

CIMA RESOURCES LIMITED

ANNUAL REPORT 1982

A stylized map of the Yukon Territory is shown in white against a black background. The map includes the coastline and several inland rivers. The text 'YUKON TERRITORY' is printed in the center of the landmass.

YUKON
TERRITORY

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OF MANAGEMENT

JUL 29 1987

MCGILL UNIVERSITY

HEAD OFFICE

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Vancouver, B.C. V7X 1R1
Ph. (604) 685-5226

REGISTERED OFFICE & SOLICITORS

c/o Lawrence & Shaw
Suite 2500, 595 Burrard St.
Vancouver, B.C. V7X 1L1

TRANSFER AGENT

Guaranty Trust Company of Canada
800 West Pender Street
Vancouver, B.C. V6C 2V7

BANK

Bank of Montreal
Main Branch
Vancouver, B.C.

STOCK EXCHANGE LISTINGS

Vancouver Stock Exchange
Ticker Symbol CIUV

AUDITORS

Coopers & Lybrand
1111 West Hastings Street
Vancouver, B.C.

DIRECTORS & OFFICERS

Louis P. Starck
President,
Louis P. Starck & Assc. Ltd.

Alan C. Savage
President,
Imperial Metals Corporation

Hector H. Waller
President,
Arctic Red Resources Ltd.

Bernary Fahy
McQuaid, Fahy and Associates Ltd.

Selwyn B. Jones
Retired Mining Executive

ANNUAL MEETING

The Annual General Meeting of the shareholders of the company will take place at 3:00 p.m., March 24, 1983, in the boardroom of Lawrence & Shaw on the 26th Floor of the Bentall III, 595 Burrard Street, Vancouver, B.C.

President's report to the Shareholders

In 1982, Western Canadian resource companies generally experienced a difficult year and Cima was no exception.

One difficulty experienced by the Company was that it had no internal source of revenue to draw on during this period of weak resource commodity prices. In the result, current assets as of the end of the nine-month fiscal year ended September 30, 1982 were \$63,036, as compared to \$210,811 at December 31, 1981.

On the other hand, Cima holds extensive and potentially valuable mineral land inventories in Canada's Yukon Territory. Since the 1960's some \$3.7 million has been expended in respect to these properties and others including its Chilean interests. The areal extent of Cima's wholly owned mineral interests and those in which it has greater than a 10% interest, in various forms, is in the order of 27,000 hectares (66,831 acres). Although Cima, during past years has reduced its land holdings it has, for the most part, retained its position in known mineralized areas. Few junior mining exploration companies have a comparable mineral land inventory.

In 1982, Canadian Mine Services ('CMS') expended some \$250,000 on the Company's Mount Hundere property. Since this property was optioned to CMS in 1981, the reported expenditures to date have been some \$600,000. In addition, interest has been expressed by several parties in optioning the Plata-Inca property in which the Company has a 20% net profits interest. One zone of mineralization on this property is estimated to contain 15,000 tons grading 30.5% lead and 68 ounces of silver per ton.

In 1983, Cima's efforts will be directed primarily to the achievement of the following:

- to farm-out a substantial portion of the Company's extensive interests in the Yukon to companies, preferably majors, who will actively explore these holdings.
- to seek and acquire assets which have or will generate a cash flow that can be used for the Company's mineral exploration activities.
- to seek grass roots mineral exploration situations of merit in various geographical areas thereby diversifying the Company's activities outside the Yukon.

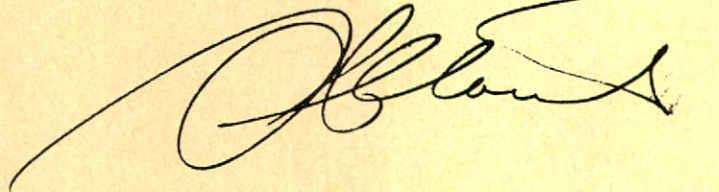
As part of this re-direction of the Company's activities, the Board of Directors is considering a rights offering to the shareholders. The proceeds from such an offering would be used to initiate the implementation of these corporate objectives and for general corporate purposes. The

Board of Directors expect this new policy to have a substantial and favourable impact on the Company in 1983.

Effective September 30, 1982, the Company changed its financial year end from December 31 to September 30 in the result fiscal 1982 is a nine month period. Also it wrote down the value of a number of its mineral holdings which were not considered to have production possibilities in the immediate future. The Company presently has no employees and arrangements have recently been made with a company, of which an officer of Cima is a principal, to manage the Company's day to day affairs. Mr. S. B. Jones retired as president of the Company on December 31, 1982 but remains on the Board of Directors.

Cima's mineral holdings including the Howard's Pass interests, the Vangorda properties, the Mount Hundere interest and the many others which have exploration potential are a significant asset base from which to expand the Company. It is the intent of the Company to work to such an expansion.

On Behalf of the Board,

A handwritten signature in black ink, appearing to read "L. P. Starck", with a long horizontal flourish extending to the right.

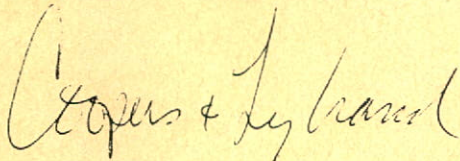
February 24, 1983

L. P. Starck,
President

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Cima Resources Limited as at September 30, 1982 and the consolidated statements of net deficit and changes in financial position for the period 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 September 30, 1982 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.



Vancouver, B.C.
November 19, 1982

CIMA RESOURCES LIMITED

CONSOLIDATED BALANCE SHEET AS AT SEPTEMBER 30, 1982

A S S E T S

	September 30, 1982 \$	December 31, 1981 \$
CURRENT ASSETS		
Cash	63,036	196,015
Accounts receivable	<u> </u>	<u>14,796</u>
	63,036	210,811
MINERAL PROPERTIES AND RELATED DEFERRED COSTS (note 3)	834,856	3,700,509
FIXED ASSETS (note 4)	15,546	19,624
OTHER ASSETS - at cost	<u>5,663</u>	<u>5,663</u>
	<u>919,101</u>	<u>3,936,607</u>

L I A B I L I T I E S

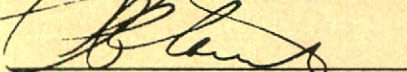
CURRENT LIABILITIES

Accounts payable and accrued liabilities	35,464	29,541
MINORITY INTEREST IN SUBSIDIARY COMPANY	<u>20,160</u>	<u>20,160</u>
	<u>55,624</u>	<u>49,701</u>

S H A R E H O L D E R S ' E Q U I T Y

CAPITAL STOCK (note 6)	4,320,102	4,320,102
NET DEFICIT	<u>3,456,625</u>	<u>433,196</u>
	<u>863,477</u>	<u>3,886,906</u>
	<u>919,101</u>	<u>3,936,607</u>

APPROVED BY THE DIRECTORS


Director


Director

CIMA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF NET DEFICIT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

	September 30, 1982 \$	Year ended December 31, 1981 \$
NET DEFICIT - BEGINNING OF PERIOD	<u>433,196</u>	<u>139,868</u>
CHANGES DURING PERIOD		
General and administrative expenses - per Schedule	106,667	113,072
Mineral properties and related deferred costs written off (note 3)	2,884,052	51,578
Cost of legal action against the company (note 5)	32,710	
Revaluation of 10% net smelter interest received		34,586
Shares of subsidiary gifted		321,263
Gain on acquisition of minority interest		(76,809)
Gain on sale of shares of affiliated company		<u>(150,362)</u>
	<u>3,023,429</u>	<u>293,328</u>
NET DEFICIT - END OF PERIOD	<u><u>3,456,625</u></u>	<u><u>433,196</u></u>
REPRESENTED BY:		
Contributed surplus	6,512,779	6,512,779
Deficit	<u>9,969,404</u>	<u>6,945,975</u>
NET DEFICIT - END OF PERIOD	<u><u>3,456,625</u></u>	<u><u>433,196</u></u>

CIMA RESOURCES LIMITED

CONSOLIDATED SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

	September 30, 1982	Year ended December 31, 1981
	\$	\$
Audit and accounting	18,450	28,548
Capital tax and licence fees	7,691	7,537
Depreciation	4,078	5,011
Doubtful debt	11,611	
Interest and bank charges	788	4,834
Legal	7,054	24,692
Office and other	12,734	30,232
Rent	14,823	18,749
Salaries and benefits	39,527	64,401
Shareholders' reports	4,817	15,663
Trust company and stock exchange fees	7,052	14,148
Underwriting costs	<u> </u>	<u>3,543</u>
	128,625	217,358
Less: Interest income	10,471	22,199
Administrative expenses allocated to mineral properties and related deferred costs	<u>11,487</u>	<u>82,087</u>
GENERAL AND ADMINISTRATIVE EXPENSES	<u>106,667</u>	<u>113,072</u>

CIMA RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

	September 30, 1982 \$	Year ended September 30, December 31, 1981 \$
SOURCE OF WORKING CAPITAL		
Proceeds on issuance of capital stock		
- for cash		761,980
- for investment in shares of subsidiary company		8,750
Proceeds on sale of shares of affiliated company		223,751
Option payment received	62,826	50,000
Other		3,761
	<u>62,826</u>	<u>1,048,242</u>
USE OF WORKING CAPITAL		
Deferred exploration and development costs	81,225	330,183
General and administrative expenses	102,589	108,061
Cost of legal action	32,710	
Fixed asset additions		9,387
	<u>216,524</u>	<u>447,631</u>
INCREASE (DECREASE) IN WORKING CAPITAL	(153,698)	600,611
WORKING CAPITAL (DEFICIENCY) - BEGINNING OF PERIOD	<u>181,270</u>	<u>(419,341)</u>
WORKING CAPITAL - END OF PERIOD	<u>27,572</u>	<u>181,270</u>

REPRESENTED BY:

Current assets	63,036	210,811
Current liabilities	<u>35,464</u>	<u>29,541</u>
WORKING CAPITAL - END OF PERIOD	<u>27,572</u>	<u>181,270</u>

CIMA RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

1. NATURE OF OPERATIONS

The company is in the process of exploring and developing its mineral properties and, on the basis of information to date, has not yet determined whether these properties contain ore reserves which are economically recoverable. The underlying value of the mineral properties and related deferred costs is entirely dependent on the existence of economically recoverable reserves, the ability of the company to obtain the necessary financing to complete development, and upon future profitable production.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the company and its 96.67% (1981 - 96.67%) owned subsidiary, Mt. Hundere Mines Limited (N.P.L.).

The excess of the net book value of the subsidiary company over the cost of shares at the date of acquisition has been allocated to mineral properties.

(b) Deferred Exploration and Development Expenses

Exploration and development expenses relating to mineral properties are deferred until such time as mineral properties are brought into production, abandoned or sold, at which time they are amortized on the unit of production basis or written off.

(c) Mineral Property Option Agreements

The company is selling certain mineral properties pursuant to option agreements, the specific details of which are set out in note 3. Because options are exercisable entirely at the discretion of the optionee, the amounts involved are not recorded until such time as the option payment is received.

(d) Translation of Foreign Currency

Certain mineral properties and related deferred costs incurred in a foreign currency have been translated at rates of exchange prevailing when the properties and costs were acquired or incurred.

Options received in countries with currency restrictions are translated at the rate of exchange available for transfers from that country, which does not necessarily reflect the official exchange rates.

CIMA RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Depreciation

Depreciation of office equipment is calculated at 20% per annum and amortization of leasehold improvements at 11% per annum, both using the straight-line method.

(f) Loss per Share

Loss per share has not been calculated as it is not considered meaningful at this stage in the company's operations.

3. MINERAL PROPERTIES AND RELATED DEFERRED COSTS

Claim Group	% Ownership of claims	Costs	Costs incurred	Disposals and write-offs	Costs
		incurred to December 31, 1981	for the nine months ended September 30, 1982	for the nine months ended September 30, 1982	incurred to September 30, 1982
		\$	\$	\$	\$
AMIC	100		63,859		63,859
Lad	100	131,796	1,087	(132,882)	1
Mt. Hundere (note 3(a))	80	762,286	8,705		770,991
Pike/Nar	100	537,154	1,449	(538,602)	1
Pay	10	1			1
Scot	100	90,951	4,106	(95,056)	1
Sierra Gorda/ Quetena (Chile) (notes 3(b) and 3(c))	80/100	726,525		(726,524)	1
Other	Various	<u>1,451,796</u>	<u>2,019</u>	<u>(1,453,814)</u>	<u>1</u>
		3,700,509	81,225	(2,946,878)	834,856
Option payment received (note 3(b))		<u> </u>	<u>(62,826)</u>	<u>62,826</u>	<u> </u>
		<u>3,700,509</u>	<u>18,399</u>	<u>(2,884,052)</u>	<u>834,856</u>

A portion of administrative costs is allocated annually in proportion to the direct expenditure incurred in each claim group.

CIMA RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

3. MINERAL PROPERTIES AND RELATED DEFERRED COSTS (continued)

At September 30, 1982, the company has written down its mineral properties and related deferred costs for all properties, except the Mt. Hundere and AMIC properties, to a nominal value of \$1 for each property. The company's management considers that there is no prospect of production from these properties in the immediate future.

(a) Mt. Hundere Property

During 1981, the company entered into an option agreement with Canadian Natural Resources Limited (CNR). Under the terms of the agreement, CNR paid \$50,000 to the company on execution of the agreement and acquired the right to spend or cause to be spent the sum of \$200,000 per year on exploration and development work on the company's Mt. Hundere property. For each \$200,000 expended by CNR a 10% interest in and to the property is earned, to a maximum of a 60% working interest. Upon CNR's earning a 60% working interest in the property and the decision being made to place the property into production, each party shall pay for all operating expenses and costs of production on a pro rata basis. The company may then elect not to participate in further expenditures on the property and if the company so elects, its interest shall be reduced from a 40% working interest to a 25% net profits interest after payout.

CNR assigned its interest in this option agreement to its wholly-owned subsidiary, Canadian Mine Services Ltd. (CMS). By September 30, 1982, under terms of the agreement, CMS had spent approximately \$400,000 on exploration and development work on the property.

(b) Quetena Property

In 1981, the company optioned the Quetena property in Northern Chile to Empresa Minera de Mantos Blancos S.A. (Mantos Blancos). Mantos Blancos may obtain full title to the property by maintaining it in good standing and by making payments to the company of the Chilean currency equivalent to \$70,000 U.S. in 1982 and \$75,000 U.S. in each of the years 1983 to 1986 inclusive.

On September 24, 1982 the first payment was made to the company. On transfer of the funds out of Chile the company received \$62,826.

(c) Sierra Gorda Property

During the period, Euligio Gordo y Cia earned a 20% interest in the company's Sierra Gorda property under the terms of an agreement entered into in 1981.

CIMA RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

4. FIXED ASSETS

	September 30, 1982			December 31,
	Cost	Accumulated depreciation	Net	1981
				Net
\$	\$	\$	\$	
Office equipment	23,443	13,699	9,744	13,260
Leasehold improvements	<u>6,738</u>	<u>936</u>	<u>5,802</u>	<u>6,364</u>
	<u>30,181</u>	<u>14,635</u>	<u>15,546</u>	<u>19,624</u>

5. LEGAL ACTION

During the period, a judgment was entered against the company in a claim for non-fulfilment of an agreement entered into in May 1979. The company has appealed the judgment.

6. CAPITAL STOCK

	September 30, 1982	December 31, 1981
	\$	\$
Authorized - 10,000,000 shares without par value		
Issued and fully paid - 3,439,444 shares (1981 - 3,414,444)	4,320,102	4,311,352
Allotted for issuance subject to approval by regulatory authorities -		
In exchange for shares of subsidiary company - 25,000 shares	<u> </u>	<u>8,750</u>
	<u>4,320,102</u>	<u>4,320,102</u>

During the period, the company issued 25,000 shares, with an attributed value of 35¢ per share, which were allotted in 1981.

CIMA RESOURCES LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1982

6. CAPITAL STOCK (continued)

Options have been granted and are outstanding to directors of the company to purchase 166,000 shares of the company as follows:

Number of shares	Option price \$	Expiry date
60,000	.30 first year .35 second year	November 15, 1983
20,000	.25	May 11, 1984
86,000	.25	May 11, 1984 (subject to regulatory approval)

7. INCOME TAXES

At September 30, 1982 the company had approximately \$5,200,000 of development and exploration expenditures available to reduce taxable income in future years.

8. FINANCIAL YEAR

Effective from September 30, 1982, the company changed its financial year end from December 31 to September 30. These financial statements cover the nine-month financial period ended September 30, 1982.

