



# MIRAMAR MINING CORPORATION

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## ***Miramar's Annual General Meeting Focuses on Northern Gold Platform***

*- Meeting Review and First Quarter 2001 Financial Results -*

**VANCOUVER** -- Miramar Mining Corporation announced that its shareholders re-elected the board of directors at the Annual General Meeting held today. During the meeting, Miramar reemphasized its focus on its Northern gold platform, comprised of the Hope Bay project and Yellowknife operations, while striving to maintain a strong balance sheet to support these activities. Miramar also announced its financial results for the first three months of 2001 and the closing of the first portion of the recently announced private placement.

### ***Annual General Meeting***

Miramar's Annual General Meeting of shareholders was held this morning in Vancouver. At the meeting, Anthony Petrina, Chairman, stated that: "Two years ago we launched our '*Strategy for Growth*' designed to move the Company towards our objective of generating shareholder value in a difficult gold market. Since then we have made significant progress in demonstrating the potential of the Hope Bay belt, marked improvements in the Yellowknife operations and have a streamlined, more cost efficient organizational structure." The shareholders voted to re-elect the Board of Directors, and following the meeting, the Board reappointed Mr. Petrina as Chairman of the Board.

During the meeting, Anthony Walsh, Miramar's President and CEO, provided an overview of the Company's achievements over the past twelve months, and the outlook for the next year. "We set out a number of objectives at our AGM a year ago and I am pleased to report that we have made considerable progress on almost all fronts," he said. "During the past 12 months we have worked to maximize the value of our non-core assets, resulting in transactions announced on Northern Orion Explorations and the Elu greenstone belt. We have achieved our objective of cash flow positive gold production from our Yellowknife operations, despite a very depressed gold price, and we have maintained a healthy balance sheet to support the on-going exploration at our most important project, Hope Bay\*."

"The acquisition of a 50% interest in the Hope Bay project provided Miramar with access to one of the most attractive gold exploration areas in Canada," said Mr. Walsh. "Our belief in the tremendous potential of the Hope Bay greenstone belt has been reinforced by the results from the exploration drilling completed to date\*." The most important developments this year have been the extension of the Boston deposit to the south and the discovery of the Naartok and Suluk zones at Madrid. "The Madrid area is developing into a potentially significant mineralized area as a result of the identification of the Naartok deposit and the possible discovery of similar occurrences along the favourable trend, where drilling is currently ongoing\*." he said.

Mr. Walsh concluded by reviewing the strategy for the next year. "The strategy we set out with last year has clearly delivered rewards to our shareholders as demonstrated by our share price performance over the past 18 months\*," he said. "Over the coming year, we plan to stay with this winning strategy\*."

Operations at our mines in Yellowknife are coming to a close in the next couple of years, but we aim to generate as much cash as possible from these operations in the meantime to fund on-going reclamation activities. Clearly, Hope Bay is our future. To enable us to deliver on that future, we aim to unlock the most value from our “off balance sheet” assets and to maintain our financial resources and a healthy balance sheet\*. This may necessitate limited equity financings such as that recently announced, but financings will be driven by the results from and needs of the Hope Bay Project. All of this is aimed at creating maximum shareholder value – and we will look at all alternatives to achieve that objective,” he said.

### ***Financial Results***

During the three-month period ending March 31, 2001, Miramar reported a consolidated cash flow from operations before changes in working capital of \$360,000 versus \$862,000 for the same period in 2000, primarily as a result of lower gold prices. During the first three months, Miramar’s consolidated loss of \$2,026,000 (\$0.03 per share) compares to a loss of \$1,541,000 (\$0.03 per share) for the same period in 2000. These results continue to include the losses and working capital deficit of Northern Orion Explorations Ltd. At March 31, 2001, the Company reported consolidated working capital of \$16.1 million. The \$5.1 million reduction in working capital in the quarter is a result of investment in Miramar’s Northern Platform - capital investment related to funding of exploration activities at Hope Bay of \$1.9 million, a build up of product inventories at the Yellowknife operations of \$1.3 million, funding to Northern Orion of \$473,000 and losses incurred in the quarter.

“During the first quarter, our Yellowknife operations delivered solid results, producing 29,177 ounces of gold at a cash cost of US\$262 per ounce,” said Mr. Walsh. Production in March was impacted by the temporary shutdown of the autoclave for relining. The autoclave returned to normal operations by quarter end and will process the approximately 6,000 oz of gold in refractory concentrates built up during the autoclave shut down during the balance of the year. “The continued focus for our operations is to produce positive cash flow from operations while completing concurrent reclamation activities, despite the sustained low gold price\*.” said Mr. Walsh.

In the first quarter, Miramar realized an average selling price of C\$411 per ounce of gold, which compares favourably to the average spot price of C\$407 for the quarter. Miramar realized an average exchange rate of 1.5312 Canadian on US dollar revenues during this period.

### ***Flow-through Financing Closes***

The first portion of the \$4.0 million private placement announced April 20 closed on May 11, 2001. A total of 1,025,123 special warrants at a price of \$1.30 per special warrant for gross proceeds of \$1,332,660 were sold, with the sale of the remaining 2,051,800 special warrants expected to close at month end\*. On May 9, 2001, the Hope Bay Joint Venture announced an increase in the 2001 exploration program to \$12.9 million, with additional work programs expected to follow, based on results\*. The two-step closing of the financing allows the efficient funding of ongoing exploration activities at Hope Bay, while meeting the timing needs of investors. Each special warrant will be exercisable for one flow-through common share of Miramar without payment of further consideration.

### ***Northern Orion transaction completed***

As announced on May 2, 2001, the restructuring of Miramar’s interests in Northern Orion has been completed. This will reduce Miramar’s interest in Northern Orion to that of an investor and will release Miramar from any further need to fund the operations of Northern Orion\*. Miramar’s significant support and guidance to Northern Orion over the past two years along with Miramar’s willingness to substantially restructure Northern Orion’s debt to Miramar have greatly facilitated Northern Orion’s reorganization

into a stand alone entity. Northern Orion is now positioned to independently pursue the development of its copper assets. This allows Miramar to preserve its balance sheet to entirely focus on its “Strategy for Growth”. “Under the terms of the restructuring agreement, the option, if exercised, on Miramar’s shares in Northern Orion or payments under the net proceeds royalty would generate additional funds to support our core assets\*.” said Mr. Walsh.

Effective April 30, 2001 Miramar will account for its interest in Northern Orion as a long term investment and will no longer consolidate the financial statements of Northern Orion.

### ***2001 Progress and Outlook in Yellowknife***

Miramar expects 2001 gold production from its Yellowknife operations to be approximately 125,000 oz of gold\*. Cash costs are forecast at approximately US\$260 per ounce\*. The production outlook for the balance of 2001 remains on track to achieve these targets\*.

Independent engineering consultants, Fluor Daniel Wright, have completed an accelerated arsenic treatment plan to process all of the Con arsenic wastes within approximately a two year period, as opposed to the 3-4 years originally planned, through the optimization of the autoclave circuit\*. This approach should result in the elimination of the environmental liability associated with these arsenic wastes much earlier than planned for little incremental cost difference. Fluor Daniel has been retained to supervise the successful implementation and execution of this accelerated plan, which is now underway. In conjunction with this accelerated treatment of arsenic waste, Miramar is reviewing opportunities to enhance short-term cash flow opportunities from the Con and Giant operations\*.

For details on ongoing operations, please see the Miramar website for the news release dated April 25, 2001 at [www.miramarmining.com](http://www.miramarmining.com). Management continues to evaluate ways to enhance the reclamation and operational options at the Yellowknife operations.

### **Forward Looking Statements**

This news release contains forward looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 including statements relating to; planned work at the Hope Bay project and the expected results of this work; plans for activities at the Con and Giant Mines or anticipated financial results or future events. Information inferred from the interpretations of drilling results may also be deemed to be forward looking statements as they constitute a prediction of what might be found to be present when and if a project is actually developed. These forward looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ materially from those reflected in the forward looking statements including without limitation; changes in planned work resulting from weather; logistical technical or other factors; the results and other tests; that additional work may not support a feasibility study; cost overruns or unexpected expenses in current operations; that capital and operating costs may be higher than currently estimated and may preclude commercial development; fluctuations in gold and other precious metal prices and currency exchange rates; accidents; equipment breakdowns and labour disputes or other unanticipated difficulties or interruptions; uncertainty relating to the availability of financing when required by Miramar and other risks and uncertainties, including those described in the Miramar annual Report on Form 20F for the year ending December 31, 1999 and Reports on Form 6K filed with the Securities and Exchange Commission and the Company’s Annual Information Form (“AIF”) filed with the Ontario Securities Commission. These forward looking statements are indicated with an “\*”.

This news release has been authorized by the undersigned on behalf of Miramar Mining Corporation

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# MIRAMAR MINING CORPORATION

Consolidated Balance Sheets  
(expressed in thousands of dollars)

March 31, 2001 and December 31, 2000

	2001 (unaudited)	2000
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 12,238	\$ 17,670
Accounts receivable	1,689	1,967
Inventory	10,218	9,207
Prepaid expenses	1,178	1,065
	<u>25,323</u>	<u>29,909</u>
Capital assets	120,961	117,856
Cash collateral deposits	4,559	4,546
Other assets	<u>27</u>	<u>203</u>
	<u>\$ 150,870</u>	<u>\$ 151,867</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 9,245	\$ 8,711
	<u>9,245</u>	<u>8,711</u>
Reclamation liability	7,596	7,689
Deferred post-retirement benefits	1,604	1,556
Future income tax liability	1,680	1,680
Future income tax liability of subsidiary	15,990	15,990
Non-controlling interest	<u>32,033</u>	<u>32,142</u>
	<u>68,148</u>	<u>67,118</u>
Shareholders' equity:		
Share capital	231,282	231,282
Deficit	<u>(148,560)</u>	<u>(146,533)</u>
	<u>82,722</u>	<u>84,749</u>
	<u>\$ 150,870</u>	<u>\$ 151,867</u>

# MIRAMAR MINING CORPORATION

Consolidated Statements of Operations and Deficit  
(expressed in thousands of dollars except per share amounts)

Three month periods ended March 31, 2001 and 2000

	2001 (unaudited)	2000 (unaudited)
Revenue:		
Sales	\$ 11,634	\$ 11,179
Other income	207	349
	11,841	11,528
Expenses:		
Cost of sales	10,461	9,401
Depreciation and depletion	2,364	2,403
General and administration	628	895
Administrative costs in Northern Orion	180	—
Exploration	12	—
Foreign exchange loss	(35)	108
Reclamation	328	268
Severance and terminations	39	—
Write-down of mineral properties	—	307
	13,977	13,382
Loss from operations before non-controlling interest	2,136	1,854
Non-controlling interest	(109)	(313)
Loss for the period	2,027	1,541
Deficit, beginning of period	146,533	103,142
Deficit, end of period	\$ 148,560	\$ 104,683
Loss per share – basic	\$ 0.03	\$ 0.03
Loss per share – diluted	\$ 0.03	\$ 0.03
Weighted average number of common shares outstanding	60,176,505	56,693,804

# MIRAMAR MINING CORPORATION

Consolidated Statements of Cash Flows  
(expressed in thousands of dollars)

Three month periods ended March 31, 2001 and 2000

	2001 (unaudited)	2000 (unaudited)
Cash provided by (used in):		
Operations:		
Loss for the period	\$ (2,026)	\$ (1,541)
Items not involving cash:		
Depreciation and depletion	2,364	2,403
Write-down of mineral properties and other assets	—	307
Reclamation	(93)	(42)
Other	224	48
Non-controlling interest	(109)	(313)
Net change in non-cash working capital:		
Decrease (increase) in accounts receivable	278	(82)
Decrease (increase) in inventories	(1,011)	(1,441)
Decrease (increase) in prepaid expenses	(113)	(584)
Increase (decrease) in accounts payable and accrued liabilities	534	1,353
	48	108
Financing:		
Issue of common shares for cash	—	—
	—	—
Investments:		
Expenditures on mine, plant and deferred exploration	(5,467)	(5,318)
Proceeds on sale of short-term investments	—	526
Collateral deposits	(13)	(48)
Other assets	—	58
	(5,480)	(4,782)
Decrease in cash and cash equivalents	(5,432)	(4,674)
Cash and cash equivalents, beginning of period	17,670	23,737
Cash and cash equivalents, end of period	\$ 12,238	\$ 19,063
Supplementary information:		
Income taxes paid	\$ 4	\$ (29)

**Notes to Consolidated Interim Financial Statements**  
(Tabular Dollar Amounts Expressed in Thousands of Dollars)

**1. Interim Financial Statements:**

These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report for the year ended December 31, 2000.

The quarterly results are not necessarily indicative of results to be expected for an entire year.

**2. Change in Accounting Policy:**

Earnings (loss) per share:

Effective January 1, 2001, the Canadian Institute of Chartered Accountants established new recommendations for the calculation and reporting of basic and diluted earnings per share. The Company has adopted the new recommendation retroactively.

**3. Loss per share:**

Diluted loss per share is not calculated as the potential issue of common shares under the Company's stock appreciation rights plan would be anti-dilutive to the common shareholders.

Options and warrants to purchase 2,877,466 common shares at various prices, from \$0.70 to \$7.35 per share were outstanding during the first quarter of 2001 but were not included in the computation of diluted earnings per share as the options' exercise would be anti-dilutive to loss available to common shareholders.

Stock options:

In January 2001, the Company granted 675,000 stock options at an exercise price of \$1.00 per share as part of the established plan for all employees. In addition, certain directors and officers elected to receive a total of 215,500 stock options at an exercise price of \$1.00 per share in lieu of cash compensation. These options expire in January 2006. During the same period, stock options representing 140,000 common shares were exercised in the form of stock appreciation rights and resulted in the issue of 30,157 common shares.

#### 4. Business segments:

3 months ended March 31, 2001	Capital assets	Capital expenditures	Revenues	Loss before non-controlling interest
Gold operations	\$ 21,766	\$ 2,378	\$ 11,634	\$ 1,410
Gold exploration	29,230	3,023	—	—
Northern Orion	68,694	66	20	242
Other	1,271	—	187	484
	\$ 120,961	\$ 5,467	\$ 11,841	\$ 2,136

3 months ended March 31, 2000	Capital expenditures	Revenues	Loss before non-controlling interest
Gold operations	\$ 3,152	\$ 11,179	\$ 648
Gold exploration	1,626	—	—
Northern Orion	382	6	694
Other	158	343	512
	\$ 5,318	\$ 11,528	\$ 1,854

#### 5. Financial instruments:

Gold and foreign currency hedging:

As at March 31, 2001, the Company had entered into the following gold contracts:

	Ounces	Average price per ounce	Anticipated delivery/expiry
Gold forward sales contracts	5,000	US\$259	April 2001
Gold call options sold	15,000	US\$272	April 2001
Gold call options sold	18,000	US\$285	2002
Gold call options sold	18,000	US\$285	2003

At March 31, 2001, the Company has entered into forward exchange contracts to sell US\$2 million at an average rate of 1.5612 through May 2001. The unrecognized loss of \$28,000 will be reflected in revenues in the contract period. The fair value excess (deficit) of gold derivative instruments at March 31, 2001 are as follows – gold forward sales contract \$6,000, gold call options sold (\$515,000).

#### 6. Comparative figures:

Certain comparative figures have been reclassified to conform with the classification adopted in the current period.



## **7. Subsequent event:**

- (a) On April 30, 2001, Northern Orion closed a private placement for \$1.5 million dollars and issued 15,000,000 common shares outside of the group. As a condition of the private placement by Northern Orion, the Company granted an option allowing the holder to purchase approximately 60 million shares of Northern Orion from the Company for \$0.08 per share. This option granted voting rights over the shares under option to the holder effective April 30, 2001. The Company no longer controls Northern Orion and will account for its investment in Northern Orion in subsequent periods using the equity method of accounting. This option expires June 30, 2002. In addition, the Company converted its \$21 million convertible debenture in Northern Orion into shares at \$1.47 per share. If the holder of the option acquires the shares, the Company has also agreed to sell the remaining debts receivable from Northern Orion of \$6.9 million for nominal consideration. The Company would retain 10,000,000 shares of Northern Orion which, should the option be fully exercised, would represent less than 10% of Northern Orion. The Company also reduced the amount receivable under the Northern Orion royalty and proceeds interest to \$15 million. In anticipation of the closing of the private placement, the Company recognized a provision for the impairment in the value of its investment in Northern Orion of \$26 million in 2000.
- (b) In April 2001, the Company entered into an agreement with Canaccord Capital Corporation (the "Broker") for a brokered private placement of 3,076,923 Special Warrants. Under the terms of the offering, which closed on May 11, 2001, the Company issued 1,255,923 Special Warrants at a price of \$1.30 per Special Warrant for proceeds of \$1,649,099. It is expected that a second closing will occur on May 31, 2001, at which time the Company will issue an additional 1,821,000 Special Warrants at a price \$1.30 per Special Warrant for additional proceeds of \$2,367,300. The gross proceeds of the offering of \$4,000,200 will be used by the Company to incur Canadian Exploration Expenditures as defined by the Canadian Income Tax Act. Each Special Warrant will convert, without future consideration, into one flow-through common share. Total proceeds of this private placement of \$4 million will be used by the Company to fund Canadian Exploration Expenditures as defined by the Canadian Income Tax Act on the Hope Bay Project.. Total broker's commissions of \$248,819 were incurred on closing. The cost of this private placement by the Company is estimated to be approximately \$375,000. In addition, the Broker received an option to purchase 206,122 common shares at \$1.30 per share exercisable until May 10, 2003. The Company has agreed to qualify the distribution of the common shares to be issued on conversion of the Special Warrants and Broker's should it file a prospectus with the securities commissions of British Columbia and Ontario in the next 12 months. .