WHEATON RIVER MINERALS LTD.

Annual Report

1993

A PURE GOLD COMPANY

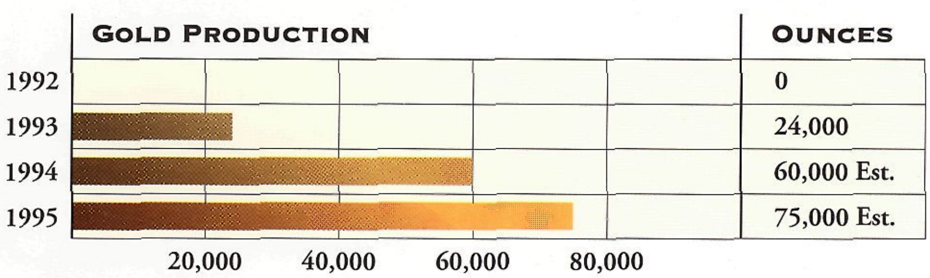
WHEATON RIVER MINERALS LTD. IS A CANADIAN GOLD MINING COMPANY COMMITTED TO SUSTAINED GROWTH AND ENHANCEMENT OF SHAREHOLDER VALUE THROUGH THE SELECTIVE ACQUISITION OF PRODUCING OR ADVANCED PROJECTS. THE COMPANY'S EXPLORATION FOCUS IS NEAR EXISTING MINES IN ORDER TO TAKE ADVANTAGE OF INFRASTRUCTURES ALREADY IN PLACE. WORKER SAFETY AND ENVIRONMENTAL PROTECTION ARE PARAMOUNT CONSIDERATIONS.

CONTENTS

HIGHLIGHTS

- Wheaton River Minerals achieved its first annual profit as a gold producer of $1.8 million or $0.17 per share. These earnings were generated by the Golden Bear mine which produced 23,917 ounces of gold in 1993 after Wheaton River took over management on July 2. The mine is owned by North American Metals Corp., 81% held by Wheaton River.
- Two significant gold discoveries were made at Golden Bear. A $5.5 million exploration effort was launched to determine the potential of these discoveries for production and to build ore reserves.
- The Company's second gold mine could be in production by the end of 1994 as a result of an agreement to acquire a 48% interest in YGC Resources Ltd. in exchange for Wheaton River's Ketza River property. Ketza River is a former gold producer with a mill in place. YGC owns the nearby Grew Creek gold deposit.
- The company is in a strong financial position with $12 million in cash and short-term deposits. This will support development of currently-held properties and acquisition of additional projects while meeting the objective of profitable growth.

Wheaton River achieved the status of gold producer during 1993.



DIRECTORS' REPORT

To the Shareholders

FOR Wheaton River Minerals Ltd., 1993 was a year of outstanding progress, a period when the corporate strategy proved its worth as the Company made the transition to a profitable gold producer.

When Wheaton River was founded in 1990, its goal was to take advantage of a depressed gold market to acquire advanced projects with the potential for early production. Wheaton River persisted through 1991 and 1992, examining numerous projects.

By the end of 1993, three projects had been acquired: Mount Skukum, Ketza River and Golden Bear. Wheaton River's total cost for the three acquisitions was $1.85 million. Former operators had made a combined capital investment of $175 million in these mines.

For shareholders, the most important result of these acquisitions is that the Company started generating earnings, $1.8 million or $0.17 per share during 1993, compared with a loss of $520,000 or $0.07 per share in the previous year. Sales revenue was $11.8 million during 1993, compared with nil the year before when no mining operations were under way.

The key change in fortunes for Wheaton River came with the purchase of a majority position in North American Metals Corp. (NAM), a publicly traded company holding a 100% interest in the Golden Bear mine in northwestern British Columbia. The purchase was made from Homestake Mining Company of California at a cost of $1.45 million. For this price, Wheaton River received 11,788,130 shares, representing about 81% of the NAM's issued and outstanding shares at the end of 1993. As part of the purchase, Wheaton River became the beneficiary of a 116,000-ounce gold loan which was provided by Homestake to NAM. The gold loan effectively gives Wheaton River control over future profits from Golden Bear for many years to come.

The Golden Bear mine, now in its fifth consecutive year of production, has become a prized asset in the hands of Wheaton River. When acquired on July 2, 1993, it was on the verge of shutdown with no developed ore reserves. A new mining method was introduced by Wheaton River management and an aggressive exploration program was initiated to develop new reserves.

The early results of this exploration: two exceptional discoveries, the Kodiak and the Grizzly deposits. A $5.5 million exploration program is under way to follow up and develop these discoveries. The results and impact on the Golden Bear operation will become evident throughout 1994 as this program proceeds.

To strengthen NAM's financial position at the time control of that company was acquired, Wheaton River arranged for the sale of a royalty on the Golden Bear property to Repadre Capital Corporation for $1.0 million. Repadre received a 7.5% NSR royalty until the principal and interest were returned, and a 2% NSR royalty thereafter. The princi-

Ian J. McDonald, chairman, (left) with V. V. (Vic) Jutronich, president.

pal and interest were repaid by year-end.

A series of financings completed by Wheaton River during the year enhanced its cash position and facilitated the expanded level of exploration and development at Golden Bear. At December 31, 1993, consolidated cash and term deposits totalled $12.8 million, compared with $153,000 a year earlier. These resources, combined with its debt-free status, will permit Wheaton River to both carry out a comprehensive exploration and development program at Golden Bear, and have sufficient working capital to take advantage of any additional acquisition opportunities which may arise during 1994.

Under a December, 1993 agreement which is to be formally implemented, Wheaton River will develop its second producing gold mine. The Company's 100% interest in the Ketza River gold project, which includes a mill and extensive exploration properties, will be exchanged for 3 million shares of YGC Resources Ltd. This transaction effectively makes YGC a 48% owned Wheaton River subsidiary.

YGC's major asset is the Grew Creek gold deposit. It is planned to bring this open pit gold deposit into production by trucking the ore for processing at the Ketza River mill. The Ketza River project promises to be a very profitable operation at prevailing gold prices.

World gold markets are attracting increasing attention from investors. The recent $385 U.S. per ounce price level appears to mark a break-out from the 3-year pattern of declining prices. The fall of the Canadian dollar on world currency markets is also beneficial in increasing the price received in Canadian currency.

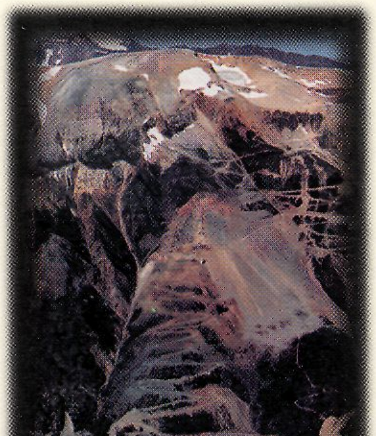
The 1993 financial results reflect the exceptional growth which Wheaton River has achieved. This would not have been accomplished without the hard work and dedication of the 114 employees at North American Metals and the continuing support of shareholders and associates.

With the profitable Golden Bear mine adding to its reserve base, a second gold mine headed for production and a strong financial position, Wheaton River Minerals is well positioned to grow as a gold producer and thereby enhance shareholder value.

On behalf of the Board of Directors,

Ian J. McDonald	V. V. Jutronich
Chairman	President
March, 1994	

GOLDEN BEAR MINE

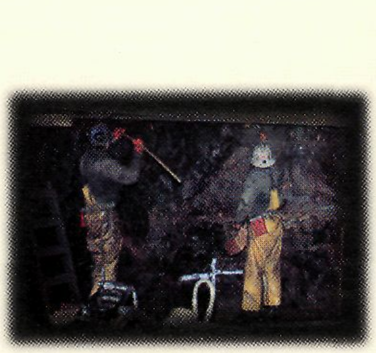


The Golden Bear mining and milling complex is located in Northwestern British Columbia.

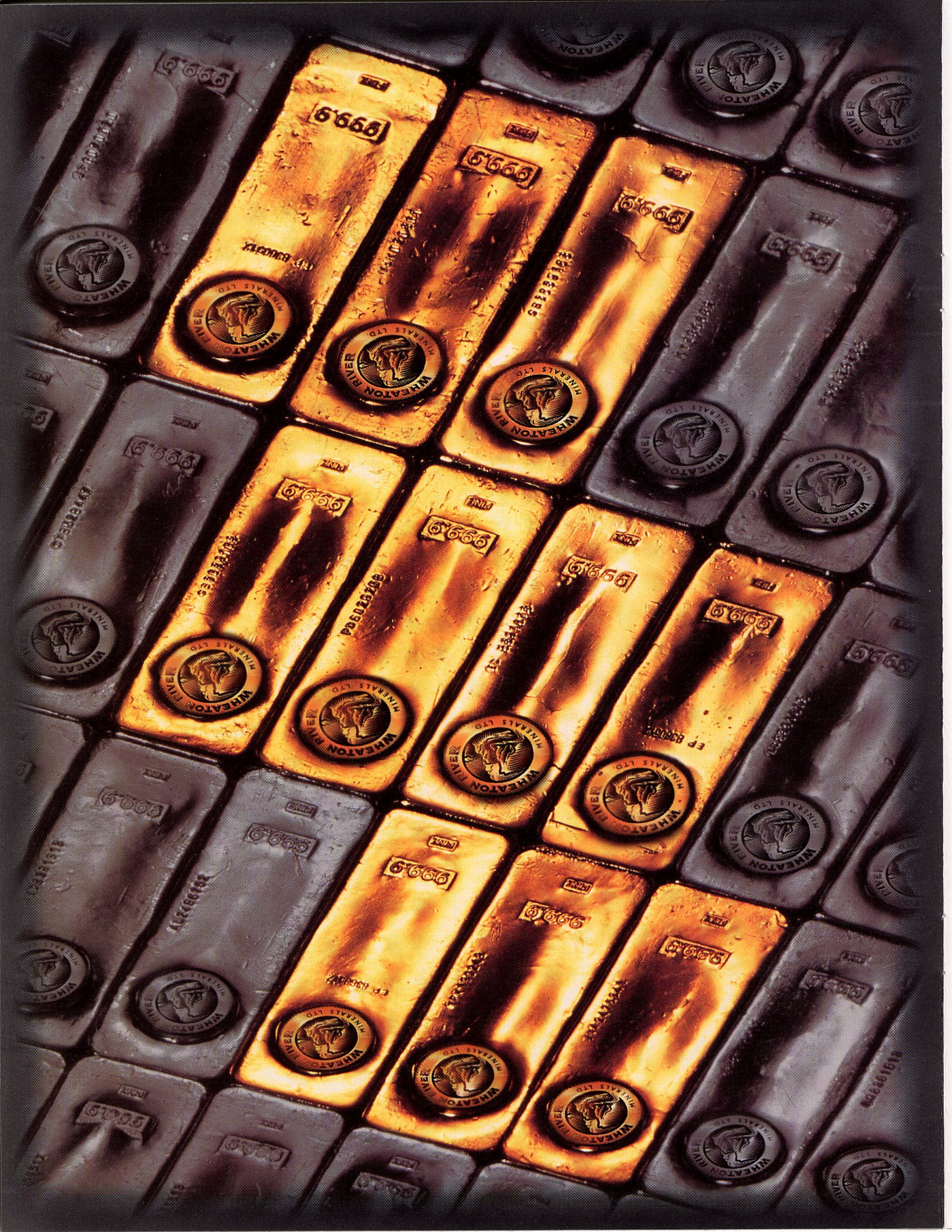
THE GOLDEN BEAR mine in northwestern British Columbia produced 52,357 ounces during 1993. While production was down from 58,224 ounces in 1992, higher gold prices and lower operating costs made 1993 the most profitable year in the Golden Bear's 4-year history. Total cost of production averaged \$354 (\$275 U.S.) per ounce, while an average sale price of \$462 (\$359 U.S.) per ounce was received. The mine is owned by North American Metals Corp., 81% held by Wheaton River. NAM's operating income in 1993 was \$6.0 million.

The mill processed 129,172 tonnes during the year, with an average head grade of 13.9 grams gold per tonne (0.41 ounces per ton) and a recovery of 90.4%. This compares with 132,961 tonnes processed during 1992, at a grade of 15.4 grams per tonne (0.45 ounces per ton) and average recovery of 88.9%.

The Golden Bear mine was originally developed in 1989 by Chevron Canada Minerals and NAM, which was a subsidiary of Homestake Mining Company of California. After incurring capital costs of \$89 million, the mine began operations in 1990. The mine has produced about 200,000 ounces since operations commenced.



Wheaton River re-opened the underground operations during the summer of 1993.


WHEATON RIVER
MINERALS LTD

Under previous operators, production initially came from underground sources and, more recently, from an open pit. Wheaton River reopened the underground mine when it assumed management in mid-1993. A new mining method (open stoping combined with sublevel caving) was introduced which has proved both safe and cost-effective. Production will continue from underground for most of 1994, supplemented by open pit material from either the Fleece Bowl or the Kodiak zones (see section on reserves).

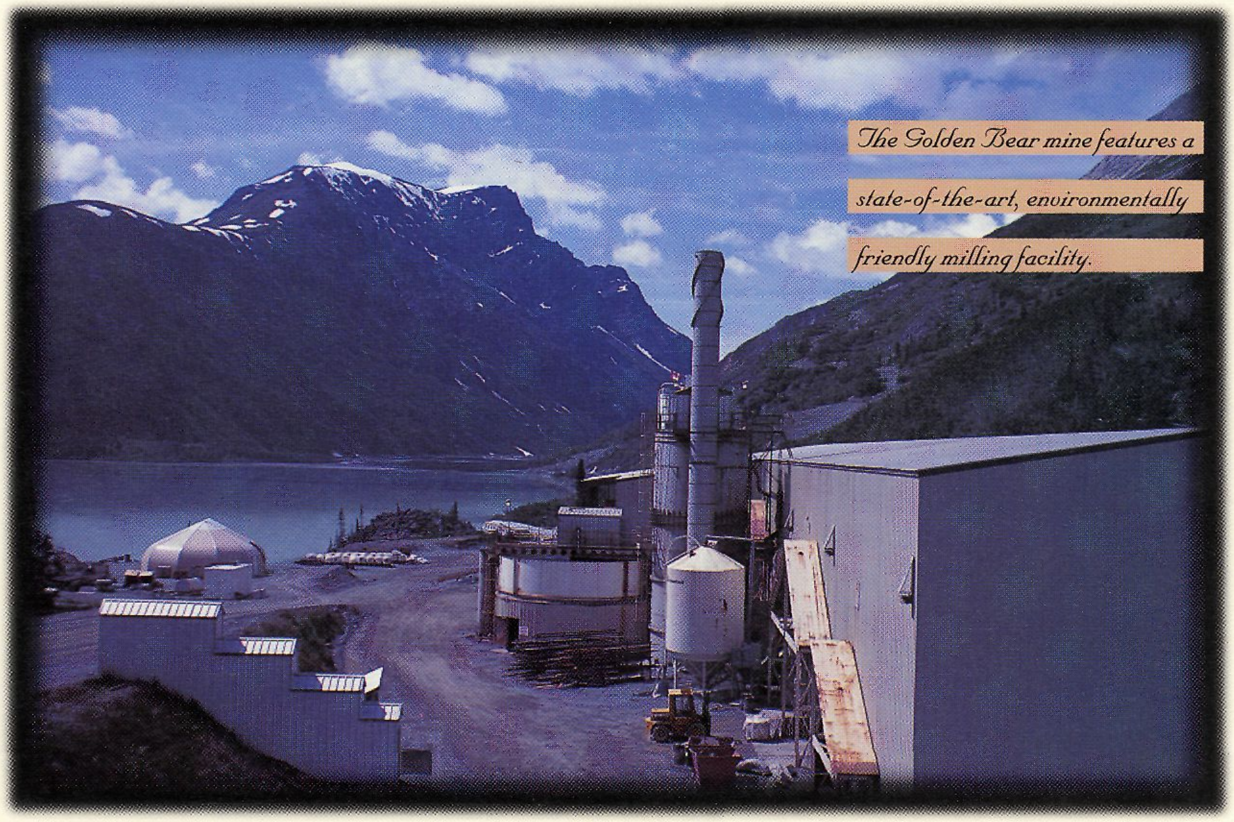
The 365-tonne per day milling plant at the Golden Bear mine is one of the most sophisticated for its size in North America. Ore from the mine is fed through a semi-autogenous ball mill before being air-fed directly to the roaster, a sophisticated method for treating metallurgically complex refractory ore. The roaster liberates the gold from the sulphides. The gold is dissolved in a cyanide solution and then recovered with a conventional carbon-in-pulp circuit followed by pressure Zadra stripping. A gold bar is poured at the mine site.

Golden Bear now employs a mechanized mining system.

The Company's projects are all located in northwestern Canada.

Initial underground start-up problems at the mine combined with mechanical difficulties at the roaster during the fourth quarter affected productivity. A 10-day maintenance shutdown was necessary in February, 1994 to replace the roaster's refractory arch. Since that time, the mill has been operating at capacity.

Environmental standards at the Golden Bear mine are among the highest in Canada.



The Golden Bear mine features a state-of-the-art, environmentally friendly milling facility.

The roasting system incorporates scrubbers which result in the release of only 10% of the allowable limit of sulphur dioxide. The mill uses the Inco cyanide destruct system to eliminate discharge of that chemical. The mill practices total water recycling. Furthermore, the chemistry of the natural bedrock in the valley (limestone) is such that there are no problems anticipated with acid generation in the disposition of the waste rock or tailings.

NAM has submitted a plan for ultimate decommissioning of the site, which is expected to cost \$2.5 million. Approximately \$3.2 million in bonding has been set aside for this reclamation.

Ore from the mine is trucked down the mountain for processing.

GOLDEN BEAR EXPLORATION AND MINERAL RESOURCES

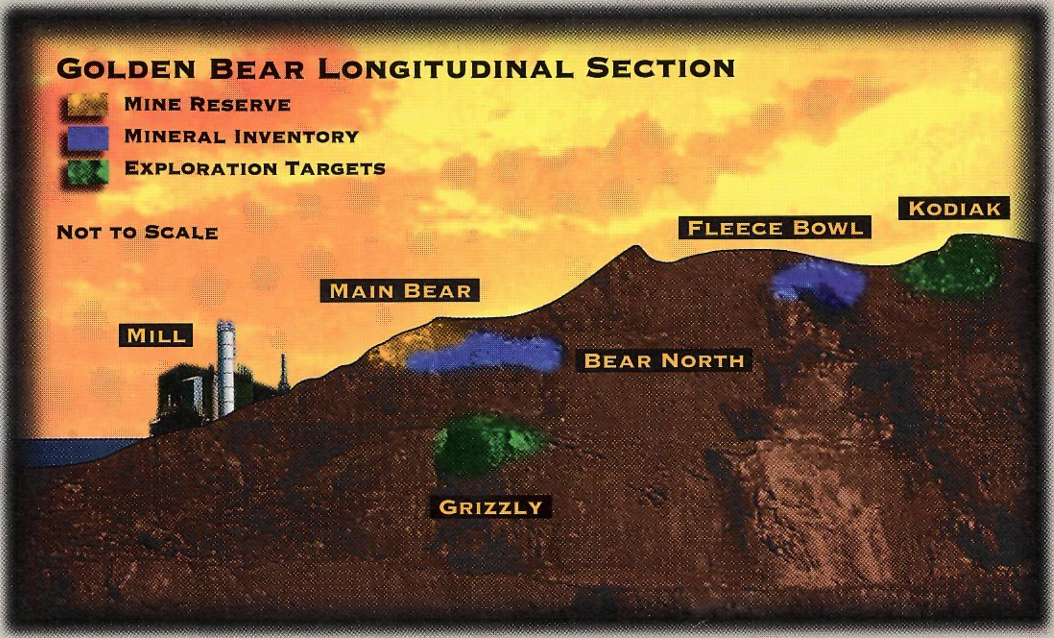
ONE OF THE MAIN attractions of the Golden Bear project is its exploration potential. The dominant geological feature of the 37,000-hectare property is the 20-kilometre-long Ophir Break, a major fault which appears to control all of the gold mineralization discovered in the area so far. Only a fraction of this structure has been explored in any detail.

When Wheaton River acquired the Golden Bear operation in 1993, the challenge was to bring portions of the known mineral inventory into the mineable category, and to explore for new reserves. Thus far, we have been very successful in this endeavor.

Development work has so far been concentrated on the Main Bear deposit. On January 1, 1994, the Main Bear and Bear North had recoverable mining reserves of 94,000 tonnes grading 15.4 grams gold per tonne (103,000 tons grading 0.45 oz gold per ton). There is also a low grade zone containing 105,000 tonnes grading 8.3 grams gold per tonne (116,000 tons grading 0.24 oz gold per ton).

Wheaton River is also conducting exploration and development work at the Fleece Bowl in order to upgrade this deposit into the mineable category. The Fleece Bowl has a indicated mineral resource of 111,000 tonnes grading 16.4 grams gold per tonne (122,000 tons grading 0.48 oz gold per ton).

Exploration outside the known mineralized areas since Wheaton River took control

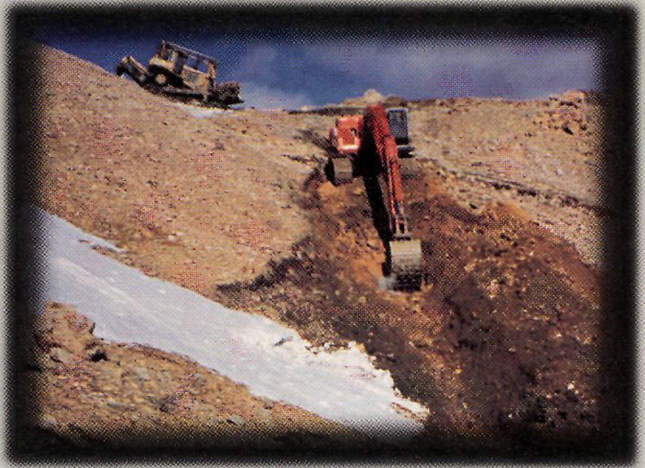


of the operation has resulted in a rare degree of success, with the discoveries of the Grizzly and Kodiak zones. These discoveries are being followed up with a $5.5 million exploration and development program in 1994.

The Grizzly Zone was discovered late in the year with a drill hole which returned 14.4 grams gold per tonne across an estimated true width of 7-8 metres (0.42 oz gold per ton over 23-26 feet). This new zone is located about 400 metres below the Main Bear, the site of all mine production to date. The geological structure hosting the Grizzly Zone is similar to that of the Main Zone, and the potential for a comparable grade and tonnage is high. A ramp has been collared near the millsite as part of a $3 million program to explore and develop the Grizzly during 1994.

The second discovery in 1993 was the Kodiak Zone, located three kilometres north of the millsite near the Fleece Bowl Zone. A number of spectacular holes were returned from the Kodiak Zone, including 34.2 metres grading 5.2 grams gold per tonne (112 feet grading 0.15 oz gold per ton); 45.7 metres grading 6.7 grams (150 feet grading 0.20 oz); and 33.5 metres grading 7.6 grams (110 feet grading 0.22 oz).

A major followup drilling program began in January which will likely continue through 1994. Although the grade at the Kodiak Zone is below that of other deposits on the property, Kodiak mineralization has two advantages. First, as a near-surface occurrence, it can be mined by more economical open pit methods. Second, testing on the ore shows that it is metallurgically simple (non-refractory), meaning lower processing costs and higher recoveries of contained gold. Kodiak reserve estimates were not available in time for this report. Management is confident that this deposit will add to Golden Bear production in the future.



The Kodiak discovery trench.

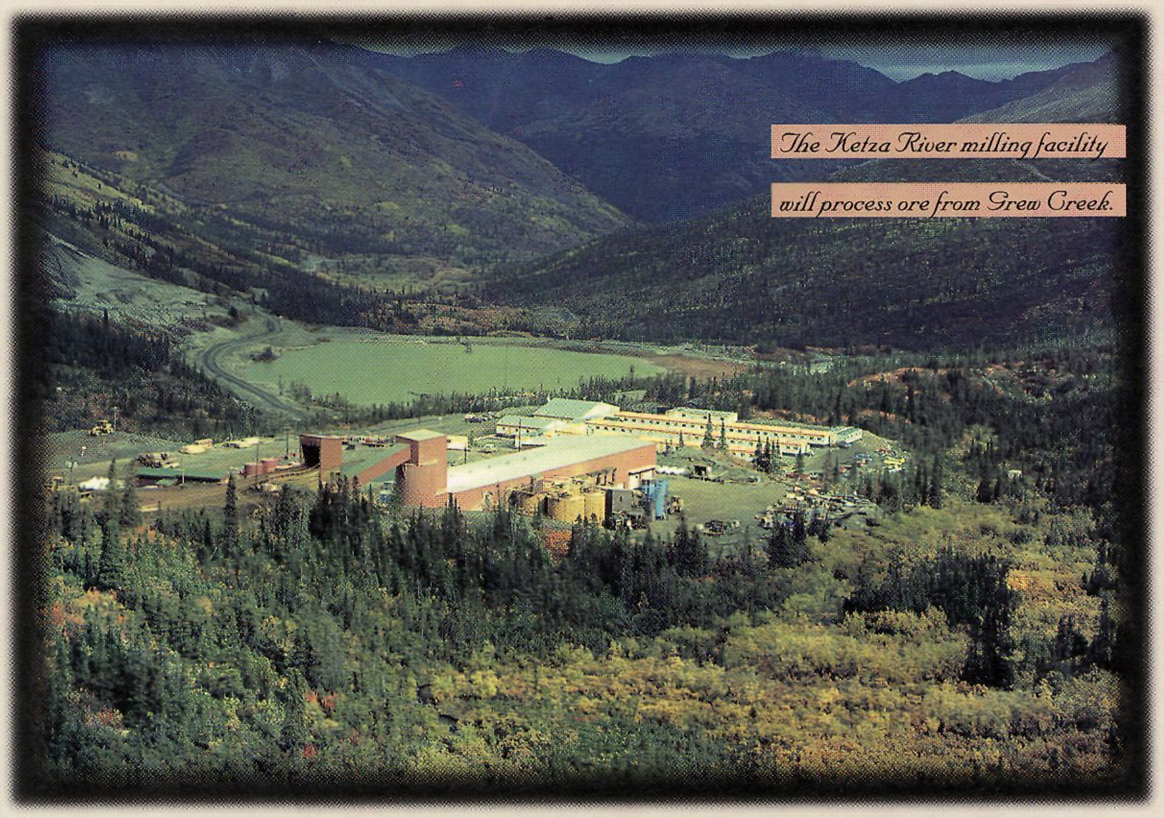
As the Kodiak represents a new style of deposit in this area, Wheaton River will be examining the entire Golden Bear property for other, similar occurrences. Exploration plans are being formulated for a number of other targets on the property, including the Bandit, which is a particularly high priority. Grab samples over a strong geophysical target returned values up to 19 grams gold per tonne (0.55 oz gold per ton).

KETZA RIVER PROJECT

A RECENT agreement with YGC Resources Ltd. will facilitate the development of a second gold mine in the Wheaton River portfolio. Wheaton River will have a 48% interest in the project through its ownership of YGC.

Subject to a final feasibility study, YGC intends to use Ketza River's 450 tonne per day mill to process oxide ore from its Grew Creek property. Grew Creek is located 92 kilometres by road from Ketza River, and is estimated to contain 270,000 tonnes of drill-indicated reserves grading 11.1 grams gold per tonne (299,000 tons grading 0.324 oz gold per ton). The deposit can be mined by open pit with a strip ratio of approximately 9:1 waste to ore, about half of the waste being glacial till. Metallurgical testing indicates that the Ketza River mill should recover 93% of the gold.

The production cost per ounce is estimated at $266 (U.S.), and capital costs to



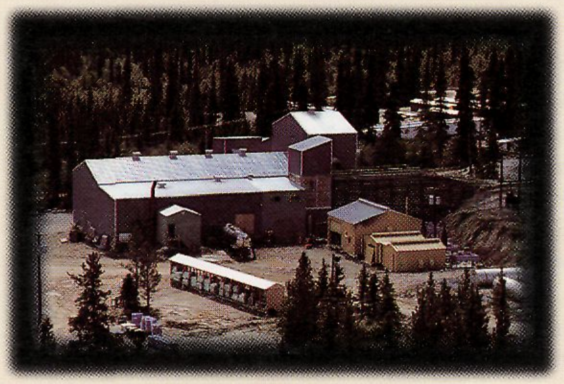
The Ketza River milling facility will process ore from Grew Creek.

production should be less than $4 million. Most of these expenditures will be for preproduction stripping and millsite rehabilitation.

Preliminary estimates are that the project should produce 90,000 ounces over a 30-month period. With the cooperation of the permitting authorities in the Yukon Territory, production could be under way by the end of the year.

There is exploration potential for additional oxide reserves on the Ketza River property. The property also contains an estimated 190,000 tonnes of sulphide reserves grading 11.4 grams gold per tonne (209,000 tons grading 0.33 oz gold per ton). These reserves require an additional mill circuit, further environmental permitting, as well as a higher gold price. There are also a number of known deposits within trucking distance of the Ketza River mill which could be operated under joint ventures assuming appropriate agreements can be negotiated.

A major portion of the Ketza River property is under option to Hemlo Gold Mines Inc., which can earn a 60% interest by spending $2 million in exploration during the next four years. This option does not cover the Ketza River mill nor the known reserves.



The Mount Skukum mill is located near a number of gold deposits.

MOUNT SKUKUM PROJECT

The Mount Skukum project, located on the banks of the Wheaton River in the southwestern Yukon Territory, was the Company's first acquisition in 1991. The property includes a 300 tonne per day milling facility and a small gold deposit, as well as numerous promising exploration targets. It is centrally located to a number of potential gold deposits owned by other companies.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

Wheaton River completed the acquisition from Homestake Mining Company of California on July 2, 1993 of 100% of the shares of 175595 Canada Inc. which controlled 85% of North American Metals Corp., the owner of the Golden Bear mine in northern British Columbia. Other assets of 175595 include various gold sale agreements and the related security amounting to obligations by NAM in excess of $60.0 million.

Treated as a purchase transaction, the Consolidated Statement of Income and the Consolidated Statement of Changes in Financial Position include the operations of NAM from July 2, 1993. The purchase price consisted of a cash payment of $1.45 million. As part of the transaction NAM granted Homestake a 2% NSR on certain non-producing claims at the site, in satisfaction of intercompany debt.

RESULTS OF OPERATIONS:

Consolidated sales for the period of $11.8 million was based on production of 23, 917 ounces of gold at the Golden Bear mine from July 2, 1993 onward. The average price realized per ounce of gold for this period was $493 CDN. Production costs, including $413,600 of expenditures to further delineate underground reserves, were $10.0 million or $418 CDN per ounce. Operating income for the six months was $1.8 million, all of which was as a result of NAM's Golden Bear mine operations. The Company had no mining activities in previous years and consequently there are no comparative figures for 1992.

The company experienced a modest increase in general and administrative expenses to $521,434 (1992 - $426,065) as a result of the costs related to increased acquisition activities. Depreciation, depletion and amortization increased to $24,657 from $905 in 1992 due to the consolidation of NAM in the last half of the year.

The Company allowed its option on the Omni property to lapse and correspondingly wrote off its investment of $164,738 in the project, as well as $78,267 in deferred exploration expenditures, compared with $109,163 in write-downs in 1992.

Other income in 1993 increased to $821,682 from $15,943 in 1992. During the year NAM issued 571,428 treasury shares to parties outside the consolidated group. This had the effect of lowering Wheaton's ownership to 81.4%. As a result, the Company recorded a gain on the disposition of part of its investment in the amount of $388,463. In addition, certain surplus equipment from the Ketza River Project was sold for a deemed gain of $338,000.

The consolidated net income for the year after taking the above into account was $1.8 million or $0.17 per share, compared to a loss of $520,190 in 1992 ($0.07 per share).

LIQUIDITY AND CAPITAL RESOURCES:

Available cash and short-term investments increased by $12.7 million in 1993 and working capital by year end was $13.0 million, a $12.8 million improvement over 1992. While cash flow of $1.4 million was represented by the consolidation of NAM operations, the Company's activities were financed primarily through the issuance of treasury shares and special share warrants.

Sources of funding included the issuance of 7,190,838 treasury shares of the Company under a number of agreements for a total of $6.5 million. In addition, the Company received an additional $5.1 million from the sale of 1,500,000 Special Warrants, at a price of $3.65 per unit, the proceeds of which were to be used on exploration at the Golden Bear mine.

Pursuant to the purchase agreement with Homestake, NAM placed in trust approximately $3.7 million to fund potential reclamation costs and shut-down costs. As of December 31, 1993, there remained $3.2 million held in deposits and an outstanding accrual in the amount of $3.3 million.

NAM entered into a loan with Repadre Capital Corporation for $1.0 million to provide temporary financing during the redevelopment of the underground facilities at the Golden Bear mine. The loan and interest at 7% per annum was repaid during the year. Under this loan agreement, NAM also granted a continuing 2% NSR on certain claims of the Golden Bear to Repadre.

In 1993, as a result of the consolidation of the activities of the Golden Bear mine, the Company capitalized certain expenditures, including specific exploration and development, (described as resource assets) that were anticipated as having a useful life beyond one year. This amounted to $1.0 million, up from $271,042 in 1992.

AUDITORS' REPORT

To the Shareholders of Wheaton River Minerals Ltd.:

We have audited the consolidated balance sheets of Wheaton River Minerals Ltd. as at December 31, 1993 and 1992 and the consolidated statements of operations, retained earnings (deficit), and changes in financial position 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.

Toronto, Ontario
February 26, 1994

WASSERMAN, ARSENAULT
Chartered Accountants

CONSOLIDATED BALANCE SHEETS

YEARS ENDED DECEMBER 31, 1993 AND 1992

ASSETS

	1993	1992
Current:		
Cash and short term investments	$ 12,825,948	$ 153,021
Marketable securities	6,716	7,700
Accounts receivable and prepaids (Note 9)	1,096,978	84,171
Inventories (Note 4)	1,152,319	—
	15,081,961	244,892
Resource assets (Note 5)	1,675,242	933,936
Investments:		
Mount Skukum Gold Mining Corporation [Note 1(d) and 5(a)]	1	1
Guaranteed Investment Certificates and term deposits (Note 7)	3,240,552	25,000
	3,240,553	25,001
	$ 19,997,756	**$ 1,203,829**

LIABILITIES

	1993	1992
Current:		
Accounts payable and accrued liabilities	$ 2,100,138	$ 58,543
Reclamation and closure costs accrual [Note 1(f)]	3,322,827	—

SHAREHOLDERS' EQUITY

	1993	1992
Capital stock (Note 6)	8,522,229	2,059,642
Special Warrants [Note 6(f)]	5,146,500	—
Retained earnings (deficit) (Page 16)	906,062	(914,356)
	14,574,791	1,145,286
	$ 19,997,756	**$ 1,203,829**

SEE ACCOMPANYING NOTES

Approved on behalf of the board:

Director Ian J. McDonald

Director Kerry Knoll

CONSOLIDATED STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 1993 AND 1992

	1993	1992
Product sales revenue	$ 11,811,591	$ —
Production costs	9,998,062	—
Operating income	1,813,529	—
Other operating expenses:		
Amortization	24,657	905
General and administration	521,434	426,065
Write off of mining properties and deferred exploration expenditures	243,005	109,163
	789,096	536,133
Other income:		
Interest income	(95,219)	(15,943)
Gain on sale of goodwill (Note 2)	(388,463)	—
Gain on sale of equipment	(338,000)	—
	(821,682)	(15,943)
Income (loss) before taxes	1,846,115	(520,190)
Mineral and other taxes	25,697	—
Income (loss) for the period	**$ 1,820,418**	**$ (520,190)**
Weighted average number of shares outstanding	10,945,096	7,630,653
Earnings (loss) per share (see also Note 11)	**$ 0.17**	**$ (0.07)**

SEE ACCOMPANYING NOTES

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (DEFICIT)

YEARS ENDED DECEMBER 31, 1993 AND 1992

	1993	1992
Deficit, beginning of year	$ (914,356)	$ (394,166)
Income (loss) for the period	1,820,418	(520,190)
Retained earnings (deficit), end of period	**$ 906,062**	**$ (914,356)**

SEE ACCOMPANYING NOTES

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

YEARS ENDED DECEMBER 31, 1993 AND 1992

	1993	1992
Cash provided by (used in) the following activities:		
Operations:		
Net income (loss) for the period	$ 1,820,418	$ (520,190)
Add: Items not requiring an outlay of cash:		
Amortization	24,657	905
Gain on sale of goodwill	(388,463)	—
Write down of mining claims and deferred exploration and development expenditures	243,005	109,163
Gain on sale of equipment	(338,000)	—
Cash flow from operations	1,361,617	(410,122)
Net change in non-cash working capital balances from operations (Note 3)	(122,547)	101,269
	1,239,070	(308,853)
Financing:		
Issue of common shares [Note 6(a)]	6,462,587	633,892
Issue of special warrants	5,146,500	—
	11,609,087	633,892
Investments:		
Purchase of resource assets	(1,008,968)	(271,042)
Guaranteed investment certificates and term deposits (Note 7)	(3,215,552)	(25,000)
Proceeds on sale of goodwill	388,463	—
Proceeds on sale of equipment	338,000	—
Reclamation and closure costs accrual	3,322,827	—
	(175,230)	(296,042)
Increase in cash during the period	12,672,927	28,997
Cash and short term investments, beginning of period	153,021	124,024
Cash and short term investments, end of period	**$ 12,825,948**	**$ 153,021**

SEE ACCOMPANYING NOTES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1993 AND 1992

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a) **Basis of presentation:**

These consolidated financial statements include the accounts of Wheaton River Minerals Ltd. ("Wheaton") and its wholly owned subsidiary 175595 Canada Inc. ("175595") as well as 175595's 81.4% owned subsidiary North American Metals Corp. ("NAM") which operates the Golden Bear Mine. All significant intercompany balances and transactions have been eliminated.

The comparative figures for the year ended December 31, 1992 only reflect the accounts of Wheaton.

Certain comparative figures have been reclassified to conform with the presentation adopted in 1993.

b) **Resource assets:**

Property, plant and equipment are carried at cost, including all costs incurred in the acquistion, exploration and development of the company's mining properties, less accumulated depreciation, depletion, amortization and write-downs to recognize impairments in value. Property plant and equipment are depreciated over their estimated useful lives on a straightline basis.

Deferred exploration and development expenditures incurred in the acquisition and exploration of the company's mining properties net of option payments and government grants received, have been deferred with the intention that the deferred expenditures and the cost of the mining claims and properties be amortized by charges against income, on a units of production basis, from future mining operations. If the mining claims are allowed to lapse or the properties are abandoned, the cost of the mining claims and all associated exploration and development expenditures are written off.

c) **Inventories:**

Inventories of stockpiled ore and in circuit product are valued at the lower of average cost and net realizable value. Inventories of materials and supplies are valued at the lower of average cost and replacement cost net of an accumulated provision for obsolescence and write down.

d) **Investment in Mount Skukum Gold Mining Corporation ("MSGMC"):**

The investment represents a 100% interest in all of the outstanding shares of MSGMC. The interest is being carried at cost, as the company is inactive and its only asset is the lease on the property referred to in Note 5(a).

e) **Marketable securities:**

Marketable securities are valued at the lower of cost or market.

f) **Reclamation and closure costs accrual:**

Reclamation and closure costs accrual on the company's Golden Bear Mine is estimated based on current interpretation of environmental and regulatory requirements and has been fully provided for as at December 31, 1993.

g) **Product sales:**

Product sales are recognized as gold and silver dore is delivered.

h) **Foreign currency translation:**

U.S. dollar monetary assets and liabilities are translated at the exchange rates prevailing at the balance sheet date whereas revenues and expenses are translated at rates prevailing on the respective transaction dates. Exchange gains and losses are included in operations.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. ACQUISITION:

On July 2, 1993 the company acquired a 100% interest in 175595 Canada Inc., a company which owned 85% of North American Metals Corp. ("NAM") for $1,541,400 in cash, including acquisition costs of $91,400.

Summarized below is the fair value of the assets acquired and liabilities assumed at the acquisition date:

Net current assets	$ 5,116,400
Reclamation accrual	(3,575,000)
Total consideration given	**$1,541,400**

In December 1993 NAM issued 571,428 common shares to interests outside of the consolidated group. This had the effect of lowering Wheaton's percentage ownership from 85% to 81.4%. As a result of this issuance of shares the company has recognized a gain on the disposition of part of its investment equal to the funds received of $388,463.

3. CHANGES IN NON-CASH WORKING CAPITAL:

Changes in non-cash working capital consists of the following:

	1993	1992
Marketable securities	$ 984	$ —
Accounts receivable and prepaids	(1,012,807)	155,489
Inventories	(1,152,319)	—
Accounts payable and accrued liabilities	2,041,595	(54,220)
	$ (122,547)	$ 101,269

4. INVENTORIES:

Inventories at December 31, consist of the following:

	1993	1992
Stockpiled ore	$ 47,000	$ —
In circuit product	700,000	—
Supplies	405,319	—
	$1,152,319	$ —

5. RESOURCE ASSETS:

Resource assets consists of the following:

	1993	1992
Mill equipment	$ 19,447,642	$ —
Mining properties, exploration and development costs	19,644,222	931,825
Buildings	3,017,807	—
Mobile and mine equipment	2,769,292	—
Office equipment	314,021	—
Computer Equipment	48,097	3,548
	45,241,081	935,373
Accumulated amortization	(3,745,875)	(1,437)
Accumulated write downs	(39,819,964)	—
	$ 1,675,242	$ 933,936

The company has an interest in the following mining properties:

a) **Mount Skukum Mining Property, Yukon Territory, Canada:**
By an assignment agreement dated February 28, 1991 with Glencairn Explorations Ltd. ("Glencairn", see Note 9) under which the company paid $50,000 and an additional payment of $350,000 cash, the company purchased a 100% interest in the following; 819 mining claims located in the Yukon Territory, Canada, a mill located on the property and all of the issued and outstanding shares of Mount Skukum Gold Mining Corporation, the company that holds the lease on the land where the claims are located. The mill is subject to a 1% net smelter return royalty on the first 500,000 tons of all products milled.

b) **Skukum Creek Property, Yukon Territory, Canada:**
By an agreement dated September 6, 1991 between Omni Resources Inc. ("Omni") and the company, the company acquired the right to earn a 100% interest in 295 claims in the Skukum Creek area subject to a floating net smelter return between 1% - 30%.

On September 6, 1993 the company allowed its option on this property to expire. Therefore all costs and related deferred exploration and development expenditures were written off.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

c) **Kirkland Lake Properties, Ontario, Canada:**
During 1992 the company acquired a 50% interest in four mining claims in this area from Glencairn for approximately $2,600. On July 7, 1992 the company together with Strike the other 50% owner of these 4 mining claims granted an option on these claims to Canadian Giant Exploration Limited ("Giant"). Under the agreement Giant can earn a 51% interest in the claims by paying $10,000 cash to Strike and the company, by issuing 100,000 common shares each to Strike and the company, paying a further $10,000 cash to each of Strike and the company prior to July 7, 1993 and by expending $300,000 exploring the property. On July 7,1993 Giant abandoned this option. On August 27, 1993 the company and Strike signed a further option agreement on these claims with International Homestead Resources Inc. ("Homestead") under which Homestead can earn a 51% interest on these claims by paying both Strike and the company $10,000, issuing 50,000 common shares to Strike and the company and by expending $225,000 exploring the property by August 27, 1996.

The company also holds other mining interests in the Kirkland Lake area.

d) **Ketza River Property, Yukon Territory, Canada:**
By an agreement dated August 21, 1992 between Canada Tungsten Inc. ("CTI") (formerly Cannamax Resources Inc.) and the company, the company acquired the assets at the Ketza River Property including 328 mining claims, a mill located on the property and all the chattels, tools, equipment, vehicles and licenses associated with the property (subsequently known as the "Ketza River property assets") for $1 cash. As part of the agreement CTI agreed to make a private placement in the company for 1,083,333 common shares for $325,000.

The property is subject to a 10% of operating profit royalty. As well any ore mined from outside the property and processed at the mill is subject to a $0.75 per ton fee payable to CTI.

By a letter of intent dated July 12, 1993 the company granted to Hemlo Gold Mines Inc. ("Hemlo") the right to earn a 60% interest on certain claims in its Ketza River Property, Yukon, Canada by paying to Wheaton an aggregate of $125,000 cash and expending $2.0 million dollars exploring the property prior to January 15, 1998.

By a letter of intent dated December 9, 1993 the company agreed to sell to YGC Resources Ltd. ("YGC") all of its right, title and interest to all of its Ketza River property assets in return for 3.0 million common shares of YGC issued from treasury.

e) **Grew Creek Property, Yukon Territory, Canada:**
By an agreement dated March 4, 1992 between the company and Mr. Allen Carlos the company was granted an option to acquire a 100% interest in 21 mining claims located in the Ross River area, Whitehorse Mining District, Yukon Territory by paying $40,000 cash and by making further cash payments. After initial investigation of the property the company decided to abandon the option without making any further payments.Therefore the cost of the option and all related deferred exploration and development expenditures were written off in 1992.

f) **Golden Bear Property, British Columbia, Canada:**
The company owns 84 mining claims and one mining lease in the Atlin Mining division, British Columbia within which is located the Golden Bear Mine. The property is subject to a royalty of 2% of net smelter returns to Repadre Capital Corporation. As well, the company sold toHomestake Mining Company of California, for $100,000, a 2% net smelter returns royalty on the property excluding areas upon which the presently known ore reserves are situated.

A portion of the property is also subject to a royalty equal to 1% of net smelter returns in connection with minerals produced from this property. The areas of the property subject to this royalty do not contain any of the presently known ore reserves and are not priority explorations areas. Payments under the royalty are not required to be made until such time as net smelter proceeds obtained from minerals produced from those areas subject to the royalty exceed $22,573,080.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. CAPITAL STOCK:

a) **Capital stock** - Authorized capital stock consists of an unlimited number of common shares of which the following are issued and outstanding:

	Number of Shares	Amount
Outstanding at January 1, 1992	6,575,001	$1,425,751
For cash pursuant to exercise of warrants	698,550	419,130
For cash pursuant to flow through share agreement [Note 6(b)]	112,500	45,000
For cash pursuant to private placement [Note 5(d)]	1,083,333	325,000
For mining property [Note 5(b)]	100,000	25,000
Less: share issue costs	—	(180,239)
Outstanding at December 31, 1992	8,569,384	$ 2,059,642
For cash pursuant to exercise of stock options	1,119,938	294,441
For cash pursuant to exercise of underwriter option	250,000	123,750
For cash pursuant to private placements [Note 6(d)]	1,906,250	1,240,000
For cash pursuant to exercise of promotor's option	250,000	125,000
For cash pursuant to new offering [Note 6(e)]	3,575,000	5,005,000
For cash pursuant to exercise of warrants	89,650	147,922
Less: share issue costs	—	(473,526)
Outstanding at December 31, 1993	**15,760,222**	**$8,522,229**

b) **Flow through share agreement:**
Under the terms of an offering memorandum dated June 23, 1992 the company issued 112,500 common shares for net proceeds of $45,000. The money received under this offering was used to explore the company's Kirkland Lake Property [Note 5(c)]. The exploration expenditures incurred were flowed out to the investors under the provisions of the Income Tax Act and are therefore not available to the company.

c) **Fiscal agency agreement:**
On February 25, 1992 the company signed a fiscal agency agreement with Research Capital Corporation ("RCC") under which RCC agreed to attempt to raise new equity for the company in exchange for a fee of $117,408 and 10% of the aggregate amount received on new equity. The agency agreement is for a period of one year ending February 16, 1993. As part of the agency agreement RCC received an option to purchase 150,000 common shares of the company from Glencairn Explorations Ltd. (an affiliated company - See Note 9) at a price of $0.60 per share until February 28, 1995. The fee of $117,408 and the cost of the commission paid on new equity is included under share issue costs.

d) **Private placements:**
On June 15, 1993 private placements were made in the company for 1,406,250 units at $0.32 per unit or $450,000 in the aggregate. Each unit consisted of one common share and one half common share purchase warrant. Each whole warrant is exercisable into one common share for $0.35 per share until June 15, 1994.

On September 28, 1993 private placements were made in the company for 500,000 units, each unit consisting of one common share and one common share purchase warrant which is exercisable into one common share at a price of $1.85 per share. The common share purchase warrant expires eighteen months from the closing of the private placement agreement. Aggregate proceeds from the private placement were $790,000 ($1.58 per unit).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

e) **New offering:**
On November 18, 1993 the company issued 3.575 million units each units consisting of one common share and one half of one common share purchase warrant for gross proceeds of $5,005,000. Each whole warrant is exercisable into one common share at a price of $1.65 per share until January 28, 1995. 89,650 whole warrants have, as of year end, been exercised into common shares. As part of the agency agreement Wheaton assigned to the agents the option to purchase 583,333 common shares of the company, which option Wheaton had acquired from Canada Tungsten Inc. (formerly Cannamax Resources Inc.)

f) **Special Warrants:**
On November 23, 1993 the company sold to Cannacord Capital Corporation and Sprott Securities Limited (the "underwriters") 1.5 million special warrants at a price of $3.65 per subsequent special warrant for gross proceeds, after deducting underwriters fees of $328,500, of $5,146,500 pursuant to an underwriting agreement dated November 10, 1993 between the company and the underwriters. Each special warrant entitles the holder to acquire one unit comprised of one common share and one half of one common share purchase warrant. Each whole common share purchase warrant will be exercisable into one common share at a price of $4.25 per share for a period of 18 months following the closing of the private placement of the special warrants. As additional compensation, the company granted to the underwriters non-assignable options to purchase 150,000 common shares exercisable at a price of $3.65 per common share for a period of 18 months following the closing of the private placement.

7. GUARANTEED INVESTMENT CERTIFICATES AND TERM DEPOSITS:

The company has cash invested in the following investments which are not available for current working capital purposes:

i) A $25,000 Guaranteed Investment Certificate to support an outstanding letter of credit on a reclamation bond on the company's Ketza River property.

ii) A $15,000 term deposit to support an outstanding letter of credit on a reclamation bond on the company's Mount Skukum property.

iii) The company has on deposit $1.0 million dollars plus accumulated interest in a trust fund to be used for the future reclamation of the Golden Bear Mine site. As part of the reclamation trust agreement the company has also granted to the trustee a first fixed mortgage over all property owned by North American Metals Corp. excluding rolling stock.

iv) The company has on deposit $2.0 million dollars plus accumulated interest to support an outstanding letter of credit on a reclamation bond on the company's Golden Bear Mine site.

8. STOCK OPTIONS/WARRANTS:

At December 31, 1993 the following stock options and warrants are outstanding:

i) Stock options:
   a) Options to purchase 25,000 common shares at $0.20 per share, expiring April 8, 1998 to senior officers and directors of the company.
   b) Options to purchase 732,000 common shares at $0.55 per share expiring May 20, 1998 to senior officers and directors of the company.
   c) Options to purchase 225,000 common shares at $1.50 per share expiring August 20, 1995 to a director of the company.
   d) Options to purchase 205,000 common shares at $1.50 per share expiring August 20, 1995 to employees of the company.
   e) Options to purchase 200,000 common shares at $3.00 per share expiring October 15, 1998 to senior officers and directors of the company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

ii) Warrants:

At December 31, 1993 the company has outstanding 1,406,250 warrants which can be converted into 703,125 common shares at $0.35 per share until June 15, 1994 as well as 500,000 warrants which can be converted into 500,000 common shares at $1.85 per share to March 1, 1996 [seeNote 6(d)]

The company also has outstanding 1,697,850 whole warrants which can be exercised into 1,697,850 common shares at $1.65 per share until January 28, 1995. [see Note 6(e)]

9. RELATED PARTY TRANSACTIONS:

Glencairn Explorations Ltd. ("Glencairn") owns 3,250,001 of the issued 15,760,222 common shares representing a 21% ownership interest. Pursuant to the assignment agreement referred to in Note 5(a) above, in 1991 the company reimbursed Glencairn for the $50,000 option payment and Glencairn subscribed for and purchased 3,300,000 common shares for consideration of $50,000.

Included in accounts receivable in December 31, 1992 is an amount due from Glencairn of $51,800.

Included in accounts receivable at December 31, 1992 is $25,000 due from Ian J. McDonald, a director of the company. This loan was repaid in the current year.

10. CONTINGENT LIABILITIES:

The company has guaranteed the following reclamation bonds related to its mining properties:

i) A $15,000 bond on its Mount Skukum property
ii) A $25,000 bond on its Ketza River property
iii) A $2,000,000 bond on its Golden Bear Mine property

As well, the company has an outstanding letter of credit for $187,011 to support its commitment under an employee trust agreement.

The above contingent liabilities are secured by either term deposits or guaranteed investment certificates (see Note 7).

11. FULLY DILUTED EARNINGS PER SHARE:

Fully diluted earnings per share for the year ended December 31, 1993 is $0.15 per share. Fully diluted earnings per share has not been disclosed for the prior year as they were not dilutive.

12. INCOME TAXES:

The company has tax loss carry-forwards as at December 31, 1993 of approximately $15 million which will expire between 1994 and 1999. In addition the company charged operations with an aggregate of approximately $68 million which has been deferred for income tax purposes. No recognition has been given in these financial statements for the potential income tax benefits associated with these items.

13. SUBSEQUENT EVENTS:

a) Subsequent to year end 340,000 of the outstanding directors and employees stock options (See Note 8) were exercised for aggregate proceeds of $287,500. On January 7, 1994 further stock options were granted to directors and employees for 700,000 common shares at $4.10 per share expiring January 7, 1999.

b) Subsequent to year end the special warrants [see note 6(f)] were exercised into 1.5 million common shares and 750,000 common share purchase warrants.

c) Subsequent to year end 768,333 of the outstanding common share purchase warrants [see Note 8(ii)] were exercised into common shares for proceeds of $1,267,747.

CORPORATE INFORMATION

DIRECTORS:

Visco V. Jutronich
Vancouver, British Columbia

Kerry J. Knoll
Toronto, Ontario

Ian J. McDonald
Toronto, Ontario

Donald G. Moore
Lion's Bay, British Columbia

Peter Tredger
Vancouver, British Columbia

OFFICERS:

Ian J. McDonald
Chairman and Chief Executive Officer

V.V. (Vic) Jutronich
President and Chief Operating Officer

Kerry J. Knoll
Vice-President, Corporate Development

Peter Tredger
Chief Financial Officer

Linda Woody
Controller

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Legal Counsel
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Board of directors, from left, Donald Moore, Peter Tredger, Kerry Knoll, Vic Jutronich and Ian McDonald.