




President's Report

Earnings for the year ended December 31, 1983, before extraordinary items, were \$8,194,000 or \$2.55 per share, and \$24,327,000 or \$7.56 per share after extraordinary items. In 1982, earnings were \$7,224,000 or \$2.29 per share and there was no extraordinary item. Revenues, including equity in earnings of Lac Group Companies, were \$8,974,000 compared with \$7,765,000 in 1982.

Little Long Lac's earnings are derived primarily from its equity interest in the earnings of Lac Minerals Ltd.

Enclosed with this annual report is a copy of Lac Minerals Ltd.'s annual report for 1983.

On Behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read "P. Allen", with a stylized, cursive script.

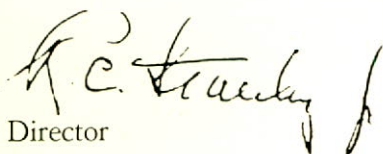
Peter A. Allen
Chairman and President

March 27, 1984

Statement of Financial Position

	December 31,	
	1983	1982
	(000's)	
Current Assets		
Cash	\$ 374	\$ 350
Accounts receivable	—	11
Due from Lac Group companies	20	434
	<u>394</u>	<u>795</u>
Current Liabilities		
Accounts payable and accrued liabilities	35	66
Due to Lac Group companies	—	100
	<u>35</u>	<u>166</u>
Working Capital	359	629
Investments (note 3)	55,776	29,690
Mining Interests (note 4)	8	684
Other Assets	8	8
Capital Employed	56,151	31,011
Deduct:		
Due to Lake Shore Mines, Limited	—	1,000
Shareholders' Investment	<u>\$56,151</u>	<u>\$30,011</u>
Shareholders' Investment Represented By		
Capital Stock (note 5)		
Authorized — 5,000,000 shares		
Issued — 4,068,668 shares (1982 — 3,873,168 shares)	\$15,265	\$ 9,779
Contributed Surplus	12	12
Retained Earnings	47,951	23,624
	<u>63,228</u>	<u>33,415</u>
Deduct the Company's pro rata interest in the cost to Lac Group companies of their investment in shares of the Company	7,077	3,404
	<u>\$56,151</u>	<u>\$30,011</u>

Approved by the Board



Director



Director

Statements of Earnings and Retained Earnings

	Year ended December 31,	
	1983	1982
	(000's)	
Statement of Earnings		
Revenues		
Royalty income	\$ 53	\$ 49
Investment and other income	94	22
	<u>147</u>	<u>71</u>
Expenses		
Administrative	78	166
Interest	107	347
Mineral exploration	21	22
Write-off of mining interests	574	—
Depreciation	—	6
	<u>780</u>	<u>541</u>
Loss before undernoted items	(633)	(470)
Equity in earnings of Lac Group companies	8,827	7,694
Earnings before extraordinary items	8,194	7,224
Gain arising from issue of shares by Lac Minerals Ltd. (note 2)	4,514	—
Equity in extraordinary items of Lake Shore Mines, Limited (note 2)	11,619	—
Earnings for the year	<u>\$24,327</u>	<u>\$ 7,224</u>
Earnings per Share (note 5(c))		
Before extraordinary items	<u>\$2.55</u>	<u>\$2.29</u>
After extraordinary items	<u>\$7.56</u>	<u>\$2.29</u>
Statement of Retained Earnings		
Retained Earnings, Beginning of Year	\$23,624	\$16,400
Earnings for the year	<u>24,327</u>	<u>7,224</u>
Retained Earnings, End of Year	<u>\$47,951</u>	<u>\$23,624</u>

Statement of Changes in Financial Position

	Year ended December 31,	
	1983	1982
	(000's)	
Working Capital Derived from		
Dividends from Lac Minerals Ltd.	\$ 849	\$ 618
Proceeds from sale of investments	4	—
Proceeds from sale of mining interests	111	4
Advances from Lac Group companies	263	1,000
Issue of capital stock	5,486	3,694
Total derived from all sources	<u>6,713</u>	<u>5,316</u>
Working Capital Applied to		
Operations		
Earnings before extraordinary items	(8,194)	(7,224)
Items not affecting working capital		
Equity in earnings of Lac Group companies	8,827	7,694
Write-off of mining interests	(574)	—
Gain on sale of investments	4	—
Depreciation	—	(6)
Gain (loss) on sale of mining interests	9	(1)
Total to operations	72	463
Purchase of investments in Lac Group companies	5,688	3,760
Repayment of advances to Lake Shore Mines, Limited	1,000	—
Mining interests	—	182
Advances to a Lac Group company	223	—
Total applications	<u>6,983</u>	<u>4,405</u>
Increase (Decrease) in Working Capital	(270)	911
Working Capital (Deficiency), Beginning of Year	629	(282)
Working Capital, End of Year	<u>\$ 359</u>	<u>\$ 629</u>

Notes to Financial Statements

Little Long Lac Gold Mines Limited (the Company) is a member of a group of companies collectively known as the Lac Group. Other companies in this group are Lake Shore Mines, Limited (Lake Shore), Wright-Hargreaves Mines, Limited and Lac Minerals Ltd. (Lac Minerals).

1. Significant Accounting Policies

(a) **Investments** — The Company accounts on an equity basis for its investments in Lake Shore, 46% owned, and Lac Minerals, 11% owned, over which it has significant influence.

Lake Shore Mines owns 11% and Lac Minerals owns 22% of the shares of the Company. These reciprocal shareholdings result in the Company having an interest in its own shares. Therefore, the investment in Lac Group companies and shareholder's investment are reduced by the Company's 18% pro rata interest in the cost of such shares.

Investments in other Lac Group companies where the Company does not have significant influence are recorded at cost.

All other investments are recorded at cost.

(b) **Mining interests** — Mining properties are stated at cost.

Exploration costs incurred to the date of establishing that a property has reserves which have the potential of being economically recoverable are charged against earnings; further costs are capitalized.

Upon sale or abandonment, the cost of mining interests and the related accumulated depreciation, depletion and amortization are removed from the accounts. Any gains or losses thereon are taken into earnings.

2. Extraordinary Item

During 1983 Lac Minerals issued 2,462,296 shares for net proceeds of \$60,991,000. The Company only acquired 205,288 of the shares issued, see note 5(a). Accordingly the Company's percentage ownership of Lac Minerals was diluted; however, the Company's equity interest in Lac Minerals increased shareholders' equity, after including the proceeds from the share issues, resulted in an extraordinary gain.

The equity in extraordinary items of Lake Shore reflected a dilution in the percentage ownership in Lac Minerals similar to the above.

3. Investments

	1983	1982
	(000's)	
Investments in Lac Group companies accounted for on an equity basis:		
Lake Shore (quoted market value 1983 — \$107,486,000; 1982 — \$114,496,000)	\$41,039	\$23,104
Lac Minerals (quoted market value 1983 — \$98,635,000; 1982 — \$60,130,000)	20,645	9,131
	<u>61,684</u>	<u>32,235</u>
Less the Company's interest in the cost to Lac Group companies of their investments in shares of the Company	7,077	3,404
	<u>54,607</u>	<u>28,831</u>
Investment in Lac Group companies accounted for on a cost basis	1,033	723
Other investments, accounted for on a cost basis with a quoted market value (1983 — \$25,000; 1982 — \$23,000)	107	107
Other	29	29
	<u>136</u>	<u>136</u>
	<u>\$55,776</u>	<u>\$29,690</u>

Because of the large number of Lac Group company shares owned by the Company, the amounts that would be realized if these investments were sold may be more or less than their quoted market value.

4. Mining Interests

	1983		1982
	Cost	Accumulated depreciation	Net book value
		(000's)	
Office equipment and leasehold improvements	\$—	\$—	\$104
Mining properties	8	—	8
Deferred exploration and development	—	—	572
	<u>\$8</u>	<u>\$—</u>	<u>\$684</u>

Options to lease mining properties

(a) The Company has granted a ninety-nine year lease on its property at Geraldton, Ontario. If the property comes into production, additional future royalty payments will be received as set out in the agreement.

(b) On September 1, 1978 the Company granted to another company a ten year option on its property in Preissac Township, Québec for \$10,000. In addition, the property may be placed into commercial production by the optionee prior to expiry of the option by payment of \$15,000 and the granting of a royalty to the Company.

5. Capital Stock

(a) Changes in the Company's capital stock were as follows:

	1983		1982	
	Shares	Amount	Shares	Amount
		(000's)		(000's)
Balance, January 1	3,873,168	\$ 9,779	3,660,168	\$6,085
Issued to Lac Minerals for cash	—	—	200,000	3,600
*Issued for a mining interest	175,000	5,337	—	—
Exercise of stock options	20,500	149	13,000	94
Balance, December 31	<u>4,068,668</u>	<u>\$15,265</u>	<u>3,873,168</u>	<u>\$9,779</u>

*The Company issued 175,000 shares to acquire an interest in the net proceeds from Lac Minerals Hemlo Project. This interest was subsequently sold to Lac Minerals for 205,288 of its shares (see note 2).

(b) Under the Company's Stock Option Plan, approved in 1982, 100,000 unissued shares were reserved for issuance to employees. Options for 99,000 shares were granted at \$7.25 a share in 1982; options for 4,500 shares were subsequently cancelled. During the year, options for 20,500 shares were exercised (1982 — 13,000 shares) for which the Company received \$149,000 (1982 — \$94,000). As at December 31, 1983, options for 61,000 shares were outstanding and 5,500 shares were available for future grants.

(c) Earnings per share are based on the weighted average number of shares outstanding during the year excluding the Company's pro rata interest in its own shares held by Lac Group companies (1983 — 3,216,994 shares; 1982 — 3,155,280 shares).

6. Income Taxes

At December 31, 1983 the Company has the following:

Losses carried forward on a tax filing basis available until	
	(000's)
1985	\$ 234
1987	448
1990	<u>123</u>
	805
Excess of deferred exploration expenditures over their related net book values	<u>541</u>
	<u>\$1,346</u>

7. Related Party Transactions

From time to time advances are made between the Company and certain Lac Group companies. Interest on such advances is calculated at bank prime rate. Interest expense for amounts borrowed is \$107,000 (1982 — \$333,000).

8. Segmented Data

Investing in mining and exploration companies is the principal business of the Company and accordingly information segmented by industry is not applicable.

Auditors' Report

To the Shareholders of
Little Long Lac Gold Mines Limited

We have examined the statement of financial position of Little Long Lac Gold Mines Limited as at December 31, 1983 and the statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada
January 23, 1984

Thorne Riddell
Chartered Accountants

Directors and Officers

Other Corporate Information

Officers

P.A. Allen
President

I.T.H. Hamilton
Senior Vice President and
General Counsel

H.L. Rodrigues
Secretary

R.C. Francisco
Treasurer

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*P.A. Allen

J.C.L. Allen

I.T.H. Hamilton

*R.P. Smith

R.C. Stanley, Jr.

*C. W. Webster

D.C. Webster

Auditors

Thorne Riddell
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Stock Exchange Listing

The Toronto Stock Exchange

*Members of Audit Committee

