



Twin Mining
CORPORATION

Annual Report 2001

The Breakthrough Year

Twin Mining Corporation is an exploration and development company focused on locating and developing diamond deposits in Canada's Eastern Arctic. The Corporation has a strong and experienced Board of Directors and Management Team, two 100% owned very promising diamond properties, and is the operator of an 80% owned gold project in Idaho, U.S.A.

- **Jackson Inlet** – this 655 sq.km property located on the west coast of the Brodeur Peninsula of the Baffin Island, Nunavut has produced 14 significant pipes, two of which have been drill tested and proven to be diamondiferous with diamond grades of up to 187 carats per hundred tonnes ("CPHT").
- **TORNGAT** – this 327 sq.km property located on the east coast of the Ungava Peninsula, Quebec hosts a 1 to 4 m wide diamondiferous kimberlite dyke which has been traced over 37 km with one 4.5 km section yielding diamond grades of up to 88 CPHT.

Diamond extraction from both properties is very encouraging, with a total of 3,594 gem quality diamonds recovered to date (extracted by caustic fusion or dense media separation "DMS"), of which 2,053 diamonds are larger than 1mm, mostly white and transparent.

Following the discovery of its first 1 carat gem quality diamond on the Jackson Inlet property in less than 1 year exploration has progressed rapidly, with recent core hole results showing promising diamond counts.

The Atlanta Gold project, located in Idaho U.S.A. remains an important asset for the Corporation. It has measured resources of 18,042,000 tonnes at 1.9g Au/t and 5.6g Ag/t which are planned to be developed once gold prices show a sustained recovery to U.S.\$300 per ounce and above.

The common shares of the Corporation are listed on the Toronto Stock Exchange (TWG) and the Berlin/Frankfurt OTC (878 341, EDV – Kürzel ATG).



Highlights

TORNGAT

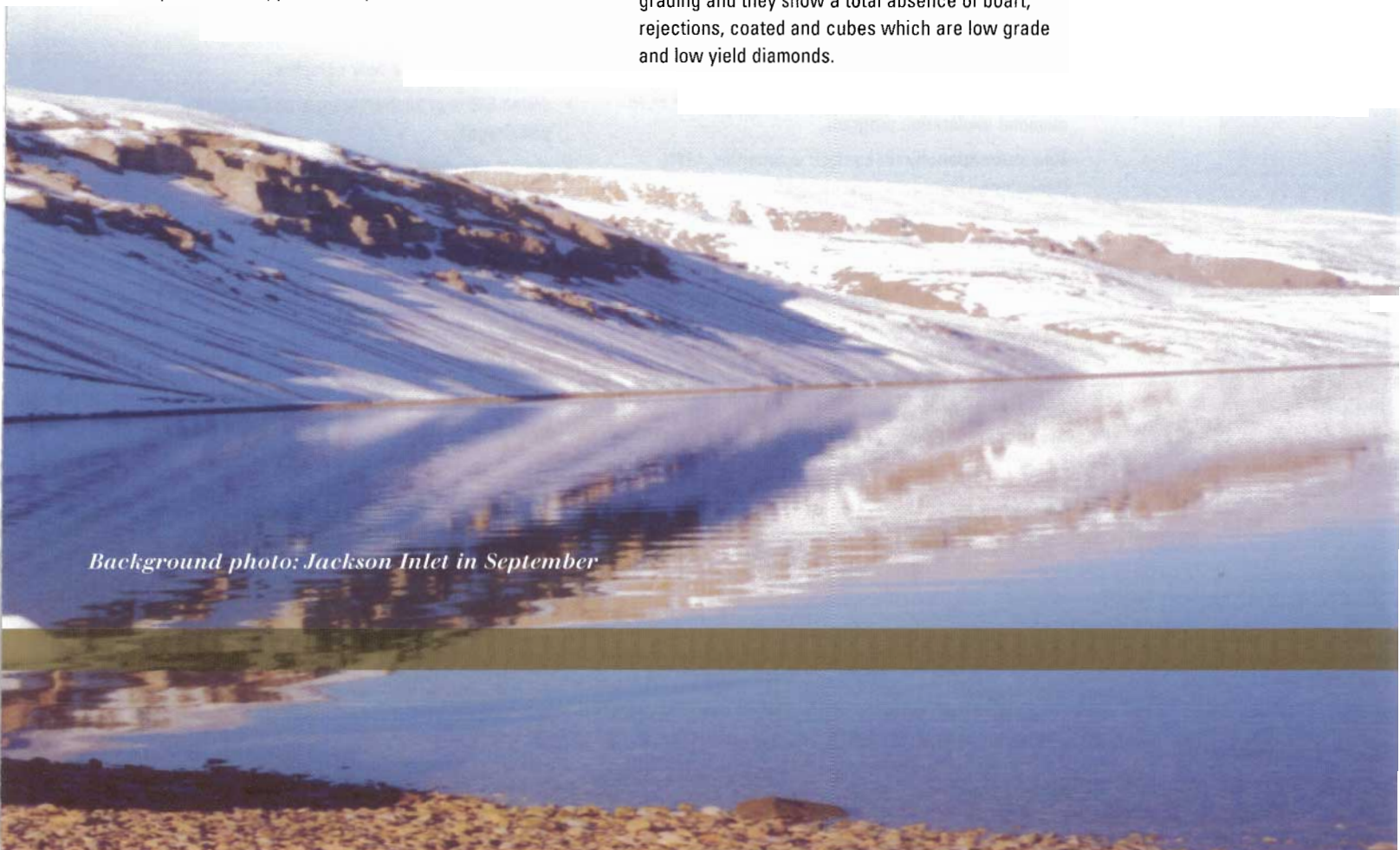
- Diamonds recovered from the TORNGAT 342 tonne mini-bulk sample were assessed to be of high quality, with good crystalline shape, very white and of high purity. The largest diamonds weighed 0.685, 0.566, 0.279, 0.271 and 0.199 carats. The 0.566-carat diamond became the "First Quebec Diamond". It was cut and polished with a colour grading of E and purity grading of SI1. Samples taken from a 4.5 km section (TORNGAT North) produced anomalous diamond grades up to 88.6 CPHT.

Jackson Inlet

- Land acquisition in 2001 at Jackson Inlet added 61 claims covering 520 sq.km to the Corporation's holdings. The total land position stands at 655 sq.km on 79 claims.
- Geophysical survey results showed 14 kimberlite targets of significant size; of these, eleven, varying in diameter from 100 to 600 m, occur on a linear trend, 30 km long and spaced 2 km to 11 km apart.
- The Freightrain anomaly was established as a single diamondiferous kimberlite pipe with a surface expression of approximately 10 hectares.

- A second diamondiferous kimberlite pipe, Cargo1, was confirmed along the linear trend. Diamond indicator minerals recovered from Cargo2 and Cargo3 established their potential as diamondiferous kimberlite pipes with Cargo3 located on the same trend.
- Core drilling produced 314 m of kimberlite intersections on the Freightrain pipe and 231 m on the Cargo1 pipe. This kimberlite has been determined to be from the crater and diatreme facies of the pipes, indicating that the majority of the pipes are intact. Core samples have been shipped to Lakefield Research Limited ("Lakefield") for processing and diamond extraction.
- Eight mini-bulk samples, totalling 247 dry tonnes were extracted from the Freightrain pipe during two sampling campaigns and shipped to Lakefield for processing and diamond extraction.
- The quality of the diamonds recovered to date, including the first 1 carat stone has been consistently high. Diamond Trading of Antwerp, Belgium examined the Jackson Inlet diamonds and concluded that the diamonds are similar to high quality South African diamonds and that they will produce high yielding polished diamonds of good lustre, purity and colour grading and they show a total absence of boart, rejections, coated and cubes which are low grade and low yield diamonds.

Background photo: Jackson Inlet in September



Message to Shareholders

*"The purity (IF - VVS1) and colour (average F or better) of the diamonds is remarkably high and they represent a much higher proportion of the sample than is current in South African and Canadian kimberlite mine production".**

**Diamond Trading N.V. of Antwerp, Belgium*

For Twin Mining shareholders, the year 2001 has produced outstanding results. We have completed our second full year as a diamond company with two major diamond discoveries. We have extracted 2,690 diamonds from TORNGAT and 904 diamonds from Jackson Inlet. The diamonds have been gem quality, mostly white and transparent. A special early reward for the acquisition of Jackson Inlet in 2000 came in the form of a 1 carat, gem quality diamond received in 2001.

This accomplishment was only possible through an aggressive \$4 million exploration program focused on Jackson Inlet and a \$400,000 sampling campaign on TORNGAT North during the third quarter of the year as a follow up to the \$3 million TORNGAT sampling programs in 2000.

At Jackson Inlet, we have analysed now the third generation of samples and have found consistency and reproducibility in the quality of the diamonds extracted. "The diamonds are similar to high quality South African diamonds without their characteristic yellow colouring".*

Integrity of sampling and processing

Twin Mining has made a high level of quality control one of its guiding principles in the establishment of its diamond exploration program.

Two internationally recognized companies, MPH Consulting Limited ("MPH") and MRDI Canada, a division of AMEC E&C Services Ltd. ("MRDI"), conduct regular, independent procedural audits of the Corporation's programs as part of a comprehensive Quality Assurance/Quality Control ("QA/QC"). These programs were introduced by the Corporation with the first mini-bulk sample taken in March of 2000 and have become an integral part of the Corporation's approach to doing business. The QA/QC manuals are prepared for every mini-bulk sampling campaign,

for both sample extraction and sample processing activities. These manuals guide the Corporation in the collection and shipment of samples (MPH) and sample processing (MRDI) according to industry recognized standards and ensures consistency in the auditing process of the sampling and the sample processing operation.

While storing and processing mini-bulk samples at Lakefield an electronic surveillance system, combined with security guards, ensures the security of the samples 24 hours a day. Lakefield operates an internationally recognized independent diamond laboratory.

2001 Advances

Twin Mining made numerous significant advances this year including:

- increased its land holding in Jackson Inlet to 655 sq.km
- identified 13 new potential kimberlite pipes of which 10 are on a 30 km linear trend
- collected eight mini-bulk samples
- drilled 545 m of kimberlite core on Freightrain and Cargo1
- proved the viability of deepwater access to the Jackson Inlet site, and
- recovered 3,594 diamonds of which 2,053 were larger than 1 mm.

Recognition

The "First Quebec Diamond," a 4.97 mm, 0.566 carat TORNGAT diamond was cut and polished by Papillon Gem inc. of Matane, Quebec and presented to the Musée de la Civilization in Quebec City for their

diamond exhibit together with forty-one 2 to 3 mm diamonds also coming from our TORNGAT project. The polished diamond is certified, of brilliant white colour (grade E) and of high purity (grade SI1). The exhibition was visited by 500,000 people during April 2001 to January 2002 and provided excellent exposure for Twin Mining.

Finances

Twin Mining enters the year 2002 with a solid balance sheet and access to capital necessary to progress with a significant exploration program on its diamond properties.

Outlook

2001 World diamond demand and prices remained strong for large diamonds* (2 carat and more) and fancy colour (yellow, pink and blue). This applies also for the range of small diamonds of 1/20 carat and smaller and is combined with improved pricing. Early in 2002, upward price pressure on mid range sized diamonds of 1/5 carat to 2 carat has been noted. The demand for diamonds is expected to grow with wealth, e.g. the fast growth of the economy of China. Despite new discoveries in Canada, diamond deposits are difficult to find. Most of today's production comes from deposits discovered over the course of a century, up to 1980. New advertising strategies by DeBeers, RTZ and BHP are targeted to ensure growth in diamond sales as well.

*Diamond Trading N.V. of Antwerp, Belgium, Internal Report

During 2002, contingent on results of the six mini-bulk samples from the Jackson Inlet property totaling 228 dry tonnes, and the nine 300kg samples from TORNGAT North, the Corporation plans to advance both the Jackson Inlet and TORNGAT properties.

On the Freightrain pipe the focus will be on the sample pit, which produces the most favourable diamond distribution, as determined by the mini-bulk sample results. There, a bulk sample of 1,000 to 2,000 tonnes is planned. A significant tonnage of kimberlite will be recovered from the +10,000 m 152 mm (6") diameter reverse circulation ("RC") drilling program designed to delineate Freightrain for resource calculation as part of the prefeasibility study.

The Corporation's gold assets remain on care and maintenance until a sustained gold price above U.S.\$300/oz warrants the resumption of the development of the Atlanta Gold project in Idaho, U.S.A. to production.

We thank our employees, directors, consultants and contractors for their dedication and excellent work, which together with the ongoing support of our shareholders allowed us to create significant value in a short period of time.



Hermann Derbuch
Chairman, President & CEO
January, 2002

Jackson Inlet Diamond Project

Baffin Island, Nunavut

*100% owned,
904 diamonds
recovered to
date, including
the first 1
carat, gem
quality
diamond*

Accomplishments

An aggressive 2001 exploration program resulted in the following:

- Increasing the area covered by mineral claims to 655 sq.km.
- A helicopter-borne magnetic and electromagnetic survey that defined Freightrain as one large kimberlite pipe and detected 13 additional prospective kimberlite pipes.
- The spring sampling program recovered two bedrock kimberlite samples from Freightrain totaling 18.41 t and further processing recovered 86 diamonds larger than 1mm, including a 1 carat gem quality diamond (6.98x5.64x3.60 mm).
- Examination of the diamonds by Diamond Trading N.V. of Antwerp, Belgium found that the recovered diamonds exhibit "...purity (IF – VVS1) and colour (average F or better) of the sawables (highest yield diamonds) is remarkably high...".
- Diamond drilling confirmed the extent of Freightrain and established Cargo1 as a diamondiferous pipe.
- Soil sampling indicated two additional kimberlite pipes, Cargo2 and Cargo3.
- Six mini-bulk kimberlite samples totaling 228 dry tonnes were excavated at Freightrain.
- Confirmation of Jackson Inlet as a potential deep water port by shipping the rock samples and equipment to Montreal aboard the M/V Umiavut, a 9,587 tonne commercial ocean going vessel.

The positive results have prompted the planning of a 3-year exploration program with a projected cost of \$37 million. The program is focused on:

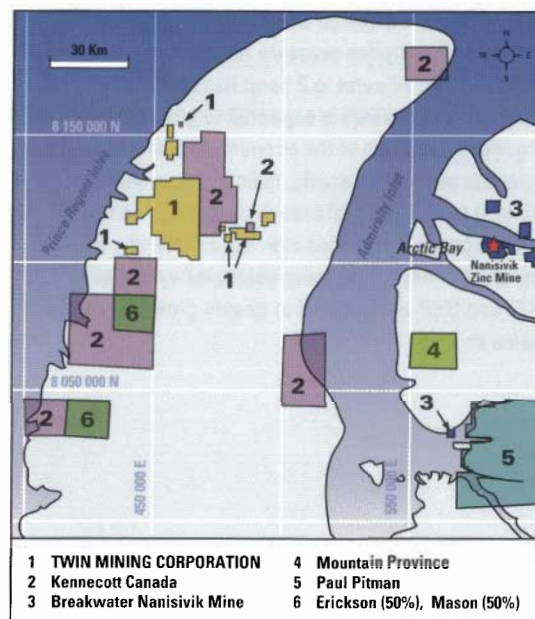
- fast tracking Freightrain to production,
- continuing exploration of Cargo1



- confirming the other 12 potential kimberlite targets presented by 12 significant magnetic anomalies and, in the case of Cargo2 and Cargo3, also by diamond indicator minerals and
- exploring for additional pipes with the aeromagnetic survey, closer spaced flight lines will be flown on selected areas.

Mineral Claim Holdings

Following the exercise of its option on the Freightrain, Slot and 38S claims from Helix, Twin Mining staked an additional 77 claims or 636.16 sq.km on the Brodeur Peninsula. Including Freightrain and Slot, the total holdings are currently 79 claims covering 161,846.70 acres (655 sq.km.).



Exploration Claims and Permits Brodeur Peninsula, Baffin Island, Nunavut

Clarity scale

IF1	internally flawless – minor surface blemishes
VVS1-VVS2	very, very slightly included
VS1-VS2	very slightly included

S11-S12	slightly included
I1-	included-visible to the unaided eye
I2-I3	included-obvious to the unaided eye

2001 Exploration Program

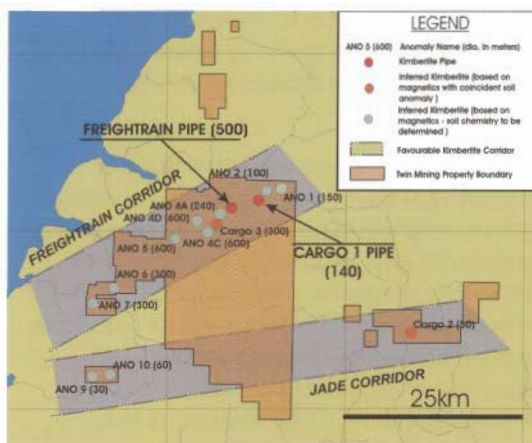
Airborne Survey and Results

The helicopter-borne survey began on March 24th and involved flying 6,641 line kilometers.

Over Freightrain, lines were flown in both northeast and northwest directions and spaced 100 m apart. Results showed a single magnetic anomaly characterized by three peaks within a larger ovoid magnetic high, indicating a single kimberlite system.

A regional flight line spacing of 250 m was selected as adequate to detect the larger kimberlite pipes. The profiles are suggestive of shallow intrusives. The survey detected 14 magnetic anomalies including Freightrain as listed below.

Magnetic Anomalies	Approximate Diameter (m)
Freightrain	500
Ano 1	150
Ano 2	100
Ano 3 – Cargo1	140
Ano 4A	240
Ano 4B – Cargo3	300
Ano 4C	600
Ano 4D	600
Ano 5	600
Ano 6	300
Ano 7	300
Ano 8 – Cargo2	50
Ano 9	30
Ano 10	60



Kimberlite Pipes and Magnetic Anomaly Location Map

Spring Sampling Program and Results

On April 25th 2001, a Twin Mining crew commenced excavation of larger bedrock kimberlite samples from the two most promising Freightrain pipe outcrop areas tested in the year 2000, namely, JI-6 (0.023 carats in 21 kg (1.10 carat/tonne)) and JI-3 (1.049 carats in 560 kg (1.87 carat/tonne)). The results of the Lakefield DMS processing to recover +1 mm diamonds are presented in the following table as sample #1 and #2 respectively. Sample #2 produced the breakthrough, Twin Mining's first 1 carat gem quality diamond.

Parameter	Units	Sample # 1	Sample # 2	Total
Sample weight processed	Dry tonnes	1.91	16.5	18.41
Diamonds + 1mm	Number	12	74	86
	Carats	0.560	3.084	3.644
Two largest Diamonds	Carats	0.311	1.217	
	mm	3.28x2.99x2.70	6.98x5.64x3.60	
		3.19x2.17x1.70	3.90x3.19x2.40	



A cluster of gem quality Jackson Inlet diamonds, indicating high yield, good lustre, high purity and colour grading

As can be established from the diamonds presented in length categories below, the percentage of larger stones is higher in this year's 18.4 tonnes than in last year's sample (0.58 t) from the same sites, i.e. 38% vs. 25% of +1 mm stones equal or exceed 2 mm in length. These diamond distributions in favour of larger sizes provide an indication of the high value potential of Freightrain.

Sample Diamond	Tonnes	Number of diamonds categorized by length		
		1 - 2 mm	2 - 3 mm	+ 3 mm
Sample # 1, JI-6 site	1.91	7	3	2
JI-6 (Year 2000 Sample)	0.02	3	0	0
TOTAL – Sample # 1 site	1.93	10	3	2
Sample # 2, JI-3 site	16.50	46	22	6
JI-3 (Year 2000 Sample)	0.56	6	1	2
TOTAL – Sample # 2 site	17.06	52	23	8

Clarity

Clarity is the extent to which a diamond is free of inclusions. Though a diamond is said to be "flawless" if no inclusion or surface blemish can be seen when viewed under ten power magnification, truly flawless diamonds are extremely rare.

In fact, inclusions are a diamond's "finger-prints", making each one unique.

Jackson Inlet Diamond Project

Baffin Island, Nunavut

Summer Exploration Program

Preparatory Work, Program Planning

Following the spring break-up, the 2001 program resumed on July 9th 2001 with the construction of a camp suitable for housing up to 20 people. The camp is located approximately 3 km north of the Freightrain pipe, on a terrace adjacent to the Jackson River.

(right)

2001 Exploration camp located on the Jackson River near the Freightrain pipe



(far right)

Freightrain pipe, Magnetic total field contours of anomaly, 2001 core drilling and sample pits

All equipment and materials brought to the site were first delivered to Nanisivik either by scheduled ship or by First Air Boeing 727 aircraft. Transportation to the site was by Twin Otter that landed on a strip located within the Jackson River estuary, approximately 5 km west of the camp. Helicopter services provided the link between the landing strip and the camp or work sites.

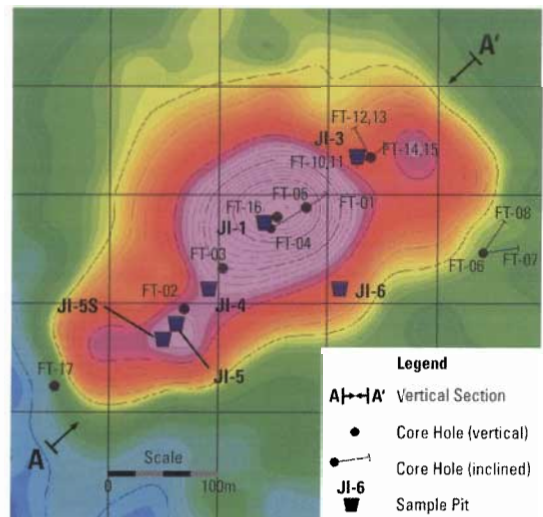


Nunavik airport, in front of aircraft James Gray, Director Twin Mining, flanked left by G. Brown, Haywood Securities, S. Butler, Nesbitt Burns, right by J. Wortman, Griffiths McBurney and R. Robertson, Northern Miner, property visit August 2001

Core Drilling Program and Results

Freightrain

Seventeen holes, totaling 1108 m, were positioned to test the extent of the diamondiferous kimberlite body at three points along the anticipated perimeter of the pipe. Eleven of the 17 holes tested the outer edge of the pipe while six were drilled in the central area of the pipe. The drill results showed a total of 314 m of kimberlite intersections in 15 of the drill holes.



The kimberlite, logged at Freightrain, is consistent with previous petrographic studies by Lakefield which report both crater and diatreme facies textures

Cargo1

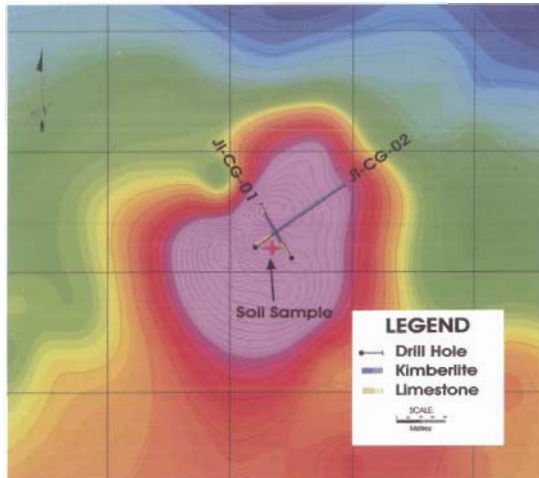
Hole JI-CG1-01 at Cargo1 intersected 83.1 m of kimberlite and the second hole, drilled perpendicular to the bearing of the discovery hole, returned 147.9 m of kimberlite core. The diamond distribution in the limited core samples for which results were available at year-end appears to follow the pattern established at Freightrain where there is a relatively high proportion of large macro-diamonds (+1 mm). A 5m section of JI-CG1-02, weighing 18.65 kg returned 11 diamonds of which four (4) were macros.

Carat weight

The "carat" represents the gemologist's measure of diamond weight.

One carat is divided into 100 "points", so a "50-point" diamond weighs half a carat. As the carat size of a given quality diamond increases, so does its rarity, and consequently, its price.

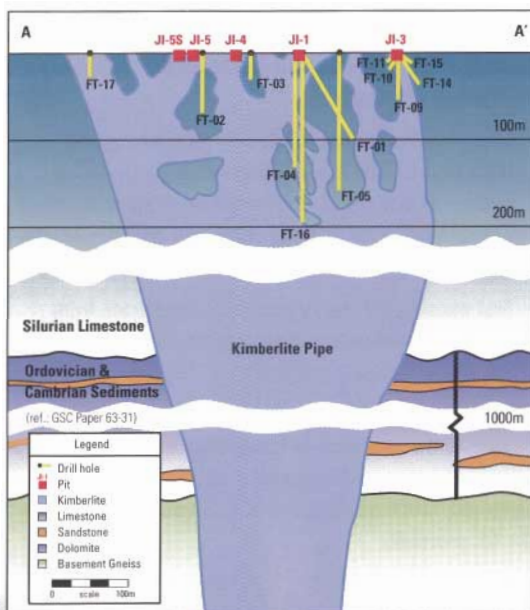
As no one factor alone makes a diamond beautiful, a diamond's size is only significant when considered with cut, clarity and colour. (For example, a large stone is of little value if it lacks brilliance, clarity and good colour.)



Two (2) of these stones were greater than 1 mm, weighed 0.028 carats, measured 2.05 x 1.48 x 1.12 mm and 1.14 x 0.80 x 0.22 mm and were described by Lakefield as fragments. Also similar to the Freightrain diamonds is their white, transparent and gem quality character.

2002 Drilling Program

While exploration will continue on the claim group, the program will focus on Freightrain. A RC drill is planned to be used to cost effectively outline a kimberlite resource in the shortest time possible. The plan is to drill forty 152 mm (6") vertical holes to a depth of approximately 250–300 m and to take a bulk surface sample of 1,000 tonnes.



Mini-bulk Sampling

Six (6) mini-bulk sample sites were selected on the basis of previous results (2000 JI trenches) and the depth to fresh bedrock. To obtain the mini-bulk samples, the frozen weathered material was excavated with a small Kubota backhoe to expose the fresh kimberlite. The kimberlite was drilled, blasted and then bagged.

Minibulk Samples

Site Name	Dry Tonnage
JI-1	76
JI-3	57
JI-4	42
JI-5	24
JI-5S	2
JI-6	27
Total	228

Sampling, handling and transporting were all conducted according to a QA/QC manual prepared by MPH, which also conducted the audits of the activities. Competent personnel, assigned by Twin Mining Corporation, supervised loading and unloading of the MV Umiavut and the trucks. A Twin Mining representative accompanied the sample bags on board the MV Umiavut from Jackson Inlet to Valleyfield, Quebec.



(above) Loading of blasted kimberlite from sample pit into bulk sample bag

(left) Freightrain pipe, Geology, 2001 core drilling and sample pits

Cut

Diamond cutting requires the meticulous precision of a highly skilled artisan. Only by cutting the diamond to proper proportions can the maximum brilliance and hidden fire locked within the crystal be revealed. Each of the stone's facets must be placed in exact geometric relation to one another. For example, the brilliant cut has 58 facets arranged in precise alignment.

You'll understand and appreciate the art of diamond cutting if you place two diamonds of similar carat weight, clarity and colour side by side and find one to be less brilliant than the other – the difference lies in the cutting.

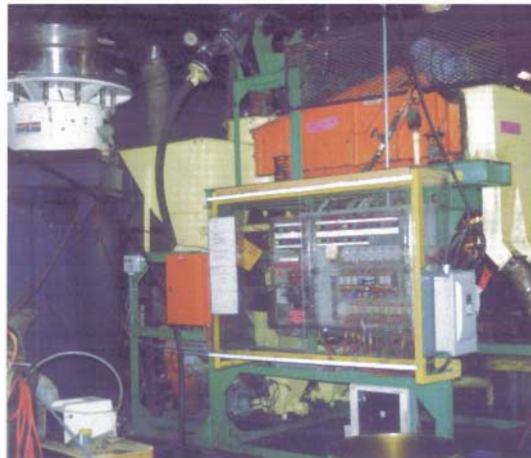
Jackson Inlet Diamond Project

■ Ballin Island, Nunavut

*Jackson Inlet,
transfer of
kimberlite bulk
sample bags
from beach to
M/V Umiavut*



*Lakefield
Research
Limited, 1
tonne per hour
DMS plant*



Processing of Summer Program Samples

Diamond extraction and analysis from approximately three (3) tonnes of drill core samples and six (6) mini-bulk samples (228 dry tonnes) is underway at Lakefield. 120 bags of soil samples are being processed for diamond indicator minerals.

The flow sheet for the six mini-bulk samples was modified from that for the previous 18.4 tonnes by:

- increasing the opening of the first stage crusher from 6 mm to 12 mm to ensure recovery of larger diamonds;
- changing the square mesh screen opening size from 1mm to 0.85 mm to allow recovery of an additional size range and better facilitate estimation of diamond grade utilizing statistical analysis of size distribution; and,
- first passing the heavy mineral concentrate from the DMS plant over a grease table and, secondly, through a Flowsort X-Ray sorter.

MRDI has served as consultant on flowsheet design on the mini-bulk of Freightrain as well as TORNGAT samples. From arrival of samples at Lakefield, MRDI has established and audited the QA/QC protocol.

Colour

It is actually the absence of colour which represents the highest and rarest colour grade (with the exception of a few "fancy-coloured" diamonds). Completely colourless diamonds are exceedingly rare and most, while they may appear colourless, have a slight tinge of colour, discernible only to a trained eye under proper lighting conditions.

TORNGAT Diamond Project

Nunavik, Northern Quebec

TORNGAT Permits, Dyke Dimensions, Grab Samples and Results

The TORNGAT property, comprising 3 mine exploration permits (P.E.M.'s) totaling 327 sq.km, is characterized by 5 kimberlite dyke systems with a geological mapped length totaling approximately 37 km. During the summer 2000, a series of 50 kg samples were taken from the outcropping sections of all dykes at an average interval of 400 m. In addition, 300 kg were collected from each of 29 sites. The dykes measure up to 4.0 m true width and average 1.2 m.



The most continuous and widest system observed to date is by far the system made up of the TORNGAT1 and Pita dykes, which average 1.45m wide over an estimated strike length of more than 23.2 km.

Lakefield completed caustic fusion on approximately 24 kg from each of 106 samples taken during the 2000 summer program.

Diamond grades of up to 0.021 carats (88CPHT) were obtained from grab samples on a 4.5 km section of the dyke designated as TORNGAT North, located 6 km northeast of the Alluviaq Fjord.

100% owned, 2,960 diamonds recovered to date, including the 0.566 carat (raw) "First Quebec Diamond"

Grab Sample Analysis

Sample No.	Weight Fused (kg)	Micro Diamonds	Macro * Diamonds	Total Carats	Largest Diamond (mm)	Grade CPHT
887571	24.00	9	4	0.014	1.05 x 1.03 x 1.01	57.2
887573	24.00	30	2	0.006	1.20 x 0.46 x 0.38 fragment	25.7
887587	24.00	11	4	0.021	1.85 x 1.25 x 1.07 fragment	88.6
888466	48.57	41	4	0.009	1.05 x 0.86 x 0.73	18.6
Total	120.57	91	14	0.050		41.6

* A macro-diamond is defined as exceeding 0.5 mm in at least one dimension



(left) TORNGAT North, 300kg sample collection

Diamonds are given a letter to define their colour.

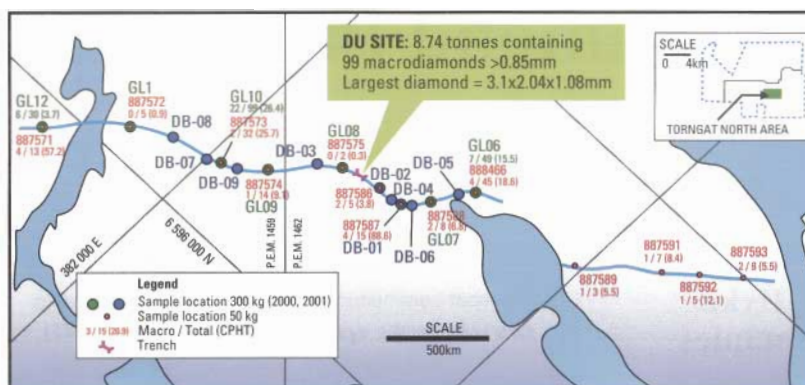


colourless

very light yellow

fancy – coloured

**TORNGAT North,
50kg and 300kg
sample locations
and year 2000
results, 300kg
year 2001 sample
locations**



The entire TORNGAT dyke system proved to be diamondiferous throughout much of its strike length.

Further analysis of results shows that samples from the 4.5 km TORNGAT North section of the dyke (DU sample area) consistently yielded encouraging quantities of diamonds, particularly macros. The 8.74 tonne DU sample which was taken in the spring of 2000, yielded 99 macro-diamonds on the 0.85mm screen with the largest measuring 3.1 x 2.04 x 1.08 mm. The analysis of 100 kg each of three 300 kg samples from the same area produced 178 diamonds including 35 macro-diamonds.

TORNGAT 2000 Mini-bulk Sample Results

The results of the mini-bulk samples were encouraging. There was a total of 1,548 macro-diamonds (+1mm in size) extracted from the mini-bulk samples "A", "C" and "NN" (total 342 tonnes) as shown below:

Summary of sample weights and diamond recoveries			
Sample	Sample weight Tonnes	Diamonds number	Diamonds carat
"A"	90.7	250	4.836
"C"	57.7	312	2.405
"NN"	193.2	986	5.879
Grand Total	341.6	1,548	13.120

Three diamonds measured between 4 and 5 mm, eight between 3 and 4 mm, and 125 between 2 and 3 mm. The remaining macro-diamonds measured between 1 and 2 mm. The largest diamonds weighed 0.685, 0.566, 0.279, 0.271 and 0.199 carats.

The 0.566-carat diamond was subsequently cut and polished to become the "First Quebec Diamond".

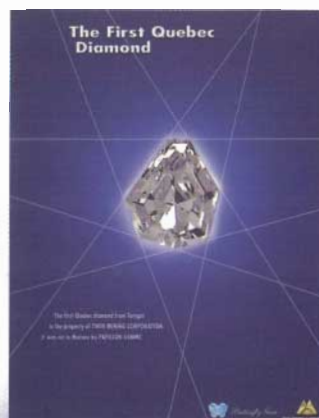
Independently, Diamond Trading N.V. of Antwerp, Belgium, valued a small parcel (8 stones) of these diamonds recovered earlier in the mini-bulk sample extraction process. In their opinion, the diamonds are of high quality, good crystalline shape, very white and of high purity".

Summer 2001 Exploration Program

Between September 16th and 20th, a total of 9 samples totaling 2,591 kg were collected from the TORNGAT North Area. The position of the samples ensures a complete coverage of this section of the dyke.

Samples of 300 kg were taken at an interval of 100 to 400 m. Emphasis was given to taking representative 300 kg from each of the sites where previous 50 kg grab samples had yielded high diamond counts.

All samples were airlifted to Val d'Or and from there transported in a sealed truck to Lakefield for processing. Results are expected during the first quarter of 2002.



(left)
The "First
Quebec
Diamond"

Diamond Grading Certificate for "First Quebec Diamond" Certificate # 0108018.P37

Cutting style: heptagonal, step cut
Weight: 0.212 carat, Measurements: 4.11 x 3.38 x 2.16mm
Clarity grade: SI1, Colour grade: E Fluorescence: strong, blue
Proportions: Height-width ratio: n/a, Depth%: 63.9%, Table%: n/a

Girdle: polish, medium
Finish: Polish: medium, Symmetry: good
Comments: This diamond is known to be the first diamond mined in Québec and faceted.

Atlanta Gold Project

Elmore County, Idaho, U.S.A.

Project Location

The Atlanta project is an advanced stage development project located 60 air miles northeast of Boise (state capital) in Elmore County, Idaho, U.S.A.

The property is comprised of 113 unpatented mining claims, 33 patented lode claims and two (2) patented mill site claims totaling 1,840 acres. Twin Mining Corporation through its wholly owned subsidiary Atlanta Gold Corporation of America Inc. has an 80 percent interest and is the operator of the project.

Mining Background & Geology

Located in the historic Middle Boise Mining District, an estimated 400,000 ounces of gold and 900,000 ounces of silver have been produced from the Atlanta site since 1864. The deposits are hosted within the Atlanta Shear, a 12,000 foot long shear zone that cuts through a biotite granodiorite country rock. Gold and silver are found in both quartz veins and disseminated into the surrounding, hydrothermally altered granodiorite.



Project Exploration and Development

Exploration has been conducted by the Corporation property wide since 1985 with 534 reverse circulation and 81 core holes totaling 195,995 feet of drilling. The surface deposits are well defined by 467 reverse circulation holes and 22 core holes drilled in a fence across the zones and interpreted on 100 foot sections. The underground resource is explored by drilling both from surface and from an underground exploration drift, driven parallel to the 900 foot level, the deepest level of the mine.

A comprehensive metallurgical testing program has been undertaken which included: heap leaching, gravity concentration, flotation, roasting and pressure oxidation of flotation concentrate, bacterial oxidation of flotation concentrate and bacterial oxidation in a heap with recoveries up to 70 percent.

Scoping Study – Low Site Cash Costs

In July 1998, Behre Dolbear & Company ("Behre Dolbear") completed a detailed scoping study. A resource of 1,094,000 ounces of gold (0.02 oz/ton cut-off) was calculated in the two surface mineable deposits. The study examined production cases, which include conventional cyanide heap leaching and a two step process of heap bacterial oxidation followed by conventional cyanide heap leaching. For these cases cash operating costs were estimated between U.S. \$176.00 to U.S. \$180.00 per ounce of gold.

Further, Behre Dolbear concluded that it was reasonable to believe that the surface minable reserves could grow to 1,500,000 ounces of gold after the completion of a developmental drilling program. In an update to the 1998 study, Behre Dolbear indicated that finer crushing and longer leaching times could improve gold recoveries and reduce operating costs to U.S. \$157.00 per ounce of gold.

Twin Mining has maintained excellent working relationships through the years with the permitting agencies on the Atlanta Gold project. Regular meetings are held with the primary agencies to keep them fully informed on the status of the project. The low gold price in recent years has not encouraged development. Once gold prices have moved sufficiently higher Twin Mining is planning to restart the permitting process and bring the property into production.

*Monarch
Underground
Mine,
Headframe –
Mine Crew ca.
1902*

Layuh Gold Project

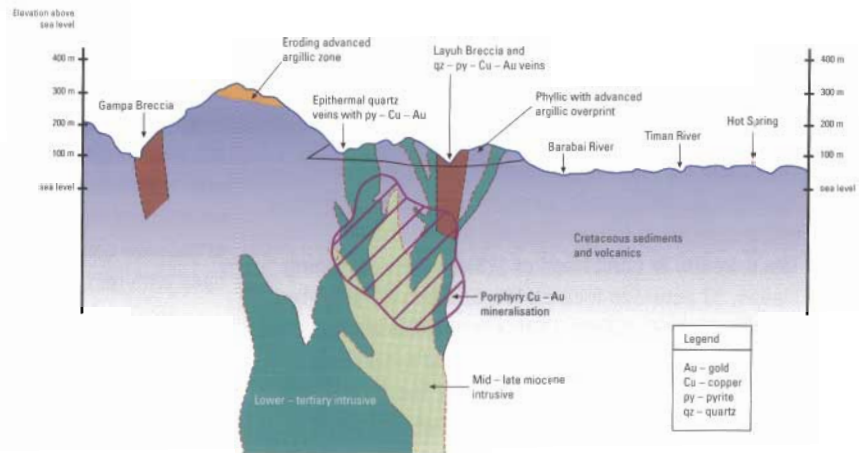
Kalimantan, Indonesia

The Corporation has an 85% Joint Venture interest in the Layuh exploration project located on the Island of Kalimantan with its Indonesian partner PT Harita Jayaraya. The project is held by Twin Mining through its 100% owned subsidiary Twin Gold Cayman Corporation.

The Layuh project is located in East Kalimantan and is kept on care and maintenance.

Earlier petrological work on the project has indicated that there are mineralogical similarities to the Batu Hijau deposit (1,060 million tonnes @ 0.52% Cu and 0.41g / t Au) which was brought into production by Newmont Mining on the island of Sumbawa in Eastern Indonesia.

Twin Mining has received from the Indonesian government a Seventh Generation Draft C.O.W. and an extension for the Approval in Principle.



The Saran project was returned during the year to Indotan Inc., a Bahamian Company, its former Joint Venture partner.

Exploration activity in Indonesia will remain suspended pending an improved political and economic environment as well as a sustained improvement in the price of gold.

Layuh project - Geological cross section



Twin Mining's project locations.

Management Discussion and Analysis

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the corresponding notes.

Summary

Twin Mining Corporation the ("Company"), has been an exploration stage mineral resource company since inception and has undertaken gold exploration and mine development activities since 1994. Since June 1999, the Company has focused on diamond exploration in Canada.

In 1999, the TORNGAT Diamond Property ("TORNGAT Property") was staked and exploration commenced. By the end of 1999, the Ministère des Ressources naturelles du Québec had granted the Company four contiguous Mine Exploration Permits for a period of five years that cover an area of 444 sq. km on the east coast of Ungava Bay in Northern Québec. In 2000, a fifth permit was granted for five years covering 62.85 sq. km. By the end of 2000, the total area staked in the region was 506.85 sq. km. In 2001, the Company renewed three of the permits covering an area of 327 sq. km. Total cost of \$218,060 from the two abandoned properties were written off during the year (see note 3(a)).

On April 27, 2000, the Company signed a letter agreement with Helix Resources Inc. ("Helix"), a private company based in Niagara Falls, for a second diamond property covering three mining claims totaling 28.85 sq. km (7,128.5 acres) staked on the Jackson Inlet Property on the Brodeur Peninsula of Baffin Island ("Jackson Inlet"). One of the claims, covering 10.03 sq. km (2,480 acres), was subsequently allowed to lapse. In 2000, the Company staked another 16 claims covering 106.39 sq. km (26,289.85 acres) close to the claims acquired above by paying an initial filing fee of \$2,628.99. On December 15, 2000 the Company exercised its right to the Jackson Inlet mining claims by paying \$50,000 in cash and issuing 30,000 common shares of the Company to Helix. By the end of 2000, the total area staked in the region was 125.21 sq. km (30,938.35 acres). During the current year, the Company staked another 61 mineral claims within the region covering a further 529.77 sq. km (130,908.35 acres) by paying initial filing fees of \$13,090.84. By the end of fiscal 2001, the Company held a 100% interest in 79 mineral claims totaling 654.97 sq. km (161,846.7 acres) (see note 3(b)).

The development of the Company's gold assets, in particular the advanced Atlanta Gold Project in Idaho, USA, will continue with a view to concluding a bankable feasibility study at the earliest time possible, upon a sustained improvement in gold prices.

The Company's Layuh Property, located on the Island of Kalimantan, Indonesia, remained on care and maintenance during the year. During the year it was written down to \$1,432,298. The Saran Property was transferred to Indotan Inc. as part of the legal claim that was settled with Indotan Inc. in October 2001 (see note 3(d)).

Liquidity and Capital Resources

In 2001, total proceeds received from financing activities of the Company was \$719,143, which consisted of the issuance of 2,625,005 common shares of the Company upon the exercise of common share purchase warrants and employee stock options (see notes 4(b) and (c)).

The working capital of the Company at December 31, 2001 was \$1,939,304, a decrease of \$4,949,429 from December 31, 2000, as a result of the diamond exploration programs carried out in 2001 and described in more detail below (see "Results of Operation – 2001").

In 2000, the gross proceeds received from financing activities of the Company totaled \$10,401,852. This consisted of: (a) 7,600,950 flow through common shares and 2,801,371 common shares issued at \$0.85 per share (net of share issue costs of \$1,093,762); (b) 4,897,664 common share purchase warrants exercised for \$1,477,879; and (c) 300,000 employee stock options exercised for \$82,000.

The working capital of the Company at December 31, 2000 was \$6,888,733, an increase of \$5,101,966 over December 31, 1999, as a result of the additional financing completed in 2000.

Total proceeds from financing activities for 1999 were approximately \$3,250,000. The Company received gross proceeds of \$2,822,782 from three private placements. The first two private placements were completed in April and August 1999, respectively,

for a total issue of 3,750,000 common shares of the Company and warrants to purchase another 3,750,000 common shares of the Company exercisable at \$0.17 in the first year and \$0.20 in the second year (see note 4(b)). Total gross proceeds were \$600,000. On December 31, 1999, a third private placement was completed for 3,615,086 class A special warrants and 1,878,572 class B special warrants at a price of \$0.35 per special warrant and 666,670 class C special warrants at a price of \$0.45 per class C special warrant for total gross proceeds of \$2,222,782.

In addition, stock options were exercised to acquire an aggregate of 1,425,000 common shares of the Company for proceeds of \$241,250 and warrants were exercised on another 200,000 common shares of the Company for proceeds of \$34,000. On June 1, 1999, the Company entered into a gold call options transaction, which matures on June 1, 2001 for net cash proceeds of US\$106,250 (net of US\$8,750 commission) (see note 5).

The working capital of the Company at December 31, 1999 was \$1,786,767.

To December 31, 2001, the Company has spent \$13,545,351 to lease, explore and develop the Atlanta Gold Property. On February 2, 1999, the Company signed a Lease/Option to Purchase Agreement with Monarch Greenback, LLC ("Monarch") relating to Monarch's surface and mineral rights to the Atlanta Gold Property. During the term of the ten-year lease, the Company has the option to purchase such surface and mineral rights for the purchase price of US\$2,075,000, and Monarch is entitled to receive minimum annual lease payments and a net smelter return royalty on any production. The annual lease payments are credited against the obligation of the Company to make royalty payments. If the purchase option is exercised, the existing minimum annual lease payments on such surface and mineral rights will be terminated and replaced by a net smelter royalty of 0.5% of sales if the average realized gold price is US\$365 per ounce or less. For each US\$1 increase in the average realized gold price over US\$365 per ounce, the net smelter royalty will be increased by 0.01% to a maximum rate of 3.5%. Under this agreement, an amount of US\$100,000 held in trust under the terms of a prior agreement with Monarch was paid to Monarch in February 1999. Commencing in 2001, the Company will pay US\$50,000 annually to Monarch for the remaining

eight years of the term of the lease. The US\$800,000 cumulative balance will be added to the purchase price of the surface and mineral rights. The option price to purchase the surface and mineral rights will now total US\$2,875,000 (see note 3(c)).

Results of Operations

In 2001, the Company continued to direct its efforts primarily towards the acquisition and exploration of the Jackson Inlet and TORNGAT Diamond Properties.

The results of operations of the Company reflect the overhead costs incurred during the acquisition, exploration and mine development stages to keep the Company in good standing with various regulatory authorities and to provide the infrastructure to administer these acquisition, exploration, mine development and financing activities. Also reflected in the loss for the period is the write-off of deferred mineral costs of properties the Company has acquired, explored and ultimately abandoned. General and administrative costs can be expected to increase or decrease in relation to changes in the administrative activity required as exploration continues on the Jackson Inlet and TORNGAT diamond properties and development resumes on the Atlanta Gold Property.

2001

General and administrative expenses for the year ended December 31, 2001 increased by approximately 11% to \$986,984 from \$883,166 in 2000. This increase primarily reflects: (a) costs relating the Public Offerings in December 1999 and May 2000 which resulted in \$135,825 in Part XII.6 tax paid or payable to Canada Custom and Revenue Agency ("CCRA") (formerly Revenue Canada) prior to March 2002, whereas no Part XII.6 tax was owing in fiscal 2000; (b) an increase in salary expenses from fiscal 2000, with the addition of head office personnel during the year; and (c) a 21% increase in investor relations costs from fiscal 2000, due primarily to increased investor relations activity during the year. In addition, interest income for the year declined by approximately 25% to \$210,655 from \$280,667 in 2000, due primarily to lower bank balances as funds were expended on the Jackson Inlet diamond property acquisition and exploration program undertaken during the year and also due to lower interest rates during 2001. Offsetting

some of this increase in operating expenses in 2001, compared to fiscal 2000, was a 46% decline in legal fees to \$74,797 reflective in part of the settlement of two legal claims against the Company in the year (see note 3(d)).

During the year, the May 1999 gold call option contracts expired. The value of these contracts are marked to market annually, with the resulting gains and losses included in income for the year. In 2001, the mark to market gain on the gold call options transaction was \$51,450, compared to \$75,550 in fiscal 2000 and \$29,188 in fiscal 1999 (see note 5).

Mineral property costs for the Layuh Gold Properties were written down to \$1,432,298. The \$1,158,296 write-down reflects gold exploration and project administration costs incurred since 1997 and the cost of the two legal claims settled during the year (see note 3(d)).

Total diamond property acquisition, drilling and field exploration, and project administration expenditures on the TORNGAT Property for the year were \$32,700 (see note 3(a)), \$504,946, and \$10,216 respectively, for a total of \$547,862 compared to \$50,685, \$2,689,856, and \$21,718 respectively, for a total of \$2,762,259 incurred in 2000. Conversely, similar expenditures for Jackson Inlet for the year were \$129,918, \$3,773,516, and \$42,864 respectively, for a total of \$3,946,298 compared to \$74,376, \$415,731, and \$28,085 respectively, for a total of \$518,192 incurred in 2000. The primary reason for these changes in 2001 is because the diamond property acquisition and field exploration activities focused on the Jackson Inlet Property, whereas, the focus in 2000 was on the TORNGAT Property. Also, the Company decided that two of the permits in the TORNGAT Property covering an area of 179.85 sq. km be allowed to lapse in 2001 and \$218,060 relating to diamond property acquisition and exploration costs incurred in prior years in respect of these permit areas was written off in the year. Net holding and gold exploration and mine development expenditures for Atlanta Gold for the year were \$129,505 compared to \$280,583 for fiscal 2000 because annual royalty advances were reduced during the year (see note 3 (c)). Net project administration and general costs in 2001 in Indonesia were \$6,233 compared to \$52,129 in 2000 because of a decline in legal fees incurred during the year.

2000

General and administrative expenses for the year ended December 31, 2000 increased to \$883,166 from \$703,952 in 1999. This increase primarily reflects costs relating to changing the Company's name to reflect its focus on diamond and gold mining and continuing into the Province of Ontario which resulted in: (a) a 41% increase in legal costs, and (b) 95% increase in investor relations costs. The increase in interest income for the year, to \$280,667 from \$3,785 in 1999, reflects higher bank balances during the year as a result of the Public Offerings completed in December 1999, and again, in May 2000 (see note 4(d)). The increase in interest income more than offset the increase in operating expenses, resulting in an improved net operating position for the fourth consecutive year.

During the year, the mark to market gain on the gold call options transaction increased to \$75,550 from \$29,188 in 1999.

Mineral property costs for the Saran Gold Properties were written down to \$294,377. The \$2,412,900 write-down reflects exploration and project administration costs incurred since 1998.

Total property acquisition, drilling and field exploration, and project administration expenditures on TORNGAT Property for the year were \$50,685 (see note 3(a)), \$2,689,856, and \$21,718, respectively for a total of \$2,762,259. Similar expenditures for Jackson Inlet for the year were \$74,376, \$415,731, and \$28,085 respectively, for a total of \$518,192. Net holding and exploration expenditures for Atlanta Gold for the year were \$280,583. Net holding costs in Indonesia were \$52,129.

1999

General and administrative expenses for the year ended December 31, 1999 declined from \$1,048,108 to \$703,952. Continued strict cost control measures and staff reductions resulted in reduced costs in all categories except for office rent and investor relations. The new focus of the Company in diamond exploration has resulted in increased expenditures related to the increased field activity. The full impact of the increased field activity will be reflected in the first quarter results in 2000.

During the year, the mark to market adjustment on the gold call option transaction was \$29,188. Interest income for the year was \$3,785. This decline from the 1998 interest income of \$27,466 was due to lower average levels of cash.

Mineral property costs written off during the year of \$2,525,178 reflect acquisition and exploration costs of Indonesia Properties abandoned.

Total acquisition and exploration expenditures on TORNGAT for the year were \$213,376. Total holding and exploration expenditures on the Atlanta Property for the year were \$223,004. Net property holding and exploration expenditures in Indonesia for the year were \$7,632.

Outlook and Uncertainties

The Company does not currently hold any interest in a mining property in production and its future success depends upon its ability to find, develop, exploit and generate revenue from mineral deposits. Exploration and development of mineral deposits involve significant financial risks, which even a combination of careful evaluation, experience and knowledge may not eliminate and there can be no assurance that any of the Company's current projects will ultimately be developed into a profitable mining operation. A number of factors beyond the control of the Company may affect the marketability of any diamonds, gold or any other minerals discovered. Resource prices have fluctuated widely and are beyond the Company's control. Revenue and profitability will be determined by the relationship of the Company's production costs and in respect of diamonds, the relative quality of the diamonds extracted, to resource prices. The effect of these factors cannot accurately be predicted. The Company has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects or to fulfill its obligations under applicable agreements. Although the Company has been successful in the past in obtaining financing through the sale of equity securities, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such

financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of the Company's properties with the possible dilution or loss of such interests. The operations of the Company require licenses and permits from various governmental authorities and while the Company currently holds all necessary licenses and permits required to carry on its activities and believes it is complying with such licenses, permits and all applicable laws and regulations, such licenses, permits and laws are subject to change and there can be no assurance that the Company will in future be able to obtain all necessary licenses and permits. Furthermore, the cost of complying with changes in governmental laws and regulations has the potential to reduce the profitability of future operations. The acquisition of title to mineral projects is a very detailed and time-consuming process and although the Company has taken precautions to ensure that legal title and interest to its properties are properly recorded, there can be no assurance that the interests of the Company in any of its properties may not be challenged or impugned.

Forward Looking Statements

Statements in this report that describe the Company's objectives, estimates, expectation or predictions and other statements in this report preceded by words such as "should," "anticipate" or similar expressions may be "forward looking statements" within the meaning of applicable securities legislation. The Company cautions that such statements involve risk and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include, but are not limited to, global diamond and gold prices and supply and demand, changes in government regulation, competitive factors, litigation and other factors including those set out in the annual report on form 20-F of the Company as filed with securities regulatory authorities.

MANAGEMENT'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Twin Mining Corporation (formerly Twin Gold Corporation) have been prepared by and are the responsibility of the Company's management. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and contain estimates based on management's judgement. Management maintains a system of internal controls adequate to provide reasonable assurance that transactions are authorized, assets are safeguarded and records are maintained.

The Audit Committee comprises three directors, one of whom is an officer and employee of the Company. The Audit Committee meets with management and the Company's auditors, PricewaterhouseCoopers LLP, to review the consolidated financial statements before they are presented to the Board of Directors for approval.

PricewaterhouseCoopers LLP have examined these consolidated financial statements and their report follows.



Hermann Derbuch, P. Eng.
Chairman, President and
Chief Executive Officer



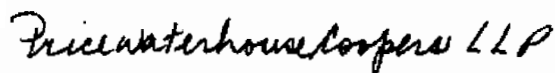
Domenico Bertucci, CA
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Twin Mining Corporation as at December 31, 2001 and 2000 and the consolidated statements of loss, cash flow, shareholders' equity and mineral properties for each of the years in the three-year period ended December 31, 2001. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

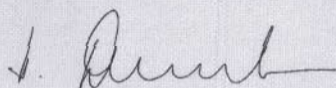
In our opinion, these consolidated financial statements present fairly, in all material aspects, the financial position of the Company as at December 31, 2001 and 2000 and the results of its operations and its cash flow for each of the years in the three-year period ended December 31, 2001, in accordance with Canadian generally accepted accounting principles.



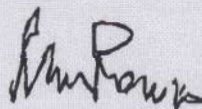
Chartered Accountants
Toronto, Canada
January 11, 2002

CONSOLIDATED BALANCE SHEETS*As at December 31, 2001 and 2000*

<i>(in Canadian dollars)</i>	2001	2000
ASSETS		
Current assets		
Cash and cash equivalents	\$ 2,546,591	\$ 7,047,004
Receivables	36,317	204,145
Prepaid expenses	79,586	5,271
Supply inventory (note 3(b))	156,639	—
	2,819,133	7,256,420
Mineral properties (note 3)	22,747,576	19,052,110
Capital assets	42,189	57,280
	\$ 25,608,898	\$ 26,365,810
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 879,829	\$ 367,687
Gold call options (note 5)	—	51,450
Contingency and commitments (note 8)	879,829	419,137
SHAREHOLDERS' EQUITY		
Capital stock	44,964,961	44,077,818
Accumulated deficit	(20,235,892)	(18,131,145)
	24,729,069	25,946,673
	\$ 25,608,898	\$ 26,365,810

Approved by the Board


Director
Hermann Derbuch



Director
Alfred Powis

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF LOSS*For the years ended December 31, 2001, 2000 and 1999*

<i>(in Canadian dollars)</i>	2001	2000	1999
Interest income	\$ 210,655	\$ 280,667	\$ 3,785
Other income <i>(note 5)</i>	51,450	75,550	29,188
	262,105	356,217	32,973
General and administrative expenses			
Salaries	403,552	369,886	356,032
Professional fees	74,797	137,443	97,660
Investor relations	181,192	142,681	73,219
Travel	14,754	31,611	10,510
Interest	10,000	894	1,250
Administrative and office	228,379	130,876	114,244
Office rent	50,109	46,944	42,836
Depreciation	24,201	22,831	8,201
	986,984	883,166	703,952
Mineral property costs written off <i>(notes 3(a) and (d))</i>	1,376,356	2,412,900	2,525,178
Loss (gain) from foreign translation	3,512	1,098	(15,985)
	2,366,852	3,297,164	3,213,145
Loss for the year	\$ 2,104,747	\$ 2,940,947	\$ 3,180,172
Weighted average number of shares outstanding	72,122,980	59,905,336	45,501,560
Loss per share – basic and diluted	\$ 0.03	\$ 0.05	\$ 0.07

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF CASH FLOW*For the years ended December 31, 2001, 2000 and 1999**(in Canadian dollars)*

	2001	2000	1999
Operating activities			
Loss for the year	\$ (2,104,747)	\$ (2,940,947)	\$ (3,180,172)
Add (deduct) items not involving cash:			
Mineral property costs written off	1,376,356	2,412,900	2,525,178
Depreciation	24,201	22,831	8,201
Mark to market adjustment on gold call options	(51,450)	(75,550)	(29,188)
Net change in non-cash working capital	449,016	(342,026)	329,571
	(306,624)	(922,792)	(346,410)
Financing activities			
Issuance of common shares:			
For cash, net of issue costs (note 4(d))	—	2,081,165	582,980
For cash, on exercise of warrants	569,893	1,477,879	34,000
For cash, on exercise of options	149,250	82,000	241,250
Issuance of flow-through shares:			
For cash, net of issue costs (note 4(d))	—	5,667,047	—
Issuance of special warrants	—	—	1,906,592
Gold call options	—	—	156,188
	719,143	9,308,091	2,921,010
Investing activities			
Mineral property expenditures	(4,903,822)	(3,593,363)	(587,561)
Capital assets	(9,110)	(31,996)	—
	(4,912,932)	(3,625,359)	(587,561)
Increase (decrease) in cash	(4,500,413)	4,759,940	1,987,039
Cash and cash equivalents, beginning of year	7,047,004	2,287,064	300,025
Cash and cash equivalents, end of year	\$ 2,546,591	\$ 7,047,004	\$ 2,287,064
Net change in non-cash working capital items			
Receivables	167,828	(181,549)	(11,692)
Prepaid expenses	(74,314)	(162)	74,869
Supply inventory	(156,639)	—	—
Accounts payable and accrued liabilities	512,141	(160,315)	266,394
	449,016	(342,026)	329,571

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF MINERAL PROPERTIES*For the years ended December 31, 2001, 2000 and 1999.*

<i>(in Canadian dollars)</i>	2001	2000	1999
TORNGAT Diamond Property			
Balance, beginning of year	\$ 2,975,635	\$ 213,376	\$ —
Drilling, assays and related field work	504,946	2,689,856	147,467
Project administration and general	10,216	21,718	21,509
Property acquisition and holding costs	32,700	50,685	44,400
Property costs written off (note 3(a))	(218,060)	—	—
Total expenditures during the year	329,802	2,762,259	213,376
Balance, end of year	3,305,437	2,975,635	213,376
Jackson Inlet Diamond Property			
Balance, beginning of year	518,192	—	—
Drilling, assays and related field work	3,773,516	415,731	—
Project administration and general	42,864	28,085	—
Property acquisition and holding costs	129,918	74,376	—
Total expenditures during the year	3,946,298	518,192	—
Balance, end of year	4,464,490	518,192	—
Atlanta Gold Property			
Balance, beginning of year	13,415,846	13,135,263	12,912,259
Drilling, assays and related field work	12,649	2,425	1,619
Project administration and general	111,627	124,389	111,221
Property acquisition and holding costs	118,464	209,769	110,164
Costs recovered during the year (note 3(c))	(113,235)	(56,000)	—
Total expenditures during the year	129,505	280,583	223,004
Balance, end of year	13,545,351	13,415,846	13,135,263
Indonesia Properties			
Balance, beginning of year	2,142,437	4,503,208	7,020,754
Exploration costs	—	—	84,087
Project administration and general	448,157	52,129	—
Property acquisition and holding costs	—	—	(76,455)
Property costs written off (note 3(d))	(1,158,296)	(2,412,900)	(2,525,178)
Total expenditures during the year	(710,139)	(2,360,771)	(2,517,546)
Balance, end of year	1,432,298	2,142,437	4,503,208
	\$ 22,747,576	\$ 19,052,110	\$ 17,851,847

The accompanying notes are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in Canadian dollars)	Shares issued and subscribed		Special Warrants issued		Accumulated deficit	Total
	Number of shares	Ascribed value	Number of shares	Ascribed value		
Balance, December 31, 1998	43,269,060	\$ 31,985,105	—	\$ —	\$ (12,010,026)	\$ 19,975,079
Issue of shares for cash						
– at \$0.16 per share on offering, net of share issue costs	3,750,000	582,980	—	—		582,980
– at \$0.17 per share on exercise of warrants	200,000	34,000	—	—		34,000
– at \$0.15 to \$0.25 per share on exercise of options	1,425,000	241,250	—	—		241,250
Issue of Special warrants (note 4(d))	—	—	6,160,328	1,906,592		1,906,592
Loss for the year					(3,180,172)	(3,180,172)
Balance, December 31, 1999	48,644,060	32,843,335	6,160,328	1,906,592	(15,190,198)	19,559,729
Issue of shares for cash						
– at \$0.85 per flow through share, net of share issue costs (note 4(d))	7,600,950	5,667,047	—	—		5,667,047
– at \$0.85 per common share, net of share issue costs (note 4(d))	2,801,371	2,081,165	—	—		2,081,165
– at \$0.35 per share on exercise of broker warrants (note 4(d))	308,016	107,806	—	—		107,806
– at \$0.17 to \$0.40 per share on exercise of warrants	4,589,648	1,370,073	—	—		1,370,073
– at \$0.15 to \$0.35 per share on exercise of options	300,000	82,000	—	—		82,000
Issue of shares to Helix Resources Inc. (note 3(b))	30,000	19,800	—	—		19,800
Issue of Special warrants (note 4(d))	6,160,328	1,906,592	(6,160,328)	(1,906,592)		—
Loss for the year					(2,940,947)	(2,940,947)
Balance, December 31, 2000	70,434,373	44,077,818	—	—	(18,131,145)	25,946,673
Issue of shares for cash						
– at \$0.20 and \$0.50 per share on exercise of warrants	2,000,005	569,893	—	—		569,893
– at \$0.17 to \$0.35 per share on exercise of options	625,000	149,250	—	—		149,250
Issue of shares to Helix Resources Inc. (note 3(b))	45,000	18,000	—	—		18,000
Issue of shares to Indotan Inc. (note 3(d))	300,000	150,000	—	—		150,000
Voisey Bay Resources Inc. consolidation	(34)	—	—	—		—
Loss for the year					(2,104,747)	(2,104,747)
Balance, December 31, 2001	73,404,344	\$ 44,964,961	—	\$ —	\$ (20,235,892)	\$ 24,729,069

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three years ended December 31, 2001 (in Canadian dollars)

1. NATURE OF OPERATIONS

The Company's two diamond properties, located in Northern Québec and on Baffin Island, are currently in the exploration stage. The Atlanta Gold Property (the "Atlanta Property"), located in Idaho, U.S.A., and which contains known mineral reserves, is in the feasibility stage currently awaiting financing.

The recoverability of exploration and development expenditures is dependent upon the discovery of economically recoverable reserves, the ability to obtain necessary financing, obtain government approval and attain profitable production.

On March 15, 2000, Twin Gold Corporation changed its name to Twin Mining Corporation ("the Company") and continued into the Province of Ontario under the Business Corporations Act (Ontario) ("OBCA").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of presentation

The consolidated financial statements are presented in Canadian dollars and are prepared in accordance with accounting principles generally accepted in Canada.

b) Use of estimates

The preparation of the consolidated financial statements in conformity with Canadian generally accepted accounting principles (Canadian GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amount of expenses during the period. Actual results could differ from those reported.

c) Cash and cash equivalents

Cash and cash equivalents include investments to maturity of less than 90 days after purchase.

d) Supply inventory

Supply inventory is recorded at the lower of cost and net realizable value.

e) Capital assets

Capital assets of the Company include office furniture, fixtures, and equipment and computer hardware and software. The office furniture, fixtures and equipment are depreciated over ten years and the computer hardware and software are depreciated over three years. All capital assets are depreciated on a straight-line basis.

f) Mineral property costs

Direct exploration and development costs are deferred in the accounts, net of amounts recovered from third parties, including receipts from options. At production, these costs will be amortized using the units-of-production method based on estimated reserves. Costs relating to properties abandoned are written off when the decision to abandon is made, or earlier if a determination is made

that the property does not have economically recoverable reserves.

The Company is in the process of exploring and developing its various properties. On a regular basis, the Company reviews the carrying values of deferred mineral property acquisition and exploration expenditures with a view to assessing whether there has been any impairment in value. In the event that reserves are determined to be insufficient to recover the carrying value of any property, the carrying value will be written down or written off, as appropriate.

The Company records its share of the deferred exploration expenditures incurred by the Indonesia joint venture (note 3(d)) on a proportionate consolidation basis.

In March 2000, the Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) issued Accounting Guideline No. 11 entitled Enterprise in the development Stage – (AcG-11). The guideline addresses three distinct issues: (i) capitalization of costs/expenditures, (ii) impairment and (iii) disclosure. Prior to its issuance, development stage entities were exempt from following certain aspects of Canadian GAAP. AcG-11 will require that all companies account for transactions based on the underlying characteristics of the transaction rather than the maturity of the enterprise. In addition, AcG11 will require specific disclosure of information by development stage companies. The guideline was effective for fiscal periods beginning on or after April 1, 2000, which affects the Company's December 2001 fiscal year-end.

The Company is aware that there are two alternative views of how AcG-11 affects mining companies with respect to the deferral of exploration costs. Under the view adopted by the Company, the appropriate accounting guidance is contained in section 3061 "Capital Assets" of the CICA Handbook which permits, but does not require, exploration costs to be capitalized as part of a mining property, if the Company considers that such costs have the characteristics of a capital asset. Under this view, deferred exploration costs would not automatically be subject to regular assessment of recoverability, unless conditions, such as those discussed in AcG-11, exist.

AcG-11 requires the assessment of deferred pre-operating costs at the end of each accounting period. Under the alternative view, there would also be a regular assessment of deferred exploration costs. Assessment of the probability of recoverability of deferred exploration costs from future operations will require the preparation of a projection based on objective evidence of economic reserves, such as a feasibility study. The stage of the Company's operations is such that like most mining companies in the exploration stage, it would not be practicable to obtain a feasibility study or provide other information that could be used to support capitalization of deferred exploration costs under the alternative view.

Under the interpretation followed by the Company, the guideline did not have a significant impact on its financial statements. However, should the alternative interpretation be determined

by the accounting profession and the securities regulators to be appropriate, all deferred exploration costs would be written off as of the beginning of the year. This write-off would be treated as a change in accounting principle.

The accounting profession and securities regulators are currently evaluating this issue to determine the appropriate interpretation of AcG-11 and CICA Handbook section 3061.

g) Loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted monthly average number of common shares outstanding during the year, including contingently issuable shares which are included when the conditions necessary for issuance have been met. Diluted loss per share is calculated in a manner similar to basic loss per share, except the weighted-average shares outstanding are increased to include potential common shares from the assumed exercise of options and warrants, if dilutive. The number of additional shares included in the calculation is based on the treasury stock method for options and warrants.

During the year ended December 31, 2001, the Company changed its method of accounting for loss per share to comply with the revised standard issued by the CICA Handbook, section 3500, "Earnings per share". There was no difference between the loss per share calculated under the new standard and the amount that would have been calculated using the previous standard.

h) Translation of foreign currencies

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at exchange rates in effect at the date of the transactions. Exchange gains or losses arising on translation are included in income or loss for the year.

i) Financial Instruments

The carrying amounts of cash, receivables, accounts payable and accrued liabilities approximate the fair values of those financial instruments due to the short-term maturity of such instruments. The Company places its cash with high quality financial institutions.

j) Stock options

The Company issues stock options from time to time to its employees and directors, which are described in note 4(c). No compensation expense is recognized for these options when issued to employees and directors. Any consideration paid by employees and directors upon exercise of stock options is credited to share capital.

k) Income taxes

The provision for future income taxes is based on the liability method. Future income taxes arise from the recognition of the tax consequences of temporary differences by applying statutory tax

rates applicable to future years to differences between the financial statements' carrying amounts and the tax bases of certain assets and liabilities. The Company records a valuation allowance against any portion of those future income tax assets that it believes will, more likely than not, fail to be realized.

3. MINERAL PROPERTIES

a) TORNGAT Diamond Property

In 1999, the Company was granted four contiguous Diamond Mine Exploration permits ("the permits") by the Quebec Ministry of Natural Resources for a period of five years which cover 444 sq. km on the east coast of Ungava Bay in Northern Quebec.

In 2000, the Company was granted a fifth permit, which covers an additional 62.85 sq. km.

During the year, the Company renewed three of the permits which cover 327 sq. km. Total costs of the permits for the year were \$32,700 (2000 - \$50,685) and the permits are renewable after five years. Total costs of \$218,060 for the two abandoned permits were written off during the year.

b) Jackson Inlet Diamond Property

On April 27, 2000, the Company signed a letter agreement ("the Agreement") with Helix Resources Inc. ("Helix"), a private company based in Niagara Falls, Ontario, for a second diamond property. The Agreement stated that the Company had until October 31, 2000, to conduct due diligence concerning three mining claims totaling 28.85 sq. km (7,128.5 acres) staked on the Jackson Inlet Property on the Brodeur Peninsula of Baffin Island ("Jackson Inlet"). Fulfilling the assessment requirements on these mining claims conferred the right to exercise the Agreement by paying \$50,000 and issuing 30,000 common shares of the Company to Helix. The Agreement was extended to December 15, 2000, and on that date, the Company exercised its right to acquire Helix's rights in the mineral claims.

During the year, the Company paid \$100,000 and issued 45,000 common shares of the Company to Helix to maintain the Agreement in good standing. The Company can continue to maintain the Agreement in good standing by paying Helix the following amounts:

Due Date	Payment amount	Common shares
December 31, 2002	\$ 150,000	75,000
December 31, 2003	\$ 200,000	105,000
December 31, 2004	\$ 250,000	120,000
December 31, 2006	\$ 100,000	-

In addition, \$500,000 is due upon receipt of all development permits and \$1,000,000 plus 500,000 common shares is due upon production of 500,000 carats. Subsequently, a 5% net profits interest and a 1% gross royalty is due after crediting all previous payments.

In May 2000, the Company staked another 16 mineral claims covering 106.39 sq. km (26,289.85 acres) in an area close to the claims acquired above by paying an initial filing fee of \$0.10 per

acre (or \$2,629). Subsequent to December 15, 2000, one of the claims covering 10.03 sq. km (2,480 acres) was allowed to lapse. During the current year, the Company staked another 61 mineral claims covering a further 529.77 sq. km (130,908.35 acres) by paying initial filing fees of \$13,091. By the end of fiscal 2001, the Company owns a 100% interest in 79 mineral claims totaling 654.97 sq. km (161,846.7 acres) within the region.

The Company has recorded inventory at a cost of \$156,639 in connection with fuel and supplies acquired in September 2001 for use in the diamond exploration program expected to commence in Spring 2002.

c) Atlanta Gold Property, Idaho, U.S.A.

On July 22, 1997, the Company and Standard Mining (formerly Quest International Resources Corporation) ("Quest") entered into a joint venture whereby the Company is the operator of the Atlanta Gold Property with an 80% interest, with Quest holding the remaining 20% participating interest. Quest has subsequently advised the Company that it had elected under the joint venture agreement not to participate in its contractual share of further property costs incurred after 1997. As a result, Quest's interest in the project will be proportionately reduced as the Company makes further expenditures on the property.

On February 2, 1999, the Company had signed a Lease/Option to Purchase Agreement ("the Monarch Agreement") with Monarch Greenback, LLC ("Monarch") relating to Monarch's surface and mineral rights to the Atlanta Gold Property. During the term of the ten-year lease, the Company has the option to purchase such surface and mineral rights for US\$2 million. If this option is exercised, the existing minimum annual rental payments on such surface and mineral rights will be terminated and replaced by a net smelter royalty of 0.5% of gold sales if the average realized gold price is US\$365 per ounce or less. For each US\$1 increase in the average realized gold price over US\$365 per ounce, the net smelter royalty will be increased by 0.01% to a maximum rate of 3.5%. In 1999, the Company amended the minimum annual rental payment to Monarch. U.S.\$25,000 owing in 1999, was paid in January 2000 and the U.S.\$75,000 unpaid balance was added to the option price. In May 2000, the Company paid US\$100,000 in minimum annual rental payment to Monarch. In 2001, the Monarch Agreement was further amended such that, commencing in 2001, the Company will pay Monarch US\$50,000 per year in minimum annual rental payments until 2008. The cumulative balance owing to 2008 of US\$800,000 will be added to the option price. By then, the option price to purchase such surface and mineral rights will be US\$2,875,000.

A net smelter returns royalty is payable on production from the Atlanta Property, subject to annual payments to the lessors as set forth below. These payments are required to keep the agreements in good standing. The advance royalty payments will be terminated if the option to purchase is exercised. In 2000, the Company paid US\$55,000 in advance royalty payments and interest expense of US\$1,458 (1999 – nil). In 2001, the mining lease and option to purchase agreements were amended such that, in 2001, the US\$15,000 in advance royalty payments were made to the lessors.

Year ending December 31,	Minimum annual rental payments US\$	Advance royalty payments US\$
2002 to 2005	50,000	17,500
2006	50,000	159,500
2007 to 2008	50,000	20,000
2009 to 2011	–	20,000
2012 to 2015	–	10,000

In August 2000, a wildfire that was raging in the United States mountain States, including Idaho, destroyed several items on the Atlanta Gold Property. The Company filed a claim for damages with its insurance company. In 2000, the insurer issued proceeds of US\$38,206 and, in May 2001, after further negotiations, the insurer paid another US\$71,794. The proceeds were credited to mineral costs recovered.

d) Indonesia Properties

The acquisition of title to mineral projects is a very time consuming process. Although the Company has taken every precaution to ensure that legal title to its properties is properly recorded in the name of the Company, there can be no assurance that such title will ultimately be secured. The Company's interest in the majority of its properties in Indonesia are held under applications for Contract of Work ("C.O.W.") which, if approved, may not cover all of the areas applied for. Furthermore, there is no assurance that its interests in such properties may not be challenged.

In January 2001, the legal claim alleging constructive dismissal commenced in 1999 by the Company's former Exploration Manager in Indonesia was settled for US\$175,000.

i) Layuh Joint Venture Agreement

In 1997, the Company entered into agreements with PT Harita Jayaraya ("PT Harita"), an Indonesian company, to form a joint venture to explore for gold and related minerals. The Company will have an 85% interest in the venture and be the operator and technical advisor to the venture. The 15% interest of PT Harita is a carried interest.

In May 1999, the Company notified the Indonesian Ministry of Mines of its intent to proceed with its application for a seventh generation C.O.W. In October 1999, the Company received draft seventh generation C.O.W. for initialing. Accordingly, the Company continues to operate on a care and maintenance basis in connection with the property.

ii) Indotan Joint Venture Agreement

In 1996, the Company entered into a joint venture with Voisey Bay and Indotan Inc. ("Indotan") for the acquisition of exploration and mining rights on seven mineral properties in Kalimantan, Indonesia.

In order to keep the joint venture in good standing, the Company was required to issue one common share for each US\$0.75 spent by the joint venture on the mineral properties to a maximum of 2,000,000 common shares, and also, one further common share for each US\$1 spent, to a maximum of 1,500,000 common shares.

In September 1999, the Company exercised its right under the agreement and notified Indotan of its decision to cease participation in the agreement. In March 2000, Indotan commenced legal proceedings against the Company, seeking 3,500,000 common shares of the Company arising from spending commitments on the properties by the Company. In October 2001, the Indotan claim was settled by paying \$7,800, issuing 300,000 common shares of the Company, and transferring the Company's portion of the Saran Properties, having a carrying value of \$297,124, to Indotan.

During the year, the Company wrote down the carrying value of the Indonesia Properties, including the cost of the two legal claims settled, by a total of \$1,158,296 (2000 – \$2,412,900; 1999 – \$2,525,178).

4. CAPITAL STOCK

a) Authorized share capital

The Company increased its authorized share capital from 100,000,000 to 150,000,000 common shares without par value on December 30, 1999. Following the continuance into the Province of Ontario on March 15, 2000 under the OBCA (note 1), the Company's authorized capital consists of an unlimited number of common shares, an unlimited number of first preference shares, issuable in series and an unlimited number of second preference shares, issuable in series.

b) Warrants

The following summarizes warrants that have been granted, exercised or have expired during the three years ended December 31, 2001:

	Number of Shares	Exercise price \$
Outstanding, December 31, 1998	10,265,603	
Warrants exercised	(200,000)	0.17
Warrants expired	(5,301,655)	0.60 to 0.71
Warrants cancelled	(3,500,000)	0.75 to 1.33
Warrants issued on issuance of shares for cash	3,750,000	0.17 and 0.20
Outstanding, December 31, 1999	5,013,948	
Warrants exercised	(4,897,664)	0.17 to 0.40
Warrants cancelled	(785,743)	0.40
Warrants issued on issuance of shares for cash	2,746,829	0.40 and 0.85
Warrants issued as part of underwriting fees (note 4(d))	1,036,178	0.35 and 0.85
Outstanding, December 31, 2000	3,113,548	
Warrants exercised	(2,000,005)	0.20 and 0.50
Warrants expired	(1,113,543)	0.20 to 0.85
Outstanding, December 31, 2001	—	

c) Stock options

The Company has a stock option plan to provide employees and directors with options to purchase common shares of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock on the day of grant and the maximum term of any option is five years. The following summarizes the employee and director stock options that have been granted, exercised, cancelled or expired during the three years ended December 31, 2001:

	Number of Shares	Weighted average exercise price \$
Outstanding, December 31, 1998	3,255,000	0.67
Options granted	2,800,000	0.22
Options exercised	(1,425,000)	0.17
Options expired	(500,000)	1.10
Options cancelled	(1,050,000)	0.56
Outstanding, December 31, 1999	3,080,000	0.46
Options granted	1,150,000	0.44
Options exercised	(300,000)	0.27
Outstanding, December 31, 2000	3,930,000	0.47
Options granted	950,000	0.51
Options exercised	(625,000)	0.24
Options expired	(455,000)	0.69
Outstanding, December 31, 2001	3,800,000	0.50

All options outstanding at December 31, 2001 expire at various dates to June 1, 2006 and are immediately exercisable upon granting. The Company amended the Stock Option Plan on March 15, 2000 to reserve an additional 2,500,000 common shares for issue and increase the number of common shares available for issue from 5,000,000 to 7,500,000. As of December 31, 2001, there are 5,150,000 additional common shares in reserve available for stock compensation.

The weighted-average remaining contractual life of all stock options outstanding is 35 months.

Expiry date	Number of Stock options	Exercise price \$
January 21, 2002	250,000	0.69
April 18, 2002	300,000	0.65
May 15, 2002	200,000	0.65
December 31, 2002	50,000	0.65
April 30, 2003	200,000	0.32
June 30, 2003	50,000	0.65
December 22, 2004	650,000	0.35
February 4, 2005	150,000	0.49
December 22, 2005	1,000,000	0.43
January 30, 2006	150,000	0.45
June 1, 2006	800,000	0.52
	3,800,000	

(d) Public Offering

On December 31, 1999, the Company completed an offering of 3,615,086 class A special warrants and 1,878,572 class B special warrants, at a price of \$0.35 per special warrant, and 666,670 class C special warrants at a price of \$0.45 per class C special warrant for total gross proceeds of \$2,222,782. Each class A special warrant was exchangeable for one flow through common share and one half of one common share purchase warrant of the Company. Each class B special warrant was exchangeable for one common share and one half of one common share purchase warrant of the Company. Each class C special warrant was exchangeable for one flow through common share. In addition to a 7% cash underwriting fee, the agents of the offering were granted 308,016 common share purchase warrants exercisable for 308,016 common shares of the Company at \$0.35 per warrant.

On May 5, 2000, the common shares, flow through common shares and common share purchase warrants issued in 1999 were qualified for distribution with the issuance of a receipt for a final prospectus of the Company. In addition, on May 19, 2000, the Company issued a further 7,600,950 flow through common shares and 2,801,371 common shares at a price of \$0.85 per share for total gross proceeds of \$8,841,973. Again, in addition to a 7% cash underwriting fee, the same agents were granted 728,162 common share purchase warrants each exercisable for 728,162 common shares of the Company at \$0.85 per warrant.

On December 15, 2000 and December 28, 2000, the agents exercised the 308,016 common share purchase warrants granted in 1999. In 2001, the 728,162 common share purchase warrants issued to the agents in 2000 expired.

(e) Shareholder Rights Plan

In November 2000, the Board of Directors adopted a Shareholder Rights Plan (the "Plan"), the terms of which are set forth in a Shareholder Rights Plan Agreement dated as of November 17, 2000 between the Company and Equity Transfer Services Inc. During the year, the Plan was approved by the shareholders at the annual meeting held on March 15, 2001. The Plan will be in effect until the 2011 annual meeting, unless terminated earlier by the Board of Directors.

Under the Plan, a right to purchase one of the Company's common shares (a "Right") was issued for each outstanding common share as of November 17, 2000. In addition, a Right will be issued for each share issued subsequent to November 17, 2000 and prior to the separation date of the Rights. The rights are initially not separate from the Company's common shares nor are they represented by separate certificates. However, upon a person acquiring ownership of 20% or more of the Company's common shares (other than by means of complying with the Plan's Permitted Bid provisions or with

approval of the Board of Directors of the Company), a holder of a Right (other than the acquiror of 20% or more of the Company's common shares) becomes entitled to exercise the Right and to purchase the number of common shares as determined under the Plan at a 50% discount to the then prevailing market price per share.

Under the Plan, a Permitted Bid is, among other things, a bid made to all shareholders for all common shares that is open for at least 60 days and which must be accepted by holders of at least 50% of the Company's outstanding common shares, excluding shares held by the offeror and certain related parties. If at the end of 60 days, at least 50% of the outstanding shares, other than those owned by the offeror and certain related parties, have been tendered to the bid, the offeror may take up and pay for the shares, but must extend the bid for a further 10 days to allow other shareholders to tender. The Rights may, in certain circumstances, be redeemed by the Company at a price of \$0.00001 per Right.

5. GOLD CALL OPTIONS

In 1999, the Company entered into gold call option transactions. Call options for 15,000 ounces of gold, exercisable at US\$290 per ounce and maturing in June 2001, were sold for US\$243,000. Call options for 20,000 ounces of gold, exercisable at US\$320 per ounce and maturing in June 2001, were purchased for US\$128,000. The Company received cash proceeds of US\$106,250 (net of commission of US\$8,750). During the year, the gold call options contracts expired and the gold call option liability of US\$35,000 was recorded as income (2000 – US\$51,000; 1999 – US\$20,250). In 2001, \$10,000 (US\$6,500) was paid as interest expense for the balance outstanding since 1999.

6. INCOME TAXES

The Company has non-capital tax losses of approximately \$5,626,000 expiring between 2002 and 2008, which are available to reduce future Canadian taxable income. These losses expire as follows:

2002	\$ 305,000
2003	397,000
2004	1,622,000
2005	1,132,000
2006	660,000
2007	480,000
2008	1,030,000
	<hr/>
	\$ 5,626,000

The Company has operating losses of approximately US\$8,224,000 expiring between 2002 and 2019, which are available to reduce future United States taxable income. No benefit realized from these non-capital losses are recorded as an asset. The Company did not pay any income taxes in 2001, 2000 or 1999.

7. SEGMENTED INFORMATION

The Company has operated in the following geographical segments: Canada, United States, and Indonesia. Corporate administrative activities are conducted from Canada. The income and expenses for the three years ended December 31, 2001, and the assets of those years identifiable to those segments are as follows:

	Canada	USA	Indonesia	Consolidated
December 31, 2001				
Interest and other income	\$ 262,105	\$ —	\$ —	\$ 262,105
Loss (gain) for the year	948,116	(1,665)	1,158,296	2,104,747
Identifiable assets	10,619,061	13,557,539	1,432,298	25,608,898
December 31, 2000				
Interest and other income	\$ 356,217	\$ —	\$ —	\$ 356,217
Loss for the year	527,297	750	2,412,900	2,940,947
Identifiable assets	10,802,247	13,421,126	2,142,437	26,365,810
December 31, 1999				
Interest and other income	\$ 32,565	\$ 408	\$ —	\$ 32,973
Loss (income) for the year	679,800	(13,575)	2,513,947	3,180,172
Identifiable assets	2,563,296	13,148,227	4,503,208	20,214,731

8. CONTINGENCY AND COMMITMENTS

In November 1999, Atlanta Gold Corporation of America, Inc., the wholly owned U.S. subsidiary of the Company, was named as a third party defendant in a lawsuit commenced by Monarch against Doe Run Resource Corporation with respect to environmental liability on the Butler Ranch, which is adjacent to the Atlanta Property. Legal counsel was instructed to ask for dismissal of the case and a federal U.S. Magistrate Judge has recommended for dismissal of the claim to the U.S. District Judge in Boise, Idaho. The claim is currently awaiting a final ruling by the U.S. District Judge.

The Company has operating lease commitments until 2005 as follows:

2002	\$ 65,000
2003	\$ 67,000
2004	\$ 65,000
2005	\$ 5,000

9. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the presentation adopted in 2001.

Corporate Information

Directors

Hermann Derbuch, P.Eng*
Chairman, President and Chief Executive Officer
Twin Mining Corporation

James K. Gray, O.C.*
Founder and former Chairman,
Canadian Hunter Exploration Ltd.

Gerard E. Munera
Former President & Chief Executive Officer
Minorco (USA)

Robert Pendreigh, P.Eng.
Technical Director, Process, Mining and Metals,
AMEC E&C Services Limited

Alfred Powis, O.C.*
Former Chairman & Chief Executive Officer
Noranda Inc.

** Member of the Audit Committee*

Senior Management

Douglas Glaspey, B.Sc.
Project Manager
Atlanta Gold Project

Senior Consultants

Dallas Davis, P.Eng
Consultant – Diamond Exploration

Hendrik Visagie, MBA, B.Sc.
Consultant – Business Development

Officers

Hermann Derbuch, P.Eng*
Chairman, President and Chief Executive Officer
Domenico Bertucci, CA
Chief Financial Officer

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Barristers & Solicitors
Patent & Trade Mark Agents
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Auditors

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Chartered Accountants
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Royal Trust Tower, Suite 3000
Toronto Dominion Centre
Toronto, Ontario, Canada, M5K 1G8

Registrar & Transfer Agent

Equity Transfer Services Inc.
Suite 420, 120 Adelaide Street West
Toronto, Ontario, Canada, M5H 4C3

Stock Exchange Listings

The Toronto Stock Exchange Symbol: TWG
Berlin/Frankfurt OTC Exchange, Germany
878341, EDV-Kürzel ATG

Authorized Capital

Unlimited common shares
Unlimited first preference shares, issuable in series
Unlimited second preference shares, issuable in series

Issued Capital

73,404,344 Common Shares (January 2002)

Annual Meeting

The Annual and Special Meeting of the Shareholders
will be held at 11:00 a.m., Wednesday, March 20, 2002 at:
The Hilton Toronto
145 Richmond Street West,
Toronto, Ontario, Canada, M5H 2L2

