and net cash flows improved. Additions to outstanding borrowings through mid-July totalled $6.9 million but thereafter cash inflows were adequate to cover outlays. Cash conservation was stressed throughout the year. Reflecting the success of programs to improve efficiency initiated in 1984, operating costs were appreciably reduced as compared to the experience of recent years.

At year-end, sales realizations were still not adequate for the Company to record positive net earnings.

A highlight of the year was the public offering of 715,000 shares for $10.0 million or $14.00 per share in the 4th quarter which was well received and was fully subscribed. The net proceeds were used to reduce debt.

QUARTERLY RESULTS

Results improved in each quarter in 1984. Operating losses, after providing for depreciation, amortization and exploration, but before interest charges, were $3.6 million, $1.8 million and $0.2 million in the 1st, 2nd and 3rd quarters respectively. In the final quarter, operating earnings of $0.1 million were recorded.

Net losses after taxation improved from $3.0 million in the 1st quarter to $1.7 million in the 2nd quarter and were $0.5 million in each of the 3rd and 4th quarters. Of the loss in the 4th quarter, $0.4 million arose on recording the Company's equity in net losses of its 41% owned affiliate, Queenstake Resources Ltd.

1984 COMPARED WITH 1983

In 1984, there were positive earnings from operations of $2.0 million before charging depreciation, amortization and exploration. This represents an improvement of $15.3 million over 1983. Results in 1984 benefited from lowered operating costs, while 1983 results were affected by costs incurred during the shut-down and initial costs of improvement programs. Lower exploration expense in 1984 added $0.5 million to the improvement.

On the other hand, the 1984 charge for depreciation and amortization was $6.4 million as compared to only $1.1 million in 1983. This expense fluctuates with production as the Company provides for depreciation and amortization principally under the unit of production method.

Interest expense in 1984 was $1.9 million versus $1.2 million in 1983, as outstanding debt was higher in 1984, prior to the share issuance in the 4th quarter.

These higher charges for depreciation, amortization and interest, together with the Company's $0.4 million share of the net losses of Queenstake Resources Ltd. (as compared to a $0.3 million share of net earnings in the previous year), reduced the improvement over 1983. The $7.7 million net loss before income taxes and royalties in 1984 was $9.1 million less than the comparable $16.8 million loss in 1983.

CASH FLOWS AND LIQUIDITY

In 1984, operating activities required $4.9 million of cash, all of which was attributable to an increase in the investment in working capital as a result of higher production levels. In addition, the Company invested $1.0 million in exploration and $0.4 million in fixed assets, principally for replacements.

Financing activities in the year generated $6.5 million. Borrowings were increased by $6.9 million through July while the issuance of shares in the 4th quarter provided $9.6 million after expenses. In addition, there were minor dispositions of assets including the redemption of the Company's shares in Beaufort Petroleum Investments Ltd. In the latter months of the year, outstanding debt was reduced by $10.9 million out of proceeds of the share issuance and from operating cash flows.

A dividend of 5 cents per share, or $0.2 million, was distributed to shareholders. Payment of this dividend ensures that the Company's shares are eligible investments for certain life insurance companies, pension funds and trusts.

At December 31, 1984, the Company had working capital of $12.8 million, total assets of $70.8 million and outstanding long-term debt of $9.4 million. Available unused lines of credit totalled approximately $25 million. While the Company's financial position is sound, sales prices are still historically low and cash conservation efforts are continuing.

Statement of earnings and retained earnings

for the years ended December 31

	Note	1984	1983
		in thousands *(except per share)*	
EARNINGS			
From operations before the undernoted	1	$ 1,952	$(13,308)
Depreciation and amortization		(6,436)	(1,128)
Exploration		(1,011)	(1,520)
Earnings (loss) from operations		(5,495)	(15,956)
Equity in earnings (losses) of affiliate		(350)	323
Interest (expense), net		(1,879)	(1,190)
Earnings (loss) before income taxes and royalty		(7,724)	(16,823)
Deferred income taxes (recovery)	3	(2,094)	(4,642)
Northwest Territories royalty (recovery)		–	(52)
		(2,094)	(4,694)
Net earnings (loss)		(5,630)	(12,129)
RETAINED EARNINGS			
At beginning of year		47,394	59,523
Dividends		(250)	–
Share issue expenses, net of taxes of $106		(292)	–
Retained earnings at December 31		$ 41,222	$ 47,394
PER SHARE			
Net earnings (loss)	1	$ (1.10)	$ (2.43)
Dividends		$ 0.05	$ –

Balance sheet
at December 31

	Note	1984 (in thousands)	1983 (in thousands)
ASSETS			
Accounts receivable		**$ 7,532**	$ 2,695
Inventories	4	**9,768**	7,705
Prepaid expenses		**144**	186
Current assets		**17,444**	10,586
Investments	5	**7,602**	8,692
Property, plant and equipment, less accumulated depreciation	6	**43,757**	49,809
Deferred costs, less accumulated amortization	7	**2,016**	2,266
		$70,819	$71,353
LIABILITIES			
Accounts payable and accrued liabilities		**$ 4,683**	$ 2,786
Current liabilities		**4,683**	2,786
Long-term debt	8	**9,445**	13,514
Deferred income taxes		**1,842**	4,042
		15,970	20,342
Capital stock	9	**13,627**	3,617
Retained earnings		**41,222**	47,394
		$70,819	$71,353

Approved by the Board of Directors

Geo. B. McKeen   J.H. Foreman

Director   Director

Statement of changes in financial position

for the years ended December 31

	in thousands	
	1984	1983
SOURCES OF CASH		
Operating activities		
Earnings (loss) from operations, excluding depreciation, amortization and exploration charges	**$ 1,952**	$(13,308)
Interest expense, net	**(1,879)**	(1,190)
Income taxes and royalties paid, net	**–**	(520)
Working capital provided by (used in) operating activities	**73**	(15,018)
(Increase) decrease in accounts receivable	**(4,837)**	2,178
(Increase) decrease in inventories	**(2,063)**	7,470
Increase (decrease) in accounts payable	**1,939**	(1,033)
Cash (used in) operating activities	**(4,888)**	(6,403)
Financing activities		
Common shares issued, less expenses	**9,612**	–
Additions to outstanding debt	**6,870**	8,597
(Repayments of debt)	**(10,939)**	–
Asset disposals, at book value	**997**	–
	6,540	8,597
	$ 1,652	$ 2,194
USES OF CASH		
Investment activities (including fixed asset replacements)		
Property, plant and equipment	**$ 391**	$ 674
Exploration	**1,011**	1,520
	1,402	2,194
Dividends	**250**	–
	$ 1,652	$ 2,194

Notes to financial statements

(in thousands of dollars except where indicated)

1. Summary of significant accounting policies

Accounting standards

The accounting policies of the Company conform in all material respects to international accounting standards and with generally accepted accounting principles in Canada except that, as permitted by an order obtained pursuant to Section 79 (a) (ii) of the Securities Act (Ontario), sales are not stated.

Inventories

Inventories of concentrates and ores are valued at the lower of cost or net realizable value. Cost is determined on the moving average basis and does not include depreciation or amortization. Materials and supplies are valued at the lower of cost and replacement cost.

Investments

The investment in Queenstake Resources Ltd. is accounted for by the equity method after providing for a loss in value. The excess of the cost of this investment, as reduced by the provision for loss in value, over the Company's share in the underlying book values at dates of acquisition, is being amortized over the lives of the relative assets.

Oil and gas investments are considered to be distinct from mining operations and are valued at cost reduced by the relative income tax benefits.

Other investments are valued at cost.

Property, plant and equipment

Property, plant and equipment are carried at cost less amounts written-off. Repairs and maintenance are charged to operating expense as incurred. Replacements and major improvements are capitalized.

Depreciation is computed primarily on the unit of production method by reference to the estimated remaining life of the Company's mine, estimated to be approximately nine years. However, items of shorter life, principally mobile equipment, trailer bunkhouses and small vehicles, are depreciated on a straight-line basis over their estimated useful lives.

Deferred costs

Acquisition costs of major mining and petroleum properties are deferred until a property is abandoned or placed into production.

Costs of exploring for new ore occurrences are charged against earnings as incurred. Costs incurred on indicated economically recoverable reserves are deferred.

Preproduction development and acquisition costs are deferred and amortized on the unit of production basis over the estimated economic life of the mines.

Income taxes

The tax allocation method is followed. Deferred income taxes relate primarily to depreciation of property, plant and equipment and amortization of deferred costs. Investment tax credits reduce the current year's charge for income taxes.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the year-end rates of exchange. Foreign currency revenue and expense items are translated into Canadian dollars at the average monthly rates of exchange. Exchange gains and losses, including those arising on translation, are included in determining current earnings.

Earnings per share

Earnings per share are determined using the weighted average number of shares outstanding.

2. Temporary closure of operations

The Company's operations were closed on January 22, 1983. Production resumed on December 1, 1983 at approximately one-half of normal capacity. Operating rates were increased during the first half of 1984 and were close to normal capacity by mid-1984.

3. Income taxes

The rate of income tax expense (recovery) on earnings before income taxes varies from the combined statutory federal, provincial and territorial rates as follows:

	1984	1983
Earnings (loss) before income taxes and royalty	$(7,724)	$(16,823)
Adjust for items excluded when computing income taxes —		
Equity earnings, non-deductible interest and other	(31)	(423)
As adjusted	(7,755)	(17,246)
Income taxes at statutory rate (48%)	(3,722)	(8,278)
Adjust to average rate of accumulated deferred taxes of prior years	1,628	3,636
Income taxes (recovery)	$(2,094)	$(4,642)
Effective rate (recovery) on earnings (loss) before income taxes and royalty	(27%)	(28%)

The recovery of deferred income taxes is calculated at the average rate of accumulation of deferred taxes in prior years which is approximately 27%. This rate is significantly less than the statutory rate primarily because of utilization in those years of resource allowances, earned depletion and investment tax credits.

4. Inventories

	1984	1983
Concentrates and ores	$ 6,448	$ 4,950
Materials and supplies	3,320	2,755
	$ 9,768	$ 7,705

5. Investments

	1984	1983
Investment carried on the equity basis —		
Queenstake Resources Ltd. (41% owned, 1983 – 44%)	$ 6,991	$ 7,341
Oil and gas investments, at cost less related tax deferrals —		
1% net profit interest in Beaufort Sea properties	5,000	5,000
Shares of Beaufort Petroleum Investment Limited	–	5,200
Tax deferrals	(4,466)	(8,932)
	534	1,268
Other investment at cost	77	83
	$ 7,602	$ 8,692

Tax benefits from exploration expenses, frontier allowance and depletion on oil and gas investments were not applied to reduce income taxes in the statement of earnings in the years they were claimed. Instead, they have been classified as tax deferrals and deducted from the costs of the investments.

In July 1984, Queenstake Resources Ltd. sold 310,000 units, each unit comprising one common share and one common share purchase warrant. Following the issuance of 310,000 common shares by Queenstake Resources Ltd., the Company's interest was reduced to 41% from 44%.

The quoted market value at December 31, 1984 of the investment in Queenstake Resources Ltd. was $5.5 million (1983 – $9.6 million). This quoted value is not necessarily indicative of realizable value.

On December 31, 1984, pursuant to the applicable agreements, the Company's shares of Beaufort Petroleum Investment Limited were offered to and purchased for redemption by that company.

6. Property, plant and equipment

	1984	1983
Land	$ 545	$ 545
Buildings, plant and equipment	72,748	72,714
	73,293	73,259
Accumulated depreciation	(29,536)	(23,450)
	$ 43,757	$ 49,809

7. Deferred costs

	1984	1983
Deferred preproduction and development	$ 8,590	$ 8,590
Accumulated amortization	(6,574)	(6,324)
	$ 2,016	$ 2,266

8. Long-term debt

Two long-term revolving credit agreements together permit outstanding borrowings of up to $30 million. One of these, with a credit limit of $15 million in Canadian or U.S. funds, is available until at least October, 1987. The other, with a credit limit of $15 million in Canadian or the equivalent in U.S. funds, is available until at least September 1986 and may be converted on expiry into a new credit extending for a further 4 year term during which the initial credit limit of $15 million will be reduced by $3.7 million annually. The borrowings outstanding at December 31, 1983 were made in U.S. dollars (U.S. $10.9 million). Simultaneously, the Canadian amounts required for repayment were fixed through forward contracts. At December 31, 1984 outstanding borrowings made in U.S. dollars totalled U.S. $6.1 million and the Canadian dollar amounts for repayment of U.S. $1.0 million were fixed through forward contracts. The average interest rate on the debt outstanding at December 31, 1984 was 10.3% (1983 – 10.2%).

9. Capital stock and stock options

Authorized —
10,000,000 shares without nominal or par value

Issued and fully paid —	Number of shares	
As at December 31, 1983	4,990,000	$ 3,617
Issued for cash	715,000	10,010
As at December 31, 1984	5,705,000	$13,627

Pursuant to a prospectus dated October 24, 1984 the Company offered to sell to the public up to 715,000 shares at a price of $14.00 per share. The 715,000 shares offered were subsequently subscribed and issued in 1984.

Of the authorized shares unissued at December 31, 1984, 350,000 were reserved for issuance under a share option plan for key company personnel that was approved by shareholders in 1984. Options have been granted to senior officers and other employees to purchase up to 20,500 shares over the ensuing five years. These are exercisable at a price of $14.50 per share as to 20% of each optionholder's entitlement in each year of the five years ending August 10, 1989. Such rights of exercise are cumulative over the five year period. No options have been exercised.

10. Marketing arrangements with related party

There is a sales agreement and an exclusive sales agency agreement between the Company and a wholly-owned subsidiary of AMAX Inc., which latter company, through a wholly-owned subsidiary, controls 57.0% (1983 - 65.1%) of the Company's shares. Commissions paid and the share of the Company's total sales respecting such agreements, expressed as percentages of sales values, were as follows:

	1984 %	1983 %
Commissions	3.1	4.0
Sales to AMAX Inc. subsidiary	34	16

The Company has substantially all of its operations in the mining industry. Its sales are primarily export sales of tungsten concentrates and were distributed geographically (by value of sales) as follows:

	1984 %	1983 %
U.S.A	38	49
Western Europe	44	34
Other	18	17
	100	100

11. Loans

The Company has housing loans outstanding to senior officers of $36 thousand (1983 – $42 thousand) which are included in accounts receivable.

12. Commitments

Minimum commitments under various operating leases, which are principally for office premises and mining equipment, are as follows:

1985 – $0.7 million; 1986 – $0.4 million; 1987 – $0.3 million; 1988 – $0.2 million; 1989 – $0.1 million.

Quarterly data

(unaudited)

Quarter	Earnings (loss) from operations	Net earnings (loss)	Net earnings (loss) per share*	Dividends per share	Stock prices per share High	Stock prices per share Low
1984 –						
First	**$(3,607)**	**$(2,952)**	**$(0.59)**	**$ –**	**$17¼**	**$13¼**
Second	**(1,804)**	**(1,694)**	**(0.34)**	**–**	**17½**	**12¼**
Third	**(174)**	**(513)**	**(0.10)**	**–**	**18¼**	**13**
Fourth	**90**	**(471)**	**(0.09)**	**0.05**	**16⅝**	**13¾**
	$(5,495)	**$(5,630)**	**$(1.10)**	**$0.05**	**$18¼**	**$12¼**
1983 –						
First	$ (4,595)	$ (3,717)	$(0.74)	$ –	$22	$14
Second	(3,561)	(2,637)	(0.53)	–	21½	17¼
Third	(4,207)	(3,235)	(0.65)	–	17¾	16
Fourth	(3,593)	(2,540)	(0.51)	–	17½	14¼
	$(15,956)	$(12,129)	$(2.43)	$ –	$22	$14

* See Note 1

Auditors' report to the shareholders

We have examined the balance sheet of Canada Tungsten Mining Corporation Limited as at December 31, 1984 and the statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

As disclosed in note 1 of the financial statements, the Company has obtained permission from the Ontario Securities Commission to omit disclosure of sales in the statement of earnings for the years ended December 31, 1984 and 1983. In this respect, the financial statements are not in accordance with generally accepted accounting principles.

In our opinion, except for the omission of sales as described in the preceding paragraph, these financial statements present fairly the financial position of the Company as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

Vancouver, B.C.
February 8, 1985

Corporate profile

DIRECTORS

Douglas A. Berlis, Q.C.*
Toronto, Ontario

John J. Crowhurst
Vancouver, British Columbia

Fraser M. Fell, Q.C.
Toronto, Ontario

James H. Foreman
Vancouver, British Columbia

John W. Goth
Greenwich, Connecticut

Pierre Gousseland
Greenwich, Connecticut

George B. McKeen*
Vancouver, British Columbia

James B. Redpath
Toronto, Ontario

H.A.Sawyer, Jr.*
Greenwich, Connecticut

DIRECTOR EMERITUS

J. M. Richard Corbet

*Member of Audit Committee

OFFICERS

James H. Foreman
President and Chief Executive Officer

Bryce M. A. Porter
Vice-President Finance and Administration

Douglas W. Thompson
Vice-President of Operations

Mervyn K. Coffin
Secretary and Treasurer

Udo E. von Doehren
Controller

Dorothy I. Chisholm
Assistant Secretary

H. Douglas Scharf
Assistant Secretary

OPERATING MANAGEMENT

David B. Armstrong
Mine Manager

William J. Fotheringham
Mine Superintendent

Peter Bouma
Mill Superintendent

A. Robert O'Dell
Employee Relations Superintendent

Phyllis T. Watson
Superintendent Finance and Administration

Donald Porter
Plant Superintendent

Lomer J. D'Aigle
Exploration Manager
Vancouver, British Columbia

John T. O'Neill
Purchasing Manager
Vancouver, British Columbia

COMPANY OFFICES

Executive & Exploration Office
Suite 1600 - Oceanic Plaza
1066 West Hastings Street
Vancouver, B.C. V6E 3X1

Registered Head Office*
Suite 2700 - 1 First Canadian Place
Toronto, Ontario M5X 1H1

Mine
Tungsten, N.W.T. X0H 0A0

Leach Plant and Warehouse
80 Niobe Street
North Vancouver, B.C. V7J 2C9

*Please direct all communications to the Executive Office

AUDITORS

Coopers & Lybrand
Vancouver, British Columbia

BANKERS

Canadian Imperial Bank of Commerce
Main Branch
Vancouver, British Columbia

The Royal Bank of Canada
Main Branch
Vancouver, British Columbia

SHARES LISTED

Toronto Stock Exchange

REGISTRAR AND TRANSFER AGENT

Canada Permanent Trust Company
Toronto - Vancouver - Montreal

CANADA TUNGSTEN
MINING CORPORATION LIMITED
(Incorporated under
The Business Corporation Act, Ontario)

ANNUAL MEETING

The Annual General Meeting of the Shareholders of Canada Tungsten Mining Corporation Limited will be held on Friday, May 17, 1985 at 10:00 a.m. in the Royal York Hotel, Toronto, Ontario.

VALUATION DAY

The price of the Company's shares was $1.55 per share on December 22, 1971, established by Revenue Canada as Valuation Day.