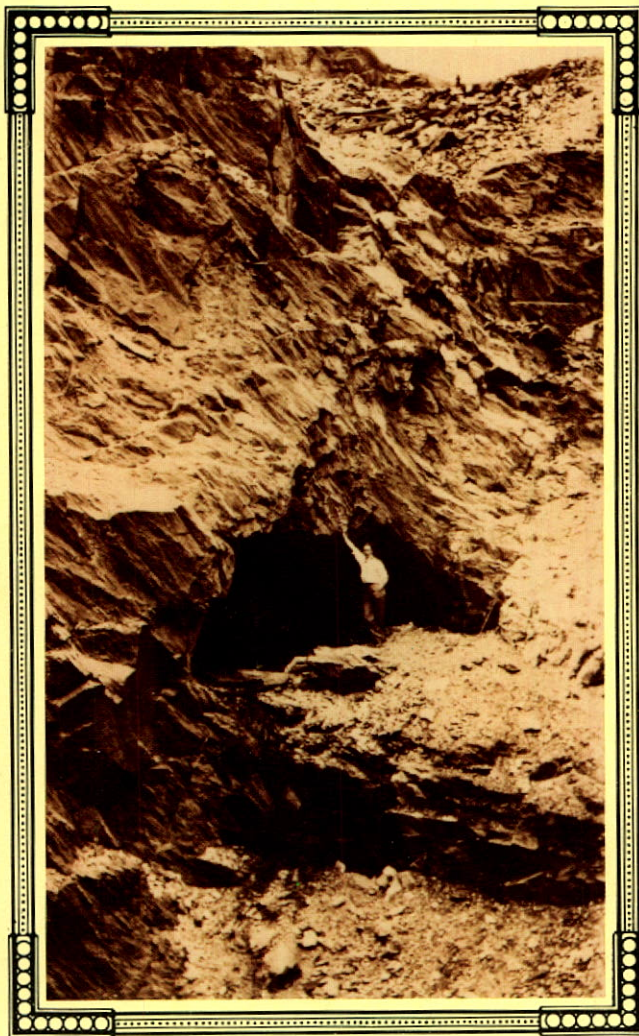

DOMEST MINES LIMITED
SEVENTY-FIFTH ANNUAL REPORT
1983

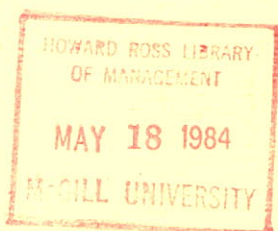


Cover: Early employee Alex Reid in the "gloryhole" where the famous dome of quartz was found (circa 1922)



In celebration of our first seventy-five years in Canadian mining, this 1983 Annual Report includes a brief history of Dome Mines Limited. It acknowledges the contribution of our shareholders, employees and management who have made Dome the premier gold producer in Canada.

The information in the insert has been extracted from the illustrated volume, "The Big Dome", which was published in 1983.



THE BIG DOME

SEVENTY-FIVE YEARS OF
GOLD MINING IN CANADA

The story of Dome Mines Limited – The Big Dome – is one of the classics of hard-rock mining in the Canadian shield. Dome was the first large Canadian gold mine to be discovered; and today, after seventy-five years of continuous operation, is the largest gold producer in Canada, and accounts for over 20% of the country's annual production.

Yet Dome is far more than gold. Dome is also a story of people: miners, geologists, engineers, maintenance staff, mill and office personnel, mine managers and executives.

BEFORE THE DAYS OF DOME

The great Canadian Shield is a massive horseshoe of Precambrian rock at least 2½ billion years old, which surrounds Hudson and James Bays, and spans the greater part of Eastern Canada. Contractions of the earth's crust, subterranean upheavals and long ages of glacial advances and retreats have battered and scarred the shield, wearing away the younger surface rocks and exposing the ancient layers beneath. In northern Ontario, this harsh rock remained virtually untouched until the first decade of the twentieth century; then dramatically emerged as one of the world's greatest mining centres.

Many geologists, basing their beliefs on past disappointments, felt that it was not possible to find gold in Ontario in economic quantities. However, the extension of the railway into Ontario's distant northland in the early 1900's sparked a prospecting revival.

THE BIG DOME

Dome was discovered in 1909, probably on June 6th, although the date and circumstances are clouded by the years. What is certain is that a prospecting team, led by Jack Wilson, and including Harry Preston, reached Porcupine Lake on May 23rd, and made camp on Graveyard Point.

Working south and west of Porcupine Lake, the party came across an area containing large dome-like masses of quartz. Over the course of several days' work, the principal dome was 'trenched'. Jack Wilson describes what happened next.

"I made a brush broom and swept the trench clean. As I was examining the seams in the quartz, about 12 feet ahead of me I saw a piece of yellow glisten as the sun struck it. It proved to be a very spectacular piece of gold in a thin seam of schist . . . when the boys came back, we got out the drills and hammers, and that night had about 132 pounds of very spectacular specimens!"

Harry Preston later set off a blast of dynamite in the quartz dome that exposed Dome's renowned 'golden stairway'. A visitor described it thus:

"The gold was in blobs, like candle drippings, and in sponge-like masses, some of them as large as a cup, lying under the moss in a dome-shaped outcrop of quartz. 'The Big Dome', they called it."



Top, Hitching up for the trail – Winter 1910-11
Bottom, The Dome mine – “Getting Started” – Spring 1911

THE FIRST YEARS

The months following the sensational find in the Porcupine country were crucial indeed. Wilson had met W. S. "Pop" Edwards, owner of a Chicago plumbing business, who helped provide the money for the prospecting team. Edwards now faced the problem of finding the huge sums of money required to turn the claims into a mine.

Late in the winter of 1910, Edwards met the Monell Syndicate, whose principal members were the legendary Joseph de la Mar and Ambrose Monell of International Nickel. With their support, Dome Mines Company Limited was incorporated by letters patent on March 23, 1910, with Edwards as President, and prominent Toronto lawyer Alexander Fasken as Secretary.



Ambrose Monell

In those early days, access into Porcupine country was very difficult. Heavy equipment could only be hauled in during winter, by horse-drawn sleds, as summer made the bush roads through the muskeg all but impassable. Even so, by the end of 1910, a small plant was in operation, and Dome had produced its first ore — 214 oz. of gold and 19 oz. of silver.

In 1911, a branch railroad line connected Porcupine to the main T. & N.O. line. Serious exploration work began that year, and yielded spectacular results. At the same time, the townsite of South Porcupine was laid out, and Dome's management looked forward to a prosperous year.

THE GREAT FIRE

The spring of 1911 was warm and dry, and the usually wet and spongy muskeg became as dry as tinder. The unseasonal drought continued throughout June and the beginning of July, and a number of small fires broke out in the surrounding bush. By the second week of July, they had merged into one giant conflagration, 12 to 14 miles wide, that was moving menacingly toward South Porcupine and Dome.

On the dreadful morning of July 11th, as the people of South Porcupine watched in terror, a mild southwest wind grew to hurricane force, driving the fire before it. The Dome whistle wailed an urgent warning to all to flee for their lives.

Within minutes, a wall of flame 150 feet high swept across the property. Ten



Top, Fire advances towards South Porcupine – July 11, 1911
Bottom, Dome "Tent City" rising from the ashes on the shore of Edwards Lake, just west of present mill – August, 1911

employees lost their lives, and all surface buildings and equipment were destroyed. The fire then leapt from the mine to the town, driving the townspeople down the main street to the lake, where many of them drowned.

At the end of this terrible day, 73 were known to have died; although many felt that upwards of 200 had perished, including many prospectors alone in the bush. Property damage was close to \$3 million; Dome Mines alone suffered a loss of nearly half a million dollars.

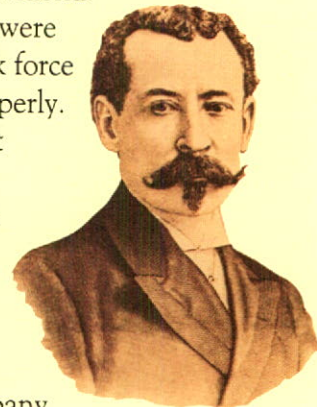
Reconstruction of Dome began almost immediately, and the new Dome mill was back in operation in February of 1912. One unexpected benefit of the fire was that large areas of Dome holdings were burned free of scrub and brush, resulting in a truly spectacular find. A vein was uncovered containing almost solid patches of free gold. This sensational display of natural treasure was known as 'The Golden Sidewalk', and it proved to be a talisman for Dome as the year 1912 dawned.

GROWING PAINS

Dome developed steadily through 1912; and Ambrose Monell replaced Edwards as President. By 1913, Dome had a working profit of more than half a million dollars, and extensive bodies of ore had been proven. In 1915, Joseph de la Mar became President; Dome's shares were listed on the New York Stock Exchange; and the company paid its first quarterly dividend.

At the same time, the effects of the war in Europe were beginning to be felt. By the fall of 1917, Dome's work force was only 60% of the number required to operate properly. That December, the mill was shut down, and did not resume production until June, 1919.

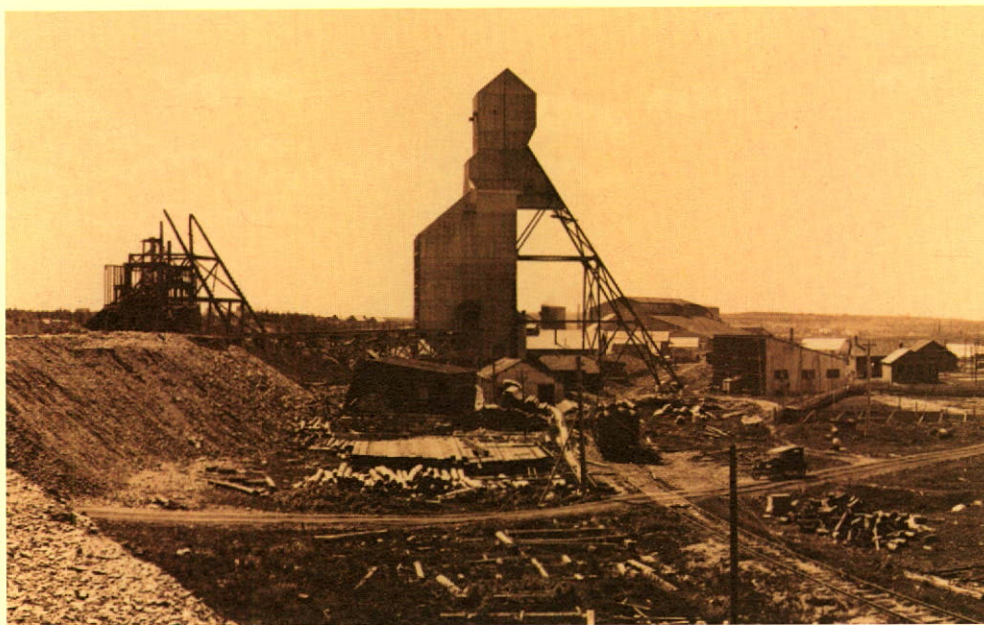
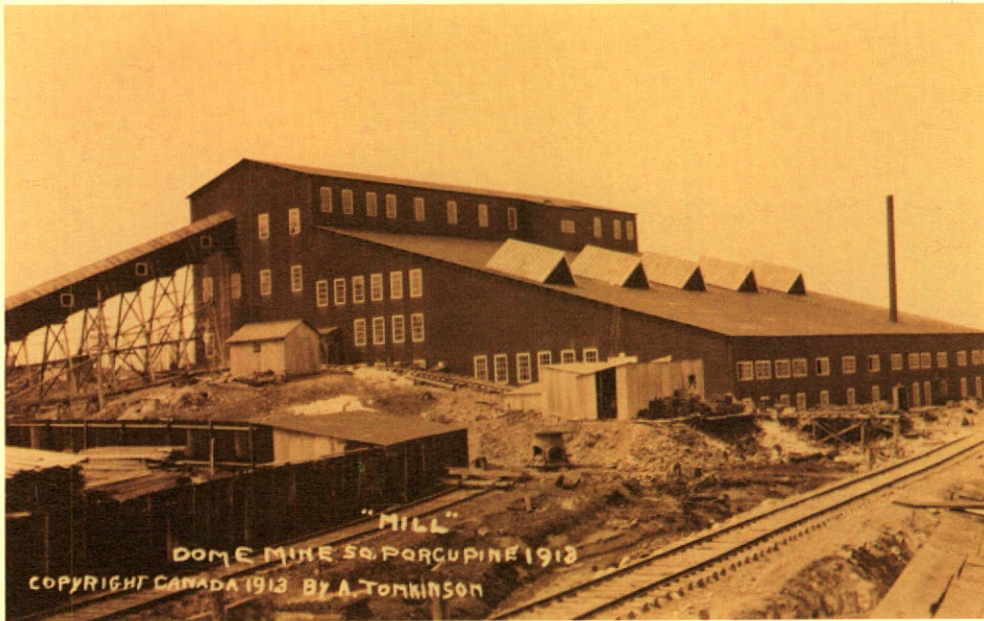
The management took advantage of the shutdown to carry out important development work in the mine itself; and also took up its option on the neighbouring Dome Extension Mine. Jules Bache became President in December 1918, a position he was to hold until 1942. At the end of 1920 the Company was financially healthier than it had been for years.



Joseph de la Mar

THE BOOMING TWENTIES

In 1923, the Company paid two dividends of \$1 each. That same year, Dome



Top, The "new" Dome mill in 1913 replacing structure destroyed in the 1911 fire
Bottom, The newly completed No. 3 Shaft headframe in 1913



*Top, Dome mines as it appeared in the early 1920's, looking towards South Porcupine
Bottom, Bruce Avenue in South Porcupine, March 1912, less than nine months
after the fire levelled the town*

Mines Company Limited became Dome Mines Limited, and the new company paid a dividend of 50 cents. Dome continued to prosper well into 1929; but that October, for the second time in its short history, the mill was destroyed by fire, a disaster which coincided with the stock market crash. Work was begun at once on clearing the site, which yielded over \$500,000 in bullion from the debris; and the new mill was operating by November, 1930.

THE DEPRESSION YEARS

In 1933, a visibly excited management reported to that year's annual meeting that Dome had discovered a rich new mine on the former Dome Extension property, below the Dome 23rd level. In 1936, Dome acquired important neighbouring properties, including the Foley O'Brien and Schumacher claims.

In February of 1934, the official price of gold jumped from U.S.\$20.67 to \$35 an ounce. That same spring, Dome optioned 60% of a new mine, Sigma Mines Limited, in Quebec's later renowned Val d'Or region. Development work proceeded rapidly, and in 1936 the Sigma mill was given the green light. Sigma soon became a major producer of gold and continues to be an important asset of Dome.

THE SECOND WORLD WAR

Dome and the other Canadian mining companies had to deal with a shortage of labour and the growing tax burden. Dome became involved in a major war project to make parts and equipment for pumps for cargo vessels. At the same time, careful management of



Jules S. Bache

Dome's supplies and available labour enabled the company to maintain reasonable production figures. In 1943, Jules Bache became Chairman, and was replaced as President by Clifford W. Michel. Dome's prospectors were also engaged chiefly in the search for important war minerals such as tungsten and molybdenum; and in 1945, Dome incorporated a wholly-owned subsidiary, Dome Exploration (Canada) Limited, to concentrate on exploration and new property development.

PROGRESS INTO PROSPERITY

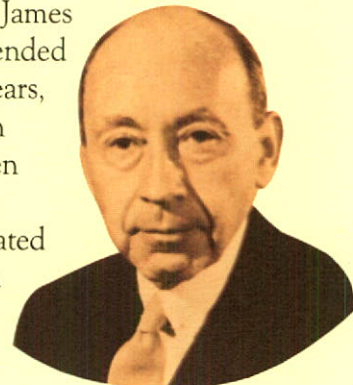
In 1946, Dome acquired a majority interest in Campbell Red Lake Mines,

which went into production in June 1949. With its exceptionally highgrade ore, it rapidly became the No. 1 producer of gold in Canada and is a major contributor to the earnings of Dome. In the immediate post war period, gold mining in Canada was at a low ebb, with rising costs of production and a fixed price for its product. The federal government recognized the plight of the industry and introduced the Emergency Gold Mining Assistance Act which made up some of the difference between the fixed price for gold and the actual cost of production. Without this assistance, the Dome and Sigma mines would not be in existence today. In 1948, Dome's subsidiary, Dome Exploration, ventured into the search for oil in western Canada; and in 1949, the company organized another subsidiary, Dome Exploration (Western) Limited, which eventually grew into internationally known Dome Petroleum Limited, with its own fascinating and complex history outside the mining industry.

APPROACHING FIFTY

With Dome and its subsidiaries on a steady course, increasing emphasis was placed on exploration. In the late 1950s, Dome participated in a consortium which discovered important base metal orebodies in the Mattagami Lake area, and which subsequently became Mattagami Lake Mines Limited.

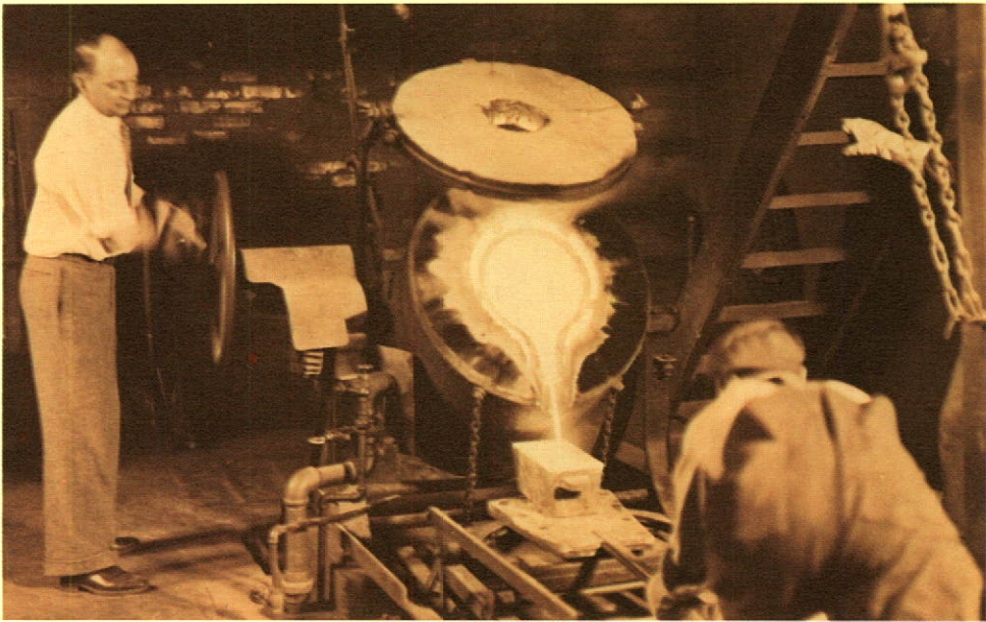
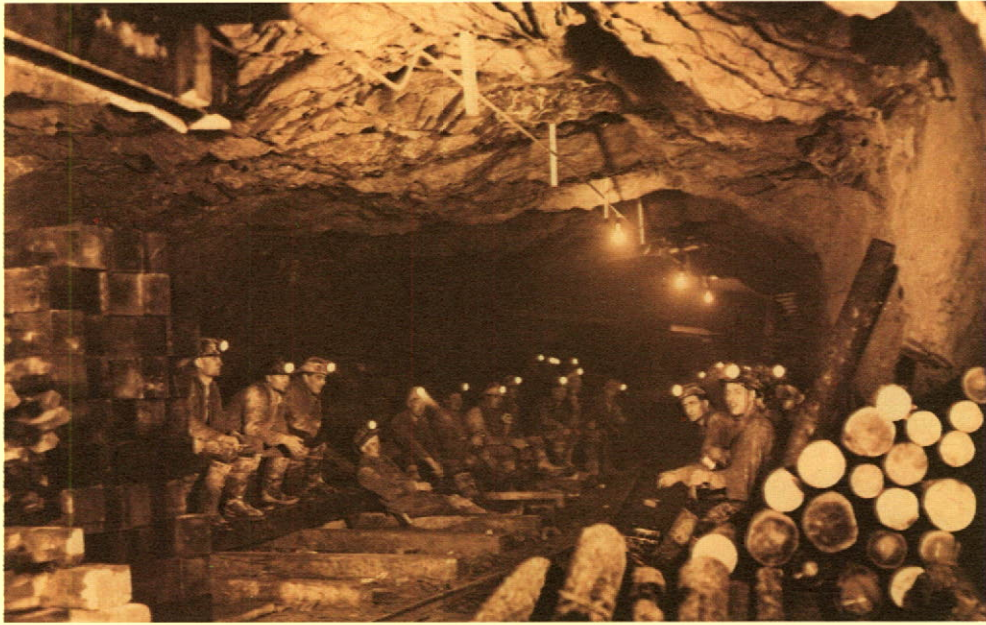
In 1959, Clifford Michel became Chairman, and James Redpath succeeded him as President. The decade ended not only with the celebration of Dome's first fifty years, but also with participation in a new joint venture in north-west Canada which became Canada Tungsten Mining Corporation Limited. Fifty-eight years after beginning production in 1910, Dome Mines celebrated the pouring of gold bar #10,000. It had produced a phenomenal \$280 million worth of gold, and paid out \$95 million in dividends.



Clifford W. Michel

TWO-TIER PRICE FOR GOLD

In March, 1968, the gold market in London and elsewhere was set free, with the price to now be determined by supply and demand. While the U.S. Treasury price of gold remained officially at \$35, its world market price began to rise. In 1972, the U.S. Congress established a new official price for gold of \$38 per ounce; but later that year the strong private demand sent the London



*Top, "Waiting for the cage" circa 1935
Bottom, Pouring gold bar using a tilt furnace circa 1935*



*Top, Dome Mine 1983 showing new mill facilities in foreground and new No. 8 Shaft in background
Bottom, The four Millions brothers represent 176 years of service between them. Bill (seated), Stan and Harold are now retired while Bob is still active in the underground department.*

price to around \$65. It was in this year that Dome began selling its gold on the free market, resulting in a significant increase in revenue.

DOMES MOVES INTO THE EIGHTIES

The mid-seventies saw significant fluctuations in the price of gold. The price strengthened in 1977, as did the financial health of Dome and its subsidiaries; and previously uneconomic low-grade ore could now be mined profitably.

In 1976, A. Bruce Matthews, a Director since 1947, became Chairman; and in 1977, James Redpath was succeeded as President by Malcolm A. Taschereau.

In 1980, Dome celebrated its 70th year of production with a record average price per ounce of \$721.82 (Canadian); plus record earnings, plans for expansion, and the development of a promising new property at Detour Lake.

Under the current leadership of Fraser Fell as Chairman, and Henry Brehaut as President, Dome in the Eighties has much to occupy its attention: the major expansion underway at South Porcupine; the development of the significant gold deposit at Detour Lake; an on-going large-scale exploration program; a major interest in Dome Petroleum, and an important holding in Canada Tungsten, plus other interests.

Over the years, there has been a steady growth in Dome's production rate. In its earliest years, Dome averaged more than 300 tons of ore milled daily. During the past thirty years, Dome milled an average of approximately 2000 tons per day. After completion of the current expansion program in 1984, Dome's daily tonnage will increase to 3000 tons.

SOME STATISTICS FROM THE DOME MINE – TO 1983 INCLUSIVE

- Total wages, salaries and benefits paid: over \$280 million.
- Total taxes paid: over \$100 million.
- Ounces of gold recovered: 10,848,603
- Ounces of silver recovered: 1,923,250
- Total dividends paid to date: over \$185,000,000

THE DOME FAMILY

A long and striking feature of Dome Mines is the family continuity of its employees. Many second, third, and even fourth-generation employees are still at the mine, with numerous father-son combinations.

As well as family continuity, many Dome employees from all ranks have been with the company for two, three, four decades or more.

Dome and its employees believe in the value of the corporate family, whose members are as proud of their Company as management is of them.

Dome has an extraordinary record of achievements, often realized in spite of great adversity; and is justifiably proud of its more than sixty years of uninterrupted dividends, a record unequalled in Canada's mining industry. As for the future – the resources are there, and Dome has the skills and experience to develop them. Dome Mines faces the future with confidence.



Condensation from the illustrated volume:

"The Big Dome – over seventy years of gold mining in Canada"

Published in March 1983

Cybergraphics Company Incorporated

Toronto, Canada.

Consolidated Highlights

(thousands of Canadian dollars, except per share)

		1983	1982	1981
Financial Operations	Revenue	\$234,755	\$182,612	\$188,374
	Operating costs	\$112,117	\$93,999	\$81,216
	Income and mining taxes	\$78,677	\$50,376	\$60,592
	Net income (loss)	\$(216,435)	\$(74,628)	\$91,347
Financial Position	Working capital	\$33,666	\$19,761	\$20,654
	Long-term debt	\$29,000	\$87,100	\$94,300
	Shareholders' equity	\$140,198	\$361,576	\$446,821
Per Share	Net income (loss)	\$(3.09)	\$(1.07)	\$1.31
	Dividends	\$0.11½	\$0.10	\$0.15¾
Production	Fine ounces of gold	424,686	367,083	329,772
	Tons milled	1,695,000	1,586,000	1,415,000
	Oil and natural gas liquids (bbls)	430,000	366,000	438,000
	Natural gas (mcf)	1,330,000	1,299,000	1,192,000
Statistical Data	Number of employees	1,987	1,624	1,674
	Number of shareholders	11,714	11,441	11,072
	Shares outstanding	77,606,053	77,592,248	77,592,248

Amounts in this report are expressed in Canadian dollars, unless otherwise stated.

The Company

Dome Mines Limited and its subsidiaries, Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (65% owned), are Canadian gold mining companies. In 1983, the Dome Mines Group produced 424,686 ounces of gold or approximately 19 percent of total Canadian production. Bullion is produced at the Dome Mine at South Porcupine, Ontario, the Campbell Mine at Balmertown, Ontario and the Sigma Mine at Val d'Or, Quebec. In addition, Campbell has a 50 percent interest in the Detour Lake Mine in northeastern Ontario which commenced commercial production November 1, 1983. The Dome Mines Group also maintains an ongoing minerals exploration program.

The Dome Mines Group participates in the oil and gas sector through its investment in 66,780,500, or approximately 25 percent, of the outstanding common shares of Dome Petroleum Limited. In addition, Campbell and Sigma have direct participating interests in oil and gas production and exploration in western Canada.

Dome Mines has 77,606,053 issued Common Shares of which 30,861,184, or 40 percent, are owned by Dome Petroleum. The shares are listed for trading on The Toronto Stock Exchange, the New York Stock Exchange and the Montreal Exchange.

Contents

Report of the Directors to the Shareholders	2
Review of Operations	4
Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Consolidated Financial Statements	25
Ten Year Review	82
Share Information	86
Directors and Officers	87

Report of the Directors to the Shareholders

Your Directors are pleased to report that consolidated income for 1983, before an equity accounted loss on Dome Mines' investment in Dome Petroleum Limited, increased to \$94.7 million from \$54.7 million in 1982. After accounting for its share of Dome Petroleum's loss, Dome Mines had a consolidated loss for 1983 of \$216.4 million (\$3.09 per share) compared to a consolidated loss of \$74.6 million (\$1.07 per share) in 1982. Dividends of \$0.11½ per share were declared during the year compared to \$0.10 in 1982.

In 1983, the price of gold started off the year strongly, rising from U.S.\$449 to a high in February of U.S.\$511. The price then fell sharply to U.S.\$408, recovered slightly and drifted lower during the remainder of the year reflecting a strong U.S. dollar, high real interest rates and moderation in the rate of inflation.

During 1983, the Dome Mines Group produced 424,686 ounces of gold or approximately 19 percent of total estimated Canadian production. Production from the Dome Mine at South Porcupine, Ontario was 138,020 ounces, including 37,418 ounces recovered from plant and equipment replaced as part of the mill expansion, compared to 85,201 ounces in 1982. Bullion revenue per ounce in 1983 averaged U.S.\$428 compared to U.S.\$382 in 1982. The average operating cost per ounce in 1983, excluding the recovery of gold from old circuits, was U.S.\$313. Expansion of the underground and surface facilities to increase mill throughput by approximately 50 percent to 3,000 tons per day is expected to be completed within budget by mid-1984.

In 1983, bullion revenue from the Campbell Mine averaged U.S.\$422 per ounce on production of 219,200 ounces compared to U.S.\$375 in 1982 on production of 217,158 ounces. The average operating cost per ounce at the Campbell Mine, in 1983, was U.S.\$102 compared to U.S.\$99 in 1982.

The Detour Lake Mine, northeast of Timmins, Ontario, commenced commercial production November 1, 1983. Campbell has a 50 percent interest in and is the operator of the Detour Lake Mine. Campbell realized \$2.8 million from the sale of its 5,937 ounce share of gold production from the Detour Lake Mine during the last two months of the year. Although the operation encountered start-up problems related to mill throughput and grade control, substantial operating improvements were achieved in the first quarter of 1984. Mobilization for underground development commenced late in 1983 with the objective of supplying ore to the mill in 1987. Current plans call for mill capacity to be increased to 4,400 tons per day by January 1, 1987.



Fraser M. Fell (seated) and C. Henry Brehaut.

Gold production from the Sigma Mine was 61,529 ounces in 1983, compared to 64,724 ounces in 1982. Bullion revenue per ounce averaged U.S.\$424 in 1983 and U.S.\$380 in 1982. The average operating cost per ounce at the Sigma Mine was U.S.\$273 in 1983.

The Dome Mines Group, through Dome Nevada Ltd., has a 29-1/3 percent interest in the Dee Gold Mining Co., a Nevada partnership, which is developing an open pit gold mine in Boulder Creek, Nevada. Production at this property is expected to commence in September 1984 at the rate of 850 tons per day.

During 1983, Campbell and Sigma continued their direct participation in oil and gas exploration, development and production in western Canada. Oil and gas income in 1983 before income taxes was \$4,546,000 compared to \$5,385,000 in 1982.

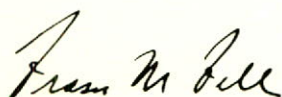
Dome Mines has played a significant role in the proposed restructuring of Dome Petroleum, in which the Dome Mines Group holds a 24.9 percent interest. Under the direction of new senior management, Dome Petroleum has made significant progress in the disposition of non-core assets, the re-organization of its operations and towards the rescheduling of its debt. Dome Petroleum incurred a loss of \$1,105 million in 1983, primarily as a result of the write-down of assets and losses on the disposal of assets. Dome Mines' share of this loss amounted to \$291 million.

During the year, Dome Mines sold its investments in the shares of Denison Mines Limited and Noranda Mines Limited for gains of \$22.8 and \$12.7 million, respectively, before provision for income taxes.

In June, Mr. A. Bruce Matthews retired as Chairman after eight years of distinguished service in that office. Mr. Malcolm A. Taschereau resigned as President and as a Director. The Directors record their appreciation for the services rendered by Mr. Taschereau to Dome Mines and its subsidiaries over many years. Following the departure of Mr. Taschereau, Mr. Fraser M. Fell, Vice Chairman, was elected Chairman, President and Chief Executive Officer. On the recommendation of a Search Committee in December, Mr. C. Henry Brehaut, formerly Vice-President, Operations, was appointed President and Chief Operating Officer and a Director. Mr. H. Douglas Scharf, Vice-President, Finance and Treasurer, was also appointed Chief Financial Officer.

During the year, Mr. James B. Redpath and Dr. William F. James retired as Directors and were appointed Directors Emeritus in recognition of their outstanding contributions to the Dome Mines Group over periods in excess of thirty-five years. Messrs. John P. Gallagher and William E. Richards resigned as Directors upon resigning as Officers of Dome Petroleum. Mr. Alan R. McFarland left the Board of Directors to join the Board of Campbell. New Directors elected during the year were Messrs. Alex E. Barron, J. Howard Macdonald, Clifford L. Michel and Valentine N. Stock.

The Directors record their appreciation for the efforts and co-operation of all employees during the year.



Fraser M. Fell,
Chairman of the Board
and Chief Executive Officer



C. Henry Brehaut,
President and Chief
Operating Officer

April 16, 1984.

Review of Operations

Mining

Dome Mine

	1983	1982	1981
Ounces of gold			
From ore milled	100,602	85,201	73,131
From mill clean-up	37,418	—	—
Total ounces of gold	138,020	85,201	73,131
Tons of ore milled	762,000	708,000	557,000
Average grade treated			
(ounces per ton)	0.138	0.126	0.136
Mill recovery (%)	95.7	95.9	96.9

Dome Mines owns and, with predecessor companies, has continuously operated since 1910, an underground gold mine and integrated mill at South Porcupine, Ontario, Canada (the "Dome Mine").

Bullion production increased significantly in 1983 due to higher tonnage and grade and the recovery of gold from the old grinding circuit. Ore mined through existing underground facilities was increased to the greatest extent practicable in 1983 to take advantage of the additional milling capacity provided by the commissioning of the new grinding section in 1982. The old grinding circuit has now been completely dismantled and treated. In total, 37,418 ounces tied up over the years were recovered and processed in 1983.

Mine operating costs averaged \$50.16 per ton milled, an increase of 12.5 percent over 1982. Major factors contributing to higher operating costs were an average increase in the hourly wage rate of 10 percent, increased stope development, higher steel consumption in the mill, the cost of instituting productivity improvement programs in the plant and accounting departments and higher depreciation. Cost per ton by major activity was as follows:

	1983	1982	1981
Development	\$ 4.09	\$ 3.36	\$ 3.11
Mining	26.08	24.69	23.25
Milling	8.44	7.36	8.31
General services	4.05	2.97	3.85
Administration	5.14	4.39	4.55
Depreciation and amortization	2.36	1.83	2.36
	\$50.16	\$44.60	\$45.43

Of the 762,000 tons milled in 1983, 712,000 tons averaging 0.143 ounces per ton were drawn from stopes. The proportion of ore being mined by longhole methods continues to increase as indicated below:

	1983	1982	1981
Stoping			
Cut-and-fill	33%	33%	36%
Shrinkage and longhole	—	—	2
Longhole	61	59	49
Development	6	8	13
	100%	100%	100%

Development work in 1983 amounted to 23,796 feet of drifting, cross-cutting and raising, of which 12,056 feet were related to current operations with the remainder associated with development and stope preparation related to the expansion program referred to below. The amount of development associated with current operations is expected to continue to increase in 1984 at a greater rate than proposed increases in production.

In 1983, 64,023 feet of underground diamond drilling was carried out primarily to explore extensions of known ore zones, to assist in the guidance of current mining operations and in the definition of new stoping areas. The increase in footage drilled over 1982 reflects increased development activity.

	1983	1982	1981
Development drifts, cross-cuts and raises (feet)	23,796	21,106	19,074
Diamond drilling (feet)	64,023	50,781	36,965

As of December 31, 1983, proven extractable reserves, including dilution, were estimated by Dome Mines to be 2,600,000 tons of ore at an average grade of 0.182 ounces of gold per ton. Lower grade ore not included in the reserves and ore not previously defined is mined as part of normal operating practices. This ore, when included in the mill feed, accounts for the average grade milled being lower than the reserve grade.

	1983	1982	1981
Total reserves, including broken ore, (000's of tons)	2,600	2,142	2,147
Grade (ounces per ton)	0.182	0.197	0.207

After more than 70 years of mining, over 50 percent of the mill feed is still extracted above the 2,000 foot level. The lowest production level at the Dome Mine is the 4,000 foot elevation. The main geological structures have been traced to below the 4,000 foot level and are open to depth. Completion of the new Number 8 shaft will provide access for the exploration of mineralized areas from the 5,200 foot level and above.

In 1981, construction began on underground and surface facilities designed to increase mill throughput by approximately 50 percent to 3,000 tons per day. This expansion is intended to increase mill throughput from approximately 700,000 tons of mill feed annually to 1,050,000 tons annually.

Dome No. 3 shaft headframe in the midst of new expansion facilities.



The underground expansion includes a shaft from surface (Number 8 shaft), head frame, hoisting facilities, ore and waste bins, level stations, ore and waste passes, crusher installation and other associated facilities and the preparation of mining areas. Shaft sinking commenced in January 1981 and has been completed to a planned depth of 5,472 feet.

The mill program includes complete replacement of existing ore storage, grinding, amalgamation and thickening facilities, alterations to the secondary crushing and conveying sections, new fire protection and process water storage facilities and additional agitation and dewatering capacity. The first phase of mill construction was directed toward completion of the new grinding section because of increasing maintenance problems required on existing units. The new grinding circuit and associated facilities commenced operation in July 1982.

Since July 1982, the milling rate has gradually increased to 2,200 tons per day and is scheduled to increase to 2,500 tons per day when surface facilities and underground contract work are completed. Completion of this phase is scheduled for June, 1984. Thereafter, it is proposed to gradually increase the milling rate to design capacity by year-end. Planned tonnage for 1984 is 889,000 tons.

The capital cost of the expansion program is now estimated to be \$96,642,000 compared to the original estimate of \$91,910,000 made in

1980. The revised estimate includes additional amounts for new power transmission facilities, the operation of Number 7 shaft and increases to the scope of the mill construction program. During 1983, the estimated cost increased \$4,042,000 due largely to increases in the cost of shaft sinking. To December 31, 1983, \$86,371,000 of the capital cost of the expansion had been incurred.

The two existing tailings disposal areas are approaching maximum storage capacity. Construction of a new disposal area, three miles south of the Dome Mine, has been completed and is now ready to receive tailings.

In 1983, Dome Mines achieved the lowest compensable accident frequency in its long history, with a frequency of 10 per million man hours. This is an improvement over last year's frequency of 18 and compares favourably to an average of 28 accidents per million man hours experienced by the Ontario mining industry in 1983. For its exemplary safety record over the years, the Dome Mine was presented in 1983 with the John T. Ryan Special Award Certificate.

At the Dome Mine, approximately 81 percent of the work force is unionized and represented by the United Steelworkers of America. A three year contract expired April 17, 1984. Negotiations with the union for a new contract commenced on February 21, 1984, and are continuing.



Campbell Mine

	1983	1982	1981
Ounces of gold	219,200	217,158	200,528
Tons of ore milled	389,500	392,000	370,000
Average grade treated (ounces per ton)	0.598	0.593	0.590
Mill recovery (%)	94.2	93.4	92.0

Campbell owns and operates an underground gold mine and integrated mill in Balmertown, Ontario, which was brought into production in 1949 and has operated continuously since that time. During 1981, a plant expansion to increase production by 30 percent was completed. The first full year at the expanded rate was 1982, during which 392,000 tons of ore were processed.

During 1983, 389,500 tons of ore were processed through the Campbell mill. A slightly higher grade of ore and improved mill recovery resulted in production of 219,200 ounces of gold. Research programs in the mill succeeded in effecting major improvements in gold recovery, particularly in the float tail circuit where gold losses were reduced by 45 percent. Mill recovery in 1983 increased to 94.2 percent from 93.4 percent in 1982.

Mine operating costs, including depreciation, averaged \$71.12 per ton milled, or \$126 (U.S.\$102) per ounce. Operating costs rose 4 percent compared to 14 percent in 1982. In addition to inflationary increases during the past 3 years, operating costs have increased as a result of the expansion of operations and an increase in the proportion of ore mined by the more expensive cut-and-fill stoping method.

On-going mining in one zone and sill removal activities in another zone were interrupted by rock bursts in 1982 which have recurred in 1983. Microseismic monitoring equipment has been installed with the objective of providing assistance in the identification and prediction of rock bursting activity. Mining activities in these zones have been halted and efforts to develop mining methods and techniques that will permit safe mining of these zones continue with the assistance of a rock mechanics consultant. Mine output has not been affected as production from other areas has been increased.

During 1983, diamond drilling amounted to 64,911 feet, most of which was underground. The underground drilling was largely in support of mine planning, stope development and mine exploration activities. No new areas of significance were discovered. Development footage increased 23 percent in 1983 as a result of a higher rate of zone development and an expanded underground exploration program.

Proven extractable ore reserves as of December 31, 1983, including dilution, were estimated to be 2,052,000 tons in place, at an average grade of 0.622 ounces of gold per ton. In addition, broken reserves totalled 277,000 tons as of the same date. Current reserves are located between surface and the 21st level (3,100 feet below surface) which is the lowest active mining level at this time. Additional levels have been established to the 27th level (4,000 foot elevation) for future mining. Presently known zones that have the potential of adding to reserves above the 21st level are open to depth.

	1983	1982	1981
Reserves in place (000's of tons)	2,052	2,042	2,082
Grade of reserves in place (ounces per ton)	0.622	0.622	0.620
Broken ore reserves (000's of tons)	277	268	234

Capital expenditures of \$2,283,000 during 1983 included the installation of carbon columns to recover gold from tailings effluent, equipment to monitor and control energy consumption and microseismic monitoring equipment. A new tailings pond was also constructed.

The accident frequency at Campbell in 1983 was 10 lost time injuries per million man hours worked, compared to a frequency of 6 in 1982 and to the Ontario mining industry average of 28 in 1983. The Campbell First Aid Team captured the McCrea Trophy, placing first in a competition organized by the mining industry in Ontario.



Detour Lake Mine

The Detour Lake Mine was officially opened by the Lieutenant-Governor of Ontario, the Honourable John B. Aird, on November 4, 1983. Senior officials of Campbell and Amoco Canada Petroleum Company Ltd. ("Amoco"), accompanied by representatives of the government of Ontario, participated in the event which marked the successful conclusion of an exploration, development and construction program initiated by the discovery of gold mineralization in the area in 1974.

The Detour Lake Mine is located approximately 125 miles northeast of Timmins, Ontario and 8 miles west of the Quebec border and is comprised of 312 claims with mineral rights held under Crown mining leases with current expiry dates ranging from 1998 to 2002.

Campbell has, under a joint venture arrangement, a 50 percent working interest in the Detour Lake Mine, and is the operator. The remaining 50 percent interest is held by Amoco.

As of December 31, 1983, total probable ore reserves in place, after allowing for dilution, were estimated by Campbell to be 30.2 million tons at an average grade of 0.113 ounces of gold per ton. This estimate is based on surface diamond drilling to a depth of 1,800 feet and underground exploration. All zones are open to depth and indications of mineralization away from defined zones provide additional exploration targets. During 1983, the original reserve was reduced by the mining of 409,000 tons, of which 161,000 tons of low grade ore were stockpiled. At year end, the grade of stockpiled ore averaged 0.065 ounces per ton.

Construction at the site, which began early in 1981, was largely completed by the end of July, 1983. The 137-kilometre powerline to the site, constructed by the joint venturers, was completed on schedule in May, 1983. The permanent access road from the Cochrane/Iroquois Falls area was completed early in November, 1983, although access to the site was available beginning in September on an intermittent basis. From the start of construction to December 31, 1983, capital expenditures to bring the property into production totalled \$136,088,000, of which \$43,609,000 was spent in 1983. It is estimated that a further \$600,000 is required to complete the construction phase.

The crushing of waste rock commenced July 8, 1983 and the grinding circuit was started July 17, 1983. To October 31, 1983 the mill operated in a start-up mode and 169,000 tons were treated. Campbell's share of costs during this period totalled \$8,468,000, of which \$1,088,000 was recovered from the sale of 2,253 ounces of gold.

Commercial production started November 1, 1983. During November and December, 1983, 124,000 tons of ore were processed at a grade of 0.100 ounces per ton. Campbell realized \$2,767,000 from the sale of 5,937 ounces of gold produced during the period and its share of operating costs was \$4,139,000, including depreciation of \$801,000.

During the first quarter of 1984, 195,000 tons of ore were treated by the mill. The average grade of ore processed was estimated to be 0.107 ounces of gold per ton. Mill recovery exceeded 92 percent.

Since commencement of commercial production, gold production has been lower than anticipated. Analysis of the reasons for this is continuing, with remedial measures being tested and implemented in a systematic manner. To date, factors identified as affecting production include mill throughput at less than design capacity, higher than anticipated dilution in ore from the open pit and the tieup of gold in the grinding circuit.

In order to reduce dilution, pit operating practices and geological practices and procedures have been thoroughly reviewed. A number of changes have been instituted and grade control has been improved. Further changes to drilling and blasting procedures are being implemented following delivery of a third drilling unit in March, 1984.

Tonnage milled in the first quarter of 1984 was 22 percent lower than planned due to reduced operating time of the grinding unit and a lower grinding rate. Significant operating time was lost during January and February as repairs and changes were made to the liners in the grinding unit. Since the end of February, the operating time of the grinding unit has been normal. The currently projected milling rate of approximately 2,550 tons per day is 7 percent lower than the forecast rate of 2,750 tons per day due to the lower than planned grinding rate. Further improvements to the grinding system are believed



possible and a program to study and implement corrective measures has been undertaken in an attempt to achieve the planned production rate. Other sections of the mill performed satisfactorily following minor changes and adjustments.

During the first quarter of 1984, the grade of ore milled of 0.107 ounces per ton was 6 percent less than the mine grade estimates for the area mined. Free gold is being tied up in the grinding circuit and management believes that this is one factor influencing the degree of correlation between mine and mill grades.

Mobilization for underground development commenced late in 1983, with the objective of supplying ore to the mill in 1987. Current plans call for mill capacity to be increased to 4,400

tons per day by January 1, 1987. Underground production is to be expanded to 4,400 tons per day once open pit reserves have been exhausted. Expenditures for the underground development and mill expansion programs are estimated to be \$110,000,000. In 1983, costs of the underground program totalled \$1,133,000 while expenditures in 1984 are estimated to be \$13,129,000.

As of December 31, 1983, the work force at the Detour Lake Mine totalled 284 employees. The International Union of Operating Engineers was certified as the bargaining union for production and maintenance workers on October 6, 1983. The first contract, which extends to October 5, 1985, was ratified by the union membership on February 16, 1984.



Sigma Mine

	1983	1982	1981
Ounces of gold	61,529	64,724	56,113
Tons of ore milled	481,000	486,000	488,000
Average grade treated (ounces per ton)	0.137	0.139	0.120
Mill recovery (%)	96.7	96.3	96.2

Sigma owns and operates an underground gold mine and integrated mill in the town of Val d'Or, Quebec (the "Sigma Mine"). The mine has operated continuously since production commenced in 1937.

During 1983, 481,000 tons of ore were mined and milled at the Sigma Mine to produce 61,529 ounces of gold compared to forecast production of 58,300 ounces. The grade of ore milled of 0.137 ounces per ton approximates the 0.139 ounces per ton obtained in 1982. The increased number of ounces in 1982 and 1983 resulted from encountering higher than anticipated grades of ore. Mill throughput decreased slightly due to local power interruptions and repairs to major equipment. Overall, mill recovery increased in 1983. Planned production for 1984 is 57,900 ounces of gold.

Operating costs in 1983 were \$43.15 per ton milled, an increase of 8 percent over the prior year. Higher wage rates, which were 10 percent higher on average in 1983, were the main factor contributing to increased operating costs.

Of the 476,905 tons trammed to ore passes in 1983, 437,408 tons, at an average grade of 0.133 ounces per ton, were the result of stoping activities. Stope preparation and development work produced 24,150 tons, averaging 0.161 ounces per ton, and 15,347 tons, averaging 0.097 ounces per ton, respectively. Stopping operations were distributed between the 7th and 37th levels.

Six cut-and-fill and two shrinkage stopes were prepared and brought into production in 1983. At year end, five stopes were in preparation while three others were idle, but ready for production. In 1983, development of a new longhole stope allowed cut-and-fill mining to return to normal production levels.

During the year, 61,580 feet of underground diamond drilling was carried out, mainly to explore for flat veins along the major structures and to test the potential of dyke zones. The extensive drilling program conducted from the 38th level to explore the south part of the mine has been completed. Strong, well-mineralized shear structures were intersected, but only low gold values were detected. In 1984, drilling from the same horizon to the north will be initiated to

investigate the R and Q zones below the 38th level. Routine drilling will continue to test for the extensions of known sheared veins and for flat veins.

In 1983, 7,243 feet of mine development were distributed between the second and 40th levels. An extra development crew was added in June for a total of five crews. Seventeen percent of development was carried out on the R zone on the 37th and 39th levels. The strongest mineralization was encountered on the 39th level, where 107 feet of drift averaged 0.34 ounces per ton. In 1984, one of the five crews will extend the main crosscut northward on the 29th level in order to examine the T zone. This work will be followed by a diamond drill program to test the S and T zones and may include some drilling towards the Bourlamaque Batholith. A sixth development crew will likely be added later in the year.

At the Sigma Mine, proven extractable ore reserves, after allowing for dilution, at the end of 1983, were estimated by Sigma to be 978,000 tons in place, at an average grade of 0.196 ounces of gold per ton. In addition, there were 192,000 tons of broken ore.

	1983	1982	1981
Reserves in place (000's of tons)	978	1,011	1,043
Grade of reserves in place (ounces per ton)	0.196	0.196	0.197
Broken ore reserves (000's of tons)	192	177	151

Lower grade ore not included in reserves and ore not previously defined is mined as part of normal operating practices. This ore, when included in the mill feed, accounts for the average grade milled being lower than the reserve grade.

At the Sigma No. 2 mine (formerly the Quebec Gold Belt property), probable ore reserves based on surface diamond drilling and surface sampling were estimated as of December 31, 1983, to be 602,000 tons, at an average grade of 0.087 ounces per ton. Sigma previously held a 70 percent interest in the Quebec Gold Belt property but in December, 1983 acquired the remaining 30 percent interest. Ore production from Sigma No. 2 is scheduled to start during the second half of 1984. It is anticipated that this additional ore will permit the Sigma mill to operate at full capacity for at least the next five years. An extensive exploration program is being conducted in the Val d'Or area with the objective of adding to reserves.

In 1983, capital expenditures at the Sigma Mine totalled \$677,000. Expenditures were incurred on a standby power generator, a tractor, a front-end loader and a dust collector for the crushing plant.

In 1983, the frequency of compensable accidents increased to 16 per million man hours worked, compared to 15 in 1982. This compares favourably with the average of 44 per million man hours in the gold and base metal mining industry in Quebec.

Sigma's labour agreement with the hourly unionized employees represented by Le Syndicat des Employés de Les Mines Sigma (Québec) Limitée, expires June 30, 1984. Negotiations are expected to resume in May. The Company has never experienced a strike.

Dee Gold Mining Co.

Dome Mines, Campbell and Sigma, through Dome Nevada Ltd., a wholly-owned subsidiary of Dome Exploration (U.S.) Limited ("Domex U.S.") has a 29 $\frac{1}{3}$ percent partnership interest in the Dee Gold Mining Co., which is developing an open pit gold mine in Boulder Creek, Nevada. Rayrock Mines Inc., a partner, acts as operator. The cost of developing the property is estimated to be U.S.\$24,000,000. During 1983, expenditures totalled U.S.\$8,867,000. Construction of a mill with a rated capacity of 850 tons per day is underway. Commencement of production is expected in September, 1984. Probable reserves, based on surface diamond drilling and underground sampling, are estimated to be 2,670,000 tons of ore at an average grade of 0.115 ounces of gold per ton. An additional 1,100,000 tons of lower grade material may be treated using heap leach methods.

Minerals exploration

Through Dome Exploration (Canada) Limited ("Domex Canada") and Domex U.S., the Dome Mines Group conducts a joint program of mineral exploration in Canada and the United States. The degree of participation by each company in an exploration project depends upon the date the project originated and its location, as indicated in the following table:

	Projects Originating			
	On or after Jan. 1, 1977			Prior to Jan. 1, 1977
	Ont.	Que.	Elsewhere	
Dome Mines	50%	Nil	50%	73%
Campbell	50%	Nil	40%	21%
Sigma	Nil	100%	10%	6%

Until January 1, 1977, Dome Petroleum participated in such joint exploration programs. In December 1982, Dome Mines acquired all Dome Petroleum's interests in projects originated prior to that date in return for releasing Dome Petroleum from its obligation to reimburse Dome Mines for 1982 exploration expenditures totalling \$455,884 and in further consideration of Dome Mines granting to Dome Petroleum a 3.65 percent net profits interest in Dome Mines' share of production, if any, from each such project.

During 1983, exploration expenditures by the Dome Mines Group were \$6,771,000. Although the emphasis was on gold, other base and precious metals were included in the search. Activities during the year included work on 73 projects, 38 of which were continued from 1982. Approximately 625 line miles of ground geophysical surveys were completed and 186,000 feet were drilled in 353 holes on 30 properties. A total of 939 claims were staked in 24 groups in addition to which 14 properties were optioned. Work on several of these properties will continue in 1984.

Approximately 85 percent of 1983 expenditures were on Canadian projects, most of which are located in Ontario, Quebec and British Columbia. Projects in the provinces of Ontario and Quebec accounted for 71 percent of total expenditures, with emphasis placed on areas near producing mines of the Company and its subsidiaries.

In the United States, an exploration program continued in Nevada and neighbouring states. This program involved detailed exploration, including drilling, on various properties held by the Dome Mines Group as well as reconnaissance exploration and the evaluation of precious metal prospects held by others. Participation continues in a syndicate which, in addition to carrying out reconnaissance exploration in the western United States, is exploring several specific projects in the same region.

Recent drilling on a property owned jointly by Dome Mines and Campbell has indicated appreciable gold mineralization in a sulphide-bearing iron formation. The property is located 6 miles southeast of Pickle Lake which is situated in northwestern Ontario, approximately 230 miles north of Thunder Bay. A series of 21 shallow diamond drill holes was completed during this winter's drilling program and gold mineralization has been traced for a length of approximately 656 feet. Drill results to date indicate that the zone varies from approximately 6.6 feet to 52.5 feet in width. Uncut assay results, averaged across the mineralized zone, range from 0.10 to 0.34 ounces per ton. Further exploration, including drilling, will resume after spring break-up.

The three projects described below have been worked on for a number of years. Dome Mines' interest in each such project is subject to the Dome Petroleum royalty described above.

In northwestern Ontario, a significant gold occurrence was discovered in 1981 after more than six years of continuous exploration on a large property on Opapimiskan Lake, approximately 184 miles northeast of Red Lake. Domex Canada has, under a joint venture agreement, a 35 percent participating interest in this property and is the operator. To date, five gold-bearing zones have been outlined by closely-spaced drilling and other zones have been indicated by widely-spaced reconnaissance drill holes. The 1983 exploration program involved the drilling of 52 holes for a total of 22,524 feet. In late 1983, the joint venturers agreed to undertake an underground exploration program during 1984, the Dome Mines Group's share of which is

estimated to be \$ 1,900,000. The purpose of the program, which is now underway, is to determine grade and continuity of mineralization of the largest of those zones outlined to date.

In the Cariboo district of central British Columbia, major drilling programs have outlined a compact, medium-sized, low grade gold deposit located close to surface. During 1983, further drilling was carried out to investigate certain unexplored portions of the property as well as to search for possible faulted segments of the known mineral deposit. This drilling did not add significantly to the drill-indicated tonnage already outlined on the property, but did provide leads for future drilling. Domex Canada has a 100 percent interest in this property, subject to a 5 percent net profits royalty in favour of third parties and the Dome Petroleum royalty interest described above.

In Quebec, further drilling was carried out in 1983 on a gold prospect owned by Wesdome Resources Limited ("Wesdome") in an effort to increase indicated tonnage to a level which would justify underground exploration. Wesdome is 70 percent owned by the Dome Mines Group. While 28 holes totalling 20,998 feet were drilled, only minor gold mineralization was found. Further surface drilling is planned for 1984, in order to follow up previous drilling and to explore certain other portions of the property.

Oil and Gas

Campbell and Sigma participate in a program of direct investment in oil and gas exploration, development and production in western Canada. Generally these oil and gas activities are managed by Dome Petroleum as operator under an agreement which provides for payment to Dome Petroleum of an overriding royalty and management fee.

The following table summarizes Campbell's and Sigma's land holdings and interests by area at December 31, 1983 and 1982.

	Gross working interest		Net working interest		Gross royalty interest	
	1983	1982	1983	1982	1983	1982
	(thousands of acres)					
Alberta	9,887	11,153	273	307	399	223
British Columbia	1,374	1,603	33	36	2	—
Manitoba	1,088	1,029	46	44	—	—
Ontario	65	70	1	1	—	1
Saskatchewan	2,573	2,599	97	97	74	89
Mackenzie Valley	4,965	2,800	142	78	1,190	597
Total	19,952	19,254	592	563	1,665	910
Developed	1,217	1,154	31	30	203	108
Undeveloped	18,735	18,100	561	533	1,462	802

Of total acreage located in the traditional producing areas of western Canada, approximately 29 percent is mineral title land for which Campbell and Sigma hold mineral rights in perpetuity and pay no Crown royalty.

Oil and gas capital expenditures were \$3,171,000 in 1983 compared to \$13,217,000 in 1982 and \$90,792,000 in 1981. Interest capitalized to oil and gas properties was \$307,000 in 1983, \$5,788,000 in 1982 and \$3,086,000 in 1981. The level of expenditures in 1983 and 1982 was affected by reduced direct activity by Dome Petroleum and an increased number of farmouts by Dome Petroleum. In 1983, Campbell and Sigma each elected not to participate in Dome Petroleum's farmouts to Dome Canada Limited. Capital expenditures declined significantly in 1982 as a result of Campbell and Sigma having fulfilled in 1980 and 1981 their obligations to incur exploration costs to earn their interests in certain oil and gas rights. A summary of expenditures for the past three years follows:

	1983	1982	1981
	(thousands of Canadian dollars)		
Acquisitions (dispositions)	\$ (17)	\$ 9,496	\$ 2,651
Exploration	2,497	1,916	79,101
Development	691	1,805	9,040
	\$3,171	\$13,217	\$90,792

During 1983 Campbell and Sigma participated in the drilling of 370 gross wells (9 net). This

compares with the drilling of 405 gross wells (6 net) in 1982 and 642 gross wells (16 net) in 1981.

During 1983 expenditures were concentrated on development wells in oil producing areas which qualify for the new oil reference price ("NORP"). NORP is determined in accordance with formulae contained in the Energy Pricing and Taxation Agreements reached between the Government of Canada and the governments of the producing provinces and is subject to a ceiling of 100 percent of the international price of oil, adjusted for quality. As this ceiling has already been reached, NORP is effectively the international price.

At December 31, 1983, Campbell and Sigma had a net working interest of 153 productive wells, of which 98 were oil and 55 were gas wells. Production for the three years ended December 31, 1983, is as follows:

	1983	1982	1981
Oil and natural gas liquids (000 bbls)	430	366	438
Natural gas (mmcf)	1,330	1,299	1,192

Oil and gas fields in Alberta accounted for approximately 78 percent of crude oil production and approximately 90 percent of natural gas production in 1983, with the balance from British Columbia and Saskatchewan. Oil production increased 17 percent over 1982. This reflects a change in the Government of Canada policy, to allow export of light crude to the United States under short-term permits. In addition, it has been possible to blend previously shut-in sour crude with sweeter oil for sale in the domestic Canadian market. Approximately 37 percent of 1983 oil production qualified for NORP pricing. Gas production remained relatively unchanged over 1982 as a result of reduced domestic and export demand.

Most of the crude oil produced in Alberta is sold to the Alberta Petroleum Marketing Commission, an agency of the provincial government. All of Campbell's and Sigma's remaining crude oil produced in Alberta and their British Columbia and Saskatchewan production is sold by Dome Petroleum directly to purchasers and refiners in Canada and the United States. Domestic and export demand is allocated pro rata to all producers and, accordingly, Dome Petroleum's sales of crude oil are dependent on industry sales as a whole. Substantially all natural gas production is committed under long-term sales contracts.

The average selling price, and cost of product for the past three years is as follows:

	1983	1982	1981
Average Sales Price —			
Oil and natural gas liquids (per bbl)	\$29.59	\$26.28	\$17.68
Natural gas (per mcf)	\$2.28	\$2.70	\$2.57
Average Product Cost —			
Oil (per bbl)	\$3.50	\$3.01	\$2.57
Natural gas (per mcf)	\$0.42	\$0.27	\$0.28

The average price received for gas declined 16 percent during 1983. Reduced export flow-backs and increased sales of industrial gas at discounted prices were the principal causes of the price decline.

Net proved reserves of Campbell and Sigma as at December 31 for each of the last three years are as follows:

	1983	1982	1981
Oil and natural gas liquids (000 bbls.)	5,984	6,425	6,189
Natural gas — bcf	61.8	66.5	66.7

All reserve figures are stated after the deduction of all royalties other than provincial Crown royalties. Crown royalty rates are a function of factors in each of the provinces which cannot be predicted with certainty.

Further disclosure of oil and gas producing activities is included in "Unaudited Supplementary Information — Oil and Gas" beginning on page 76.

Dome Petroleum Limited

At December 31, 1983, Dome Mines held, directly and indirectly through its subsidiaries, 24.9 per cent of the outstanding common shares of Dome Petroleum and accounts for the investment by the equity method. The investment in Dome Petroleum is discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations. In addition, the Company's equity accounted share of the oil and gas activities of Dome Petroleum are included under the heading "Unaudited Supplementary Information — Oil and Gas".

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

Dome Mines incurred consolidated losses of \$216,435,000 or \$3.09 per share in 1983 and \$74,628,000 or \$1.07 per share in 1982, compared to net income of \$91,347,000 or \$1.31 per share in 1981. The losses in 1983 and 1982 are primarily attributable to the Company's equity accounted share of the losses reported by Dome Petroleum. Mining operations remained profitable. Income after taxes, before other items, was \$94,671,000 in 1983 and \$54,670,000 in 1982. The losses reported by Dome Petroleum reduced Dome Mines' income by \$290,947,000 in 1983 and \$110,449,000 in 1982. In 1981, earnings of Dome Petroleum contributed \$48,383,000 to net income of Dome Mines.

Mining

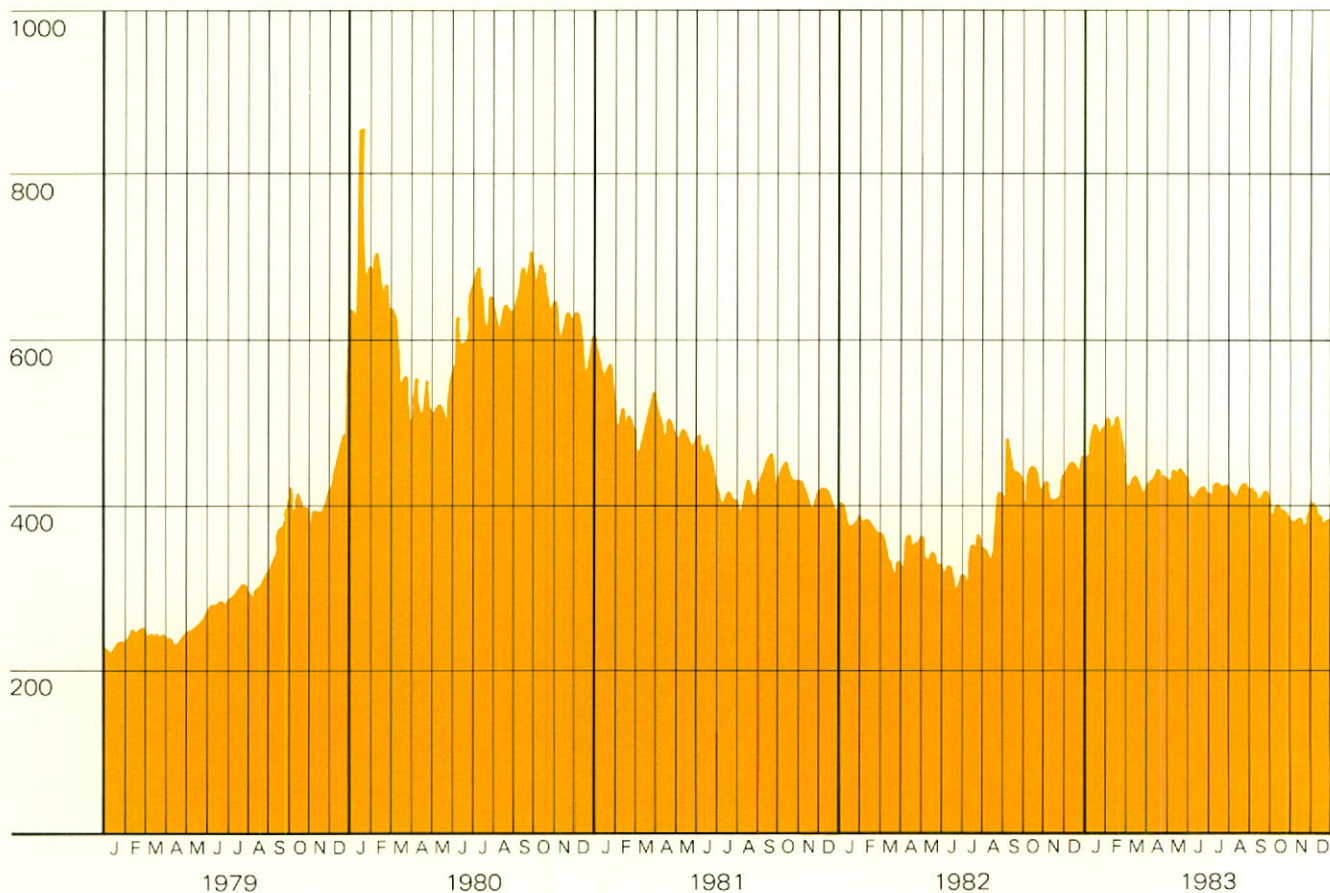
The number of ounces of gold produced and the market price of gold are the principal determinants of mining income and cash flow. Production has increased in each of the last three years.

	1983	1982	1981
Production in ounces			
Dome Mine —			
Mine production	100,602	85,201	73,131
Recovered from equipment	37,418	—	—
Campbell —			
Campbell Mine	219,200	217,158	200,528
Detour Lake Mine ⁽¹⁾	5,937	—	—
Sigma Mine	61,529	64,724	56,113
	424,686	367,083	329,772

⁽¹⁾ Commercial production commenced November 1, 1983

GOLD PRICE

(U.S. dollars/fine oz.) London 2nd Fixing



In 1983, gold production at the Dome Mine rose as a result of treating increased tonnage of higher grade material. In addition, 37,418 ounces of gold were recovered from plant and equipment replaced as part of the mill expansion. In 1982 the Dome Mine returned to full production whereas in 1981 operations were affected by a two month strike.

Campbell's production rose in 1983 as a slightly higher grade of ore was treated at the Campbell Mine and commercial production began late in the year at the Detour Lake Mine. In 1982, the production of gold at the Campbell Mine increased following completion of the mill expansion in 1981.

At the Sigma Mine, the average grade of ore treated in 1983 declined, resulting in fewer ounces of gold being produced. However, production in 1983 and 1982 was greater than anticipated as higher grade ore was encountered.

Gold prices realized in 1983 were higher than the prior year but remained below the prices realized in 1981.

	1983	1982	1981
	(thousands of Canadian dollars)		
Bullion revenue			
Dome Mine —			
Mine production	\$ 53,052	\$ 40,242	\$ 40,447
Recovered from equipment	19,829	—	—
Campbell —			
Campbell Mine	113,962	100,550	109,237
Detour Lake Mine	2,767	—	—
Sigma Mine	32,183	30,412	30,851
	<u>\$221,793</u>	<u>\$171,204</u>	<u>\$180,535</u>
Mining income (loss)⁽¹⁾			
Dome Mine	\$ 34,028	\$ 8,140	\$ 14,588
Campbell —			
Campbell Mine	86,279	73,988	85,891
Detour Lake Mine	(1,372)	—	—
Sigma Mine	11,442	11,075	14,083
	<u>\$130,377</u>	<u>\$93,203</u>	<u>\$114,562</u>

⁽¹⁾ before deduction of outside mineral exploration costs

Excluding outside mineral exploration, mine operating costs rose 17 percent in 1983, 18 percent in 1982 and 26 percent in 1981. Operating costs by mine are as follows:

	1983	1982	1981
	(thousands of Canadian dollars)		
Dome Mine	\$38,853	\$32,102	\$25,859
Campbell —			
Campbell Mine	27,683	26,562	23,346
Detour Lake Mine	4,139	—	—
Sigma Mine	20,741	19,337	16,768
	<u>\$91,416</u>	<u>\$78,001</u>	<u>\$65,973</u>

Costs at the Dome Mine rose 21 percent in 1983 as a result of the expanded level of operations. An increase in the number of personnel and in underground activity was required to provide increased tonnage for the mill. Increased

consumption of materials and supplies and higher wage levels further contributed to the increase. In 1982 costs rose 24 percent over the prior year when operations were interrupted by a two month strike.

Campbell's mine operating costs rose 20 percent in 1983, 14 percent in 1982 and 47 percent in 1981. Costs in 1983 include Campbell's share of two months' operating costs at the Detour Lake Mine. During 1983, mine operating costs at the Campbell Mine rose 4 percent over 1982 as increased development and higher wages were partially offset by productivity improvements. Costs in 1982 and 1981 were affected by increased tonnage milled at the Campbell Mine following completion of the expansion in 1981. In 1982, increased diamond drilling and development and more costly cut-and-fill mining methods contributed to the rise in costs.

Sigma's mine operating costs rose 7 percent in 1983, 15 percent in 1982 and 25 percent in 1981. Higher wage rates in 1983 were the main contributing factor to increased operating costs. Hourly wage rates were 10 percent higher on average in 1983 under the terms of a two-year contract negotiated in 1982. In 1982 and 1981 mine operating costs were affected by higher wage rates and more expensive mining methods.

Oil and gas

Oil and gas revenues increased 14 percent during 1983, and 46 percent in 1982 when oil and gas prices rose under government pricing schedules. In 1983, operating costs increased 40 percent over 1982 principally as a result of increased depreciation and depletion charges. Revenue and operating costs are as follows:

	1983	1982	1981
	(thousands of Canadian dollars)		
Revenue	\$12,962	\$11,408	\$7,839
Operating costs	\$8,416	\$6,023	\$4,028

Investments and other income

In 1977, Campbell acquired an interest in an oil and gas drilling fund. In 1983, Campbell wrote off the cost of this investment as the wells drilled related to dry holes and non-commercial gas wells.

On February 10, 1983, the Dome Mines Group sold its entire holding of 1,846,800 common shares of Denison Mines Limited for net proceeds of \$54,312,000. On June 21, 1983, Dome Mines sold its entire holding of 1,142,341 shares of Noranda Mines Limited for net proceeds of \$30,238,000. The proceeds from these dispositions were used to reduce bank indebtedness of Dome Mines and increase working capital.

In 1983, Dome Mines received fees, net of related bank standby charges, of \$11,183,000 from Dome Petroleum for guaranteeing a portion of a loan to Dome Energy Limited, a wholly-owned subsidiary of Dome Petroleum. In 1982, the fees, net of bank standby charges, were \$7,491,000.

Income taxes

Income and mining taxes increased 56 percent over 1982 due principally to more profitable mining operations. The effective tax rate declined principally as a result of capital gains arising from the sale of Noranda and Denison shares which are subject to a reduced rate of tax.

Canada Tungsten

Dome Mines' share of the loss reported by Canada Tungsten amounted to \$2,480,000 in 1983. The mine had been closed since January 22, 1983 but resumed production on December 1, 1983 at a reduced rate.

Financial Condition

At December 31, 1983, Dome Mines had outstanding long-term indebtedness of \$29,000,000 under a \$125,000,000 bank line-of-credit. Long-term debt was reduced \$58,100,000 from the prior year by applying against outstanding debt the proceeds raised by the sale of investments and funds generated from operations.

During the past three years, capital expenditures of the Dome Mines Group totalled \$304,625,000. Major mine expenditures included expansion of the Dome Mine and development of the Detour Lake Mine. Mining expenditures totalled \$197,445,000 and oil and gas expenditures totalled \$107,180,000 for the three year period and are summarized as follows:

	1983	1982	1981
	(thousands of Canadian dollars)		
Mining —			
Dome Mine	\$30,975	\$41,184	\$34,062
Campbell Mine	2,089	2,941	5,554
Detour Lake Mine	23,227	33,056	17,291
Sigma Mine	2,781	247	281
Dee Gold	3,145	612	
	62,217	78,040	57,188
Oil and gas	3,171	13,217	90,792
	\$65,388	\$91,257	\$147,980

Mobilization for underground development at the Detour Lake Mine has begun with the objective of supplying ore to the mill in 1987. Campbell's share of the remaining expenditures to complete underground development and mill expansion is estimated at \$54,500,000. At year

end, expenditures to complete the Dome Mine expansion were estimated to be \$8,970,000.

While cash flow is primarily a function of world gold prices, at recent gold prices, internally generated cash flow is expected to be sufficient to finance 1984 capital expenditures.

A discussion of differences between Canada-United States generally accepted accounting principles is in note 12 to the Consolidated Financial Statements of Dome Mines. For a discussion of the effects of changing prices see heading "Unaudited Supplementary Information — Effects of Changing Prices" on page 74.

Investment in Dome Petroleum

At December 31, 1983, Dome Mines and its wholly-owned subsidiary, Dome Mines Investments Limited, together owned 63,387,500 (23.6%) and Campbell and Sigma owned an additional 2,315,000 (0.9%) and 1,078,000 (0.4%), respectively, of the outstanding common shares of Dome Petroleum. The investment in Dome Petroleum is accounted for by the equity method whereby the investment is carried at cost less the Company's share of the losses since the dates of acquisition.

Dome Mines' share of the 1983 loss reported by Dome Petroleum amounted to \$290,947,000 compared to a loss of \$110,449,000 in 1982 and earnings of \$48,383,000 in 1981. The Company's share of the losses reported by Dome Petroleum since the dates of acquisition exceed the cost to Dome Mines of the investment. These losses and the existence of the Dome Mines guarantee of Dome Petroleum's indebtedness described below have resulted in the carrying value of the investment in Dome Petroleum being reduced to a negative value of \$56,036,000. As at December 31, 1983, the quoted market value of the investment, which is not necessarily indicative of realizable value, was \$277,139,000 compared to its cost of \$130,268,000.

The following statement is quoted from the Annual Report on Form 10-K of Dome Petroleum for the year ended December 31, 1983. References in such statement to the "the Company" are to Dome Petroleum and its subsidiaries.

"For the year ended December 31, 1983, Dome Petroleum incurred a net loss of \$1,105 million, primarily as a result of write-downs of \$897 million, net of deferred income taxes, and losses on disposal of assets of \$77 million, including deferred income tax expense. During 1982, the liquidity of Dome Petroleum was seriously affected by the large amount of long term debt due within one year, high interest costs and lower than anticipated revenues. In

1983, liquidity continued to be seriously impaired by the extent of current maturities of long term debt, as well as by continued high interest costs and lower revenues. Dome Petroleum had a working capital deficiency of \$2,741 million at December 31, 1983 which was largely the result of \$2,237 million of long term debt due within one year.

At December 31, 1983, long term debt, including the current portion, totalled \$5,987 million. Dome Petroleum has determined that such debt cannot reasonably be expected to be repaid as presently scheduled. Essentially all assets of the Company are either pledged as security for existing indebtedness or are the subject of covenants in financial instruments whereby the Company's ability to give security on such assets is restricted.

Dome Petroleum's continued existence as a going concern is primarily dependent upon a successful rescheduling of substantially all of its debt repayments which will be contingent on the issuance of equity-related securities. On December 1, 1983, Dome Petroleum presented to its lenders a plan (the "Plan") which contemplates a rescheduling of Dome Petroleum's debt repayment to better reflect projected cash flows, an injection of funds through an issue of equity-related securities and the disposition of certain assets. In addition, the Plan proposes that the Company maintain a level of capital expenditures which, together with its farmout program (see "Farmout Program") would, in the opinion of the Company, enhance cash generation through development of the Company's existing assets. Although negotiations respecting the Plan are continuing, its successful implementation is not assured (see Item 7 for a more complete discussion of Dome Petroleum's recent results of operations and financial condition).

In April 1984, a letter of understanding relating to the Plan was agreed to by the Company and a syndicate of the Company's principal secured United States and other foreign lenders. The Company's debt to this syndicate at December 31, 1983 totalled U.S. \$1,173.8 million. The letter contains tentative agreements on, among other matters, a revised schedule of principal payments, the amendment of certain financial covenants in the instruments under which the Company's debt to these lenders was originally incurred and an increase in interest rates. The terms of the letter of understanding require the Company to make principal payments to the syndicate of U.S. \$55.3 million prior to execution of the letter of understanding by all parties. A portion of this amount related to a

prior deferral of a scheduled payment and an additional portion was for principal due on April 2, 1984, under the revised payment schedule contained in the Plan. The agreement is conditional upon a number of events being completed by the Company in a manner acceptable to this lender group, including among other things, signing letters of understanding relating to the debt rescheduling with the Company's principal Canadian and unsecured lenders by April 30, 1984; obtaining the participation of all of the Company's lenders whose payments are to be rescheduled under the Plan and signing definitive legal documentation with all such lenders on or before June 30, 1984; and a successful offering of equity-related securities by the Company.

On April 10, 1984, a letter of understanding relating to the Plan was executed by the Company and a second group of secured lenders. The Company's debt to this group of lenders totalled U.S. \$136.3 million at December 31, 1983. The letter provides for the amendment of certain financial covenants contained in the instruments under which the Company's debt to this group was incurred but does not alter the principal repayment schedule. The letter is conditional upon the negotiation and settlement of all documentation relating to the Company's debt rescheduling plan and completion of an offering of equity-related securities by the Company on or before September 30, 1984. The Company paid this group of lenders U.S. \$4.4 million related to a prior deferral of a scheduled payment and the principal payment that was due April 2, 1984." . . .

"Negotiations with the Company's other lenders with respect to the rescheduling of debt repayments have been continuing since December, 1983, but no agreement has yet been reached".

On April 18, 1984, Dome Petroleum announced that it had signed a memorandum of understanding with Bank of Montreal, Canadian Imperial Bank of Commerce, The Royal Bank of Canada and The Toronto-Dominion Bank (collectively the "Four Banks") and Dome Mines relating to the rescheduling of payments of Dome Petroleum's debt to the Four Banks (see "Dome Mines Guarantee" below). The agreements in the memorandum are conditional upon several matters being completed by Dome Petroleum in a manner acceptable to the Four Banks and within stipulated times.

As of April 30, 1984, Dome Petroleum had not fully satisfied all the terms of the letters of

understanding referred to in the extract quoted above and announced that, as a result, agreements under certain of the letters may lapse. Dome Petroleum stated that it is continuing to negotiate towards a resolution of the matter.

Dome Mines Guarantee

In connection with the completion by Dome Petroleum of its acquisition of Hudson's Bay Oil and Gas Company Limited, Dome Mines, on March 10, 1982, guaranteed to a maximum of \$250,000,000 a bank loan (the "Dome Energy Loan") of \$1,000,000,000 (U.S.) and \$50,000,000 (Cdn.) made by the Four Banks to Dome Energy Limited, a wholly-owned subsidiary of Dome Petroleum.

As security for the repayment to Dome Mines of any amount paid by Dome Mines under its Guarantee, Dome Petroleum and its wholly-owned subsidiary, Provo Gas Producers Limited, pledged their joint and several demand debenture, secured by a fixed and specific charge on their interests in certain Beaufort Sea acreage. In addition, as Guarantor, Dome Mines has subrogation rights in the security taken by the Four Banks for the Dome Energy Loan. The value to Dome Mines of its subrogation rights is dependent upon there being realizable security available to it after payment to the Four Banks of all amounts owing under the Dome Energy Loan. Neither the amount of such realizable security nor the value of Dome Mine's debenture security is now determinable by Dome Mines.

To support its Guarantee, Dome Mines arranged a \$250,000,000 standby credit (now \$225,000,000) with The Toronto-Dominion Bank (the "TD Bank"). As security for this standby credit and its existing \$125,000,000 line of credit, there are currently 24,290,160 of its shares of Campbell and all of its shares of Sigma and Canada Tungsten (collectively, the "Pledged Shares") pledged by Dome Mines to the TD Bank. In addition, TD Bank is entitled to obtain a first fixed and floating charge on Dome Mines' South Porcupine mining property if the market value of the Pledged Shares falls below 140 percent of total available bank credits.

On September 29, 1982, Dome Petroleum, the Four Banks, the Government of Canada and Dome Mines entered into an Agreement in Principle Relating to the Financial Restructuring of Dome Petroleum (the "AIP"). Since the signing of the AIP, the AIP and the maturity date of the Dome Energy Loan have been extended eleven times on a demand basis, currently to July 3, 1984. Other target dates in the AIP have similarly been extended. Dome Mines has extended its existing Guarantee to July 9, 1984. The TD Bank

standby credit supporting Dome Mines' Guarantee now expires February 11, 1985.

In November, 1983, the maximum amount of the Guarantee was reduced from \$250,000,000 to \$225,000,000 in connection with the sale of certain security for the Dome Energy Loan and application of the proceeds of disposition to reduce the principal amount of that loan.

In the course of negotiating the implementation of the AIP, Dome Petroleum developed its own Plan to replace the AIP and presented that Plan to its lenders on December 1, 1983. The Plan proposes a scheduling of debt repayments to better reflect Dome Petroleum's projected cash flows, injection of funds through an issue to the public of equity-related securities and the disposition of certain assets including a significant portion of its investment in Dome Mines. Negotiations between Dome Petroleum and its lenders have been continuing since December, 1983 but no definitive agreements have as yet been reached.

The memorandum of understanding between Dome Petroleum, the Four Banks and Dome Mines, which was signed April 18, 1984, provides, among other things, that if a successful offering of common shares of Dome Petroleum in the amount of at least \$350,000,000 is marketed and Dome Mines purchases \$70,000,000 of the issue, the maximum amount of Dome Mines' Guarantee would be reduced from \$225,000,000 to \$145,000,000. The term of this reduced Guarantee would be extended to coincide with the final maturity of the Dome Energy Loan as rescheduled. If Dome Petroleum does not fully satisfy the terms of the letters of understanding referred to above under the heading "Investment in Dome Petroleum" and agreements under those letters lapse, Dome Mines may be unable or unwilling to proceed with this proposal. It is not possible at this time to predict the outcome of negotiations which continue between Dome Petroleum and its various lenders.

Management's Responsibility for Financial Reporting

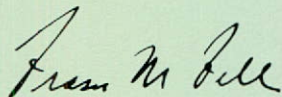
To the Shareholders of Dome Mines Limited:

The accompanying consolidated financial statements of Dome Mines Limited and all information in the Annual Report are the responsibility of the Board of Directors and management of the Company. The financial statements have been prepared by management in accordance with generally accepted accounting principles in Canada which are in all material respects consistent with those in the United States, except as described in note 12 to the financial statements. The financial information presented throughout this Report is consistent with the data presented in the financial statements.

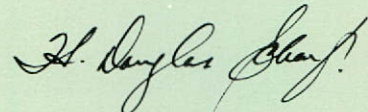
A system of internal accounting control is maintained in order to assure on a reasonable basis the reliability of this financial information. This system includes established policies and procedures, the selection and training of qualified personnel and an organization providing for appropriate delegation of authority and segregation of responsibilities. An annual budget is established against which performance is monitored, variations are investigated and corrective action taken where required.

The Board of Directors discharges its responsibilities for the financial statements primarily through the activities of its Audit Committee composed of five directors, none of whom are members of management. This Committee meets with management to assure that it is performing its responsibility to maintain financial controls and systems and to approve the annual financial statements of the Company. The Audit Committee also meets with the independent auditors to discuss the results of their audit, their review of internal accounting controls and their audit report prior to submitting the financial statements to the Board of Directors for approval.

The financial statements have been audited by Clarkson Gordon, whose appointment was ratified at the annual shareholders' meeting. The auditors' report outlines the scope of their examination and their opinion on the financial statements.



Fraser M. Fell
Chairman and
Chief Executive Officer



H. Douglas Scharf
Vice President, Finance,
Treasurer and Chief Financial Officer

April 13, 1984.


Auditors' Report

To the Shareholders of Dome Mines Limited:

We have examined the consolidated balance sheets of Dome Mines Limited as at December 31, 1983 and 1982 and the consolidated statements of income, retained earnings and changes in financial position for the three years ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for the three years ended December 31, 1983 in accordance with accounting principles generally accepted in Canada which, except for the change in accounting, with which we concur, by Dome Petroleum Limited, described in note 1(c) to the consolidated financial statements, have been applied on a consistent basis.

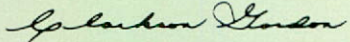
Toronto, Canada,
April 13, 1984.


Chartered Accountants

Comment by Independent Chartered Accountants for United States readers on differences between Canadian and United States reporting standards

The above opinion is expressed in accordance with standards of reporting generally accepted in Canada. Had our report been prepared in accordance with United States reporting standards, our opinion on the 1983 and 1982 consolidated financial statements would have been qualified as being subject to the outcome of the uncertainties described in note 1 to the consolidated financial statements.

Toronto, Canada,
April 13, 1984.


Chartered Accountants

Accounting Policies

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada which in the Company's case conform, in all material respects, with those generally accepted in the United States except as disclosed in note 12. The significant accounting policies are as follows:

Basis of consolidation

The consolidated financial statements include the accounts of subsidiary companies Sigma Mines (Quebec) Limited (1983 - 65.2% owned; 1982 and 1981- 66.2% owned) and Campbell Red Lake Mines Limited (56.9% owned) including Campbell's 50 percent undivided interest in the assets, liabilities, and expenses of the Detour Lake Mine, an unincorporated joint venture.

Inventories

Bullion is valued at net realizable value. Mining and milling supplies are valued at average cost.

Investments

Dome Petroleum Limited —

The investment in Dome Petroleum Limited is accounted for by the equity method whereby the investment is carried at cost less the Company's share of the losses since the dates of acquisition. The excess of the cost of the investment over the underlying book value at the dates of acquisition has been attributed to Dome Petroleum's Canadian oil and gas reserves and is being amortized to income based on the proportion that Dome Petroleum's current production revenues are to current plus estimated future revenues from proved reserves.

Since Dome Mines and its subsidiaries own 24.9% (66,780,500 common shares) of Dome Petroleum and Dome Petroleum owns 39.8% (30,861,184 Common Shares) of Dome Mines as at December 31, 1983, the Company has a 9.7% pro rata interest in its own shares. Accordingly, the investment in Dome Petroleum and shareholders' equity are reduced by the 9.7% pro rata interest in the cost to Dome Petroleum of its Dome Mines' shares, and the share of losses of Dome Petroleum reflected in the consolidated statements of income is based on the losses of Dome Petroleum excluding its share of earnings of Dome Mines. The portion of Dome Mines' dividends applicable to the 9.7% pro rata interest is deducted from dividends in retained earnings and added to the carrying value of the investment in Dome Petroleum.

Canada Tungsten Mining Corporation Limited —

Dome Mines owns 20.1% (1,005,995 shares) of Canada Tungsten and accounts for this investment by the equity method.

Other investments —

Marketable securities are carried at the lower of cost and market. Other investments are carried at cost.

Property, plant and equipment

Mining —

Property, plant and equipment are carried at cost. Depreciation, depletion and amortization are provided using the straight-line method based on estimated economic life to a maximum of 20 years using the following annual rates:

Mine, mill and plant	5%
Equipment	10% to 20%
Deferred exploration and development	5% to 20%

Exploration costs, overhead costs, interest and other carrying charges related to the development of mineral properties with potentially economically recoverable reserves are deferred until the start of commercial production and then written off over the estimated economic lives of the properties or producing mines.

Upon the sale or retirement of capital assets, their cost and related depreciation or amortization are removed from the accounts and any gain or loss is taken into income. Repairs and maintenance are charged to operations; major betterments and replacements are capitalized.

Oil and gas —

Oil and gas operations of Dome Mines' subsidiaries are accounted for by the full cost method whereby all costs of exploring for and developing reserves are capitalized. Such costs include land acquisitions, geological and geophysical expenditures, costs of drilling both productive and non-productive wells, interest (see "Capitalized Interest") and other carrying charges on non-producing property and overhead costs related to exploration activities.

Depreciation and depletion charges are determined based on the proportion that current production revenues are to current plus estimated future revenues from proved reserves. Estimated future revenues are based on prices in effect at the end of the year as contained in the Energy Pricing and Taxation Agreements reached between the Government of Canada and the governments of the producing provinces, assuming that the world oil reference price remains constant. Costs of acquisition of certain undeveloped properties are excluded from the depletion base until the properties are evaluated through further exploration or over a term not exceeding five years.

Gains or losses on the disposition of oil and gas properties are not recognized unless such disposition would significantly alter the relationship between capitalized costs and proved reserves. Upon the sale or retirement of other assets, their cost and related depreciation and depletion are removed from the accounts and any gain or loss is taken into income. Repairs and maintenance are charged to operations; major betterments and replacements are capitalized.

Mineral exploration and development

Exploration costs incurred prior to establishing that a mineral property has potentially economically recoverable reserves are charged to income. On-going development expenditures on producing properties are expensed as incurred.

Capitalized interest

Interest costs are capitalized in respect of related properties undergoing exploration or development activities that are not subject to depletion and depreciation. When mining commences or oil and gas expenditures become subject to depletion, interest costs are charged to income.

Income and mining taxes

The provisions for income and mining taxes are based on accounting income. Deferred taxes arise as a result of recognizing costs in different periods for accounting and tax purposes. Such timing differences arise principally from claiming for tax purposes depreciation, exploration and development costs at amounts differing from those charged to income.

Investment tax credits are accounted for by the deferral method whereby the cost of assets is reduced as the credits are claimed for tax purposes.

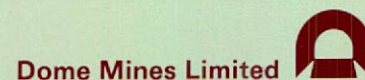
Consolidated Balance Sheets

(thousands of Canadian dollars)

Assets	December 31	
	1983	1982
Current assets:		
Cash and short-term investments	\$ 57,542	\$ 50,125
Bullion settlements receivable	1,053	7,660
Bullion	8,177	2,698
Accounts receivable —		
Dome Petroleum	1,687	801
Other	2,802	3,201
Marketable securities (note 3)		31,477
Mining and milling supplies	9,699	9,731
Total current assets	80,960	105,693
Investments:		
Associated companies —		
Dome Petroleum (quoted market value: 1983 — \$277,139; 1982 — \$220,376) (note 1)	(56,036)	231,197
Canada Tungsten (quoted market value: 1983 — \$15,341; 1982 — \$14,210) (note 2)	9,832	12,312
Other (note 3)	2,869	22,073
	(43,335)	265,582
Property, plant and equipment (note 4(a))	376,353	320,654
	\$413,978	\$691,929

(See accompanying accounting policies and notes to consolidated financial statements)

Consolidated Statements of Income
(thousands of Canadian dollars, except per share)



	Years ended December 31		
	1983	1982	1981
Revenue	\$ 234,755	\$ 182,612	\$ 188,374
Operating costs	112,117	93,999	81,216
Operating income	122,638	88,613	107,158
Other income (note 4(b))	50,710	16,433	18,834
Income before taxes and other items	173,348	105,046	125,992
Income and mining taxes (note 8(a))	78,677	50,376	60,592
Income after taxes, before other items	94,671	54,670	65,400
Equity in earnings (losses) of associated companies:			
Dome Petroleum (note 1)	(290,947)	(110,449)	48,383
Canada Tungsten (note 2)	(2,480)	(1,741)	532
Minority interest in net income of subsidiary companies	(17,679)	(17,108)	(22,968)
Net income (loss)	\$ (216,435)	\$ (74,628)	\$ 91,347
Per share (note 9):			
Net income (loss)	\$(3.09)	\$(1.07)	\$1.31
Dividends	\$0.11½	\$0.10	\$0.15¾

(See accompanying accounting policies and notes to consolidated financial statements)

Consolidated Statements of Retained Earnings
(thousands of Canadian dollars)

	Years ended December 31		
	1983	1982	1981
Retained earnings, beginning of year	\$ 362,399	\$447,109	\$366,746
Net income (loss)	(216,435)	(74,628)	91,347
Share of capital transactions recorded by Dome Petroleum		(2,925)	
	145,964	369,556	458,093
Dividends	8,924	7,760	12,221
Less portion applicable to Dome Mines' pro rata interest in its own shares held by Dome Petroleum	879	603	1,237
	8,045	7,157	10,984
Retained earnings, end of year	\$ 137,919	\$362,399	\$447,109

(See accompanying accounting policies and notes to consolidated financial statements)



Liabilities and Shareholders' Equity	December 31	
	1983	1982
Current liabilities:		
Bank loans (note 5)		\$ 30,000
Accounts payable and accrued liabilities	\$ 12,799	12,967
Income and other taxes payable	29,342	38,739
Dividends payable —		
Dome Petroleum	926	777
Other shareholders	4,227	3,449
Total current liabilities	47,294	85,932
Long-term debt (note 5)	29,000	87,100
Deferred income and mining taxes	115,019	82,412
Minority interest in subsidiary companies	82,467	74,909
Contingency (note 1(d))		
Shareholders' equity:		
Capital —		
Authorized:		
Unlimited Preferred Shares		
Unlimited Common Shares		
Issued:		
77,606,053 (1982 — 77,592,248) Common Shares (note 6)	35,251	34,984
Contributed surplus (note 7)	4,629	3,606
Retained earnings	137,919	362,399
	177,799	400,989
Less Dome Mines' pro rata interest in the cost of its own shares held by Dome Petroleum	37,601	39,413
Total shareholders' equity	140,198	361,576
	\$413,978	\$691,929

On behalf of the Board:

Director

Director

Consolidated Statements of Changes in Financial Position

(thousands of Canadian dollars)

	Years ended December 31		
	1983	1982	1981
Source of working capital:			
Operations —			
Net income (loss)	\$ (216,435)	\$ (74,628)	\$ 91,347
Items not affecting working capital:			
Depreciation, depletion and amortization	9,656	6,528	6,093
Deferred income and mining taxes	32,607	16,136	36,170
Share of losses (undistributed earnings) of —			
Dome Petroleum	290,947	110,449	(48,383)
Canada Tungsten	2,480	2,194	676
Minority interest in net income of subsidiaries	17,679	17,108	22,968
Gain on issue of shares by a subsidiary	(762)		
Gain on investments	(33,716)		(3,351)
Total funds from operations	102,456	77,787	105,520
Other investments (note 3)	53,073	35,332	6,279
Long-term debt		37,800	94,300
Issue of shares (note 6)	267		
Total	155,796	150,919	206,099
Disposition of working capital:			
Dividends	8,924	7,760	12,221
Dividends paid by subsidiaries to minority interests	11,197	7,795	8,706
Property, plant and equipment (note 4(c))	65,388	91,257	147,980
Less share issue by a subsidiary	(1,871)		
Reduction of long-term debt	58,100	45,000	
Investment in shares of Dome Petroleum			73,544
Other investments	153		198
Total	141,891	151,812	242,649
Net increase (decrease) in working capital	\$ 13,905	\$ (893)	\$ (36,550)
Changes in components of working capital:			
Increase (decrease) in current assets —			
Cash and short-term investments	\$ 7,417	\$ 12,734	\$ (80,947)
Bullion settlements receivable	(6,607)	1,554	(2,560)
Bullion	5,479	(3,795)	3,221
Accounts receivable	487	2,711	(2,383)
Marketable securities	(31,477)	25,268	4,369
Mining and milling supplies	(32)	1,016	1,287
	(24,733)	39,488	(77,013)
Increase (decrease) in current liabilities —			
Bank loan	(30,000)	30,000	
Accounts payable and accrued liabilities	(168)	(4,819)	851
Income and other taxes payable	(9,397)	16,292	(34,190)
Dividends payable	927	(1,092)	(7,124)
	(38,638)	40,381	(40,463)
Net increase (decrease) in working capital	13,905	(893)	(36,550)
Working capital, beginning of year	19,761	20,654	57,204
Working capital, end of year	\$ 33,666	\$ 19,761	\$ 20,654

(See accompanying accounting policies and notes to consolidated financial statements)



1. Dome Petroleum Limited

(a) The audited consolidated financial statements of Dome Petroleum (see attached) are an integral part of these consolidated financial statements and are incorporated herein by reference.

The continued existence of Dome Petroleum as a going concern and the carrying value of the Company's investment in Dome Petroleum are primarily dependent upon the outcome of certain events as described in note 2 to the Dome Petroleum consolidated financial statements.

(b) Details of the investment in Dome Petroleum are as follows:

	1983	1982
Number of common shares	66,780,500	66,780,500
	(thousands of Canadian dollars)	
Carrying value:		
Cost	\$ 130,268	\$ 130,268
Dome Mines' pro rata cumulative interest in its own dividends paid to Dome Petroleum	6,651	5,772
Equity in undistributed earnings (losses) since dates of acquisition	(155,354)	134,570
	(18,435)	270,610
Less Dome Mines' pro rata interest in the cost of its own shares held by Dome Petroleum	37,601	39,413
	\$ (56,036)	\$ 231,197
Quoted market value (which is not necessarily indicative of realizable value)	\$ 277,139	\$ 220,376

The unamortized excess of cost over underlying book value at the dates of acquisition is \$71,364,000 (1982 - \$80,486,000).

Should Dome Petroleum continue to incur further losses the Company would continue recording its share of such losses of Dome Petroleum until the negative carrying value of the investment in Dome Petroleum equals the amount of the Dome Mines guarantee (see note 1(d)).

(c) As described in note 3 to the Dome Petroleum consolidated financial statements, on December 31, 1983 Dome Petroleum segregated its investment in Frontier areas from its western Canada oil and gas operations and established separate cost centres and as a consequence certain Frontier costs have been charged directly to income. Under the accounting policy followed prior to December 31, 1983, Frontier costs would have been included with other oil and gas property costs subject to depletion and amortized to income in accordance with Dome Petroleum's depletion policy. This change in accounting policy by Dome Petroleum increased Dome Mines' consolidated net loss by \$77,299,000 or \$1.11 per share.

(d) In connection with the completion by Dome Petroleum of its acquisition of Hudson's Bay Oil and Gas Company Limited, Dome Mines on March 10, 1982, guaranteed to a maximum of \$250,000,000 a bank loan (the "Dome Energy Loan") of \$1,000,000,000 (U.S.) and \$50,000,000 (Cdn.) made by Bank of Montreal, Canadian Imperial Bank of Commerce, The Royal Bank of Canada and the Toronto-Dominion Bank (collectively, the "Four Banks") to Dome Energy Limited, a wholly-owned subsidiary of Dome Petroleum.

As security for the repayment to Dome Mines of any amount paid by Dome Mines under its Guarantee, Dome Petroleum and its wholly-owned subsidiary, Provo Gas Producers Limited, pledged their joint and several demand debenture, secured by a fixed and specific charge on their interests in certain Beaufort Sea acreage. In addition, as Guarantor, Dome Mines has subrogation rights in the security taken by the Four Banks for the Dome Energy Loan. The value to Dome Mines of its subrogation rights is dependent upon there being realizable security available to it after payment to the Four Banks of all amounts owing under the Dome Energy Loan. Neither the amount of such realizable security nor the value of Dome Mine's debenture security is now determinable by Dome Mines.

In respect of providing the loan guarantee, the Company received fees, net of related standby credit costs, of \$11,183,000 from Dome Petroleum.

To support its Guarantee, Dome Mines arranged a \$250,000,000 standby credit (now \$225,000,000) with The Toronto-Dominion Bank (the "TD Bank"). As security for this standby credit and its existing \$125,000,000 line of credit, there are currently 24,290,160 of its shares of Campbell and all of its shares of Sigma and Canada Tungsten (collectively, the "Pledged Shares") pledged by Dome Mines to the TD Bank. In addition, TD Bank is entitled to obtain a first fixed and floating charge on Dome Mines' South Porcupine mining property if the market value of the Pledged Shares falls below 140 percent of total available bank credits.

On September 29, 1982, Dome Petroleum, the Four Banks, the Government of Canada and Dome Mines entered into an Agreement in Principle Relating to the Financial Restructuring of Dome Petroleum (the "AIP"). Since the signing of the AIP, the AIP and the maturity date of the Dome Energy Loan have been extended ten times on a demand basis, currently to April 30, 1984. Other target dates in the AIP have similarly been extended. Dome Mines has extended its existing Guarantee to May 4, 1984. The TD Bank standby credit supporting Dome Mines' Guarantee now expires December 4, 1984.

In November, 1983, the maximum amount of the Guarantee was reduced from \$250,000,000 to \$225,000,000 in connection with the sale of certain security for the Dome Energy Loan and application of the proceeds of disposition to reduce the principal amount of that loan.

In the course of negotiating the implementation of the AIP, Dome Petroleum developed its Rescheduling Plan to replace the AIP and presented that Rescheduling Plan to its lenders on December 1, 1983. The Rescheduling Plan proposes a scheduling of debt repayments to better reflect Dome Petroleum's projected cash flows, injection of funds through an issue to the public of equity-related securities and the disposition of certain assets including a significant portion of its investment in Dome Mines. In connection with the presentation by Dome Petroleum of its Rescheduling Plan, Dome Mines announced that it was prepared to purchase \$200,000,000 of the \$700,000,000 of equity-related securities proposed to be issued under the Rescheduling Plan, subject to certain conditions including release from its Guarantee.

Negotiations between Dome Petroleum and its lenders have been continuing since December, 1983 but no definitive agreements have as yet been reached. Negotiations between Dome Mines and the Four Banks continue with respect to the extent of Dome Mines participation in any issue of equity-related securities of Dome Petroleum and the extent of release of Dome Mines from its Guarantee. It is not possible at this point to predict the outcome of these negotiations.



2. Canada Tungsten Mining Corporation Limited

Details of the investment in Canada Tungsten which is accounted for by the equity method are as follows:

	1983	1982
Number of shares	1,005,995	1,005,995
	(thousands of Canadian dollars)	
Carrying value:		
Cost	\$ 1,289	\$ 1,289
Equity in undistributed earnings	8,543	11,023
	\$9,832	\$12,312
Quoted market value (which is not necessarily indicative of realizable value)	\$ 15,341	\$14,210

The unamortized excess of the cost of the investment over the underlying book value at the dates of acquisition is \$46,000 (1982 — \$81,000).

3. Other investments

Details of other investments are as follows:

	1983		1982	
	Cost	Market value	Cost	Market value
	(thousands of Canadian dollars)			
With a quoted market value — Noranda Mines Limited, 1,142,341 common shares			\$17,517	<u>\$22,133</u>
With no quoted market value — Panarctic Oils Ltd., 753,911 (1982 — 690,539) common shares	\$2,375		2,313	
Oil and gas drilling fund			1,840	
Sundry	494		403	
Total	\$2,869		<u>\$22,073</u>	

On February 10, 1983, the Company sold 1,846,800 common shares of Denison Mines Limited for \$54,312,000, realizing a gain of \$22,835,000 before provision for income taxes. Accordingly, the carrying value of \$31,477,000 was reclassified as a current asset at December 31, 1982 and included in marketable securities.

On June 21, 1983, the Company sold 1,142,341 shares of Noranda Mines Limited for \$30,238,000, realizing a gain of \$12,721,000 before provision for income taxes.

4. Business segments

The Board of Directors has determined that mining and oil and gas exploration and production are the business segments of the Company. These activities are carried out principally in Canada. Selected financial information by business segment is summarized below.

(a) Total assets at December 31 are summarized as follows:

	1983	1982
	(thousands of Canadian dollars)	
Mining —		
Property, plant and equipment	\$ 184,061	\$ 152,521
Less accumulated depreciation, depletion and amortization	37,550	33,037
	146,511	119,484
Deferred exploration and development	66,688	36,910
	213,199	156,394
Current assets	20,243	22,612
	233,442	179,006
Oil and gas —		
Property, plant and equipment ⁽¹⁾	172,443	169,272
Less accumulated depreciation and depletion	9,289	5,012
	163,154	164,260
Current assets	2,550	801
	165,704	165,061
Assets not allocated to segments —		
Current assets	58,167	82,280
Investments	(43,335)	265,582
	14,832	347,862
Total assets	\$413,978	\$691,929

⁽¹⁾ Acquisition costs of certain non-producing oil and gas properties excluded from the depletion calculation at December 31 were \$43,977,000 in 1983, \$106,094,000 in 1982 and \$113,795,000 in 1981. All costs presently excluded from the depletion calculation will be added to the depletable asset base in equal amounts over the period to December 31, 1985.

Details of the amount excluded from the depletion calculation as at December 31, 1983, are as follows:

	1983	1982	1981	1980	Total
	(thousands of Canadian dollars)				
Acquisition costs		\$3,706	\$32,167	\$3,615	\$39,488
Capitalized interest	\$ 189	3,023	1,277		4,489
	\$ 189	\$6,729	\$33,444	\$3,615	\$43,977



(b) Revenue, operating costs and operating income by segment are as follows:

	1983	1982	1981
	(thousands of Canadian dollars)		
Mining —			
Bullion revenue	\$ 221,793	\$ 171,204	\$ 180,535
Operating costs:			
Mine, mill and plant	77,112	66,972	55,631
General and administrative	8,925	7,063	5,777
Depreciation, depletion and amortization	5,379	3,966	4,565
Outside mineral exploration	6,771	6,326	7,332
	98,187	84,327	73,305
Mining income	123,606	86,877	107,230
Oil and gas —			
Revenue	12,962	11,408	7,839
Operating costs:			
Operations	2,069	1,449	1,450
General and administrative	725	653	403
Depreciation and depletion ⁽¹⁾	4,277	2,562	1,528
Revenue taxes	1,345	1,359	647
	8,416	6,023	4,028
Oil and gas income	4,546	5,385	3,811
General corporate costs	5,514	3,649	3,883
Interest on long-term debt	6,836	17,369	5,869
Less interest capitalized	(6,836)	(17,369)	(5,869)
	5,514	3,649	3,883
Operating income	122,638	88,613	107,158
Other income (expense):			
Interest	4,618	4,603	9,882
Dividends	286	4,616	5,665
Gain (loss) on investments (note 3)	33,716	(365)	3,351
Guarantee fees (note 1(d))	11,183	7,491	
Gain on issue of shares by subsidiary	762		
Other	145	88	(64)
	50,710	16,433	18,834
	173,348	105,046	125,992
Income and mining taxes	(78,677)	(50,376)	(60,592)
Income after taxes, before other items	94,671	54,670	65,400
Equity in earnings (losses) of associated companies:			
Dome Petroleum	(290,947)	(110,449)	48,383
Canada Tungsten	(2,480)	(1,741)	532
Minority interest	(17,679)	(17,108)	(22,968)
Net income (loss)	\$(216,435)	\$ (74,628)	\$ 91,347

⁽¹⁾ Depreciation and depletion of capitalized oil and gas costs were calculated as a percentage of revenue from oil and gas operations. The rates were 32 percent in 1983, 22 percent in 1982 and 19 percent in 1981.

(c) Expenditures during the past three years on property, plant and equipment are summarized as follows:

	1983	1982	1981
	(thousands of Canadian dollars)		
Mining	\$62,217	\$78,040	\$ 57,188
Oil and gas	3,171	13,217	90,792
	\$65,388	\$91,257	\$ 147,980

5. Long-term debt

Details of long-term debt are as follows:

	December 31	
	1983	1982
	(thousands of Canadian dollars)	
Dome Mines —		
Bank loan under a \$125,000,000 revolving line of credit, interest at prime rate (for security see note 1(d))	\$29,000	\$ 112,100
Campbell —		
Unsecured bank loan		5,000
	29,000	117,100
Less portion included in current liabilities		30,000
	\$29,000	\$ 87,100

On or before May 31, 1984 the outstanding balance of Dome Mines' revolving bank loan may be converted by the Company into a ten year term loan, bearing interest at rates between prime plus $\frac{1}{4}\%$ and $\frac{1}{2}\%$ and requiring repayments of 5% of principal in each of years 1 through 3, 10% in each of years 4 through 9 and the balance on maturity.

6. Share capital

At December 31, 1983, options to purchase 428,000 Common Shares during the period ending 1991 were outstanding with exercise prices between \$13.55 and \$20.50 per share. A total of 86,000 options are exercisable immediately and the remainder will become exercisable by employees over periods extending to July 1, 1988.

During 1983, stock appreciation rights with respect to 46,000 options were exercised resulting in the Company issuing 13,805 Common Shares.

7. Contributed Surplus

Details of changes to contributed surplus during 1983 are as follows:

	(thousands of Canadian dollars)
Contributed surplus, December 31, 1982	\$3,606
Additions during the year	1,023
Contributed surplus, December 31, 1983	<u>\$4,629</u>

There were no transactions affecting contributed surplus during 1982 and 1981.

8. Income and mining taxes

(a) Details of income and mining taxes expense are as follows:

	Current	Deferred	Total
	(thousands of Canadian dollars)		
1983			
Federal income tax	\$ 18,854	\$ 18,206	\$37,060
Provincial income tax	7,594	7,935	15,529
Provincial mining tax	19,622	6,466	26,088
	\$46,070	\$32,607	\$78,677
1982			
Federal income tax	\$ 13,691	\$ 9,947	\$23,638
Provincial income tax	6,017	2,733	8,750
Provincial mining tax	14,532	3,456	17,988
	\$34,240	\$16,136	\$50,376
1981			
Federal income tax	\$ 553	\$25,788	\$26,341
Provincial income tax	2,522	8,527	11,049
Provincial mining tax	21,347	1,855	23,202
	\$24,422	\$36,170	\$60,592

(b) Deferred taxes arising from claiming costs for tax purposes at amounts differing from those charged to income are as follows:

	1983	1982	1981
	(thousands of Canadian dollars)		
Depreciation	\$26,834	\$ 2,161	\$ 6,408
Exploration and development	4,613	5,547	29,327
Interest capitalized	3,350	8,127	2,352
Other	(2,190)	301	(1,917)
	\$32,607	\$16,136	\$36,170

(c) The reconciliation of the statutory rates to the effective tax rate is as follows:

	1983	1982	1981
Income taxes —			
Basic statutory rate	49.4%	48.7%	49.1%
Less:			
Resource allowance	7.5	9.1	9.5
Depletion	7.8	9.3	9.9
Exempt income ⁽¹⁾	5.6	2.1	2.9
Federal surtax	(0.5)	(1.0)	(1.0)
Crown royalties	(0.6)	(0.5)	(1.1)
Revenue taxes	(0.4)	(0.6)	(0.2)
Sundry	(0.3)	(0.6)	1.0
	19.1	17.8	21.0
Effective rate	30.3	30.9	28.1
Mining taxes —			
Average rate on mining income	21.1	21.6	22.5
Income not subject to mining taxes	6.0	4.5	3.3
Effective rate	15.1	17.1	19.2
Effective tax rate	45.4%	48.0%	47.3%

⁽¹⁾ Exempt income consists principally of dividends from Canadian corporations and the non-taxable portion of capital gains on the sale of investments.

(d) Dome Mines has investment tax credits of \$6,581,000 available to be carried forward against federal taxes payable in future years. Tax credits expire in the following years:

1986	—	\$2,741,000
1987	—	\$2,815,000
1990	—	\$1,025,000

9. Net income per share

Earnings per share are calculated using the weighted average number of shares outstanding during the year (1983 — 69,950,394; 1982 — 69,520,962; 1981 — 69,732,262) after deducting the Company's pro rata interest in its own shares held by Dome Petroleum.

10. Pension plans

Substantially all employees are eligible for and are members of pension plans requiring contributions by the Company. Pension costs are calculated and funded based on actuarial estimates. At December 31, 1983 there were no unfunded past service obligations. Pension expense was \$1,631,000 in 1983, \$1,478,000 in 1982 and \$1,102,000 in 1981.

Vested and non-vested benefits under the plans and the net assets available for plan benefits are as follows:

	December 31	
	1983	1982
	(thousands of Canadian dollars)	
Actuarial present value of accumulated plan benefits, using an assumed discount rate of 5.5 percent:		
Vested benefits	\$ 14,934	\$ 13,526
Non-vested benefits	636	583
	\$ 15,570	\$ 14,109
Net assets available for plan benefits	\$ 16,387	\$ 14,140



11. Related party transactions

In addition to the transactions disclosed in note 1(d), in 1983 a total of \$449,000 (1982 - \$10,403,000; 1981 - \$89,783,000) was paid to related parties. Of the amount paid in 1982, \$9,971,000 (1981 - \$4,223,000) was paid for engineering and contract services to J.S. Redpath Limited, a company controlled by a former director of Campbell.

Campbell and Sigma earned an interest in certain Dome Petroleum exploratory oil and gas rights by incurring \$99,480,000 of exploration costs during 1980 and 1981.

12. Differences between Canadian and United States generally accepted accounting principles

The effects of certain differences between generally accepted accounting principles in Canada and the U.S. are described in note 24 to the Dome Petroleum consolidated financial statements. Had Dome Petroleum and Dome Mines followed U.S. accounting principles, certain items on the balance sheets and statements of income of Dome Mines would be as follows:

	1983	1982	
	(thousands of Canadian dollars)		
Balance sheets —			
Property, plant and equipment ⁽¹⁾	\$369,772	\$314,646	
Investment in Dome Petroleum	\$1,052	\$222,127	
Deferred income and mining taxes ⁽¹⁾	\$108,438	\$76,404	
Retained earnings	\$195,102	\$353,329	
	1983	1982	1981
	(thousands of Canadian dollars)		
Income statements —			
Net income (loss)	\$(150,277)	\$(84,620)	\$96,247
Net income (loss) per share	\$(2.14)	\$(1.22)	\$1.38

⁽¹⁾ Under United States generally accepted accounting principles, Dome Mines is required to recognize certain of the available investment tax credits on eligible expenditures as a reduction of the deferred income taxes liability and property, plant and equipment. In Canada, the investment tax credits are only deductible to the extent that Dome Mines believes that they will be realized as a deduction from income taxes.

13. Comparative figures

Certain comparative figures for the two years ended December 31, 1982 have been reclassified to conform to the current year's presentation.

The following Consolidated Financial Statements of Dome Petroleum Limited are included in this Annual Report as they are an integral part of the Consolidated Financial Statements of Dome Mines Limited.

Consolidated Statements of Operations

(millions of Canadian dollars, except per share amounts and as otherwise noted)

Dome Petroleum Limited

	Five Years ended December 31				
	1983	1982	1981	1980	1979
Revenue (Notes 20 and 21)					
Crude oil and natural gas	\$ 946.4	\$ 1,003.8	\$ 721.0	\$ 409.4	\$ 192.9
Natural gas liquids	1,135.4	1,044.3	866.3	637.2	508.9
Contract drilling	409.3	505.7	412.6	74.6	202.9
Other	103.5	296.0	172.4	—	—
	2,594.6	2,849.8	2,172.3	1,121.2	904.7
Expense					
Operating expense (Notes 20 and 21)					
Crude oil and natural gas	249.2	264.7	209.3	68.5	26.8
Natural gas liquids	894.9	804.7	631.7	460.9	367.5
Contract drilling	221.0	315.7	238.4	40.9	106.8
Other	119.0	324.8	182.3	—	—
Depletion	224.6	194.4	99.7	53.6	28.9
Depreciation and amortization	127.2	118.6	63.7	29.3	33.7
Write-down of assets (Note 15)	1,099.0	213.6	—	—	—
Loss (gain) on disposal of assets (Note 16)	65.0	154.6	(18.3)	(0.3)	(8.2)
Corporate expense					
General and administrative	110.7	98.7	46.1	21.7	11.8
Interest on long term debt	679.3	789.2	666.9	288.3	132.7
Less interest capitalized	(136.8)	(212.9)	(215.1)	(142.4)	(29.9)
Other interest and financing charges	71.0	67.2	57.9	8.2	8.5
Foreign exchange loss (gain)	26.6	22.6	11.1	(4.0)	0.3
Preferred share dividends of subsidiaries	34.1	163.5	24.0	18.2	22.9
Other corporate revenue	(14.9)	(67.1)	(24.7)	(22.1)	(32.6)
Gain on cancellation of preferred shares (Note 11)	—	(70.0)	—	—	—
	3,769.9	3,182.3	1,973.0	820.8	669.2
	(1,175.3)	(332.5)	199.3	300.4	235.5
Income Taxes (Note 9)					
Current	135.1	127.0	24.6	(33.0)	—
Deferred	(161.2)	(33.1)	53.6	117.3	95.9
	(26.1)	93.9	78.2	84.3	95.9
	(1,149.2)	(426.4)	121.1	216.1	139.6
Equity in Earnings of Associated Companies	44.2	57.1	78.0	71.1	42.1
Net Income (Loss)	\$ (1,105.0)	\$ (369.3)	\$ 199.1	\$ 287.2	\$ 181.7
Per common share (Note 17)					
Net income (loss)	\$ (4.72)	\$ (1.71)	\$ 0.80	\$ 1.20	\$ 0.78
Average number of common shares outstanding (in millions) (Notes 13 and 17)	236.8	223.8	223.4	221.5	223.1

(See accompanying notes)

Consolidated Balance Sheets

(millions of Canadian dollars)

Assets	December 31	
	1983	1982
Current:		
Cash and short term deposits		
Restricted (Note 8)	\$ 108.3	\$ —
Unrestricted	72.0	2.4
Accounts receivable (Notes 8 and 20)		
Dome Canada Limited	78.7	141.3
Other	524.5	689.7
Inventories		
Product	151.4	182.9
Materials and supplies	85.0	193.4
	<u>1,019.9</u>	<u>1,209.7</u>
Investments (Note 10):		
Dome Mines Limited (Quoted market value December 31, 1983 — \$528.8; 1982 — \$598.2) (Note 4)	235.4	210.3
Less Dome Petroleum's pro rata interest in its common shares held by Dome Mines Limited	(111.2)	(112.0)
	<u>124.2</u>	<u>98.3</u>
Dome Canada Limited (Quoted market value December 31, 1983 — \$244.2; 1982 — \$176.2) (Note 5)	413.0	417.5
TransCanada PipeLines Limited (Quoted market value December 31, 1982 — \$280.9) (Note 6)	—	257.0
Sovereign Oil & Gas PLC (Quoted market value December 31, 1983 — \$34.3; 1982 — \$23.7)	13.4	11.8
	<u>550.6</u>	<u>784.6</u>
Property, Plant and Equipment (Notes 7 and 10)	<u>6,359.4</u>	<u>7,788.8</u>
Unamortized Foreign Exchange (Note 3)	73.2	—
Other Assets	174.9	133.5
	<u>\$8,178.0</u>	<u>\$9,916.6</u>

(See accompanying notes)

Liabilities and Shareholders' Equity (Deficiency)	December 31	
	1983	1982
Current:		
Short term bank loans (Notes 8 and 10)	\$ 95.1	\$ 224.5
Accounts payable and accrued liabilities		
Dome Canada Limited (Note 20)	172.4	186.0
Other	769.4	876.7
Income and other taxes payable (Note 9)	487.4	266.9
Long term and other debt due within one year	2,236.5	2,228.5
	<u>3,760.8</u>	<u>3,782.6</u>
Long Term Debt (Note 10)	3,750.8	4,292.6
Deferred Revenue	209.8	177.1
Deferred Income Taxes (Note 9)	369.2	500.2
Redeemable Preferred Shares		
Issued by subsidiaries (Note 11)	220.0	225.0
Issued by the Company (Note 12)	97.9	97.9
Contingencies and Commitments (Notes 2 and 23)	—	—
Shareholders' Equity (Deficiency)		
Preferred shares (Note 12)	112.8	117.2
Common shares (issued and outstanding at December 31, 1983 — 267,889,303; 1982 — 257,397,146) (Note 13)	209.6	162.3
Common share warrants (Note 14)	47.2	47.2
Contributed surplus	7.5	5.2
Retained earnings (deficit)	(496.4)	621.3
Dome Petroleum's pro rata interest in its common shares held by Dome Mines Limited (Note 4)	(111.2)	(112.0)
	<u>(230.5)</u>	<u>841.2</u>
	<u>\$8,178.0</u>	<u>\$9,916.6</u>

Consolidated Statements of Changes in Financial Position

(millions of Canadian dollars)

	Five Years ended December 31				
	1983	1982	1981	1980	1979
Funds were provided from:					
Funds generated from operations (Note 18)	\$ 201.1	\$ 224.0	\$ 388.5	\$ 449.6	\$ 323.4
Less preferred share dividends	(10.2)	(12.1)	(18.8)	(18.9)	(6.8)
	190.9	211.9	369.7	430.7	316.6
Issue of long term debt	81.7	1,998.5	3,743.6	1,756.8	844.7
Issue of common shares	47.3	26.1	32.2	19.9	5.9
Issue of common share warrants (Note 19)	—	47.2	—	—	—
Issue of preferred shares	—	—	—	—	284.5
Preferred shares of a subsidiary					
Issued (Note 19)	—	2,018.2	—	—	—
Redeemed or cancelled	(731.4)	(1,238.0)	—	—	—
Less funds on deposit with a trustee					
Advanced to trustee	—	(2,096.0)	—	—	—
Used for redemption or cancellation	728.6	1,367.4	—	—	—
Deferred revenue	32.7	103.8	26.5	—	—
Proceeds on disposal of assets	563.1	413.9	—	—	—
Working capital deficiency of deconsolidated subsidiaries	174.4	—	—	—	—
Decrease in working capital	168.0	2,567.3	164.2	—	—
	\$1,255.3	\$5,420.3	\$4,336.2	\$2,207.4	\$1,451.7
Funds were used for:					
Expenditures for property, plant and equipment	\$ 453.1	\$ 640.4	\$1,470.0	\$1,059.4	\$ 859.7
Acquisitions (Note 19)	—	221.9	2,284.6	604.7	311.0
Less amounts contributed through participation agreements	—	—	—	(12.6)	(166.9)
	453.1	862.3	3,754.6	1,651.5	1,003.8
Reduction in long term debt	687.0	3,949.7	387.2	442.8	89.6
Minority interest acquired in Hudson's Bay Oil and Gas Company Limited (Note 19)	—	450.4	—	—	—
Investments in:					
Dome Canada Limited	—	—	400.7	—	—
Less related disposition of shares of TransCanada PipeLines Limited	—	—	(251.2)	—	—
TransCanada PipeLines Limited	—	—	—	19.8	246.6
Dome Mines Limited	—	6.4	—	—	65.8
Sovereign Oil & Gas PLC	—	—	—	—	11.4
Increase in other assets	110.0	25.5	39.2	43.6	15.0
Redemption of preferred shares	8.6	63.8	3.3	4.1	—
Disposition of common shares held by an acquired company	—	22.2	—	—	—
Other	(3.4)	40.0	2.4	—	(3.3)
Increase in working capital	—	—	—	45.6	22.8
	\$1,255.3	\$5,420.3	\$4,336.2	\$2,207.4	\$1,451.7

(See accompanying notes)

Consolidated Changes in Components of Working Capital

(millions of Canadian dollars)

Dome Petroleum Limited

	Five Years ended December 31				
	1983	1982	1981	1980	1979
Increase (decrease) in current assets					
Cash and short term deposits:					
Restricted	\$ 108.3	\$ —	\$ —	\$ —	\$ —
Unrestricted	69.6	(30.9)	(17.2)	(4.5)	4.1
Accounts receivable:					
Dome Canada Limited	(62.6)	65.7	75.6	—	—
Other	(165.2)	(22.6)	300.7	95.9	111.6
Inventories:					
Product	(31.5)	4.1	45.3	63.0	15.6
Material and supplies	(108.4)	(29.7)	116.3	54.7	23.3
	(189.8)	(13.4)	520.7	209.1	154.6
Increase (decrease) in current liabilities					
Short term bank loans	(129.4)	(6.6)	222.3	2.3	(27.2)
Accounts payable and accrued liabilities:					
Dome Canada Limited	(13.6)	137.3	48.7	—	—
Other	(107.3)	104.5	296.4	132.6	150.4
Income and other taxes payable	220.5	240.9	26.0	—	—
Long term and other debt due within one year	8.0	2,077.8	91.5	28.6	8.6
	(21.8)	2,553.9	684.9	163.5	131.8
Increase (decrease) in working capital	\$ (168.0)	\$ (2,567.3)	\$ (164.2)	\$ 45.6	\$ 22.8

(See accompanying notes)

Consolidated Statements of Retained Earnings (Deficit)

(millions of Canadian dollars)

	Five Years ended December 31				
	1983	1982	1981	1980	1979
Retained earnings, beginning of year	\$ 621.3	\$ 1,039.6	\$ 861.3	\$ 595.1	\$ 421.3
Net income (loss)	(1,105.0)	(369.3)	199.1	287.2	181.7
	(483.7)	670.3	1,060.4	882.3	603.0
Preferred share dividends (Note 12)					
Stock	(1.5)	(1.7)	(2.0)	(2.1)	(1.1)
Cash	(10.2)	(12.1)	(18.8)	(18.9)	(6.8)
Termination of stock purchase plans and disposition of common shares held by an acquired company (Note 13)	(1.0)	(35.2)	—	—	—
Retained earnings (deficit), end of year	\$ (496.4)	\$ 621.3	\$ 1,039.6	\$ 861.3	\$ 595.1

(See accompanying notes)

Notes to Consolidated Financial Statements

(Millions of Canadian dollars, except per share amounts and as otherwise noted)

1. Summary of Significant Accounting Policies

The consolidated financial statements of the Company are stated in Canadian dollars and have been prepared on a going concern basis (see Note 2) in accordance with accounting principles generally accepted in Canada which, in the case of the Company, conform in all material respects with those in the United States except as described in Note 24. A summary of the Company's significant accounting policies is presented below to assist in the review of the consolidated financial statements and other information contained in this report.

Principles of Consolidation

The consolidated financial statements include the accounts of Dome Petroleum Limited and its subsidiary companies except that the consolidated balance sheet at December 31, 1983, does not include Cyprus Anvil Mining Corporation ("Cyprus") and Davie Shipbuilding Limited ("Davie") on a consolidated basis. Commencing December 31, 1983, the Company's interests in Cyprus and Davie are included with other assets at their estimated realizable value in anticipation of the disposition of these companies.

The excess of the consideration paid for the shares of subsidiaries over their net book values at dates of acquisition has been attributed to the related property, plant and equipment.

Foreign Currency Translation

The accounts of foreign operations are stated in Canadian dollars. Current assets and current liabilities are translated at the rates of exchange prevailing at the balance sheet dates. Long term assets are translated at rates in effect at the dates the assets were acquired. Long term liabilities previously translated at rates in effect at the dates the liabilities were incurred are, effective December 31, 1983, translated at the rates of exchange prevailing at the balance sheet date. Any exchange gains or losses arising on translation of long term liabilities will be deferred and amortized over the remaining term of the liabilities (see Note 3). Revenue and expense items are translated at monthly average rates during the year with the exception of depletion, depreciation and amortization, which are translated at the rates of exchange used for the related assets. The resulting gains and losses are included in income.

Inventories of Product, Materials and Supplies

Inventories of product are valued at the lower of average cost and net realizable value. Materials and supplies are valued at average cost.

Investments

The Company's investments in Dome Mines Limited ("Dome Mines") (39.8%), Dome Canada Limited ("Dome Canada") (48.0%), Sovereign Oil & Gas PLC ("Sovereign") (22.9%) and, prior to December 1982, TransCanada PipeLines Limited ("TransCanada") are accounted for by the equity method.

Under this method these investments are carried at cost plus the related equity in undistributed earnings less the amortization of the excess of the purchase price over the net book value at dates of acquisition. In December, 1982 and thereafter the Company's remaining interest in TransCanada was carried at cost until its disposition in August 1983.

Property, Plant and Equipment

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas and related reserves are capitalized. Such costs include land acquisition, geological and geophysical, interest (see "Capitalized Interest") and other carrying charges of non-producing property, costs of drilling both productive and non-productive wells and related overhead. Effective December 31, 1983, the Company established a cost centre for its Beaufort Sea, Arctic and East Coast ("Frontier") areas of Canada separate from its existing Canadian cost centre (see Note 3). The Company's share of costs incurred in drilling in the Beaufort Sea includes depreciation of drillships and related facilities and operating costs.

The Company expenses all minerals exploration project costs outside defined areas of interest in the year in which they are incurred. The Company defers mining exploration and development costs within defined areas of interest at such time as it is determined that there is a reasonable degree of certainty as to the existence of economically recoverable mineral reserves. Such costs will be amortized against future production from that area or written off if the property is abandoned.

Maintenance and repair costs are charged against income. Significant improvements are capitalized and replaced assets, if any, are retired from the accounts.

Gains or losses are not recognized upon disposition of oil and gas properties accounted for under the full cost method unless such a disposition would significantly alter the relationship between capitalized costs and proved reserves of oil and gas. Gains or losses are recognized upon disposition of other assets.

Depletion, Depreciation and Amortization

Effective January 1, 1981, provisions for depreciation of Canadian production facilities and depletion of Canadian oil and gas properties have been based on production revenues rather than on production quantities. Accordingly, the provision subsequent to January 1, 1981 have been calculated as the proportion of net property and production facility costs that current production revenues are to current plus estimated future production revenues from proved reserves as determined by Company or independent engineers. Estimated future revenues are based on prices contained in the Energy Pricing and Taxation Agreements reached between the federal government and the producing provinces assuming the existing world oil reference price remains constant. As a result, the provision for depletion and depreciation for 1981 is \$40.9 million (\$0.18 per common share) less than it would have been had the estimate been based upon reserve quantities.

Prior to 1981 and for United States production facilities and oil and gas properties and other foreign properties, the provisions for depreciation and depletion are computed on the composite unit-of-production method based on proved reserves of oil and gas as determined by Company engineers. In the unit-of-production calculation, natural gas and natural gas liquids reserves and production are converted to equivalent barrels of crude oil based on the relative energy content of each product.

Prior to December 31, 1983, costs incurred in Frontier areas were excluded from the depletion calculation until the quantities of proved reserves could be ascertained through further exploration. In addition, other significant acquisition costs of undeveloped properties are also excluded from the depletion calculation and are added to the depletion base as actual exploration activities are carried out, but in any event over a term not exceeding five years. Frontier area costs, related to properties for which commercial reserves have not been ascertained, will be amortized to income on a straight-line basis over 15 years commencing January 1, 1984.

The natural gas liquids system, pipelines, drillships and supply vessels, shipyard facilities and vessels and other assets are depreciated on the straight-line basis at rates designed to amortize the assets over their estimated useful lives.

Depreciation of metals mines and related facilities is calculated on the basis of tonnes of ore milled in relation to total estimated mineable ore reserves not exceeding the useful life of the asset.

Developed oil sands rights and mining and related facilities are depreciated on the unit-of-production method. Undeveloped oil sands rights are amortized to income on the straight-line basis over 20 years.

Deferred Revenue

Payments received for undelivered gas have been deferred and are recognized as revenue when deliveries are made or upon expiry of the period allowed for such deliveries.

Capitalized Interest

Interest is capitalized on all oil and gas properties undergoing exploration and development activities that are not subject to depletion or amortization and on costs incurred during the construction of major additions to property, plant and equipment. When exploration and development ceases or is completed or the facility commences operations, subsequent interest costs are charged to income. Interest will no longer be capitalized on Frontier exploration costs commencing January 1, 1984, in view of the Company's decision to amortize such costs (see Note 3).

Income Taxes

The Company follows the deferral method of tax allocation accounting under which the income tax provision is based on the consolidated results of operations reported in the accounts. Under this method, the Company makes full provision for income taxes deferred principally as a result of claiming capital cost allowance, interest and exploration and development costs in excess of depreciation and depletion provided in the accounts.

Reclassification

Certain comparative figures in the accompanying financial statements have been reclassified to conform to the financial statement presentation adopted for the year ended December 31, 1983.

2. Refinancing

A severe cash flow shortfall during 1982 caused the Company to approach its principal Canadian bankers and the Government of Canada for assistance. As a result, in September, 1982, an Agreement in Principle for restructuring the Company's debt and increasing its capitalization was reached with the Canadian Imperial Bank of Commerce, the Bank of Montreal, The Toronto-Dominion Bank, The Royal Bank of Canada (the "Four Canadian Banks"), the Government of Canada and Dome Mines.

The Company has been pursuing alternative methods of improving its financial position acceptable to all of its lenders. On December 1, 1983, the Company presented to its lenders a plan (the "Plan") which contemplates a rescheduling of its debt, an injection of funds through an issue of equity-related securities and the disposition of certain assets, including a significant portion of its investment in Dome Mines, and all of its investment in Sovereign, Cyprus and Davie.

In April 1984, a letter of understanding relating to the Plan was agreed to by the Company and a syndicate of the Company's principal secured United States and other foreign lenders. The Company's debt to this syndicate at December 31, 1983 totalled U.S. \$1,173.8 million. The letter contains tentative agreements on, among other matters, a revised schedule of principal payments, the amendment of certain financial covenants contained in the instruments under which the Company's debt to these lenders was originally incurred and an increase in interest rates. The terms of the letter of understanding require the Company to make principal payments to the syndicate of U.S. \$55.3 million prior to execution of the letter of understanding by all parties. A portion of this amount related to a prior deferral of a scheduled payment and an additional portion was for principal due on April 2, 1984, under the revised payment schedule contained in the Plan. The agreement is conditional upon a number of events being completed by the Company in a manner acceptable to this lender group, including among other things, signing letters of understanding relating to the debt rescheduling with the Company's principal Canadian and unsecured lenders by April 30, 1984; obtaining the participation of all of the Company's lenders whose payments

are to be rescheduled under the Plan and signing definitive legal documentation with all such lenders on or before June 30, 1984; and a successful offering of equity-related securities by the Company.

On April 10, 1984, a letter of understanding relating to the Plan was executed by the Company and a second group of secured lenders. The Company's debt to this group of lenders as at December 31, 1983 totalled U.S. \$136.3 million. The letter provides for the amendment of certain financial covenants contained in the instruments under which the Company's debt to this group was incurred but does not alter the principal repayment schedule. The letter is conditional upon the negotiation and settlement of all documentation relating to the Company's debt rescheduling plan and completion of an offering of equity-related securities by the Company on or before September 30, 1984. The Company paid this group of lenders U.S. \$4.4 million related to a prior deferral of a scheduled payment and the principal payment that was due April 2, 1984.

The liquidity of the Company continues to be seriously affected by current maturities of long term debt. The Company's working capital deficiency of \$2,740.9 million at December 31, 1983, is largely a result of \$2,236.5 million of long term debt due within one year. Through the cooperation of certain of the Company's lenders, repayment of debt totalling \$1,860.9 million, before deduction of associated funds on deposit of \$1.5 million, as at December 31, 1983, has been extended on several occasions, most recently to April 30, 1984.

The Company's continued existence as a going concern is primarily dependent upon a successful rescheduling of substantially all of its debt repayments which will be contingent upon the issuance of equity-related securities. However, the successful rescheduling of the Company's debt and the issuance of such securities are not assured.

3. Changes in Accounting Policies

(a) Capitalized Interest

Effective January 1, 1980, the Company adopted the provisions of U.S. Financial Accounting Standards Board Statement No. 34 under which standards are established for capitalizing interest cost related to the acquisition and development of certain areas such as the Frontier and other exploratory areas where the exploration period is lengthy and costs are significant. Previously the Company followed the policy of capitalizing interest only where the related financing could be identified with the purchase or construction of assets. As a result of this change, net income for 1980 was increased by \$54.5 million (\$0.25 per common share).

(b) Frontier Exploration Costs

In view of its financial position, as discussed in Note 2, and following changes in senior management and the Board of Directors, the Company decided to concentrate its future capital expenditures on the development of assets in three strategic areas: western Canada oil and gas, natural gas liquids and contract drilling. As a result, the Company has concluded that its investment in the Frontier areas should be segregated from its Western Canada oil and gas operations, and that it is preferable to establish a separate cost centre. This conclusion is based upon management's decision to minimize direct expenditures in these areas and the degree of uncertainty with respect to future development.

Under the accounting policy followed prior to December 31, 1983, these costs would have been included with other oil and gas property costs and amortized to income in accordance with the Company's depletion policy. The application of this change in prior years under the Company's previous business plan would have had no effect on the results of operations or recorded costs in those years. Under the previous policy, any write-down of costs related to the Frontier would not have been charged directly to income but would have been included in costs subject to depletion (see Note 1 — Depletion, Depreciation and Amortization). This change in 1983 resulted in an increase in the net loss for the year of \$316.6 million (\$1.34 per common share). See also Note 5 regarding a change in accounting policy by Dome Canada, an equity accounted associate.

(c) Foreign Currency Translation

Effective December 31, 1983, the Company adopted foreign currency translation policies as recently recommended by the Canadian Institute of Chartered Accountants. The effect of this change is to translate long term debt repayable in foreign currencies at the rates of exchange prevailing at the balance sheet date. The resulting exchange loss is deferred and will be amortized beginning January 1, 1984, over the term of the related debt. Previously, long term debt repayable in foreign currencies was translated at the rates in effect at the dates the liabilities were incurred and exchange gains and losses were included in income only as realized. As a result of this change, at December 31, 1983, long term debt has been increased and a foreign exchange loss has been deferred in the amount of \$73.2 million in the 1983 consolidated balance sheet. There is no effect on the 1983 results of operations.

4. Investment in Dome Mines

At December 31, 1983, the Company owned 30,861,184 common shares of Dome Mines representing a 39.8% interest therein, and Dome Mines together with its subsidiaries owned 24.9% of the outstanding common shares of the Company, resulting in the Company having a pro rata interest of 9.7% in its own shares. The investment in Dome Mines and shareholders' equity have therefore been reduced by the allocated portion of the cost of the investment in shares of Dome Mines related thereto. The unamortized excess of the purchase price over the net book value of Dome Mines at dates of acquisition, other than its holdings in the Company, of \$46.7 million is attributable to the value of the mineral assets held by Dome Mines and is being amortized over the expected life of these mineral assets.

Details of the Company's investment in Dome Mines for the five years ended December 31, 1983 are as follows:

Years Ended	Number of Shares Owned ⁽¹⁾	Shares Acquired (Sold)		Dividends Received	Interest in Dome Mines ⁽¹⁾	Dome Mines' interest in the Company ⁽¹⁾	Pro Rata Interest ⁽¹⁾
		Number	Amount				
1983	30,861,184 ⁽²⁾	(216,000)	\$ (4.7)	\$3.4	39.8%	24.9%	9.7%
1982	31,077,184	561,400	6.4	3.5	40.1	25.9	10.2
1981	30,515,784	—	—	7.0	39.3	26.7	10.3
1980	30,515,784 ⁽³⁾	—	—	5.1	39.3	25.7	9.9
1979	30,515,784 ⁽³⁾	6,566,184	65.8	3.2	39.5	25.6	10.1

⁽¹⁾ At end of years indicated.

⁽²⁾ At year end, 28,452,198 shares were pledged under certain of the Company's loan agreements.

⁽³⁾ 1980 and 1979 have been adjusted to reflect the 4:1 stock split in 1981.

Dome Mines
Summarized Financial Information
Balance Sheet

	December 31	
	1983	1982
Current assets	\$ 80.9	\$ 105.7
Investments — Dome Petroleum Limited ⁽¹⁾	(56.0)	231.2
— Other	12.7	32.5
Property, plant and equipment	376.4	322.5
	<u>\$414.0</u>	<u>\$691.9</u>
Current liabilities	\$ 47.3	\$ 85.9
Long term debt	29.0	87.1
Deferred income and mining taxes	115.0	82.4
Minority interest in subsidiary companies	82.6	74.9
Shareholders' equity	140.1	361.6
	<u>\$414.0</u>	<u>\$691.9</u>

⁽¹⁾ see Notes 2, 10 and 20

Statement of Operations

	Years Ended December 31				
	1983	1982	1981	1980	1979
Revenue	\$ 234.8	\$ 182.6	\$ 188.4	\$ 240.9	\$ 129.7
Operating income	<u>\$ 122.6</u>	<u>\$ 88.6</u>	<u>\$ 107.2</u>	<u>\$ 178.6</u>	<u>\$ 85.5</u>
Income before taxes and other items	\$ 173.4	\$ 105.0	\$ 126.0	\$ 195.0	\$ 109.1
Income and mining taxes	(78.7)	(50.4)	(60.6)	(106.2)	(49.6)
Income after taxes, before other items	94.7	54.6	65.4	88.8	59.5
Equity in income (loss) of affiliated companies:					
Dome Petroleum Limited	(290.9)	(110.4)	48.4	62.8	41.1
Canada Tungsten Mining Corporation Limited	(2.5)	(1.7)	0.5	4.5	3.3
Minority interest in net income of subsidiary companies	(17.8)	(17.1)	(22.9)	(29.6)	(14.6)
Net income (loss)	<u>\$ (216.5)</u>	<u>\$ (74.6)</u>	<u>\$ 91.4</u>	<u>\$ 126.5</u>	<u>\$ 89.3</u>

5. Investment in Dome Canada

At December 31, 1983, the Company owned 42,461,538 common shares of Dome Canada which were pledged under certain of the Company's loan agreements (see Note 10). The Company formed Dome Canada in 1981 and contributed \$149.5 million cash and 10,306,886 common shares of TransCanada valued at \$251.2 million to its capital. The Canadian public purchased 52% of Dome Canada's common shares leaving the Company with a remaining 48% interest.

Dome Canada Summarized Financial Information Balance Sheet

	December 31	
	1983	1982 ⁽¹⁾
Current assets:		
Due from Dome Petroleum Limited	\$ 172.4	\$ 186.0
Other	311.1	198.6
Investment in TransCanada	—	266.0
Property, plant and equipment	886.5	755.6
	<u>\$1,370.0</u>	<u>\$1,406.2</u>
Current liabilities:		
Due to Dome Petroleum Limited	\$ 78.7	\$ 141.3
Other	1.8	7.7
Deferred revenue	26.6	22.4
Long term debt	228.7	229.0
Deferred income taxes	91.3	70.0
Shareholders' equity	942.9	935.8
	<u>\$1,370.0</u>	<u>\$1,406.2</u>

Statement of Income

	Years Ended December 31		
	1983	1982 ⁽¹⁾	1981 ⁽²⁾
Revenue	\$133.3	\$116.0	\$77.2
Operating income	<u>\$56.1</u>	<u>\$47.7</u>	<u>\$ —</u>
Income before taxes and other items	\$ 79.2	\$ 60.5	\$70.9
Taxes	(38.7)	(33.2)	(34.6)
Equity in earnings of TransCanada	—	24.5	21.0
Gain (loss) on sale of TransCanada shares net of deferred income taxes	17.7	(7.5)	—
Write-down of Frontier costs net of deferred income taxes ⁽³⁾	(51.1)	—	—
Net income	<u>\$ 7.1</u>	<u>\$ 44.3</u>	<u>\$ 57.3</u>

(1) Restated to reflect an adjustment of taxes.

(2) Includes operations from March 19, 1981, the date of public issue.

(3) During the year Dome Canada changed its accounting policy with respect to Frontier costs. This change resulted in a reduction of net income of \$51.1 million in 1983.

6. Investment in TransCanada

Details of the Company's investment in TransCanada for the five years ended December 31, 1983 are as follows:

Years Ended	Number of Shares Owned ⁽¹⁾	Shares Acquired (Sold)		Dividends Received	Interest in TransCanada ⁽¹⁾
		Number	Amount		
1983	—	(10,306,885)	\$(263.1)	\$ 2.9	— %
1982	10,306,885	—	—	12.3	23.0
1981	10,306,885	(10,306,886)	(251.2)	12.0	23.2
1980	20,613,771	900,000	19.8	23.7	46.9
1979	19,713,771	10,693,550	246.6	19.7	48.6

(1) At end of years indicated

During 1983, the Company and Dome Canada sold their shareholdings in TransCanada for net proceeds of \$263.1 million and \$293.4 million, respectively.

7. Property, Plant and Equipment

	Depletion, Depreciation and Amortization Rates	1983			1982		
		Investment at Cost	Accumulated Depletion, Depreciation and Amortization	Net Investment	Investment at Cost	Accumulated Depletion, Depreciation and Amortization	Net Investment
Oil and gas properties:							
Depleted	Unit of revenue or production ⁽²⁾	\$4,123.5	\$ 525.9	\$3,597.6	\$4,472.6	\$ 624.4	\$3,848.2
Non-depleted ⁽¹⁾	—	519.4	—	519.4	690.8	—	690.8
Frontier ⁽¹⁾	6.7%	332.6	—	332.6	726.3	—	726.3
Oil sands:							
Mining and related facilities and developed rights	Unit of production ⁽²⁾	125.6	10.2	115.4	121.2	6.1	115.1
Undeveloped rights	5.0%	219.2	20.1	199.1	219.2	9.1	210.1
Production facilities	Unit of revenue or production ⁽²⁾	671.4	82.4	589.0	664.8	82.4	582.4
Natural gas liquids system and pipe lines	3.3% to 6.7%	568.8	150.1	418.7	575.1	127.6	447.5
Drillships and other vessels	6.7% to 15.0%	640.9	193.1	447.8	627.3	133.1	494.2
Other	5.0% to 30.0%	274.8	135.0	139.8	730.0	55.8	674.2
		\$7,476.2	\$1,116.8	\$6,359.4	\$8,827.3	\$1,038.5	\$7,788.8

(1) Significant acquisition costs of undeveloped properties in western Canada are excluded from the depletion calculation and are added to the depletion base as actual exploration activities are carried out, but in any event over a term not exceeding five years. Non-depleted oil and gas properties will be transferred to the depletion base in equal installments over the period to December 31, 1986.

Exploration and development costs incurred by the Company related to western Canada lands are included with costs to be depleted in the year of expenditure. Additional exploration costs on these lands and in the Frontier incurred by farmout participants are not recorded in the accounts in accordance with industry practice (see Note 3(b) — Frontier Exploration Costs).

	As at December 31, 1983			Years Ended December 31			
	Western Canada	Frontier	Total	1983	1982	1981	1980 and Prior
Acquisition costs	\$ 709.2	\$ 102.1	\$ 811.3	\$ —	\$ (72.1)	\$ 466.8	\$ 416.6
Exploration costs	—	408.2	408.2	(1.2)	0.6	37.5	371.3
Capitalized interest	412.9	275.7	688.6	128.9	196.6	188.8	174.3
Transfer to depletion base	(602.7)	—	(602.7)	(239.4)	(225.8)	(116.5)	(21.0)
Write-downs (see Note 15)	—	(453.4)	(453.4)	(453.4)	—	—	—
	\$ 519.4	\$ 332.6	\$ 852.0	\$(565.1)	\$(100.7)	\$ 576.6	\$ 941.2

(2) Depletion, depreciation and amortization rates

	Years Ended December 31				
	1983	1982	1981	1980	1979
Oil and gas properties and production facilities					
Canadian					
Per dollar based on production revenue	\$0.20	\$ 0.14	\$ 0.13	\$ —	\$ —
United States (and prior to 1981, Canadian)					
Per barrel of production	8.23	13.60	11.91	1.76	1.52
Oil sands					
Per barrel of production	3.09	3.36	3.29	—	—

8. Restricted Cash and Short Term Bank Loans

Restricted cash in the amount of \$14.9 million arising from the sale of the United States oil and gas properties is currently held in escrow and an additional \$93.4 million is held for the repayment of bank loans included in current liabilities.

Short term bank loans bear interest at various rates between the prime bank rate and the prime bank rate plus 1%. As at December 31, 1983, \$66.2 million of these loans was secured by assignment of accounts receivable and \$28.9 million was unsecured.

As at December 31, 1983, there were unused lines of credit of approximately \$236.2 million (1982 — \$145.8 million). The Company's access to these unused lines of credit may be limited due to certain restrictions based upon security coverage ratios which would prevent a full draw-down of these lines.

9. Income Taxes

The income tax provisions differ from the calculated tax obtained by applying the combined Canadian federal-provincial corporate tax rate to the consolidated results of operations before income taxes. These differences are as follows:

	Years Ended December 31				
	1983	1982	1981	1980	1979
Corporate tax rate	47.1%	47.2%	47.3%	47.3%	47.3%
Calculated income tax provision (recovery)	\$(553.5)	\$(156.9)	\$ 94.3	\$142.1	\$111.4
Add (deduct) the tax effect of:					
Crown charges disallowed for tax purposes, less provincial rebates	114.8	122.5	81.5	48.2	20.9
Federal resource allowance	(99.1)	(106.9)	(86.2)	(42.2)	(27.5)
Earned depletion allowance	9.1	(44.7)	(43.0)	(24.8)	(16.1)
Frontier exploration allowance	—	—	—	(44.9)	(2.7)
Investment tax credit	(7.6)	(7.5)	(10.2)	(2.0)	(1.8)
Manufacturing and processing tax rate reduction	—	—	—	(3.3)	(4.0)
Non-deductible interest	22.9	14.4	10.2	7.7	7.0
Preferred share dividends of subsidiaries	16.0	77.2	11.2	9.6	10.8
Non-deductible depletion and depreciation	45.4	31.5	10.7	6.1	—
Depreciation for tax purposes which has no accounting equivalent	18.1	—	(16.6)	(16.9)	—
Petroleum and gas revenue tax	50.9	46.8	24.6	—	—
Incremental oil revenue less related tax	—	(6.1)	—	—	—
Gain on cancellation of preferred shares	—	(33.2)	—	—	—
Non-deductible foreign exchange	7.5	14.5	—	—	—
Capital loss on write-down of assets	268.2	100.8	—	—	—
Differences between the Canadian corporate rate and those rates applicable to foreign and mining operations	28.0	17.4	—	—	—
Capital loss on disposal of assets	40.0	23.6	—	—	—
Canadian federal surtax	(1.0)	7.3	3.1	5.0	—
Other	14.2	(6.8)	(1.4)	(0.3)	(2.1)
Income tax provision (recovery)	\$ (26.1)	\$ 93.9	\$ 78.2	\$ 84.3	\$ 95.9

The information for the four years ended December 31, 1982, has been reclassified to conform with the recent recommendation of the Canadian Institute of Chartered Accountants with respect to disclosure for income taxes adopted in 1983.

In 1983, Revenue Canada issued reassessments to the Company disallowing the frontier exploration allowance claimed in 1980. Management believes that these amounts were validly claimed and intends to contest the issue. If the Company is not successful, a prior period adjustment will be made relating to 1980 which will increase the deficit and deferred income taxes by \$44.3 million.

The Company incurred current income taxes of \$135.1 million and \$127.0 million in 1983 and 1982, respectively, which were almost entirely related to the operations of HBOG and which have not been paid. In September 1983, Revenue Canada issued a notice of assessment in the amount of \$109.5 million and in December 1983, the Province of Alberta issued a notice of assessment in the amount of \$24.3 million, both in respect of 1982 income taxes of HBOG. These assessments are payable on April 30, 1984, subject to rights of Revenue Canada and Alberta to demand earlier payment.

The income tax provision is calculated on the basis of revenues and expenses recorded in the consolidated statement of operations. Deferred income taxes arise primarily from differences in the treatment of these items for financial statement purposes compared to the treatment for statutory income tax purposes. Deferred income taxes relating to these various timing differences are as follows:

	Years Ended December 31,				
	1983	1982	1981	1980	1979
Depreciation, depletion and amortization	\$(106.2)	\$ (5.3)	\$ 89.5	\$ 28.4	\$ 76.7
Interest — capitalized	55.5	58.7	107.5	70.2	14.1
— other (1)	(120.2)	(81.6)	(150.7)	(26.7)	(17.2)
Other capitalized expenses	1.4	13.1	64.2	38.5	40.8
Operating loss carryforwards	(7.5)	(21.0)	(55.0)	(0.2)	(17.1)
Other	15.8	3.0	(1.9)	7.1	(1.4)
	\$(161.2)	\$(33.1)	\$ 53.6	\$117.3	\$ 95.9

(1) Under Canadian tax laws, which do not permit consolidation of subsidiaries for income tax purposes, the interest costs of subsidiaries which incurred certain acquisition debt, cannot be offset against the income of the investee itself. The Company plans a reorganization of its subsidiaries with a view to reducing future tax liabilities and permitting the recovery of taxes incurred but unpaid in 1982 and 1983.

The domestic and foreign components of income (loss) before income taxes together with related income taxes are set out below. The foreign components of income tax expense were not significant prior to 1980.

	Years ended December 31											
	1983			1982			1981			1980		
	Canada	Foreign	Total	Canada	Foreign	Total	Canada	Foreign	Total	Canada	Foreign	Total
Income (loss) before income taxes and equity earnings	\$ (968.8)	\$ (206.5)	\$ (1,175.3)	\$ (81.9)	\$ (250.6)	\$ (332.5)	\$ 170.8	\$ 28.5	\$ 199.3	\$ 268.0	\$ 32.4	\$ 300.4
Income taxes:												
Current	\$ 133.1	\$ 2.0	\$ 135.1	\$ 115.0	\$ 12.0	\$ 127.0	\$ 17.5	\$ 7.1	\$ 24.6	\$ (33.0)	\$ —	\$ (33.0)
Deferred	(161.2)	—	(161.2)	45.0	(78.1)	(33.1)	55.5	(1.9)	53.6	104.4	12.9	117.3
	\$ (28.1)	\$ 2.0	\$ (26.1)	\$ 160.0	\$ (66.1)	\$ 93.9	\$ 73.0	\$ 5.2	\$ 78.2	\$ 71.4	\$ 12.9	\$ 84.3

As at December 31, 1983, the Company had the following tax loss carryforwards, investment tax credit and capital losses for which the tax benefits have not been recorded, as their recovery is not virtually certain:

Expiring In	Tax Loss Carryforwards		Investment Tax Credit		Capital Losses	
	Canadian	U.S.	Canadian	U.S.	Canadian	U.S.
1984	\$ 19.7	\$ —	\$ 13.2	\$ —	\$ —	\$ —
1985	—	—	19.5	—	—	—
1986	—	—	33.2	—	—	—
1987	—	—	3.2	—	—	—
1988	—	—	—	—	—	—
1989 and thereafter	—	139.6	—	9.7	656.3	—
	\$ 19.7	\$ 139.6	\$ 69.1	\$ 9.7	\$ 656.3	\$ —

10. Long Term Debt

Long term debt is summarized as follows:

	1983	1982
Bonds and debentures	\$ 745.2	\$ 723.7
Term bank loans	4,174.4	4,753.1
Promissory notes	991.8	999.5
Obligations under capital leases and other	75.9	44.8
	5,987.3	6,521.1
Less amounts due within one year	2,236.5	2,228.5
	\$ 3,750.8 ⁽¹⁾	\$ 4,292.6 ⁽¹⁾

(1) Amounts in 1983 were translated at the rates of exchange prevailing at the balance sheet date and for 1982 were translated at the rates of exchange prevailing at the time the liabilities were incurred (see Note 3(c) — Foreign Currency Translation).

Approximate installments of long term debt (including sinking fund repayments) in each of the years 1984 to 1988 are (in millions): 1984 — \$2,236.5; 1985 — \$432.2; 1986 — \$459.5; 1987 — \$697.9; and 1988 — \$863.6.

DEBT REPAYMENT DEFERRAL AGREEMENTS

On December 1, 1983, the Company presented to its lenders a Plan for the rescheduling of its debt (see Note 2). As at December 31, 1983, term bank loans, promissory notes and debentures totalling \$1,859.4 million (1982 — \$1,128.4 million), which are included in long term debt due within one year, are being extended on a short term basis subject to a demand provision, as negotiations between the Company and its lenders continue. The most recent extension has been to April 30, 1984.

The Company has agreed on the terms of two letters of understanding with two groups of its secured lenders who held debt totalling U.S. \$1,310.1 million as at December 31, 1983 (see Note 2 for description of the letters including certain conditions relating to their implementation).

Debt obligations which have been the subject of deferral agreements are discussed below:

1. Holders of the 10½% Series A Debentures due 1993 in the principal amount of \$169.6 million (U.S. \$136.3 million) have agreed to defer a payment of \$2.7 million (U.S. \$2.2 million). See "Bonds and Debentures" below.
2. Repayment of the Four Canadian Bank loan due 1984 of \$899.0 million (U.S. \$722.4 million) to Dome Energy Limited ("Dome Energy"), a subsidiary of the Company, has been deferred. See "Term Bank Loans" below.
3. Repayment of the syndicated bank loan due 1984 of \$530.3 million has been deferred. See "Term Bank Loans" below.
4. A payment of \$25.0 million under bank loans due 1986-1988 totalling \$394.1 million has been deferred. See "Term Bank Loans" below.
5. Payments of \$62.8 million under the bank loans due 1988 totalling \$324.0 million have been deferred. See "Term Bank Loans" below.
6. Repayment of the bank loan due 1984 of \$56.8 million has been deferred. See "Term Bank Loans" below.
7. Repayment of the bank loan due 1984 of \$96.1 million (U.S. \$77.2 million) has been deferred. See "Term Bank Loans" below.
8. Payments of \$7.4 million under other bank loans totalling \$9.1 million due 1984-1986 have been deferred. See "Term Bank Loans" below.
9. The holders of promissory notes with interest at prime plus 1% due 1984 in the principal amount of \$75.0 million have agreed to defer payments totalling \$43.2 million. See "Promissory Notes" below.
10. The holder of promissory notes with interest at prime plus 1¼% due 1988 in the principal amount of \$210.7 million has agreed to defer payment of \$27.8 million. See "Promissory Notes" below.
11. The holders of a promissory note with interest at LIBOR plus ⅝% due 1984 in the principal amount of \$108.3 million (U.S. \$87.0 million) have agreed to defer repayment of the note. See "Promissory Notes" below.
12. Short term bank loans include promissory notes issued to two Canadian subsidiaries of foreign lenders in the amount of \$74.9 million. These lenders have agreed not to require repayment of the notes prior to April 30, 1984. The interest rate on the notes is prime plus 1%.

ACCELERATION

If the Company has not reached overall agreement with its lenders by April 30, 1984, it will need to seek further extensions of the debt due on that date. While the Company's lenders have granted extensions on such debt in the past and the Company is aware of no circumstances which would lead it to believe that they will not so consent on April 30, 1984, there can be no assurance that such extensions will continue to be granted. Failure to obtain timely extensions or an overall agreement with its lenders could lead to a default under one or more of the Company's credit agreements, which in turn could lead to an acceleration of the maturity of substantially all of the Company's debt. In addition, various of the Company's debt instruments, as well as certain of the extensions obtained by the Company, contain provisions which would currently allow a number of the Company's lenders to demand payment of all of the debt due to them by the Company. The making of such a demand would in most cases give the Company's other lenders a similar right to demand payment of all of their debt. The Company does not believe that either a general failure to obtain extensions or a general acceleration of all of its debt is likely to occur.

CASH DEPOSITS

As at December 31, 1983 and 1982, a portion of the Company's long term debt was secured by cash deposits invested in certain classes of negotiable instruments, which deposits totalled \$1.5 million and U.S. \$33.2 million (1982 — \$8.3 million and U.S. \$730.4 million). In the consolidated financial statements, these deposits have been deducted from the principal amount of the associated debt wherever a right of offset by the lender existed and interest earned on such deposits has been deducted from interest expense. Unless otherwise stated, the Company has no right to have earnings on these deposits released. The Company will use the deposits to retire the associated debt in the future, thereby reducing payments to be made in the year of maturity.

SECURITY

Essentially all the assets of the Company are either pledged as security for existing indebtedness or are the subject of covenants in financial instruments whereby the Company's ability to give security on such assets is restricted. In addition, the Company has agreed not to grant additional security pending completion of negotiations with its lenders (see Note 2).

A. Bonds and Debentures

Bonds and Debentures consists of:

	1983	1982
Income Debenture, with interest at 52% of the prime bank rate plus $\frac{3}{4}\%$, due 1988	\$200.0	\$200.0
5 $\frac{3}{4}\%$ Bonds due 1991 (Swiss francs 100.0 million)	57.9	61.4
7 $\frac{1}{4}\%$ Bonds due 1990 (Swiss francs 100.0 million)	57.9	58.2
7.85% Collateral Trust Bonds due 1994 (U.S. \$18.6 million), net of funds on deposit of 1983 and 1982 — U.S. \$18.6 million)	—	—
10% Debentures due 1994 (U.S. \$50.0 million)	61.6	57.5
10 $\frac{3}{8}\%$ Sinking Fund Debentures due 1996	25.5	27.0
10 $\frac{1}{2}\%$ Series A Debentures due 1993 (1983 — U.S. \$136.3 million; 1982 — U.S. \$142.4 million)	169.6	152.2
13 $\frac{1}{2}\%$ Debentures due 1992 (1983 — U.S. \$41.5 million; 1982 — U.S. \$43.1 million)	51.3	50.5
14 $\frac{3}{4}\%$ Debentures due 2006 (U.S. \$100.0 million) net of funds on deposit of 1983 and 1982 — U.S. \$0.5 million)	121.4	116.9
	<u>\$745.2</u>	<u>\$723.7</u>

The Income Debenture is secured by a charge on the Company's interest in the natural gas liquids system together with an assignment of related supply and sales contracts. The debenture is repayable in varying quarterly amounts in each of the years 1984 to 1988.

The 5 $\frac{3}{4}\%$ bonds are unsecured and are subject to a purchase obligation which requires the Company to purchase on the market Swiss francs 5.0 million par value of bonds in each year from 1986 to 1990 to the extent that bonds can be purchased at prices not exceeding their par value. The balance is due in 1991.

The 7 $\frac{1}{4}\%$ bonds are unsecured and are subject to a purchase obligation which requires the Company to purchase on the market Swiss francs 5.0 million par value of bonds in each year from 1985 to 1989 to the extent that bonds can be purchased at prices not exceeding their par value. The balance is due in 1990.

The 7.85% Collateral Trust Bonds, an obligation of Hudson's Bay Oil and Gas Company Limited ("HBOG"), a subsidiary of the Company, are entirely secured by cash deposited with a trustee. The bonds are subject to sinking fund payments in the amount of U.S. \$1.3 million per annum to 1993 with the balance due at maturity in 1994. The cash deposit, in the amount of U.S. \$18.6 million, will provide funds to make the sinking fund repayments, and interest earned on the cash deposit is used to make interest payments on the bonds.

The 10% Debentures are unsecured and are subject to annual sinking fund payments in the amount of U.S. \$2.8 million in each of the years 1984 through 1993. The balance is due in 1994.

The 10 $\frac{3}{8}\%$ Sinking Fund Debentures, an obligation of a subsidiary of the Company, are unsecured. All other bank loans to that subsidiary have been subordinated to the debentures in accordance with the provisions of the trust deed governing the debentures. The debentures are subject to sinking fund payments in the amount of \$1.5 million per year to 1995. The balance is due in 1996.

The 10 $\frac{1}{2}\%$ Series A Debentures are secured by a charge on interests in certain oil and gas properties and related assets. The debenture holders became entitled to additional security during 1983, but have extended the period for providing the security to April 30, 1984. The debentures are repayable quarterly in the amount of U.S. \$5.8 million to December, 1992, with final payment of U.S. \$3.2 million in 1993. These amounts are inclusive of interest.

The 13 $\frac{1}{2}\%$ Debentures are unsecured and are subject to a purchase fund which requires that the Company use all reasonable efforts to purchase in the market debentures in the amount of U.S. \$2.0 million in each twelve month period up to and including May 1, 1986, at prices not exceeding 100% of the principal amount. The Company has purchased debentures as follows (in U.S. millions): 1983 — \$1.6; 1982 — \$1.7; and 1981 — \$3.8. The balance is due in 1992.

The 14 $\frac{3}{4}\%$ Debentures, an obligation of HBOG, are secured by the same trust deed as the syndicated bank loan to Dome Energy by a charge on interests in certain oil and gas properties and related assets of HBOG (see "Term Bank Loans" below) plus a cash deposit of U.S. \$0.5 million. The debentures are subject to an annual sinking fund requirement of U.S. \$6.5 million from 1992 to 2005, for which purpose the deposit can be used. The balance is due in 2006.

Approximate installments of bonds and debentures (including sinking fund repayments) due in each of the years 1984 to 1988 are (in millions): 1984 — \$54.0; 1985 — \$59.1; 1986 — \$67.0; 1987 — \$70.1; and 1988 — \$76.6.

B. Term Bank Loans

Term bank loans consist of:

	1983	1982
Syndicated bank loan due 1989 (1983 — U.S. \$1,173.8 million; 1982 — U.S. \$1,757.4 million) net of funds on deposit of 1983 — U.S. \$14.1 million; 1982 — U.S. \$522.7 million	\$1,443.2	\$1,498.5
Four Canadian Bank loan due 1984 (1983 — U.S. \$722.4 million; 1982 — U.S. \$1,000.0 million plus Cdn. \$50.0 million), net of funds on deposit of 1983 — \$ nil; 1982 — \$4.9 million and U.S. \$186.3 million	899.0	1,043.8
Syndicated bank loan due 1984 net of funds on deposit of 1983 — nil; 1982 — \$1.8 million	530.3	537.0
Bank loans due 1986-1988	394.1	530.8
Bank loans due 1988	324.0	324.0
Bank loan due 1984 net of funds on deposit of 1983 — \$0.8 million; 1982 — \$1.3 million	56.8	58.7
Bank loan due 1984 (1983 and 1982 — U.S. \$77.2)	96.1	95.0
Other bank loans with interest rates varying up to 1% in excess of the prime bank rate and $\frac{5}{8}$ % in excess of LIBOR:		
Due 1985-1991		
(1983 — U.S. \$339.0 million; 1982 — U.S. \$340.0 million)	421.8	405.9
Due 1984-1986	9.1	3.5
Due 1984-1986 (1982 — U.S. \$105.5 million)	—	125.9
Syndicated Bank loan due 1987 ⁽¹⁾	—	130.0
Non-recourse bank loan due 1989	217.7	229.2
Less balance of purchase price receivable	(217.7)	(229.2)
	<u>\$4,174.4</u>	<u>\$4,753.1</u>

(1) Obligation of Cyprus (see Note 1 — Principles of Consolidation).

Certain of the term bank loans have multi-currency options whereby the Company may choose to convert the loans from one currency to another, including Canadian dollars, U.S. dollars, Swiss francs and other Euro-currencies. The total amount of such multi-currency loans as at December 31, 1983, was \$1,507.5 million, before deduction of associated funds on deposit of \$0.8 million.

The syndicated bank loan of \$1,443.2 million (U.S. \$1,173.8 million) due 1989 is secured by a charge on the interests of HBOG in certain oil and gas properties and related assets and a cash collateral account of U.S. \$0.1 million and is net of a second cash deposit of U.S. \$14.1 million, both held by a trustee. The terms of the loan include repayment in quarterly installments with a final maturity in 1989. The interest rate on the loan is LIBOR plus $\frac{5}{8}$ %. Effective June 30, 1983, the lenders agreed to the application against the loan of substantially all of the cash collateral account and a reduction in the three quarterly payments of principal beginning July 1, 1983. Scheduled principal repayments during the next five years are as follows (in U.S. millions): 1984 — \$151.9; 1985 — \$125.0; 1986 — \$nil; 1987 — \$384.9; and 1988 — \$258.9. The Company is required to maintain certain minimum balances on deposit in the cash collateral account, which amounts increase quarterly after June 30, 1985. The minimum required balances are as follows (in U.S. millions): 1984 — \$0.1; 1985 — \$78.0; 1986 — \$245.4; 1987 and thereafter — \$nil.

The Four Canadian Bank loan of \$899.0 million (U.S. \$722.4 million) due 1984 is secured by fixed and floating charges on certain oil and gas properties and related assets, a charge on the Cochin pipeline system and related transportation contracts, pledges of shares of Dome Mines and certain subsidiaries including Cyprus, a \$225.0 million guarantee by Dome Mines (see Note 20) and certain other assets. The interest rate on the loan is LIBOR plus $\frac{3}{4}$ %.

The syndicated bank loan of \$530.3 million due 1984 is secured by fixed and floating charges on the interests of a subsidiary in certain oil and gas properties and related assets. The interest rate on this loan is the prime bank rate plus $\frac{3}{8}$ %.

The bank loans totalling \$394.1 million due 1986-1988 are secured by pledges of shares of Dome Mines and Dome Canada, a fixed charge on interests in certain oil and gas properties, related assets and other assets. The interest rates on these loans vary up to $\frac{1}{2}$ % in excess of the prime bank rate.

The bank loans totalling \$324.0 million due 1988, an obligation of a subsidiary, are secured by fixed and floating charges over certain natural gas liquids system assets, subject to existing charges under the Income Debenture. The interest rate on the loans varies up to $\frac{3}{4}$ % in excess of the prime bank rate.

The bank loan of \$56.8 million due 1984, is secured by fixed charges on oil and gas properties, related assets and \$0.8 million on deposit in a cash collateral account. The interest rate on this loan is the prime bank rate plus $\frac{3}{4}$ %.

The bank loan of \$96.1 million (U.S. \$77.2 million) due 1984 is secured by pledges of shares of Dome Mines and Sovereign. The interest rate on this loan is the United States prime bank rate.

All other bank loans are unsecured.

Dome Energy has a secured loan from a syndicate of banks in the amount of \$217.7 million. The banks' recourse on the loan is limited to realization of their security which consists of interests in certain oil and gas properties and related assets previously owned by HBOG. Such interests were acquired by Maligne Resources Limited ("Maligne"), a wholly-owned subsidiary of Dow Chemical Canada Inc., from Dome Energy during 1982. The loan is to be repaid in quarterly installments as the balance of the purchase price receivable is repaid over an anticipated period of nine years which commenced in 1982. The balance of the purchase price receivable is included in the consolidated balance sheet as a deduction from long term debt.

Approximate installments of term bank loans due for each of the years 1984 to 1988 are (in millions): 1984 — \$1,916.2; 1985 — \$320.8; 1986 — \$280.7; 1987 — \$581.3; and 1988 — \$611.2.

C. Promissory Notes

Promissory notes consist of:

	1983	1982
With interest at the prime bank rate between 8¼% and 10¼% per annum adjusted for one half the differential in prime below or above these limits due 1988	\$ 13.5	\$ 16.5
With interest at prime less ¼% due 1991	105.0	105.0
With interest at prime plus 1% due 1984	75.0	75.0
With interest at prime plus 1¼% due 1988 net of funds on deposit of 1983 — \$0.7 million; 1982 — \$0.3 million	210.7	211.2
With interest at 6% due 1999	69.8	74.8
With cost of borrowing of up to 16% due 2030	175.0	175.0
With interest at LIBOR plus ⅝% due 1984 (1983 — U.S. \$87.0 million; 1982 — U.S. \$93.6 million)	108.3	115.1
With interest at LIBOR plus ¼% due 1988 (U.S. \$75.0 million)	93.3	90.3
With interest at LIBOR plus ¼% due 1989 (U.S. \$50.0 million)	62.2	59.7
With interest at 16¼% due 1989 (U.S. \$3.1 million)	3.9	—
With interest at 6% due 1986 (Swiss francs 100.0 million)	57.9	69.5
With interest at U.S. prime due 1985 (1983 — U.S. \$3.2 million; 1982 — U.S. \$5.0 million)	4.0	6.0
With interest at varying rates from 10.84% to 15% due 1984 to 1991 (1983 — DM 27.0 million; 1982 — DM 2.7 million)	13.2	1.4
	<u>\$991.8</u>	<u>\$999.5</u>

The promissory notes, with interest at the prime rate between 8¼% and 10¼% plus adjustments, due in 1988 in the amount of \$13.5 million are secured by an assignment of interests in certain oil and gas properties. The notes are subject to fixed semi-annual payments of \$1.5 million.

The promissory notes with interest at prime less ¼%, due in 1991 in the amount of \$105.0 million, are unsecured. Holders of the notes have the right to request that the Company repurchase the notes in whole or in part in any year commencing in 1986.

The promissory notes with interest at prime plus 1%, due in 1984 in the amount of \$75.0 million, are unsecured. Under the trust deed pursuant to which the notes were issued, the noteholders became entitled to request security for the notes during 1982. On May 20, 1982, the trustee, at the request of the noteholders, served notice, requiring the Company to provide security to the trustee. The noteholders have extended the period for providing security to April 30, 1984. The noteholders have also commenced judicial proceedings to determine whether the trustee is entitled to take security under the terms of the trust deed.

The promissory notes with interest at prime plus 1¼% in the amount of \$210.7 million are secured by an assignment of interests in certain oil and gas properties, other assets and a cash deposit of \$0.7 million. The notes are subject to fixed quarterly installments of \$7.1 million with the balance being due in 1988.

The promissory note with interest at 6% due 1999, in the amount of \$69.8 million is repayable in monthly installments which total \$4.7 million per annum. During 1983, an option agreement was signed whereby the lender could exercise a right under the agreement to receive a net profits interest on certain oil and gas properties in settlement of repayments due on this promissory note for the following year. The option was exercised in respect of 1984 payments.

The promissory notes with cost of borrowing of up to 16% are held by Arctic Petroleum Corporation of Japan. The notes are secured by a floating charge on the oil and gas interests of the Company and Dome Canada in the Beaufort Sea region. The Company arranged that Arctic Petroleum Corporation of Japan advance \$400.0 million during 1981 and 1982 to be used in conducting exploration activities in the Beaufort Sea. The first \$175.0 million was assigned to the Company in respect of 1980 Beaufort drilling activities, and the remaining \$225.0 million has been retained by Dome Canada. The Company and Dome Canada are jointly and severally liable for repayment of the principal balance by the year 2030. Prior to that date, repayment of the principal amount is to be made from 20% of the net proceeds of production from certain fields to be developed in the Beaufort Sea. The cost of borrowing will be based on production from the Beaufort Sea and will not exceed 16% per year compounded annually from the date funds were advanced. Any payment in excess of the principal amount is contingent upon

proceeds of production from the Beaufort Sea, which amounts cannot be determined. Accordingly, no provision will be made for such cost of borrowing until production commences.

All other promissory notes are unsecured and are repayable in single payments, or as noted, in the years indicated.

Approximate installments of promissory notes (including sinking fund repayments) due in each of the years 1984 to 1988 are (in millions): 1984 — \$246.3; 1985 — \$38.6; 1986 — \$94.7; 1987 — \$36.8; and 1988 — \$170.3.

11. Redeemable Preferred Shares Issued by Subsidiaries

Redeemable preferred shares issued by subsidiaries and outstanding for each of the five years ended December 31:

	Authorized	1983		1982		1981		1980		1979	
		Outstanding	Amount	Outstanding	Amount	Outstanding	Amount	Outstanding	Amount	Outstanding	Amount
Provo Gas Producers Limited Series A	2,200,000	2,200,000	\$220.0	2,200,000	\$220.0	2,200,000	\$220.0	2,200,000	\$220.0	2,200,000	\$220.0
Dome Resources Limited Class A Preferred Shares	Unlimited	—	—	12,719,149	731.4	—	—	—	—	—	—
Less unamortized discount on issue		—	—	—	(2.8)	—	—	—	—	—	—
Escrow funds		—	—	—	728.6	—	—	—	—	—	—
		—	—	—	(749.8)	—	—	—	—	—	—
Reclassified to accounts payable		—	—	—	(21.2)	—	—	—	—	—	—
		—	—	—	21.2	—	—	—	—	—	—
Davie Shipbuilding Limited Class A	50,000	—	—	50,000	5.0	50,000	5.0	—	—	—	—
		2,200,000	\$220.0	14,969,149	\$225.0	2,250,000	\$225.0	2,200,000	\$220.0	2,200,000	\$220.0

The 2,200,000 Series A cumulative, non-voting, first preference shares are redeemable in 1988. The dividend rate is 52% of the prime rate plus $\frac{3}{4}\%$. A subsidiary has agreed to redeem the preferred shares upon the occurrence of certain events of default, which include the acceleration of other debt of the Company (see Note 10). If the subsidiary fails to redeem the preferred shares when required, the Company can be required to purchase the preferred shares, and a Canadian bank has agreed to provide an unsecured term bank loan for that purpose. The subsidiary and the Company have given the Canadian bank a joint and several promissory note evidencing their obligation to satisfy the redemption obligation by five equal payments of \$44.0 million in each of the years 1989 to 1993. The interest rate will be prime plus $1\frac{1}{4}\%$.

The \$5.75 Class A Retractable Preferred Shares ("Class A Preferred Shares"), bearing fixed cumulative preferential cash dividends at the annual rate of \$5.75 payable quarterly, were issued by Dome Resources Limited ("Dome Resources") on March 10, 1982 in exchange for the outstanding common shares of HBOG held by minority interest shareholders (see Note 19). The Class A Preferred Shares were recorded at a discount of \$1.315 per share which was amortized over the period to date of redemption of such shares. Such amortization amounted to \$2.8 million in 1983 (1982 — \$18.4 million) and was included in preferred share dividends of subsidiaries. The shares were redeemed on March 25, 1983, for \$58.81 per share (the sum of \$57.50 per share plus \$1.31 equivalent to accrued and unpaid dividends.). During the year ended December 31, 1982 the Company purchased 9,237,565 Class A Preferred Shares at \$50.00 per share plus costs of purchase and 13,963,966 Class A Preferred Shares at \$55.50 per share plus costs of purchase. These shares were surrendered to Dome Resources for cancellation.

The escrow funds held by a trustee are sufficient at all times to retract the outstanding Class A Preferred Shares together with an amount equal to one quarterly dividend payment. These funds were invested in certain restricted classes of negotiable instruments, with interest earned being paid into the cash collateral account which formed a part of the security for the syndicated bank loan (see Note 10). In the consolidated financial statements, interest earned on the escrow funds has reduced the interest expense on the related syndicated bank loan in the amount of \$17.2 million in 1983 (1982 — \$178.3 million).

The 50,000 Class A 5% cumulative preferred shares issued by a subsidiary were purchased by the Company at a par value of \$100 per share on September 21, 1983.

12. Preferred Shares

Authorized: An unlimited number of preferred shares issuable in series.

An unlimited number of subordinated preferred shares issuable in series.

Preferred shares outstanding for each of the five years ended December 31:

	1983		1982		1981		1980		1979	
	Authorized	Outstanding Amount	Outstanding Amount	Outstanding Amount	Outstanding Amount	Outstanding Amount	Outstanding Amount	Outstanding Amount	Outstanding Amount	
Redeemable at the option of the Company:										
7.76% Series A and B	10,500,000	4,847,649 \$117.2	4,875,578 \$119.9	4,951,516 \$123.1	5,048,112 \$126.0	5,000,000 \$124.9				
Stock dividends		107,223 1.5	152,420 1.7	133,251 2.0	105,345 2.1	48,112 1.1				
Purchased		(249,300) (5.9)	(180,349) (4.4)	(209,189) (5.2)	(201,941) (5.0)	— —				
		4,705,572 \$112.8	4,847,649 \$117.2	4,875,578 \$119.9	4,951,516 \$123.1	5,048,112 \$126.0				
Redeemable at the option of the holder:										
6.98% Series C	1,450,000	1,450,000 \$36.2	1,450,000 \$36.2	1,450,000 \$36.2	1,450,000 \$36.2	1,450,000 \$36.2				
7.25% Series D	4,110,517	4,110,517 61.7	4,110,517 61.7	4,110,517 61.7	4,110,517 61.7	4,110,517 61.7				
7% Series E	4,110,516	— —	— —	4,110,516 61.7	4,110,516 61.7	4,110,516 61.7				
		5,560,517 \$97.9	5,560,517 \$97.9	9,671,033 \$159.6	9,671,033 \$159.6	9,671,033 \$159.6				

Series A Cumulative Preferred Shares and Series B Cumulative Stock Dividend Preferred Shares were issued at \$25 per share and are interconvertible at any time on a share for share basis at the option of the holder. The shares are redeemable at the option of the Company after August 31, 1984 at \$26 per share to August 31, 1985, declining thereafter by \$0.20 per share annually to \$25 after August 31, 1990. The Company is required to use all reasonable efforts to purchase in the market each year a number of Series A or Series B Preferred Shares equal to the sum of 50,000 shares per quarter and 1% of the number of Series B shares issued as stock dividends since August 31, 1979, less certain other adjustments, provided such shares are available at prices not exceeding \$25 per share plus cost of purchase.

During 1983, the Company purchased for cancellation 249,300 (1982 — 180,349; 1981 — 209,189; 1980 — 201,941) Series A and B Preferred Shares at a discount of \$2.3 million (1982 — \$2.4 million; 1981 — \$1.8 million; 1980 — \$nil) which has been credited to contributed surplus.

Series C Cumulative Preferred Shares were issued at \$25 per share with an annual requirement to redeem 5% of the issued shares beginning in 1985 at \$25 per share. Each holder has the right to waive this redemption obligation of the Company in any year. The dividend rate will be adjusted in mid-1984 and each fifth year thereafter.

The Series D Cumulative Preferred Shares issued at \$15 per share, have a stated dividend rate of 7.25% per annum and were redeemable in whole or in part of the holder's option at \$15 per share on January 3, 1984. In return for the waiver of certain restrictive covenants in the share provisions, the Company agreed to purchase the shares for \$62.8 million, including accrued amounts of \$1.1 million, on July 2, 1982. The purchase date has been extended on several occasions, most recently to April 30, 1984 and the redemption date has also been extended to April 30, 1984. The holder has agreed to accept, in lieu of dividends, interest on the purchase price at a rate equal to the prime bank rate plus 2%.

The Series E Cumulative Preferred Shares were redeemed for \$61.7 million on January 4, 1982.

13. Common Shares

Authorized: An unlimited number of common shares of no par value.

Common shares issued (cancelled) during each of the five years ended December 31:

	1983		1982		1981		1980		1979	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
For Employee Profit Sharing Plan	9,248,895	\$ 42.2	9,550,000	\$ 25.8	—	\$ —	—	\$ —	—	\$ —
Under the Key Employee Share Bonus Plan	415,000	2.4	—	—	—	—	—	—	—	—
On acquisition of subsidiaries (Note 19)	—	—	—	—	1,328,920	25.4	—	—	—	—
For the Every Employee Share Bonus Plan	102,757	0.4	108,568	0.3	—	—	—	—	—	—
Under share purchase plans	(105,875)	—	(2,325,000)	—	463,125	6.8	1,969,675	19.9	1,651,000	5.9
In exchange for shares of a subsidiary	6,375	—	802	—	7,926	—	5,280	—	3,910	—
On exercise of options	825,005	2.3	—	—	2,000	—	24,500	—	600	—
Net increase in common shares outstanding	10,492,157	47.3	7,334,370	26.1	1,801,971	32.2	1,999,455	19.9	1,655,510	5.9
Common shares outstanding, beginning of year	257,397,146	162.3	250,062,776	136.2	248,260,805	104.0	246,261,350	84.1	244,605,840	78.2
Common shares outstanding, end of year ⁽¹⁾	267,889,303	\$209.6	257,397,146	\$162.3	250,062,776	\$136.2	248,260,805	\$104.0	246,261,350	\$84.1

(1) For the calculation of net income (loss) per common share, the weighted average number of common shares outstanding less the Company's pro rata interest in its outstanding common shares held by Dome Mines is used (see Note 17).

At December 31, 1983, 72,753,962 shares were reserved for issue as follows: 47,894,240 for the exercise of the Company's outstanding common share warrants, 24,749,775 under the Company's employee savings and incentive plans referred to below and 109,947 for shares of a subsidiary not yet presented for exchange.

(a) Employee Share and Incentive Plans

Effective June 18, 1982, the shareholders approved a By-Law under which certain provisions of the Employee Profit Sharing Plan were amended and the directors were authorized to provide various incentives and awards to employees of the Company. The more important features of this By-Law are as follows:

Employee Profit Sharing Plan

The Company was authorized to sell previously unissued common shares of the Company at prevailing market prices from time to time to the trustees of the Company's Employee Profit Sharing Plan instead of requiring the trustees to invest contributions to this plan by purchasing common shares of the Company on the open market. Pursuant to these arrangements 35,000,000 common shares have been reserved for issuance to the plan of which 9,550,000 common shares were issued by the Company to the Employee Profit Sharing Plan in 1982 and an additional 9,248,895 were issued in 1983.

Employee Incentive Plans

The By-Law reserved and set aside 10,000,000 common shares of the Company to be used to provide various employee incentives and awards. At December 31, 1983, 1,451,330 of these reserved shares had been issued and an additional 7,409,620 had been allocated to meet options granted to employees as follows:

Every Employee Share Bonus Plan

During 1983, 102,757 common shares (1982 — 108,568 common shares) were sold to the trustees of the Every Employee Share Bonus Plan.

Key Employee Share Bonus Plan

A maximum of 415,000 of the reserved shares was allocated to the Key Employee Share Bonus Plan under which the directors may provide share bonuses to selected key employees, other than officers, as an incentive to the employees to remain in the employ of the Company. During 1983, the Company issued the 415,000 shares allocated to this Plan.

Key Employee Stock Option Plan

The By-Law authorized the directors to grant stock options to key employees of the Company. These options will be earned by the employees if they continue in the employ of the Company for various periods ranging up to four years. The shares necessary for these options will be provided from the reserved shares.

Details of options granted and exercised for the two years ended December 31, 1983 under the By-Law are as follows:

Shares Under Option	Number of Shares	Option Price		Market Price	
		Per Share(3)	Total(4)	Per Share(3)	Total(4)
Granted during 1982:					
Officers (1)	1,363,000	\$3.50	\$ 4.8	\$3.50	\$ 4.8 (A)
Other key employees	6,319,175	2.75	17.4	2.75	17.4 (A)
December 31, 1982	7,682,175		22.2		22.2
Granted during 1983:					
Officers (2)	388,500	3.90	1.5	3.90	1.5 (A)
Other key employees	163,950	5.16	0.8	5.16	0.8 (A)
	8,234,625		24.5		24.5
Exercised during 1983:					
Officers	29,000	3.50	0.1	5.68	0.2 (B)
Other key employees	796,005	2.75	2.2	5.62	4.5 (B)
	825,005		2.3		4.7
Options not yet exercised	7,409,620		\$22.2		\$19.8

(A) At date options were granted

(B) At date options were exercised

(1) Including two officers who were also directors

(2) Including three officers, two of whom were then directors, one of whom has since become a director.

(3) Weighted average price.

(4) In millions of Canadian dollars.

Of the options granted and not yet exercised at December 31, 1983, 3,708,200 were then exercisable and the remaining 3,701,420 are exercisable on varying dates to 1993.

Effective June 18, 1982, the employee stock option plans then in existence were terminated. Shares issued under these plans, none of which were to directors or officers, from January 1, 1979, to the date of termination totalled 27,100 shares.

(b) Other Options

Independent of the Key Employee Stock Option Plan, an option to purchase 3,000,000 common shares at a price of \$5.875 per share was granted to Mr. J. H. Macdonald, Chairman and Chief Executive Officer of the Company in 1983. The option is for a term of ten years exercisable from October 1, 1983. The Company has also agreed with him that if his incentive option should expire without, in effect, his having realized at least one million dollars therefrom, the difference will be paid to him or his estate in cash.

In partial consideration of financial advisory services to be performed, the Company, subject to approval of the shareholders, has granted to Morgan Stanley & Co. Incorporated, an option to acquire 2,750,000 common shares of the Company at \$5.60 per share until November 3, 1988.

(c) Share Purchase Plans

In 1983, 105,875 shares sold under share purchase plan agreements were cancelled following termination of certain share purchase agreements. The shares cancelled were with respect to shares previously issued which had reverted to the trustee as a result of employee terminations. These transactions were recorded as capital transactions which reduced other assets and increased the deficit by \$1.0 million. Of the 2,325,000 shares issued under the share purchase plans which were cancelled in 1982, 472,250 were with respect to shares which had reverted to the trustee as a result of employee terminations. The remaining 1,852,750 common shares were cancelled following the termination of certain of the share purchase agreements whereby these shares were surrendered to the Company and amounts due from employees for the purchase of the shares were cancelled. These transactions were recorded as capital transactions which reduced other assets and retained earnings by \$23.9 million.

The Company has made interest free loans to trustees to enable certain present and past officers to purchase shares from the Company under share purchase plans. At December 31, 1983, \$5.9 million (1982 — \$6.8 million) was receivable under the above arrangements and is included in other assets.

(d) Other

During 1982 retained earnings were charged with \$11.3 million (net of deferred taxes amounting to \$10.9 million) as a result of the disposition of 1,369,500 common shares of the Company held by an acquired company.

14. Common Share Warrants

On the acquisition of HBOG, the Company issued 47,894,240 common share warrants (see Note 19). Each warrant enables the holder to purchase one common share of the Company up to December 31, 1984 at \$23.1125 per share. For accounting purposes these warrants have been valued at \$0.98625 each based on the ratio of the average market price of the warrants to the Class A Preferred Shares of Dome Resources over the first 10 days of trading subsequent to date of issue.

15. Write-Down of Assets

In 1983, the Company reviewed all of its assets with particular attention to assets not identified with strategic areas of operation and wrote down the carrying values of such assets in the amount of \$1,099.0 million before deferred income taxes of \$202.1 million. This write-down is comprised of the following items:

- \$453.4 million, before deferred income taxes of \$136.8 million, related to certain acquisition and exploration costs incurred in the Frontier areas which were previously held to be recoverable. The Company no longer expects to fund exploration prospects on certain lands where dry holes or non-commercial gas discoveries have been drilled and as a result such costs were charged to income;
- \$463.7 million, before deferred income taxes of \$25.0 million, representing a majority of the costs related to the Company's mining assets including Cyprus and various coal properties, and certain ancillary business interests including Davie. Such assets are not included in the Company's three strategic areas of operations and are written down to estimated realizable value in anticipation of their disposition;
- \$84.0 million, before deferred income taxes of \$40.3 million, related to costs of certain projects which have been deferred or terminated and certain other costs related to the Company's refinancing activities; and
- \$97.9 million in the carrying value of its United States oil and gas properties (including \$11.0 million related to equipment inventory) following a detailed review of oil and gas reserves and exploratory acreage.

At December 31, 1982 the Company determined that, primarily due to declines in oil and gas prices and property values, a write-down of \$213.6 million in the carrying value of its United States oil and gas properties was required. The Company sold its United States oil and gas properties in late 1983 (see Note 16).

The Company has determined that no write-down of western Canada oil and gas properties is required.

16. Loss on Disposal of Assets

During 1983, the Company sold certain of its assets which were determined not to be of a strategic business nature. These assets included virtually all of its producing and exploratory lands in the United States, but did not include any portion of its interest in the Cochin Pipeline system. The proceeds on sale of the United States oil and gas assets (including \$9.9 million of related inventory) amounted to \$241.7 million. Proceeds on total asset disposals were \$563.1 million which resulted in a loss of \$65.0 million before deferred income tax charges of \$11.6 million.

During 1982 the Company sold certain of its assets including its oil and gas interests in Indonesia, Australia, Brazil, Egypt and the Netherlands. The total sales proceeds were \$413.9 million, which resulted in a loss of \$154.6 million, before deferred income taxes of \$54.2 million.

17. Net Income (Loss) Per Common Share

Net income (loss) per common share is calculated, after deduction of preferred share dividends, using the weighted monthly average number of shares outstanding, which amounts have been reduced by the Company's pro rata interest in its outstanding shares held by Dome Mines. There are no factors, including the exercise of the outstanding common share warrants and stock option plans, that would have a dilutive effect on net income (loss) per common share.

	1983	1982	1981	1980	1979
	(In millions)				
Weighted average number of common shares outstanding during the year	262.8	250.3	249.0	246.6	246.3
Less pro rata interest in outstanding shares held by Dome Mines (see Note 4)	(26.0)	(26.5)	(25.6)	(25.1)	(23.2)
	<u>236.8</u>	<u>223.8</u>	<u>223.4</u>	<u>221.5</u>	<u>223.1</u>
Net income (loss) per common share	<u>\$ (4.72)</u>	<u>\$ (1.71)</u>	<u>\$ 0.80</u>	<u>\$ 1.20</u>	<u>\$ 0.78</u>

18. Funds Generated from Operations

Funds generated from operations are determined as follows:

	1983	1982	1981	1980	1979
Net income (loss)	\$ (1,105.0)	\$ (369.3)	\$ 199.1	\$ 287.2	\$ 181.7
Add (deduct) items not resulting in flow of funds:					
Depletion, depreciation and amortization	351.8	313.0	163.4	82.9	62.6
Write-down of non-current assets	1,088.0	213.6	—	—	—
Loss on disposal of non-current assets	35.6	154.6	—	—	—
Deferred income taxes	(161.2)	(33.1)	53.6	117.3	95.9
Equity in undistributed earnings of associated companies	(40.8)	(41.3)	(59.0)	(42.3)	(19.2)
Gain on cancellation of preferred shares	—	(70.0)	—	—	—
Amortization of discount on preferred shares	2.8	18.4	—	—	—
Elimination of intercompany profit on transactions with respect to equity accounted associates	19.4	28.9	4.0	—	—
Other — net	10.5	9.2	27.4	4.5	2.4
Funds generated from operations	<u>\$ 201.1</u>	<u>\$ 224.0</u>	<u>\$ 388.5</u>	<u>\$ 449.6</u>	<u>\$ 323.4</u>

19. Acquisitions

(a) During 1979, the Company acquired the oil and gas properties of several companies, including certain interests previously held by Siebens Oil and Gas Ltd. and Mesa Petroleum Company, for a net consideration of \$311.0 million.

(b) During 1980, the Company acquired the shares of a number of oil and gas exploration and development companies, including Kaiser Petroleum Ltd. in February, 1980, which have been accounted for by the purchase method. The details of the transactions are as follows (in millions):

Value attributed to property, plant and equipment, net of deferred income taxes	\$ 874.8
Net proceeds of subsequent dispositions	(270.1)
Acquisitions per consolidated statement of changes in financial position	604.7
Working capital and other assets	8.6
Long term debt assumed	(30.0)
Net purchase price	<u>\$ 583.3</u>

(c) During 1981, the Company acquired the shares of a number of companies, the most significant of which are as follows:

- (i) On June 10, 1981, Dome Energy acquired 22,000,000 common shares of Conoco Inc., for a consideration of \$1,719.4 million. Subsequently Dome Energy exchanged its holdings in Conoco Inc., together with cash in the amount of \$294.6 million, for Conoco's 52.9% interest in HBOG, representing 40,156,268 common shares. To fund this acquisition Dome Energy entered into a loan agreement with the Four Canadian Banks (see Note 10).
- (ii) During August, 1981, the Company concluded an agreement for the acquisition of all the issued and outstanding common shares and certain preferred shares of Davie for a total consideration of \$37.8 million consisting of \$15.0 million in cash and 1,221,500 common shares of the Company.

(iii) Effective August 31, 1981, HBOG acquired 100% of the outstanding shares of Cyprus. The purchase price of \$345.3 million was financed by term bank loans.

These acquisitions have been accounted for by the purchase method as follows (in millions):

	HBOG	Davie	Cyprus	Total
Value attributed to property, plant and equipment	\$2,601.0	\$ 54.0	\$426.4	\$3,081.4
Minority interest	(487.5)	—	—	(487.5)
Liabilities net of other assets	(201.0)	(19.2)	(89.1)	(309.3)
Acquisitions per consolidated statement of changes in financial position	1,912.5	34.8	337.3	2,284.6
Working capital acquired	120.6	3.0	8.0	131.6
Less interest capitalized June 10 to June 30, 1981	(19.1)	—	—	(19.1)
Net purchase price	\$2,014.0	\$ 37.8	\$345.3	\$2,397.1

(d) (1) On March 10, 1982 the Company acquired all the outstanding shares of HBOG not already owned in exchange for securities valued at \$2,065.4 million consisting of:

- (a) 35,920,680 Class A Preferred Shares of Dome Resources (see Note 11); and
- (b) 47,894,240 common share warrants of the Company (see Note 14).

(2) On the same date three other companies acquired a 34.1% aggregate interest in HBOG as follows:

- (a) Dome Canada acquired an 11.1% interest for a consideration of \$488 million in cash and marketable securities;
- (b) Maligne acquired a 10.0% interest for a consideration of \$451 million which was received by Dome Petroleum as follows:
 - (i) \$192 million in cash;
 - (ii) an account receivable of \$19 million; and
 - (iii) a \$240 million receivable for the balance of the purchase price to be repaid over nine years with interest; and
- (c) TCPL Resources Ltd., a wholly-owned subsidiary of TransCanada, acquired a 13.0% interest for a consideration of \$560 million in cash.

The net acquisition cost of \$670.3 million was allocated as follows (in millions):

Value attributed to net property, plant and equipment	\$ 182.9
Assumption of deferred natural gas revenue	39.0
Acquisition per consolidated statement of changes in financial position	221.9
Minority interest acquired	450.4
Disposition of inventory	(2.0)
Net purchase price	\$670.3

The excess of the purchase price over the net book value of assets acquired has been attributed to the value of property, plant and equipment and is being depleted, depreciated or amortized over the expected life of the related assets.

20. Related Party Transactions

In addition to those described in Notes 4, 5, 6 and 19, the Company undertook the following related party transactions:

Dome Canada

(a) The Company is party to certain agreements with Dome Canada which enable Dome Canada to earn interests in certain Canadian exploratory and development lands, excluding certain lands in western Canada which currently have productive capability and oil sands properties, in return for the obligation to fund exploration and development, including the drilling of exploratory wells and geological and geophysical surveys. Subsequent development costs will be borne by the Company and Dome Canada in proportion to their respective interests. The operations of Dome Canada, including the majority of its administration, are carried out by the Company on behalf of Dome Canada.

(b) Included in the \$172.4 million payable to Dome Canada is \$100.0 million secured by a fixed and floating charge on the Company's natural gas liquids system, subject to prior claims related to debt of the Company in the amount of \$524.0 million. The \$100.0 million is payable on June 29, 1984, together with accrued interest at prime plus $\frac{3}{4}\%$ per annum and a premium, which at December 31, 1983, amounted to \$7.5 million (1982 — \$3.2 million). During 1983, the Company paid to Dome Canada \$12.0 million (1982 — \$12.2 million) in related interest.

(c) With respect to the Dome Exploratory Lands Agreement and the Corporate Services Agreement, the Company charged Dome Canada during 1983 the following:

- (i) \$296.7 million (1982 — \$446.6 million; 1981 — \$161.7 million) with respect to capital expenditures

- for exploration, development and Beaufort Sea drilling services;
- (ii) \$5.9 million (1982 — \$6.5 million; 1981 — \$6.0 million), inclusive of out of pocket expenses, with respect to corporate services; and,
 - (iii) In lieu of monthly cash advances which are in accordance with industry practice, Dome Canada advanced to the Company on January 1, 1983, \$60.0 million (1982 — \$79.2 million), an amount equal to $\frac{1}{8}$ of Dome Canada's budgeted annual capital expenditures.

Dome Mines

(a) During 1980, the Company sold to subsidiaries of Dome Mines a 5% interest in certain resource properties for a consideration of \$42.5 million. In addition, these subsidiaries have earned an interest in certain exploratory oil and gas rights by spending approximately \$100 million.

(b) The Four Canadian Bank loan is secured by certain oil and gas properties, certain other assets and a guarantee in the amount of \$225.0 million from Dome Mines. As security for the repayment to Dome Mines of any amount paid to the Four Canadian Banks under the guarantee, the Company has granted a fixed charge on certain Beaufort Sea acreage. In addition, as guarantor Dome Mines has subrogation rights in the security taken by the Four Canadian Banks for the loan (see Note 10). During 1983, the Company paid to Dome Mines \$11.8 million (1982 — \$8.2 million) with respect to this guarantee.

TransCanada

(a) The utility operations of TransCanada are regulated and establish the terms and conditions under which TransCanada deals with outside parties including the Company. The Company has contracts with TransCanada for the sale of gas and extraction of gas by-products. Revenue and costs of product arising from these transactions and included in the consolidated statement of operations for the years ended December 31, amounted to (in millions): 1983 — \$197.4; 1982 — \$267.2; 1981 — \$224.1; 1980 — \$142.0; and 1983 — \$36.3; 1982 — \$30.5; 1981 — \$27.0; 1980 — \$25.0, respectively. Accounts receivable, arising from sales to TransCanada, at December 31, amounted to (in millions): 1983 — \$22.5; 1982 — \$25.1.

(b) During 1980, the Company sold to TCPL Resources Limited, for \$126.0 million, a 12½% interest in certain oil and gas properties.

21. Information by Business Segment and Geographic Area

The Board of Directors of the Company has determined that the following segments are the principal business segments of the Company.

Crude oil and natural gas	Exploration, development and production activities for crude oil, natural gas, field liquids, sulphur, and oil sands
Natural gas liquids	The extraction, purchase, transportation and marketing of natural gas liquids
Contract drilling	Drilling and dredging contracting in the Beaufort Sea.

The information for 1983 includes the consolidation of Davie and Cyprus for 12 months with respect to revenues, expenses, capital expenditures and depletion, depreciation and amortization. Certain comparative figures have been reclassified to conform to the presentation adopted in 1983 including the classification of Cyprus and Davie as other operating assets in the breakdown of Identifiable Assets.

The information for 1982 includes the consolidation of HBOG and subsidiaries for the two months ended February 28, 1982, less minority interest of 47.1% with respect to net income, and the consolidation of 100% of HBOG (after giving effect to the March 10, 1982, transactions described in Note 19) for the remainder of the year. Additionally in 1982, allocation of certain general and administrative expenses by HBOG to operating divisions was discontinued in accordance with the Company's existing practice. The results for 1981 include the consolidation of HBOG, less minority interest of 47.1% with respect to net income, subsequent to July 1, and 100% of Davie from January 1, 1981. The results for 1980 and 1979 relate solely to the operations of the Company prior to the acquisition of HBOG and Davie. For the above reasons and as a result of certain accounting changes described in Note 3, segmented information presented below is not directly comparable from year to year.

Business Segments	1983	1982	1981	1980	1979
REVENUE (see Note 20)					
Crude oil and natural gas	\$ 946.4	\$ 1,003.8	\$ 721.0	\$ 409.4	\$ 192.9
Natural gas liquids	1,135.4	1,044.3	866.3	637.2	508.9
Contract drilling	409.3	505.7	412.6	74.6	202.9
Other operating	103.5	296.0	172.4	—	—
	<u>\$ 2,594.6</u>	<u>\$ 2,849.8</u>	<u>\$ 2,172.3</u>	<u>\$ 1,121.2</u>	<u>\$ 904.7</u>
TRANSFERS BETWEEN BUSINESS SEGMENTS					
Crude oil and natural gas	\$ 30.5	\$ 49.5	\$ —	\$ —	\$ —
Contract drilling	2.4	1.4	44.1	195.3	18.4
Eliminations	(32.9)	(50.9)	(44.1)	(195.3)	(18.4)
	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
OPERATING INCOME					
Crude oil and natural gas	\$ 437.2	\$ 516.7	\$ 388.8	\$ 278.5	\$ 130.2
Natural gas liquids	219.8	214.2	224.5	162.3	129.9
Contract drilling	145.6	153.2	153.0	27.2	80.9
Other operating	(43.9)	(57.2)	(19.1)	—	—
	<u>758.7</u>	<u>826.9</u>	<u>747.2</u>	<u>468.0</u>	<u>341.0</u>
GAIN (LOSS) ON WRITE-DOWN AND DISPOSAL OF ASSETS					
Crude oil and natural gas	(667.2)	(355.3)	—	—	—
Natural gas liquids	—	—	—	—	8.2
Contract drilling	(12.0)	—	—	—	—
Other operating	(459.5)	(10.9)	0.7	—	—
	<u>(1,138.7)</u>	<u>(366.2)</u>	<u>0.7</u>	<u>—</u>	<u>8.2</u>
	<u>(380.0)</u>	<u>460.7</u>	<u>747.9</u>	<u>468.0</u>	<u>349.2</u>
CORPORATE REVENUE (EXPENSE)					
General and administrative expenses — net	(110.7)	(98.7)	(46.1)	(21.7)	(11.8)
Interest and financing charges — net	(613.5)	(643.5)	(509.7)	(154.1)	(111.3)
Gain (loss) on disposal of investments	21.3	(2.0)	17.6	0.3	—
Write-down of corporate assets	(46.6)	—	—	—	—
Foreign exchange gain (loss)	(26.6)	(22.6)	(11.1)	4.0	(0.3)
Preferred share dividends of subsidiaries	(34.1)	(163.5)	(24.0)	(18.2)	(22.9)
Other corporate revenue	14.9	67.1	24.7	22.1	32.6
Gain on cancellation of preferred shares	—	70.0	—	—	—
Income taxes	26.1	(93.9)	(78.2)	(84.3)	(95.9)
Equity in earnings of associated companies	44.2	57.1	78.0	71.1	42.1
	<u>(725.0)</u>	<u>(830.0)</u>	<u>(548.8)</u>	<u>(180.8)</u>	<u>(167.5)</u>
NET INCOME (LOSS)	<u>\$ (1,105.0)</u>	<u>\$ (369.3)</u>	<u>\$ 199.1</u>	<u>\$ 287.2</u>	<u>\$ 181.7</u>
IDENTIFIABLE ASSETS					
Crude oil and natural gas	\$ 5,671.8	\$ 6,616.5	\$ 6,888.8	\$ 3,179.5	\$ 1,617.8
Natural gas liquids	818.0	914.2	802.2	655.9	524.2
Contract drilling	577.0	668.7	701.5	346.2	286.9
Other operating	99.3	704.4	666.0	7.0	6.7
	<u>7,166.1</u>	<u>8,903.8</u>	<u>9,058.5</u>	<u>4,188.6</u>	<u>2,435.6</u>
Unamortized foreign exchange	73.2	—	—	—	—
Investments	550.6	784.6	774.5	586.4	527.5
Other corporate	388.1	228.2	375.7	303.7	167.4
	<u>\$ 8,178.0</u>	<u>\$ 9,916.6</u>	<u>\$ 10,208.7</u>	<u>\$ 5,078.7</u>	<u>\$ 3,130.5</u>

Business Segments

CAPITAL EXPENDITURES

Crude oil and natural gas
Natural gas liquids
Contract drilling
Other

	1983	1982	1981	1980	1979
\$ 358.8	\$ 750.7	\$ 2,871.1	\$ 1,508.6	\$ 879.2	
11.6	32.8	107.3	71.9	32.0	
17.4	45.8	250.8	21.4	76.9	
65.3	33.0	525.4	49.6	15.7	
\$ 453.1	\$ 862.3	\$ 3,754.6	\$ 1,651.5	\$ 1,003.8	

DEPLETION, DEPRECIATION AND AMORTIZATION

Crude oil and natural gas
Natural gas liquids
Contract drilling
Other

\$ 260.0	\$ 222.4	\$ 122.9	\$ 62.4	\$ 35.9	
20.7	25.4	10.1	14.0	11.5	
42.7	36.8	21.2	6.5	15.2	
28.4	28.4	9.2	—	—	
\$ 351.8	\$ 313.0	\$ 163.4	\$ 82.9	\$ 62.6	

Geographic Areas

REVENUE (see Note 20)

Canada
United States
Other foreign

\$ 2,165.6	\$ 2,338.4	\$ 1,756.9	\$ 792.8	\$ 655.8	
429.0	479.6	387.3	328.4	248.9	
—	31.8	28.1	—	—	
\$ 2,594.6	\$ 2,849.8	\$ 2,172.3	\$ 1,121.2	\$ 904.7	

TRANSFERS BETWEEN GEOGRAPHIC AREAS

Canada
United States
Eliminations

\$ 305.4	\$ 310.2	\$ 304.2	\$ 243.8	\$ 226.4	
16.1	22.8	1.8	2.9	0.9	
(321.5)	(333.0)	(306.0)	(246.7)	(227.3)	
\$ —	\$ —	\$ —	\$ —	\$ —	

OPERATING INCOME

Canada
United States
Other foreign

\$ 736.5	\$ 790.6	\$ 744.8	\$ 418.8	\$ 314.7	
22.2	30.4	4.1	49.2	26.3	
—	5.9	(1.7)	—	—	
758.7	826.9	747.2	468.0	341.0	

GAIN (LOSS) ON WRITE-DOWN AND DISPOSAL OF ASSETS

Canada
United States
Other foreign

(968.0)	(10.9)	0.7	—	8.2	
(170.7)	(213.6)	—	—	—	
—	(141.7)	—	—	—	
(1,138.7)	(366.2)	0.7	—	8.2	
(380.0)	460.7	747.9	468.0	349.2	

CORPORATE REVENUE (EXPENSE)
(as detailed in Business Segments)

(725.0)	(830.0)	(548.8)	(180.8)	(167.5)	
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NET INCOME (LOSS)

\$(1,105.0)	\$(369.3)	\$ 199.1	\$ 287.2	\$ 181.7	
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IDENTIFIABLE ASSETS

Canada
United States
Other foreign

\$ 7,332.1	\$ 8,515.3	\$ 8,060.8	\$ 3,846.3	\$ 2,306.0	
222.1	595.2	898.0	646.0	297.0	
—	21.5	475.4	—	—	
7,554.2	9,132.0	9,434.2	4,492.3	2,603.0	

Unamortized foreign exchange
Investments

73.2	—	—	—	—	
550.6	784.6	774.5	586.4	527.5	
\$ 8,178.0	\$ 9,916.6	\$ 10,208.7	\$ 5,078.7	\$ 3,130.5	

The majority of the crude oil and natural gas produced in Canada by the Company is sold to government marketing agencies or transmission companies. Approximately 70% of the Company's domestic crude oil production is sold to the Alberta Petroleum Marketing Commission, a provincial government agency. The largest customer for natural gas is TransCanada, which accounts for approximately 50% of the Company's total natural gas sales. Due to the nature of the Company's marketing arrangements, the portion of the Company's Canadian crude oil and natural gas production that is ultimately exported cannot be readily identified, but it is estimated that 59% of the Company's natural gas liquids are sold to United States customers. The transfers between geographic segments reported above are sales of natural gas liquids.

22. Pension and Savings Plans

The Company's voluntary contributory pension plan and Employee Profit Sharing Plan are available to substantially all of its permanent employees. Employee and Company contributions made under the pension plan are paid to, and invested by, an insurance company. Similar contributions made under the Employee Profit Sharing Plan are invested by the trustees in the common shares of the Company on behalf of the employees. Pension costs are funded in accordance with actuarial requirements. Amounts charged to income to fund the plans (in millions) were: 1983 — \$37.6; 1982 — \$36.3; 1981 — \$21.7; 1980 — \$10.7; and 1979 — \$5.7. There are no material unfunded past service liabilities at December 31, 1983.

23. Contingencies and Commitments

In addition to the contingencies described in Notes 2 and 9, the Company has the following contingent liabilities and commitments:

- (i) The Company is contingently liable for the \$225.0 million advanced to Dome Canada by the Arctic Petroleum Corporation of Japan (see Note 10).
- (ii) The Company is obligated to subscribe for certain common shares and preferred shares of Beaufort Energy Limited, Beaufort Exploration Limited and Beaufort Petroleum Investment Limited in order that these companies may redeem certain issued and outstanding common and preferred shares. Such redemption is at the option of the holders of these shares. The total contingent obligation of the Company is \$12.9 million at December 31, 1984 and \$4.6 million at December 31, 1986.
- (iii) There are no pending legal proceedings to which the Company or any of its subsidiaries is a party, or of which any of their properties is the subject, that in management's view would have a material effect on the Company's consolidated financial position or results of operations.

24. Differences Between Canadian and United States Generally Accepted Accounting Principles

The financial statements of the Company have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian basis"). These principles differ in some respects from those applicable in the United States ("U.S. basis") as disclosed below.

	1983	1982	1981	1980	1979
STATEMENTS OF OPERATIONS					
Net income (loss) in accordance with the Canadian basis as reported	\$ (1,105.0)	\$ (369.3)	\$ 199.1	\$ 287.2	\$ 181.7
Add (deduct) adjustments for:					
Full cost accounting (a)	316.6	—	—	—	—
Foreign currency translation (b)	(2.0)	(44.9)	20.1	(7.5)	2.8
Investment tax credits (c)	6.0	(3.5)	31.0	14.5	13.0
Other (d)	3.4	4.2	(6.3)	(2.8)	1.5
Net income (loss) in accordance with U.S. basis	\$ (781.0)	\$ (413.5)	\$ 243.9	\$ 291.4	\$ 199.0
Net income (loss) per common share in accordance with U.S. basis	\$ (3.35)	\$ (1.91)	\$ 1.00	\$ 1.21	\$ 0.86
BALANCE SHEETS					
	1983		1982		
	Canadian basis	U.S. basis	Canadian basis	U.S. basis	
Investment in TransCanada	\$ —	\$ —	\$ 257.0	\$ 255.6	
Property, plant and equipment	6,359.4	6,812.8	7,788.8	7,788.8	
Unamortized foreign exchange	73.2	—	—	—	
Long term debt	3,750.8	3,750.8	4,292.6	4,363.2	
Deferred income taxes	369.2	414.2	500.2	415.0	
Redeemable preferred shares issued by the Company	97.9	210.7	97.9	215.1	
Preferred shares	112.8	—	117.2	—	
Contributed surplus	7.5	7.5	5.2	7.2	
Retained earnings (deficit)	(496.4)	(161.2)	621.3	632.5	

NOTES TO STATEMENTS OF OPERATIONS

(a) Under full cost accounting regulations prescribed by the Securities and Exchange Commission, the Company is required to accumulate all costs of exploring for and developing oil and gas and related reserves in a single cost centre for Canadian operations. Under these regulations certain costs incurred in Frontier areas would not have been charged against income in 1983.

(b) FASB Statement No. 8 and Statement No. 52, which replaced Statement No. 8 effective for fiscal years beginning on or after December 15, 1982, require that long term debt payable in foreign currencies be translated at the rates of exchange prevailing at the balance sheet date with the resulting translation gains and losses being included in income in the current period. In Canada these exchange gains and losses are deferred and are amortized over the term of the related debt.

(c) Under United States generally accepted accounting principles the Company is required to deduct from the provision for deferred income taxes, a portion of the available investment tax credit on eligible expenditures. In Canada, the investment tax credit is only deductible to the extent that the Company believes that it will be realized as a deduction from income taxes.

(d) Comprised of interest capitalized by an equity accounted associate not in accordance with FASB Statement No. 34, and a deemed gain relating to shares in TransCanada which under United States accounting practice would be included in contributed surplus. The difference related to these amounts was eliminated in 1983 when the Company sold its investment in TransCanada.

At December 31, 1983 the deficit of the Company included \$99.6 million representing the Company's proportionate share of cumulative undistributed earnings of equity accounted associates. The Company has not provided for income taxes on this amount as dividends flow tax free between these Canadian companies.

25. Cyprus

Cyprus was acquired by HBOG during 1981 and owns an open pit lead, zinc and silver mine. In June 1982, the operations of Cyprus were suspended because of depressed economic conditions and high operating costs. Subsequent to suspension of operations, efforts were directed towards improving the mine's viability by implementation of a plan to reduce future operating costs. The plan included productivity improvements, decreased overhead, and reductions in electric power and transportation costs.

At December 31, 1982, the Company disclosed that profitable operations were dependent upon implementation of proposed operating cost efficiencies, improved market conditions and the conclusion of satisfactory financing arrangements. As a result, the Company was unable to determine at that time whether its investment in Cyprus could be ultimately recovered.

At December 31, 1983, the Company had identified Cyprus as a non-strategic asset and its investment therein has been deconsolidated and written down to estimated realizable value in anticipation of its disposal and is included in other assets in the 1983 consolidated balance sheet.

26. Events Subsequent to December 31, 1983

(a) On March 30, 1984, the Company reached an agreement with certain of its lenders for extensions regarding the repayment of certain bank loans and promissory notes to April 30, 1984 (see Note 10).

(b) The Company has agreed on the terms of two letters of understanding with two groups of its secured lenders who held debt totalling \$1,310.1 million as at December 31, 1983 (see Notes 2 and 10 for a description of these letters indicating certain conditions relating to their implementation).

Unaudited Supplementary Information

Quarterly Financial Information

Summarized unaudited quarterly financial data for 1983 and 1982 are as follows:

	Quarters Ended				Full Year
	March 31	June 30	Sept. 30	Dec. 31	
1983	(thousands of Canadian dollars, except per share)				
Revenue	\$66,430	\$62,728	\$54,672	\$50,925	\$234,755
Operating income	\$41,469	\$34,736	\$28,417	\$18,016	\$122,638
Equity in earnings (losses) of Dome Petroleum ^{(1) (2)}	\$(3,347)	\$(24,542)	\$1,498	\$(264,556)	\$(290,947)
Net income (loss)	\$24,718	\$508	\$11,557	\$(253,218)	\$(216,435)
Net income (loss) per share	\$0.35	\$0.01	\$0.17	\$(3.62)	\$(3.09)
1982					
Revenue	\$40,217	\$43,677	\$42,469	\$56,249	\$182,612
Operating income	\$17,538	\$19,259	\$18,938	\$32,878	\$88,613
Share of losses of Dome Petroleum	\$(7,477)	\$(21,807)	\$(3,421)	\$(77,744)	\$(110,449)
Net income (loss)	\$181	\$(13,784)	\$4,081	\$(65,106)	\$(74,628)
Net income (loss) per share	—	\$(0.20)	\$0.06	\$(0.93)	\$(1.07)

(1) The results of Dome Petroleum were affected significantly by write-downs and losses on disposal of assets during the second and fourth quarters of 1983.

(2) Reference should be made to note 1(c) to the Consolidated Financial Statements of Dome Mines and note 3 to the Dome Petroleum consolidated financial statements with respect to changes in accounting policies adopted by Dome Petroleum in the fourth quarter of 1983.

Effects of Changing Prices

Supplementary information on the effects of changing prices has been prepared in accordance with the recommendations of the Canadian Institute of Chartered Accountants ("CICA"). The information is intended to show the impact on the Company's financial position and operating results of changes in the specific prices of the Company's property, plant and equipment and of changes in the general purchasing power. Although there are differences in format and detail of the disclosure, the objectives of the CICA recommendations are similar to those of FASB Statement No. 33.

The information presented is based on assumptions and estimates that are more subjective than those required for historical cost information. The Company's existing mining and oil and gas properties are non-renewable resources and are individually unique. Discovery and development of such properties are dependent upon diverse geological, geographical, environmental and economic factors which are impossible to fully anticipate. Consequently, it is not feasible to make a realistic determination of what it would currently cost to replace existing properties. The CICA has recognized this problem and permits current costs to be calculated by reference to capitalized historical costs. Under the Company's accounting policies, significant costs to discover certain properties were expensed as incurred. In addition, costs of developing certain mine properties have either been fully depreciated or have been incurred recently. As a result, the calculation of current cost by reference to capitalized historical costs has not resulted in significant current cost adjustments. No consideration has been given to the effects of technological change on the cost of replacing assets.

No current cost adjustments have been made to reflect the impact of changing prices on the Company's investment in Dome Petroleum.

The disclosure of this information should not be construed as an indication that management intends to replace the assets, or that the current costs presented represent costs that would actually be incurred if the assets were, or were able to be, replaced.

Balance Sheet Items
As at December 31, 1983
(thousands of Canadian dollars)

	<u>Current Cost Basis</u>	<u>Historical Cost Basis</u>
Property, plant and equipment (net)	\$396,631	\$376,353
Net assets (common shareholders' equity)	\$160,476	\$140,198

Management has estimated that historical costs of oil and gas properties approximate their current costs and, accordingly, no adjustments have been made. Specific price indices have been applied to the capitalized historical costs of mine property, plant and equipment to calculate current costs. Capitalized interest has been adjusted to reflect interest rates in effect during 1983.

Statement of Operations
For the year ended December 31, 1983
(thousands of Canadian dollars)

Consolidated net loss on a historical cost basis (after deduction of \$46,070 for current and \$32,607 for deferred income taxes)	\$216,435
Current cost adjustment for depreciation, depletion and amortization	1,040
Consolidated loss on a current cost basis	<u>217,475</u>
Financing adjustment	(177)
Consolidated loss attributable to common shareholders on a current cost basis	<u>\$217,298</u>

Current cost adjustments are not recognized by tax legislation and, therefore, no adjustment has been made to the income tax provision. The increase in depreciation, depletion and amortization on a current cost basis results from applying the Company's existing depreciation policy to the calculated current cost of property, plant and equipment. The financing adjustment represents the proportion of the current cost adjustment attributable to debt holders, based on the Company's debt-to-equity ratio during the year. In addition, the CICA recommendations require the disclosure of a second financing adjustment, amounting to \$1,814,000 based on the increase in the specific current cost amounts of property, plant and equipment held during the year.

The current cost of property, plant and equipment held during the year increased by \$10,672,000 based upon specific price changes. If the current costs had increased at the rate of general inflation as measured by the Consumer Price Index, the change would have amounted to \$14,633,000. During the year the Company's monetary liabilities exceeded its monetary assets. A gain in general purchasing power of \$2,209,000 results from the effect of general inflation on this net monetary liability position.

For information on oil and gas reserves, refer to "Oil and Gas — Reserve quantity information". For information on mineral reserves, refer to each mine under the "Review of Operations".

Oil and Gas

The following unaudited supplementary information is disclosed in accordance with the provisions of United States Financial Accounting Standards Board Statement No. 69 "Disclosure about Oil and Gas Producing Activities".

(a) Capitalized costs relating to oil and gas producing activities

	December 31	
	1983	1982
	(thousands of Canadian dollars)	
Unproved oil and gas properties	\$ 89,753	\$ 94,793
Proved oil and gas properties	82,690	74,479
	172,443	169,272
Accumulated depletion and depreciation	9,289	5,012
Net capitalized costs	\$ 163,154	\$ 164,260
Proportionate interest in capitalized costs of equity accounted investee, Dome Petroleum	\$ 1,256,000	\$ 1,458,680

(b) Reserve quantity information

In the following table, oil (including natural gas liquids) is stated in thousands of barrels and gas measured in billions of cubic feet. Details of Campbell's and Sigma's proved reserves is summarized as follows:

Proved developed and undeveloped reserves:

	Canada					
	1983		1982		1981	
	Oil	Gas	Oil	Gas	Oil	Gas
Proved developed and undeveloped reserves, beginning of year	6,425	66.5	6,189	66.7	5,898	39.0
Revisions to previous estimates	(309)	(6.1)	237	(3.7)	162	(0.9)
Improved recovery					105	
Purchases of minerals in place					32	1.5
Extensions and discoveries	298	2.7	308	4.5	430	28.3
Production	(430)	(1.3)	(307)	(1.0)	(438)	(1.2)
Sales of minerals in place			(2)			
Proved developed and undeveloped reserves, end of year	5,984	61.8	6,425	66.5	6,189	66.7
Interest of minority shareholders of Campbell and Sigma	2,482	25.6	2,648	27.4	2,550	27.5
Proved developed reserves —						
Beginning of year	5,535	28.4	5,265	29.4	4,560	21.2
End of year	4,939	29.0	5,535	28.4	5,265	29.4

The Company's proportionate interest in the proved developed and undeveloped reserves of Dome Petroleum, which is accounted for by the equity method, is as follows:

	1983		1982		1981	
	Oil	Gas	Oil	Gas	Oil	Gas
Canada	79,300	1,186	114,979	1,482	147,330	1,937
Foreign			5,422	31	8,623	41
Total	79,300	1,186	120,401	1,513	155,953	1,978

All reserve figures are stated after overriding royalties and freehold royalties but before deduction of Crown royalties.

(c) Costs incurred for property acquisition, exploration and development activities

	Acquisition of properties		Exploration	Development	Total
	Proved	Unproved			
	(thousands of Canadian dollars)				
Campbell and Sigma —					
December 31 —					
1983		\$(17)	\$2,497	\$691	\$3,171
1982	\$1,059	\$8,437	\$1,916	\$1,805	\$13,217
1981	\$277	\$2,374	\$79,101	\$9,040	\$90,792
Proportionate share of costs incurred by equity accounted investee, Dome Petroleum, as at December 31 —					
1983					
Canada					\$82,164
Foreign					6,182
					<u>\$88,346</u>
1982					
Canada					\$163,869
Foreign					25,822
					<u>\$189,691</u>
1981					
Canada					\$728,756
Foreign					155,560
					<u>\$884,316</u>

(d) **Results of operations for oil and gas producing activities**

The following information summarizes Campbell's and Sigma's results of operations for oil and gas producing activities in Canada and the Company's proportionate share of the oil and gas producing activities of Dome Petroleum:

	1983			1982			1981		
	Canadian	Foreign	Total	Canadian	Foreign	Total	Canadian	Foreign	Total
	(thousands of Canadian dollars)								
Campbell and Sigma — Revenue	\$ 12,962		\$ 12,962	\$ 11,408		\$ 11,408	\$ 7,839		\$ 7,839
Production costs	4,139		4,139	3,461		3,461	2,500		2,500
Depreciation and depletion	4,277		4,277	2,562		2,562	1,528		1,528
	8,416		8,416	6,023		6,023	4,028		4,028
Income before income taxes	4,546		4,546	5,385		5,385	3,811		3,811
Income taxes	1,819		1,819	1,768		1,768	1,708		1,708
Results of operations from producing activities	\$ 2,727		\$ 2,727	\$ 3,617		\$ 3,617	\$ 2,103		\$ 2,103
Proportionate share of equity accounted investee, Dome Petroleum	\$(41,331)	\$(47,364)	\$(88,695)	\$64,414	\$(4,178)	\$60,236	\$60,181	\$6,339	\$66,520

(e) **Standardized measure of discounted future net cash flows and changes therein relating to proved oil and gas reserves**

Future net cash flows are based on year end prices of oil and gas with consideration of future price increases only to the extent provided by contractual arrangements and after deducting future expenditures (based on year end costs) to be incurred in developing and producing these reserves. Future income tax expense is computed by applying the statutory tax rates in effect at each year end to the future pre-tax net cash flows giving effect to permanent differences and tax credits. In Canada, future net cash flows at December 31, 1983 were calculated using the price escalations contained in the Energy Pricing and Taxation agreements reached between the Government of Canada and the governments of the producing provinces, assuming that the world oil reference price remains constant. A 10 percent discount factor has been applied in determining the standardized measure of discounted future net cash flows.

In the opinion of management, the present value as defined should not be construed as the fair market value nor the future cash flows of Campbell's and Sigma's oil and gas properties. Future prices and costs under present economic conditions are not expected to remain constant and the 10 percent discount factor is arbitrary.

**Standardized measure of discounted future net cash flows
relating to proved oil and gas reserves:**

	December 31		
	1983	1982	1981
	(thousands of Canadian dollars)		
Future cash inflows	\$ 296,500	\$ 278,500	\$262,404
Future production and development costs	(103,900)	(85,000)	(64,617)
Future income tax expenses	(78,841)	(119,400)	(108,650)
Future net cash flows	113,759	74,100	89,137
10% annual discount for estimate timing of cash flows	51,416	45,200	54,570
Standardized measure of discounted future net cash flows	\$ 62,343	\$ 28,900	\$34,567
Proportionate interest of minority shareholders of Campbell and Sigma	\$25,844	\$11,925	\$14,263
Company's proportionate interest in standardized measure of discounted future net cash flow of equity accounted investee, Dome Petroleum	\$ 819,645	\$ 834,273	\$1,243,088

**Principal sources of change in the standardized measure of
future net cash flows for the three years ended
December 31, 1983:**

	1983	1982	1981
	(thousands of Canadian dollars)		
Purchase of minerals in place			\$ 3,586
Sales of oil and gas produced, net of production costs	\$ (9,548)	\$ (7,947)	(5,436)
Net changes in prices and production costs related to future production	158	(3,104)	(3,013)
Extensions, discoveries and improved recovery, less related costs	3,500	4,600	16,994
Development costs incurred during the year	718	1,805	1,850
Revisions of previous quantity estimates ⁽¹⁾	(6,400)	(1,700)	
Accretion of discount	7,680	10,830	3,615
Net changes in income taxes	2,800	(8,510)	(14,496)
Other	2,892	(1,641)	4,945
Net increase (decrease)	1,800	(5,667)	8,045
Standardized measure —			
Beginning balance of year, as previously reported	28,900	34,567	26,522
Reduction in future crown royalty payments ⁽²⁾	12,886		
Net changes in income taxes ⁽³⁾	18,757		
Beginning of year, as restated	60,543	34,567	26,522
End of year	\$62,343	\$28,900	\$ 34,567

(1) Revisions of previous quantity estimates represent the dollar value of changes to proven reserves over and above those due to production, extensions, discoveries and improved recovery results.

(2) The reduction in future crown royalty payments in 1983 represents an estimate of future crown royalty rebates not previously included in net sales price.

(3) Net change in 1983 income taxes includes an adjustment for tax pools in existence at year end and not included in the 1982 and 1981 computation of income taxes.

Consolidation Schedule

(thousands of Canadian dollars, except per share)

	December 31, 1983			
	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited
Dome Mines' ownership		56.9%	65.2%	
Revenue:				
Mining	\$ 72,881	\$ 116,729	\$ 32,183	\$ 221,793
Oil and gas		10,367	2,596	12,962
	72,881	127,096	34,779	234,755
Operating costs:				
Mining	42,073	34,427	21,687	98,187
Oil and gas	93	6,647	1,676	8,416
General corporate costs	2,884	2,083	547	5,514
	45,050	43,157	23,910	112,117
Operating income	27,830	83,939	10,869	122,638
Other income	36,585	10,759	3,366	50,710
	64,415	94,698	14,235	173,348
Income and mining taxes:				
Federal income tax	14,127	19,791	3,142	37,060
Provincial income tax	5,982	8,730	817	15,529
Provincial mining tax	6,058	18,309	1,721	26,088
	26,167	46,830	5,680	78,677
	38,248	47,868	8,555	94,671
Equity in earnings (losses) of associated companies:				
Dome Petroleum	(276,394)	(10,347)	(4,206)	(290,947)
Canada Tungsten	(2,480)			(2,480)
Minority interest		(16,185)	(1,494)	(17,679)
Dome Mines' share of net income (loss)	\$ (240,626)	\$ 21,336	\$ 2,855	\$ (216,435)
Amount per share of Dome Mines	\$ (3.44)	\$ 0.31	\$ 0.04	\$ (3.09)
Working capital (deficiency)				
Current assets	\$ 11,478	\$ 55,754	\$ 17,638	\$ 80,960
Current liabilities	8,329	36,274	6,601	47,294
	\$ 3,149	\$ 19,480	\$ 11,037	\$ 33,666
Total assets	\$ 112,199	\$ 270,851	\$ 53,268	\$ 413,978
Additions to property, plant and equipment	\$ 32,914	\$ 30,761	\$ 1,713	\$ 65,388

December 31, 1982				December 31, 1981			
Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited
	56.9%	66.2%			56.9%	66.2%	
\$ 40,242	\$ 100,550 9,126	\$ 30,412 2,282	\$ 171,204 11,408	\$ 40,447	\$ 109,237 6,271	\$ 30,851 1,568	\$ 180,535 7,839
40,242	109,676	32,694	182,612	40,447	115,508	32,419	188,374
34,924	28,635 4,816	20,768 1,207	84,327 6,023	29,143	25,747 3,222	18,415 806	73,305 4,028
1,960	1,287	402	3,649	2,065	1,409	409	3,883
36,884	34,738	22,377	93,999	31,208	30,378	19,630	81,216
3,358	74,938	10,317	88,613	9,239	85,130	12,789	107,158
10,265	5,349	819	16,433	9,826	7,567	1,441	18,834
13,623	80,287	11,136	105,046	19,065	92,697	14,230	125,992
3,334	17,636	2,668	23,638	3,386	19,986	2,969	26,341
1,500	6,728	522	8,750	1,477	8,540	1,032	11,049
377	16,261	1,350	17,988	1,721	19,694	1,787	23,202
5,211	40,625	4,540	50,376	6,584	48,220	5,788	60,592
8,412	39,662	6,596	54,670	12,481	44,477	8,442	65,400
(104,748) (1,741)	(3,900)	(1,801)	(110,449) (1,741)	46,059 532	1,570	754	48,383 532
	(15,473)	(1,635)	(17,108)		(19,864)	(3,104)	(22,968)
\$ (98,077)	\$ 20,289	\$ 3,160	\$ (74,628)	\$ 59,072	\$ 26,183	\$ 6,092	\$ 91,347
\$ (1.41)	\$ 0.29	\$ 0.05	\$ (1.07)	\$ 0.84	\$ 0.38	\$ 0.09	\$ 1.31
\$ 28,942 32,499	\$ 70,303 53,465	\$ 9,584 3,120	\$ 105,693 85,932	\$ 21,624 12,376	\$ 36,982 33,189	\$ 10,823 3,226	\$ 66,205 45,551
\$ (3,557)	\$ 16,838	\$ 6,464	\$ 19,761	\$ 9,248	\$ 3,793	\$ 7,597	\$ 20,654
\$ 396,992	\$ 272,606	\$ 46,999	\$ 691,929	\$ 546,909	\$ 216,665	\$ 51,870	\$ 718,605
\$ 34,841	\$ 43,322	\$ 2,008	\$ 91,257	\$ 42,829	\$ 86,524	\$ 18,627	\$ 147,980

Ten Year Financial Review

(thousands of Canadian dollars, except per share)

	1983	1982	1981
Revenue	\$ 234,755	\$182,612	\$188,374
Operating costs	112,117	93,999	81,216
	122,638	88,613	107,158
Other income	50,710	16,433	18,834
Income before the following	173,348	105,046	125,992
Income and mining taxes	78,677	50,376	60,592
	94,671	54,670	65,400
Equity in earnings (losses) of —			
Dome Petroleum	(290,947)	(110,449)	48,383
Canada Tungsten ⁽¹⁾	(2,480)	(1,741)	532
Minority interest	(17,679)	(17,108)	(22,968)
Net income (loss) ⁽¹⁾	\$(216,435)	\$ (74,628)	\$ 91,347
Net income (loss) per share ⁽¹⁾⁽²⁾⁽³⁾	\$(3.09)	\$(1.07)	\$1.31
Working capital	\$33,666	\$19,761	\$20,654
Additions to property, plant and equipment:			
Mining	\$62,217	\$78,040	\$57,188
Oil and gas	\$3,171	\$13,217	\$90,792
Total assets ⁽¹⁾⁽⁴⁾	\$413,978	\$691,929	\$718,605
Long-term debt	\$29,000	\$87,100	\$94,300
Dividends declared	\$8,924	\$7,760	\$12,221
Dividends per share ⁽³⁾	\$0.11½	\$0.10	\$0.15¾
Shareholders' equity ⁽¹⁾⁽⁴⁾	\$140,198	\$361,576	\$446,821
Return on equity (%)	—	—	22.4
Number of shareholders	11,714	11,441	11,072
Shares outstanding ⁽³⁾	77,606,053	77,592,248	77,592,248
Price of Common Shares:			
TSE (Cdn.\$) ⁽³⁾ —			
High	27¼	19¼	30¾
Low	13½	6½	18⅞
NYSE (U.S.\$) ⁽³⁾ —			
High	22¼	15⅝	25⅜
Low	10⅞	5	15¼

(1) Restated to reflect the adoption in 1978 of the equity method of accounting for Canada Tungsten.

(2) Calculated using the weighted average number of shares outstanding after deducting the Company's pro rata interest in its own shares held by Dome Petroleum.

(3) Restated to reflect the four-for-one share split in May, 1981; the three-for-one split in June, 1979; and, the three-for-one split in May, 1974.

(4) Restated to reflect adjustment in 1978 for prior years' dividends paid by Dome Mines which are applicable to Dome Mines' pro rata interest in its own shares held by Dome Petroleum.

1980	1979	1978	1977	1976	1975	1974
\$240,901 62,281	\$129,716 47,064	\$80,830 41,174	\$59,067 36,486	\$46,716 34,136	\$59,014 31,405	\$63,332 26,432
178,620 16,405	82,652 26,491	39,656 12,770	22,581 4,927	12,580 5,004	27,609 4,677	36,900 4,777
195,025 106,259	109,143 49,679	52,426 24,386	27,508 13,738	17,584 8,498	32,286 15,519	41,677 19,093
88,766 62,786 4,588	59,464 41,143 3,274	28,040 29,487 3,995	13,770 25,888 3,039	9,086 12,843 1,286	16,767 8,451 147	22,584 5,666 635
(29,597)	(14,601)	(8,954)	(5,589)	(3,563)	(5,805)	(7,271)
\$126,543	\$ 89,280	\$52,568	\$37,108	\$19,652	\$19,560	\$21,614
\$1.81	\$1.28	\$0.74	\$0.52	\$0.27	\$0.28	\$0.31
\$57,204	\$64,842	\$41,101	\$53,318	\$50,039	\$53,335	\$45,430
\$20,621 \$65,263 \$535,445	\$5,550 \$334,708	\$1,022 \$244,107	\$906 \$180,067	\$1,020 \$141,106	\$1,928 \$123,721	\$1,481 \$111,190
\$17,471 \$0.22½	\$9,596 \$0.12½	\$7,728 \$0.10	\$6,440 \$0.08⅓	\$5,032 \$0.06⅔	\$5,256 \$0.07½	\$5,548 \$0.07⅞
\$367,930 40.7	\$253,183 40.4	\$188,959 31.5	\$145,211 28.6	\$113,999 19.8	\$94,538 22.4	\$80,234 29.2
9,328 77,592,248	7,540 77,280,048	6,793 77,280,048	7,029 77,280,048	7,444 77,280,048	7,938 70,080,048	7,768 70,080,048
38½ 14¾	15⅛ 7½	9⅞ 5⅞	5⅞ 3½	3⅞ 2¾	4¾ 2½	5¼ 2⅞
33⅞ 12	13 6	8 5¼	5⅞ 3½	3⅞ 2⅞	4¾ 2½	5½ 2⅞

Ten Year Operations Review

	1983	1982	1981
Dome Mines (Unconsolidated)			
Tons milled	762,000	708,000	557,000
Fine ounces	138,020	85,201	73,131
Ore reserves (000's of tons)	2,600	2,142	2,147
Revenue per ounce (Cdn.\$)	\$528.05	\$472.33	\$553.06
Operating cost per ounce	\$281.50	\$370.42	\$346.16
Operating cost per ton	\$50.99	\$45.34	\$45.43
Number of employees	835	756	803
Campbell Red Lake Mines			
Mining: ⁽¹⁾			
Tons milled	452,000	392,000	370,000
Fine ounces	225,137	217,158	200,528
Ore reserves (000's of tons)	17,429	2,310	2,316
Revenue per ounce (Cdn.\$)	\$518.48	\$463.03	\$544.75
Operating cost per ounce	\$141.42	\$122.31	\$116.42
Operating cost per ton	\$70.43	\$67.76	\$63.18
Number of employees	721	427	426
Oil and gas			
Production			
Oil and gas liquids — bbls.	344,000	293,000	351,000
Gas — mcf	1,064,000	1,039,000	953,000
Reserves			
Oil and gas liquids (000 bbls.)	4,787	5,140	4,951
Gas — bcf	49.4	53.2	53.4
Sigma Mines			
Mining			
Tons milled	481,000	486,000	488,000
Fine ounces	61,529	64,724	56,113
Ore reserves (000's of tons)	1,170	1,188	1,194
Revenue per ounce (Cdn.\$)	\$523.05	\$469.87	\$549.80
Operating cost per ounce	\$337.09	\$298.76	\$298.83
Operating cost per ton	\$43.15	\$39.79	\$34.39
Number of employees	431	441	445
Oil and gas			
Production			
Oil and gas liquids — bbls.	86,000	73,000	87,000
Gas — mcf	266,000	260,000	239,000
Reserves			
Oil and gas liquids (000 bbls.)	1,197	1,285	1,238
Gas — bcf	12.4	13.3	13.3

(1) Includes in 1983, two months operations from the Detour Lake Mine which began commercial production on November 1, 1983.

(2) Oil and gas activities during 1980 include only six months of operations.

1980 ⁽²⁾	1979	1978	1977	1976	1975	1974
678,000	664,000	679,000	686,000	708,000	708,000	702,000
85,893	94,702	94,161	94,261	119,504	117,809	121,032
2,150	1,896	1,859	1,867	1,890	1,933	1,871
\$728.55	\$371.15	\$231.33	\$164.69	\$122.28	\$155.80	\$161.78
\$266.14	\$194.04	\$173.34	\$145.52	\$114.81	\$117.11	\$94.93
\$33.71	\$27.68	\$24.03	\$20.00	\$19.37	\$19.37	\$16.38
734	677	645	620	556	756	754

304,000	300,000	301,000	297,000	301,000	300,000	290,000
189,536	185,005	183,546	191,031	184,610	185,228	197,369
2,250	1,977	1,899	1,856	1,734	1,637	1,556
\$719.20	\$378.66	\$229.58	\$162.51	\$123.88	\$159.01	\$161.60
\$83.53	\$67.57	\$62.13	\$55.30	\$50.88	\$43.27	\$32.37
\$52.11	\$41.66	\$37.95	\$35.54	\$31.26	\$26.75	\$22.05
382	342	338	334	342	315	313

161,000
449,000

4,718
31.2

484,000	491,000	493,000	496,000	499,000	497,000	498,000
53,657	67,889	73,115	77,598	75,284	72,676	73,019
1,223	1,240	1,262	1,262	1,232	1,259	1,253
\$720.30	\$361.05	\$231.28	\$161.06	\$122.64	\$155.54	\$162.40
\$249.12	\$166.83	\$141.53	\$123.67	\$113.44	\$103.06	\$91.24
\$27.63	\$23.05	\$20.98	\$19.34	\$17.12	\$15.05	\$13.36
410	378	384	377	360	384	380

40,000
113,000

1,180
7.8

Share Information

Principal Markets for Company's Shares

The New York Stock Exchange and The Toronto Stock Exchange are the principal markets in which the Company's shares are traded (Stock symbol: DM). Shown below are the high and low sale prices for the Company's shares on these exchanges for the periods indicated.

	1983		1982	
	High	Low	High	Low
The Toronto Stock Exchange (Canadian Dollars)				
First Quarter	\$27 ¹ / ₄	\$17 ⁷ / ₈	\$18 ³ / ₈	\$12 ¹ / ₈
Second Quarter	27	19 ⁵ / ₈	15 ⁵ / ₈	6 ¹ / ₂
Third Quarter	23	16 ³ / ₈	13 ⁵ / ₈	6 ³ / ₄
Fourth Quarter	17 ³ / ₄	13 ¹ / ₂	19 ¹ / ₄	9 ³ / ₄
New York Stock Exchange (United States Dollars)				
First Quarter	\$22 ¹ / ₄	\$14 ¹ / ₂	\$15 ³ / ₈	\$10
Second Quarter	22	15 ⁷ / ₈	12 ⁵ / ₈	5
Third Quarter	18 ⁵ / ₈	13 ¹ / ₄	10 ⁷ / ₈	5 ¹ / ₂
Fourth Quarter	14 ¹ / ₄	10 ⁷ / ₈	15 ⁵ / ₈	8

Shareholders

As at April 12, 1984, there were 77,606,053 Common Shares issued and outstanding, of which 30,861,184 or 39.8 percent were owned by Dome Petroleum. The Company's records indicate that there were 11,714 shareholders at January 30, 1984.

The Company's Articles and by-laws contain no restrictions on the right to hold or vote the Shares of the Company.

Dividends

Dividends declared in Canadian dollars on the Company's Common Shares for each quarterly period during 1983 and 1982 are shown below.

	1983	1982
First Quarter	\$0.02 ¹ / ₂	\$0.02 ¹ / ₂
Second Quarter	0.03	0.02 ¹ / ₂
Third Quarter	0.03	0.02 ¹ / ₂
Fourth Quarter	0.03	0.02 ¹ / ₂
	\$0.11 ¹ / ₂	\$0.10

A regular quarterly dividend of \$0.03 per Common Share was declared by the Board of Directors on March 27, 1984 payable May 28, 1984 to shareholders of record April 23, 1984.

Dividends are declared in Canadian dollars. However, at the request of the shareholder an equivalent amount will be paid in United States funds.

Cash dividends paid to non-residents of Canada are subject to Canadian withholding taxes. Under a reciprocal tax treaty, shareholders resident in the United States are subject to a withholding tax of 15 percent.

The Company and its predecessor company have paid dividends since 1920 and the Company expects to continue to do so; however, the decision to pay dividends is at the discretion of the Board of Directors and is governed by such factors as earnings, capital requirements and the operating and financial condition of the Company.

Directors

Officers

- ^oFraser M. Fell, Q.C.,
Chairman and Chief Executive Officer,
Toronto, Ontario

- C. Henry Brehaut,
President and Chief Operating Officer,
Toronto, Ontario

- *Rene Amyot, Q.C.,
Quebec, Quebec
Counsel, Jolin, Fournier et Associés

- *Alex E. Barron,
Toronto, Ontario
President,
Canadian General Investments Limited

- †*Maclean E. Jones, Q.C.,
Calgary, Alberta
Partner, Bennett Jones

- †Allen T. Lambert,
Toronto, Ontario
Chairman, Trilon Financial Corporation and London Life Insurance Company

- ^oJ. Howard Macdonald,
Calgary, Alberta
Chairman, Chief Executive Officer and Chief Financial Officer,
Dome Petroleum Limited

- †^oA. Bruce Matthews,
Toronto, Ontario
President, Matthews and Company, Inc.
Retired Chairman,
Dome Mines Limited

- *Clifford L. Michel,
New York, New York
Partner,
Cahill Gordon and Reindel

- †^oJ. Keith Reynolds,
Toronto, Ontario
Partner,
Alafin Consultants Limited

- *Valentine N. Stock,
Toronto, Ontario
President and Chief Executive Officer,
Canada Packers Inc.

- Fraser M. Fell, Q.C.
Chairman and Chief Executive Officer

- C. Henry Brehaut,
President and Chief Operating Officer

- G. S. Wallace Bruce,
Vice-President,
Exploration

- H. Douglas Scharf,
Vice-President, Finance, Treasurer and Chief Financial Officer

- John W. W. Hick,
Secretary and General Counsel

- Robert R. Quesnel,
Controller

- John H. Hough, Q.C.,
Assistant Secretary

- Harry V. Pyke,
General Manager,
Dome Mine

- Kenneth J. Hill,
General Manager,
Mine Development

- Executive Committee Member
- †Management Resources and Compensation Committee Member
- *Audit Committee Member
- ^oNominating Committee

Corporate

Executive Office

Box 270, Suite 2700
1 First Canadian Place
Toronto, Ontario
M5X 1H1
(416) 364-3453

Mine Office

Dome Mines Limited
South Porcupine, Ontario
P0N 1H0
(705) 235-3221

General Counsel

Fasken & Calvin
Toronto, Ontario

Auditors

Clarkson Gordon
Toronto, Ontario

Transfer Agents

The Royal Trust Company
Box 7500
Toronto-Dominion Centre
Toronto, Ontario
M5W 1P9

The Bank of New York
90 Washington Street
New York, N. Y. 10015

Registrars

Canada Permanent Trust
Company
320 Bay Street
Toronto, Ontario
M5H 2P6

The Toronto-Dominion Bank
Trust Company
45 Wall Street
New York, N.Y. 10005

Annual Meeting

The Annual and
Special Meeting of
Shareholders will be
held in Toronto,
Ontario at the Royal
York Hotel, on May
30, 1984 at 11:00
a.m. (Toronto time).

Annual Report

Copies of the Annual Reports of the Company and Campbell Red Lake Mines Limited are available by writing to
The Royal Trust Company,
Box 7500, Station A,
Toronto-Dominion Centre,
Toronto, Ontario, Canada
M5W 1P9.

Copies of the Annual Report of Sigma Mines (Quebec) Limited are available by writing to
The Secretary,
Box 270,
1 First Canadian Place,
Toronto, Ontario, Canada
M5X 1H1.

Form 10-K

Copies of the Annual Report on Form 10-K filed with the Securities and Exchange Commission of the United States are available by writing to
The Secretary,
Box 270,
1 First Canadian Place,
Toronto, Ontario, Canada
M5X 1H1.

