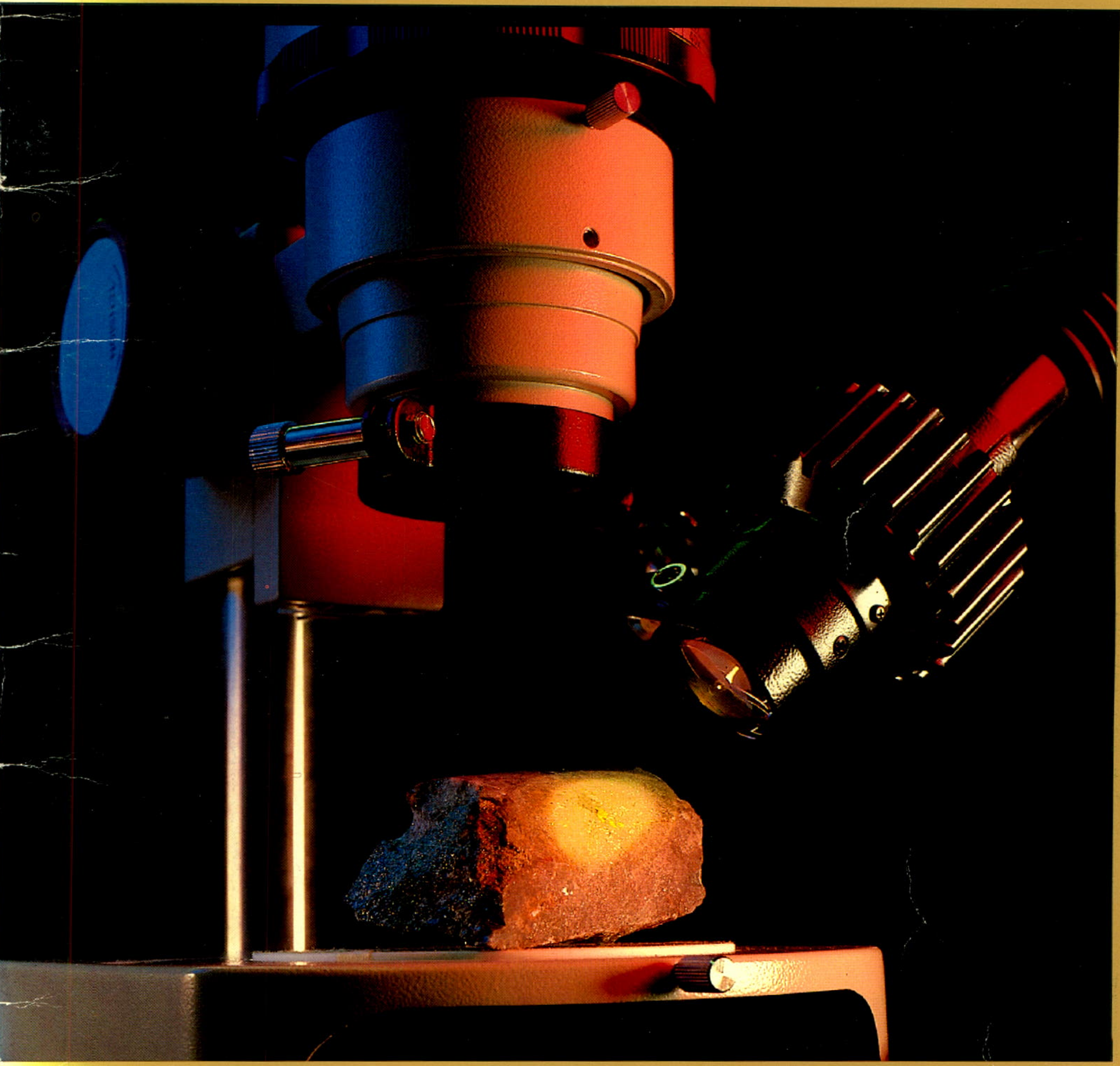
Lac Minerals Ltd.

1983 Annual Report



Contents

Annual Meeting of Shareholders

Monday, April 30, 1984
10:00 a.m. (Toronto Time)
The Library
Royal York Hotel
100 Front Street West
Toronto, Ontario

Front cover:
Microscopic examination of gold ore from Hemlo.

- Record gold production of 257,064 ounces compared with 201,181 ounces in 1982.
- Earnings and cash flow from operations increased to \$27,969,000 and \$67,139,000 respectively compared with \$21,928,000 and \$51,741,000 in 1982 despite lower gold prices.
- Agreement, on March 13, 1984, to sell U.S. \$50,000,000 of Units consisting of Debentures and Gold Purchase Warrants in Europe.
- Forward gold sales and foreign exchange transactions produced a gain of \$8 million over average market prices.
- Hemlo feasibility study nearing completion; project group formed.
- Drill indicated reserves at Hemlo increased to 43,300,000 tons averaging 0.17 ounces of gold per ton.
- Sinking of Number 3 shaft commenced at Macassa. At December 31 it had been sunk to 1,943 feet and will be sunk to 7,275 feet by late 1985.
- Start of underground access ramp at Doyon, to study feasibility of underground mining.
- Discovery of a new western area of ore at Doyon with initial possible ore reserves of 400,000 tons with an average grade of 0.33 ounces of gold per ton.
- Celebration of 50 years of continuous operations at the Macassa division in Kirkland Lake.

President's Report

For Lac Minerals Ltd. 1983 proved to be a successful year from a number of viewpoints.

First, financial results were better than 1982 and the financial condition improved substantially in spite of heavy exploration and development expenditures. Earnings were $27,969,000 versus $21,928,000 in 1982, or $1.17 per share versus $1.01 per share on increased shares outstanding in 1983. Cash flow from operations was $67,139,000 versus $51,741,000 or $2.81 a share versus $2.38 a share in spite of lower world gold prices and the higher costs of labour and supplies. This improvement was accomplished by a 28% increase in production which held down unit costs and by forward gold sales at average prices in excess of the current market prices. The issue of 2,000,000 shares to the public in June at $27.25 a share was completed to strengthen working capital and to permit a higher level of exploration and development expenditures. At year end working capital was $70,318,000 versus $1,609,000 a year earlier. Long term debt of $16,020,000 at year end mainly comprised advances by group companies. On March 13, 1984 the Company agreed to sell 50,000 Units consisting of Debentures and Gold Purchase Warrants in Europe for an aggregate sale price of U.S. $50,000,000.

Second, gold production levels were much higher than last year with production of 257,064 ounces versus 201,181 ounces in 1982. Sound long-term management policies oriented towards planning and mine development were the main reasons for the increase. A related benefit was the higher reported ore-reserves at each operation.

Third, the exploration staff augmented their third discovery since 1976 with a large expansion of the possible ore reserves tonnage at Hemlo to 43,300,000 tons with an average grade of 0.17 ounces of gold per ton. A feasibility report is nearing completion on the Hemlo Project; site clearing has been completed; work is expected to commence on the shaft collar and surface installations by late April. The Exploration group's drilling on the Hemlo Project should be completed by June following which their efforts will be concentrated on the area to the east known as the White River Project claim group.

Fourth, numerous project developments proceeded satisfactorily during the year. These included the deep Macassa shaft, mining of the Lake Shore crown pillar, commencing the underground access ramp at Doyon, the Buckshot project at Est-Malartic and the completion of the Westward Ho gas plant in Alberta.

These excellent results were produced by a consistently high level of effort by Lac's employees during the year and their contributions are most appreciated.

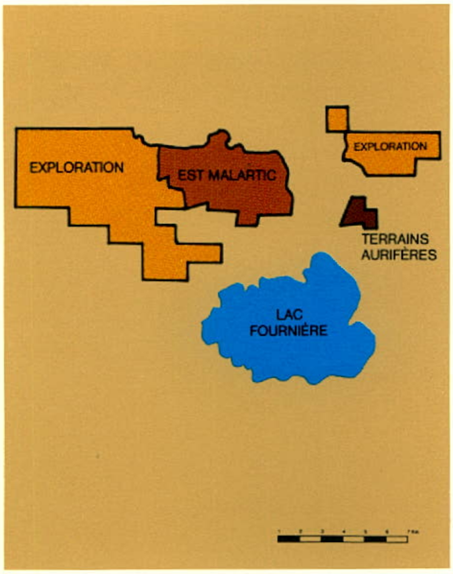
Respectfully submitted to the shareholders on behalf of the Board,

P.A. Allen
President

March 27, 1984

La Mine Doyon open pit
looking east.

Doyon Division



Est Malartic.
Terrain Auriferes Properties including Exploration Properties.

The Doyon open pit operation near Cadillac, Quebec succeeded in producing a significant increase in gold production from 152,222 ounces of gold in 1982 to 158,748 ounces of gold in 1983. Lac's share in 1983, after royalties, was 78,946 ounces. Production in 1983 included increased production from the eastern expansion of the open pit which started in 1982. The stripping of unconsolidated overburden was almost completed during 1983; the removal of pit waste and overburden averaged 30,047 tons per day and ore was removed at an average of 3,360 tons per day. The stripping ratio in 1983 averaged 8.9 to 1 compared to 11.5 to 1 in 1982 and is expected to be 7.4 to 1 in 1984. When the open pit is mined out in 1988 according to the present pit design, the overall stripping ratio is expected to average 5.8 to 1 with 8,058,000 tons of ore removed and 1,284,000 tons of low grade ore (included in waste tonnage) grading 0.05 ounces of gold per ton stockpiled.

To December 31, 1983 the Company had deferred its share of the waste removal costs totalling $13,267,000 in its accounts. Commencing in January 1984 these costs will be amortized, and charged to earnings, by the unit-of-production method based on the open pit proved ore reserves.

Construction of a decline access ramp was begun to provide access for further diamond drilling and evaluation of the potential for underground mining of the downward extension of the ore body under the existing pit as well as access to a new area to the west of the pit where a north-west south-east trending vein structure was discovered in the last half of the year. This new structure has been calculated to contain 400,000 tons of possible ore with an average grade of 0.33 ounces of gold per ton. Work is continuing to further delineate the structure.

The decline ramp under the pit has advanced 3,844 feet and an additional 2,317 feet of advance will be required during 1984 to complete this drive. The exploration drive to the new west area has advanced 814 feet; 1,893 feet of advance are planned for this drive in 1984.

During 1983, the Noranda smelter continued to use Doyon ore as smelter flux and a total of 111,638 tons of ore were treated. The contract has been extended until December 31, 1984.

Equipment maintenance was improved substantially in 1983, partly as a result of new equipment and also because of management's efforts to control costs in this critical area. Problems developed with the on-site mill's primary crusher system which has required extensive modifications. Replacement of the primary crusher itself will be required early in 1984. Total remedial expenditures in this area are expected to be $250,000 (Lac's share $125,000).

La Mine Doyon Mill.

Production Statistics

The following is a comparison of the Company's joint venture interest in production since the commencement of operations in March 1980:

	Year ended December 31,			
	1983	1982	1981	1980
Tons of Ore Milled (000's)				
East-Malartic	288	291	194	86
Noranda	56	109	96	104
On-Site	228	21	—	—
Terrains	—	26	—	—
Total	572	447	290	190
Average Grade of Ore Milled (ounces of gold per ton)				
East-Malartic	0.141	0.170	0.192	0.158
Noranda	0.153	0.219	0.233	0.207
On-Site	0.154	0.128	—	—
Terrains	—	0.125	—	—
Average Gold Recovery Rate (%)				
East-Malartic	94.30	92.39	90.42	92.96
Noranda	90.81	93.22	93.57	94.00
On-Site	95.40	93.43	—	—
Terrains	—	90.43	—	—
Production of Gold (ounces)(1)				
East-Malartic	38,231	48,406	33,696	13,668
Noranda	7,761	22,300	20,857	21,394
On-Site	33,382	2,518	—	—
Terrains	—	2,887	—	—
Total	79,374	76,111	54,553	35,062
Average Operating Cost per Ounce of Gold Produced (2)	$ 283	$ 254	$ 215	$ 161

(1) Before deduction of 1% royalty paid with respect to ore from Odyno claims.

(2) Including cost of waste and overburden removal but excluding non-cash items.

Ore Reserves

Comparative ore reserves based on the Company's share of the reserves at Doyon at year end are set out below.

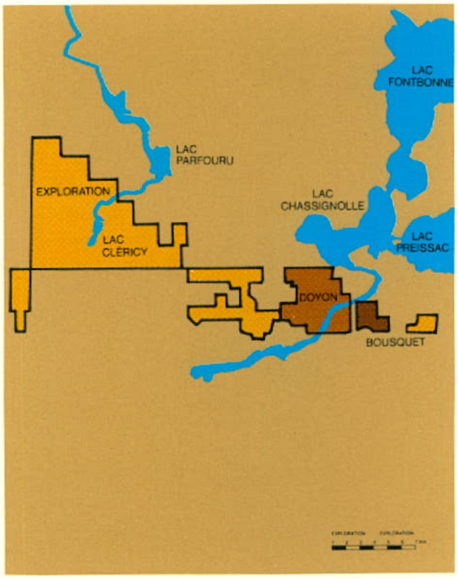
	1983		1982	
	Tons	Ounces of gold per ton	Tons	Ounces of gold per ton
Open Pit				
Proven	2,402,000	0.131	2,145,000	0.122
Probable	—	—	750,000	0.103
Proven and Probable	2,402,000	0.131	2,895,000	0.117
Underground				
Probable	1,973,000	0.181	1,552,000	0.160
Stockpile				
Low Grade	635,000	0.051	545,000	0.049
High Grade	55,000	0.120	24,000	0.160

Open pit reserves have been calculated assuming dilution of 10%.

Underground reserves have been calculated without a dilution factor.

Scoop Tram at La Mine De Bousquet.

Bousquet Division



Doyon and Bousquet Properties and Exploration Properties.

The Mine de Bousquet operation was successful in increasing production by 35% from 70,500 ounces of gold in 1982 to 95,068 ounces of gold in 1983 and increased the cash flow, before capital expenditures, produced from the division from $19,737,000 in 1982 to $28,666,000 in 1983. During 1983, earlier planning and development work paid off with an increase in the number of working places which led to the improved tonnage output of 514,000 tons which is 19% higher than in 1982. Further potential for expansion at Bousquet is being studied to see if the average mining rate of 1,408 tons per day can be increased.

Since 1981, the mine has experienced difficult ground conditions; mining methods and support systems are constantly under review to alleviate these conditions.

Production Statistics

The table below summarizes operating statistics for Bousquet from July 1979 when operations began:

	Year ended December 31,				
	1983	1982	1981	1980	1979
Tons of Ore Milled (000's) . .	514	433	423	285	121
Average Grade of Ore Milled (ounces of gold per ton)	0.197	0.163	0.180	0.200	0.242
Average Gold Recovery Rate (%)	93.57	94.57	95.78	95.22	94.90
Production of Gold (ounces)	95,068	70,500	76,945	57,054	28,702
Average Operating Cost per Ounce of Gold Produced (excluding non-cash items)	$ 280	$ 299	$ 239	$ 241	$ 141

Ore Reserves

Comparative ore reserves for Bousquet at year end are set out below. The limits of the ore body have not yet been fully defined.

	1983		1982	
	Tons	Ounces of gold per ton	Tons	Ounces of gold per ton
Proven				
Zones 1 and 3 . . .	1,179,000	0.150	1,047,000	0.151
Zone 5(1)	5,010,000	0.056	4,987,000	0.056
Probable				
Zones 1 and 3 . . .	3,809,000	0.145	3,610,000	0.147
Zone 5(1)	1,354,000	0.066	1,451,000	0.066
Proven and Probable	11,352,000	0.097	11,095,000	0.096

(1) Zone 5 reserves are processed only when mill capacity is available.

A dilution factor of 20% grading 0.02 ounces of gold per ton has been included in the calculation of proven reserves.

As a result of confirmation drilling and mill tests the Zone 5 reserves are being recalculated.

Original Headframe at
Macassa.

Macassa Division

Don Bruce (left) Manager of Macassa. The Honourable John B. Aird, Lieutenant-Governor of Ontario (centre) and Peter Allen (right) President of the Company with a gold bar poured at Macassa's 50th Anniversary Celebrations.

Macassa celebrated its fiftieth anniversary of continuous gold production in 1983 with an increase in ore production to 334 tons per day from 323 tons per day in 1982 and increased gold production to 59,230 ounces of gold from 53,357 ounces of gold in 1982. Most significantly, sinking operations on the Number 3 shaft commenced. It is expected that the shaft will intersect the mine's first active level at 4,250 feet in the third quarter of 1984. When completed at 7,275 feet, the Number 3 shaft will be the deepest single-lift shaft in the western hemisphere. It is expected that the shaft will be commissioned in late 1985, and that there will be an improvement in production rates in 1986.

Ore reserves at Macassa continued to increase in 1983, particularly in areas that will be accessible via the Number 3 shaft.

Macassa did its first custom milling during the year; treating 14,800 tons of ore mined from the nearby Lake Shore Mines, Limited crown pillar. Initial studies have commenced to determine the economics of expanding the Macassa mill in the future.

Production Statistics

The following is a comparison of production statistics for the Macassa Mine for the periods indicated:

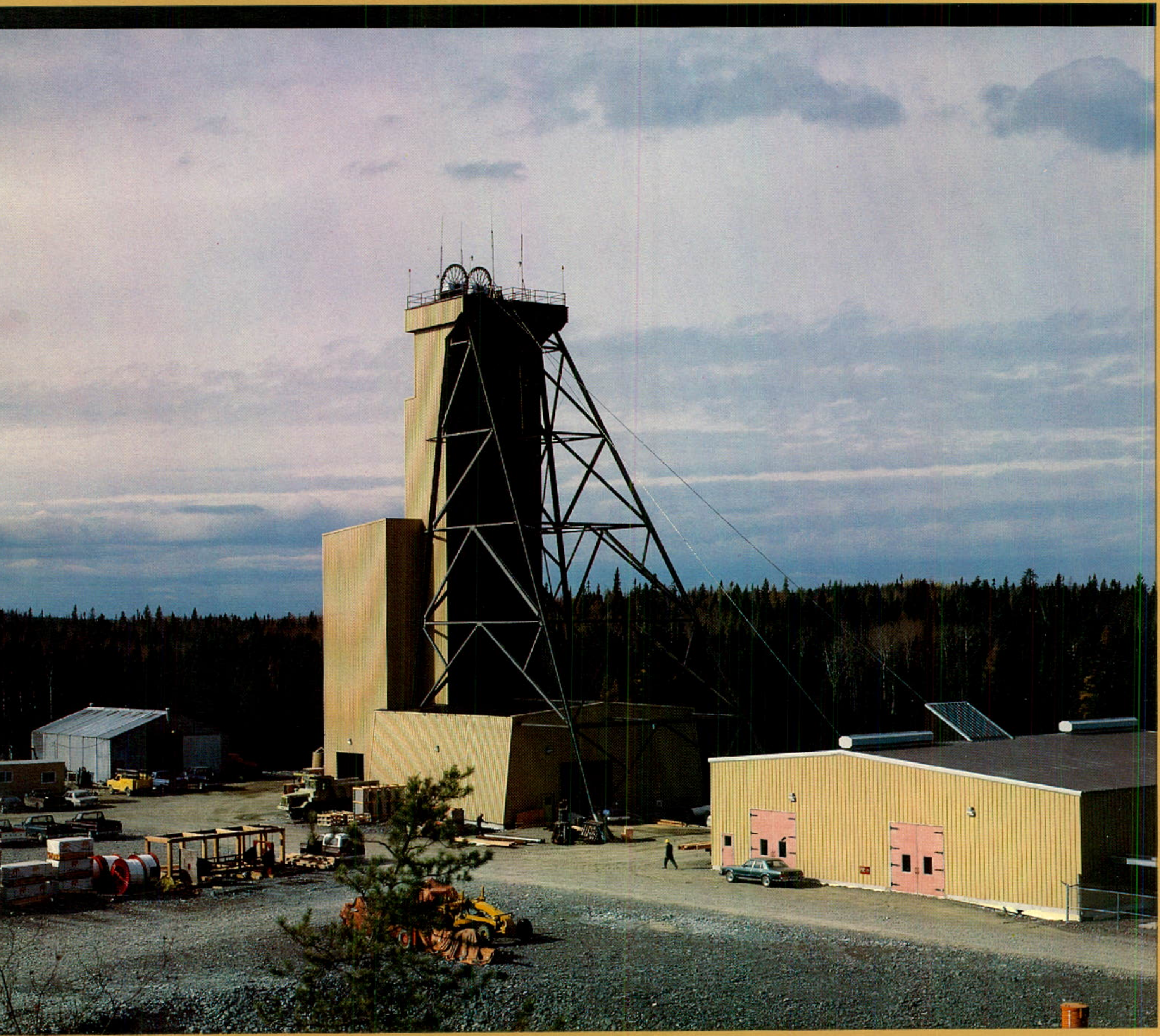
	Year ended December 31,				
	1983	1982	1981	1980	1979
Tons of Ore Milled (000's)	122	118	115	111	106
Average Grade of Ore Milled (ounces of gold per ton)	0.504	0.468	0.461	0.466	0.517
Average Gold Recovery Rate (%)	96.25	97.01	96.50	96.70	96.85
Production of Gold (ounces)	59,230	53,357	51,190	50,000	52,798
Average Operating Cost per Ounce of Gold Produced (excluding non-cash items)	$294	$296	$279	$246	$181

Ore Reserves

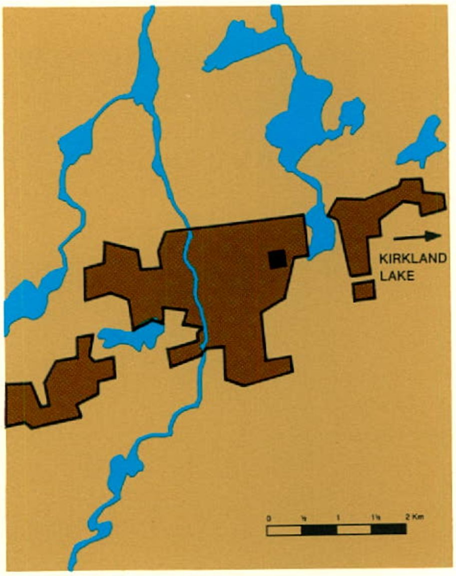
Comparative ore reserves at Macassa at year end are set out below. The limits of the ore body have not yet been fully defined.

	1983		1982	
	Tons	Ounces of gold per ton	Tons	Ounces of gold per ton
Proven	988,000	0.51	753,000	0.49
Probable	405,000	0.44	398,000	0.46
Proven and Probable	1,393,000	0.49	1,151,000	0.48

Dilution factors are added of between 10% to 50% depending on the difficulty in mining and the rock-ore environment.



New Headframe for
Number 3 Shaft at Macassa.



Kirkland Lake Area Land Holdings.
■ Macassa Number 1 Shaft.

Lake Shore Division

Development and initial profitable mining of the Lake Shore Mines, Limited crown pillar under the tailings deposited in the bed of Kirkland Lake was started in 1983 with 14,800 tons yielding 6,458 ounces of gold. Lake Shore will receive royalties of 50% of net profit from operations once Lac Minerals has recouped its capital expenditures. Ore mined was milled at Macassa with a 5,200 ton stockpile grading 0.56 ounces of gold per ton available on surface at December 31, 1983. It is expected that mining of the Lake Shore crown pillar will be completed early in 1985. Proven ore reserves in the crown pillar at year end were 82,000 tons with a grade of 0.54 ounces of gold per ton.

Initial underground inspection of the former Lake Shore workings was carried out in 1983 as part of a detailed feasibility study to determine if the mine can be kept open on a continuous basis.

Est-Malartic Mill

During 1983 196,293 tons of ore were treated from the Buckshot open pit and other surface deposits located in and around the former Est-Malartic property near Malartic, Quebec, to produce 17,362 ounces of gold. The mining of the Buckshot zone was completed in early 1983 and at the year end 21,000 tons of ore were stockpiled with an estimated recoverable grade of 0.045 ounces of gold per ton.

The Est-Malartic mill also treats ore from the Company's La Mine Doyon Joint Venture on a custom basis.

Improvements were made to the mill during the year and average daily tonnages treated exceeded 2,000 tons per day from time to time. It is planned to continue improving the treatment rate with a goal of maintaining the average treatment rates of 2,000 tons per day.

As part of the salvage operations at the Est-Malartic mine an underground stope number 1-20 has been developed for mining and contains proven ore reserves of 200,000 tons with an average grade of 0.067 ounces of gold per ton. This tonnage is scheduled to be mined and milled in 1984.

Terrains Auriferes Mill

In 1983 operations at the Terrains mill near Malartic, Quebec showed some improvement with average treatment rates mainly of ore produced from La Mine de Bousquet increasing from 1,409 tons per day during 1982, to 1,707 per day in 1983. The average recoveries for gold processed remained constant during the year at 93.57%.

Summary of Ore Reserves

	December 31, 1983		December 31, 1982	
	Tons	Ounces of gold per ton	Tons	Ounces of gold per ton
Macassa — Proven	988,000	0.51	753,000	0.49
— Probable	405,000	0.44	398,000	0.46
	1,393,000	0.49	1,151,000	0.48
Doyon — Open Pit (1)				
Proven	2,402,000	0.131	2,145,000	0.122
Probable	—	—	750,000	0.103
	2,402,000	0.131	2,895,000	0.117
— Underground				
Probable	1,973,000	0.181	1,552,000	0.160
— Stockpile				
High Grade	55,000	0.120	24,000	0.160
Low Grade	635,000	0.051	545,000	0.049
Bousquet — Proven				
High Grade	1,179,000	0.150	1,047,000	0.151
Low Grade (2)	5,010,000	0.056	4,987,000	0.056
— Probable				
High Grade	3,809,000	0.145	3,610,000	0.147
Low Grade (2)	1,354,000	0.066	1,451,000	0.066
	11,352,000	0.097	11,095,000	0.096
Lake Shore Crown Pillar				
— Proven	82,000	0.54	87,000	0.50
Hemlo Project				
— Probable	3,700,000	0.18		
— Possible	39,600,000	0.17		
	43,300,000	0.17		

(1) The Company's share of joint ventures ore reserves.
(2) The Zone 5 low grade reserves are processed only when mill capacity is available.

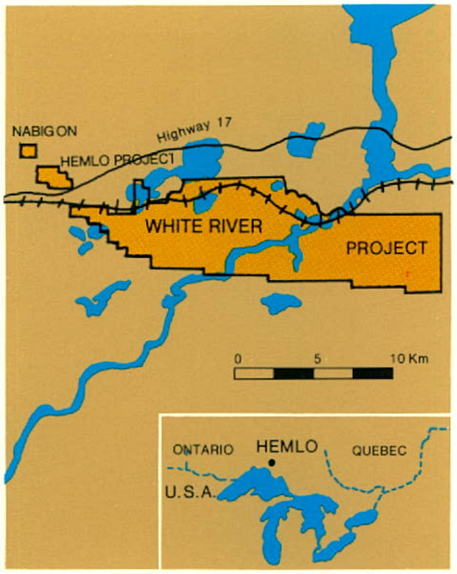
DEFINITIONS

Proven Ore — that material for which tonnage is computed from dimensions revealed in outcrops or trenches or underground workings or drill holes and for which the grade is computed from the results of adequate sampling and for which the sites for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are established and for which the computed tonnage and grade are judged to be accurate within certain limits.

Probable Ore — that material for which tonnage and grade are computed partly from specific measurements, partly from either or both sample data or production data and partly from projection for a reasonable distance on geological evidence and for which the sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade throughout.

Possible Ore — that material for which quantitative estimates are based largely on broad knowledge of the geological character of the deposit and for which there are few, if any, samples or measurements and for which the estimates are based on an assumed continuity or repetition for which there are reasonable geological indications.

Cutting Practices — various cutting practices of high assays and dilution factors are applied to the calculations of reserves for greater accuracy; these are established as experience dictates at each mine.



Hemlo Land Holdings.

Summary of Production

	1983		1982	
	Tons milled	Ounces of gold produced	Tons milled	Ounces of gold produced
Mine de Bousquet ..	514,000	95,068	433,000	70,500
La Mine Doyon (1) . . .	572,000	78,946	447,000	75,350
Macassa Mine	122,000	59,230	118,000	53,357
Est-Malartic				
Buckshot Project . .	196,000	17,362	—	—
Barnat Mine	—	—	29,000	1,974
Lake Shore Crown				
Pillar	15,000	6,458	—	—
	1,419,000	257,064	1,027,000	201,181

(1) The Company's joint venture interest, net of royalty of 428 ounces of gold in 1983 (1982 — 761 ounces).

Gold Sales and Gold Marketing Policy

In order to assist in the planning of capital expenditures, to establish a predictable level of profit from its operations and to reduce the business risk as much as possible, the Company sells a portion of its gold production under commercial contracts to a Canadian chartered bank for delivery at selected future dates and at set prices. In 1983, 254,999 ounces were delivered compared with 200,941 ounces in 1982. The average price received for gold delivered in 1983 was $556 per ounce (U.S. $449) compared with $583 per ounce (U.S. $473) in 1982. At March 1, 1984, Lac Minerals had agreed to sell 100,810 ounces of gold for delivery from future production at set dates and at prices averaging U.S. $431 per ounce.

Exploration Division

The past year was a milestone in the Company's exploration history. The Hemlo Project exploration and development drilling increased reserves from the previously reported (February 18, 1982) 4,120,000 tons grading 0.19 ounces of gold per ton of probable reserves plus an additional 971,000 tons grading 0.076 ounces of gold per ton of possible reserves to 43,300,000 tons grading 0.17 ounces of gold per ton of possible reserves as of December 31, 1983. This discovery has yet to be fully defined and 12 drills have been scheduled to continue drilling until June 1984 in an effort to more fully delineate the potential ore body. Once drilling on the Hemlo Project is complete, an exploration program is scheduled for the Company's major landholding in the area to the east known as the White River Project.

The total expensed and deferred exploration expenditures during 1983 amounted to $13,796,000 of which 52% was spent on

Moose Lake at Hemlo, looking north. The largest portion of the ore body underlies the central part of the picture north of Moose Lake. Drill rigs are orange coloured and can be seen among the trees.

Eastern Canada.

the Hemlo and White River Projects. For 1984 approximately \$15,000,000 has been budgeted of which \$5,000,000 will be deferred and \$10,000,000 expensed for 30 exploration projects principally in Quebec, Ontario and British Columbia. Approximately \$2,700,000 of the budget for 1984 will be spent on exploration activities in the United States.

At December 31, 1983 the Exploration Division had 69 permanent employees of whom 25 are geologists.

Hemlo Division Development

Implementation of plans for the development of the Hemlo Project began in 1983 with the engagement of Mr. J. M. Gibbs as Vice President, Hemlo Development. The feasibility study was initiated in August 1983. Contracts for technical studies were awarded to various engineering firms, with direction being provided by the Company's senior Hemlo Development personnel. The Mine Manager and five of the required seven operating superintendents have been engaged and are also working on the studies.

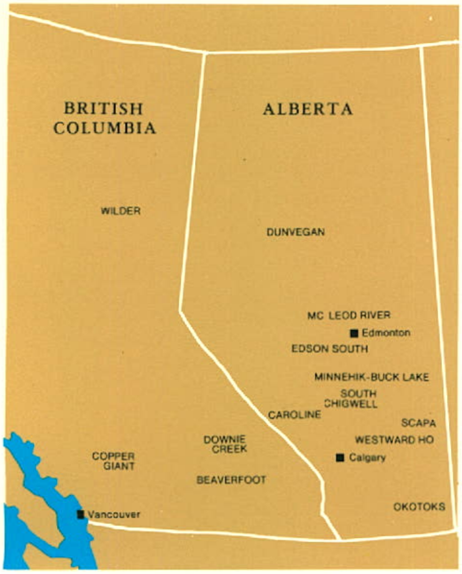
Initial discussions have been made with the provincial and municipal authorities. Applications for tailing pond sites and fresh water sources have been submitted and studies commenced on the technical and environmental requirements. The housing potential in Marathon and Manitouwadge for mine employees has been reviewed and plans to provide housing are being implemented.

Mine planning and scheduling began in December to determine the level of production that could be sustained by the deposit. Metallurgical testing is underway at two laboratories. The feasibility study is scheduled for completion early in the second quarter of 1984. Site clearing, shaft collaring and services installations are expected to begin in the first half of 1984.

Milton Limestone Aggregates Division

The Company owns a limestone aggregate quarry located on the Niagara escarpment near Milton, Ontario which has operated for more than 25 years. The principal market for limestone aggregates produced by the Division is in and around the City of Toronto and the sales volume of aggregates are affected directly by the activity in the construction industry. In October, 1983 a two year contract was signed with the Energy and Chemical Workers Union Local 266 representing the hourly paid employees.

Oil and Gas Division



British Columbia and Alberta.
○ Oil and Gas Production.
● Exploration Projects.

Cash flow from operations in 1983 was $4,076,000 from revenues of $6,573,000 compared with $2,983,000 cash flow from operations in 1982 on revenues of $5,229,000. The 1983 results were lower than anticipated due to delays in starting the Westward Ho (Sundre) gas processing plant and lower net gas prices.

The capital expenditures in 1983 were $8,577,000 on the oil and gas exploration and development and on the construction of a natural gas processing plant compared with $14,882,000 on capital expenditures on exploration and development in 1982.

The Division is active in acquiring land, developing opportunities and exploring and developing oil and gas properties, mainly in Alberta. Existing properties in the U.S.A. are managed from Calgary but expenditures have been limited to development activity.

In 1983, the Division participated in drilling 28 wells, of which 3 were completed as oil wells, 19 as gas wells and the balance were dry.

The Division has participated in drilling 5 wells in the McLeod River area, 2 are dual formation gas wells, 2 are single zone gas wells and 1 is a dual oil and gas well. Some of these gas wells have flow rates exceeding 4 million cubic feet of gas per day with associated natural gas liquids. The Division has an average $43\frac{1}{3}\%$ interest before payout and an average $27\frac{1}{3}\%$ interest after payout participation in these wells.

In October 1983 the Westward Ho field came on stream with the completion of the Sundre Gas plant near Sundre, Alberta. The Company owns a one-third interest in the project which cost approximately $10 million. The plant has a maximum capacity to treat 15 million cubic feet of raw gas per day and is now operating at a rate of 5 million cubic feet per day. Construction of the plant was delayed more than 6 months because of difficulties obtaining government permits.

Net Oil and Gas Reserves at Year End

	Oil and Condensate		Natural Gas	
	1983	1982	1983	1982
Proven and Probable	(Millions of Barrels)		(Billions of Cubic Feet)	
Canada	1.762	1.715	37.37	34.40
U.S.A.	0.177	0.172	5.85	5.64
Total	1.939	1.887	43.22	40.04

Oil and Gas Production (after deduction of royalties)

	Oil and Condensate		Natural Gas	
	1983	1982	1983	1982
	(Barrels)		(Billions of Cubic Feet)	
Canada	33,424	16,823	0.547	0.793
U.S.A.	30,242	27,760	0.680	0.543
Total	63,666	44,583	1.227	1.336

Employee Relations

The Company has collective agreements in force at each of its operations with the unions, expiry dates and affecting the number of hourly paid employees set out below:

Location	Union and Local	Expiry Date	Number of hourly paid employees as at Dec. 31, 1983
Macassa	United Steel Workers of America Local 4584	May 31, 1985	239
Lake Shore	United Steel Workers of America Local 4584	May 31, 1985	16
Doyon	United Steel Workers of America Local 9019	November 30, 1984	158
Bousquet	United Steel Workers of America Local 4796	November 15, 1985	153
Est-Malartic Custom Mill	United Steel Workers of America Local 4796	November 15, 1985	58
Terrains Custom Mill	United Steel Workers of America Local 4796	November 15, 1985	41
Milton Limestone Aggregates			
Hourly paid employees	Energy and Chemical Workers Union Local 266	October 22, 1985	23
Truckers	United Cement, Lime and Gypsum Workers International Union, Local 566	April 30, 1984	9

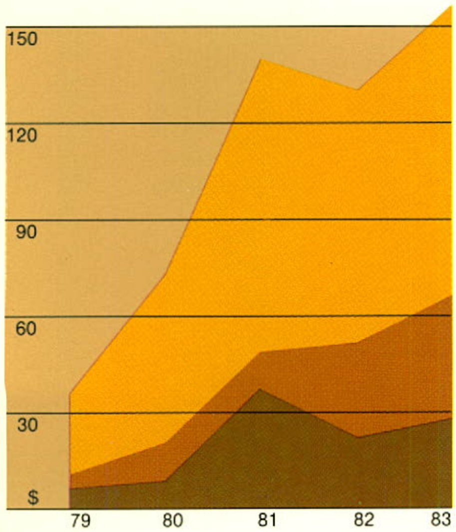
In addition to the hourly paid employees, the Company employs 252 salaried employees.

From February 2, 1983 to February 28, 1983 a work stoppage occurred at Doyon during negotiations for a new collective agreement.

Management believes that relations with its employees are satisfactory.

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

Revenue, Cash Flow and Earnings
Dollars (millions)



The graphs illustrate the results of the Company in 1983 and the combined results of the predecessor companies for the years 1979 to 1982.

Revenues show a significant growth in the five years, increasing from $35 million in 1979 to $157 million in 1983. The 1982 revenues record the only decrease from those reported in the previous year.

The trend in earnings and cash flow is consistent with revenues earned. Earnings before extraordinary items increased from $6 million in 1979 to $28 million in 1983. They peaked at $37 million in 1981 when the average price of gold was at an all-time high.

Liquidity and Capital Resources

At December 31, 1983 working capital amounted to $70,318,000, an increase of $68,709,000 from a year earlier. Funds totalling $67,139,000 provided from operations in 1983 were $5,888,000 higher than required to finance the Company's capital expenditures of $46,252,000, dividend payments of $8,148,000 and other applications of $6,851,000. Additional cash totalling $53,298,000 was raised in 1983 from the sale of shares to the public and the exercise of stock options. The Company received net proceeds of $52,736,000, after deducting the expenses of the issue (net of tax) from the public sale of 2,000,000 of its treasury common shares at $27.25 per share.

The ratio of current assets to current liabilities increased to 6.5 to 1 at December 31, 1983 from 1.1 to 1 a year earlier.

Consolidated cash and short-term investments of $62,602,000 increased to 75% of current assets at the end of 1983 from $9,020,000 or 35% of current assets at the end of the previous year.

At December 31, 1983 consolidated shareholders' equity and long-term debt of the Company totalled $178,924,000, an increase of $78,802,000 from the $100,122,000 at December 31, 1982. The debt-equity ratio at December 31, 1983 was 1 to 10.2 compared with 1 to 4.6 at the end of 1982.

The Company has arranged operating lines of credit with Canadian chartered banks amounting to $30,000,000. No commitment fees are payable for these lines of credit which were unused at December 31, 1983.

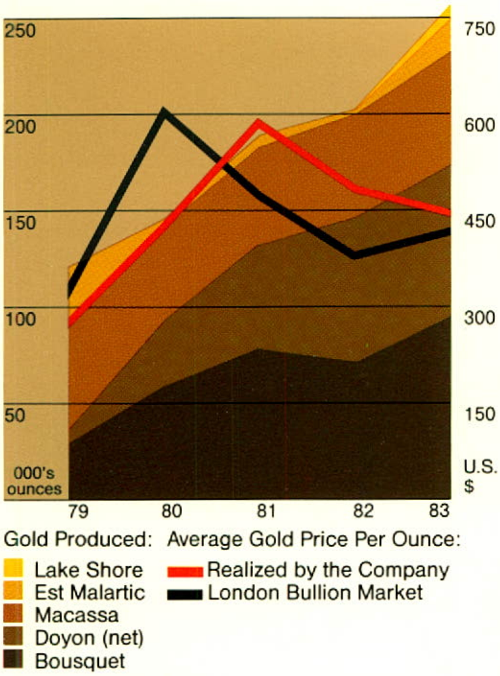
On March 13, 1984 the Company entered into a subscription agreement providing for the sale of 50,000 units. Each unit consists of one U.S. $1,000 8% debenture due April 15, 1989 and four gold purchase warrants; each warrant entitles the holder to purchase 0.5 troy ounces of gold from the Company for U.S. $230, which is equal to U.S. $460 per ounce. The units will be issued at a price of U.S $1,000 for gross proceeds of U.S. $50,000,000.

Analysis of Results of Operations

The main reasons for the $6,041,000 (28%) increase in consolidated earnings to $27,969,000 in 1983 compared with $21,928,000 in 1982 were a 27% increase in gold deliveries, a $2,982,000 decrease in the operating loss of the Oil and Gas Division (from $5,152,000 in 1982 to $2,170,000 in 1983) and increased interest income from higher invested cash balances. These positive factors were partially offset by the impact of a lower realized average gold price ($556 per ounce in 1983 compared with $583 per ounce in 1982), amortization of deferred development costs on the Buckshot Project and higher mineral exploration expenditures.

Consolidated revenues were $157,232,000 in 1983 compared with $130,398,000 in 1982. The $26,834,000 increase generally resulted from increased gold deliveries (254,999 ounces in 1983 compared

Gold Production
and Gold Price



Gold production shows consistent growth and has more than doubled over the five years, from 121,000 ounces in 1979 to 257,000 ounces in 1983. In July 1979 La Mine de Bousquet commenced operations and in March 1980 La Mine Doyon, in which the Company has a 50% joint venture interest, commenced commercial production.

The average gold prices realized by the Company escalated from U.S.$256 an ounce in 1979 to U.S.$435 an ounce in 1980 and peaked at U.S.$598 an ounce in 1981. The 1982 and 1983 average prices, which represent a significant decrease, were U.S.$473 and U.S.$449 per ounce, respectively.

with 200,941 ounces in 1982) although this was partially offset by a lower realized average gold price. The increased gold deliveries in 1983 mainly reflect the increase in the ounces of gold produced from the Company's principal operating gold mines, and production from the Buckshot and Lake Shore Crown Pillar projects which totalled 23,820 ounces of gold. The lower average realized price of gold was modified by a slightly more favourable U.S. currency exchange rate. Revenue from oil and gas sales in 1983 of $6,573,000 were $1,344,000 higher than in 1982.

Operating and administrative expenses increased by $15,787,000 to $78,114,000 in 1983 from $62,327,000 in 1982. The increase mainly records the increase in gold production in 1983. Increased costs of labour and supplies were other factors in the higher operating and administrative expenses. As a result of the redesign and expansion of the open pit in 1983 the method of deferring the cost of overburden stripping at La Mine Doyon was changed which contributed to the increase in operating costs.

Higher depreciation, depletion and amortization expenses in 1983 ($14,434,000 compared with $12,039,000 in 1982) mainly reflected the write-off of deferred development costs associated with the Buckshot Project, which produced 17,362 ounces of gold in 1983.

Mineral exploration expenditures of $7,824,000 in 1983 were $2,571,000 greater than in 1982 reflecting the Company's increased activity in the Hemlo area of Ontario and other locations throughout North America. Oil and gas exploration expenditures of $3,549,000 in 1983 were $1,349,000 lower than in the previous year.

Investment and other income of $4,186,000 in 1983 was $2,401,000 higher than in 1982. The increase mainly reflected the interest earned from the investment of the proceeds from the public sale of the Company's shares in June.

Consolidated Statement of Financial Position

	December 31, 1983	December 31, 1982
	(000's)	
Current Assets		
Cash and short-term investments	$ 62,602	$ 9,020
Bullion and other product inventories	9,932	7,041
Accounts receivable	5,238	4,330
Due from Lac Group companies	38	369
Supplies and other assets	5,347	5,275
	83,157	26,035
Current Liabilities		
Bank indebtedness	—	1,991
Accounts payable and accrued liabilities	11,994	12,360
Income and mining taxes payable	—	8,723
Due to Lac Group companies	10	839
Long-term debt maturing within one year	835	513
	12,839	24,426
Working Capital	70,318	1,609
Investments (note 2)	17,843	17,031
Mining Interests (note 3)	94,047	68,345
Oil and Gas Interests (note 3)	37,380	35,033
Other Assets	1,780	243
Capital Employed	221,368	122,261
Deduct:		
Long-Term Debt (note 4)	15,185	17,404
Deferred Taxes	43,279	22,652
	58,464	40,056
Shareholders' Investment	$162,904	$ 82,205
Shareholders' Investment Represented By		
Capital Stock (note 5)		
Authorized — 49,998,421 shares (1982 — 50,000,000 shares)		
Issued — 28,516,494 shares (1982 — 26,054,198 shares)	$101,964	$ 39,209
Retained Earnings	64,334	45,220
	166,298	84,429
Deduct the Company's pro rata interest in the cost to Lac Group companies of their investments in shares of the Company	3,394	2,224
	$162,904	$ 82,205

Commitments and Contingencies (note 9)

Approved by the Board

Director

Director

Consolidated Statements of Earnings and Retained Earnings

Consolidated Statement of Earnings

	Year ended December 31, 1983	1982
	(000's)	
Revenues	$157,232	$130,398
Expenses		
Operating and administrative	78,114	62,327
Depreciation, depletion and amortization	14,434	12,039
Mineral exploration	7,824	5,253
Oil and gas exploration	3,549	4,898
Research and development	856	335
Interest	2,410	2,472
	107,187	87,324
Earnings from operations	50,045	43,074
Other income (expense)		
Investment and other income	4,186	1,785
Gain (loss) on sale of mining and oil and gas interests	19	(397)
Loss on investments, net	(81)	(1,239)
	4,124	149
Earnings before income and mining taxes	54,169	43,223
Income and mining taxes	26,200	21,295
Earnings for the year	$ 27,969	$ 21,928
Earnings per share (note 5(c))	$1.17	$1.01

Consolidated Statement of Retained Earnings

	1983	1982
Retained earnings, beginning of year	$ 45,220	$ 33,157
Earnings for the year	27,969	21,928
	73,189	55,085
Dividends	8,148	10,822
Less the Company's pro rata interest in its own dividends paid to Lac Group companies	(1,057)	(1,470)
	7,091	9,352
Share issue expenses, net of income taxes of $1,608,000	1,764	—
Reorganization costs, net of income taxes of $484,000	—	513
	8,855	9,865
Retained earnings, end of year	$ 64,334	$ 45,220

Consolidated Statement of Changes in Financial Position

	Year ended December 31, 1983	1982
	(000's)	
Working Capital Derived from		
Operations		
Earnings for the year	$ 27,969	$ 21,928
Items not affecting working capital		
Depreciation, depletion and amortization	14,434	12,039
Deferred income and mining taxes	20,627	11,235
Dry holes and abandonments written-off	3,549	4,898
Loss on sale and write-off of mining and oil and gas interests	236	397
Loss on investments, net	81	1,239
Write-off of other assets	243	5
Total from operations	67,139	51,741
Proceeds from sale of investments	91	50
Proceeds from sale of mining and oil and gas interests	413	1,354
Term bank loan	—	2,500
Issue of capital stock, net	60,991	9,127
Advances from Lac Group companies	—	13,500
Capital leases	1,326	2,300
Total derived from all sources	129,960	80,572
Working Capital Applied to		
Mining interests	37,675	38,154
Oil and gas interests	8,577	14,882
Other assets	2,209	243
Dividend payments to shareholders	8,148	10,822
Reorganization costs	—	513
Purchase of shares in Lac Group companies	1,097	3,764
Purchase of other investments	—	177
Repayment of term bank loan	2,500	—
Repayment of capital leases	1,045	896
Total applications	61,251	69,451
Increase in Working Capital	68,709	11,121
Working Capital (Deficiency), Beginning of Year	1,609	(9,512)
Working Capital, End of Year	$ 70,318	$ 1,609

Notes to Consolidated Financial Statements

Lac Minerals Ltd. (the Company) is a member of a group of companies collectively known as the Lac Group. Other companies in this group are Little Long Lac Gold Mines Limited (Little Long Lac), Lake Shore Mines, Limited (Lake Shore) and Wright-Hargreaves Mines, Limited (Wright).

1. Significant Accounting Policies

(a) Basis of presentation — The consolidated financial statements include the accounts of the Company and its subsidiary companies.

(b) Revenue — Bullion revenue is recognized when the bullion is delivered and accounted for net of royalties where the amount of the royalty is based on the quantity of production.

(c) Bullion and other product inventories — Inventories are valued at the lower of cost (determined on the first-in, first-out basis) and estimated net realizable value.

(d) Supplies — Supplies are valued at the lower of average cost of acquisition and replacement cost.

(e) Investments — As of December 31, 1983, the Company has a 22% (1982 — 23%) interest in Little Long Lac. Because Little Long Lac's principal asset is its direct and indirect interest in the Company, the investment has been recorded at cost.

All other investments are recorded at cost.

(f) Mining interests — Plant and equipment, including equipment under capital leases, are stated at cost. Expenditures for additions, major improvements and replacements are capitalized; repairs and maintenance are charged to earnings as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Mining properties are stated at cost. Depletion is provided on the unit-of-production method based on proven reserves.

Exploration costs incurred to the date of establishing that a property has reserves which have the potential of being economically recoverable are charged against earnings; further costs are capitalized and then amortized on the unit-of-production method based on proven reserves.

Deferred mine development includes deferred waste removal costs related to the Doyon joint venture open pit operations to the extent that the waste-to-ore ratio exceeded the estimated average ratio for the life of the pit. Other expenditures incurred to bring a project into production and major development expenditures for producing mines are capitalized. All deferred mine development costs are amortized by the unit-of-production method based on proven reserves.

Upon sale or abandonment, the cost of mining interests and the related accumulated depreciation, depletion and amortization are removed from the accounts. Any gains or losses thereon are taken into earnings.

(g) Oil and gas interests — Expenditures for petroleum and natural gas plants are capitalized.

All costs of acquiring leases and rights, exploring for and developing oil and gas reserves thereon are capitalized by area of interest. If it is subsequently determined that the wells drilled are dry or the property is subsequently abandoned, the related costs previously capitalized are charged to earnings.

Depletion of costs accumulated for producing properties is provided on the unit-of-production method based on proven reserves.

2. Investments

	1983	1982
	(000's)	
Investments in Lac Group companies accounted for on a cost basis (quoted market value 1983 — $52,353,000; 1982 — $48,050,000)	$16,233	$ 15,284
The Company's pro rata interest in its own dividends paid to Lac Group companies	3,871	2,814
	20,104	18,098
Less the Company's pro rata interest in the cost to Lac Group companies of their investments in shares of the Company	3,394	2,224
	16,710	15,874
Other investments, accounted for on a cost basis less provision for losses:		
With a quoted market value (1983 — $658,000; 1982 — $592,000)	951	954
Other	182	203
	1,133	1,157
	$17,843	$ 17,031

Because of the large number of Lac Group company shares owned by the Company the amounts that would be realized if these investments were sold may be more or less than their quoted market value.

3. Mining and Oil and Gas interests

	1983			1982		
	Cost	Accumulated depreciation, depletion and amortization	Net	Cost	Accumulated depreciation, depletion and amortization	Net
			(000's)			
Mining Interests —						
Plant and equipment	$ 50,584	$22,684	$27,900	$ 45,879	$20,118	$25,761
Equipment under capital leases	3,633	855	2,778	2,300	220	2,080
Mining properties	13,525	7,890	5,635	13,774	6,116	7,658
*Deferred mine development	44,652	13,740	30,912	34,633	7,470	27,163
	112,394	45,169	67,225	96,586	33,924	62,662
**Major development and construction in progress	26,863	41	26,822	5,696	13	5,683
	$139,257	$45,210	$94,047	$102,282	$33,937	$68,345
Oil and Gas Interests —						
Gas gathering system and processing plant	$ 3,833	$ 266	$ 3,567	$ 1,836	$ 108	$ 1,728
Petroleum and natural gas leases and rights including development thereon						
Producing	31,518	6,245	25,273	25,037	3,691	21,346
Non-producing	8,540	—	8,540	11,959	—	11,959
	$ 43,891	$ 6,511	$37,380	$ 38,832	$ 3,799	$35,033

* Includes $13,267,000 Doyon joint venture waste removal costs to the end of 1983, which, commencing in January 1984, will be amortized by the unit-of-production method based on the open pit proven ore reserves.
** Includes Macassa Number 3 shaft — $12,508,000 (1982 — $5,171,000); and Hemlo Project — $14,314,000 (1982 — $512,000).

4. Long-Term Debt

	1983	1982
	(000's)	
Advances from Lac Group Companies —		
Lake Shore	$10,000	$ 10,000
Wright	3,500	3,500
	13,500	13,500
Obligations under capital leases	2,520	1,917
Term bank loan	—	2,500
	16,020	17,917
Less amount maturing within one year	835	513
	$15,185	$ 17,404

Advances from Lac Group companies which bear interest at bank prime rate are repayable on January 1, 1986. The Company has the option to repay any amount prior to the maturity date without penalty.

The capital leases contain options to purchase exercisable in 1985 and 1986. The obligations under such capital leases, which mature in 1987, represent the total present value of future minimum lease payments discounted at the interest rate implicit in each lease as at the inception of the lease. These rates range from 11% to 19%. The following is a schedule by year of future minimum lease payments together with the balance of the obligations under capital leases:

	1983	1982
	(000's)	
1983	$ —	$ 717
1984	1,110	717
1985	1,345	983
1986	530	—
Total minimum lease payments	2,985	2,417
Less amount representing interest	465	500
	2,520	1,917
Less amount maturing within one year	835	513
Obligations included with long-term debt	$ 1,685	$ 1,404

Interest and related expenses on long-term debt amounted to $1,972,000 in 1983 (1982 — $231,000).

5. Capital Stock and Earnings per Share

(a) Capital stock — Changes in capital stock were as follows:

	1983		1982	
	Shares	Amount	Shares	Amount
		(000's)		(000's)
Balance, January 1	26,054,198	$ 39,209	23,501,024	$30,082
Public sale of shares	2,000,000	54,500	—	—
Exercise of stock options	171,900	562	108,900	321
Cancellation due to amalgamation	(1,579)	(67)	—	—
*Issued to acquire royalty interest in the Hemlo project	256,610	6,673	—	—
*Issued for shares of Little Long Lac	35,365	1,087	—	—
Issued to Lac Group companies by a predecessor company for cash	—	—	2,444,274	8,806
Balance, December 31	28,516,494	$101,964	26,054,198	$39,209

* The Company issued 51,322 of its shares to an employee to acquire a 0.25% interest in the net proceeds from the Hemlo Project and another 205,288 of its shares to Little Long Lac to acquire another 1% interest in the same property. Both interests had been granted to employees under the Company's Geologists' Royalty Plan, one royalty interest having been exchanged by the recipient to Little Long Lac for shares in that company. A further 30,000 shares in Little Long Lac were acquired from companies related to a Director of the Company, in exchange for 35,365 shares of the Company.

(b) Stock option plan — Under the Company's Stock Option Plan, approved in 1982, 500,000 unissued shares were reserved for issuance to employees. Options for 487,500 shares were granted at $2.95 per share in 1982, options for 25,500 shares were subsequently cancelled. Options for 9,000 shares at $21.35 per share and options for 28,000 shares at $28.71 per share were granted in 1983. During the year, options for 171,900 shares were exercised (1982 — 108,900) for which the Company received $562,000 (1982 — $321,000). As at December 31, 1983, options for 218,200 shares were outstanding and 1,000 shares were available for future grants.

(c) Earnings per share — Earnings per share are based on the weighted average number of shares outstanding during the year excluding the Company's pro rata interest in its own shares held by Lac Group companies (1983 — 23,918,270 shares; 1982 — 21,733,919 shares).

6. Joint Venture Agreement

In 1972 the Company entered into a joint venture with SOQUEM (Société Québecoise d'Exploration Minière) to develop and operate La Mine Doyon (Doyon), which commenced commercial operations in March 1980. The parties participate equally in the operations, which are carried out under the supervision of the Company.

The consolidated financial statements include the Company's interest in Doyon as follows:

	1983	1982
	(000's)	
Assets	$37,541	$ 31,925
Liabilities	4,855	4,642
Equity and advances	$32,686	$ 27,283
Revenues	$44,250	$ 42,632
Expenses	22,855	16,323
Earnings before income and mining taxes	$21,395	$ 26,309

7. Segmented Data

	1983			1982		
	Mining	Oil and gas	Total	Mining	Oil and gas	Total
			(000's)			
Revenues						
Canada	$150,659	$ 3,204	$153,863	$125,169	$ 2,656	$127,825
U.S.A.	—	3,369	3,369	—	2,573	2,573
	150,659	6,573	157,232	125,169	5,229	130,398
Operating, administrative and interest expenses	78,883	2,497	81,380	62,888	2,246	65,134
Depreciation, depletion and amortization	11,737	2,697	14,434	8,802	3,237	12,039
Exploration	7,824	3,549	11,373	5,253	4,898	10,151
	98,444	8,743	107,187	76,943	10,381	87,324
Earnings (loss) from operations						
Canada	53,345	(272)	53,073	48,986	(2,159)	46,827
U.S.A.	(1,130)	(1,898)	(3,028)	(760)	(2,993)	(3,753)
	$ 52,215	$ (2,170)	$ 50,045	$ 48,226	$ (5,152)	$ 43,074
Identifiable assets						
Canada	$194,586	$29,794	$224,380	$109,593	$23,348	$132,941
U.S.A.	160	9,667	9,827	80	13,666	13,746
	$194,746	$39,461	$234,207	$109,673	$37,014	$146,687

8. Related Party Transactions

(a) From time to time advances are made between the Company and certain Lac Group companies. Interest on such advances is calculated at bank prime rate. Interest expense for amounts borrowed is $1,537,000 (1982 — $1,818,000).

(b) During the year the Company paid $1,032,000 for salaries and expenses and consulting services, pursuant to oil and gas joint venture agreements, to companies in which two directors of the Company are officers. In 1982 $306,000 was paid for salaries and expenses, pursuant to an oil and gas joint venture agreement, to a company in which a director of the Company is an officer.

(c) Lake Shore has granted to the Company the right to mine the crown pillar of the former Lake Shore mine at Kirkland Lake, Ontario and to treat ore from the pillar, subject to a royalty interest payable to Lake Shore of 50% of the net profits from the operations after the pro rata recovery by Lake Shore and the Company of their costs. In addition the Company is conducting studies on behalf of Lake Shore to determine if its former mine can be kept open on a continuous basis.

(d) The Company has obtained from Lake Shore and Wright the right to retreat tailings deposited in the bed of Kirkland Lake as a result of operations formerly carried on by Lake Shore and Wright. Lake Shore and Wright will receive an advance minimum royalty of 2% of net smelter return payable until the Company has recouped its costs of placing the operation into commercial production and thereafter a royalty equal to the greater of 2% of the net smelter return or 20% of net profit.

(e) Wright has granted to the Company the right to explore and mine the crown pillar of the former Wright gold mine at Kirkland Lake and to treat ore from the pillar, subject to a royalty interest payable to Wright of 50% of the net profits from the operations after the recovery by Wright and the Company of their costs. In addition Wright has granted to the Company the right to mine the crown pillar of the former Wasamac Mine at Arntfield, Quebec subject to a royalty interest payable to Wright of 25% of the net profits from the operations after the recovery by Wright and the Company of their costs.

(f) See note 5 (a) for other related party transactions.

9. Commitments and Contingencies

(a) In October of 1981 International Corona Resources (Corona) commenced an action against, among others, a predecessor of the Company in which it now claims general damages of $500,000,000 for breach of a confidential relationship which precluded the acquisition of certain patented mining claims in the Hemlo area of Ontario, a declaration that the Company's interests in the subject mining claims are held in trust for Corona and an order directing their transfer to Corona, an injunction to prevent the Company from dealing with the claims and an accounting for profits from the claims. Based on evidence provided by the Company and subject to any evidence revealed by further examinations for discovery that must be conducted, counsel for the Company is of the opinion that Corona should not succeed in its claim.

(b) From time to time the Company sells gold for future delivery at set dates and prices. These transactions are not reflected in the accounts until the delivery date. At December 31, 1983 the Company had agreed to sell 216,050 ounces of gold at prices averaging U.S. $437 per ounce. At March 1, 1984 the amount sold is 100,810 ounces of gold at prices averaging U.S. $431 per ounce.

10. Subsequent Event

On March 13, 1984 the Company entered into a subscription agreement providing for the sale of 50,000 units. Each unit consists of one U.S. $1,000 8% debenture due April 15, 1989 and four gold purchase warrants; each warrant entitles the holder to purchase 0.5 troy ounces of gold from the Company for U.S. $230, which is equal to U.S. $460 per ounce. The units will be issued at a price of U.S $1,000 for gross proceeds of U.S. $50,000,000.

Auditors' Report

To the Shareholders of
Lac Minerals Ltd.

We have examined the consolidated statement of financial position of Lac Minerals Ltd. as at December 31, 1983 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 23, 1984
(March 13, 1984 as to notes 9(b) and 10)

Thorne Riddell
Chartered Accountants

Five-year Review

(unaudited) (1)

	1983	1982	1981	1980	1979
Earnings:					
Revenues (000's)	$ 157,232	130,398	139,084	73,427	34,855
Earnings (loss)					
Before extraordinary items (000's)	$ 27,969	21,928	37,427	8,735	6,072
After extraordinary items (000's)	$ 27,969	21,928	37,427	(11,069)	6,072
Earnings (loss per share)					
Before extraordinary items	$ 1.17	1.01	1.84	0.42	0.29
After extraordinary items	$ 1.17	1.01	1.84	(0.54)	0.29
Financial Position:					
Total assets (000's)	$ 234,207	146,687	125,805	109,637	74,153
Working capital (deficiency) (000's)	$ 70,318	1,609	(9,512)	(1,292)	18,697
Long-term debt (000's)	$ 15,185	17,404	—	19,167	4,375
Debt-equity ratio	1 to 10.2	1 to 4.6			
Funds provided from operations (000's)	$ 67,139	51,741	48,417	20,096	10,448
Capital expenditures (000's)	$ 46,252	53,036	33,178	24,286	13,903
Shareholders' Data:					
Shareholders' equity (000's)	$ 162,904	82,205	62,103	34,765	48,368
Amount per share	$ 5.71	3.16	2.64		
Dividends paid per share(2)	$ 0.30				
Number of shares outstanding (000's)	28,516	26,054	23,501		
Number of shareholders	9,134				
Toronto Stock Exchange — High	$ 38.50	21.00	9.87		
($ per share)(3) — Low	$ 19.00	3.15	7.25		
— Close	$ 32.75	20.50	8.25		
Operating Statistical Data:					
Tons of ore milled	1,419,000	1,027,000	909,000	629,000	641,000
Gold produced, (ounces) (net of royalties)	257,064	201,181	188,433	144,454	121,109
Average gold price realized, per ounce of gold sold	$Cdn. 556	583	717	508	300
Average gold price realized, per ounce of gold sold	$U.S. 449	473	598	435	256

(1) The Company was formed on December 31, 1982 as the result of the reorganization of a number of companies. As there was no change in the ownership of the Company, the 1979 to 1982 comparative data reflects the combined results of the predecessor companies where readily available.

(2) Prior to the reorganization which was completed on December 31, 1982, the predecessor companies of the Company did not have formal dividend policies, but dividends were declared and paid where funds surplus to such companies' needs were available for distribution to shareholders.

(3) The 1981 and 1982 share prices are those of Long Lac Minerals Ltd. the Company's significant predecessor.

Directors and Officers

Officers

P.A. Allen
President and Chief Executive Officer

D.G. Sheehan
Senior Vice President Exploration

H.E. Rutetzki
Senior Vice President Operations

E.J. Wade
Senior Vice President

I.T.H. Hamilton
Senior Vice President and General Counsel

J.M. Gibbs
Vice President, Hemlo Development

R.C. Francisco
Treasurer

G.T. Ballantyne
Corporate Controller

G.R. Dallaire
Controller, Mining and Administration

H.L. Rodrigues
Corporate Secretary

Divisions

Bousquet Division
R.G. Devin, Manager

Doyon Division
C. Mongeau, Manager

Macassa Division
D. Bruce, Manager

Hemlo Division
G. Gauthier, Manager

Oil and Gas Division
C.J. Gilders, Manager

Milton Limestone Division
W. Griffiths, Manager

Exploration Division

Eastern Region
R. Doucet, Manager

Western Region
J.W. Hogan, Manager

Kirkland Lake
C. Pegg, Manager

Toronto Exploration
Dr. R. Valliant, Manager

U.S. Operations
P. Kirwin, Manager

Directors

J.C.L. Allen, Honourary Chairman of the Board
*P.A. Allen,
J.A. Downing
P. Fortin
C.J. Gilders
J.E. Mockridge
*R.P. Smith
R.C. Stanley, Jr.
*B.A. Thomson
D.C. Webster

*Members of Audit Committee

Other Corporate Information

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Corporate Services Department
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