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TINTINA MINES LIMITED

ANNUAL REPORT

As at December 31, 1983

TINTINA MINES LIMITED

To the Shareholders:

Your directors present the 1983 Annual Report of the Company which includes the audited financial statements for the year ended December 31, 1983, together with a review of the Company's mineral properties and related activities during the year.

Red Mountain Molybdenum Property, Whitehorse Mining District, Yukon Territory

Drilling exploration to date at the Red Mountain property has delineated a typical porphyry molybdenum system which has the potential of developing into a bulk-mineable high tonnage deposit with estimated drill indicated reserves exceeding 200,000,000 short tons with an average grade of 0.167% MoS₂ at a cut-off grade of 0.10% MoS₂.

Field work during 1983 consisted of camp and drill site clean-up operations completing the demobilization of equipment stored at the property after completion of the 1982 diamond drilling program. No field work is contemplated for 1984 since sufficient positive diamond drill data gathered to date indicates that Red Mountain has the potential of becoming a major molybdenum source. Sufficient exploration work has been carried out to maintain the property in good standing until 1992. Your Company will, however, continue investigating the feasibility of future underground exploration development of the deposit.

Your Company's interest in the property remains at 50%, with the remaining 50% being held by Amoco Canada Petroleum Company Ltd.

Silver Property, Watson Lake Mining District, Yukon Territory

Pre-engineering preparations are currently underway for an exploration program at the property during the 1984 field season.

All drill core collected to date was relogged in Whitehorse during the period November, 1983 to January, 1984 and an extensive compilation model study is nearing completion, investigating apparent structural and metallogenic similarities between the property and other deposits flanking the Tintina trench.

As previously reported, to date only 10 of the 26 surface showings at the property have been explored by systematic trenching and drilling. Strike continuity has been established among some of the showings, ten of which appear to define two apparently parallel principal zones of mineralization, the "A" and the No. 8 zones, both of which are open at their extremities. Limited drilling on the "A" zone returned grades averaging approximately 20 oz. silver/ton, 6% lead and 10% zinc, while extensive trenching at the No. 8 zone has returned average grades of approximately 41.46 oz. silver/ton, 22.1% lead and 12.53% zinc.

The 1984 exploration program will consist of detailed follow-up geological mapping, prospecting and trenching. Its principal aim will be to probe extensions of the known mineralized zones, to systematically trench and sample the remaining 16 previously untested showings, and to locate the sources of the many already delineated surface geochemical anomalies.

The 1984 exploration program is budgeted to cost approximately \$100,000. The field program is slated to commence during early July.

Copper Property, Sudbury District, Massey, Ontario

The copper property was visited during 1983. Data from previous work is currently in the process of being compiled and reassessed with a view to the development of the potential of the property for producing copper and gold bearing high silica fluxing ore.

Titanium Property, Parker Township, Quebec

During 1983 your Company acquired 41 claims in Parker Township, adjacent to the Allard Lake titanium deposit. The strong geophysical relief characterizing the property lends support to the potential of locating titanium mineralization similar to that presently mined at the Allard Lake deposit.

Pre-engineering preparations have been completed and a contract for a tightly spaced airborne geophysical survey has been awarded, due to commence during the month of May, 1984.

The airborne survey will provide detailed information which will better define the spacial relationship and orientation of the anomalies. The spacial control gained from the survey will also greatly reduce costs of field exploration efforts slated for the 1985 field season.

On behalf of the Board,



C. H. Franklin
President

May 2nd, 1984

TINTINA MINES LIMITED

(Incorporated under the Canada Business Corporations Act)

BALANCE SHEET

DECEMBER 31, 1983

(with comparative figures at December 31, 1982)

ASSETS

	<u>1983</u>	<u>1982</u>
Current:		
Cash and short-term deposits	\$1,137,251	\$1,254,875
Accrued interest receivable	8,472	12,946
	<u>1,145,723</u>	<u>1,267,821</u>
Mining properties and claims (note 3)	216,257	209,082
Deferred exploration, development, general and administrative expenditures (statement 2)	<u>2,681,352</u>	<u>2,594,270</u>
	<u>2,897,609</u>	<u>2,803,352</u>
	<u>\$4,043,332</u>	<u>\$4,071,173</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current:		
Accounts payable	\$ 19,916	\$ 47,757
Shareholders' equity:		
Capital stock —		
Authorized:		
Unlimited common shares without par value		
Issued:		
4,675,005 common shares	<u>4,023,416</u>	<u>4,023,416</u>
	<u>\$4,043,332</u>	<u>\$4,071,173</u>

On behalf of the Board:

 Director

 Director

(See accompanying notes)

TINTINA MINES LIMITED

STATEMENT OF DEFERRED EXPLORATION, DEVELOPMENT, GENERAL AND ADMINISTRATIVE EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for the year ended December 31, 1982)

	1983	1982
Exploration and development (schedule):		
Balance, beginning of year	\$3,911,499	\$2,335,630
Expenditures during year —		
Watson Lake Mining District	35,215	5,245
Whitehorse Mining District	111,389	1,560,554
Sudbury Mining District	2,241	3,828
General	11,416	6,242
	160,261	1,575,869
Balance, end of year	4,071,760	3,911,499
General and administrative:		
Balance, beginning of year	155,674	129,038
Expenditures during year —		
Transfer agency fees	7,642	7,158
Shareholders' meetings and reports	5,930	5,671
Legal and audit	4,476	4,900
Stock exchange listing expenses and fees	3,125	3,180
General	9,349	5,727
	30,522	26,636
Balance, end of year	186,196	155,674
	4,257,956	4,067,173
Deduct:		
Interest earned —		
Balance, beginning of year	1,289,027	963,662
Earned during year	103,701	325,365
Balance, end of year	1,392,728	1,289,027
Gain on sale of marketable securities —		
Balance, beginning of year	67,636	2,367
Gain during year	—	65,269
Balance, end of year	67,636	67,636
Government grants (note 2)	116,240	116,240
	1,576,604	1,472,903
Total deferred exploration, development, general and administrative expenditures ..	\$2,681,352	\$2,594,270

(See accompanying notes)

AUDITORS' REPORT

To the Shareholders of
Tintina Mines Limited:

We have examined the balance sheet of Tintina Mines Limited as at December 31, 1983 and the statements of deferred exploration, development, general and administrative expenditures 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 its deferred exploration, development, general and administrative expenditures 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,
March 14, 1984.

Clarkson Gordon
Chartered Accountants

TINTINA MINES LIMITED

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for the year ended December 31, 1982)

	1983	1982
Funds were provided from:		
Interest earned	\$ 103,701	\$ 325,365
Gain on sale of marketable securities		65,269
	103,701	390,634
Funds were applied to:		
Exploration, development, general and administrative expenditures	190,783	1,602,505
Mining claims acquired	7,175	
	197,958	1,602,505
Decrease in working capital during the year	(94,257)	(1,211,871)
Working capital, beginning of year	1,220,064	2,431,935
Working capital, end of year	\$1,125,807	\$1,220,064
Represented by:		
Current assets	\$1,145,723	\$1,267,821
Current liabilities	19,916	47,757
	\$1,125,807	\$1,220,064

(See accompanying notes)

SCHEDULE OF DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 1983
(with comparative figures for the year ended December 31, 1982)

	Watson Lake Mining District	Whitehorse Mining District	Sudbury Mining District	General	Total
Balance, December 31, 1981					\$2,335,630
Expenditures during year:					
Engineering fees and expenses	\$ 3,215	\$ 18,261	\$ 2,457		23,933
General	350	4,047	120	\$ 6,242	10,759
Expenditures pursuant to Amoco agreement (note 3)		1,538,246			1,538,246
Claim maintenance and taxes	1,680		1,251		2,931
	\$ 5,245	\$1,560,554	\$ 3,828	\$ 6,242	1,575,869
Balance, December 31, 1982					3,911,499
Expenditures during year:					
Engineering fees and expenses	\$15,596	\$ 8,782	\$ 837		\$ 25,215
General property examinations				\$ 6,201	6,201
Expenditures pursuant to Amoco agreement (note 3)		102,532			102,532
Claim maintenance and taxes	12,390		724		13,114
General expenses	7,229	75	680	5,215	13,199
	\$35,215	\$ 111,389	\$ 2,241	\$11,416	160,261
Balance, December 31, 1983					\$4,071,760

(See accompanying notes)

TINTINA MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1983

1. Accounting policies

Tintina Mines Limited is an exploration company with no current revenue producing properties. The financial statements of the company have, in management's opinion, been properly prepared within reasonable limits of materiality and in accordance with generally accepted accounting principles consistently applied. Significant accounting policies are summarized below:

- (a) Mining claims, deferred exploration, development, general and administrative expenditures —
The company defers all expenditures in an area of interest until such time as sufficient ore is discovered to warrant economic mining operations. At that time, these expenditures will be amortized by charges against income from production. Investment income is treated as a reduction of deferred expenses.
- (b) Mining claims —
Mining claims which are allowed to lapse during the year are included in deferred exploration and development expenditures, if the area of interest has not been abandoned.
- (c) Deferred expenditures and mining claims —
If an area of interest is abandoned or considered to be of no immediate value to the company, the mining claims and the related exploration, development, general and administrative expenditures will be written off.

2. Government grants

As a result of its exploration program in the Watson Lake Mining District, the company received in 1975 and 1976, \$116,240 in grants from the Department of Indian and Northern Affairs. These grants have been deducted from deferred exploration, development, general and administrative expenditures.

If gainful production commences as a result of this exploration program:

- (a) these grants will be repayable at a rate of not less than 10% per annum;
- (b) the loan will bear simple interest at approximately 2% above the average on long-term Government of Canada bonds; and
- (c) interest is to be accrued from the date these grants become repayable.

3. Mining properties and claims

Mining properties consist of approximately 500 acres of land purchased in November, 1978 in the mining district of Sudbury West in the Township of May

\$122,606

Mining claims consist of the following:

(a) Watson Lake Mining District, Yukon Territory —	
70 mineral claims acquired for 750,000 shares of the company's capital stock valued at 10¢ per share by the Board of Directors	75,000
118 mineral claims acquired for cash	6,871
<u> 188</u>	
(b) Sudbury Mining District, Ontario —	
4 mineral claims acquired for cash	457
(c) Whitehorse Mining District, Yukon Territory —	
50% interest in 183 mineral claims	4,148
(d) Parker Township, Quebec —	
41 mineral claims acquired for cash	7,175
	<u>93,651</u>
	<u>\$216,257</u>

In accordance with an agreement with Amoco Canada Petroleum Company Ltd. (Amoco) dated March 31, 1978, the company presently holds a 50% undivided interest in the Whitehorse mineral claims. During the year, the company paid Amoco \$105,905 (1982 — \$1,538,246) being Tintina Mines Limited's portion of the exploration expenses incurred in the year.

4. Income taxes

Under the provisions of the Income Tax Act, exploration and development expenditures are deductible in determining taxable income; any expenditures of resource companies not deducted in one year may be carried forward to be applied against future income. The company has approximately \$2,425,000 of expenditures so available; in addition, pending clarification, the company may be entitled to a further \$400,000.

The company also has \$1,065,894 of earned depletion available to reduce future taxable production income.