

Echo Bay Mines Ltd.

Revised August 29, 1986 (MC)

Destroy all previous Basic and White cards on this Company

CUSIP Number 278751

Stock Symbol ECO

Head Office — 3300 Manulife Place, 10180-101 Street, Edmonton, Alta. T5J 3S4

Telephone — (403) 429-5811

THE COMPANY owns and operates the producing Lupin gold mine, Contwoyto Lake area, N.W.T.; holds a 50% interest in a producing gold property in Nevada; and 100% interest in the former producing Sunnyside gold and silver mine in Colorado. Also engaged in precious metals exploration, directly and through participation in joint ventures.

Fiscal Year	Gold Prod.	Total Assets	COMPARATIVE DATA				Earns. Per Sh.	Divids.	Price Range	
			Bullion Rev.	Cash Flow	Net Income				High	Low
	oz.	\$	000's \$	\$	\$		\$	\$	\$	\$
1985....	195	338,426	110,905	38,613	18,093		0.46	0.12	20.75	10.25
1984....	182	184,361	87,144	39,492	23,880		0.64	0.11	14.63	7.88
1983....	118	161,397	62,533	20,922	8,973		0.14	0.10	14.88	7.25
1982....	25	158,826	11,808	2,892	d47					

• Listed Apr. 28 and giving effect to 6-for-5 split Aug. 9.

CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1985			
	Outstanding		%
Long-term debt		\$9,000,000	4
Common stock	41,751,728 shs.	153,226,000	71
Retained earnings		53,263,000▲	25

▲ Includes deferred translation adjustment of \$1,855,000.

SUMMARY STATEMENT

For the six months ended June 30, 1986, net income was \$13,600,000 (33 cents per share) on revenues of \$67,400,000. This compares with a year-earlier net of \$8,000,000 (21 cents per share) on revenues of \$53,300,000.

For the year ended Dec. 31, 1985, net income was \$18,093,000 or 46 cents per share, down 18% from \$22,005,000 or 64 cents per common share in the previous year. The decrease in 1985 earnings was attributed primarily to lower average gold prices. Mining revenue increased 25% to \$111,939,000 from \$89,260,000 in the previous year.

Gold production for 1985 at the Lupin mine totaled 195,137 oz. from a total of 625,975 tons milled compared with 181,534 oz. from 542,025 tons milled during 1984. The company's 50% share of production at the Round Mountain mine for 1985 was 69,374 troy oz. from 2,768,525 tons of ore milled.

All outstanding common shares of Copper Range Company were sold to Northern Copper Corporation effective Oct. 1, 1985 for proceeds of US\$23,700,000 consisting of US\$3,700,000 in cash and a US\$20,000,000 silver note receivable with an estimated net realizable value of US\$7,000,000. Following the sale, Echo Bay will retain its 50% interest in the Round Mountain gold mine and gold exploration properties in Nevada.

Capital expenditures totaled \$17,695,000 in 1985 against \$18,010,000 in 1984 and included \$11,200,000 spent on capital projects at the Lupin mine complex, \$4,900,000 of which was attributable to the shaft sinking program and US\$6,800,000 on capital projects at the Round Mountain mine.

Purchase from Standard Metals Corporation of substantially all of its assets in San Juan city., southwest Colorado, including the inactive Sunnyside polymetallic mine and related mill for US\$20,000,000 cash and a 30% net profits interest, was effective on Nov. 19, 1985. After refurbishing, the mine is expected to be put back into production by mid-1986.

N.B.—For quick reference data, see page 2.

HOWARD ROSS LIBRARY
OF MANAGEMENT

The Financial Post

OCT 14 1986

INFORMATION SERVICE

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QUICK REFERENCE DATA

Incorporation—Alberta charter 1964; continued under C.B.C.A. Oct. 10, 1980.

Employees—800 at December 31, 1985.

Auditors—Peat, Marwick, Mitchell & Co., C.A., Edmonton.

Fiscal Year End—December 31.

Annual Report Appeared—In April in 1986.

Annual Meeting—June 9 in 1986.

Listed—ECO, Toronto, Montreal, Alberta and American Stock Exchanges; and the Paris Bourse and Brussels Stock Exchanges.

Shareholders—Approximately 32,000 at December 31, 1985.

Transfer Agents and Registrars—The Canada Trust Company, Toronto, Halifax, Montreal, Winnipeg, Calgary, Edmonton, and Vancouver; Orion Royal Bank Limited, London, Eng.; Morgan Guaranty Trust Company, New York.

COMPANY

The company owns and operates the producing Lupin gold mine at Contwoyto Lake, N.W.T.; owns a 50% undivided interest in the Round Mountain gold mine, a large tonnage, low grade, open pit mining operation in Nevada and other gold exploration properties in Nevada; and owns the former producing Sunnyside gold and silver mine in Colorado (acquired during 1985).

Echo Bay is also engaged in precious metals exploration, directly and through participation in joint ventures.

OPERATIONS**LUPIN GOLD PROPERTY**

The Lupin gold property comprises 123 leased claims covering 6,997 acres near Contwoyto Lake, 250 miles northeast of Yellowknife, N.W.T. The property was originally owned by Canadian Nickel Company, a wholly-owned subsidiary of Inco Limited (95%) and Dome Mines (5%), which companies retained a royalty interest in production. In 1984, both royalty interests were acquired for \$15,000,000. Echo Bay also holds additional acreage in the immediate vicinity of the Lupin property.

The only access to the Lupin property is by air or by winter road. The company owns a Boeing 727 aircraft which is fitted with a cargo door and can carry 35,000 pounds of freight or up to 117 passengers or a combination of both. The company also sold its Conair 640 aircraft on Jan. 14, 1986. The aircraft was the company's principal operating aircraft prior to the leasing of a Boeing 727 aircraft in 1984.

Plant and Equipment

The site is equipped with a complete 1,250 ton-per-day mill complex (expanded from 1,000 tons per day in November, 1983). Tune-up operations commenced May 4, 1982 from stockpiled development ore. Commercial production was attained Oct. 1, 1982.

Development

Development conducted by previous owners outlined some 1,300,000 tons of ore grading 0.50 oz. gold per ton. Subsequently, Echo Bay carried out further work, including underground exploration from a spiral ramp to 425 ft. Sinking of a 1,210 ft. three-compartment shaft was completed in October, 1982. Levels have been established at the 285, 560, 820 and 1,080 ft. levels. Underground operations are trackless and highly mechanized. Ore is mined through a longhole stoping method.

During 1983 the spiral ramp was extended to the 560 ft. level. Production was derived from areas above the

285 ft. level. Early in 1984, production commenced from the 560 ft. level.

During 1985, most production came from the 560-ft. level of the Centre Zone, with the balance coming from the 820-ft. and 560-ft. levels of the East Zone and the 285 ft. level of the West Zone. The ramp was also extended down from the 820-ft. level to the 1,080-ft. level to facilitate the movement of equipment and personnel between sub-levels and main haulage levels.

In late 1984, the company commenced a two-phase program of deepening the mine shaft from its original 1,210 ft. below surface to 2,540 ft. and to develop four levels down to 2,130 ft. The objective of the project, which is slated for completion in 1987, is to further delineate the orebody at depth and provide underground access for mining new reserves.

By the end of 1985, the shaft had been deepened to 2,315 ft. During the year, stations were cut at four levels, 1,345 ft., 1,610 ft., 1,870 ft. and 2,130 ft. Drilling of the nearby West Zone was completed on the 1,610, 1,870 and 2,130 ft. levels. Development drifts are planned for 1986 and 1987 to delineate additional reserves.

The estimated cost of the entire project is \$18,800,000 of which \$6,700,000 was spent by the end of 1985. An additional \$12,100,000 is expected to be spent during 1986 and 1987 to complete the shaft sinking and underground development project. This will include installation of a new production hoist and additional material handling facilities.

Reserves

Proven and probable ore reserves have been reported as follows in recent years:

Year	Tons	Av. Grade oz. per ton
1985	3,068,100	0.340
1984	3,462,700	0.356
1983	3,409,300	0.396

Production

A record of production in recent years is as follows:

Year	Tons Milled	Gold Prod. oz.
1982*	80,000	25,000
1983	356,000	118,026
1984	543,510	181,534
1985	626,000	195,137

*From Oct. 2 to Dec. 31 when commercial operations commenced.

ROUND MOUNTAIN PROPERTY

Echo Bay holds a 50% interest in the Round Mountain gold mine and the gold exploration properties in Nevada.

Round Mountain, which is located in central Nevada, has been mined intermittently since the early 1900's. The mine uses the heap-leaching process to extract gold from the ore and is the largest such operation in the world. The Round Mountain deposit consists of a number of zones, within which four types of precious metals mineralization has been found.

Present operations commenced in 1977. The site is equipped with a 2,500 ft. long heap leach pad. Modifications made to the heap-leach operations during 1985 included a 10-ft. increase in the height of the heaped ore to 35 ft. on the 2,500 ft. leach pad and construction of a new 600 ft. parallel pad. Ore leaching capacity was thereby increased to 1,200,000 tons of ore.

Gold occurs predominately along the fractures of Type I ore and within the pumice in Type II. Until 1985, the top layer containing gold, known as Type I mineralization, was the only portion of the deposit classified as reserves. During 1985, test work was carried out on Type II, indicating that it was economically heap-leachable.

Higher production levels and increased recovery rate resulted in 1985 gold production increasing to 138,148 oz from 121,014 oz. in 1984. Echo Bay's share

in 1985 was 69,374 oz. Total ore processed during 1985 amounted to 15,170 tons per day compared with 12,496 tons per day in 1984.

Total proven and probable ore reserves at Dec. 31, 1985 amounted to 175,630,000 tons (of which 57,730,000 tons was Type I ore and 117,900,000 was Type II ore) at an average grade of 0.039 oz. gold per ton compared with total proven and probable reserves of 42,000,000 tons at an average grade of 0.043 oz. gold per ton.

Capital expenditures at the mine totaled US\$6,800,000 in 1985, of which US\$2,300,000 was spent on development associated with the improved recovery and on testing Type II mineralization, with the balance spent on additional equipment to sustain the expanded level of operations. Expenditures for 1986 included an estimated \$8,100,000 for further test work and examination of the feasibility of a major production expansion program.

Sunnyside Gold and Silver Mine

On Nov. 19, 1985, the company purchased from Standard Metals Corporation substantially all of its assets in San Juan city., southwest Colorado, including the inactive Sunnyside polymetallic mine and related mill for US\$20,000,000 in cash and a 30% net profits interest. After refurbishing the mine will be put back into production by mid-1986.

Outside Exploration

During 1985, expenditures on precious metals exploration totaled \$9,400,000 (\$6,800,000 of which was spent in Canada). Areas of current interest include the following:

Canada—Exploration was conducted on a 16,625 acre area surrounding the Lupin mine. The program was part of an ongoing program to evaluate the mineral potential around Lupin and included some diamond drilling. The company now holds 142,000 acres in the area.

The Bathurst Inlet exploration area, located on the Arctic coast, 120 miles northeast of Lupin, contains numerous gold-bearing formations similar to those found on the Lupin property. Echo Bay conducted some work on this property and additional claims were staked covering 68,600 acres, bringing its total position in the area to 91,400 acres. A total of 14 holes were drilled on two of the gold occurrences, however results were inconsistent.

In the Indian lake region, exploration expenditures totaled \$1,600,000, bringing the total amount spent since the commencement of the joint venture agreement in 1984 to \$2,500,000. Echo Bay has now earned a 75% undivided interest in the property, located 155 miles southwest of Lupin. During 1985, exploration activities included drilling 80 diamond drill holes; the new Cass zone was discovered during 1985 approximately two miles southwest of the Main zone. Additional drilling is planned for 1986 on both the Main and Cass zones.

During 1985, Echo Bay reached separate agreements with three companies allowing it to earn interests in various gold properties in the Cameron Lake region, near Kenora, Ont. In February, 1985, Echo Bay signed an agreement to participate in Nuinsco Resources Limited's program. The company can earn and acquire up to a 50% interest in Nuinsco by the end of 1987. During 1985, expenditures of \$1,500,000 earned Echo Bay a 17% interest in the company. In September, 1985, Echo Bay entered into an agreement with Canolan Resources Ltd. to explore a property adjacent to the Nuinsco property, in which it can earn a 50% interest therein by spending \$500,000 on exploration before the end of 1988.

During 1985, the company reached an agreement with Kidd Creek Mines Limited to study the feasibility of bringing a base and precious metals deposit into production at Izok Lake, approximately 55 miles southwest of Lupin. Preliminary results of the study were not encouraging given current metal prices.

United States—In addition to acquiring a 50% interest in the Round Mountain property, from the Louisiana Land Exploration Company, Echo Bay also acquired

various precious metals properties in Nevada, some of which are wholly-owned and some are held jointly with the other Round Mountain participants.

A limited drilling program was conducted during 1985 on the Congress property, a shut-down gold mine approximately 65 miles northwest of Phoenix, Ariz. Echo Bay can earn a 51% interest in the property, however re-opening of the mine does not appear to be feasible at present gold prices.

During 1985, the company acquired options to explore several gold properties near Juneau, Alaska. The company plans to examine the feasibility of bringing the former producing Alaska Juneau mine back into production.

WHOLLY-OWNED SUBSIDIARIES

Echo Bay Inc.—Wholly-owned U.S. subsidiary. Effective Jan. 11, 1985, purchased all outstanding shares of Copper Range Company for US\$55,000,000 and future obligations with an estimated net present value of approximately US\$11,000,000. For further details, see under Operations, page

Echo Bay Exploration Inc.

Round Mountain Gold Corporation—Formed in 1985 upon the transfer of Copper Range Company's 50% undivided interest in the Round Mountain gold mine and its other exploration properties. The result of this reorganization was to leave the inactive White Pine copper complex as the remaining principal asset of Copper Range Company.

Sunnyside Gold Corporation—On Nov. 19, 1985, Echo Bay purchased from Standard Metals Corporation substantially all of its assets in San Juan city., southwest Colorado, including the inactive Sunnyside polymetallic mine and related mill for US\$20,000,000 in cash and a 30% net profits interest. After refurbishing, this mine is expected to be put back into production by mid-1986.

CR Exploration Company.

HISTORY

Incorporated in Alberta in 1964 as Echo Bay Mines Ltd. In 1968 the company amalgamated with Northwest Explorers, Ltd. and effective Oct. 10, 1980, continuance was granted under the Canada Business Corporations Act.

Echo Bay developed a silver property at Port Radium, N.W.T., to production in 1964 and operated the mine until exhaustion of reserves in 1982.

IU International Corporation, an initial investor in the company, acquired a 100% interest in 1970.

In February, 1979, the company optioned what is now the Lupin Mine from a subsidiary of Inco and in November, 1980, exercised its option for \$4,800,000. Construction of the mine commenced in 1980 and commercial production was achieved in 1982. Cost to production was \$135,000,000.

In February, 1981, the company acquired public participation with the issuance of preferred shares and gold purchase warrants. An initial offering of common shares was made in April, 1983.

In November, 1983, IU International distributed substantially all of its common share interest in the form of dividends to IU shareholders.

In August, 1984, the company acquired royalty interests held in the Lupin mine held by Inco Limited and Dome Mines Limited (original property owners) for \$15,000,000. Subsequently, IU International Corporation's interest was purchased for US\$4,400,000. This interest was created when IU (Echo Bay's parent company prior to November, 1983) financed a 1982 development program.

In December, 1984, the company sold its Hercules C-130 transport aircraft for \$8,600,000, realizing a pre-tax net gain of \$1,100,000.

Effective Jan. 1, 1985, the company purchased Copper Range Company from The Louisiana Land and Exploration Company of New Orleans. Copper Range held a 50% undivided interest in and operates the Round Mountain gold mine in Nevada in addition to holding interests in precious metals exploration properties in Nevada and an inactive copper mining complex

in Michigan. Consideration for Copper Range was US\$55,000,000 in cash and additional acquisition costs of approximately US\$10,600,000 consisting of refinery lease costs, employee severance costs, holding costs, taxes payable upon a corporate reorganization and certain royalties. The extra costs are associated with the inactive White Pine copper complex. In September, 1985, the company transferred Copper Range's 50% undivided interest in the Round Mountain gold mine and its other exploration properties to Round Mountain Gold Corporation, a newly formed wholly-owned subsidiary of the company. The result of this reorganization was to leave the inactive White Pine copper complex as the remaining principal asset of Copper Range.

Effective Oct. 1, 1985, the company sold all outstanding common shares of Copper Range Company to Northern Copper Corporation for US\$23,700,000 consisting of US\$3,700,000 cash and a US\$20,000,000 silver note receivable with an estimated net realizable value of US\$7,000,000. As a result of the sale, the company has revised the original purchase price allocation by assigning a value of US\$10,700,000 to the White Pine copper complex. Consequently, no gain or loss was recorded on the sale.

On Nov. 19, 1985, the company purchased from Standard Metals Corporation substantially all of its assets in San Juan city, southwest Colorado, including the inactive Sunnyside polymetallic mine and related mill for US\$20,000,000 in cash and a 30% net profits interest. Standard Metals Corporation retained a 30% net profits interest in the property. To finance the purchase, the company borrowed 30,000 Troy oz. of gold.

On Jan. 14, 1986, the company sold its Conair 640 aircraft for proceeds of \$1,543,000. The gain realized on disposition was \$1,450,000.

ACCOUNTING CHANGES

Effective Jan. 1, 1983, the company adopted the straight-line method of depreciation for tangible fixed assets, based on estimated economic life to a maximum of 15 years. Previously, the unit-of-production method was used. As a result of this change, the company's net earnings for the year ended Dec. 31, 1983 increased \$1,120,000 or four cents per share.

Effective Jan. 1, 1985, the company prospectively adopted the cost reduction method of accounting for investment tax credits, pursuant to a new recommendation of the Canadian Institute of Chartered Accountants. This change from the flow-through method, requires that investment tax credits be deducted from related expenditures with the associated benefits included in earnings on the same basis as the related expenditures are charged to earnings. Under the flow through method, investment tax credits were recognized as a reduction of income tax expense. The effect of this change on 1985 earnings was not material. If the change had been made for 1984, net earnings would have been \$21,730,000.

OFFICERS AND DIRECTORS

Officers—R. F. Calman, chm.; John Zigarlick, Jr., pres. & chief exec. officer; Peter Clark, sr. v-p ops.; R. C. Kraus, sr. v-p finance & admin. & chief fin. officer; Alan Broughton, v-p corp. affairs; H. F. Tamblin, v-p transportation; L. D. Kirwan, v-p explor.; J. L. Azlant, v-p planning & analysis; R. C. Phillips, v-p Canadian ops.; R. J. Simpson, v-p info. services; R. H. Bennett, v-p U.S. ops.; R. L. Leclerc, sec.; R. W. Jenner, treas.; P. H. Cheesbrough, cont.

Directors—R. F. Calman, North Beach, N.J.; J. G. Christy, Philadelphia; John Zigarlick, Jr., E. W. King, P. L. P. Macdonnell, Edmonton; W. D. Bean, J. A. Boyle, L. C. Burns, J. N. Abell, Toronto; J. M. Seabrook, Salem, N.J.; R. W. Wolcott, Wayne, Pa.

CAPITAL STOCK

(As at Dec. 31, 1985)

	Author.	Outstand.
Preferred	unlimited	nil
Common	unlimited	41,751,728 shs.

Preferred Shares—Unlimited authorization. Issu-

able in series, with each series ranking on a parity with every other series and having a stated value of \$25 per share.

\$3 Voting Preferred—were entitled to fixed cumulative preferential cash dividends at the rate of \$3 per share per annum, accruing from date of issue and payable semi-annually on June 30 and Dec. 31. Redeemed May 22, 1984 at \$26.172, including accrued dividend of \$1.172 per share.

Common Shares—Entitled to one vote per share.

Gold Purchase Warrants—Outstanding at Dec. 31, 1985, 6,400,000, comprising 1,600,000 each of 1986 series, 1987 series, 1988 series and 1989 series.

Warrants are exercisable on Jan. 31, 1986, 1987, 1988 and 1989, respectively. Each warrant enables the holder to purchase 0.01765 of a Troy ounce of gold from the Lupin gold mine for US\$10.50 (of which US\$5.25 was prepaid at the time of issue of the warrants) plus a 1% delivery fee.

If a warrant is not exercised on its exercise date, the holder may tender the warrant for cancellation at any time during the two years after the exercise date in return for (a) the market value at the exercise date of the gold purchasable under the warrant less the unpaid purchase price, plus the 1% delivery fee, and a US\$0.25 service fee, if the market value was equal to or greater than US\$625 per ounce on the exercise date, or (b) US\$5.25 if the market value of gold was less than US\$625 per ounce on the exercise date.

In the event that the gold production is suspended, the exercise dates of the warrants will be extended. Notwithstanding such extension, a gold purchase warrant may be tendered for cancellation in return for US\$5.25 on or after its original exercise date. No gold purchase warrant will be exercisable unless production has been resumed on or before Dec. 31, 1992.

Under certain circumstances related to the company's gold reserves, holders of warrants have the right to accelerate the exercise of warrants.

Offered—1,600,000 \$3 preferred shares and 6,400,000 warrants were offered to the public in February, 1981, in units comprising one \$3 preferred share and four warrants, at \$50 per unit. Warrants were separated from the preferred shares on July 15, 1981, and since that time have traded separately.

CAPITAL STOCK CHANGES

When the company was continued under the Canada Business Corporations Act on Oct. 10, 1980, authorized capital comprised an unlimited number of common shares, of which 90,750 were issued and outstanding.

On Nov. 10, 1980, authorized capital was increased by the creation of an unlimited number of preferred shares, issuable in series; and outstanding common stock was split on the basis of 125 new shares for each old share. Outstanding common stock was thus increased to 11,343,750 shares.

During 1981, 1,700,000 preferred shares were designated as \$3 cumulative redeemable voting preferred shares; and on Feb. 5, 1981, the company publicly sold 1,600,000 units, each comprising one \$3 preferred share and four gold purchase warrants, at a price of \$50 per unit.

At Dec. 31, 1982, outstanding stock comprised 1,600,000 \$3 preferred and 11,343,750 common shares.

Effective Feb. 23, 1983, common shares were split on a 2-for-1 basis. On Apr. 14, the company issued 3,500,000 common shares by means of a public offering and trading in Canada commenced Apr. 28, 1983. Effective Aug. 9, 1983, common shares were split on a 6-for-5 basis, leaving 31,425,000 common and 1,600,000 \$3 preferred shares outstanding. Trading on the American Stock Exchange commenced Oct. 11, 1983.

In April, 1984, the company completed the sale of 4,000,000 common shares. All \$3 preferred shares were redeemed May 22, 1984.

On Nov. 22, 1984, the company issued an additional 286,000 common shares pursuant to the rights of unit-holders of flow-through shares issued in April. At Dec. 31, 1984, there were a total of 35,711,000 common shares outstanding.

On Feb. 4, 1985, the company issued 3,600,000 common shares. Subsequently on June 28, 182,550 shares with share purchase tax credits were sold and on September 26, 2,000,000 shares were sold. Also during 1985, the company completed three flow-through financings as follows: 137,353 common shares issued by way of private placement for gross proceeds of \$2,500,000; 116,700 shares issued on Nov. 26, 1985 pursuant to the rights of unitholders of flow-through securities issued on Mar. 27, 1985 for gross proceeds of \$3,501,000; and on Dec. 20, 1985, 1,000 flow-through units issued for gross proceeds of \$2,000,000. Under the terms of the offering, each unit-holder will earn up to 50 common shares of the company, based on a rate of one common share for each \$40 spent on qualifying Canadian exploration during 1986.

In addition to the above, 2,125 shares were issued under exercise of options, bringing the total number of common shares outstanding at Dec. 31, 1985 to 41,751,728.

DIVIDENDS

\$3 Preferred—Were entitled to \$3 per share per annum, cumulative from date of issue (Feb. 5, 1981) and payable semi-annually on June 30 and Dec. 31. Initial \$1.20 per share was paid June 30, 1981, and dividends of \$1.50 per share paid regularly semi-annually to redemption Mar. 22, 1984. The dividend paid at redemption was \$1.17.

Common—Dividend rate of 12 cents per share per annum payable semi-annually established with the payment of six cents per share on Dec. 31, 1984. Previously, rate of 10 cents per annum established June 30, 1983 (initial since public offering) with initial payment of \$0.05 per share.

LONG-TERM DEBT

At Dec. 31, 1985, totaled \$9,000,000 outstanding bank loan, bearing interest at prime, maturing Jan. 31, 1987, with no fixed repayment terms.

The company has term credit facilities of \$36,500,000 with Canadian banks.

Gold Loans—On Jan. 10, 1985, the company borrowed 100,000 troy oz. of gold from a Canadian chartered bank. The gold was delivered against previously contracted forward sales and realized US\$30,600,000, of which US\$30,000,000 was utilized on Jan. 11, 1985 to repay a portion of the interim financing for acquisition of the Round Mountain gold mine. The loan is non-revolving, matures Dec. 15, 1990 and is repayable in

monthly installments of 1,500 troy oz. of gold. Interest rate on the loan is approximately 1.66% per annum.

On Nov. 26, 1985, the company borrowed 30,000 troy oz. of gold from a Canadian chartered bank which were sold for proceeds of US\$9,700,000 to repay the interim financing for the Sunnyside mine and mill acquisition. The gold loan is non-revolving, matures Dec. 15, 1990 and is repayable in monthly installments of 500 troy oz. of gold. Interest rate on the loan is approximately 1.66%.

PRICE RANGE OF STOCK Common (ECO)

Year	High	Low	Year	High	Low
1983†	\$14.88	\$7.25	1985	\$20.75	\$10.25
1984	14.63	7.88			

\$3 Preferred

Year	High	Low	Year	High	Low
1981	\$20.75	\$13.38	1983	\$27.00	\$20.75
1982	22.00	8.50	1984	26.25	24.50

1986 Warrants

Year	High	Low	Year	High	Low
1981*	\$5.50	\$2.80	1984	\$6.50	\$5.13
1982	6.00	1.60	1985	7.25	5.75
1983	7.75	4.80			

1987 Warrants

(ECO WT. B)

Year	High	Low	Year	High	Low
1981*	\$5.50	\$2.40	1984	\$6.88	\$4.75
1982	5.85	1.25	1985	6.63	5.25
1983	7.63	4.00			

1988 Warrants

(ECO WT. C)

Year	High	Low	Year	High	Low
1981*	\$5.50	\$2.35	1984	\$8.13	\$4.65
1982	5.60	1.15	1985	7.00	5.38
1983	7.63	4.00			

1989 Warrants

(ECO WT. D)

Year	High	Low	Year	High	Low
1981*	\$5.75	\$2.35	1984	\$8.25	\$4.60
1982	5.85	1.11	1985	8.00	5.50
1983	7.63	4.00			

Units

Year	High	Low
1981\$	\$45.25	\$34.25

†Listed Apr. 28.

*Listed July 8.

●To redemption, May 22.

\$From Mar. 2, when listed to final trade, July 10.

INTERIM EARNINGS

Fiscal Year	Total Revenue	Net Income	Earns. Per Sh.	Total Revenue	Net Income	Earns. Per Sh.	Total Revenue	Net Income	Earns. Per Sh.
	3 months			6 months			9 months		
	\$000's		\$—	\$000's		\$—	\$000's		\$—
1983	15,230	1,368	0.01	31,030	3,505	0.04	46,844	5,198	0.05
1984	20,427	5,111	0.12	41,881	11,374	0.29	64,695	17,123	0.45
1985	24,822	2,976	0.08	53,300	8,000	0.21	81,800	12,600	0.32
1986	33,100	7,310	0.18	67,400	13,600	0.33			

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31

	1984	1983	1982	1981	1980
	(\$000's)				
Source of Funds					
Operations	39,492	20,922	2,892	7,760	34,817
Sale, common shares	43,785	24,500	....	....	....
Proceeds, sale equip.	10,276	468	24	7,140	....
Proceeds issue flow through shs.	3,110	....	....	....	....
Income tax refund	307	....	....	....	....
Long-term debt incr.	15,000	....	31,952	....	....
Other .....	....	....	1,382	81,457	....
	111,970	45,890	36,250	96,357	34,817
Application of Funds					
Flow-through unit issue costs	592	....	....	....	....
Redemption pfd. shs.	40,000	....	....	....	....
Inco & IUIH royalty purch.	20,895	....	....	....	....
Purchase fixed assets	18,631	10,805	7,070	440	10,350
Deferred mine exps.	6,752	2,270	25,126	86,263	18,865
Inv. tax credit rec. ....	....	....	....	1,007	....
Repay. bank loan	12,770	16,299	....	....	107
Reclass. of curr. debt & taxes	244	4,368	4,080	....	....
Share issue costs	3,727	2,406	....	6,143	....
Pref. dividends	1,875	4,800	4,800	4,320	....
Common dividends	3,914	2,881	....	....	....
	109,400	43,829	41,076	98,173	29,322
Increase working capital	2,570	2,061	†4,826	†1,816	5,495

†Decrease.

Note—For current presentation of changes in cash, see page

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
Years Ended December 31

	1985	1984▲
Source of Funds		
Operations	38,613	39,465
Allow. for. exch. loss gold purch. wts.	1,831	....
Issue common shares	79,368	42,576
Gold loan borrowed	54,179	....
Incr. long-term debt .....	....	15,000
Proceeds sale of assets .....	....	10,276
Capital reinvested w/c .....	....	873
	173,991	108,190
Application of Funds		
Gold loan repaid	4,199	....
Long-term debt repaid	515	17,020
Redeem. pref. shares .....	....	40,000
Dividends	4,868	5,789
Business acquisitions (net)	107,424	....
Increase fixed assets	17,695	18,010
Deferred expenditures	10,983	6,317
Royalty interests purchased .....	....	20,895
Marketable securities	1,483	159
Capital reinvested in w/c	6,146	....
	153,313	108,190
Increase in cash	20,678	....
Cash, beginning of year .....	....	....
Cash, end of year	20,678	....

▲As shown in the 1985 annual report.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

Years Ended December 31

	1985	1984	1983	1982	1981	1980
	\$000's					
Gold revenue	110,905	87,144	62,533	11,808	.....	.....
Silver revenue .....	.....	.....	.....	336	9,283	58,575
Int., other income	1,034	989	214	700	8,226	2,234
Gain sale aircraft .....	.....	1,127	.....	.....	.....	.....
	111,939	89,260	62,747	12,844	17,509	60,809
Less: Production costs	62,443	38,454	34,000	7,512	12,502	16,583
Exploration exps.	1,527	1,661	73	187	1,727	1,999
Gen., admin. exps.	8,377	7,769	5,483	1,317	1,028	1,813
Deprec. & amort.	15,893	13,014	11,031	3,076	542	1,030
Interest	979	784	2,253	928	30	825
Inc. taxes: Current .....	.....	.....	.....	.....	▲4,043	4,757
Deferred	4,627	3,698	934	▲129	4,797	4,626
Net income	18,093	23,880	8,973	d47	926	29,176
Add: Previous ret. earns.	41,337	26,312	26,859	31,706	36,685	7,509
Less: Share issue costs	2,686	2,646	1,839	.....	1,585	.....
Flow-through unit costs	468	420	.....	.....	.....	.....
Pref. dividends .....	.....	1,875	4,800	4,800	4,320	.....
Common dividends	4,868	3,914	2,881	.....	.....	.....
Retained earnings	51,408	41,337	26,312	26,859	31,706	36,685
▲Recovery.						
Earnings per Share■ and Dividend Record:						
Pref.: Times earned .....	.....	t12.74	t1.87	.....	t0.21	.....
Paid .....	.....	▼\$1.17	\$3.00	\$3.00	+\$2.70	.....
Common: Earned	\$0.46	0.64	0.14	d0.18	d0.13	\$1.08
Paid	0.12	0.11	0.10	.....	.....	.....

†Including initial. ■ Adjusted to give effect to Feb. 23, 1983 2-for-1 and Aug. 9, 1983 6-for-5 stock splits.

▼Redeemed May 22, 1984.

CONSOLIDATED BALANCE SHEET

As at December 31

	1985	1984	1983	1982	1981	1980
	-\$000's					
Assets						
Current:						
Cash & s.-t. deposits	20,678	.....	8	1,832	2,854	6,431
Marketable securities	2,010	172	.....	.....	.....	.....
Accounts receivable	2,583	848	754	590	4,302	5,265
Due from affil. co. ....	.....	.....	.....	.....	.....	172
Inventories	21,540	13,027	13,354	10,922	3,993	7,484
Inc. taxes recov. ....	.....	.....	.....	.....	4,497	534
Deferred inc. taxes	1,356	236	548	598	628	.....
Prepaid expenses	1,659	832	569	312	284	377
	49,826	15,115	15,233	14,254	16,558	20,263
Notes receivable	10,413	.....	.....	.....	.....	.....
Inv. tax credit rec. ....	.....	.....	1,007	1,007	1,007	.....
Fixed assets	171,543	139,222	129,984	99,610	8,578	15,264
Less: Accum. depreciation	34,265	23,570	14,835	6,489	4,749	4,217
	137,278	115,652	115,149	93,121	3,829	11,047
Deferred mine exps.	140,909	53,594	30,008	50,444	112,014	22,650
	338,426	184,361	161,397	158,826	133,408	53,960
Liabilities						
Current:						
Bank overdraft .....	.....	.....	3,205	886	82	113
Accts. pay. & accr.	12,566	9,814	4,979	8,391	10,653	7,255
Inc. taxes payable .....	.....	.....	.....	.....	.....	4,830
Due parent & affil. ....	.....	.....	.....	257	327	199
Curr. debt. maturity .....	.....	.....	4,318	4,050	.....	.....
Deferred income taxes .....	.....	.....	.....	.....	.....	554
Curr. deferred revenue	22,294	.....	.....	.....	.....	.....
	34,860	9,814	12,502	13,584	11,062	12,951
Deferred revenue	71,845	40,000	40,000	40,000	40,000	.....
Long-term debt	9,000	9,515	11,603	31,952	.....	.....
Less: Current amt. ....	.....	.....	4,318	4,050	.....	.....
	9,000	9,515	7,285	27,902	.....	.....
Deferred inc. taxes	16,232	12,293	10,791	10,474	10,633	4,317
Shareholders' Equity						
Preferred shares .....	.....	.....	40,000	40,000	40,000	.....
Common shares	153,226	71,402	24,507	7	7	7
Retained earnings	51,408	41,337	26,312	26,859	31,706	36,685
Deferred translation adj.	1,855	.....	.....	.....	.....	.....
	338,426	184,361	161,397	158,826	133,408	53,960

Lease Commitments—The company's commitments under the remaining terms of leases amount to approximately \$1,606,000 in 1986; \$1,620,000 in 1987; \$1,545,000 in 1988; \$1,471,000 in 1989; \$1,187,000 in 1990; and \$4,073,000 thereafter.

Working Capital (\$000's) 14,966 5,301 2,731 670 5,496 7,312
 Ratio 1.43—1 1.54—1 1.22—1 1.05—1 1.50—1 1.56—1

Shares Outstanding:

Preferred 1,600,000 1,600,000 1,600,000
 Common 41,751,728 35,711,000 31,425,000 11,343,750 11,343,750 11,343,750

Note—Common shares were split 2-for-1 February 23, and 6-for-5 August 9, 1983.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

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