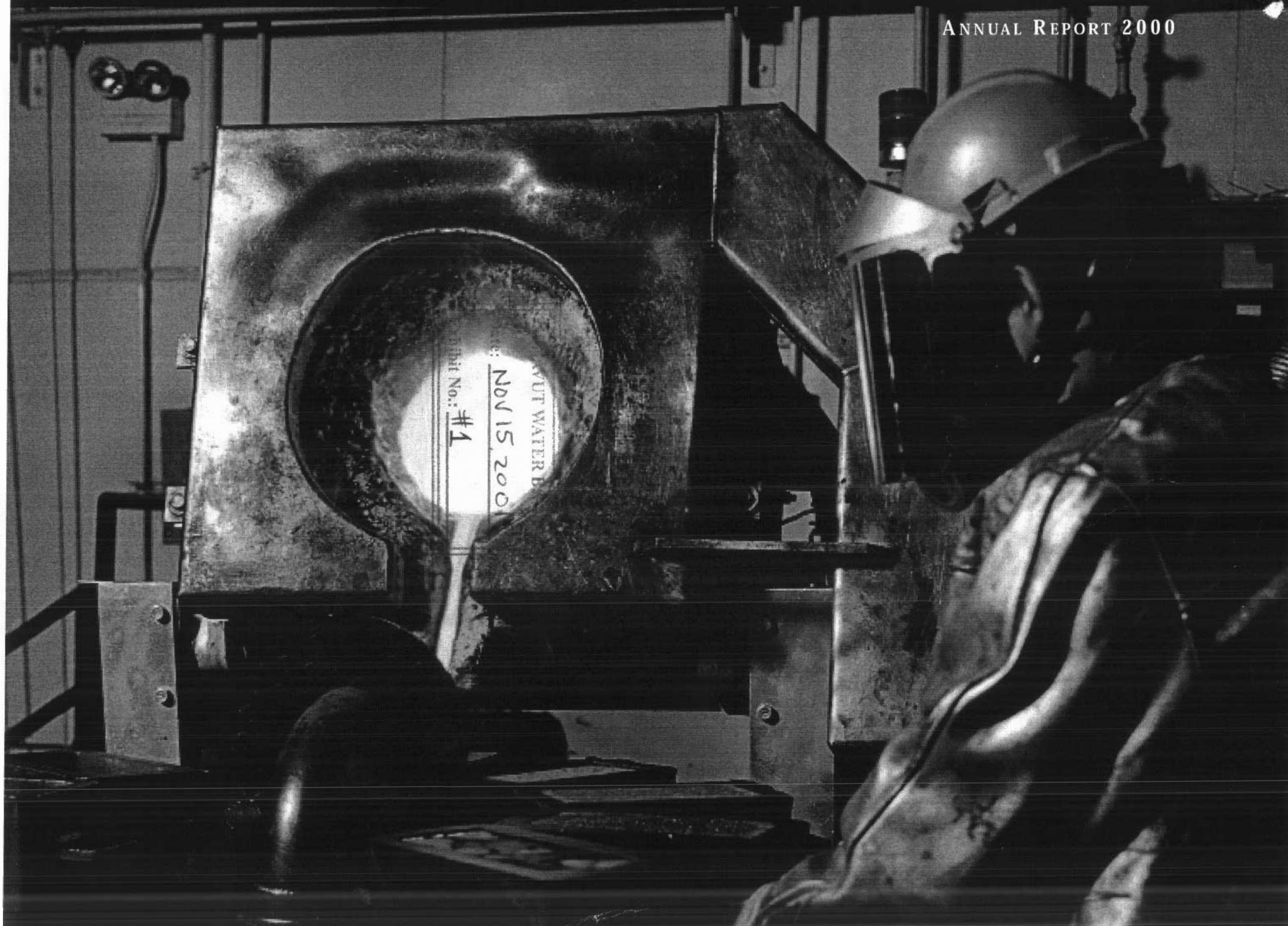
ECHO BAY MINES LTD.

ANNUAL REPORT 2000



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The Year In Review

Reviewing 2000:

- *Net income of $18.6 million ($0.02 per share) earned despite continued weakness in gold and silver prices*
- *The price realized for each ounce of gold sold in 2000 was $319 compared with an average spot price of $279*
- *Repaid $24.7 million in bank debt*
- *Operations met targets, gold production was up 39 percent and silver production was 46 percent higher than 1999*
- *Lupin was successfully recommissioned during the first quarter of 2000 and is expected to contribute 150,000 ounces of gold annually*
- *Round Mountain achieved another record production year as more ore tons were placed on leach pads*
- *McCoy/Cove benefited from high grades as mining of the Cove pit was completed*
- *Kettle River completed mining at Lamefoot and established additional K-2 resources equivalent to another year of production*

	2000	1999
Financial Results *(U.S. dollars)*		
Revenue *(millions)*	**$281.0**	$210.4
Net earnings (loss) *(millions)*[1]	**$ 18.6**	$ (37.3)
Net earnings (loss) per share	**$ 0.02**	$(0.36)
Production *(ounces)*		
Gold	**694,663**	499,836
Silver	**12,328,297**	8,430,072
Ore Reserves *(ounces)*		
Gold	**4,463,000**	5,296,000
Silver	**10,899,000**	28,243,000
Other		
Shares outstanding *(millions)*:		
Weighted average	**140.6**	140.6
Year-end	**140.6**	140.6

1 In 1999, Echo Bay recorded a loss of $13.8 million on the disposition of its interest in the Paredones Amarillos development project.

Mineral Reserves and Resources Verification

The data in respect of mineral reserves and resources, including any relevant sampling, analytical and test data underlying the information, has been verified by Ralph Bullis, Director of Exploration for Echo Bay. Mr. Bullis is a full-time employee of Echo Bay and is a "qualified person" within the meaning of applicable Canadian securities regulatory standards.

Front cover photo – Gold pour at Round Mountain
Inside cover photo – Reclamation seeding at McCoy/Cove
Back cover photo – Portal at Kettle River operation

"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995

This annual report contains certain forward-looking statements. They involve risks and uncertainties that could cause actual results to differ materially from targeted results. These risks and uncertainties include, but are not limited to, future changes in gold prices (including derivatives) and/or production costs which could render projects uneconomic; ability to access financing; availability of hedging opportunities; differences in ore grades, recovery rates and tons mined from those expected; changes in mining and milling/heap leaching rates from currently planned rates; the results of future exploration activities and new exploration opportunities; changes in project parameters as plans continue to be refined; increasingly stringent reclamation requirements imposed by regulatory authorities; and other factors detailed in the company's filings with the U.S. Securities and Exchange Commission.

Letter to Shareholders

2000 In Retrospect

We set out to accomplish two objectives in 2000: to run the three existing operations safely, effectively and profitably and to recommission Lupin, our first gold mine. Lupin had been in a care and maintenance mode since the end of 1997, when operations were suspended because of cost performance relative to the gold price. Both objectives were completed, notwithstanding abysmal commodity price performance.

The Lupin story is chronicled elsewhere in this report, as are the results from other operations. Company-wide, Echo Bay produced just under 700,000 ounces of gold, slightly more than expected, principally because of the return of Lupin to production and higher output at Round Mountain. Silver production, coming exclusively from McCoy/Cove, totaled 12.3 million ounces, well in excess of the nine to ten million ounces originally forecast. Cash operating cost was $193 per ounce, significantly lower than the $200 to $210 we had anticipated and with which we would have been pleased.

All this good news translated into net earnings of $18.6 million or $0.02 per common share. These results stand in stark contrast to the previous two years where the loss per share averaged 30 cents.

The Issues We Face

All companies have issues. Two that stare Echo Bay in the face are deserving of specific mention. The gold price is the more obvious. In late 1997 the price tumbled under $300 per ounce and it has not recovered, actually reaching a 20-year low of $253 in mid 1999 and closing in 2000 at $272. This reality challenges the bottom line, constrains financial flexibility and inhibits growth. Low risk exploration becomes the only avenue where one can attempt to move forward. This means working at or in close proximity to existing sites. This we do and will continue to do, as opportunity and cash flow permit.

Financial stability is the other concern and for Echo Bay it comes in a somewhat unique context. A few years ago, the Company issued a series of debt-like instruments called capital securities in a principal amount of $100 million. (See note 7 to the financial statements for full details). Interest payments on the securities may be deferred for ten consecutive semi-annual periods. The Company first elected in March 1998 to defer, which has had the result of building up an interest obligation that must be met in April 2003. At that time, unless the obligation is restructured, the Company will be required to pay approximately $80 million in deferred interest. While it is true the obligation can be met by delivering common shares for resale, this alternative will only be meaningful if there is a liquid market into which securities can readily be sold. This brings one back to the gold price: if it continues to languish, so too will the market appetite remain dull for gold equities.

That we find a way to address the burden of the capital securities is of paramount importance. Management is diligently looking at alternatives because a satisfactory resolution is in the best interests of all concerned.

2001 and Beyond

While we hope for a better gold price, hopes and illusion cannot become reality. Until an improved price climate presents itself, Echo Bay will continue to invest only in those properties that have the greatest potential to add to the reserve and production profile. These properties will be advanced as much as possible, depending on the availability of funds and gold price performance.

We are doing our best to address and cope with the reality in which Echo Bay finds itself. Our employees company-wide have pulled together. Cost containment is the mantra. We are committed to deliver production efficiently, and in a manner that does not compromise the need to operate safely and comply with environmental and other requirements.

We thank our employees and shareholders for their support.

Robert L. Leclerc
Chairman and Chief Executive Officer

April 3, 2001

Round Mountain

Round Mountain, Echo Bay's largest operation, located 60 miles north of Tonapah in Nye County, Nevada, is a traditionally low cost producer. The mine produced 640,128 ounces of gold (Echo Bay's share: 320,064 ounces) during 2000, establishing a fourth consecutive annual production record. Early in 2001, the property reached the production milestone of six million ounces of gold poured since Echo Bay acquired a 50 percent ownership interest and became the operator in 1985.

Location:
Nevada, United States

Mine type:
Open pit; heap leach and mill

Ownership:
Echo Bay Mines Ltd. 50%
Homestake Mining Company 50%

2000 Total Production:
640,128 ounces of gold
(Echo Bay's 50% share – 320,064 ounces)

2000 Cash Operating Cost:
$195 per ounce of gold

2000 Proven and Probable Ore Reserves:
5,218,000 ounces of gold
(Echo Bay's 50% share – 2,609,000 ounces)

Year Acquired:
1985

Total Production Since Acquisition:
5,965,834 ounces of gold
(Echo Bay's 50% share – 2,982,917 ounces)

Operations

Round Mountain is a large volume, low grade ore operation. The mine moved an average of 193,837 tons of ore and waste each day in 2000.

Based on mineralogy and cut-off grade, mined ore is hauled to designated processing locations. The highest grade ore with visible coarse gold is sent to a 500-ton-per-day gravity concentration circuit. Non-oxide ore is processed in an 8,000-ton-per-day mill. Higher grade oxide ore is crushed at a rate of 30,000 tons per day and placed on two parallel 1.5 million-square-foot asphalt reusable leach pads. The ore is leached for approximately 100 days, then rinsed and moved from the reusable pads to a dedicated leach pad where it is leached again. Although most of the contained gold is released in 100 days, experience has shown that sufficient gold values remain to warrant this additional leaching on the dedicated pad. Lower grade oxide ore is treated exclusively on dedicated leach pads.

Mining Ore, Not Waste

The principal reason for Round Mountain's record production was the increase in the number of ore tons mined in 2000. Round Mountain completed an area of high stripping late in 1999 and returned to the life-of-mine ratio. This allowed six million more tons of ore-bearing material to be placed under leach in 2000, which brought significantly more production, despite lower grades and recovery rates, from the reusable pad.

The mill processed an average of 9,304 tons per day in 2000, well above the designed capacity of 8,000 tons. Total mill production was 139,870 ounces, down from 157,904 ounces produced in 1999. This reduction was primarily because ore grades decreased from 0.067 ounce per ton in 1999 to 0.045 ounce per ton in 2000.

The overall higher production helped to bring the cash operating cost per ounce to $195, slightly lower than the $200 level achieved in 1999.

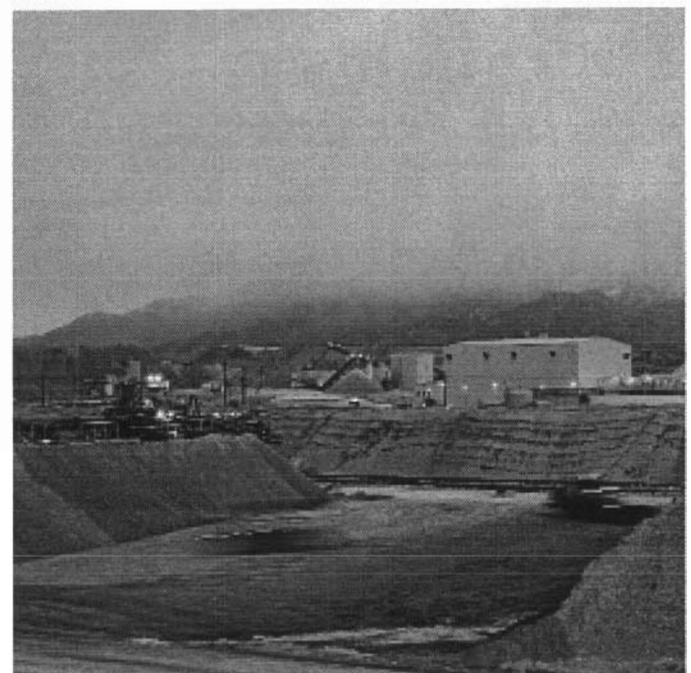
Exploration

During 2000, the operation completed a $1 million exploration program, which involved a total of 27 reverse circulation holes comprising 28,290 feet of drilling in a number of target areas in the Round Mountain district. The exploration program has been focussed on the discovery of another volcanic-hosted gold deposit similar in type to Round Mountain, but buried below younger gravel cover. Drilling in one of the target areas identified a large gold-bearing hot spring system with similar geologic characteristics to the Round Mountain deposit. In addition, an evaluation of deep drilling around the Round Mountain pit has identified several areas of high grade mineralization that could potentially be upgraded to underground reserves to be mined later in the mine life. These encouraging results have justified a decision to fund an aggressive exploration program in 2001.

Outlook

Round Mountain has been a big part of Echo Bay's life for more than 15 years and the expectation is that it will continue to be a significant factor for many years to come. With that in mind, the operation will be upgrading its truck haulage fleet in 2001, taking 15 high-hour vehicles out of service and replacing them with eight new, larger trucks, each having a capacity of 240 tons. At a total cost of approximately $17.5 million (Echo Bay's share: $8.8 million) this represents an important commitment to operating efficiency and the future of the operation.

Round Mountain is well positioned to achieve production of 600,000 ounces of gold in 2001 at a cash operating cost estimated to be in the range of $200 per ounce.



McCoy/Cove

McCoy/Cove, located 30 miles southwest of the town of Battle Mountain in Lander County, Nevada, is a large scale, open pit mining operation which produced 162,784 ounces of gold and 12,328,297 ounces of silver in 2000.

Location:
Nevada, United States

Mine type:
Open pit; heap leach and mill

Ownership:
100% Echo Bay

2000 Total Production:
162,784 ounces of gold
12,328,297 ounces of silver

2000 Cash Operating Cost:
$179 per ounce of gold equivalent

2000 Proven and Probable Ore Reserves:
161,000 ounces of gold
10,899,000 ounces of silver

Year Acquired:
1986

Total Production Since Acquisition:
3,242,792 ounces of gold
101,645,270 ounces of silver

Operations

McCoy/Cove has been an Echo Bay operating property since it was acquired in 1986. The Cove deposit was discovered in early 1987, less than a mile away from the McCoy pit. Mining of the Cove deposit began in 1988 and complemented production from McCoy, with the two properties being operated as a single unit. Over the years more than three million ounces of gold and 100 million ounces of silver have been produced from the property.

Capitalizing On An Opportunity

In 1999, work was completed on remediation of the Cove pit wall. Three years earlier, a portion of the high wall at the Cove pit collapsed and 30 million tons of non-ore-bearing material were estimated to have slid into the open pit. More than 400,000 ounces of contained gold and 22 million ounces of contained silver were located directly beneath this area.

Initially, there was no intention to remove the waste material and access the gold and silver. The cost to carry out the work seemed prohibitive and the deteriorating commodity prices reduced the value of the underlying ounces to the point where the economic return was inadequate to justify the cost of the required work. Two factors combined to change thinking and allow for a program to do the remediation work and recover the gold and silver. For a brief period in 1998 silver prices rose sufficiently to warrant the establishment of a silver hedge program large enough in size to underpin the remediation of the pit wall, if the work could be carried out on a cost-effective basis. Additional analysis suggested the remediation work could be performed for a cost less than the approximate $30 million that had been originally forecast. With this and a more secure feeling as to the revenue outlook attributable to the silver hedges, the Company determined to go ahead with the program.

The remediation of the pit wall was completed at a cost approximately $5.8 million lower than first anticipated. This allowed the site to start accessing the gold and silver that would have been left behind but for the remediation program. Lower grade heap leach ore from beneath the slide area was the first material encountered, late in 1999. The real magic came, however, in the availability of higher grade mill feed ore, beginning in 2000. This turned out to be a significant portion of the 2000 production at McCoy/Cove.

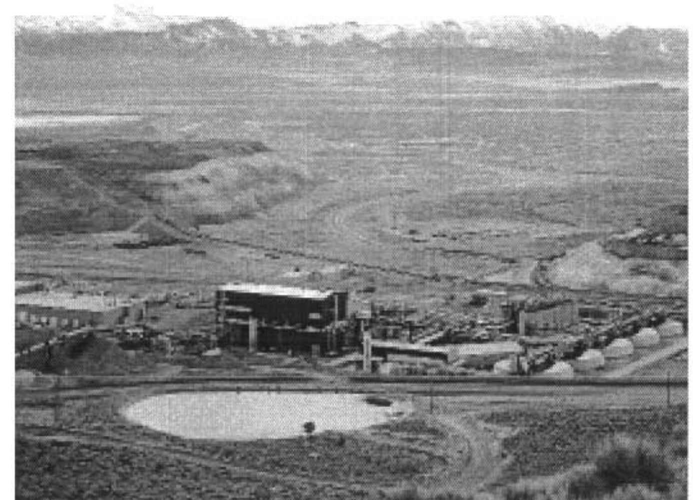
Mill grades at the site were much higher than in 1999, up by 42 percent for gold and 20 percent for silver. Recoveries in the mill were also up, contributing to an improvement in gold production from 124,536 to 162,784 ounces and a rise in silver production from 8,430,072 to 12,328,297 ounces. All in all, an extremely successful program was born from the pit wall remediation and the hard, effective work of our employees at McCoy/Cove. The result was a $42 per equivalent ounce improvement in cash cost performance, year over year.

What Lies Ahead?

McCoy/Cove is nearing the end of its productive life. Mining of the Cove pit was completed in October 2000. There will be production from a small underground deposit of gold and silver mineralization near the Cove pit in an area called Cove South Deep. One zone of mineralized material still needs to be further investigated and it is hoped there will be incremental production ounces as a result. The primary source of ore for the mill will come from stockpiled material. Mining has always been done at a rate that exceeds processing capacity, with the excess going to stock-piles for subsequent treatment. Sulphide ore will be processed in the first two quarters of 2001 and carbonaceous ore thereafter.

In 2000, reclamation activities were carried out on approximately 700 acres, bringing the total number of acres on which reclamation is underway to 1,570. In 2001, reclamation of an additional 900 acres will be commenced. By the end of 2001, 66 percent of total surface disturbance will be in reclamation.

Forecast gold production for 2001 is 60,000 ounces, with silver production in the order of five million ounces. Site spending, including reclamation and closure related activity, will be approximately $275 per ounce.



Kettle River

The Kettle River properties are located in Ferry County, near the scenic mountains of northeastern Washington State. Currently in its eleventh year of operation in the historic Republic gold district, Kettle River has produced gold from six different deposits. Total gold production reached the one million ounce milestone in the first quarter of 2000.

Location:
Washington State, United States

Mine type:
Underground; mill

Ownership:
100% Echo Bay

2000 Total Production:
94,086 ounces of gold

2000 Cash Operating Cost:
$218 per ounce of gold

2000 Proven and Probable Ore Reserves:
70,000 ounces of gold

Year Of Startup:
1990

Total Production Since Acquisition:
1,071,014 ounces of gold
(Echo Bay's share – 991,984 ounces)

Operations

Gold production at Kettle River declined from 104,396 ounces in 1999 to 94,086 ounces in 2000. Because of increased haulage distances, the pace of mining slowed, resulting in fewer tons available for processing, a volume decrease of approximately five percent year over year. Grades were, however, higher in 2000 than in the previous two years, helping to avoid an even lower production level.

Despite the challenges, Kettle River managed to produce at a cash operating cost per ounce of $218, compared with $238 in 1999. In absolute dollars, spending at site decreased by 15 percent, which speaks well for the cost containment measures introduced and consistently applied at Kettle River. Lower mining costs were the single biggest contributor to the better than expected cost performance.

Looking For Opportunities

Lamefoot operations effectively wound down at the end of 2000, meaning that Kettle River mill feed will come from an existing stockpile and ore currently being mined from the K-2 deposit. Reclamation of the Lamefoot mine will begin in 2001.

The stark reality of this fact makes it paramount that efforts continue to find new material to serve as feed, be this through exploration or acquisition. In the fourth quarter of 1999 an exploration drift was started from the K-2 orebody to allow for drilling activity to commence in the first quarter of 2000. The drilling program was successful and to date a resource of approximately 400,000 tons grading 0.2 ounces per ton has been outlined. A plan has been developed to mine and process this material and it is anticipated that the fruits of the exploration efforts will become part of 2002 production.

In 2000, Echo Bay entered into an agreement with Newmont Gold Company to exchange the Company's 50 percent interest in the Kuranakh gold project located in eastern Russia for Newmont's 75 percent interest in the Golden Eagle project located in the Republic district of Washington State. Echo Bay may also receive up to an additional $7 million, depending on whether certain permitting, financing and project completion conditions are achieved in respect of Kuranakh. Further, each party will be required to pay a production royalty to the other, starting at 0.5 percent of its share in production at a $350 per ounce gold price and increasing to one percent at $400 per ounce.

Golden Eagle is an advanced gold exploration project located approximately 15 miles from the Kettle River millsite and represents a good opportunity to extend mine life at Kettle River. A budget of $800,000 has been established for exploration activity in the Republic district, including work at Golden Eagle.

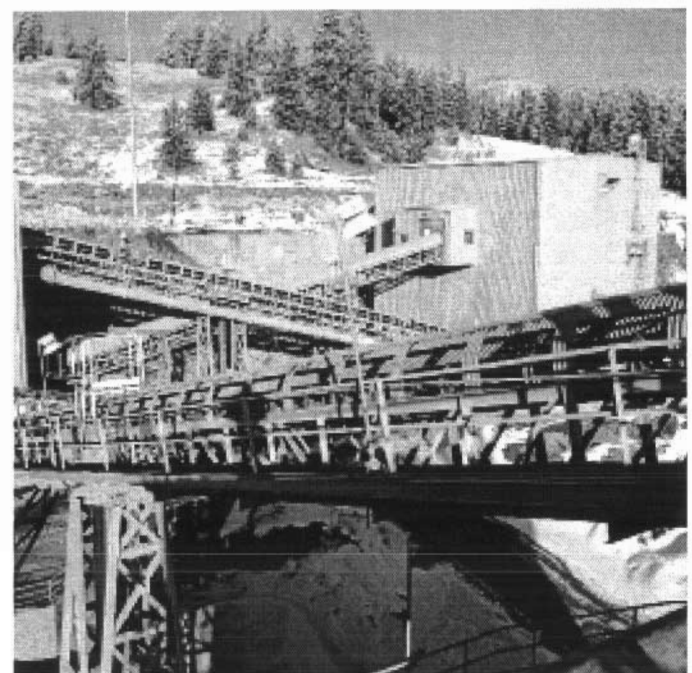
Safety and Environmental

Kettle River, like other Echo Bay sites, has an enviable safety record. In late January 2001, the site reached another two-year period without a lost time accident. This marks the fourth such two-year run where no lost time accidents have occurred.

This past year, Kettle River received two awards from the Association for Washington Business, one for environmental education and the other to recognize safety in the workplace. These awards are a tribute to the positive attitude and responsible conduct of the employees at Kettle River.

Outlook

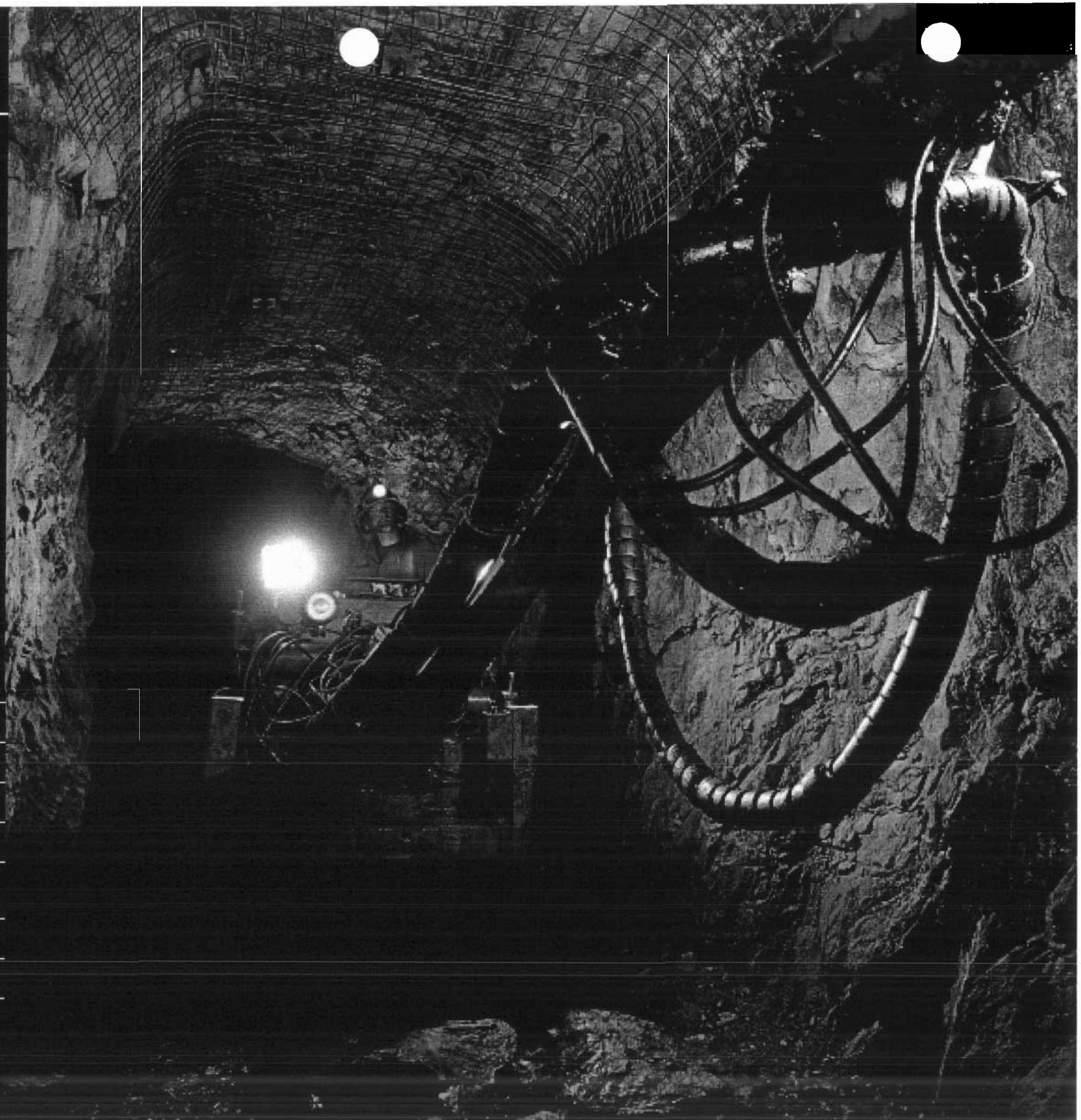
The forecast for 2001 calls for production of slightly more than 60,000 ounces of gold. Cash operating cost per ounce will likely increase to the vicinity of $240. A capital spending program of $3.4 million will be undertaken to develop the K-2 deposit.



Lupin

The Lupin mine is an underground operation located 400 kilometres northeast of Yellowknife, or 90 kilometres south of the Arctic Circle, in Nunavut, Canada.

Lupin is the first gold mine developed and operated by Echo Bay and it became, in 1982 when commercial production began, the basis on which a future might be built. The mine produced more than 2.8 million ounces of gold from startup until the Company decided to suspend operations at the end of 1997, prompted by high cash operating costs.



Location:
Nunavut, Canada

Mine type:
Underground; mill

Ownership:
100% Echo Bay

2000 Total Production:
117,729 ounces of gold

2000 Cash Operating Cost:
$213 per ounce of gold

2000 Proven and Probable Ore Reserves:
434,000 ounces of gold

Year of Startup:
1982

Total Production Since Acquisition:
2,925,094 ounces of gold

Recommissioning Lupin

Based on the results of a detailed reengineering study and the prospect of a better long-term gold price, the Company decided late in 1999 to reopen Lupin.

While Lupin was on care and maintenance, management looked for ways to operate Lupin better and more efficiently. Potential for savings was found in all aspects of the operation. Revised work schedules and the use of contractors, where appropriate, promised to reduce the all-in manpower costs. The unique problems of an underground operation, mined to a depth of 1,240 metres, were also considered. In the past, ore and waste had been trucked from lower levels of the mine to a crushing station, using a spiral underground ramp. The further the mining was from the crushing level, the higher the transportation costs. It was decided, after looking at various alternatives, that an underground hoisting system would be the most efficient way to deliver ore from deeper levels and reduce the amount of trucking required.

Lupin was recommissioned on time and on budget. The first gold pour occurred on April 9, 2000 after an initial capital outlay of approximately $12 million, mostly for inventory and start-up costs. Anticipated 2000 production called for 110,000 to 115,000 ounces and 117,729 ounces were in fact produced. The Company forecast cash operating cost in the order of $245 per ounce or lower. Actual results for 2000 were $228 per ounce, disregarding the benefit of a $15 per ounce foreign exchange gain from Canadian dollar hedges established in 1997. All this despite higher than expected diesel prices and the usual challenges inherent in any start-up of an operation.

Other Opportunities

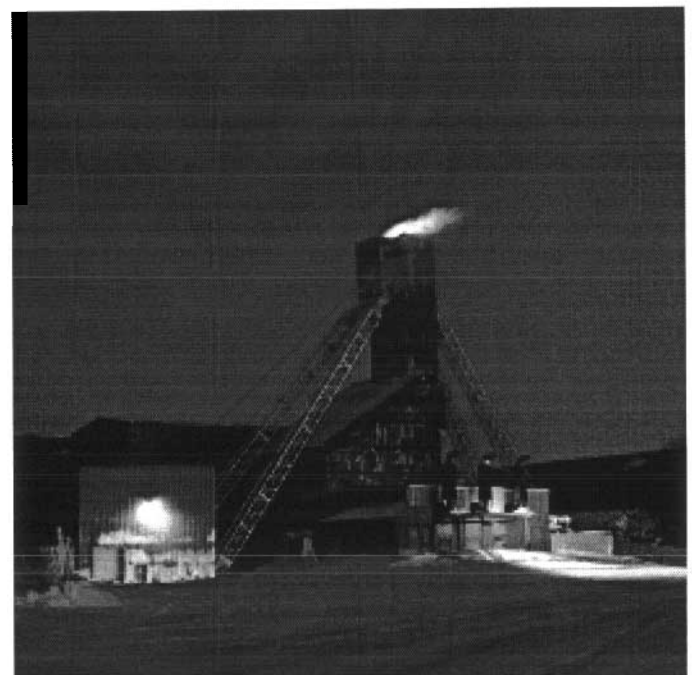
Based on known reserves and other mineralization, Lupin can operate through 2004. There are expectations that additional reserves will be identified as development advances and drilling is undertaken. Current development has reached a depth of 1,400 metres below surface. Exploration drilling indicates the bottom of the deposit has not yet been found. Confirmation drilling is underway.

The lower cost structure resulting from the reengineering will allow the reevaluation of gold that had previously been identified but determined not to be economic. Additional drilling in these areas, as well as other targets, will be carried out as development activity provides cost-effective access.

The Ulu deposit, located 160 kilometres north of Lupin, represents another opportunity for reserve growth. An internal study has indicated that the gold at Ulu might be mined, trucked across an ice road and processed economically at Lupin.

Looking Ahead

From an operating viewpoint, the decision to reopen Lupin was sound. Overall mining costs were lower than expected and, coupled with slightly better grades and recoveries, made for a start-up year of which one can be truly proud. For 2001, Lupin is positioned to produce 150,000 ounces and should do this at a cash operating cost per ounce of $240 or lower, again disregarding an anticipated foreign exchange benefit of approximately $15 per ounce for the first three quarters of the year.



Projects and Plans for the Future

The prolonged period of low gold prices continues to dull Echo Bay's enthusiasm and ability to spend money on exploration and development projects. Most of the activity in 2000, limited as it was, saw Echo Bay support exploration initiatives at or near the operating sites. There are, however, projects we have been nurturing.

Aquarius

Located 40 kilometres east of Timmins in northeastern Ontario, Aquarius is a development project owned entirely by Echo Bay. The project was placed on care and maintenance in late 1997 and will remain in this status pending improvement in the gold price.

At year-end 2000 proven and probable reserves comprised 1.2 million ounces of gold calculated using a gold price of $300 per ounce. Aquarius will be designed as an open-pit mine with an on-site mill. It is anticipated that 189,000 ounces of gold will be produced annually over an initial seven-year production life.

An independent contractor completed a revised feasibility report during the second quarter. The study incorporated changes in processing method, improvements to the mining plan and the use of certain mill equipment acquired by the Company at the end of 1999. The study indicates a capital cost to construct Aquarius of almost $90 million, excluding the value of owner equipment contributions. The estimated cash operating cost is approximately $150 per ounce, with all estimates based on reserves of 1.2 million ounces.

Exploration and Other Holdings

We have considered and will continue to consider opportunities that may come available to assist in growth through exploration or otherwise.

Exploration at and around the operating mines has identified a number of targets for additional work. Outside the operating properties, Echo Bay's most advanced exploration property is Youga, located in Burkina Faso, West Africa (a 50/50 joint venture with Ashanti Goldfields as the operator). Work programs completed during 2000 were designed to provide more information regarding portions of the established resource at Youga as well as outline new zones of mineralization on both Youga and the adjacent Bitou concessions. Drill results have identified two new areas of gold mineralization on the concessions and additional data has been collected in support of the feasibility study. The joint venture is presently reviewing various options for the project in light of the continued low gold price.

A Comparative Look Ahead to 2001

The table below presents production and cash operating cost per ounce data, comparing 2000 results with the forecast for 2001.

Production and Costs	2001 Target	2000
Gold production *(000 ounces)*		
Round Mountain (50%)	300	320
McCoy/Cove	60	163
Kettle River	60	94
Lupin	150	118
Silver Production *(million ounces)*	5	12
Cash Operating Cost (US$ per ounce)	225	193

MANAGEMENT'S DISCUSSION & ANALYSIS

SUMMARY

The Company had net earnings of $18.6 million ($0.02 per share) in 2000, compared with net losses of $37.3 million ($0.36 per share) in 1999 and $20.1 million ($0.23 per share) in 1998. The 2000 results compared to 1999 reflect higher gold and silver sales volume, the 1999 loss on the sale of the Company's interest in Paradones Amarillos, and lower depreciation and amortization. These factors were partially offset by increased operating costs and lower gold and silver prices realized in 2000. The 1999 results compared to 1998 reflect lower gold sales volumes, the loss on the sale of the Company's interest in Paradones Amarillos, the 1998 gain on the sale of Santa Elina and other mining properties, and decreased average gold and silver prices realized. These factors were partially offset by decreased operating costs, lower depreciation and amortization, increased silver sales volumes and decreased exploration and development spending in 1999.

The Company produced 694,663 ounces of gold and 12.3 million ounces of silver in 2000. Production targets for 2001 are 570,000 ounces of gold and five million ounces of silver. The expected decline in production will result from the completion of mining at McCoy/Cove.

The average gold price realized by the Company in 2000 was $319 per ounce. This was above the average market price of $279 per ounce in 2000, but lower than the $325 per ounce average price realized in 1999. To help protect against gold price declines, the Company has forward sales contracts on 125,000 ounces of its estimated 2001 gold production at an average price of $312 per ounce.

In 2000, operating activities provided net cash flows of $42.3 million.

RESULTS OF OPERATIONS

Revenue

Revenue increased to $281.0 million in 2000 from $210.4 million in 1999, reflecting higher gold and silver sales volume ($79.8 million), resulting primarily from the recommencement of Lupin operations and increased production at McCoy/Cove. These factors were partially offset by lower gold and silver prices realized. The decrease in revenue in 1999 from 1998 reflected lower gold sales volume, primarily from McCoy/Cove, and decreased gold and silver prices realized.

Operating Costs

Consolidated cash operating costs per ounce of gold produced were $193 in 2000, $215 in 1999 and $208 in 1998. Cash operating costs generally reflect mining and processing costs, most significantly labor, consumable materials, repairs of machinery and equipment, fuel, utilities and environmental compliance. Cash operating costs per ounce were lower in 2000 compared to 1999, reflecting increased grades and higher production at McCoy/Cove. Cash operating costs per ounce were higher in 1999 compared to 1998, reflecting lower production at McCoy/Cove partially offset by savings in mining and milling costs at McCoy/Cove and Kettle River.

The Company's cash operating cost target for 2001 is $225 per ounce of gold produced, reflecting an anticipated 15% to 20% decrease in production in 2001, largely due to the completion of mining at McCoy/Cove.

Royalties

Royalties increased to $8.0 million in 2000 from $7.2 million in 1999 and $7.5 million in 1998, primarily due to increased production. The Company's royalty expense target for 2001 is $7 million. See note 18 to the consolidated financial statements.

Depreciation and Amortization

Depreciation expense was $32.5 million in 2000, $40.9 million in 1999, and $45.8 million in 1998. Depreciation expense decreased in 2000 and 1999 from 1998 due to McCoy/Cove and Kettle River assets approaching the end of their useful lives and being fully depreciated and not replaced. Depreciation per ounce was $35 in 2000, $58 in 1999 and $62 in 1998.

Amortization varies with the quantity of gold and silver sold and the mix of production from the various mines. The quantities of the Company's proven and probable reserves also affect amortization expense, as the Company's investment is amortized over these ounces. Amortization expense of $18.2 million in 2000 and $14.0 million in 1999 compared to $17.5 million in 1998 reflect changes in production levels. Amortization per ounce was $20 in 2000, $20 in 1999 and $25 in 1998.

For 2001, the Company expects depreciation and amortization expense to be $45 million, compared to $50.7 million in 2000.

Reclamation and Mine Closure

Reclamation and mine closure expense varies with the quantity of gold and silver produced and the mix of production from the various mines. The quantities of the Company's proven and probable reserves also affect reclamation and mine closure expense, as the total estimated costs are accrued over these ounces. Reclamation and mine closure expense increased by $3.5 million in 2000 compared to 1999, as a result of increased production. The increase in 1999 compared to 1998 reflects increases in reclamation and mine closure costs. For 2001, the Company expects this expense to be $8 million.

General and Administrative

Decreases in general and administrative costs over the past three years reflect downsizing and cost reduction initiatives. For 2001, the Company expects general and administrative costs to be $6 million.

Exploration and Development

Exploration and development expense was $10.3 million in 2000 and $8.8 million in 1999, down from $12.0 million in 1998. Exploration and development expense includes Lupin costs relating to the recommencement of operations of $4.8 million in 2000 and annual care and maintenance costs of $3.4 million in 1999 and $4.6 million in 1998. The Company has reduced exploration and development programs in response to market conditions, which may limit the discovery and development of new reserves. This could have adverse implications on the Company as McCoy/Cove and Kettle River near the end of their mine lives. For 2001, the Company expects exploration and development expenditures to total $5 million.

Loss (Gain) on Sale of Interests in Mining and Other Properties

In 1999, the Company recognized a $13.8 million loss on the sale of its 60% interest in the Paredones Amarillos project in Mexico to its joint venture partner. In 1998, the Company recognized a total gain of $7.4 million on the sale of its investment in Santa Elina and interests in other mining properties.

LIQUIDITY AND CAPITAL RESOURCES

In 2000, the market price of gold averaged $279 per ounce. A depressed gold price significantly affects the Company's ability to proceed with construction of the Aquarius mine, to expand its exploration activities, to make interest payments on the capital securities or to pursue new acquisitions or investments.

Net cash flows provided from operating activities were $42.3 million in 2000, compared with net cash flows provided from operating activities of $37.7 million in 1999 and net cash flows used in operating activities of $14.1 million in 1998. The 2000 results reflect the recommencement of Lupin operations and increased sales volume.

Net cash used in investing activities in 2000 totaled $6.7 million, largely related to investments in mining properties, plant and equipment.

Net cash used in financing activities was $24.8 million in 2000, reflecting debt repayments of $36.8 million and currency borrowings of $12.0 million.

At December 31, 2000, the Company had $14.3 million in cash and cash equivalents and $2.2 million in short-term investments.

At December 31, 2000, the Company's current debt was $26.5 million and its long-term debt was $6.0 million.

The Company's existing term and revolving credit facilities expire in August 2001. The Company currently has $19.0 million outstanding under its revolving credit facility. Based on the current trailing 90-day average spot price of gold, the Company is restricted to an additional borrowing capacity of $4 million under this credit facility. At current gold prices, the Company does not anticipate drawing on the revolving line. The Company believes it is currently in compliance with the credit facility covenants. The Company is in the process of refinancing this facility and believes it will be successful in this effort prior to August 2001.

At December 31, 2000, the estimated fair value of the Company's hedge portfolio was $8.4 million, which is within the predetermined margin limits. Certain counter-parties could require margin deposits if the fair value of the hedge portfolio were less than the predetermined margin threshold.

In 1997, the Company issued $100.0 million of 11% capital securities due in 2027 (note 7 to the consolidated financial statements). The Company has the right to defer interest payments on the capital securities for a period not to exceed 10 consecutive semi-annual periods. During a period of interest deferral, interest accrues at a rate of 12% per annum, compounded semi-annually, on the full principal amount and deferred interest. The Company, at its option, may satisfy its deferred interest obligation by delivering common shares to the indenture trustee for the capital securities. The trustee would sell the Company's shares and remit the proceeds to the holders of the securities in payment of the deferred interest obligation. Deferred interest obligations not settled with proceeds from the sale of shares remain an unsecured liability of the Company. Since April 1998, the Company has exercised its right to defer its interest payments to holders of the capital securities. Interest deferred to date amounts to $43.1 million at December 31, 2000 and is payable no later than April 1, 2003 together with any additional compounded or deferred interest up to that date. Although the Company has the contractual right to issue shares in settlement of this obligation, market conditions in 2003 will determine the Company's ability to settle through the delivery and sale of common shares.

The Company expects to spend $22 million for capital expenditures in 2001, funded by its operating cash flow and credit facilities. The Company will continue to monitor its discretionary spending in view of the current gold market and the cost structure of its operating mines.

Early in 2000, The American Stock Exchange advised the Company that its listing eligibility was under review. The review was undertaken because the Company had fallen below two of the Exchange's continued listing guidelines: - the Company had sustained net losses in its five most recent fiscal years (1995 to 1999) and, in the Exchange's view, the Company's shareholders' equity under generally accepted accounting principles in the United States is inadequate. The Company is addressing the Exchange's concerns through periodic progress reviews and currently the matter is in abeyance pending a review of the Company's Report on Form 10-K for 2000. This process will continue for the foreseeable future.

COMMITMENTS AND CONTINGENCIES AND DISCLOSURES ABOUT MARKET RISK

The Company's profitability is subject to changes in gold and silver prices, exchange rates, interest rates and certain commodity prices. To reduce the impact of such changes, the Company attempts to lock in the future value of certain of these items through hedging transactions. These transactions are accomplished through the use of derivative financial instruments, the value of which is derived from movements in the underlying prices or rates.

The gold- and silver-related instruments used in these transactions include commodity loans, fixed and floating forward contracts, spot-deferred contracts, swaps and options. Sensitivity to changing metal prices is reduced, and future revenues are hedged, as the Company's future production will satisfy these loans and other delivery commitments. The Company engages in forward currency-exchange contracts to reduce the impact on the Lupin mine's operating costs caused by fluctuations in the exchange rate of U.S. dollars to Canadian dollars. The Company has also engaged in crude oil hedging activities, including forward purchase agreements and swaps, to reduce the impact of fluctuations in crude oil prices on its operating costs.

Gains and losses resulting from hedging activities are recognized in earnings on a basis consistent with the hedged item. When hedged production is sold, revenue is recognized in amounts implicit in the commodity loan, delivery commitment or option agreement. Gains or losses on foreign currency and crude oil hedging activities are recorded in operating costs, or capitalized in the cost of assets, when the hedged Canadian dollars are purchased and when crude oil supplies are used in operations. Gains and losses on early termination of hedging contracts are deferred until the hedged items are recognized in earnings. Premiums paid or received on gold and silver option contracts purchased or sold are deferred and recognized in earnings on the option expiration dates.

The Company assesses the exposure that may result from a hedging transaction prior to entering into the commitment, and only enters into transactions which it believes accurately hedge the underlying risk and could be safely held to maturity. The Company does not actively engage in the practice of trading derivative securities for profit. The Company regularly reviews its unrealized gains and losses on hedging transactions.

The credit risk exposure related to all hedging activities is limited to the unrealized gains on outstanding contracts based on current market prices. To reduce counterparty credit exposure, the Company deals only with large, credit-worthy financial institutions and limits credit exposure to each. In addition, the Company deals only in markets it considers highly liquid to allow for situations where positions may need to be reversed.

Certain of the Company's counterparties require margin deposits if the fair value of the hedge position is less than the predetermined margin threshold. The Company regularly reviews its margin risk and attempts to mitigate this risk by modifying its hedge position whenever market conditions allow.

In 2000, the Company delivered approximately 37% of gold production against forward sales and put options at an average commitment price of $313 per ounce. This compares with 77% of gold production at $346 per ounce in 1999 and 96% of gold production at $341 per ounce in 1998. Approximately 35% of silver production was delivered against forward sales and put options at an average cash price of $5.71 per ounce in 2000. This compares to 43% at $5.66 per ounce in 1999 and 50% at $5.44 per ounce in 1998.

The Company's hedge position as of December 31, 2000 partially protects the Company against gold price declines in the years 2001 through 2005. For the year 2001, this position includes forward sales of approximately 125,000 ounces at a forward price of $312 per ounce. For the years 2002 through 2005, the Company has forward sales totaling 195,000 ounces of gold at a forward price of $310 per ounce. In addition, the Company has hedged 2.5 million silver ounces at a minimum average cash price of $5.91 per ounce in 2001.

The Company's hedging commitments are described in note 17 to the Company's consolidated financial statements.

OTHER

The Company's operations are subject to laws and regulations concerning protection of the environment. These laws and regulations change periodically and are generally becoming more restrictive, which may have the effect of increasing future costs. Certain of the Company's subsidiaries have provided corporate guarantees and other forms of security to regulatory authorities in connection with future reclamation activities. Early in 2001, regulators in Nevada formally called upon two of the Company's subsidiaries to provide other security to replace corporate guarantees that had been given in respect of the Round Mountain and McCoy/Cove operations. The subsidiaries disagree with the regulators' position and believe that they qualify under the criteria set out for corporate guarantees and will oppose the regulatory decision. Although the outcome cannot be predicted, the Company and their counsel believe that the Company will prevail.

Other commitments and contingencies are discussed in notes 17 and 18 to the consolidated financial statements.

The following table provides information as of December 31, 2000 about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in commodity prices, interest rates and exchange rates.

(Amounts in millions of U.S. dollars, except amounts per ounce or unless otherwise noted)	Expected Year of Maturity						Fair Value of Financial Instruments
	2001	2002	2003	2004	2005	Thereafter	
Assets:							
Short-term investments	–	–	–	–	–	–	$ 2.9
Liabilities:							
Currency loans	$ 26.5	–	–	–	–	–	$ 26.5
Capital securities [1]							$ 6.0
Principal						$ 100.0	
Fixed interest rate [2]	11%	11%	11%	11%	11%	11%	
Derivative financial instruments:							
Gold forward sales							$ 5.7
Ounces	125,000	60,000	60,000	60,000	15,000	–	
Price per ounce	$ 312	$ 310	$ 310	$ 310	$ 310	–	
Silver forward sales							$ 1.8
Ounces (000's)	1,500	–	–	–	–	–	
Price per ounce	$ 5.85	–	–	–	–	–	
Gold call options sold							$ (2.2)
Ounces	–	–	–	–	105,000	–	
Price per ounce	–	–	–	–	$ 340	–	
Gold call options purchased							$ 2.4
Ounces	105,000	60,000	60,000	60,000	120,000	–	
Price per ounce	$ 351	$ 360	$ 360	$ 360	$ 395	–	
Silver put options purchased							$ 1.4
Ounces (000's)	1,000	–	–	–	–	–	
Price per ounce	$ 6.00	–	–	–	–	–	
Silver call options purchased							$ –
Ounces (000's)	1,500	–	–	–	–	–	
Price per ounce	$ 6.60	–	–	–	–	–	
Silver put options sold							$ (0.4)
Ounces (000's)	2,500	–	–	–	–	–	
Price per ounce	$ 4.75	–	–	–	–	–	
Foreign currency contracts							$ (0.3)
Canadian dollars (000's)	20,000	–	–	–	–	–	
Exchange rate (C$ to US$1.00)	1.47	–	–	–	–	–	

(1) At December 31, 2000, the present value of the $100.0 million principal payment in 2027 was $5.8 million. At December 31, 2000, the fair value of the entire capital securities obligation, including the interest component, was $56.1 million.

(2) During a period of interest deferral, the interest rate on the capital securities is 12%, compounded semi-annually.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements and related data are the responsibility of management. Management has prepared the statements in accordance with accounting principles generally accepted in Canada.

The integrity of the financial reporting process is also the responsibility of management. Management maintains systems of internal controls designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and reliable financial information is produced. Management selects accounting principles and methods that are appropriate to the Company's circumstances, and makes decisions affecting the measurement of transactions in which estimates or judgments are required to determine the amounts reported.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. The Board carries out this responsibility principally through its Audit Committee.

The Audit Committee consists entirely of outside directors. The Committee meets periodically with management and the external auditors to discuss internal financial controls, auditing matters and financial reporting issues. The Committee satisfies itself that each party is properly discharging its responsibilities; reviews the quarterly and annual financial statements and the external auditors' report; and recommends the appointment of the external auditors for review by the Board and approval by the shareholders.

The external auditors audit the financial statements annually on behalf of the shareholders. They also perform certain procedures related to the Company's unaudited interim financial statements and report their findings to the Audit Committee. The external auditors have free access to management and the Audit Committee.

Robert L. Leclerc
Chairman and Chief Executive Officer and Director

Tom S.Q. Yip
Vice President, Finance and Chief Financial Officer

January 31, 2001

REPORT OF INDEPENDENT CHARTERED ACCOUNTANTS

To the Shareholders of Echo Bay Mines Ltd.

We have audited the consolidated balance sheets of Echo Bay Mines Ltd. as at December 31, 2000 and 1999 and the consolidated statements of operations, deficit and cash flow for each of the years in the three-year period ended December 31, 2000. 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 auditing standards generally accepted in Canada and the United States. 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, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2000 in accordance with accounting principles generally accepted in Canada.

Ernst + Young LLP

Chartered Accountants
Edmonton, Canada
January 31, 2001

Comments by Auditors for U.S. Readers on Canada-U.S. Reporting Difference

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when the financial statements are affected by conditions and events that cast substantial doubt on the company's ability to continue as a going concern, such as those described in Note 1 to the financial statements. Our report to the shareholders dated January 31, 2001, is expressed in accordance with Canadian reporting standards, which do not permit a reference to such events and conditions in the auditor's report when these are adequately disclosed in the financial statements.

Ernst + Young LLP

Chartered Accountants
Edmonton, Canada
January 31, 2001

CONSOLIDATED BALANCE SHEET

December 31

thousands of U.S. dollars	**2000**	1999
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 14,269**	$ 3,401
Short-term investments	**2,186**	2,042
Interest and accounts receivable	**3,022**	2,942
Inventories *(note 2)*	**39,443**	37,204
Prepaid expenses and other assets	**14,031**	15,621
	72,951	61,210
Plant and equipment *(note 3)*	**138,527**	167,438
Mining properties *(note 3)*	**63,499**	81,959
Long-term investments and other assets *(note 4)*	**20,868**	29,565
	$295,845	$340,172
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 26,073**	$ 29,961
Income and mining taxes payable	**5,780**	3,004
Debt and other financings *(note 5)*	**26,500**	13,750
Deferred income *(note 6)*	**9,651**	10,525
	68,004	57,240
Debt and other financings *(note 5)*	**6,032**	42,919
Deferred income *(note 6)*	**50,698**	83,684
Other long-term obligations *(note 8)*	**49,632**	47,847
Deferred income taxes	**4,694**	7,381
Commitments and contingencies *(notes 8, 17 and 18)*		
Shareholders' equity:		
Common shares *(note 13)*, no par value, unlimited number authorized; issued and outstanding - 140,607,145 shares	**713,343**	713,343
Capital securities *(note 7)*	**140,076**	124,616
Deficit	**(711,680)**	(714,844)
Foreign currency translation	**(24,954)**	(22,014)
	116,785	101,101
	$295,845	$340,172

See accompanying notes.

On behalf of the Board

Robert L. Leclerc
Director

Latham C. Burns
Director

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31

thousands of U.S. dollars, except for per share data	**2000**	1999	1998
Revenue	**$ 280,976**	$ 210,351	$ 232,181
Expenses:			
Operating costs	**173,435**	139,816	148,769
Royalties *(note 18)*	**8,034**	7,197	7,547
Production taxes	**2,460**	256	1,618
Depreciation and amortization	**50,664**	54,941	63,286
Reclamation and mine closure	**10,572**	7,025	6,295
General and administrative	**5,650**	7,429	8,027
Exploration and development	**10,336**	8,754	12,010
Interest and other *(note 9)*	**3,012**	8,194	11,845
Loss (gain) on sale of interests in mining and other properties *(note 10)*	**-**	13,795	(7,447)
	264,163	247,407	251,950
Earnings (loss) before income taxes	**16,813**	(37,056)	(19,769)
Income tax expense (recovery) *(note 11)*	**(1,748)**	216	354
Net earnings (loss)	**$ 18,561**	$ (37,272)	$ (20,123)
Net earnings (loss) attributable to common shareholders *(note 7)*	**$ 3,164**	$ (50,969)	$ (32,555)
Earnings (loss) per share	**$ 0.02**	$ (0.36)	$ (0.23)
Weighted average number of shares outstanding (thousands)	**140,607**	140,607	140,084

CONSOLIDATED STATEMENTS OF DEFICIT

Year ended December 31

thousands of U.S. dollars	**2000**	1999	1998
Balance, beginning of year	**$(714,844)**	$(663,875)	$ (631,320)
Net earnings (loss)	**18,561**	(37,272)	(20,123)
Interest on capital securities, net of nil tax effect *(note 7)*	**(15,397)**	(13,697)	(12,432)
Balance, end of year	**$(711,680)**	$ (714,844)	$(663,875)

See accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31

thousands of U.S. dollars	**2000**	1999	1998
CASH PROVIDED FROM (USED IN):			
OPERATING ACTIVITIES			
Net earnings (loss)	**$18,561**	$(37,272)	$(20,123)
Add (deduct):			
Depreciation	**32,457**	40,957	45,792
Amortization	**18,207**	13,984	17,494
Deferred income included in revenue *(note 6)*	**(24,473)**	(11,129)	(5,381)
Deferred income included in operating costs *(note 6)*	**(3,149)**	–	–
Deferral of gains on restructuring of hedge commitments *(note 6)*	**2,434**	14,014	5,236
Deferred income taxes	**(2,400)**	–	–
Net gain on sale of other assets *(note 9)*	**(432)**	(736)	(495)
Unrealized losses on share investments	**28**	1,508	3,013
Loss (gain) on sale of interests in mining properties and other *(note 10)*	**–**	13,795	(7,447)
Other	**769**	961	(90)
Change in cash invested in operating assets and liabilities:			
Interest and accounts receivable	**(85)**	864	1,898
Inventories	**(2,869)**	882	3,743
Prepaid expenses and other assets	**(31)**	290	(2,309)
Accounts payable and accrued liabilities	**496**	(459)	(26,748)
Income and mining taxes payable	**2,790**	13	(512)
	42,303	37,672	14,071
INVESTING ACTIVITIES			
Mining properties, plant and equipment	**(7,387)**	(33,265)	(26,971)
Long-term investments and other assets	**(524)**	(5,135)	(534)
Proceeds on sale of plant and equipment	**332**	972	3,763
Proceeds on sale of short-term investments	**182**	485	3,018
Net proceeds from (cost of) repurchase of gold and silver hedging contracts	**–**	(3,334)	8,673
Proceeds on sale of investment in Santa Elina *(note 10)*	**–**	–	6,252
Proceeds on sale of mining properties	**–**	–	1,195
Other	**712**	(1,411)	342
	(6,685)	(41,688)	(4,262)
FINANCING ACTIVITIES			
Debt borrowings	**12,000**	17,000	–
Debt repayments	**(36,750)**	(16,181)	(18,327)
Other	**–**	(1,389)	(448)
	(24,750)	(570)	(18,775)
Net increase (decrease) in cash and cash equivalents	**10,868**	(4,586)	(8,966)
Cash and cash equivalents, beginning of year	**3,401**	7,987	16,953
Cash and cash equivalents, end of year	**$14,269**	$ 3,401	$ 7,987

See accompanying notes.

December 31, 2000

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Echo Bay Mines Ltd. mines, processes and explores for gold and silver. Gold accounted for 77% of 2000 revenue and silver 23%. In 2000 and 1999, the Company had three operating mines in the United States: Round Mountain and McCoy/Cove in Nevada; Kettle River in Washington. In 2000, the Company recommenced operations at its Lupin mine in the Nunavut Territory, Canada. All of the Company's mines are 100% owned except for Round Mountain, which is 50% owned.

The Company's financial position and operating results are directly affected by the market price of gold in relation to the Company's production costs. Silver price fluctuations also affect the Company's financial position and operating results, although to a lesser extent. Gold and silver prices fluctuate in response to numerous factors beyond the Company's control.

The consolidated financial statements are prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada and, in all material respects, conform with accounting principles generally accepted in the United States, except as described in note 14. The statements are expressed in U.S. dollars.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Certain of the comparative figures have been reclassified to conform to the current year's presentation.

Basis of presentation

The Company's term and revolving credit facility described in note 5 matures in August 2001. The Company is in discussions with lenders to arrange a new borrowing facility but has not yet entered into a final agreement. The Company's ability to borrow is constrained by conditions in the gold mining industry and its recent and currently expected future operating results. Should the Company be unable to arrange a new borrowing facility to replace its maturing facility, it is unlikely that the Company would be able to settle its existing loan with cash from operations or other sources. As a result of these conditions, there is substantial doubt about the Company's ability to continue its operations in the normal course of business. These financial statements are prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilites in the normal course of business in the foreseeable future. Consequently, they do not include any adjustments to the carrying amounts and classifications of assets and liabilities, which may be necessary should the Company not be able continue to operate in the normal course of business. Management is continuing to discuss replacement financing with its lenders and is confident that a satisfactory agreement will be reached prior to the maturity date of the existing credit facility.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Interests in joint ventures, each of which by contractual arrangement is jointly controlled by all parties having an equity interest in the joint venture, are accounted for using the proportionate consolidation method to consolidate the Company's share of the joint venture's assets, liabilities, revenues and expenses.

Share investments

Short-term investments, comprised of publicly traded common shares, are recorded at the lower of cost or quoted market prices, with unrealized losses included in income. Long-term common share investments are recorded at cost. A provision for loss is recorded in income if there is a decline in the market value of a long-term share investment that is other than temporary. If the Company's share investment represents more than a 20% ownership interest and the Company can exercise significant influence over the investee, the equity method of accounting is used. The equity method reports the investment at cost, adjusted for the Company's pro rata share of the investee's undistributed earnings or losses since acquisition.

Foreign currency translation

The Company's self-sustaining Canadian operations are translated into U.S. dollars using the current-rate method, which translates assets and liabilities at the year-end exchange rate and translates revenue and expenses at average exchange rates. Exchange differences arising on translation are recorded as a separate component of shareholders' equity. The change in the balance is attributable to fluctuations in the exchange rate of U.S. dollars to Canadian dollars. The Company's foreign operations that are not self-sustaining are translated into U.S. dollars using the temporal method, which translates monetary assets and liabilities at the year-end exchange rate, and translates additions to non-monetary assets and liabilities, revenue and expenses at average exchange rates. Exchange differences arising on translation are recorded in current earnings.

Revenue recognition

Revenue is recognized when title to delivered gold or silver and the risks and rewards of ownership pass to the buyer.

Earnings (loss) per share

Earnings (loss) per share are calculated based on the weighted average number of common shares outstanding during the year. For per share calculations, the amount of capital securities interest that is charged directly to the deficit decreases the earnings, or increases the loss, attributable to common shareholders. Fully diluted earnings (loss) per share is the same as basic earnings (loss) per share because the Company's outstanding options and the settlement of deferred interest on the capital securities through the delivery and sale of common shares are not dilutive.

Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Inventories

Precious metals inventories are valued at the lower of cost, using the "first-in, first-out" method, or net realizable value. Materials and supplies are valued at the lower of average cost or replacement cost.

Plant and equipment

Plant and equipment are recorded at cost. Depreciation is provided using the straight-line method over each asset's estimated economic life to a maximum of 20 years.

Mining properties - producing mines' acquisition and development costs

Mining properties are recorded at cost of acquisition. Mine development costs include expenditures incurred to develop new ore bodies, to define further mineralization in existing ore bodies and to expand the capacity of operating mines. These expenditures are amortized against earnings on the unit-of-production method over the expected economic life of each mine.

Mining properties - mining costs

Mining costs are the costs incurred at producing properties to remove ore and waste from an open pit or underground mine. These costs are deferred when they relate to gold that will be produced in future years. These deferred costs are charged to operating costs in the period in which the related production occurs.

For open pit mining operations, mining costs are deferred when the ratio of tons mined per ounce of gold recovered exceeds the average ratio estimated for the life of the mine. These deferred costs are charged to operating costs when the actual ratio is below the average ratio.

For underground mining operations, these costs include the cost of accessing and developing new production areas.

Development properties

At properties identified as having the potential to add to the Company's proven and probable reserves, the direct costs of acquisition and development are capitalized as they are incurred. Determination as to reserve potential is based on results of feasibility studies which indicate whether a property is economically feasible. After drilling has confirmed the shape and continuity of mineralization, initial feasibility studies are then optimized. If production commences, these costs are transferred to "producing mines' acquisition and development costs" and amortized against earnings as described above. If a project is determined not to be commercially feasible, unrecovered costs are expensed in the year in which the determination is made.

Exploration costs

The costs of exploration programs not anticipated to result in additions to the Company's reserves and other mineralization in the current year are expensed as incurred.

Reclamation and mine closure costs

Estimated site restoration and closure costs for each producing mine are charged against operating earnings on the unit-of-production method over the expected economic life of each mine.

Income taxes

In 2000, the Company adopted the provisions of CICA Handbook Section 3465 "Income Taxes" on a prospective basis. The provisions require the use of the liability method of tax allocation and the recognition of deferred income taxes based on the differences between the carrying amounts of assets and liabilities for accounting and tax purposes. The adoption of the new standard had no effect on the Company's financial statements.

Review of life-of-mine plans and carrying values

Plant and equipment are depreciated and mining properties are amortized over their anticipated economic lives. Each year, the Company estimates ore reserves and prepares a comprehensive mining plan for the then-anticipated remaining life of each property. The prices used in estimating the Company's ore reserves at December 31, 2000 were $300 per ounce of gold and $5.00 per ounce of silver. Based on year-end ore reserves and the current life-of-mine plan for each of the Company's properties, the Company reviews its accounting estimates and makes needed adjustments. This complex process continues for the life of every mine.

The Company reviews the carrying value of each mine by comparing the net book value with the estimated undiscounted future cash flow from the property. For purposes of this analysis, the net book value of each mine is reduced by deferred hedging gains pertaining to future production from that mine as well as reclamation and mine closure accruals. If the net book value exceeds the undiscounted future cash flow, then a corresponding impairment write-down is recorded.

Reserve risks

If the Company were to determine that its reserves and future cash flows should be calculated at a significantly lower gold price than the $300 per ounce price used at December 31, 2000, there would likely be a material reduction in the amount of gold reserves. In addition, if the price realized by the Company for its gold or silver bullion were to decline substantially below the price at which ore reserves were calculated for a sustained period of time, the Company potentially could experience material write-downs of its investment in its mining properties. Under certain of such circumstances, the Company might discontinue the development of a project or mining at one or more of its properties or might temporarily suspend operations at a producing property and place that property in a "care and maintenance" mode. Reserves could also be materially and adversely affected by changes in operating and capital costs and other factors, including but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades and ore types.

Significant changes in the life-of-mine plans can occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investments in new equipment and technology, and other factors. Changes in the significant assumptions underlying future cash flow estimates, including assumptions regarding precious metals prices, may have a material effect on future carrying values and operating results.

Capitalization of interest

Interest cost is capitalized on construction programs until the facilities are ready for their intended use.

Stock-based compensation plans

The Company has three stock-based compensation plans, which are described in note 13. No compensation expense is recognized for these plans when the stock or stock options are issued to employees. Any consideration paid by employees on the exercise of stock options is credited to share capital.

Hedging activities

The Company's profitability is subject to changes in gold and silver prices, exchange rates, interest rates and certain commodity prices. To reduce the impact of such changes, the Company locks in the future value of certain of these items through hedging transactions. These transactions are accomplished through the use of derivative financial instruments, the value of which is derived from movements in the underlying prices or rates.

The gold- and silver-related instruments used in these transactions include commodity loans, fixed and floating forward sales contracts, spot-deferred contracts, swaps and options. Sensitivity to changing metal prices is reduced, and future revenues are hedged, as the Company's future production will satisfy these loans and other delivery commitments. The Company engages in forward currency-exchange contracts to reduce the impact on the Lupin mine's operating costs caused by fluctuations in the exchange rate of U.S. dollars to Canadian dollars. The Company has also engaged in crude oil hedging activities, including forward purchase agreements and swaps, to reduce the impact of fluctuations in crude oil prices on its operating costs.

Gains and losses resulting from hedging activities are recognized in earnings on a basis consistent with the hedged item. When hedged production is sold, revenue is recognized in amounts implicit in the commodity loan, delivery commitment or option agreement. Gains or losses on foreign currency and crude oil hedging activities are recorded in operating costs, or capitalized in the cost of assets, when the hedged Canadian dollar transactions occur and when crude oil supplies are used in operations. Gains and losses on early termination of hedging contracts are deferred until the formerly hedged items are recognized in earnings. Premiums paid or received on gold and silver option contracts purchased or sold are deferred and recognized in earnings on the option expiration dates. Call options written after October 24, 2000 will be carried at fair value in accordance with Emerging Issues Committee Abstract 113, "Accounting by Commodity Producers for Written Call Options."

The carrying values of gold loans are remeasured using the market value of gold at the reporting date. Differences between these values and the loan proceeds that were originally received are recorded as deferred income and will be included in revenue when the production related to the loans is delivered.

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

2. INVENTORIES

		2000	1999
Precious metals	– bullion	**$18,357**	$16,033
	– in-process	**8,293**	7,538
Materials and supplies		**12,793**	13,633
		$39,443	$37,204

3. PROPERTY, PLANT AND EQUIPMENT

Net book value

Properties and percentage owned	Plant and Equipment	Mining Properties	2000 Net Book Value	1999 Net Book Value
Round Mountain (50%)	$ 57,404	$ 43,033	**$100,437**	$115,326
McCoy/Cove (100%)	19,685	3,348	**23,033**	48,466
Lupin (100%)	24,111	2,412	**26,523**	27,539
Kettle River (100%)	774	1,174	**1,948**	2,298
Aquarius (100%)	34,493	13,532	**48,025**	51,635
Other	2,060	–	**2,060**	4,133
	$138,527	$ 63,499	**$202,026**	$249,397

Plant and equipment

	2000 Cost	2000 Net Book Value	1999 Cost	1999 Net Book Value
Land improvements and utility systems	$ 72,853	**$ 5,165**	$ 74,018	$ 8,245
Buildings	155,893	**33,518**	153,128	37,544
Equipment	384,236	**62,311**	389,360	78,707
Construction in progress	40,671	**37,533**	44,542	42,942
	$653,653	**$138,527**	$661,048	$167,438

Mining properties

	2000	1999
Producing mines' acquisition and development costs	**$276,951**	$272,362
Less accumulated amortization	**248,792**	230,470
	28,159	41,892
Development properties' acquisition and development costs	**13,532**	14,065
Deferred mining costs	**21,808**	26,002
	$ 63,499	$ 81,959

4. LONG-TERM INVESTMENTS AND OTHER ASSETS

	2000	1999
Premiums paid on gold and silver option contracts	**$ 21,647**	$ 34,103
Reclamation deposits	**8,639**	7,116
Other	**2,056**	828
	32,342	42,047
Less current portion included in prepaid expenses and other assets	**11,474**	12,482
	$20,868	$29,565

Premiums paid on gold and silver option contracts

Premiums paid on gold and silver option contracts purchased are deferred and recognized in earnings on the option expiration dates. These deferred premiums are expected to be recognized as follows: $11.4 million in 2001, $1.0 million in 2002, $1.4 million in 2003, $2.1 million in 2004, $3.3 million in 2005 and $2.4 million thereafter. Refer to note 6 for a discussion of the deferral of premiums received on gold and silver option contracts sold.

5. DEBT AND OTHER FINANCINGS

	2000	1999
Currency loans	**$26,500**	$ 51,250
Capital securities *(note 7)*	**6,032**	5,419
	32,532	56,669
Less current portion	**26,500**	13,750
	$ 6,032	$ 42,919

Gold term loan and currency loans

The Company has a term and revolving facility with a syndicate of commercial banks under which the Company can borrow either gold or dollars. The facility is convertible between gold and dollar borrowings. Interest on gold borrowings is calculated at the banks' gold rate plus 1.75%, and interest on dollar borrowings at LIBOR plus 1.75%. At December 31, 2000, a $7.5 million currency term loan was outstanding under the facility, with an effective interest rate of 8.25%. The Company repaid an outstanding gold term loan under the agreement in 1999.

The facility requires that the aggregate gold and currency commitment be repaid quarterly at a specified principal amount in dollars and/or the equivalent number of ounces valued at the original gold loan price of $349 per ounce. The gold loan was restructured at a price of $388 per ounce in 1996. Beginning in the third quarter of 1998, the Company opted to accelerate its repayment of gold ounces and decelerate its repayment of the currency loan from the original repayment schedule, which called for quarterly installments through the second quarter of 2001. The difference between the restructured gold loan price of $388 per ounce and the spot price on the repayment date for these accelerated ounces has been deferred and will be recognized in earnings in accordance with the original repayment schedule.

At December 31, 2000, the Company had $19.0 million outstanding under its revolving credit facility. Based on the trailing 90-day average spot price of gold, the Company is restricted to an additional borrowing capacity of $4 million under this credit facility. The Company is in the process of refinancing this facility and believes it will be successful in this effort prior to the expiration of the current facility in August 2001. At December 31, 2000, the effective interest rate on the revolving loan was 8.32%. Annual commitment fees on the unutilized credit facility are 0.5%.

Other information

Certain of the Company's financing arrangements require it to maintain specified ratios of assets to liabilities and cash flow to debt. The Company is in compliance with these ratios and other covenant requirements.

The Company had $25.2 million in outstanding surety bonds and letters of credit at December 31, 2000, primarily related to the bonding of future reclamation obligations. At December 31, 2000, annual fees on the letters of credit range from 0.50% to 1.75%.

Interest payments were $4.3 million in 2000, $5.0 million in 1999 and $7.2 million in 1998.

Future gold and silver delivery commitments are summarized by year in note 17.

6. DEFERRED INCOME

	2000	1999
Modification of hedging contracts	**$39,336**	$ 61,382
Premiums received on gold and silver option contracts	**20,310**	30,835
Other	**703**	1,992
	60,349	94,209
Less current portion	**9,651**	10,525
	$50,698	$83,684

Modification of hedging contracts

Gains and losses on the early termination or other restructuring of gold, silver and foreign currency hedging contracts are deferred until the formerly hedged items are recognized in earnings. These deferred gains (losses) are expected to be recognized as follows: $20.8 million in 2001, $30.7 million in 2002, $(2.3) million in 2003, $(8.1) million in 2004, $(0.9) million in 2005 and $(0.9) million thereafter.

Premiums received on gold and silver option contracts

Premiums received on gold and silver option contracts sold are deferred and recognized in earnings on the option expiration dates. These deferred premiums are expected to be recognized as follows: $9.7 million in 2001, $1.4 million in 2002, $1.4 million in 2003, $3.3 million in 2004, $3.4 million in 2005 and $1.1 million thereafter. Refer to note 4 for a discussion of the deferral of premiums paid on gold and silver option contracts purchased.

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

7. CAPITAL SECURITIES

In 1997, the Company issued $100.0 million of 11% capital securities due in April 2027. The effective interest rate on the capital securities is 11%, or 12% compounded semi-annually during a period of interest deferral.

The Company has the right to defer interest payments on the capital securities for a period not to exceed 10 consecutive semi-annual periods. During a period of interest deferral, interest accrues at a rate of 12% per annum, compounded semi-annually, on the full principal amount and deferred interest. The Company, at its option, may satisfy its deferred interest obligation by delivering common shares to the indenture trustee for the capital securities. The trustee would sell the Company's shares and remit the proceeds to the holders of the securities in payment of the deferred interest obligation. Deferred interest obligations not settled with proceeds from the sale of shares remain an unsecured liability of the Company. Since April 1998, the Company has exercised its right to defer its interest payments to holders of the capital securities. Interest deferred to date amounts to $43.1 million at December 31, 2000 and is payable no later than April 1, 2003 together with any additional compounded or deferred interest up to that date. Although the Company has the contractual right to issue shares in settlement of this obligation, market conditions in 2003 will determine the Company's ability to settle through the delivery and sale of common shares. The present value of the capital securities' principal amount, $5.8 million, has been classified as debt within gold and other financings (note 5). The present value of the future interest payments of $94.2 million plus deferred accrued interest has been classified within a separate component of shareholders' equity as the Company has the unrestricted ability to settle the future interest payments by issuing its own common shares to the trustee for sale. Interest on the debt portion of the capital securities has been classified as interest expense on the consolidated statement of earnings, and interest on the equity portion of the capital securities has been charged directly to deficit on the consolidated balance sheet. For purposes of per share calculations, interest on the equity portion decreases the earnings attributable to common shareholders. See note 14 for a discussion of differences in treatment of the capital securities under generally accepted accounting principles in the United States.

8. OTHER LONG-TERM OBLIGATIONS

	2000	1999
Accrued reclamation and mine closure		
Round Mountain	**$10,659**	$8,177
McCoy/Cove	**19,284**	19,469
Lupin	**8,280**	6,518
Kettle River	**8,620**	6,808
Sunnyside	**4,702**	5,763
Other	**-**	1,014
	51,546	47,749
Other	**-**	4,302
	51,546	52,051
Less current portion included in accounts payable and accrued liabilities	**1,914**	4,204
	$49,632	$47,847

Reclamation and mine closure

At December 31, 2000, the Company's future reclamation and mine closure costs are estimated to be $73.2 million. The aggregate obligation accrued to December 31, 2000 was $51.5 million, including accruals of $ 10.6 million in 2000, $7.0 million in 1999, and $6.3 million in 1998. The remaining $21.7 million, including $9.9 million at Round Mountain, $9.8 million at Lupin and $2.0 million at Kettle River, will be accrued on the unit-of-production method over the remaining life of each mine. Future reclamation costs are determined using management's best estimates of the scope of work to be performed and related costs. These estimates may change based on future changes in operations, cost of reclamation activities and regulatory requirements.

9. INTEREST AND OTHER

	2000	1999	1998
Interest income	**$ (964)**	$ (166)	$ (328)
Interest expense	**5,194**	4,723	5,559
Alaska-Juneau reclamation	**(2,048)**	-	-
Unrealized loss on share investments	**28**	1,508	3,013
(Gain) loss on sale of share investments	**(181)**	(485)	962
Gain on sale of plant and equipment	**(251)**	(251)	(1,457)
Other	**1,234**	2,865	4,096
	$3,012	$ 8,194	$11,845

10. LOSS (GAIN) ON SALE OF INTERESTS IN MINING AND OTHER PROPERTIES

	2000	1999	1998
Loss on sale of interest in Paredones Amarillos	$ –	$13,795	$ –
Gain on sale of investment in Santa Elina	–	–	(6,252)
Gain on sale of interests in other mining properties	–	–	(1,195)
	$ –	$13,795	$(7,447)

Loss on sale of interest in Paredones Amarillos

The Company agreed in 1999 to sell its 60% interest in the Paredones Amarillos project in Mexico to its joint venture partner. In return, the Company received full ownership of a mill owned by the joint venture, valued at $2.5 million, and a 2% net profits royalty related to Paredones Amarillos production, capped at $2.0 million. The joint venture partner assumed all project liabilities. In 1999, the Company recognized a loss on the sale of Paredones Amarillos of $13.8 million.

Gain on sale of investment in Santa Elina

In 1998, the Company sold its investment in Santa Elina, which had no book value, for $6.3 million in cash, net of selling costs, and a 48.1% interest in the Chapada exploration property in Brazil, to which the Company assigned no book value. The Company realized no gain when it sold the Chapada property in the second quarter of 1999.

11. INCOME TAX EXPENSE

Geographic components

The geographic components of earnings before income tax expense and income tax expense were as follows.

	2000	1999	1998
Earnings (loss) before income taxes:			
Canada	$ 637	$(22,386)	$(23,471)
United States and other	16,176	(14,670)	3,702
	$16,813	$(37,056)	$(19,769)
Current income tax expense:			
Canada	$ 201	$ 216	$ 354
United States and other	451	–	–
	652	216	354
Deferred income tax expense (recovery):			
Canada	(2,400)	–	–
United States and other	–	–	–
	(2,400)	–	–
Income tax expense (recovery)	$(1,748)	$ 216	$ 354

Effective tax rate

The effective tax rate on the Company's earnings differed from the combined Canadian federal and provincial corporate income tax rates of 43.2% for 2000 and 43.5% for 1999 and 43.2% for 1998 for the following reasons.

	2000	1999	1998
Earnings (loss) before income taxes	$16,813	$(37,056)	$(19,769)
Income tax effect of:			
Expected Canadian federal and provincial corporate income taxes	$ 7,246	$ (16,115)	$ (8,540)
Utilization of net operating loss	(5,760)	(838)	–
Operating loss from which no tax benefit is derived	–	–	12,720
Canadian resource allowance and earned depletion	113	(2,153)	(2,349)
Foreign earnings subject to different income tax rates	(1,326)	18,182	(1,687)
Other items	(2,021)	1,140	210
Income tax expense (recovery)	$(1,748)	$ 216	$ 354
Effective tax rate (current and deferred)	(10.4%)	(0.6%)	(1.8%)

Loss carryforwards

At December 31, 2000, the Company had U.S. net operating loss carryforwards of approximately $409 million to apply against future taxable income and $212 million to apply against future alternative minimum taxable income. These loss carryforwards do not include the provisions for impaired assets, which have not yet been recognized fully for income tax purposes. The net operating loss carryforwards expire at various times from 2001 to 2020. Additionally, the Company has Canadian non-capital loss carryforwards of approximately $64 million and net capital loss carryforwards of approximately $208 million. The non-capital loss carryforwards expire at various times from 2003 to 2007. The net capital loss carryforwards have no expiration date.

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

Deferred tax liabilities and assets

Significant components of the Company's deferred tax liabilities and assets are as follows.

	2000			1999		
millions of dollars	**Canada**	**U.S. and other**	**Total**	Canada	U.S. and other	Total
Deferred tax liabilities:						
Tax over book depreciation and depletion	**$6.4**	**$ –**	**$6.4**	$10.3	$ –	$10.3
Other tax liabilities	**5.3**	**0.8**	**6.1**	8.0	0.7	8.7
Total deferred tax liabilities	**11.7**	**0.8**	**12.5**	18.3	0.7	19.0
Deferred tax assets:						
Net operating loss and other carryforwards	**117.2**	**145.0**	**262.2**	37.3	135.4	172.7
Book over tax depreciation and depletion	**34.5**	**13.2**	**47.7**	36.2	16.3	52.5
Accrued liabilities	**4.7**	**19.8**	**24.5**	4.3	25.9	30.2
Other tax assets	**9.2**	**4.7**	**13.9**	21.0	4.7	25.7
Total deferred tax assets before allowance	**165.6**	**182.7**	**348.3**	98.8	182.3	281.1
Valuation allowance for deferred tax assets	**(158.6)**	**(181.9)**	**(340.5)**	(87.9)	(181.6)	(269.5)
Total deferred tax assets	**7.0**	**0.8**	**7.8**	10.9	0.7	11.6
Net deferred tax liabilities	**$4.7**	**$ –**	**$4.7**	$ 7.4	$ –	$ 7.4

The net increase in the valuation allowance for deferred tax assets was $71.0 million for 2000 and $1.7 million for 1999.

Income tax payments

Income tax payments were $0.2 million in 2000, $0.2 million in 1999 and $1.6 million in 1998.

12. PREFERRED SHARES

The Company is authorized to issue an unlimited number of preferred shares, issuable in series. Each series is to consist of such number of shares and to have such designation, rights, privileges, restrictions and conditions as may be determined by the directors. No preferred shares are currently issued.

13. COMMON SHARES

Changes in the number of common shares outstanding during the three years ended December 31, 2000 were as follows.

	Number of Shares	Amount
Balance, December 31, 1997	139,370,03	$709,593
1998 Issuance of shares	1,237,114	3,750
Balance, December 31, 1998, 1999 and 2000	140,607,145	$713,343

Dividends

The Company has not paid dividends since 1996 and is prohibited from paying common share dividends during a period of interest deferral related to the capital securities (note 7).

Shareholder rights plan

The Company's shareholders rights plan was not renewed by the shareholders of the Company at the annual meeting in May 2000 and the plan expired at that time.

Restricted share grant plan

Effective February 1997, the Company adopted a restricted share grant plan to provide incentive to officers of the Company. The Company has reserved an aggregate of 750,000 common shares for issuance under the plan, but no grants are outstanding. The vesting of any shares, which may be granted under this plan, is at the discretion of the Compensation Committee of the Board of Directors.

Employee Share Incentive Plan and Director Equity Plan

These plans provide for the granting of options to purchase common shares to officers and employees (under the employee share incentive plan) and to eligible directors (under the director equity plan). Outstanding share options under the plans are exercisable at prices equal to the market value on the date of grant. The option holder may exercise each share option over a period of 10 years from the date of grant. Options generally vest in 25% increments on the first, second, third and fourth year anniversaries following the grant date. Option prices are denominated in Canadian dollars. No more grants are to be made under the director equity plan.

Changes in the number of options outstanding during the three years ended December 31, 2000 were as follows.

		Employee Share Incentive Plan		Director Equity Plan	
		Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Options outstanding, December 31, 1997		4,992,119	C$11.60	194,950	C$12.87
1998:	Options granted	857,906	3.59	45,500	3.70
	Options expired	(78,700)	9.75	–	–
	Options forfeited	(794,005)	10.35	–	–
Options outstanding, December 31, 1998		4,977,320	C$10.44	240,450	C$11.14
1999:	Options granted	1,170,000	2.55	–	–
	Options expired	(34,937)	9.75	–	–
	Options forfeited	(618,697)	9.94	–	–
Options outstanding, December 31, 1999		5,493,686	C$8.82	240,450	C$11.14
2000:	Options granted	–	–	–	–
	Options expired	(100,458)	12.88	–	–
	Options forfeited	(1,021,417)	8.92	(13,000)	5.85
Options outstanding, December 31, 2000		4,371,811	C$8.71	227,450	C$11.44

The number of shares reserved for future grants at December 31, 2000 are 5,240,691 under the Employee Share Incentive Plan. The number and weighted average price of shares exercisable under the Employee Share Incentive Plan are 3,389,484 at C$10.41 at December 31, 2000; 3,521,787 at C$11.66 at December 31, 1999; and 3,352,269 at C$12.29 at December 31, 1998. The number and weighted average price of shares exercisable under the Director Equity Plan are 196,575 at C$12.40 at December 31, 2000; 171,575 at C$12.73 at December 31, 1999; and 123,825 at C$13.69 at December 31, 1998.

Options outstanding at December 31, 2000 had the following characteristics.

	Number of Shares Outstanding	Exercise Price Range	Weighted Average Exercise Price of Shares Outstanding	Weighted Average Years Until Expiration	Number of Shares Exercisable	Weighted Average Exercise Price of Shares Exercisable
Employee Share Incentive Plan						
	1,510,077	C$2.55 – C$3.59	C$2.95	8	527,750	C$3.13
	1,147,473	5.75 – 8.88	8.02	4	1,147,473	8.02
	1,213,605	10.70 – 15.75	13.13	5	1,213,605	13.13
	500,656	16.25 – 19.63	16.95	4	500,656	16.95
Director Equity Plan						
	84,500	C$3.70 – C$8.00	C$6.02	7	53,625	C$6.44
	142,950	12.50 – 18.25	14.64	4	142,950	14.64

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

14. DIFFERENCES BETWEEN CANADIAN AND U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

U.S. GAAP financial statements

The Company prepares its consolidated financial statements in accordance with accounting principles generally accepted in Canada, which differ in some respects from those in the United States, as described below.

In accordance with Canadian GAAP, the present value of the principal amount of the capital securities issued in 1997 is classified as debt within gold and other financings, while the present value of the future interest payments is classified as a separate component of shareholders' equity (note 7). The deferred accrued interest is classified within this equity component as the Company has the option to satisfy the deferred interest by delivering common shares. The related issuance costs were allocated proportionately to deferred financing charges and retained earnings based on the debt and equity classifications. Interest on the capital securities has been allocated proportionately to interest expense and deficit based on the debt and equity classifications. Under U.S. GAAP, the face value of the securities would be classified entirely as debt within gold and other financings; the related issuance costs would be classified as deferred financing charges within long-term investments and other assets and would be amortized to interest expense over the life of the securities; and the interest on the capital securities would be classified entirely as interest expense.

In accordance with Canadian GAAP, certain long-term foreign exchange contracts are considered to be hedges of the cost of goods to be purchased in foreign currencies in future periods. Gains and losses related to changes in market values of such contracts are recognized as a component of the cost of goods when the related hedged purchases occur. In 2000, the Company recognized $3.1 million in deferred foreign exchange gains. Under U.S. GAAP, foreign exchange contracts would be carried at market value and changes included in current earnings.

In accordance with Canadian GAAP, the Company's short-term share investments are carried at the lower of cost or market based on quoted market prices. Under U.S. GAAP, these investments would have been marked to market, with unrealized gains or losses excluded from earnings and reported as accumulated other comprehensive income in shareholders' equity, net of tax.

At December 31, 2000, the Company had 105,000 ounces of gold call options sold with a strike price of $340 per ounce. The Company sold these call options in 1999 to enhance prices on certain of its gold forward contracts. The Company has limited the potential loss on these call options to $60 per ounce if the spot price of gold rises above $340 per ounce by purchasing 105,000 ounces of gold call options at a strike price of $400 per ounce. In accordance with U.S. GAAP, the 105,000 ounces of gold call options sold would not qualify for hedge accounting and therefore would be marked to market at December 31, 2000. As a result, the Company has recorded an unrealized gain on gold call options sold of $3.0 million in 2000 and an unrealized loss of $2.1 million in 1999 under U.S. GAAP.

In accordance with Canadian GAAP, the severance costs associated with the temporary suspension of operations at Lupin were recognized on the commitment date (generally defined as the date the severance plan is established and approved by management) which occurred in 1997. Conditions for recognizing involuntary termination benefits under U.S. GAAP include similar criteria as Canadian GAAP. Additionally, however, the benefit arrangement must also have been communicated to employees. As the Lupin severance activities were not communicated to employees prior to December 31, 1997, under U.S. GAAP the related costs would be recognized in 1998.

The effects on the consolidated statement of earnings of the above differences would have been as follows.

	2000	1999	1998
Net earnings (loss) under Canadian GAAP	**$18,561**	$(37,272)	$ (20,123)
Additional interest expense on capital securities	**(15,397)**	(13,697)	(12,432)
Change in market value of foreign exchange contracts	**948**	5,540	(2,640)
Amortization of deferred foreign exchange gains	**(3,149)**	–	–
Unrealized loss on short-term investments	**28**	–	–
Unrealized gain/(loss) on gold call options sold	**2,964**	(2,146)	–
Amortization of deferred financing costs on capital securities	**(633)**	(633)	(633)
Recognition of severance expense	**–**	–	(4,980)
Net earnings (loss) under U.S. GAAP	**$ 3,322**	$(48,208)	$(40,808)
Earnings (loss) per share under U.S. GAAP	**$ 0.02**	$ (0.34)	$ (0.29)

The effects of the GAAP differences on the consolidated balance sheet would have been as follows.

December 31, 2000	Canadian GAAP	Capital Securities	Other	U.S. GAAP
Short-term investments	$ 2,186	$ –	$ 760	$ 2,946
Long-term investments and other assets	20,868	792	–	21,660
Debt and other financings	32,532	96,968	–	129,500
Deferred income	60,349	–	(2,846)	57,503
Other long-term obligations	49,632	43,108	(533)	92,207
Common shares	713,343	–	36,428	749,771
Capital securities	140,076	(140,076)	–	–
Deficit	711,680	(792)	33,021	743,909
Shareholders' equity (deficit)	116,785	(139,284)	4,139	(18,360)

December 31, 1999	Canadian GAAP	Capital Securities	Other	U.S. GAAP
Long-term investments and other assets	$ 29,255	$ 1,425	$ –	$ 30,680
Debt and other financings	56,669	97,581	–	154,250
Deferred income	93,899	–	(5,995)	87,904
Other long-term obligations	47,847	27,035	3,379	78,261
Common shares	713,343	–	36,428	749,771
Capital securities	124,616	(124,616)	–	–
Deficit	714,844	(1,425)	33,812	747,231
Shareholders' equity (deficit)	101,101	(123,191)	2,616	(19,474)

The continuity of shareholders' equity from December 31, 1999 to December 31, 2000 under U.S. GAAP would have been as follows.

	2000
Balance, beginning of year	$ (19,474)
Net earnings	3,322
Unrealized gain on short-term investments	732
Foreign currency translation	(2,940)
Balance, end of year	$ (18,360)

The following statement of comprehensive income (loss) would be disclosed in accordance with U.S. GAAP.

	2000	1999	1998
Net earnings (loss) under U.S. GAAP	**$ 3,322**	$(48,208)	$(40,808)
Other comprehensive income (loss), after a nil income tax effect:			
Unrealized gain (loss) arising during period	**732**	–	–
Foreign currency translation adjustments	**(2,940)**	4,562	(6,211)
Other comprehensive income (loss	**(2,208)**	4,562	(6,211)
Comprehensive income (loss)	**$ 1,114**	$(43,646)	$ (47,019)

Additionally, under U.S. GAAP, the equity section of the balance sheet would present a subtotal for accumulated other comprehensive loss, as follows.

	2000	1999
Unrealized gain/(loss) on share investments	**$ 732**	$ –
Foreign currency translation	**(24,954)**	(22,014)
Accumulated other comprehensive loss	**$(24,222)**	$ (22,014)

Stock-based compensation

FASB Statement No. 123, "Accounting for Stock-Based Compensation," gives the option to either follow fair value accounting or to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25") and related Interpretations. The Company has determined that it will elect to continue to follow APB No. 25 and related Interpretations in accounting for its employee and director stock options in financial information prepared in conformity with U.S. GAAP.

In accordance with Canadian GAAP and U.S. GAAP (under APB No. 25), the Company does not recognize compensation expense for stock option grants in the earnings statement, as the market prices of the underlying stock on the grant dates do not exceed the exercise prices of the options granted.

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

Had the Company adopted Statement No. 123 for its U.S. GAAP disclosure, the following net earnings and losses would have been reported.

	2000	1999	1998
Net earnings (loss) under U.S. GAAP	**$3,322**	$(48,208)	$(40,808)
Pro forma stock compensation expense, after a nil income tax effect	**(929)**	(1,845)	(1,654)
Pro forma net earnings (loss) under U.S. GAAP	**$2,393**	$(50,053)	$(42,462)
Pro forma earnings (loss) per share under U.S. GAAP	**$ 0.02**	$ (0.36)	$ (0.30)

The Company has utilized the Black-Scholes option valuation model to estimate the fair value of options granted, assuming a weighted average option life of 6 years, risk-free interest rates ranging from 4.87% to 6.64%, dividend yields ranging from nil to 1% and volatility factors of 50% for 1999 grants and 40% for 1998, 1997 and 1996 grants. The weighted average fair value of options granted is estimated at $1.08 per share in 1999 and $1.27 per share in 1998.

Derivative instruments and hedging activities

In 1998, the FASB issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities," and in 2000, Statement No. 138 "Accounting for Certain Derivative Instruments and Certain Hedging Activities" effective for fiscal quarters of fiscal years beginning after June 15, 2000 (January 1, 2001 for the Company). The statement requires all derivative instruments to be recognized at fair value on the balance sheet. The changes in fair value are accounted for through earnings unless the instrument qualifies for special hedge accounting treatment. The company enters into contracts to reduce the risk of changes in the price of gold and silver. The majority of these contracts are forward sales that qualify for exemption from Statement No. 133 under the normal purchase and sales provision. Upon implementation, all derivative instruments held by the company that do not qualify for the normal purchase and sale exemption would be recognized at fair value on the balance sheet with changes in fair value recorded in earnings. Gains and losses on the early termination or other restructuring of gold, silver and foreign currency hedging contracts would be deferred in accumulated other comprehensive income until the formerly hedged items are recorded in earnings. The transition adjustment recorded under U.S. GAAP at January 1, 2001 would have decreased assets by $11.5 million and liabilities by $48.6 million, offset by increases to accumulated other comprehensive income of $36.0 million and net earnings of $1.1 million.

Other

The estimated fair values of cash and cash equivalents, short-term investments and currency loans approximate their book values. At December 31, 2000, the fair value of the entire capital securities obligation, including the interest component was $56.1 million.The fair values were determined from quoted market prices or estimated using discounted cash flow analysis. See note 17 for further disclosure regarding estimated fair values of financial instruments.

15. JOINT VENTURES

Summarized below is the Company's 50% interest in the Round Mountain mine, accounted for by the proportionate consolidation method.

	2000	1999	1998
Revenues	**$ 90,633**	$ 87,469	$ 87,748
Expenses:			
Operating costs	**60,231**	52,880	51,359
Royalties	**5,585**	5,021	5,078
Production taxes	**470**	57	654
Depreciation and amortization	**18,978**	17,704	16,274
Reclamation and mine closure	**2,881**	2,438	1,787
Exploration	**529**	431	613
Other	**(753)**	753	3,281
Earnings before income taxes	**$ 2,712**	$ 8,185	$ 8,702

	2000	1999	1998
Current assets	**$ 33,424**	$ 33,105	$ 69,461
Non-current assets	**109,212**	126,611	120,956
Current liabilities	**(11,244)**	(10,667)	(9,370)
Non-current liabilities	**(18,395)**	(18,845)	(19,965)
Equity	**$112,997**	$130,204	$161,082

	2000	1999	1998
Net cash provided from (used in):			
Operating activities	**$ 11,260**	$ 9,108	$ 16,286
Investing activities	**(5,075)**	(12,799)	(12,438)
Financing activities	**–**	–	–
Net increase (decrease) in cash	**$ 6,185**	$ (3,691)	$ 3,848

16. SEGMENT INFORMATION

The Company's management regularly evaluates the performance of the Company by reviewing operating results on a minesite by minesite basis. As such, the Company considers each producing minesite to be an operating segment.
In 2000 and 1999, the Company had three operating mines in the United States: Round Mountain and McCoy/Cove in Nevada; and Kettle River in Washington.
In 2000, the Company recommenced operations at its Lupin mine in the Nunavut Territory, Canada. All are 100% owned except for Round Mountain, which is 50% owned.

In making operating decisions and allocating resources, the Company's management specifically focuses on the production levels and cash operating costs generated by each operating segment, as summarized in the following tables.

Gold Production (ounces)	2000	1999	1998
Round Mountain (50%)	**320,064**	270,904	255,252
McCoy/Cove	**162,784**	124,536	167,494
Lupin	**117,729**	–	–
Kettle River	**94,086**	104,396	113,692
Total gold	**694,663**	499,836	536,438

Silver Production (ounces)	2000	1999	1998
Total silver-all from McCoy/Cove	**12,328,297**	8,430,072	9,412,823

Cash Operating Costs per Ounce of Gold Produced	2000	1999	1998
Round Mountain	**$ 195**	$ 200	$ 198
McCoy/Cove	**179**	221	203
Lupin	**213**	–	–
Kettle River	**218**	238	244
Company consolidated weighted average	**$ 193**	$ 215	$ 208

Reconciliation of Cash Operating Costs per Ounce to Financial Statements	2000	1999	1998
Operating costs by minesite:			
Round Mountain	**$ 60,501**	$ 53,055	$ 51,502
McCoy/Cove	**69,920**	63,429	66,606
Lupin	**22,883**	–	1,645
Kettle River	**20,131**	23,332	29,016
Total operating costs per financial statements	**173,435**	139,816	148,769
Change in finished goods inventories and other	**208**	2,381	(1,704)
Co-product cost of silver produced	**(39,574)**	(34,732)	(35,486)
Cash operating costs	**$134,069**	$107,465	$111,579
Gold ounces produced	**694,663**	499,836	536,438
Cash operating costs per ounce	**$ 193**	$ 215	$ 208

The Company's management generally monitors revenues on a consolidated basis. Information regarding the Company's consolidated revenues is provided below.

	2000	1999	1998
Total gold and silver revenues	**$280,976**	$ 210,351	$232,181
Average gold price realized per ounce	**$ 319**	$ 325	$ 333
Average silver price realized per ounce	**$ 5.28**	$ 5.69	$ 5.88

Depreciation and amortization by minesite is as follows.

	2000	1999	1998
Round Mountain	**$ 18,978**	$ 17,704	$ 16,274
McCoy/Cove	**21,539**	22,743	29,034
Lupin	**4,874**	5,381	6,233
Kettle River	**1,637**	6,141	9,315
Depreciation of non-minesite assets	**3,636**	2,972	2,430
Total depreciation and amortization per financial statements	**$ 50,664**	$ 54,941	$ 63,286

Total assets by minesite are as follows.

	2000	1999
Minesites:		
Round Mountain	**$ 121,592**	$127,435
McCoy/Cove	**42,354**	63,521
Lupin	**34,860**	33,983
Kettle River	**10,101**	9,398
Development properties:		
Aquarius	**48,437**	51,589
Non-minesite assets	**38,501**	53,936
Total assets	**$295,845**	$339,862

Capital expenditures by minesite are as follows.

Millions of U.S. dollars	2000	1999	1998
Round Mountain	**$ 4.6**	$ 7.7	$ 12.6
McCoy/Cove	**0.6**	1.1	1.3
Lupin	**4.7**	–	–
Kettle River	**1.4**	0.4	1.5

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

Financial information regarding geographic areas is set out below.

	2000	1999	1998
Revenue:			
Canada	**$ 44,370**	$ –	$ 11,360
United States	**236,606**	210,351	220,821
Total revenue	**$280,976**	$ 210,351	$ 232,181

	2000	1999	1998
Assets:			
Canada	**$ 100,310**	$ 89,095	$ 92,457
United States	**193,431**	247,653	267,843
Other	**2,104**	3,114	7,776
Total assets	**$295,845**	$339,862	$368,076

17. HEDGING ACTIVITIES AND COMMITMENTS

The Company reduces the risk of future gold and silver price declines by hedging a portion of its production. The principal hedging tools used are gold and silver loans, fixed and floating forward sales contracts, spot-deferred contracts, swaps and options.

The Company assesses the exposure that may result from a hedging transaction prior to entering into the commitment, and only enters into transactions which it believes accurately hedge the underlying risk and could be safely held to maturity. The Company does not actively engage in the practice of trading derivative securities for profit. The Company regularly reviews its unrealized gains and losses on hedging transactions.

The credit risk exposure related to all hedging activities is limited to the unrealized gains on outstanding contracts based on current market prices. To reduce counter-party credit exposure, the Company deals only with large, credit-worthy financial institutions and limits credit exposure to each. In addition, the Company deals only in markets it considers highly liquid to allow for situations where positions may need to be reversed.

Margin deposits are required by certain of the Company's counterparties if the fair value of the hedge position is less than the predetermined margin threshold. The Company regularly reviews its margin risk and attempts to mitigate this risk by modifying its hedge position whenever market conditions allow. In 1999, the Company repurchased a significant portion of its gold and silver forward sales commitments and restructured its gold and silver option positions to better complement the new forward sales positions. The Company purchased call options with expiration dates that match the Company's forward sales commitments and call options sold and have strike prices ranging from $20 to $60 per ounce above the forward sales prices and call options sold strike prices. The quantity of call options purchased is equal to 70% of the Company's forward sales and call options sold in the years 2001 to 2005 and will allow the Company to participate in price rallies above the call option strike prices while reducing the Company's margin risk related to these commitments. A similar strategy has been implemented for the Company's silver hedge position. The gains and losses on the repurchases have been deferred and will be recognized in revenue as the formerly hedged gold and silver is sold (notes 4 and 6).

The Company's hedge contracts require the Company to pay the three-month gold lease rate on 255,000 of its 320,000 ounces of forward sales and on 105,000 ounces of call options sold. The three-month gold lease rate was approximately 0.81% at the end of 2000. The gold lease payments are made on a quarterly basis. For accounting purposes, the amounts are being deferred and recognized in revenue as the hedged gold is sold. The Company has no floating silver lease rate contracts.

Gains and losses on the early termination or other restructuring of gold, silver and foreign currency hedging contracts are deferred until the formerly hedged items are recognized in earnings (note 6).

Premiums paid or received on gold and silver options contracts purchased or sold are deferred and recognized in earnings on the option expiration dates (notes 4 and 6).

Gold and silver commitments

The Company's gold and silver commitments at December 31, 2000 were as follows.

	Gold		Silver	
	Forward Sales (ounces)	Price of Forward Sale (per ounce)	Forward Sales (ounces)	Price of Forward Sale (per ounce)
2001	125,000	$312	1,500,000	$5.85
2002	60,000	310	–	–
2003	60,000	310	–	–
2004	60,000	310	–	–
2005	15,000	310	–	–
	320,000	$311	1,500,000	$5.85

The Company's option position at December 31, 2000 was as follows.

	Put Options Purchased		Put Options Sold		Put Options Purchased		Call Options Sold	
	Ounces	Strike Price per Ounce	Ounces	Strike Price per Ounce	Ounces	Strike Price per Ounce	Ounces	Strike Price per Ounce
Gold								
2001	–	$ –	–	$ –	105,000	$ 351	–	$ –
2002	–	–	–	–	60,000	360	–	–
2003	–	–	–	–	60,000	360	–	–
2004	–	–	–	–	60,000	360	–	–
2005	–	–	–	–	120,000	395	105,000	340
	–	$ –	–	$ –	405,000	$ 368	105,000	$340
Silver								
2001	1,000,000	$6.00	2,500,000	$4.75	1,500,000	$6.60	–	$ –
	1,000,000	$6.00	2,500,000	$4.75	1,500,000	$6.60	–	$ –

Currency Position

At December 31, 2000, the Company had an obligation under foreign currency exchange contracts to purchase C$20.0 million in 2001 at an exchange rate of C$1.47 to US$1.00.

Shown below are the carrying amounts and estimated fair values of the Company's other outstanding hedging instruments at December 31, 2000 and 1999.

		December 31, 2000		December 31, 1999	
		Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Gold forward sales		$ –	$5,700	$ –	$ (900)
Silver forward sales		–	1,800	–	1,000
Gold options	- puts purchased	–	–	1,400	1,700
	- calls sold	(3,000)	(2,200)	(4,100)	(5,600)
	- puts sold	–	–	(1,300)	(600)
	- calls purchased	6,800	2,400	9,100	8,000
Silver options	- puts purchased	1,200	1,400	2,500	1,400
	- puts sold	(1,300)	(400)	(2,200)	(500)
	- calls purchased	700	–	1,000	300
Foreign currency contracts		–	(300)	–	(1,200)
			$8,400		$3,600

Fair values are estimated for the contract settlement dates based on market quotations of various input variables. These variables are used in valuation models that estimate the fair market value.

Tabular dollar amounts in thousands of U.S. dollars, except amounts per share and per ounce or unless otherwise stated.

The fair value of the Company's hedged position can be affected by market conditions beyond the Company's control. The effect of changes in various market factors on the Company's outstanding hedged position at December 31, 2000 would be as follows.

	Effect on Amount of Change	Market Value of Hedged Position
Change in:		
Gold prices	$10.00/ounce	$3,200
Silver prices	$ 0.25/ounce	$ 300
Interest rates (effect on gold and silver forward sales and options)	1%	$1,400

Hedging gains and losses represent the difference between spot or market prices and realized amounts. The hedging gains (losses) recognized in earnings are as follows.

	2000	1999	1998
Revenue:			
Gold loans and swaps	**$ 1,289**	$ 1,658	$ 3,096
Gold forward sales	**16,540**	17,710	7,179
Silver forward sales	**3,297**	3,439	3,118
Gold and silver options	**1,517**	4,077	11,122
Operating costs:			
Foreign currency contracts	**(1,971)**	(3,068)	(2,805)
Crude oil contracts	**–**	–	(636)
	$20,672	$23,816	$21,074

18. OTHER COMMITMENTS AND CONTINGENCIES

Royalties

Round Mountain mine production is subject to a net smelter return royalty ranging from 3.53% at gold prices of $320 per ounce or less to 6.35% at gold prices of $440 per ounce or more. Its production is also subject to a gross revenue royalty of 3.0%, reduced to 1.5% after $75.0 million has been paid.

McCoy/Cove production is subject to a 2% net smelter return royalty. This royalty is based on sales less certain deductions.

A portion of production from the Lamefoot area of the Kettle River mine is subject to a 5% net smelter return royalty. K-2 area production at Kettle River is subject to a 5% gross proceeds royalty and a net smelter return royalty ranging from 2% at gold prices of $300 per ounce or less to 3% at gold prices of $400 per ounce or more.

Operating lease commitments

The Company's principal lease commitments are for equipment and office premises. The Company incurred $1.4 million in rental expense in 2000, net of $1.6 million in rental income related to office subleases. The Company's commitments under the remaining terms of the leases are approximately $9.6 million, payable as follows: $2.0 million in 2001, $2.0 million in 2002, $1.6 million in 2003, $1.5 million in 2004, $1.0 million in 2005 and $1.5 million thereafter.

Summa

In September 1992, the Summa Corporation commenced a lawsuit against Echo Bay Exploration Inc. and Echo Bay Management Corporation, indirect subsidiaries of the Company, alleging improper deductions in the calculation of royalties payable over several years of production at the McCoy/Cove and Manhattan mines. The matter was tried in the Nevada State Court in April 1997, with Summa claiming more than $13 million in damages, and, in September 1997, judgement was rendered for the Echo Bay companies. The decision was appealed by Summa to the Supreme Court of Nevada, which heard the matter on November 9, 1999.

On April 26, 2000, the Supreme Court of Nevada reversed the decision of the trial court and remanded the case back to the trial court for "a calculation of the appropriate [royalties] in a manner not inconsistent with this order". The case was decided by a panel comprised of three of the seven Justices of the Supreme Court of Nevada and the Echo Bay defendants petitioned that panel for a rehearing. The petition was denied by the three member panel on May 15, 2000 and remanded to the lower court for consideration of other defenses and arguments put forth by the Echo Bay defendants. The Echo Bay defendants filed a petition for a hearing before the full Court and on December 22, 2000, the Court recalled its previous decision. Both the Echo Bay defendants and their counsel believe that grounds exist to modify or reverse the decision. The Company has $1.6 million accrued related to the Summa litigation. If the appellate reversal of the trial decision is maintained and the trial court, on remand, were to dismiss all the Echo Bay defenses, the royalty calculation at McCoy/Cove would change and additional royalties would be payable.

Handy and Harman

On March 29, 2000 Handy & Harman Refining Group, Inc., which operated a facility used by the Company for the refinement of doré bars, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The outcome of these proceedings is uncertain at this time. The Company has gold and silver accounts at this refining facility with an estimated market value of approximately $2.4 million.

Security for reclamation

Certain of the Company's subsidiaries have provided corporate guarantees and other forms of security to regulatory authorities in connection with future reclamation activities. Early in 2001, regulators formally called upon two of the Company's subsidiaries to provide other security to replace corporate guarantees that had been given in respect of the Round Mountain and McCoy/Cove operations. The subsidiaries disagree with the regulators' position and believe that they qualify under the criteria set out for corporate guarantees and will oppose the regulatory decision. Although the outcome cannot be predicted, the Company and their counsel believe that the Company will prevail.

SELECTED FINANCIAL DATA

Eleven-Year Financial Data
Years ended December 31

Millions of U.S. dollars, except for gold price and per share data	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Earnings Statement Data											
Revenue	**$ 281.0**	$ 210.4	$232.2	$305.4	$337.3	$360.7	$377.6	$366.5	$ 312.4	$ 315.6	$338.9
Average gold price realized per ounce	**$ 319**	325	333	362	384	388	387	360	357	392	404
Pretax earnings (loss) before write-downs	**$ 16.8**	(37.1)	(19.8)	(56.0)	(69.0)	(44.7)	13.0	9.7	(11.3)	9.2	13.9
Earnings (loss) before taxes	**$ 16.8**	(37.1)	(19.8)	(418.7)	(176.1)	(44.7)	13.0	9.7	(29.4)	9.2	(68.2)
Net earnings (loss) before preferred share dividends	**$ 16.8**	(37.3)	(20.1)	(420.5)	(176.7)	(41.6)	17.3	10.2	(27.4)	6.8	(59.7)
Net earnings (loss)	**$ 18.6**	(37.3)	(20.1)	(420.5)	(176.7)	(50.1)	8.0	3.6	(31.7)	6.8	(59.7)
Net earnings (loss) attributable to common shareholders	**$ 3.2**	(51.0)	(32.6)	(426.2)	(176.7)	(50.1)	8.0	3.6	(31.7)	6.8	(59.7)
Earnings (loss) per common share	**$ 0.02**	(0.36)	(0.23)	(3.06)	(1.31)	(0.43)	0.07	0.03	(0.30)	0.07	(0.60)
Effective tax rate	**(10.4%)**	(0.6%)	(1.8%)	(0.4%)	(0.4%)	7.2%	(33.3%)	(5.1%)	6.9%	25.8%	12.5%
Return on average common shareholders' equity	**2.9%**	(43.4%)	(22.7%)	(132.0%)	(32.7%)	(9.1%)	1.6%	0.7%	(6.8%)	1.5%	(12.5%)
Weighted average common shares outstanding (millions)	**140.6**	140.6	140.1	139.4	134.4	116.2	112.5	108.2	105.2	101.2	99.1
Balance Sheet Data											
Working capital (deficiency)	**$ 5.0**	$ 4.0	$ (0.5)	$ (28.7)	$(52.9)	$ 109.6	$186.2	$148.9	$ 31.1	$ (14.1)	$(35.5)
Current ratio	**1.07**	1.07	0.99	0.73	0.74	1.84	4.24	2.01	1.42	0.80	0.66
Total assets	**$295.8**	$340.2	$368.1	$432.8	$832.1	$ 871.2	$881.7	$990.5	$936.6	$875.0	$908.7
Gold, silver and currency financings	**$ 32.5**	56.7	52.8	66.5	182.9	152.8	132.7	217.4	220.1	233.7	372.0
Deferred income taxes	**$ 4.7**	7.4	7.5	7.9	8.4	8.1	8.4	14.6	20.0	26.0	25.5
Preferred shares	**–**	–	–	–	–	–	136.3	136.3	136.3	–	–
Common shareholders' equity	**$ 116.8**	101.1	133.8	153.7	492.3	588.9	509.7	513.7	440.3	491.5	443.1
Common shares outstanding (millions)	**140.6**	140.6	140.6	139.4	139.4	129.9	112.7	112.2	105.2	105.1	99.1
Other Financial Data											
Cash dividends:											
Common shares	**$ –**	$ –	$ –	$ –	$ 10.1	$ 9.0	$ 8.5	$ 8.1	$ 7.9	$ 7.7	$ 7.4
Preferred shares [1]	**$ –**	–	–	–	–	8.5	10.1	10.1	4.3	–	–
Net cash flows provided from (used in) operating activities	**$ 42.3**	37.7	14.1	(9.2)	29.9	67.3	92.2	101.7	73.7	97.6	100.1
Capital, investment and exploration spending	**$ 16.5**	14.7	24.1	151.1	161.7	138.3	66.8	44.4	81.4	65.6	91.2
United States accounting: [2]											
Earnings (loss) before taxes	**$ 1.6**	(48.0)	(40.4)	(499.9)	(173.1)	(39.2)	19.2	13.9	(28.1)	8.6	46.9
Net earnings (loss)	**$ 3.3**	(48.2)	(40.8)	(454.7)	(173.7)	(44.6)	9.3	12.7	(30.4)	6.2	55.4
Earnings (loss) per common share	**$ 0.02**	(0.34)	(0.29)	(3.26)	(1.29)	(0.38)	0.08	0.12	(0.29)	0.06	(0.56)
Total assets	**$ 297.4**	341.3	370.1	435.5	919.6	881.3	872.6	975.2	917.1	854.2	907.8
Gold, silver and currency financings	**$ 129.5**	154.3	147.9	162.3	182.9	152.8	132.7	217.4	220.1	233.7	391.3
Common shareholders' equity	**$ (18.4)**	(19.5)	24.2	67.4	533.1	599.0	500.6	503.3	420.8	470.7	422.9

1 *Convertible preferred shares were issued in 1992 and redeemed in 1995 by a subsidiary, Echo Bay Finance Corp.*

2 *The company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada, which differ in some respects from those in the United States. The effects on the consolidated financial statements of such differences are summarized here. See also note 14 beginning on page 30.*

OPERATING DATA

Consolidated Production and Cost Data

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Gold production (000 ounces)	**694.7**	499.8	536.4	721.1	768.9	754.8	817.9	873.9	764.2	733.9	817.0
Silver production (000 ounces)	**12,328.3**	8,430.1	9,412.8	11,021.7	7,102.3	11,905.8	10,443.2	12,454.3	7,921.5	5,619.0	2,083.7
Average gold-to-silver price ratio	**56:1**	54:1	54:1	67:1	75:1	74:1	73:1	85:1	87:1	89:1	82:1
Year-end gold-to-silver price ratio	**60:1**	54:1	59:1	48:1	76:1	76:1	79:1	77:1	90:1	92:1	94:1
Consolidated cost per ounce of gold produced:											
Cash operating costs[1]	**$193**	$215	$208	$249	$254	$229	$209	$209	$232	$244	$244
Royalties	**9**	11	11	9	11	9	10	8	7	7	12
Production taxes	**2**	–	2	1	3	5	7	5	3	3	4
Total cash cost	**204**	226	221	259	268	243	226	222	242	254	260
Depreciation and amortization	**55**	78	87	90	98	97	89	88	98	93	88
Reclamation and mine closure	**12**	11	9	10	7	6	5	5	5	5	–
Total production cost	**$271**	$315	$317	$359	$373	$346	$320	$315	$345	$352	$348

1 *Effective January 1, 1996, Echo Bay adopted the new Gold Production Cost Standard developed by the Gold Institute as a means of facilitating presentation of all cost data industry-wide. This table converts the "cash production cost" reported by Echo Bay in all prior years into pro forma "cash operating cost" in accordance with the new standard. In Echo Bay's case, there is no material difference between the two.*

OPERATING DATA

ROUND MOUNTAIN (50% OWNED)

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
OPERATING DATA (Annual)											
Gold produced (000 ounces) [1]	**320.1**	270.9	255.3	238.8	205.5	172.2	211.8	187.3	185.3	169.5	241.6
Mining cost/ton of ore and waste	**$0.83**	$0.73	$0.66	$0.65	$0.69	$0.61	$0.53	$0.60	$0.62	$0.68	$0.70
Heap leaching cost/ton of ore	**$0.68**	$0.68	$0.74	$0.61	$0.80	$0.65	$0.66	$0.91	$1.54	$1.66	$1.74
Milling cost/ton of ore	**$2.80**	$2.92	$3.36	$4.38	–	–	–	–	–	–	–
Production cost per ounce of gold produced: [2]											
Direct mining expense	**$ 200**	$ 221	$ 209	$ 208	$ 228	$ 218	$ 156	$ 205	$ 204	$ 233	$ 177
Deferred stripping costs	**(1)**	(19)	(7)	2	(2)	(23)	8	(7)	5	1	19
Inventory movements and other	**(4)**	(2)	(4)	(3)	(5)	–	12	3	4	(6)	2
Cash operating cost	**195**	200	198	207	221	195	176	201	213	228	198
Royalties	**17**	19	20	22	32	31	32	26	24	26	29
Production taxes	**1**	–	3	4	4	4	8	5	3	5	7
Total cash costs	**213**	219	221	233	257	230	216	232	240	259	234
Depreciation and amortization	**61**	66	64	57	69	82	71	87	68	73	58
Reclamation and mine closure	**9**	9	7	7	5	5	4	4	3	3	–
Total production costs	**$ 283**	$ 294	$ 292	$ 297	$ 331	$ 317	$ 291	$ 323	$ 311	$ 335	$ 292
Capital expenditures (millions) [1]	**$ 4.6**	$ 7.7	$12.6	$30.7	$ 17.5	$ 11.7	$ 8.7	$ 6.6	$12.4	$ 3.9	$ 5.4
Deferred (applied) mining expenditures (millions) [1]	**$ 0.4**	$ 5.1	$ 1.7	$(0.4)	$ 0.4	$ 4.0	$ (1.7)	$ 1.3	$(0.9)	$ (0.2)	$(4.7)
Heap leached on reusable leach pads:											
Ore processed (tons/day)	**24,335**	15,602	18,953	26,608	27,737	22,490	18,980	28,329	43,947	44,339	43,766
Total ore processed (000 tons) (100%)	**8,785**	5,741	6,842	9,552	9,819	7,961	6,738	10,227	15,601	15,740	15,537
Grade (ounce/ton)	**0.028**	0.034	0.036	0.036	0.036	0.034	0.040	0.033	0.036	0.031	0.037
Recovery rate (%)	**61.6**	73.4	70.6	74.9	66.1	70.9	78.7	69.4	58.1	65.9	74.7
Gold recovered (000 ounces) [1]	**70.6**	70.5	91.2	134.3	115.7	96.0	108.4	128.4	155.9	160.7	215.9
Heap leached on dedicated leach pads:											
Ore processed (tons/day)	**141,047**	120,020	101,892	107,716	87,706	66,197	54,161	39,379	2,615	–	–
Total ore processed (000 tons) (100%)	**50,918**	44,167	36,783	38,670	31,048	23,434	19,227	14,216	928	–	–
Grade (ounce/ton)	**0.011**	0.011	0.010	0.010	0.011	0.012	0.014	0.014	0.022	–	–
Recovery rate (%) [3]									–	–	
Gold recovered (000 ounces) [1]	**176.1**	107.9	110.7	97.8	83.5	69.4	86.8	31.2	–	–	–
Milled:											
Ore processed (tons/day)	**9,304**	8,083	7,993	n.m.	–	–	–	–	–	–	–
Total ore processed (000 tons) (100%)	**3,387**	2,999	2,885	274	–	–	–	–	–	–	–
Grade (ounce/ton)	**0.045**	0.067	0.045	0.041	–	–	–	–	–	–	–
Recovery rate (%)	**83.1**	87.0	77.9	60.0	–	–	–	–	–	–	–
Gold recovered (000 ounces) [1]	**69.9**	79.0	48.9	3.2	–	–	–	–	–	–	–
Recovered in gravity plant:									–	–	
Gold recovered (000 ounces) [1]	**3.5**	13.5	4.5	3.6	6.3	6.1	16.5	26.7	26.0	–	–
Other:											
Gold recovered (000 ounces) [1]	–	–	–	–	–	0.7	0.1	1.1	3.4	8.8	25.7

1 *The company's 50% share.*

2 *Reflects adoption of Gold Institute Standard in Q1 96. "Cash production costs" in prior periods have been converted into "cash operating costs" in accordance with the Standard. For Echo Bay, there is no material difference between the two methods.*

3 *Estimated at 50%. Actual recoveries will not be known until leaching is complete.*

n.m = not meaningful

OPERATING DATA

MCCOY/COVE (100% OWNED)

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
OPERATING DATA (Annual)											
Gold produced (000 ounces)	**162.8**	124.5	167.5	187.0	271.7	310.0	359.4	395.6	301.5	284.3	255.0
Silver produced (000 ounces)	**12,328.3**	8,430.1	9,412.8	11,021.7	7,102.3	11,905.8	10,443.2	12,454.3	7,921.5	5,619.0	1,982.5
Mining cost/ton of ore and waste	**$0.78**	$0.66	$ 0.71	$0.74	$0.72	$ 0.67	$ 0.68	$0.74	$ 0.72	$ 0.84	$ 0.83
Heap leaching cost/ton of ore	**$2.44**	$ 1.82	$ 1.74	$1.70	$1.68	$ 2.32	$ 1.09	$1.29	$ 1.31	$ 2.08	$ 1.85
Milling cost/ton of ore	**$6.38**	$6.32	$6.09	$8.82	$9.50	$10.67	$ 10.09	$9.28	$ 10.74	$ 10.17	$12.66
Production cost per ounce of gold produced:[1,2]											
Direct mining expense	**$ 166**	$ 252	$ 200	$ 276	$ 286	$ 206	$ 191	$ 187	$ 257	$ 281	$ 340
Deferred stripping cost	**12**	(35)	(1)	(10)	(16)	15	6	3	(24)	(37)	(68)
Inventory movements and other	**1**	4	4	5	1	(4)	(3)	–	(3)	5	(2)
Cash operating cost	**179**	221	203	271	271	217	194	190	230	249	270
Royalties	**3**	2	3	3	5	5	6	5	4	4	4
Production taxes	**5**	–	2	(1)	4	7	9	7	4	3	5
Total cash cost	**187**	223	208	273	280	229	209	202	238	256	279
Depreciation and amortization	**54**	75	89	110	117	99	91	86	100	100	96
Reclamation and mine closure	**11**	11	9	10	8	5	5	5	4	4	–
Total production cost	**$ 252**	$ 309	$ 306	$ 393	$ 405	$ 333	$ 305	$ 293	$ 342	$ 360	$ 375
Capital expenditures (millions)	**$ 0.6**	$ 1.1	$ 1.3	$ 2.2	$ 7.3	$ 8.6	$ 5.2	$ 6.7	$ 24.4	$ 8.7	$ 17.8
Deferred (applied) mining expenditures (millions)	**$ (5.0)**	$ 9.5	$ 0.5	$ 3.7	$ 6.0	$ (7.3)	$ (3.0)	$ (1.5)	$ 9.5	$ 12.7	$ 19.1
Heap Leached:											
Ore processed (tons/day)	**4,971**	11,262	11,296	17,840	16,671	11,966	21,682	24,090	24,806	14,214	15,684
Total ore processed (000 tons)	**1,809**	4,178	4,112	6,494	6,068	4,355	7,892	8,938	9,029	5,174	5,709
Gold grade (ounce/ton)	**0.024**	0.022	0.021	0.018	0.018	0.018	0.013	0.017	0.014	0.020	0.021
Silver grade (ounce/ton)	**0.96**	0.37	0.26	0.29	0.27	0.49	0.48	0.88	0.60	0.69	0.20
Gold and silver recovery rates[3]											
Gold recovered (000 ounces)	**46.9**	45.2	53.1	55.1	66.8	59.9	66.6	100.1	77.6	85.3	75.8
Silver recovered (000 ounces)	**910.9**	396.4	398.0	396.9	513.2	877.5	940.7	2,406.9	1,130.9	949.1	354.9
Milled:											
Ore processed (tons/day)	**11,461**	12,000	11,829	9,315	9,031	7,275	7,307	7,708	6,794	6,753	6,486
Total ore processed (000 tons)	**4,172**	4,452	4,306	3,391	3,287	2,648	2,660	2,860	2,473	2,458	2,205
Gold grade (ounce/ton)	**0.053**	0.038	0.046	0.061	0.086	0.113	0.140	0.113	0.110	0.094	0.097
Silver grade (ounce/ton)	**3.71**	3.02	2.95	4.54	3.14	5.27	5.29	4.62	4.55	2.69	1.32
Gold recovery rate (%)	**50.7**	45.8	57.8	64.3	79.5	82.4	80.3	90.0	83.6	86.1	85.2
Silver recovery rate (%)	**69.8**	61.3	69.8	69.7	73.5	78.8	70.1	71.0	65.0	71.8	58.1
Gold recovered (000 ounces)	**115.9**	79.3	114.4	131.9	204.9	250.1	292.7	295.5	224.0	199.0	179.2
Silver recovered (000 ounces)	**11,417.4**	8,033.6	9,014.8	10,624.8	6,589.1	11,028.3	9,502.5	10,047.4	6,790.6	4,669.9	1,627.5

1 Reflects adoption of the Gold Institute Standard in Q1 1996. "Cash production costs" in prior periods have been converted into "cash operating costs" in accordance with the Standard. For Echo Bay, there is no material difference between the two methods.

2 To convert costs per ounce of gold into costs per ounce of co-product silver, divide by the year's average gold-to-silver price ratio.

3 Dedicated leach pads are used at this site. Recovery rates can only be estimated, as actual recoveries will not be known until leaching is complete. The ultimate recovery rate is estimated to be about 68% for crushed and 48% for uncrushed gold and 35% for crushed and 10% for uncrushed silver.

KETTLE RIVER (100% owned; 70% in 1990 -1992)

	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
OPERATING DATA (Annual)										
Gold produced (000 ounces)	**94.1**	104.4	113.7	129.9	124.9	100.4	66.8	73.4	62.9	63.2
Mining cost/ton of ore	**$20.52**	$23.57	$21.65	$21.53	$ 21.12	$22.60	$11.06	$ 16.12	$21.77	$23.64
Milling cost/ton of ore	**$ 11.58**	$ 11.22	$10.71	$10.58	$11.96	$ 12.76	$13.54	$12.80	$12.16	$ 12.73
Production cost per ounce of gold produced:[1]										
Direct mining expense	**$ 224**	$ 239	$ 238	$ 231	$ 190	$ 237	$ 225	$ 281	$ 296	$ 300
Deferred mine development	**–**	–	–	–	–	–	–	–	6	(7)
Inventory movements and other	**(6)**	(1)	6	(4)	11	(7)	28	(6)	(15)	5
Cash operating cost	**218**	238	244	227	201	230	253	275	287	298
Royalties	**13**	15	12	14	10	8	5	10	1	–
Production taxes	**1**	2	1	2	2	2	2	2	2	2
Total cash costs	**232**	255	257	243	213	240	260	287	290	300
Depreciation and amortization	**19**	63	82	90	104	119	140	129	235	150
Reclamation and mine closure	**15**	15	12	12	8	7	6	2	7	5
Total production costs	**$ 266**	$ 333	$ 351	$ 345	$ 325	$ 366	$ 406	$ 418	$ 532	$ 455
Capital expenditures (millions)	**$ 1.4**	$ 0.4	$ 1.5	$ 3.8	$ 8.8	$ 9.5	$ 10.0	$ 7.9	$ 7.4	$ 4.3
Deferred (applied) mining expenditures (millions)	**$ –**	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ (0.4)
Milled:										
Ore processed (tons/day) (100%)	**1,470**	1,698	2,017	2,118	1,652	1,504	1,438	1,551	1,805	1,772
Total ore processed (000 tons) (100%)	**535**	630	734	771	601	548	523	575	657	645
Grade (ounce/ton)	**0.209**	0.198	0.187	0.197	0.240	0.212	0.149	0.146	0.155	0.164
Recovery rate (%)	**84.1**	83.7	82.8	85.4	86.5	86.6	85.6	87.7	87.9	85.5

1 Reflects adoption of Gold Institute Standard in Q1 96. "Cash production costs" in prior periods have been converted into "cash operating costs" in accordance with the Standard. For Echo Bay, there is no material difference between the two methods

OPERATING DATA

LUPIN (100% OWNED)

	2000[1]	1999	1998[1]	1997	1996	1995	1994	1993	1992	1991	1990
OPERATING DATA (Annual)											
Gold produced (000 ounces)	**117.7**	–	–	165.3	166.8	172.1	180.1	217.5	214.5	216.9	195.2
Mining cost/ton of ore (Cdn$)	**$42.36**	–	–	$46.09	$44.08	$44.23	$40.45	$35.54	$34.79	$34.77	$31.50
Milling cost/ton of ore (Cdn$)	**$13.98**	–	–	$11.77	$12.39	$12.26	$12.03	$12.27	$13.49	$18.47	$19.76
Production cost per ounce of gold produced:[2]											
Direct mining expense(Cdn$)	**$ 344**	–	–	$ 381	$ 411	$ 423	$ 375	$ 291	$ 288	$ 285	$ 314
Deferred mine development (Cdn$)	**(6)**	–	–	13	(4)	(22)	(4)	5	1	(3)	(36)
Inventory movement and other (Cdn$)	**–**	–	–	(1)	1	4	4	13	(3)	(13)	(10)
Cash operating cost (Cdn$)	**$ 338**	–	–	$ 393	$ 408	$ 405	$ 375	$ 309	$ 286	$ 269	$ 268
Cash operating cost (US$)	**$ 213**	–	–	$ 284	$ 299	$ 296	$ 274	$ 240	$ 238	$ 235	$ 229
Royalties	**–**	–	–	–	–	–	–	–	–	–	–
Production taxes	**–**	–	–	–	–	–	–	–	–	–	–
Total cash cost	**213**	–	–	284	299	296	274	240	238	235	229
Depreciation and amortization	**35**	–	–	95	92	87	80	76	73	70	74
Reclamation and mine closure	**17**	–	–	14	8	7	6	7	6	7	–
Total production cost (US$)	**$ 265**	–	–	$ 393	$ 399	$ 390	$ 360	$ 323	$ 317	$ 312	$ 303
Capital expenditures (millions US$)	**$ 4.7**	–	–	$ 12.3	$ 15.7	$ 14.5	$ 8.5	$ 4.5	$ 12.8	$ 9.0	$ 11.6
Deferred (applied) mining expenditures (millions US$)	**$ 0.4**	–	–	$ (1.8)	$ 0.2	$ 2.8	$ 0.5	$ (0.9)	$ (0.3)	$ 0.6	$ 6.0
Milled:											
Ore processed (tons/day)	**1,861**	–	–	2,167	2,111	1,986	2,241	2,297	2,043	1,998	1,903
Total ore processed (000 tons)	**508**	–	–	789	768	723	816	852	744	727	693
Grade (ounce/ton)	**0.248**	–	–	0.226	0.235	0.258	0.238	0.272	0.308	0.317	0.299
Recovery rate (%)	**93.3**	–	–	92.6	92.5	92.5	92.9	93.7	93.5	94.2	94.2

1 *Lupin was placed on care and maintenance in January 1998. Lupin production recommenced in April 2000.*

2 *Reflects adoption of the Gold Institute Standard in Q1 1996. "Cash production costs" in prior periods have been converted into "cash operating costs" in accordance with the Standard. For Echo Bay, there is no material difference between the two methods.*

MINERAL RESERVES AND MINERAL RESOURCES

The definitions used herein are those adopted by the Canadian Institute of Mining, Metallurgy and Petroleum and incorporated by reference in National Instrument 43-101 which has been adopted by provincial securities regulatory authorities in Canada. The definitions are substantially the same as those used by the United States Bureau of Mines and the United States Geological Survey and applied in the United States by the Securities and Exchange Commission.

Mineral Reserve

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve (Ore Reserve) includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Reserves are subdivided in order of increasing confidence into Probable Mineral Reserves and Proven Mineral Reserves. A Probable Mineral Reserve has a lower level of confidence than a Proven Mineral Reserve.

A ***Probable Mineral Reserve*** is the economically mineable part of an Indicated, and in some circumstances a Measured, Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction *can be* justified.

A ***Proven Mineral Reserve*** is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified. Application of this category implies the highest degree of confidence in the estimate.

Mineral Resource

A Mineral Resource has reasonable prospects for economic extraction under realistically assumed and justifiable technical and economic conditions. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

Mineral Resources are subdivided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories. An Inferred Mineral Resource has a lower level of confidence than that applied to an Indicated Mineral Resource. An Indicated Mineral Resource has a higher level of confidence than an Inferred Mineral Resource but has a lower level of confidence than a Measured Mineral Resource. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability.

An ***Inferred Mineral Resource*** is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Due to the uncertainty which may attach to Inferred Mineral Resources, it cannot be assumed that all or any part of an Inferred Mineral Resource will be upgraded to an Indicated or Measured Mineral Resource as a result of continued exploration.

An ***Indicated Mineral Resource*** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

A ***Measured Mineral Resource*** is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

MINERAL RESERVES AND MINERAL RESOURCES

PROVEN AND PROBABLE RESERVES[1]	2000 Tons[2] (000)	2000 Grade[3] (oz/ton)	2000 Content[4] (000 oz)	1999 Tons[2] (000)	1999 Grade[3] (oz/ton)	1999 Content[4] (000 oz)
Gold						
Producing Mines:						
Round Mountain (50%)	**136,603**	**0.019**	**2,609**	160,031	0.018	2,938
McCoy/Cove	**4,720**	**0.034**	**161**	11,832	0.043	514
Lupin	**1,678**	**0.259**	**434**	1,931	0.268	518
Kettle River	**363**	**0.193**	**70**	779	0.208	162
			3,274			4,132
Development Properties:[5]						
Aquarius	**17,527**	**0.068**	**1,189**	15,826	0.074	1,164
			1,189			1,164
Total gold			**4,463**			5,296
Silver						
Producing Mines:						
McCoy/Cove	**4,720**	**2.309**	**10,899**	11,832	2.387	28,243
Total silver			**10,899**			28,243

RESOURCES[1]	Measured and Indicated 2000 Tons[2] (000)	Measured and Indicated 2000 Grade[3] (oz/ton)	Measured and Indicated 2000 Content[4] (000 oz)	Measured and Indicated 1999 Content[4] (000 oz)	Inferred 2000 Tons[2] (000)	Inferred 2000 Grade[3] (oz/ton)	Inferred 2000 Content[4] (000 oz)	Inferred 1999 Content[4] (000 oz)
Gold								
Producing Mines:								
Round Mountain (50%)	9,353	0.022	**208**	322	45,267	0.014	**623**	695
McCoy/Cove	–	–	**–**	35	–	–	**–**	–
Lupin	76	0.263	**20**	4	611	0.326	**199**	249
Kettle River	418	0.189	**79**	19	96	0.177	**17**	–
			307	380			**839**	944
Development Properties:[5]								
Aquarius	–	–	**–**	–	724	0.066	**48**	45
Ulu	–	–	**–**	–	1,279	0.326	**417**	565
	–	–	**–**	–	–	–	**465**	610
Total gold			**307**	380	–	–	**1,304**	1,554
Silver								
Producing Mines:								
McCoy/Cove	–	–	**–**	200	–	–	**–**	–
Total silver	–	–	**–**	200	–	–	**–**	–

1 *Echo Bay's share, estimated at year-end. Estimates for 2000 are based on a long-term gold price assumption of $300 per ounce and long-term silver price assumption of $5.00 per ounce. Estimates for 1999 were based on a $325 gold price and $5.50 silver price assumption. If 2000 estimates were to be based on a $275 gold price assumption, Echo Bay believes that ore reserves would decrease by approximately 10% at Round Mountain, 3% at Kettle River and 2% at the Aquarius development property. There would be no impact on reserves at Lupin and McCoy/Cove.*

2 *To convert from tons to tonnes, multiply by 0.90718. To convert from tonnes to tons, divide by 0.90718.*

3 *To convert grade from ounces/ton to grams/tonne, multiply by 34.2857. To convert grade from grams/tonne to ounces/ton, multiply by 0.029167.*

4 *To convert content from ounces to tonnes, divide by 32,150.8. To convert content from tonnes to ounces, multiply by 32,150.8.*

5 *Assumes the Company would successfully complete permitting and financing for each property.*

CORPORATE AND SHAREHOLDER INFORMATION

Stock Exchange Listings

Echo Bay's common shares are widely held with the primary markets being the American Stock Exchange and the Toronto Stock Exchange (symbol: ECO). The shares are also listed on exchanges in Paris, Brussels, Zurich and Frankfurt.

Annual General Meeting

The annual general meeting of shareholders is scheduled to be held at 9:30 am on June 15, 2001, in Toronto. All shareholders are invited to come.

Form 10-K

A copy of Echo Bay's Annual Report to the U.S. Securities and Exchange Commission on Form 10-K is available on request from the Investor Relations Department.

Quarterly Results

Echo Bay has discontinued publication of traditional quarterly reports. The company's financial and operating results are now posted on the Internet at **www.echobay.com** immediately on their release to the public.

Investor Relations Department

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Transfer Agent

Computershare Trust Company of Canada is the company's principal transfer agent and registrar, and maintains all shareholder records for the company. Other transfer agents and registrars are Computershare Trust Company, Inc. (Lakewood, Colorado) and Royal Bank of Canada Europe Limited (London, England).

Shareholder Records

Shareholders may obtain information about their shares, lost certificates and other matters from:

Computershare Trust Company of Canada Shareholder Services
100 University Avenue, 11th Floor
Toronto, Ontario, Canada M5J 2Y1
Phone: (416) 981-9633
800 663-9097 from Canada and USA
Fax: (416) 981-9515
E-mail: caregistryinfo@computershare.com
Internet: www.computershare.com

Computershare Trust Company, Inc.
12039 West Alameda Parkway, Suite Z-2
Lakewood, Colorado 80228
Phone: (303) 986-5400

Common Share Market Prices

Quarter	American Stock Exchange High	American Stock Exchange Low	Toronto Stock Exchange High	Toronto Stock Exchange Low
2000 – 4th	US$0.75	US$0.32	C$ 1.15	C$0.52
– 3rd	US$1.06	US$0.69	C$1.61	C$1.05
– 2nd	US$1.38	US$0.88	C$2.09	C$1.30
– 1st	US$1.94	US$1.25	C$2.85	C$1.76
1999 – 4th	US$1.56	US$ 1.13	C$3.69	C$1.75
– 3rd	US$2.63	US$ 1.19	C$4.00	C$1.78
– 2nd	US$1.94	US$1.36	C$2.80	C$2.05
– 1st	US$ 2.19	US$1.63	C$3.18	C$2.46

Directors

John N. Abell [1]
London, England
Corporate Director

Latham C. Burns [1]
Toronto, Ontario
Corporate Director

John Gilray Christy [2]
Wyndmoor, Pennsylvania
Chairman, Chestnut Capital Corporation (holding company)

Peter Clarke [1]
Nanoose Bay, British Columbia
Consultant, Metals and Mining Industries

Robert L. Leclerc
Highlands Ranch, Colorado
Chairman and Chief Executive Officer, Echo Bay Mines Ltd.

Jack F. McOuat [1]
Toronto, Ontario
Chairman, Watts, Griffis and McOuat Limited (consulting engineers and geologists)

Monica E. Sloan [2]
Calgary, Alberta
Consultant

R. Geoffrey P. Styles [2]
Toronto, Ontario
Corporate Director

[1] *Audit Committee member*
[2] *Compensation Committee member*

Officers

Robert L. Leclerc
Chairman and Chief Executive Officer

Lois-Ann L. Brodrick
Vice President and Corporate Secretary

Jerry L. J. McCrank
Vice President, Operations

David A. Ottewell
Controller and Principal Accounting Officer

Patrick T. Sugiura
Assistant Secretary

Tom S. Q. Yip
Vice President, Finance and Chief Financial Officer

Mine Management

William N. Danyluk
General Manager, Lupin

J. Michael Doyle
General Manager, Round Mountain

Keith A. Jones
General Manager, McCoy/Cove

Marv Walker, Sr.
General Manager, Kettle River

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