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ERICKSON
GOLD

ERICKSON GOLD MINES LTD.

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1217 East 4th Street
North Vancouver, B.C. V7J 1G8

QUARTER 3
INTERIM REPORT
for the period ending
September 30, 1983

To the Shareholders

ERICKSON GOLD MINES LTD.

During the first nine months of 1983, Erickson earned \$3.5 million (\$0.43/share) as compared to a loss of \$1.2 million for the same period in 1982. Comparative earnings before taxes and other items were \$4.8 million in 1983 and a loss of \$0.05 million in 1982.

The 1982 financial statements, have been restated in some cases to provide comparability with the 1983 periods.

Earnings in the third quarter were higher than in the second quarter due primarily to higher average mill feed grade (0.71 oz gold/ton) and greater mill tonnage throughput. The average mill feed grade for the first nine months of 1983 was 0.59 oz per ton, as compared to the average mine reserve grade of 0.50 oz per ton. The average price received per ounce of gold this quarter was Cdn. \$491/oz; \$2 lower than in the second quarter.

As previously announced, during the second quarter Erickson increased its' shareholdings in Table Mountain Mines Limited to 94.7 percent and acquired substantially all of the assets of Plaza Mining Corporation. Both properties are contiguous to lands currently owned by Erickson and greatly increase the corporation's potential for expansion of ore reserves. The Plaza acquisition included a milling facility which is in good condition and is readily expandable from its current rated capacity of 150 tons/day and a surface stockpile of 8,000 tons of broken ore grading approximately 0.40 oz gold/ton. Ore from this stockpile is currently being processed in the Erickson mill.

The total acquisition cost of the Table Mountain shares is \$510,238 cash and 333,567 common shares of Erickson. The Plaza properties were acquired for \$3,055,000 payable in cash and \$1,000,000 payable from 15 percent of the net profit derived from the Plaza claims excluding the stockpile.

A payment of \$1,000,000 has been made and additional payments of \$1,000,000 and \$1,055,000 will be made on November 30 and December 30 respectively.

The financial statements included in this report reflect these transactions in their entirety except as to the payment to be made from net profit from the Plaza claims when these are brought into production.

The comparative milling, metallurgical and production data for the first nine months of each period were as follows:

	<u>1983</u>	<u>1982</u>
Tons of ore milled	51,244	29,114
Per day	188	107
Average mill feed grade (ounces per ton)		
— gold	0.59	0.64
— silver	0.49	0.48
Average metal recovery		
— gold %	0.93	0.95
— silver %	0.89	0.92
Metal recovered (ounces)		
— gold	28,006	17,715
— silver	22,188	12,905

The expanded ore delineation program to which reference was made in the report to shareholders for the first six months of 1983 was continued. Exploration costs charged to expense for the year to date were approximately \$1,000,000; an additional amount of about \$150,000 was capitalized. Total exploration expenditures for 1983 are currently expected to be in the order of \$1,500,000.

The long term ore delineation program referred to in the report for the second quarter of this year is proceeding; results to date have been most satisfactory. An important vein system has been identified that is at least 8,570 feet in length. In addition the 325 foot strike length of the vein discovery reported in August was increased about 50 percent by the time drilling was finished for the year. The vein systems referred to are the Vollaug and Caitlin respectively; both are wholly contained in properties owned by Erickson.

Erickson reported that its proven and probable ore reserves at January 1, 1983 totalled 83,000 tons at an estimated grade of 0.54 oz gold/ton. Reserves are currently estimated to be in the order of 150,000 tons grading 0.53 oz gold/ton.

Work is proceeding to permit the corporation to carry out the financing activity referred to in the previous report as soon as market conditions permit. The application to list the Erickson shares on the Toronto Stock Exchange was deferred temporarily pending completion of the Table Mountain and Plaza transactions but is now proceeding as planned.

Capital expenditures on Buildings, Machinery and Equipment comprised \$650,000 attributed to the Plaza mill; the remainder represented costs of expanding the Erickson mill, additional mine equipment and support facilities.

Working capital increased by \$2,393,000 during the nine months period to a positive balance of \$385,000 compared to the deficiency of \$2,004,000 at the beginning of the year.

A. David Ross,
Chairman of the Board.

North Vancouver, British Columbia.
October 21, 1983.

ERICKSON GOLD MINES LTD.

**Condensed
Consolidated Statement of Earnings**

(prepared without audit — in thousands)

	Three Months Ended September 30		Nine Months Ended September 30	
	1983	1982*	1983	1982*
Revenue:				
Net Revenue from concentrate sales	\$5,242	\$2,528	\$14,680	\$ 7,771
Investment and other income	(1)	73	45	116
	<u>5,241</u>	<u>2,601</u>	<u>14,725</u>	<u>7,887</u>
Expenses:				
Cost of concentrate sales	1,961	1,317	5,626	3,744
Administrative and general	815	567	2,192	1,466
Depreciation, depletion and amortization	236	223	707	621
Exploration	510	212	1,017	460
Write-off of deferred exploration costs	—	706	—	905
Interest	124	256	369	740
	<u>3,646</u>	<u>3,281</u>	<u>9,911</u>	<u>7,936</u>
Earnings (loss) before taxes and other items	1,595	(680)	4,814	(49)
Income and resource taxes (reduction)	718	(215)	2,163	(48)
	<u>877</u>	<u>(465)</u>	<u>2,651</u>	<u>(1)</u>
Earnings (loss) before extraordinary and other items	248	—	870	(1,200)
NET EARNINGS (Loss) FOR THE PERIOD	<u>\$1,125</u>	<u>\$ (465)</u>	<u>\$ 3,521</u>	<u>\$ (1,201)</u>
EARNINGS (Loss) PER SHARE				
Earnings (loss) before extraordinary items	<u>\$ 0.10</u>	<u>\$ (0.07)</u>	<u>\$ 0.37</u>	<u>\$ (0.15)</u>
Net earnings (loss)	<u>\$ 0.13</u>	<u>\$ (0.06)</u>	<u>\$ 0.43</u>	<u>\$ (0.16)</u>

*Restated for comparative purposes

Approved by the Board,

A. David Ross, Director

Robert D. Armstrong, Director.

ERICKSON GOLD MINES LTD.

Condensed Consolidated Statement of Changes in Financial Position

(prepared without audit — in thousands)

	Nine Months Ended	
	Sept. 30, 1983	Sept. 30, 1982
Financial resources were provided by:		
Operations —		
Earnings (loss) before extraordinary items	\$3,603	\$(1,109)
Items not affecting working capital —		
Depreciation and depletion	707	621
Deferred income & resource taxes	1,323	(208)
Write-off of oil and gas interests & deferred exploration costs	—	2,013
	5,093	1,317
Term bank loan	1,955	—
Reclassification of investment and deferred exploration costs to current assets	—	1,290
Proceeds on sale of shares of Nu-Energy Development Corp. held	—	1,241
Proceeds on issue of common shares of Agnes & Jennie Mining Company Limited	—	279
Income tax reduction on application of prior years' losses	458	—
	7,506	4,127
Financial resources were applied to:		
Mining rights and deferred mine development	6,883	1,125
Less acquired from Table Mountain Mines Limited by issuance of shares	3,835	—
Cash expended	3,048	1,125
Buildings, machinery and equipment	1,726	266
Reduction on long-term debt	280	402
Oil and gas interests	—	1,092
Other	59	270
	5,113	3,155
Increase in working capital	2,393	972
Working capital (deficiency), beginning of period	(2,008)	(2,976)
Working capital (deficiency), end of period	\$ 385	\$(2,004)

ERICKSON GOLD MINES LTD.

Condensed Consolidated Balance Sheet

(prepared without audit — in thousands)

	September 30 1983	December 31 1982
ASSETS		
Current:		
Cash and marketable securities	\$ 764	\$ 986
Receivables & Prepaids	4,825	1,099
Inventories	865	416
	6,454	2,501
Fixed and Other Assets	18,209	10,297
	\$24,663	\$12,798
LIABILITIES		
Current:		
Bank loans	\$ 3,558	1,686
Accounts payable	1,873	2,503
Taxes	638	320
	6,069	4,509
Long Term Debt	3,195	1,520
Deferred Taxes	4,048	2,725
Minority Interest	8	—
SHAREHOLDERS' EQUITY	11,343	4,044
	\$24,663	\$12,798