Brenda Mines Ltd.

Annual Report

1993

BRENDA MINES LTD.

Directors:	Bernard O. Brynelsen*	Vancouver, B.C.
	David L. Bumstead*	Mississauga, Ont.
	John M. Gordon	Mississauga, Ont.
	Keith C. Hendrick*	Toronto, Ont.
	Gordon M. Montgomery*	Vancouver, B.C.
	Horace B. Simpson	Kelowna, B.C.

*Members of Audit Committee

Officers:	Chairman of the Board	Bernard O. Brynelsen
	President	David L. Bumstead
	Secretary	John B. Sage
	Treasurer	Richard J. Anderson
	Controller	Thomas J. Harrison
	Assistant Treasurer	Bruce C. Bone

Process Technology Division and Registered Office:
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Tel: 604-861-5501
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1177 West Hastings St.,
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P.O. Box 7010
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Annual Meeting:
May 6, 1994, 11:30 a.m.
Seymour Room, Hyatt
Regency Hotel, Vancouver, B.C.

Shares Listed ("BND")
The Toronto Stock Exchange
Vancouver Stock Exchange

Directors' Report to Shareholders

In 1993, the Company's earnings increased to $6.7 million or $1.37 per share, compared to $2.9 million or $0.58 per share in 1992. The improved 1993 results include higher earnings from the Process Technology group and interest on tax refunds received during the year. In addition, there were no mineral exploration expenditures and no further provision was made in 1993 for future costs of mine closure and site reclamation. These positive factors were partially offset by lower earnings from the Australian oil holdings.

Brenda's strong financial position continued to improve, and at year end the Company had over $108 million in cash and investments, and no debt.

With an expanded, international customer base, the Process Technology Division's revenues exceeded $10 million. These substantially higher revenues were generated mainly from the sale of process development, control and instrumentation systems and mechanical maintenance contracts in five overseas countries, as well as in Canada and the United States.

The Company's share of crude oil production from the Jabiru, Challis and Cassini fields in the Timor Sea continued to decline, and the average price was also lower. Effective September 30, those interests were sold to Norcen International Ltd. for $1.3 million plus 25¢ for each $1 of tax deductions available to Norcen. This sale resulted in a gain to Brenda estimated at $0.3 million, and the transaction will close during the first quarter of 1994.

At the minesite, one building was removed and seeding of the tailings beach areas was completed. To minimize costs, future revegetation activities will be limited to the application of fertilizer required to maintain the growth now established, and site security will be maintained by fencing and a computer monitoring system.

The site decommissioning plan issued last January was reviewed with federal and provincial officials in February and questions were addressed in October. The plan was also presented to the general public through the Brenda Public Surveillance Committee and to local community residents. Run-off water at the site continues to be collected in the mine pit, but finalization of the closure plan requires agreement on water discharge before the pit is filled.

The directors wish to record their sincere appreciation for the dedicated and effective efforts of all the Company's employees who have contributed to the minesite rehabilitation and the success of the Process Technology Division.

On behalf of the Board.

D. L. Bumstead
President

February 18, 1994

Process Technology Division Report

The Brenda Process Technology Division exceeded the expectations of even its most enthusiastic supporter. A pre-tax profit of $1.5 million was achieved on revenues of $10 million. The years of effort to build a reputation as suppliers of superior services have begun to pay off. The contribution of the Mechanical Services Group has been particularly gratifying. It is apparent that a synergism has developed whereby each of the service groups is adding to the business prospects of the other.

The level of business activity built up steadily during the year with substantial projects in Guyana, China, Chile, the Dominican Republic and Indonesia. Closer to home, projects were undertaken on behalf of previous clients in the United States, and persistent efforts in the B.C. south-east coal block were rewarded with a substantial contract towards year end.

Business with all of these clients is expected to continue well into 1994, with Indonesia likely to become a major source of revenue for the entire year. In addition, equipment sales and refurbishment contracts in Chile are anticipated to add substantially to the revenue base. Barring unforeseen world economic problems, the Division can be expected to build on its strong 1993 performance.

Recognizing the need for a solid administrative base, an Administrative Services Group was established, led by a professional accountant. A new computer based accounting package was purchased and installed and by year end the fundamental tasks were well established. This group has undertaken accounting services for the Brenda mine as well as for Noranda Minerals Inc.'s shutdown Bell Copper and Mattabi mines. Longer term, it is planned that this group will expand its service contract efforts and become a profit centre.

There are two key components for the controlled growth of the business. One of these is marketing while the second is employee development. Everyone in the Brenda Process Technology Division is expected to contribute to the marketing process, and greater emphasis has been given to augmenting these efforts with a more consistent presence in the market place, primarily in the United States and in selected off-shore countries.

Employee development includes not only enhancing the knowledge, skills and abilities of current employees, but also finding and hiring new people compatible with the group. A Human Resource specialist has been hired on a contract basis to help in these areas. In addition, the organizational structure will be modified to allow more consistent management of the Division that now comprises more than sixty full time and contract employees.

In the fourth quarter, the Division commenced development of an exciting business product, a multi media computer based training package. This is a modular package, the first component of which deals with operator training for grinding circuits. Initial funding for this package was provided by four members of the Noranda Minerals Group in addition to the Brenda Process Technology Division. Initial description of a prototype to various industry contracts has revealed a very high degree of interest, not only in Canada, but also internationally. It is anticipated that this product will provide a long term prospect for increasing revenues, possibly by late 1994.

Kelowna, British Columbia
February 18, 1994

Mine Decommissioning Report

During 1993, there were two prime activities. The first was directed towards familiarizing government and the public with the Brenda Mine Decommissioning Plan. The second was to prepare the site so that near-term care and maintenance could be carried out at minimum cost without jeopardizing the overall closure effort.

In January 1993, the Decommissioning Plan was issued to the Brenda Technical Working Committee, a group composed of the various provincial and federal government ministries. A meeting was held in February where all the details of the plan were discussed by the Company's consultants to ensure a thorough understanding of the four volumes of the report. A detailed summary of questions was prepared as a result, and responses were prepared in time for an October meeting of the same group. In parallel with this effort, the reports were presented to the Brenda Public Surveillance Committee, a group composed of interested parties from the general public. Finally, a summary of issues was presented to the residents living close to the minesite.

The main issue to be resolved relates to the management of up to 2000 acre feet per year of water that contains approximately 2 parts per million molybdenum dissolved from the barren rock piles. The three options are:

- To discharge untreated water and provide an alternative water supply to downstream users.
- To discharge directly via pipeline to Okanagan Lake avoiding the public water supply.
- To treat water to reduce molybdenum content and discharge seasonally to local water sheds.

While these options are being assessed, excess water from the site is being collected and stored in the open pit. Although this provides a period in excess of ten years for a plan to be developed, a final solution should be possible no later than 1995.

Closure expenditures for the year amounted to $4.5 million of which $1.3 million was required to complete employee severance and pension payments. Site closure activities included the removal of the secondary crusher building, seeding of the last remaining portion of tailings beach, and support fertilization of all previously revegetated areas. Two pilot-scale ponds were constructed to allow more detailed studies of biological water treatment methods. Finally, site perimeter fencing and a computer monitoring system were installed to allow site surveillance costs to be reduced to a minimum. By October, the workforce consisted of two full time employees supported as required by contract services.

It is anticipated that no further building removal will be undertaken until such time as the water management issue is resolved. Revegetation work will be reduced to the level needed to maintain the growth already established. Because access to the mine property is secured only by the Company's mineral leases and mining claims, all of which have limited duration, legal counsel has been engaged to investigate various landholding alternatives. It is essential that the Company have control over the site for the foreseeable future to protect all the environmental progress made to date.

During the coming year, efforts will focus on developing the water management scheme that best satisfies all the stakeholders concerned. A warm word of thanks is due all those people who have contributed to the mine decommissioning.

Kelowna, British Columbia
February 18, 1994

Management Discussion and Analysis 1993

RESULTS OF OPERATIONS:

Highlights: Earnings were $6.7 million or $1.37 per share in 1993 compared to earnings of $2.9 million or 58 cents per share in 1992. Revenues of the Process Technology Division improved in the year due to increased activities. As of September 30, 1993 the Company's remaining Australian oil interest was sold to Norcen International Ltd.

Process Technology Services: The activities of the Brenda Process Technology Division increased dramatically in 1993 as a result of both domestic and offshore service contracts. Revenues were $10 million compared to $2.2 million in 1992 resulting in a profit of $1.5 million in the year compared to a loss of $0.1 million in 1992. These activities are now included as a separate business segment.

Oil Operations: Terms of sale of the Company's oil interests included $1.3 million for the assets plus 25 cents for each $1 of tax deductions available to the purchaser. The total proceeds are estimated at $1.7 million resulting in a non taxable gain to Brenda of $0.3 million. The oil interest consisted of a 1.09% joint venture participation in the Jabiru, Challis and Cassini projects in the Timor Sea off the coast of northwestern Australia. Brenda's share of crude oil sales decreased to 387 barrels per day in the first nine months of 1993 from 484 barrels per day in 1992 due to the declining field production rate. The average price realized decreased to $24.41 per barrel in 1993 from $25.67 per barrel in 1992. The combination of the lower price, decreasing volumes and sale as of September 30 resulted in revenues decreasing to $2.6 million in 1993 from $4.5 million in 1992. Operating costs decreased to $0.4 million in 1993 from $0.6 million in 1992. Operating income from the oil operations decreased to $1.6 million from $3.1 million in 1992. The oil interests contributed $0.7 million to cash flow in 1993 compared to $1.2 million in 1992.

Investment and Other Income Interest and dividend income on invested assets decreased as a result of the Canadian average prime rate of interest falling to 6.0% in 1993 compared to 7.4% in 1992. Interest income also includes interest received on the refund of taxes paid in prior years.

Mine Decommissioning Activities Expenditures for closure and minesite decommissioning amounted to $4.5 million The Brenda Mine Decommissioning Plan was submitted and reviewed in detail with the various government ministries and the general public. Prime objectives for the year were to minimize near term care and maintenance expenditures and to develop the final water management strategy for the site. Until this has been defined, management feels that the December 31, 1993 provision of $13.1 million is reasonable, recognizing the uncertainties referred to below.

Financial Position, Liquidity and Changes in Financial Position The Company's financial position remains strong. Net assets increased to $106.9 million at the end of 1993 from $100.2 million at the end of 1992 due to positive earnings and refunds of taxes paid in prior years.

Future Prospects

The Company has $108.9 million in short term investments and marketable securities and no debt at the end of 1993. It is the Company's intention to maintain its existing investments, always subject to an ongoing determination that they are appropriately invested.

At the Process Technology Division, the addition of an equipment sales and service team and continuing efforts to build and sustain an expanded international customer base should enable the higher level of earnings achieved in 1993 to be maintained. By year-end over sixty full time and contract personnel were employed on substantial projects around the world. Barring dramatic changes to the world economic climate, prospects for the coming year are encouraging.

While the majority of the reclamation program is now defined, cost uncertainties lie principally in the area of water management. The quality objectives for the molybdenum-bearing water to be discharged from the mine are being reviewed by government. Several options have been submitted as part of the decommissioning plan and selection of the best one is still likely to require one to two years of test work. The estimate of closure costs is based on compliance with existing reclamation standards and practice and the Company believes that the current level of provision is reasonable, pending adjustment when all aspects of the closure plan have been finalized and approved.

Management's Responsibility for Financial Reporting

The consolidated financial statements including the notes thereto and all the information in this annual report have been prepared by management and have been reviewed by the Audit Committee and approved by the Board of Directors. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. As financial statements include certain amounts based on estimates and judgments, management has determined such amounts on a reasonable basis to ensure that the consolidated financial statements are presented fairly in all material respects.

Management is responsible for the integrity of the internal accounting and administrative controls, to ensure that the financial information is relevant, reliable and accurate and that the company's assets are appropriately accounted for and adequately safeguarded. The Board of Directors is responsible for ensuring that management fulfils these obligations.

The Audit Committee is appointed by the Board of Directors and is comprised solely of outside directors, other than Mr. Bumstead who is President of the Company. The Committee meets periodically with management, as well as with the independent auditors, to review and discuss auditing matters, financial reporting issues, and the consolidated financial statements of the annual report. The Committee reports its findings to the Board.

The consolidated financial statements have been audited in accordance with generally accepted auditing standards by Ernst & Young, the independent auditors, appointed by the shareholders. Ernst & Young has full and unrestricted access to the Audit Committee.

D. L. Bumstead

David L. Bumstead
President

R. J. Anderson

Richard J. Anderson
Treasurer

Auditors' Report

To the Shareholders of Brenda Mines Ltd.

We have audited the consolidated balance sheets of Brenda Mines Ltd. as at December 31, 1993 and 1992 and the consolidated statements of earnings and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 1993 and 1992 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles. As required by the Company Act of British Columbia we report that, in our opinion, these principles have been applied on a consistent basis.

Ernst + Young

Chartered Accountants

Vancouver, Canada,
January 27, 1994.

Brenda Mines Ltd.
(Incorporated under the laws of British Columbia)

Consolidated Balance Sheets

As at December 31

	1993	1992
	$ (in thousands)	$
Assets		
Cash	—	598
Short-term investments *[note 2]*	58,879	51,500
Marketable securities *[note 2]*	50,000	50,000
Accounts receivable *[note 2]*	5,950	5,514
Prepaid expenses	54	62
Oil properties *[note 3]*	—	1,042
Income taxes recoverable	3,848	6,737
Fixed assets *[note 4]*	724	861
Deferred income taxes	1,559	4,359
	121,014	120,673
Liabilities		
Accounts payable	988	2,798
Provision for mine closure costs *[note 6]*	13,130	17,656
	14,118	20,454
Shareholders' equity		
Capital stock		
Authorized		
100,000,000 preferred shares without nominal or par value		
100,000,000 common shares without nominal or par value		
Issued and outstanding		
4,887,242 common shares	14,350	14,350
Retained earnings	92,546	85,869
Total shareholders' equity	106,896	100,219
	121,014	120,673

See accompanying notes

On behalf of the Board:

B. Brynelsen
Director

D.L. Bumstead
Director

Consolidated Statements of Earnings and Retained Earnings

Years ended December 31

	1993	1992
	$ (in thousands)	$
Process Technology revenue	10,034	2,224
Process Technology cost of sales	7,791	2,301
General and administration expense	1,472	953
Mine closure expense	—	3,500
Exploration expense	—	881
	9,263	7,635
Operating income (loss)	771	(5,411)
Interest income	5,094	3,588
Dividend income	2,509	3,018
Miscellaneous income	326	—
	7,929	6,606
Income before income taxes	8,700	1,195
Income taxes *[note 7]*		
— current	361	(79)
— deferred	2,680	—
	3,041	(79)
Income from continuing operations	5,659	1,274
Discontinued operations *(note 3)*		
Income of discontinued operations net of applicable income taxes of $857 (1992 - $1,523)	722	1,578
Gain on disposal of discontinued operations	296	—
Income from discontinued operations	1,018	1,578
Net income	6,677	2,852
Retained earnings, beginning of year	85,869	83,017
Retained earnings, end of year	92,546	85,869
Income per share from continuing operations	1.16	0.26
Net income per share	1.37	0.58

See accompanying notes

Consolidated Statements of Cash Flows

Years ended December 31

	1993	1992
	$ (in thousands)	$
Operating Activities		
Net income from continuing operations	5,659	1,274
Adjustments for items not affecting cash:		
Depreciation and amortization	226	140
Mine closure provision	—	3,500
Deferred taxes	2,680	—
Changes in balance sheet accounts related to operations	2,087	49
Mine closure expenditures	(4,526)	(5,673)
Cash provided by (used in) continuing operations	6,126	(710)
Cash provided by discontinued operations	744	1,306
Cash provided by operating activities	6,870	596
Investing Activities		
Additions to fixed assets	(117)	(114)
Proceeds from sale of fixed assets	28	1,089
Cash provided by (used in) continuing operations	(89)	975
Cash used in discontinued operations	—	(128)
Cash provided by (used in) investing activities	(89)	847
Increase in cash position during the year	6,781	1,443
Cash position, beginning of year	52,098	50,655
Cash position, end of year	58,879	52,098

Cash position comprises cash and short-term investments. [note 2[c]].

See accompanying notes

Notes to Consolidated Financial Statements

Years ended December 31, 1993 and 1992

1. Summary of Significant Accounting Policies

Principles of consolidation

The accompanying financial statements consolidate the accounts of Brenda Mines Ltd. and its wholly owned subsidiary, Brenda Inc.

Foreign currency translation

Monetary assets and liabilities in foreign currency have been translated into Canadian dollars at the rate of exchange prevailing at year end. Other balance sheet items are translated at historical rates. Transactions during the year are translated at exchange rates prevailing at the date of the transaction. Exchange gains or losses relating to current items are included in earnings.

Oil properties

The company follows the successful efforts method of accounting for its oil properties. Acquisition costs of oil properties together with costs of drilling and equipping successful wells are capitalized. Shut-in well costs are capitalized pending commencement of production. Exploration expenditures, including geological and geophysical costs, annual rentals on exploratory acreage and dry holes are charged to expense.

Depreciation and amortization

Depreciation of buildings and equipment is calculated on a straight line basis over their estimated useful lives. Additions, betterments and renewals are capitalized and expenditures for maintenance and repairs are charged to expense.

Capitalized costs of proven oil properties, production equipment and gathering systems are amortized on the unit of production method based on estimated recoverable reserves.

Mine closure costs

The company has provided for estimated mine closure costs for its Peachland mining operation on a straight line basis to the date of mine closure. Thereafter, periodic assessments of the adequacy of the provision are made and changes are charged to earnings. Gains or losses arising on disposition of depreciable mine assets and pension curtailments resulting from the mine closure are included in the determination of mine closure costs.

Income taxes

The company follows the tax allocation method of accounting for income and resource taxes. Taxes not currently payable, as a result of claiming for tax purposes amounts different from those recorded in the accounts, are charged against current earnings.

Pension costs

The company has two pension plans which cover substantially all employees. The company follows the accrued benefit actuarial method and best-estimate assumptions to value benefit obligations.

Adjustments arising from plan amendments, experience gains and losses and changes in assumptions are amortized over the estimated average remaining service lives of the employee groups. Current service costs are expensed in the period. Market related asset values are determined on a five-year average basis.

2. *Related party transactions*

Noranda Inc. owns 76% [1992 — 76%] of Brenda Mines Ltd. The company participates in a number of transactions with Noranda and its affiliated companies (the Noranda Group). Details of significant transactions with the Noranda Group are set out below:

[a] The Noranda Group acts as manager and provides technical and administrative services to the company. During the year $205,600 [1992 — $188,300] was paid for technical and administrative services.

[b] The company participates in a short-term investment pool with the Noranda Group. The pool is operated to provide participating companies with the opportunity to invest or borrow funds on a short-term demand basis. Interest charges and credits are at market rates. "Market rates" earned on surplus cash in the short-term investment pool are established monthly based on the average of the weekly rates for Banker's Acceptances and Commercial Paper as published by the Bank of Canada. At December 31, 1993 the company had invested $58,879,000 [1992 — $51,500,000] in the pool. At the year end $199,500 [1992 — $339,000] of interest was receivable and $2,644,000 [1992 — $3,417,000] of interest was included in income for the year.

[c] Marketable securities comprises the company's investment of $50,000,000 in 2,000,000 Floating/Adjustable Rate Cumulative Redeemable Class A Preferred Series 1 shares of Noranda Forest Inc. which were acquired in 1988. The investment is carried at cost, which approximates market value. At the year end, $634,800 [1992 — $815,000] of dividends were receivable and $2,508,800 [1992 — $3,018,000] of dividends were included in income for the year.

The consolidated statements of cash flows define cash to include cash and short-term investments. Marketable securities were previously included in the definition of cash. This change in definition has been applied retroactively, and the prior year's statement has been adjusted accordingly. The effect of the change is to reduce the amount reported as cash at December 31, 1992 and 1991 by $50,000,000.

[d] The company, through it's Process Technology division, provided consulting services to the Noranda Group during 1993 for which it charged $647,000 [1992 — $1,179,000]. Accounts receivable related to these revenues at December 31, 1993 amount to $430,000 [1992 — $276,000].

[e] Included in accounts receivable is $2,153,000 from Norcen International Ltd., arising on the disposition of the Company's oil properties [see note 3].

3. *Discontinued operations*

Effective September 30, 1993, the company sold its 1.09% joint venture interest in the Jabiru, Challis and Cassini oil properties in the Timor Sea to Norcen International Ltd. (a related party) for proceeds of $1,747,000 and this transaction will close during the first quarter of 1994. The joint venture was accounted for by the proportionate consolidation method. Accordingly, the financial statements of the company have been modified to report separately the operating results of this discontinued operation. The revenue applicable to 1993 and 1992 and the remaining assets and liabilities of the joint venture were as follows:

(in thousands)	1993	1992
	$	$
Revenue	2,578	4,542
Current assets	—	558
Current liabilities	—	1,201
Net current assets (liabilities)	—	(643)
Oil properties	—	1,042
Deferred income taxes	—	1,403
	—	2,445
Net assets	—	1,802

4. *Fixed assets*

(in thousands)	1993	1992
	$	$
Buildings, equipment and related facilities	1,461	1,371
Less accumulated depreciation	737	510
	724	861

5. *Pension plans*

The company maintains defined benefit pension plans which provide eligible employees with pensions based on length of service and average earnings. Hourly employees are members of a negotiated plan.

The most recent actuarial reports for the pension plans, which were based on projections of interest, employees' compensation levels and length of service to the time of retirement, indicate that the approximate present value of accrued pension benefits at December 31, 1993 was $9,190,000 [1992 – $10,357,000]. The pension fund assets at market related values at December 31, 1993 were $8,841,000 [1992 – $10,011,000].

6. *Mine closure*

The company has estimated the current mine closure provision based upon information currently available. Such estimates are subject to yearly assessments based upon new information and technologies. The ultimate mine closure cost is uncertain and may be significantly larger than the amount currently provided.

In 1992 the Company revised the mine closure provision, primarily as a result of an increase in estimated vegetation and water reclamation costs. The 1992 charge for mine closure costs amounting to $3,500,000 is included in the statement of earnings. Actual reclamation costs are charged against the accumulated provision.

7. *Income and other taxes*

Income and other taxes vary from the amount that would be computed by applying the combined federal and provincial income tax rate of approximately 44.8% [1992 — 44.8%] for the following reasons:

(in thousands)	1993	1992
	$	$
Expense based on income before taxes	4,742	1,925
Increase (decrease) in taxes resulting from:		
Non-taxable dividend income	(1,125)	(1,352)
Foreign production taxes paid	562	857
Other	(281)	14
Income and other taxes	3,898	1,444

The components of the provision for income and other taxes are as follows:

(in thousands)	1993	1992
	$	$
Continuing operations	3,041	(79)
Discontinued operations	857	1,523
	3,898	1,444

At December 31, 1993 the company had accumulated income tax timing differences of approximately $5,000,000 [1992 — $4,500,000] available to reduce taxable income and taxes payable in future years. The potential income tax benefit of these items has not been recognized in the accounts as realization is not reasonably assured.

8. *Segmented information*

The company operates in two industries, mining and milling in British Columbia, and mining process technology.

Information regarding continuing industry segments is set out below:

(in thousands)	1993	1992
	$	$
Revenue from sales		
Mining process technology	10,034	2,224
Segment operating profit (loss)		
Mining process technology	771	(1,030)
Mining and milling	—	(4,381)
	771	(5,411)
Interest and other income	5,420	3,588
Dividend income	2,509	3,018
Income and other taxes	(3,041)	79
Net income from continuing operations	5,659	1,274
Depreciation and amortization		
Mining process technology	226	140
Identifiable assets		
Mining process technology	3,740	1,124
Mining and milling	—	4,723
General corporate assets	117,274	113,024
	121,014	118,871
Capital expenditures		
Mining process technology	117	114

All of the company's operations and assets are located in Canada. Revenue from sales to customers in foreign countries amounted to $7,134,000 [1992 — NIL].

9. *Comparative figures*

Certain comparative figures have been restated to conform with the current year presentation.

FINANCIAL HISTORY* — $000's

Earnings	1984	1985	1986	1987	1988	1989	1990	1991	1992	**1993**
Net value of production	31,439	21,977	62,666	71,617	74,425	49,847	26,786	6,150	2,224	**10,034**
Cost of production	25,270	14,914	41,570	43,884	42,544	49,363	18,726	572	2,156	**7,561**
Depreciation and amortization	4,205	4,288	8,254	7,552	4,749	8,540	5,448	1,295	140	**225**
Exploration expense	1,606	3,877	3,037	2,678	4,194	5,356	3,198	2,549	881	—
Administration and general expense	4,063	3,349	2,784	3,620	3,122	2,466	1,436	1,112	953	**1,472**
Mine closure expense	—	—	3,000	3,000	3,800	3,800	2,115	11,055	3,500	—
Municipal and sundry taxes	1,597	715	462	154	186	142	135	96	5	**5**
	36,741	27,143	59,107	60,888	58,595	69,667	31,058	16,679	7,635	**9,263**
Operating income (loss)	(5,302)	(5,166)	3,559	10,729	15,830	(19,820)	(4,272)	(10,529)	(5,411)	**771**
Investment and other income less interest expense	(3,714)	(1,781)	(2,072)	2,241	8,580	7,950	4,361	7,877	9,707	**9,804**
Income and other taxes	2,560	344	32	(1,704)	(9,782)	2,446	(1,565)	781	(1,444)	**(3,898)**
Extraordinary item	—	—	—	4,891	—	—	—	—	—	—
Net earnings (loss)	(6,456)	(6,603)	1,519	16,157	14,628	(9,424)	(1,476)	(1,871)	2,852	**6,677**
Financial Position										
Capital employed —										
Non-cash working capital	22,154	13,265	18,963	28,106	33,698	26,734	10,299	12,224	13,874	**10,423**
Investment in associated companies	63,950	63,950	63,950	—	—	—	—	—	—	—
Oil and gas properties, net	26,812	25,124	24,966	26,240	2,779	3,573	2,850	1,803	1,042	—
Property, buildings and equipment, net	20,231	18,466	13,425	11,420	7,705	4,243	2,011	1,385	861	**724**
Other investments and assets	215	215	215	553	12,189	7,050	735	—	—	—
	133,362	121,020	121,519	66,319	56,371	41,600	15,895	15,412	15,777	**11,147**
Capital sources —										
Short-term borrowings (cash)	50,805	43,086	38,161	(38,394)	(64,056)	(72,714)	(94,987)	(100,655)	(102,098)	**(108,879)**
Shareholders' equity	81,238	76,895	80,164	97,984	110,627	100,714	99,238	97,367	100,219	**106,896**
Other	1,319	1,039	3,194	6,729	9,800	13,600	11,644	18,700	17,656	**13,130**
	133,362	121,020	121,519	66,319	56,371	41,600	15,895	15,412	15,777	**11,147**
Cash Flows										
Operating activities	4,419	11,336	9,468	14,148	16,049	15,264	23,166	4,384	1,477	**6,870**
Investing activities —										
Oil and gas properties, net	(274)	(2,100)	(3,316)	(6,355)	28,363	(1,659)	(757)	(133)	(128)	—
Property, buildings and equipment, net	(271)	100	60	(699)	(935)	(281)	2,980	3,816	975	**(89)**
Exploration	(1,606)	(3,877)	(3,037)	(3,016)	(5,057)	(4,155)	(3,198)	(2,549)	(881)	—
Investment in associated companies	—	—	—	70,814	—	—	—	—	—	—
Other investments and assets	—	—	—	—	(10,773)	(22)	82	150	—	—
	(2,151)	(5,877)	(6,293)	60,744	11,598	(6,117)	(893)	1,284	(34)	**(89)**
Financing activities —										
Issue of common shares	—	2,260	1,750	1,663	459	—	—	—	—	—
Dividends	—	—	—	—	(2,444)	(489)	—	—	—	—
	—	2,260	1,750	1,663	(1,985)	(489)	—	—	—	—
Increase in cash position	2,268	7,719	4,925	76,555	25,662	8,658	22,273	5,668	1,443	**6,781**
Statistics										
Tons milled (000's)	6,734	3,307	11,224	11,344	12,441	12,746	4,720	—	—	—
Number of employees	105	404	401	418	421	411	75	41	29	**28**

Note:
Data for the years 1984 to 1986 have been restated from amounts originally reported to reflect the appropriate share of prior years' adjustments made in 1988 and 1986. A recovery in 1987 of income taxes through the application of losses carried forward, which was originally reported as an extraordinary item, has been restated as ordinary income in accordance with accounting rules effective in 1993.

The Company's Australian oil assets were sold effective September 30, 1993, and the transaction will close during the first quarter of 1994. Accordingly, 1993 and 1992 (for comparative purposes) operating income includes only the results of the Process Technology Division and the 1992 provision for mine closure.

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