Canada Tungsten Mining Corporation Limited

Annual Report 1979

Canada Tungsten Mining Corporation Limited

The Company

Canada Tungsten owns and operates one of the world's largest tungsten mines. The Company is Canada's only tungsten producer and our concentrates are exported throughout the world.

Canada Tungsten was incorporated in 1959 and began operations as an open pit mine in 1962 at Tungsten, Northwest Territories. In 1970, a large underground orebody was discovered in the area which developed into the present underground mine. Production began in 1974, and at December 31, 1979 the known reserve is sufficient to continue operating at 1,000 tons per day well into the 1990's. An extensive mine and mill expansion, completed in July, 1979, doubled the Company's capacity from 500 to 1,000 tons per day. With the expansion in place, the operation will be capable of producing 8 million pounds of tungsten annually making Canada Tungsten the largest known tungsten mine in the Western world.

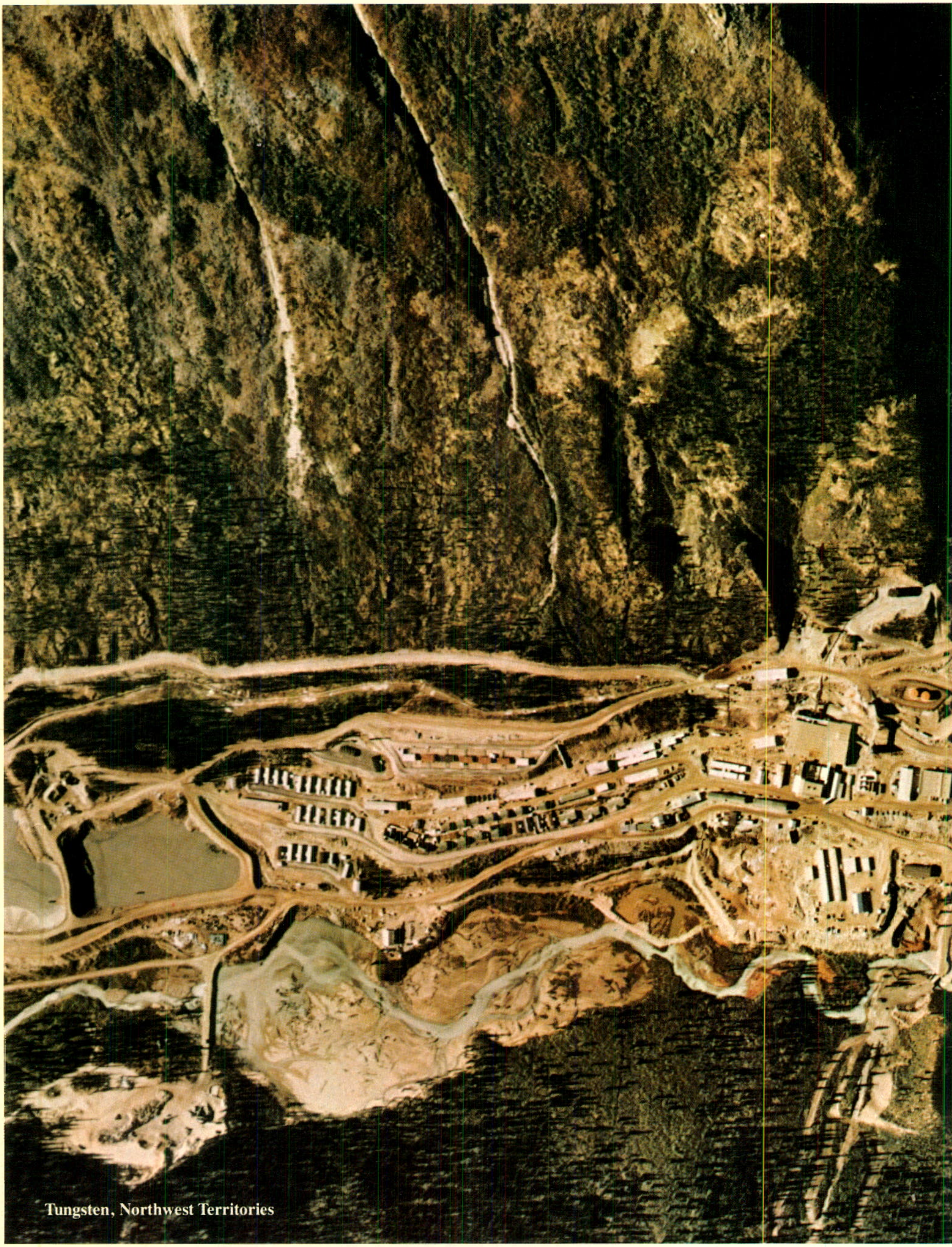
During the past three years, Canada Tungsten has significantly broadened and diversified its activities. The Company participates in the Dome Beaufort Sea drilling program. It operates a Yukon placer gold-tungsten plant with commercial production to begin in the spring of 1980. Canada Tungsten is also engaged in an extensive exploration program for tungsten, gold and silver.

Annual Meeting

The Shareholders' Annual Meeting will be held in the Varley Room of the Hotel Toronto, Toronto, Ontario at 2:30 P.M. on Friday, May 2, 1980.

Highlights

Financial *(Thousands of dollars except per share data)*	**1979**	1978
Net income	**$16,516**	$20,206
— per share	**3.31**	4.05
Dividends paid	**4,990**	4,990
— per share	**1.00**	1.00
Cash flow from operations	**24,298**	25,673
— per share	**4.87**	5.14
Working capital	**21,296**	24,110
Capital expenditures	**12,560**	12,933
Outside exploration expenditures	**2,019**	1,109
Shareholders' equity	**60,037**	48,511
Total assets	**79,957**	67,998
Share Information		
Number of shareholders	**1,015**	1,089
Share price range		
First quarter	**$23½-20¾**	$12 - 9
Second quarter	**27⅛-22**	19 -12
Third quarter	**26 -21½**	26½-15¾
Fourth quarter	**24¼-19**	24¼-20½
Operating		
Ore Reserves — tons	**3,900,000**	4,200,000
% WO_3	**1.55%**	1.55%
Ore Milled — tons	**271,559**	194,740
% WO_3	**1.58%**	1.96%
Production — STU WO_3	**361,016**	318,085
Average Recovery — % WO_3	**84.2%**	83.5%
Price — LMB Average U.S. $ per STU	**$ 126**	$ 130



Tungsten, Northwest Territories

To our Shareholders

The Directors present herewith the Annual Report of your Company, together with the Report of the Vice-President of Operations and audited financial statements for the year ended December 31, 1979.

In the year under review, your Company earned Net Income of $16,516,000 or $3.31 per share compared with $20,206,000 or $4.05 per share from 1978 operations.

Although earnings declined somewhat from last year's record due to lower ore grade and prices, with the mine and mill expansion in place in July and full tonnage throughput by October, record tonnage, recovery and production were accomplished in 1979. Total production from the mine was 361,016 short ton units (STU) of WO_3 from 271,559 tons at a grade of 1.58% WO_3 compared with 1978 production of 318,085 STU from 194,740 tons at a grade of 1.96% WO_3. Despite the lower grade of ore, mill recovery increased from an average of 83.5% in 1978 to 84.2% in 1979. The grade of ore mined in 1978 was abnormally high, with the 1979 grade approximately the average for the ore body.

World demand for tungsten increased about 10% over 1978. Increased demand for cemented tungsten carbide used in metalworking and oil and gas drilling was the primary reason for this strength. Technical developments have also been made in the highspeed tool steel industry whereby more steel companies are adding scheelite directly to the melt replacing the higher cost ferrotungsten technique. The demand for the Company's scheelite continues to look strong for 1980.

The price of tungsten, as measured by the Metal Bulletin quotation, fluctuated within a narrow range during 1979. The average annual price of U.S. $126 per STU was, however, below the U.S. $130 price per STU in 1978. Prices during January and February, 1980 are about $2.00 per STU above the 1979 annual average.

ORE RESERVES

The mineable ore reserve of the underground ore body was estimated to be 3,900,000 tons at 1.55% WO_3 at year end.

MINE CLAIMS — FLAT RIVER AREA

The testing program on the Baker deposit in the Flat River area was concluded in 1979 without identifying sufficient tonnage for economic development.

Geophysical and geochemical surveys were conducted over a number of claim blocks on the mine property which resulted in locating several significant tungsten anomalous zones which require further follow-up work.

DUBLIN GULCH AREA

In 1979 geological, geophysical and geochemical surveys were conducted on the Dublin Gulch property as well as a diamond drilling programme.

A total of 7,946 feet of diamond drilling was completed on the property in 21 drill holes. Eighteen of the holes were drilled on the Garnet Skarn Zone where significant tungsten mineralized skarn horizons were intersected in all of the holes. Because the drilling was widely spaced over a strike distance of some 3,000 feet it is not reasonable at this stage to calculate proven reserves. However, the possible/probable reserve is estimated to be in excess of 5,000,000 tons grading 0.50% WO_3. The 1980 diamond drilling will be concentrated on the down dip structural extension and the contact zone of the garnet skarn and the granodiorite stock.

Two other areas of economic interest on the property to be explored in 1980 are a gold bearing quartz vein system and a tin bearing breccia zone.

DUBLIN GULCH PLACER OPERATION

During 1979, $1,588,000 was spent for the construction of a 2,000 yard per day placer plant. Plant start-up was accomplished September 1, 1979 and was operational until October 1, 1979 giving an adequate test run with minimal mechanical problems. Results of the test run indicate good fine gold and scheelite recovery with production start-up scheduled for June 1, 1980.

KENO HILL AREA

The Company presently holds 1,260 mineral claims in the Keno Hill area of the Yukon, which is one of the world's principal silver producing areas.

Very strong anomalous zones were disclosed in the geophysical and geochemical surveys conducted in 1979 over ground to the west of Keno Hill. The anomalies occur within the quartzite formation which hosts the silver bearing veins in the area. More than twenty areas of economic interest have been defined by various surveys on the Keno Hill holdings, many of which will be tested by diamond drilling in the 1980 exploration programme.

OTHER INTERESTS

QUEENSTAKE RESOURCES

On November 15, 1979 your Company purchased 347,825 additional shares of Queenstake Resources Ltd. for $2,000,000. This share purchase increased the holdings in Queenstake to 938,700 shares representing 28% of the total 3,302,200 issued. Canada Tungsten has two representatives on the Queenstake Board of Directors, Mr. C. Allen Born and Mr. James B. Redpath.

In August 1979 Queenstake acquired, by option and location, 14 miles of placer claims and leases on the right fork of Clear Creek located in the central Yukon. In addition that Company purchased a bucket line dredge located on the property. Exploration and production data has outlined in excess of 3 million yards of gold, tin and tungsten bearing gravels that can be mined very economically by the dredge. The renovated dredge will mine 300,000 to 400,000 cubic yards per year giving an expected 10 year life to the project. Operations are scheduled for June, 1981.

On February 28, 1980, the Yukon Territory Water Board agreed to issue a water license to Queenstake to operate the dredge. This is the first dredging application to be accepted and will be the first new operation to be put into production since dredging ceased 25 years ago.

BEAUFORT SEA PARTICIPATION

As announced in a release April 11, 1979, your Company made a decision to invest $5,200,000 to participate in the 1979 exploration program for oil and gas in the Beaufort Sea under the supervision of Dome Petroleum Limited. In 1977 a similar investment was made bringing our total to $10,200,000. Both of these investments carry substantial tax write-offs.

CAPITAL EXPENDITURES

During 1979, $9,857,000 was spent for the completion of the mine, mill and leach plant expansion program. A further $4,291,000 was expended for the purchase of underground equipment, housing renovations, townsite paving and the Dublin Gulch placer plant. In addition a start was made on the construction of a townsite recreation complex.

ENVIRONMENTAL

The Company has been issued a water license by an agency of the Northwest Territories Government which is valid through September 1982. The Company is in compliance with all the constraints of this license and during the period 1975-1979 has expended $584,000 for testing and monitoring programs.

DIVIDENDS AND DIVIDEND POLICY

During the year under review your Company paid quarterly dividends of 25¢ per share totalling $4,990,000. The Board noted that with the completion of the current expansion programs, which will double the tonnage capacity, Canada Tungsten is in a strong financial position. The Company expects to continue vigorous exploration and will conserve this strong position to allow it to take advantage of potential investments which may result from successful exploration.

The Board of Directors will consider dividends on a quarterly basis.

RECOGNITION

The Directors wish to record their appreciation for the dedication of management and all employees which resulted in record production and made 1979 an outstanding year.

On behalf of the Board of Directors

C. Allen Born
President and Chief Executive Officer

Toronto, Ontario
March 21, 1980

Dedication of Corbet Drive, Tungsten, Northwest Territories.
l. to r. C. Allen Born, John B. Aird, Peter M. Cain, John W. Goth, James B. Redpath.

Placer Gold-Tungsten Plant at Dublin Gulch, Yukon Territory

Vice-President of Operations' Report

The President and The Board of Directors, Canada Tungsten Mining Corporation Limited

Dear Sirs:

The following report briefly covers the 1979 operations of the mine and mill at Tungsten, N.W.T., the Leach Plant in North Vancouver, B.C. and the placer plant at Dublin Gulch, Yukon.

MINE

During the year 268,387 tons of ore were mined grading 1.58% WO_3. Waste rock broken totalled 52,678 tons.

The following development work was completed:

	1979 *(feet)*	1978 *(feet)*
Drifting and Cross-cutting	2,634	3,267
Access Ramps	477	780
Stope Development .	1,551	1,890
Raising	421	582
Diamond Drilling ..	15,360	14,740

The mineable ore reserve as of December 31, 1979 was estimated to be 3,900,000 tons at 1.55% WO_3. The mineable ore reserve is based on mining 80% of the geological ore reserve after making allowance for the tonnage mined out during the year and for non-recoverable pillars. The underground diamond drilling in the proven orebody did not add additional tonnage to the ore reserve.

During the year a 1500 CFM compressor was installed and the new mine dry and office facility was completed in November. Underground, a repair shop was excavated, 800 feet of the main adit was paved and a 150,000 CFM ventilator fan was installed.

MILL

The expanded mill capacity came on stream July 25. The mechanical and electrical installation of the mill equipment was completed in October.

The mill treated 271,559 tons of ore grading 1.58% WO_3 to produce 361,016 STU during the year. Overall mill recovery was 84.2%. During the first half of 1979, the mill operated at 548 tons per day with operating time at 98.7%. During the last half of 1979 the mill operated at 936 TPD with operating time at 94.3%.

PLANT

The new powerhouse was commissioned in March. Two 150,000 gallon fuel oil tanks were erected during the summer. The tailing dams were raised and two six foot culverts were installed on the main access road during the summer.

TOWNSITE

During the summer three six-unit apartment structures were moved onto new foundations and seven houses were moved onto basements. Approximately 2,500 feet of paving was completed in the townsite. ''Live'' television service was inaugurated in June.

LEACH PLANT

The North Vancouver Leach Plant expansion was completed in March and by year-end throughput had reached design capacity. Overall plant recovery was 93.0%.

DUBLIN GULCH

The trommel and jig plant were installed, and the camp was erected during the summer. The plant was operated during September on a test basis to check throughput, water availability, and to prepare for operation during the summer of 1980.

GENERAL

I would like to sincerely thank all the employees for their hard work and cooperation during the year; their efforts were vital to the successful start-up of the expanded facilities and to making 1979 a record production year.

Respectfully submitted,

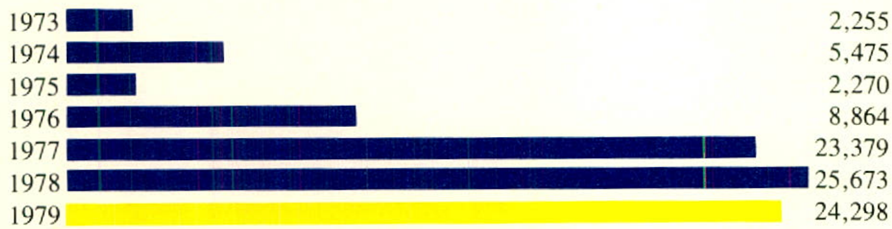
Peter M. Cain
Vice-President of Operations

March 10, 1980

Progress Charts

Net Income
thousands of dollars

Cash Flow from Operations
thousands of dollars



Property, Plant and Equipment
thousands of dollars

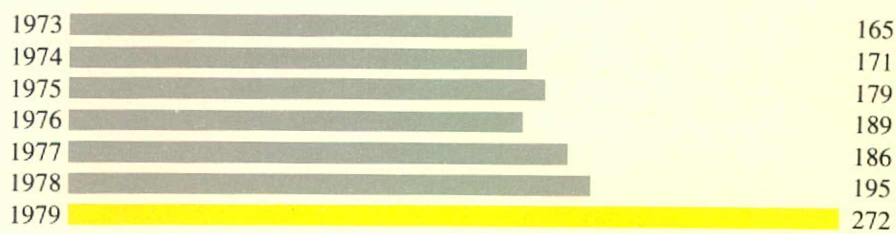
Fixed Asset Expenditures
thousands of dollars

Shareholders' Equity
thousands of dollars

LMB Price of WO_3
U.S. $ per STU

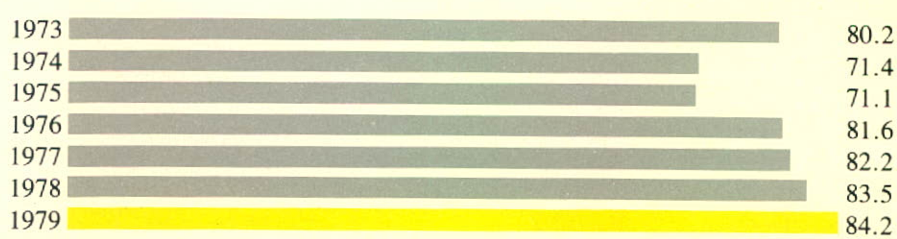
Production of WO_3
thousands of STU

Tons Milled
thousands of tons



Ore Grade
% WO_3

Average Recovery
% WO_3



Balance Sheet

thousands of dollars

Assets		December 31 1979		1978
Current Assets:				
Cash and short-term deposits	$	**5,577**	$	20,918
Accounts receivable		**13,914**		8,505
Inventories — concentrates		**3,054**		1,339
— materials and supplies (Note 9)		**2,638**		1,807
Income taxes recoverable		**445**		—
Prepaid expenses		**157**		199
Total current assets		**25,785**		32,768
Investments:				
Oil and gas properties (Note 2)		**10,000**		5,000
Shares of resource companies (Note 3)		**2,821**		591
Total investments		**12,821**		5,591
Fixed Assets:				
Property, plant and equipment (Note 4)		**47,715**		32,546
Less accumulated depreciation		**11,833**		9,569
		35,882		22,977
Construction in progress		**—**		3,190
Net fixed assets		**35,882**		26,167
Other Assets:				
Deferred preproduction and development costs — net of amortization		**2,166**		2,501
Development properties and related deferred development costs (Note 5)		**2,941**		684
Deferred mining costs		**362**		287
Total other assets		**5,469**		3,472
Total	$	**79,957**	$	67,998

The accompanying notes are an integral part of the financial statements.

Canada Tungsten Mining Corporation Limited

(Incorporated under The Business Corporations Act, Ontario)

	December 31 1979	1978
Liabilities and Shareholders' Equity		
Current Liabilities:		
Accounts payable and accrued liabilities	**$ 3,305**	$ 3,628
Northwest Territories royalty payable	**1,184**	1,563
Income taxes payable	**—**	3,467
Total current liabilities	**4,489**	8,658
Deferred Income Taxes (Note 6)	**15,431**	10,829
Shareholders' Equity:		
Share capital		
Authorized — 10,000,000 shares without nominal or par value		
Issued and fully paid — 4,990,000 shares	**3,617**	3,617
Retained earnings	**56,420**	44,894
Total shareholders' equity	**60,037**	48,511
Total	**$ 79,957**	$ 67,998

Approved on behalf of the Board of Directors:

C. Allis Bar

Director

J M Robarts

Director

Statement of Income

thousands of dollars

	Year ended December 31	
	1979	1978
Income from Operations Before the Undernoted (Note 7)	**$ 26,291**	$ 30,427
Interest on Short-Term Deposits	**1,481**	1,468
	27,772	31,895
Other Costs and Expenses:		
Depreciation	**2,679**	1,306
Amortization of deferred preproduction and development costs	**334**	321
Exploration	**2,019**	1,109
Northwest Territories royalty	**1,158**	1,576
Total other costs and expenses	**6,190**	4,312
Income Before Income Taxes	**21,582**	27,583
Provision for Income Taxes (Note 6):		
Current	**464**	3,635
Deferred	**4,602**	3,742
Total provision for income taxes	**5,066**	7,377
Net Income for the Year	**$ 16,516**	$ 20,206
Earnings Per Share	**$ 3.31**	$ 4.05

Statement of Retained Earnings

thousands of dollars

	Year ended December 31	
	1979	1978
Balance at Beginning of the Year	**$ 44,894**	$ 29,678
Net Income for the Year	**16,516**	20,206
	61,410	49,884
Dividends ($1.00 per share in 1979 and 1978)	**4,990**	4,990
Balance at End of the Year	**$ 56,420**	$ 44,894

The accompanying notes are an integral part of the financial statements.

Statement of Changes in Financial Position

thousands of dollars

	Year ended December 31	
	1979	1978
Working Capital was Provided By:		
Operations:		
Net income for the year	**$ 16,516**	$ 20,206
Add charges not requiring an outlay of working capital		
Deferred income taxes	**4,602**	3,742
Depreciation	**2,679**	1,306
Amortization of deferred preproduction and development costs	**334**	321
Loss on disposal of fixed assets	**167**	98
Total	**24,298**	25,673
Working Capital was Applied To:		
Fixed assets	**12,560**	12,933
Investments:		
Oil and gas properties	**5,000**	—
Shares in resource companies	**2,230**	591
Development properties and related deferred development costs	**2,257**	684
Deferred mining costs	**75**	79
Dividends	**4,990**	4,990
Total	**27,112**	19,277
(Decrease) Increase in Working Capital for the Year	**(2,814)**	6,396
Working Capital at Beginning of the Year (Note 9)	**24,110**	17,714
Working Capital at End of the Year	**$ 21,296**	$ 24,110
Represented By:		
Current assets	**$ 25,785**	$ 32,768
Less current liabilities	**4,489**	8,658
	$ 21,296	$ 24,110

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements

December 31, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Foreign currency translation

Foreign currency revenue and expense transactions are translated into Canadian dollars at the average monthly rate of exchange. Current assets and current liabilities are translated at the rate of exchange at the year-end.

Inventories

Inventories of concentrates 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 of deferred preproduction and development costs. Inventories of materials and supplies are valued at cost.

Investments in oil and gas properties

It is the company's policy to capitalize the cost of its investments in oil and gas properties and to record depletion against revenues from oil and gas investments (no revenue received to date) using the unit-of-production method based on the company's share of total estimated recoverable reserves.

The company considers that investments in oil and gas properties are distinct from its mining operations and has adopted the policy that income tax reductions relating to this investment (Note 2) are recorded as deferred income taxes. As revenue is earned from the oil and gas properties, the income taxes previously recorded will be reflected as a recovery of deferred income taxes in the statement of income to offset the increase in the current tax provision which will result from the revenue received. Should the properties be abandoned, the cost of the investment and the related deferred income taxes would be written off to income.

Property, plant and equipment

Property, plant and equipment are recorded at cost. Expenses for repairs and maintenance are charged to operating expense as incurred. Replacements and major improvements are capitalized.

Buildings, plant and major equipment are depreciated on a straight-line basis over the estimated remaining life of the ore body at current and projected production levels, determined to be 14 years.

Other items, principally mobile equipment, trailer bunkhouses and small vehicles are depreciated on a straight-line basis over 5 years or such shorter period as their useful life shall be determined.

Deferred preproduction and development costs

Preproduction and development costs related to the underground ore body are deferred and charged to income over the estimated life of the ore body on the basis of units produced.

Exploration and development costs

Costs of exploring for new ore occurrences are charged to income in the year in which they are incurred. Costs relating to properties acquired for development are deferred until production commences.

Income taxes

Investment tax credits as shown in Note 6 are accounted for as a reduction of the provision for income taxes in the year of the related fixed asset additions.

2. INVESTMENTS IN OIL AND GAS PROPERTIES:

The company invested $5,000,000 in 1977 and a further $5,000,000 in 1979 as a participant in Dome Petroleum Limited drilling programs in the Beaufort Sea. The agreements provide that the company is entitled to net profit interests in future production from specified properties.

As a result of making these investments, income taxes have been reduced, to December 31, 1979, by an aggregate amount of $7,179,000. This reduction has not been reflected as a reduction of income tax expense in the statement of income, but has been reflected in the balance of deferred income taxes (Note 6). The balance of the income tax reductions relating to this investment of $1,932,000 calculated at current rates will be realized in future years through depletion claims and recorded as deferred income taxes at that time.

3. INVESTMENTS IN SHARES OF RESOURCE COMPANIES:

	1979	1978
Queenstake Resources Ltd. (Queenstake) (December 31, 1979 quoted market value $5,632,200)	$ 2,591,000	$ 591,000
Beaufort Petroleum Investment Limited (an affiliate of Dome Petroleum Limited) 50,000 Class A common shares 50,000 Class A preferred shares (redeemable) (no quoted market value)	200,000	—
Invex Resources Limited (no quoted market value at December 31, 1979)	30,000	—
	$ 2,821,000	$ 591,000

The company's investment in Queenstake represents a 28% interest in that company. The investment is carried at cost since Queenstake has no earnings or losses to December 31, 1979. The company has an option to purchase additional treasury shares in order that its interest in Queenstake does not reduce below 20%. Of the 938,700 shares owned 590,875 shares are subject to trading restrictions under a pooling agreement.

4. PROPERTY, PLANT AND EQUIPMENT:

The major categories of property, plant and equipment are as follows:

	1979	1978
Buildings, plant and major equipment	$42,260,000	$27,717,000
Other items — principally mobile equipment, trailer bunkhouses and small vehicles	5,330,000	4,704,000
Land	125,000	125,000
	$47,715,000	$32,546,000

5. DEVELOPMENT PROPERTIES AND RELATED DEFERRED DEVELOPMENT COSTS:

	1979	1978
Dublin Gulch, Yukon Territories:		
Mining properties	$ 420,000	$ 420,000
Plant and equipment	1,588,000	—
Exploration and development	771,000	264,000
	2,779,000	684,000
Participation with Livingstone Placer Ltd.	162,000	—
	$ 2,941,000	$ 684,000

The company is to carry out exploration and development of the Dublin Gulch properties under an agreement with Queenstake. The agreement grants Queenstake a 30% interest in these properties and provides that exploration, development, and capital expenditures incurred by the company to place the properties into production are to be recovered from first production profits. Commercial production from certain of these properties has been scheduled to commence in 1980.

Under the provisions of two other agreements with Queenstake, the company has been granted options to acquire 80% and 85% interests in certain other mineral claims in return for conducting certain exploration work.

6. INCOME TAXES:

Deferred income taxes result from timing differences in the recognition of expense for income tax and accounting purposes. The deferred income taxes in respect of these differences are as follows:

	1979	1978
Exploration expenses, frontier allowance, and depletion claimed for income tax purposes related to investment in oil and gas properties (Note 2)	$ 7,179,000	$ 3,903,000
Deferred preproduction and development costs deducted for income tax purposes in excess of amounts amortized	1,205,000	972,000
Additional Items, principally capital cost allowance deducted for income tax purposes in excess of depreciation recorded in the accounts	7,047,000	5,954,000
	$15,431,000	$10,829,000

The rate of income tax expense on earnings before tax varies from the combined Statutory Federal, Provincial, and Territory rates as follows:

1979	Amount	% of Pre-Tax Earnings
Income tax expense computed at statutory rates	$ 9,986,000	46.3%
Increase (decrease) in income taxes resulting from:		
Non-deductible royalties	536,000	2.5
Resource allowance	(2,690,000)	(12.5)
Income tax depletion	(1,784,000)	(8.3)
Investment tax credits	(976,000)	(4.5)
Other	(6,000)	—
Income tax expense	$ 5,066,000	23.5%

1978	Amount	% of Pre-Tax Earnings
Income tax expense computed at statutory rates	$12,688,000	46.0%
Increase (decrease) in income taxes resulting from:		
Non-deductible royalties	725,000	2.6
Resource allowance	(3,305,000)	(12.0)
Income tax depletion	(1,831,000)	(6.6)
Investment tax credits	(918,000)	(3.3)
Other	18,000	—
Income tax expense	$ 7,377,000	26.7%

7. SALES DISCLOSURE:

Pursuant to Section 173 of The Business Corporations Act, Ontario, an order was obtained from the Ontario Securities Commission permitting the company to omit disclosure of sales in the statement of income for the years ended December 31, 1979 and 1978.

8. COMMITMENTS AND CONTINGENT LIABILITY:

The company is committed under leases for office premises expiring in 1981 and 1984 to maximum annual rentals of $126,000 and under leases for certain mining equipment expiring at various dates to 1984 to maximum annual rentals of $805,000.

In connection with the installation of new telecommunications services to the mine during 1978, the company has agreed to make up any shortfall of Canadian National Telecommunications revenues from the facility below stated annual minimums. The annual minimum increases from $309,000 in the first year to $479,000 in the tenth year. Should the company cancel the agreement during this ten-year term, it is subject to a lump-sum payment which reduces from $658,000 over the term of the contract to $nil.

9. COMPARATIVE FIGURES:

The inventory of materials and supplies has been included in current assets in 1979, whereas it was included under other assets in previous years. The 1978 figures have been reclassified to reflect this change which has increased total current assets and working capital by $1,807,000.

10. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

Remuneration of directors and senior officers, as defined in The Business Corporations Act, Ontario, amounted to $368,000 for the year ended December 31, 1979 ($330,000 in 1978).

Auditors' Report

To the Shareholders of
Canada Tungsten Mining Corporation Limited:

We have examined the balance sheet of Canada Tungsten Mining Corporation Limited as at December 31, 1979 and the statements of income, retained earnings and of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1979 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.

Deloitte Haskins + Sells

January 31, 1980
Vancouver, B.C.

CHARTERED ACCOUNTANTS

Beaufort Sea
TUKTOYAKTUK
ALASKA
YUKON
NORTH WEST TERRITORIES
DAWSON CITY
MAYO
Dublin Gulch
Keno Hill
Tungsten
WHITEHORSE
WATSON LAKE
CASSIAR
FORT NELSON
BRITISH COLUMBIA
ALBERTA
FORT ST. JOHN
PRINCE RUPERT
PRINCE GEORGE
WILLIAMS LAKE
Operations
Development
Exploration
Investment
Leach Plant
Executive Office
NORTH VANCOUVER
VANCOUVER
VICTORIA
U.S.A.
MAP NOT TO SCALE

Corporate Directory

Directors:

Hon. J. B. Aird*
Toronto, Ontario

C. A. Born
Vancouver, British Columbia

J. M. R. Corbet*
Toronto, Ontario

Dr. E. B. Gillanders
Vancouver, British Columbia

J. W. Goth
Greenwich, Connecticut

J. B. Redpath
Toronto, Ontario

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

**Members of Audit Committee*

Auditors:

Deloitte Haskins & Sells
Vancouver, British Columbia

Solicitors:

Russell & DuMoulin
Vancouver, British Columbia

Bankers:

Canadian Imperial Bank of Commerce
Main Branch, Vancouver, British Columbia

Shares Listed:

Toronto Stock Exchange

Registrar and Transfer Agent:

Canada Permanent Trust Company
Toronto-Vancouver-Montreal

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.

Officers:

J. B. Redpath, Chairman of the Board
C. A. Born, President and Chief Executive Officer
M. K. Coffin, Secretary and Treasurer
P. M. Cain, Vice-President Operations and General Manager
D. I. Chisholm (Mrs.), Assistant Secretary
J. J. Sutherland, Jr., Assistant Treasurer

Operating Management:

M. Swizinski, Mine Manager
M. F. Lindsay, Production Superintendent
P. Bouma, Mill Superintendent
J. G. Conner, Plant Superintendent
D. A. MacKinnon, Underground Superintendent
L. J. D'Aigle, Exploration Manager
L. T. Chisholm, Purchasing Manager

Company Offices:

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

Registered Head Office:
Suite 600-365 Bay Street
Toronto, Ontario M5H 2V9

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

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

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