ECHO BAY MINES LTD
Form 10-K
March 31, 2003

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-8542

ECHO BAY MINES LTD.
(Exact name of registrant as specified in its charter)

Incorporated under the laws of Canada	None
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
52nd Floor, Scotia Plaza, 40 King Street West Toronto, Ontario	M5H 3Y2
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (416) 365-5123

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Share Purchase Warrants	American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item

405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes X No

Aggregate market value of the voting securities held by non-affiliates of the registrant at June 28, 2002.....U.S.$275,019,983

Number of common shares outstanding as of March 26, 2003.....541,272,675

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CAUTIONARY "SAFE HARBOR" STATEMENT UNDER THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

With the exception of historical matters, the matters discussed in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from targeted or projected results. Such forward-looking statements include statements regarding:

- targets for:
  - gold and silver production;
  - cash operating costs and certain significant expenses;
  - percentage increases and decreases in production from the Company's principal mines;
- schedules for completion of detailed feasibility studies and initial feasibility studies;
- potential changes in reserves and production;
- the timing and scope of future drilling and other exploration activities;
- expectations regarding receipt of permits and commencement of mining or production;
- anticipated grades and recovery rates;
- ability to secure financing;
- potential acquisitions or increases in property interests; and
- divestitures or decreases in property interests.

Factors that could cause actual results to differ materially include, among others:

- fluctuations in gold and silver prices;
- fluctuations in grades and recovery rates;
- geological, metallurgical, processing, access, transportation or other problems;
- results of exploration activities or feasibility studies;
- changes in project parameters as plans continue to be refined;
- political, economic and operational risks;

- availability of materials and equipment;
- regulatory risks, including reclamation security requirements and the timing for the receipt of governmental permits;
- force majeure events;
- the failure of plant, equipment or processes to operate in accordance with specifications or expectations;
- accidents;
- labor relations;
- delays in start-up dates for projects;
- environmental costs and risks; and
- other factors described herein or in the Company's filings with the U.S. Securities and Exchange Commission.

Many of these factors are beyond the Company's ability to predict or control. Readers are cautioned not to put undue reliance on forward-looking statements. See "Risk Factors" for items that could affect forward-looking statements.

PART I

ITEMS 1 AND 2-BUSINESS AND PROPERTIES

INTRODUCTION

In this report, the "Company" or "Echo Bay" refers to Echo Bay Mines Ltd. and its subsidiaries unless the context specifies otherwise. The Company's financial statements are presented in accordance with generally accepted accounting principles in Canada. In this report, all dollar amounts are expressed in U.S. dollars unless specified otherwise.

On June 10, 2002, the Company, Kinross Gold Corporation ("Kinross") and TVX Gold Inc. ("TVX") announced they had entered into an agreement (the "Kinross Combination") providing for the proposed combination of the companies. In a concurrent transaction, TVX agreed to acquire from Newmont Mining Corporation ("Newmont") the interest in the TVX Newmont Americas joint venture that it did not already own. The combination of the companies was conditional upon the completion of this purchase. On January 31, 2003 the purchase from Newmont and the proposed combination were completed. Shareholders of Echo Bay (other than Kinross) received 0.1733 of a Kinross common share for each Echo Bay common share after giving effect to a three-for-one share consolidation of the outstanding common shares of Kinross immediately prior to the combination. As a result, the Company and its subsidiaries are now wholly-owned subsidiaries of Kinross.

The Company is a North American gold mining company which mines, processes and explores primarily for gold. The Company has two operating mines: Round Mountain in Nevada, United States and Lupin in Nunavut Territory, Canada. The Company's Kettle River mine in Washington, United States was placed on care and maintenance during the fourth quarter of 2002. The Company holds a 100% interest in its Kettle River and Lupin mines and a 50% interest in its Round Mountain mine, which it operates, with the remaining 50% interest held by affiliates of Barrick Gold Corporation.

The Company's operations in 2002 were, and will continue to be, materially affected by the price of gold, which averaged $310 per ounce in 2002, $271 in 2001 and $279 in 2000. At December 31, 2002 the gold price was $343 per ounce. Throughout this report, the terms "ounce" and "milliounce" are used as abbreviations for the troy ounce measure of weight. One troy ounce is equal to 31.103 grams and one milliounce represents 0.001 ounce.

In 2002, the Company produced a total of 538,709 ounces of gold and 1,470,094 ounces of silver at an average cash operating cost of $221 per ounce. Cash operating costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures, please refer to the disclosure under the heading "Calculation of Cash Operating Costs and Total Production Costs" on pages 5 and 6. Total cash operating costs and cash operating costs per ounce are calculated in accordance with gold industry guidelines. These per ounce measures may not be comparable to similarly titled measures of other companies. Production costs per ounce are derived from amounts included in the audited Statements of Operations and include mine site operating costs such as mining, processing, administration, transportation, royalties, production taxes, depreciation, amortization and reclamation costs, but exclude financing, capital, development and exploration costs. These costs are then divided by gold and gold equivalent ounces produced to arrive at the total production costs per ounce. The measures are furnished to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

In 2002, the Company reported a net loss of $7.7 million on revenues of $206.5 million. At December 31, 2002, the Company had an aggregate of 3.4 million ounces of gold reserves and no silver reserves.

On April 3, 2002 the Company issued 361,561,230 common shares, representing approximately 72% of the then outstanding common shares after giving effect to such issuance, in exchange for all of its $100

million aggregate principal amount of 11% junior subordinated debentures due 2027, plus accrued and unpaid interest thereon (see note 7 to the Company's consolidated financial statements).

In May 2002, the Company sold a total of 39,100,000 units at a price of $0.70 per unit for aggregate gross proceeds of approximately $27.4 million. Each unit consisted of one common share and one share purchase warrant. The common shares and the warrants comprising the units separated upon closing and the warrants continue to trade on the Toronto Stock Exchange and on the American Stock Exchange. As a consequence of the Kinross Combination, each warrant, previously entitling the holder to purchase one common share of the Company, now entitles the holder to purchase 0.1733 of a post-consolidated Kinross common share at a price of $0.90, at any time prior to November 14, 2003.

On June 9, 2002, Echo Bay Exploration Inc. and Echo Bay Minerals Company, two subsidiaries of the Company, entered into an asset purchase agreement, amended November 19, 2002, with Newmont USA, a subsidiary of Newmont, providing for the conveyance of the McCoy/Cove complex in Nevada, U.S.A. to Newmont. The agreement replaced a letter agreement dated February 13, 2002 related to the conveyance of the McCoy/Cove complex, which called for a payment to our subsidiaries of $6 million and the assumption by Newmont of all reclamation and closure obligations. Under the February 13, 2002 letter agreement, Newmont had no obligation to complete the transaction. Newmont indicated it was willing to proceed with the conveyance of the McCoy/Cove complex only if the Kinross Combination was completed and the cash payment was eliminated. Accordingly, a new agreement was reached expressly containing these two conditions. The closing of the transaction was subject to, among other conditions, the completion of the Kinross Combination. The Kinross Combination was completed January 31, 2003 and the McCoy/Cove assets were subsequently conveyed to Newmont on February 7, 2003. In consideration, Newmont has agreed to assume all liabilities and obligations relating to the reclamation or remediation required for the McCoy/Cove complex.

On February 27, 2003, Round Mountain Gold Corporation, a wholly-owned subsidiary of the Company along with Kinross and two of its wholly-owned subsidiaries ("the Borrowers"), entered into a new syndicated credit facility. The new syndicated credit facility has a maturity date of December 31, 2005 and a total committed amount of $125.0 million. The primary purpose of the credit facility is to enable the Borrowers to issue letters of credit to various regulatory agencies to satisfy financial assurance requirements. Shares of Round Mountain Gold Corporation along with various other assets of Kinross are pledged as collateral for this facility.

For 2003, the Company expects to produce 500,000 ounces of gold at an average cash operating cost of $211 per ounce of gold. The expected decline in production and average cash operating cost is the result of the completion of mining and processing at McCoy/Cove on March 31, 2002 and the cessation of mining operations at Kettle River in October, 2002. For a general identification of risk factors involved in the Company's business, see "Cautionary `Safe Harbor' Statement under the United States Private Litigation Reform Act of 1995" and "Risk Factors."

[PICTURE DEPICTING THE GENERAL GEOGRAPHICAL LOCATION OF MINING PROPERTIES AND OFFICES ON A MAP OF NORTH AMERICA]

PROPERTY AND OFFICE LOCATIONS

Operating & Development Properties:	Offices:
A. Round Mountain (Nevada)(1) (4)	1. Toronto (Ontario)
B. Lupin (Nunavut)(4)	2. Edmonton (Alberta)(6)
C. Kettle River (Washington)(2)	3. Englewood (Colorado)(6)
D. McCoy/Cove (Nevada)(3)	4. Reno (Nevada)(6)
E. Aquarius (Ontario)(5)	

(1) 50% ownership
(2) Property placed on care and maintenance October 2002
(3) Property conveyed to Newmont February 7, 2003
(4) Operating mine
(5) Development property
(6) Office in the process of being closed effective January 31, 2003

MATERIAL SUBSIDIARIES
(all 100% owned)
Echo Bay Inc. (Delaware)
- Echo Bay Finance Corporation (Delaware)
  - Echo Bay Exploration Inc. (Delaware)
- Round Mountain Gold Corporation (Delaware)
- Echo Bay Minerals Company (Delaware)
- Sunnyside Gold Corporation (Delaware)
- Echo Bay Management Corporation (Delaware)

A total of 13 subsidiaries were omitted because they are not considered significant individually or in the aggregate.

OPERATIONS SUMMARY
GOLD AND SILVER PRODUCTION

GOLD PRODUCTION (OUNCES)	2002	2001
Round Mountain (50%) (1)	377,747	373,475
Lupin	113,835	139,327
Kettle River (3)	30,626	50,349
McCoy/Cove (4)	16,501	94,633
Total gold	538,709	657,784
Percentage increase (decrease) from prior year	(18.1%)	(5.3%)

SILVER PRODUCTION (OUNCES)	2002	2001
Total silver - all from McCoy/Cove (4)	1,470,094	6,451,425
Percentage increase (decrease) from prior year	(77.2%)	(47.7%)

REVENUE
REVENUE DATA

Year ended December 31	2002	2001
GOLD		
Ounces sold	547,024	667,015
Average price realized per ounce - revenue basis	$ 361	$ 305
Average price realized per ounce - cash basis (2)	$ 306	$ 281
Average market price per ounce	$ 310	$ 271
Revenue (millions of U.S. dollars)	$ 197.3	$ 203.6
Percentage of total revenue	96%	86%
SILVER		
Ounces sold	2,118,181	7,241,147
Average price realized per ounce - revenue basis	$ 4.36	$ 4.70
Average price realized per ounce - cash basis (2)	$ 4.36	$ 4.77
Average market price per ounce (4)	$ 4.62	$ 4.39
Revenue (millions of U.S. dollars)	$ 9.2	$ 34.1
Percentage of total revenue	4%	14%
Total revenue (millions of U.S. dollars)	$ 206.5	$ 237.7

(1) Echo Bay's 50% share.
(2) Excludes non-cash items affecting gold and silver revenues, such as the recognition of deferred income or deferral of revenue to future periods for hedge accounting purposes.
(3) Mining and processing activities completed October 2002. Mine placed on care and maintenance.
(4) McCoy/Cove completed mining and processing activities on March 31, 2002. The average silver price for the first quarter was $4.49 per ounce. For the purposes of calculating the average gold-to-silver price ratio, the average price of gold during the same period was $290 per ounce.

The effects of changes in sales volume and prices were:

REVENUE VARIANCES
(thousands of U.S. dollars)

Year ended December 31	2002	2001

(Decrease) increase in volume	$ (60,729)	$ (29,968)
Higher (lower) gold prices	30,309	(9,154)
Lower silver prices	(735)	(4,170)
(Decrease) / increase in total revenue from the previous year	$ (31,155)	$ (43,292)

The decrease in gold and silver revenues from 2001 to 2002 was primarily due to lower gold and silver production resulting from the completion of mining and processing activities at McCoy/Cove on March 31, 2002 and the cessation of mining operation at Kettle River in October 2002. Gold production also

declined at Lupin due to lower grades and tons processed. The decrease in gold revenue from 2000 to 2001 was primarily due to lower gold prices realized. The decrease in silver revenues from 2000 to 2001 was due to lower grades and decreased production at McCoy/Cove.

CALCULATION OF CASH OPERATING COSTS AND TOTAL PRODUCTION COSTS

Cash operating costs and total production costs are furnished to provide additional information and are non-GAAP measures. These measures should not be considered in isolation as a substitute for measures of performance prepared in accordance with generally accepted accounting principles and are not necessarily indicative of operating profit or cost from operations as determined under generally accepted accounting principles.

PRODUCTION COSTS

PRODUCTION COSTS PER OUNCE OF GOLD PRODUCED	2002	2001
Direct mining expense	$ 218	$ 214
Deferred stripping and mine development costs	5	11
Inventory movements and other	(2)	(2)
Cash operating costs	221	223
Royalties	14	10
Production taxes	2	--
Total cash costs	237	233
Depreciation	47	41
Amortization	14	14
Reclamation and mine closure	9	8
Total production costs	$ 307	$ 296
Percentage increase (decrease) from prior year	3.7%	9.2%

CASH OPERATING COSTS PER OUNCE OF GOLD PRODUCED	2002	2001
Round Mountain	$ 183	$ 190
Lupin	330	246
KettleRiver	276	288
McCoy/Cove	225	252
Company consolidated weighted average	$ 221	$ 223

Percentage increase (decrease) from prior year	(0.9%)	15.5%

In 2002, the average cash operating cost per ounce was $221 compared with $223 in 2001 and $193 in 2000. Cash operating costs per ounce were marginally lower in 2002 compared to 2001 due to a reduction in the amortization of deferred mining costs at Round Mountain as the deferred mining ratio dropped from 112 tons in 2001 to 95 tons in 2002. This was offset by higher mining costs at Lupin. Cash operating costs per ounce were higher in 2001 compared to 2000, reflecting lower production at McCoy/Cove and Kettle River. The Company's consolidated cash operating cost target is $211 per ounce of gold produced in 2003.

The above non-GAAP measures have been calculated on a consistent basis in each period.

For reasons of comparability, cash operating costs and total production costs do not include items such as property write-downs which do not occur in all periods but are included under GAAP in the determination of net earnings or loss.

Cash operating costs and total production costs are calculated in accordance with the "Gold Institute Production Cost Standard". Cash operating costs and production costs may not be comparable to similarly titled measures of other companies.

Cash operating costs and total production costs are used by management to assess profitability and cash flow of individual operations as well as to compare to other precious metal producers.

Operating costs include mining and processing costs for gold and silver sold during the year. The most significant of these costs are labor, consumable materials, repairs of machinery and equipment, fuel, utilities and environmental compliance. The cost of transporting personnel and freight to the Lupin mine is also a significant cost for that operation.

The reconciliation of cash operating costs per ounce to the financial statements for the last three years is provided below.

RECONCILIATION OF CASH OPERATING COSTS PER OUNCE TO FINANCIAL STATEMENTS (thousands of U.S. dollars, except per ounce amounts)	2002	2001
Round Mountain		
Operating costs per financial statements	$ 68,323	$ 72,049
Change in finished goods inventory and other	991	(1,165)
Cash operating costs	$ 69,314	$ 70,844
Gold ounces produced	377,747	373,475
Cash operating costs per ounce	$ 183	$ 190
Lupin		
Operating costs per financial statements	$ 37,194	$ 34,721
Change in finished goods inventory and other	383	(469)
Cash operating costs	$ 37,577	$ 34,252

Gold ounces produced	113,835	139,327
Cash operating costs per ounce	$ 330	$ 246
Kettle River		
Operating costs per financial statements	$ 9,166	$ 15,555
Change in finished goods inventory and other	(717)	(1,031)
Cash operating costs	$ 8,449	$ 14,524
Gold ounces produced	30,626	50,349
Cash operating costs per ounce	$ 276	$ 288
McCoy/Cove		
Operating costs per financial statements	$ 13,453	$ 53,016
Change in finished goods inventory and other	(4,598)	(2,797)
Cash operating costs	$ 8,855	$ 50,219
Gold ounces produced	16,501	94,633
Silver ounces produced	1,470,094	6,451,425
Average gold-to-silver price ratio	64.6	61.7
Cash operating costs per ounce	$ 225	$ 252
Consolidated		
Operating costs per financial statements	$ 128,136	$ 175,341
Change in finished goods inventory and other	(3,941)	(5,462)
Cash operating costs	$ 124,195	$ 169,879
Gold ounces produced	538,709	657,784
Silver ounces produced	1,470,094	6,451,425
Average gold-to-silver price ratio	64.6	61.7
Cash operating costs per ounce	$ 221	$ 223

RESERVES

The data referred to herein, in respect of mineral reserves and mineral resources, have been verified by Ralph Bullis, Director of Exploration of the Company and by Mr. Rod Cooper, Director of Technical Services for, and a full-time employee of Kinross, the Company's sole shareholder. Mr. Bullis and Mr. Cooper are both "qualified persons" within the meaning of applicable Canadian securities regulatory standards. They have verified the data disclosed herein, including any relevant sampling, analytical and test data. Reserves reported for development properties are reviewed by independent third parties in conjunction with feasibility studies. The following table presents mineral reserves by property. A description of each mine follows the "Mineral Reserves" and "Mineral Resources" sections. See "Risk Factors" for a discussion of items that could affect the Company's reserve estimates.

An "Ore Reserve" or "Mineral Reserve" is the economically mineable part of a measured or indicated resource demonstrated by a feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. An ore reserve or mineral reserve gives effect to diluting materials and allowances for losses that may occur when the material is mined but does not reflect any subsequent losses in leaching or milling. Mineral reserves are further divided into proven and probable mineral reserves.

A "Proven Mineral Reserve" comprises the economically mineable part of a measured mineral resource where there is the highest degree of confidence in the estimate. It is restricted to that part of the deposit where production planning is taking place and for which any variation in the estimate would not significantly affect potential economic viability.

A "Probable Mineral Reserve" is the economically mineable part of an indicated, and in some cases a measured mineral resource where there is a lesser degree of confidence in the estimate. The underlying preliminary feasibility study must address whether economic extraction can be justified.

Mineral Reserves (1)
(thousands, except average grades)
(proven and probable at December 31)

			2002	20
	Tons	Average grade (2)	Contained Ounces	Contain Ounc
GOLD				
MINES:				
Round Mountain (3)	96,056	0.020	1,875	2,2
Lupin	1,328	0.250	332	3
Kettle River	19	0.211	4	
McCoy/Cove (4)	Nil	n/a	-	
			2,211	2,6
DEVELOPMENT PROPERTIES:				
Aquarius	17,527	0.068	1,189	1,1
Total gold			3,400	3,8
SILVER				
McCoy/Cove (4)	Nil	n/a	-	1,1
Total silver			-	1,1

(1) Drill spacing used to determine reserves varies by ore type and are as follows by property: Round Mountain - 50 to 100 feet for proven reserves, 100 to 200 feet for probable reserves; Lupin - 15 feet laterally and 65 feet vertically for proven reserves, 75 feet for probable reserves; Kettle River - up to 50 feet for proven reserves and 50 to 75 feet for probable reserves; McCoy/Cove - 40 to 100 feet for proven reserves, 110 to 230 feet for probable reserves; Aquarius - 82 feet for proven and probable reserves.

(2) Ounces per ton.
(3) The Company's 50% share of tons and contained ounces.
(4) The McCoy/Cove complex was conveyed to a subsidiary of Newmont effective February, 7, 2003.

The Company reports extractable (mineable) mineral reserves. Reserves do not reflect recovery losses in the milling or heap leaching processes, but do

include allowance for dilution of ore in the mining process.

Mineral reserves were estimated based on a gold price of $300 per ounce at December 31, 2002 ($300 per ounce at December 31, 2001 and $300 per ounce at December 31, 2000) and a silver price of $4.25 per ounce at December 31, 2001 and $5.00 per ounce at December 31, 2000. The market price for gold had for more than four years traded, on average, below the level used in estimating reserves at December 31, 2001. However, during 2002 the market price of gold traded at an average price of $310 per ounce and ended the year at $343 per ounce. During the first quarter of 2003, the market price of gold continued to increase to a high of $382 on February 5, 2003 before falling back to $330 on March 26, 2003. If the market price for gold were to have remained depressed and the Company determined that its reserves should be estimated at a significantly lower gold price than that used, there would be a reduction in the amount of gold reserves. In the event that significant reductions in reserves occur, material write-downs of the Company's investment in mining properties and/or increased amortization, reclamation and closure charges may be required.

CHANGE IN PROVEN AND PROBABLE MINERAL RESERVES
The reconciliation of the change in proven and probable reserves from December 31, 2001 to December 31, 2002 is as follows.

	(millions of ounces)	
	Gold	Silver
Proven and probable reserves at December 31, 2001	3.8	1.1
Production (1)	(0.6)	(1.1)
Extensions, discoveries and adjustments		
Round Mountain	0.2	--
Proven and probable reserves at December 31, 2002	3.4	Nil

(1) Production represents previously modeled, in-situ ounces mined during 2002; this amount does not reflect recovery losses from heap leaching and milling.

For further information on mineral reserves for specific mines, see the mines' descriptions in "Business and Properties."

MEASURED AND INDICATED RESOURCES
The term "Mineral Resource" covers mineralization and natural material of intrinsic economic interest, which has been identified and estimated through exploration and sampling, but has not yet been qualified as a Mineral Reserve. Within this mineralization, mineral reserves may subsequently be defined by the consideration and application of technical, economic, legal, environmental, socio-economic and governmental factors. To qualify as a mineral resource the material must have reasonable prospects for economic extraction, having regard to relevant technical and economic factors. Mineral resources are sub-divided, in decreasing order of geological confidence, into measured, indicated and inferred categories.

A "Measured Mineral Resource" is one for which quantity, grade or quality, densities, shape and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered

through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

An "Indicated Mineral Resource" is one where the nature, quality, quantity and distribution of data are such as to allow confident interpretation of the geological framework and reasonably to assume continuity of mineralization. The indicated mineral resource estimate is intended to be of sufficient quality to support a preliminary feasibility study, which can serve as the basis for development and production planning decisions.

CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING ESTIMATES OF MEASURED AND INDICATED RESOURCES This section uses the terms "measured" and "indicated" resources. We advise U.S. investors that while these terms are recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize them. U.S. INVESTORS ARE CAUTIONED NOT TO ASSUME THAT ALL OR ANY PART OF MINERAL DEPOSITS IN THESE CATEGORIES WILL EVER BE CONVERTED INTO MINERAL RESERVES.

The following table presents measured and indicated resources by property. Measured and indicated resources for producing mines and development properties are generally estimated by the Company.

Measured and Indicated Resources (1)(2)
(thousands, except average grades) (at December 31)

	2002		2001		
	Tons	Average grade (3)	Tons	Average grade (3)	Tons
GOLD					
Round Mountain (50%) (4)	6,950	0.020	3,914	0.024	9,353
Lupin	-	-	3	0.215	76
Kettle River	24	0.167	94	0.191	418

(1) Measured and indicated resources have not been included in the proven and probable Ore Reserve estimates because even though enough drilling, trenching, and/or underground work has been completed to indicate a sufficient amount and grade to warrant further exploration or development expenditures, these resources do not qualify under the U.S. Securities and Exchange Commission standards as commercially mineable ore bodies until further drilling, metallurgical work, and other economic and technical feasibility factors based upon such work are resolved. Measured and indicated resources were estimated based on a gold price of $300 per ounce for Kettle River and $325 per ounce for Round Mountain at December 31, 2002.

(2) Quantities of measured and indicated resources are roughly equivalent to the commonly used term "mineralized materials. "

(3) Ounces per ton.

(4) Echo Bay's 50% share.

INFERRED RESOURCES

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

CAUTIONARY NOTE TO U.S. INVESTORS CONCERNING ESTIMATES OF INFERRED RESOURCES

This section uses the term "Inferred Resources." We advise U.S. investors that while this term is recognized and required by Canadian regulations, the U.S. Securities and Exchange Commission does not recognize it. "Inferred Resources" have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Resource will ever be upgraded to a higher category. Under Canadian rules estimates of Inferred Resources may not form the basis of feasibility or other economic studies. U.S. INVESTORS ARE CAUTIONED NOT TO ASSUME THAT ALL OR ANY PART OF AN INFERRED RESOURCE EXISTS, OR IS ECONOMICALLY OR LEGALLY MINEABLE.

The following table presents Inferred Resources by property. Inferred Resources for producing mines and development properties are generally estimated by the Company.

Inferred Resources (1)
(thousands, except average grades) (at December 31)

	2002		2001	
	Tons	Average grade (2)	Tons	Average grade (2)
GOLD				
MINES:				
Round Mountain (50%) (3)	21,500	0.013	29,999	0.014
Lupin	315	0.303	369	0.314
Kettle River	551	0.370	11	0.182
DEVELOPMENT PROPERTIES (4):				
Aquarius	724	0.066	724	0.066
Ulu	1,279	0.326	1,279	0.326

(1) Inferred Resources have not been included in the Proven and Probable Ore Reserve estimates because even though enough drilling, trenching, and/or underground work has been completed to indicate a sufficient amount and grade to warrant further exploration or development expenditures, these resources do not qualify under the U.S. Securities and Exchange Commission standards as commercially mineable ore bodies until further drilling, metallurgical work, and other economic and technical feasibility factors based upon such work are resolved. Inferred resources were estimated based

on a gold price of $300 per ounce at December 31, 2002, except for those at Round Mountain which are based on a gold price of $325 per ounce.

(2) Ounces per ton.

(3) Echo Bay's 50% share.

(4) The Company's construction and production decisions at its development properties depend on the issuance of appropriate permits and the ability of the Company to obtain required financing. See "Aquarius Development Project."

ROUND MOUNTAIN

The Company owns an undivided 50% interest in and operates the Round Mountain gold mine. Affiliates of Barrick Gold Corporation own the remaining undivided 50% interest in the joint venture common operation. The Round Mountain gold mine is an open-pit mining operation located 60 miles north of Tonopah in Nye County, Nevada. The property position consists of contiguous patented and unpatented mining claims covering approximately 27,500 acres, while the active project boundary encompasses 7,263 acres. The Company has received patents to convert mineable land to patented status. Patented claims cover all of the current reserves in the ultimate pit.

The following table sets forth operating data for the Round Mountain operation from 1998 through 2002. The Company's share of production is 50% of the ore processed and ounces shown and the Company is obligated to pay 50% of all operating, capital and other related costs.

	2002	2001	2000	
Gold produced (ounces) (100%):				
Heap leached - reusable pad	242,808	219,704	141,176	
Heap leached - dedicated pad	347,966	369,750	352,132	
Milled	153,946	156,854	139,870	
Other (1)	10,774	642	6,950	
Total	755,494	746,950	640,128	
Mining cost/ton of ore and waste	$ 0.80	$ 0.83	$ 0.83	$
Heap leaching cost/ton of ore	$ 0.84	$ 0.82	$ 0.68	$
Milling cost/ton of ore	$ 3.18	$ 3.07	$ 2.80	$
Production cost/ounce of gold produced				
Direct mining expense	$ 176	$ 178	$ 200	$
Applied (deferred) stripping cost	9	14		(1)
Inventory movements and other	(2)	(2)		(4)
Cash operating cost	183	190	195	
Royalties paid	20	18	17	
Production taxes	4	2	1	
Total cash cost	207	210	213	
Depreciation	44	40	43	
Amortization	15	15	18	
Reclamation and mine closure	9	9	9	

Total production costs	$ 275	$ 274	$ 283	$
Capital expenditures (millions) (2)	$ 8.6	$ 15.0	$ 4.6	$
Deferred (applied) mining expenditures (millions)(2)	$ (3.4)	$ (5.3)	$ 0.4	$
Heap leached-reusable pad:				
Ore processed (tons/day)	26,987	23,601	24,335	
Total ore processed (000 tons)	9,742	8,520	8,785	
Grade (ounce/ton)	0.043	0.035	0.028	
Recovery rate (%)	61.3	77.4	61.6	
Heap leached-dedicated pad:				
Ore processed (tons/day)	135,222	128,637	141,047	
Total ore processed (000 tons)	48,815	46,438	50,918	
Grade (ounce/ton)	0.011	0.011	0.011	
Recovery rate (%)	(3)	(3)	(3)	
Milled:				
Ore processed (tons/day)	10,067	10,171	9,304	
Total ore processed (000 tons)	3,664	3,702	3,387	
Gold grade (ounce/ton)	0.050	0.050	0.045	
Gold recovery rate (%)	84.6	83.7	83.1	

(1) A high-grade occurrence was discovered in April 1992. A small gravity plant was constructed to recover these ounces.

(2) The Company's 50% share.

(3) For dedicated leach pads, a gold recovery rate cannot be calculated until leaching is complete. Based on metallurgical test work completed during 1994 and 1995, the eventual recovery rate is estimated to be approximately 50%.

Cash operating costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures, please refer to the disclosure under the heading "Calculation of Cash Operating Costs and Total Production Costs" on pages 5 and 6.

GEOLOGY AND MINERAL RESERVES

Gold mineralization at Round Mountain primarily occurs as electrum, a natural gold/silver alloy, in association with quartz, adularia and pyrite. The oblong open-pit mine is over a mile at its longest dimension and currently more than 1,200 feet from the highest working level to the bottom of the pit. Round Mountain Mineral Reserves (1)(2) at December 31, 2002 were as follows.

	Tonnage (000's short tons)	Average grade of gold (ounces per ton)
Round Mountain pit	115,632	0.022
Offloads and heap leach stockpiles (4)	68,919	0.011
Mill stockpiles	7,561	0.064
Total Proven and Probable-2002	192,112	0.020

Proven	94,564	0.017
Probable	97,548	0.022
Total Proven and Probable-2002	192,112	0.020
Total Proven and Probable-2001	236,979	0.019

(1) The Company's share is 50% of the reserves presented.

(2) See "Reserves" for a discussion of the estimation of Proven and Probable Mineral Reserves.

(3) Reserves include allowances for dilution in mining but do not reflect losses in the leaching process. The average leach recovery rate for the reusable pad in 2002 was 61.3%. The eventual average recovery rate for the dedicated pad is estimated to be approximately 50%. The mill recovery rate was 84.6% in 2002.

(4) The offloads consist of approximately 42 million tons of previously crushed, leached and rinsed ore. The heap leach stockpiles consist of approximately 47 million tons of previously unprocessed ore. Sampling and metallurgical testing conducted in 1994 and 1995 confirmed that this material could be profitably processed on the dedicated leach pad.

The cut-off grades are 0.006 ounce of gold per ton for oxides and 0.010 ounce per ton for non-oxides. The prospective waste to ore ratio of pit ore is 0.53:1.

MINING AND PROCESSING

The Round Mountain operation uses conventional open-pit mining methods and recovers gold using four independent processing operations. These include crushed ore leaching (reusable pad), run-of-mine ore leaching (dedicated pad), milling and the gravity concentration circuit. Most of the ore is heap leached, with higher grade oxidized ores crushed and placed on the reusable pad. Lower grade ore, ore removed from the reusable leach pad and stockpiled ore that was previously leached are placed on the dedicated pad.

The reusable pad processed 26,987 tons of ore per day in 2002, compared to 23,601 tons per day in 2001. Reusable pad volume varies with ore release, which is determined by the phases of the pit being mined.

Reusable pad production increased in 2002 to 242,808 ounces from 219,704 ounces in 2001 due to the processing of higher grade ores.

The dedicated pad processed 135,222 tons of ore per day in 2002, compared to 128,637 tons per day in 2001. Production in 2002 from the dedicated pad was 347,966 ounces, compared to 369,750 ounces in 2001, due to increased tons placed in 2000 producing higher ounces in 2001.

The mill processed 10,067 tons per day in 2002 producing 153,946 ounces, compared to 10,171 tons per day in 2001 producing 156,854 ounces. The mill facility achieved a recovery rate of 84.6% from both higher-grade oxide and non-oxidized ores during 2002 by employing gravity concentration, fine grinding and cyanide leaching.

Round Mountain mine production is subject to a net smelter return royalty ranging from 3.53% at gold prices of $320 per ounce or less to 6.35% at gold prices of $440 per ounce or more. Its production is also subject to a gross revenue royalty of 3.0%, reduced to 1.5% after $75.0 million has been paid. For the period from the date that the royalty commenced through December 31, 2002, cumulative royalties of $33.1 million have been paid.

Ore and waste rock were mined at a rate of approximately 174,920 tons per day in 2002 compared to 194,579 tons per day in 2001.

In 2002, Round Mountain purchased four additional 240-ton haul trucks at a total cost of $9.0 million (the Company's share, $4.5 million). In 2003, Round Mountain plans to add Phase 4 to the West Dedicated Pad at a total cost of approximately $6.1 million (the Company's share, $3.1 million).

Mining at Round Mountain is expected to be complete during 2006 (assuming no additions to reserves), with completion of stockpile processing in 2008. The joint venture partners continue to support an aggressive exploration program in the vicinity of the mine in order to add reserves and extend the mine life. In 2002, the operation conducted an exploration program to explore for geologic environments similar to the Round Mountain deposit. A scoping study was completed in the fourth quarter of 2002 for Gold Hill (five miles from the Round Mountain deposit) based on encouraging drill results during the year. A 2003 drill program will further test the potential economics of this area.

In 2003, Round Mountain is expected to produce approximately 720,000 ounces (the Company's share, 360,000 ounces), 5% less than 2002's production of 755,494 ounces (the Company's share, 377,747 ounces) reflecting lower dedicated pad tons and increased sulfide ore. See "Cautionary `Safe Harbor' Statement under the United States Private Securities Litigation Reform Act of 1995" and "Risk Factors".

LUPIN

The Lupin mine is an underground operation located 250 miles northeast of Yellowknife in the Nunavut Territory of Canada, 56 miles south of the Arctic Circle.

The Lupin mining lease covers 6,998 acres. The principal lease was renewed for 21 years in 1992 and, provided the Company has complied with its terms, is renewable for further 21 year periods subject to any applicable regulations then in effect. The lease was granted by the Department of Indian Affairs and Northern Development on behalf of the Crown and is subject to the provisions of the Territorial Lands Act and the Canada Mining Regulations. The lease is in good standing. See "Other-Governmental and Environmental Regulation" for discussion regarding Inuit ownership interests.

Based on current reserves of 332,000 ounces of gold, the mine plan projects production until 2005. Drilling indicates additional mineralization at depth, which if confirmed by additional development, could extend the mine life for several more years. The Ulu satellite deposit, located approximately 100 miles north of Lupin, represents the potential for additional mill feed for the site.

The following table sets forth operating data for the Lupin mine from 1998 through 2002.

	2002	2001	2000	1999

Gold produced (ounces)	113,835	139,327	117,729	
Mining cost/ton of ore	C$ 56.85	C$ 47.35	C$ 42.36	
Milling cost/ton of ore	C$ 13.63	C$ 13.43	C$ 13.98	
Production cost/ounce of gold produced:				
(Canadian dollars):				
Direct mining expense	C$ 554	C$ 420	C$ 344	
Deferred mine development	(25)	(16)	(6)	
Inventory movements and other	--	--	--	
Cash operating cost	C$ 529	C$ 404	C$ 338	
(U.S. dollars):				
Cash operating cost	US$ 330	US$ 246	US$ 213	
Royalties	--	--	--	
Production taxes	--	--	--	
Total cash cost	330	246	213	
Depreciation	40	30	27	
Amortization	6	7	8	
Reclamation and mine closure	15	14	17	
Total production cost	US$ 391	US$ 297	US$ 265	
Capital expenditures (millions US$)	$ 2.4	$ 2.6	$ 4.7	
Deferred mining				
Expenditures (millions US$)	$ 1.1	$ 1.5	$ 0.4	
Milled:				
Ore processed (tons/day)	1,711	1,883	1,861	
Total ore processed (000 tons)	623	685	508	
Grade (ounce/ton)	0.197	0.218	0.248	
Recovery rate (%)	92.6	93.2	93.3	

(1) The Lupin mine was under care and maintenance in 1999 and 1998 and recommenced production in April 2000.

Cash operating costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures, please refer to the disclosure under the heading "Calculation of Cash Operating Costs and Total Production Costs" on pages 5 and 6.

GEOLOGY AND MINERAL RESERVES

Gold at the Lupin deposit occurs in a Z-shaped isoclinally folded iron formation of Archean age. Gold is associated with pyrrhotite, arsenopyrite and quartz. Lupin Mineral Reserves (1) at December 31, 2002 were as follows.

	Tonnage (000's short tons)	Average grade of gold (ounces per ton)
Center Zone	313	0.254
East Zone	--	--
West Zone	898	0.251
McPherson Zone	117	0.235

Total Proven and Probable-2002	1,328	0.250
Proven	843	0.236
Probable	485	0.274
Total Proven and Probable-2002	1,328	0.250
Total Proven and Probable-2001	1,367	0.256

(1) See "Reserves" for a discussion of the estimation of Proven and Probable Mineral Reserves.

(2) Reserves do not reflect losses in the milling process but do include allowance for dilution of ore in the mining process. The mining recovery factor was estimated at 85%. The average mill recovery rate in 2002 was 92.6%.

The cut-off grade used in the reserve calculation is 0.204 ounce of gold per ton.

MINING AND PROCESSING

Access to the Lupin underground mine, removal of ore and waste, and movement of personnel within the mine is by a shaft developed to a depth of 3,970 feet and by a ramp driven to a depth of 5,000 feet. The first phase of the winze (internal shaft) has been developed between the 3,450 foot level and the 4,400 foot level, allowing removal of ore and waste from deeper within the mine. However, additional ground support is required and longer truck haulage distances are a factor as the depth increases. As a result, mining in the deeper levels of the mine is slower and more expensive.

The mill processed 1,711 tons per day in 2002 compared to 1,883 tons per day in 2001. Production decreased due to mining from narrower sections of the deposit than planned and production problems caused by lost flexibility due to insufficient ore development in prior years. The rate of development has been increased to help overcome these problems.

In 2003, Lupin is expected to produce 140,000 ounces, slightly more than in 2002. See "Cautionary `Safe Harbor' Statement under the United States Private Securities Litigation Reform Act of 1995" and "Risk Factors."

SUPPLIES, UTILITIES AND TRANSPORTATION

The Lupin mill facilities and mine are in a remote location in the sub-Arctic region of Canada. The Company must, therefore, prepare for and respond to difficult weather and other conditions. At the mine, the Company maintains supplies of spare parts and other materials, including fuel, in excess of that required at less remote locations.

The principal supplies needed for the operation of the Lupin mine are diesel fuel, chemical reagents (including lime, cyanide and zinc), cement, grinding media, drill steel, equipment parts, lubricants, food and explosives. The largest single item is diesel fuel, which is used principally to generate power. A diesel-powered generating plant provides power for all the Lupin facilities. The powerhouse has a primary installed capacity of approximately 18,000 kilowatts, which is supplemented by additional

standby generators having a combined capacity of 1,500 kilowatts. Heating for the Lupin facilities is obtained by using waste heat from these generators augmented by oil-fired boilers.

All equipment, materials and supplies must be transported to the mine from Edmonton or Yellowknife. Personnel are transported from these locations and from Kugluktuk and Cambridge Bay in the Nunavut Territory. In 2002, the cost of transporting personnel, equipment, material and supplies to Lupin was approximately $6.0 million. Each year since 1983, the Company has completed a 360-mile ice road commencing 40 miles northeast of Yellowknife and ending at the Lupin mine. This is the most economical way of transporting bulk items, including fuel, to the mine. Operation of the road is now joint-ventured with diamond mining companies having operations located along the route. Operating costs are shared with these other users. The winter road is usable for approximately 12 weeks each year beginning in mid-January, during which time tractor-trailers can transport all of the Company's annual requirements for diesel fuel, chemical reagents and other supplies. There are on-site facilities for the storage of approximately 5.4 million U.S. gallons of diesel fuel, which is adequate for the mine's annual requirements.

In order to operate the winter road, the Company is required to obtain certain licenses from the Federal and Territorial Governments. To date, the Company has experienced no significant difficulties in obtaining these licenses. The current license of occupation expires in 2003. A new license has been issued, effective May 1, 2003 for a 30-year period.

Surface facilities at the Lupin mine include a 6,300-foot compacted gravel airstrip with an instrument landing and navigation system and runway lighting. Supplies and personnel that must be brought in by air are transported principally on the Company's Boeing 727 aircraft, which carries up to 114 passengers, or up to 35,000 pounds of freight, or a combination of both passengers and freight.

Voice and data communications with the Lupin mine are maintained via satellite, which provides for uninterrupted communications regardless of weather conditions.

WATER SUPPLY AND WASTE DISPOSAL

Water for mining, milling and domestic use is obtained on site by pumping from Contwoyto Lake. Tailings from the mill are pumped into a tailings pond or pumped underground as part of the paste-backfill. Since 1995, approximately 31% of tailings have been placed underground as paste-backfill. Water from the tailings pond is processed through a water treatment plant and monitored for compliance with all regulatory standards prior to discharge. In July of 2000, the Lupin water license was extended for a period of 8 years through 2008.

KETTLE RIVER

The Kettle River properties are located in Ferry County in the State of Washington and cover approximately 7,672 acres through patented and unpatented mining claims and fee lands.

In 2002, Kettle River operations continued to produce ore from its K-2 mine. Mining and milling operations were suspended at the end of October, when the bulk of the K-2 reserves were exhausted. Exploration efforts focused on an area to the east of the K-2 mine called the Emanuel Creek project. This area will be developed in 2003 and is scheduled for mining in 2004.

The following table sets forth operating data for the Kettle River operation from 1998 through 2002.

	2002	2001	2000	
Gold produced (ounces)	30,626	50,349	94,086	104
Mining cost/ton of ore	$ 21.18	$ 25.20	$ 20.52	$ 2
Milling cost/ton of ore	$ 10.27	$ 12.02	$ 11.58	$ 1
Production cost/ounce of gold produced:				
Direct mining expense	$ 268	$ 229	$ 224	$
Deferred mine development	--	--	--	
Inventory movements and other	8	59	(6)	
Cash operating cost	276	288	218	
Royalties	5	10	13	
Production taxes	2	1	1	
Total cash cost	283	299	232	
Depreciation	--	19	11	
Amortization	52	42	8	
Reclamation and mine closure	--	15	15	
Total production cost	$ 335	$ 375	$ 266	$
Capital expenditures (millions)	$ 1.6	$ 4.1	$ 1.4	$
Milled:				
Ore processed (tons/day)	586	934	1,470	1
Total ore processed (000 tons)	213	340	535	
Grade (ounce/ton)	0.171	0.178	0.209	0
Recovery rate (%)	84.0	83.0	84.1	

Cash operating costs and total production costs are non-GAAP measures. For further information on these non-GAAP measures, please refer to the disclosure under the heading "Calculation of Cash Operating Costs and Total Production Costs" on pages 5 and 6.

GEOLOGY AND MINERAL RESERVES

Mineral Reserves at the K-2 deposit are contained in steeply dipping quartz carbonate veins hosted by Eocene age volcanic rocks. Kettle River Mineral Reserves (1) at December 31, 2002 were as follows.

	Tonnage (000's short tons)	Average grade of gold (ounces per ton)
Ore stockpiles	9	0.178
K-2	10	0.240
Total Proven and Probable-2002	19	0.211
Proven	19	0.211
Probable	--	--
Total Proven and Probable-2002	19	0.211

Total Proven and Probable-2001	129	0.194

(1) See "Reserves" for a discussion of the estimation of Proven and Probable Mineral Reserves.

(2) Reserves do not reflect losses in the milling process but do include allowance for dilution in the mining process. The average mill recovery rate of gold in 2002 was 84.0%.

The cut-off grade is 0.145 ounces of gold per ton at K-2.

MINING AND PROCESSING

At Kettle River, a series of deposits are mined and trucked to feed a central mill. The mill processed approximately 586 tons of ore per day in 2002, compared to 934 tons per day in 2001. Total Kettle River production decreased in 2002 compared to 2001 due to the completion of K-2 mining in October 2002.

The mining method used at K-2 is longhole open stoping, with delayed backfill. Total K-2 ore production in 2002 was 197,569 tons compared to 221,547 in 2001.

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

In 2003, Kettle River will be developing the Emanuel Creek project, which is scheduled to enter production in 2004. See "Cautionary `Safe Harbor' Statement under the United States Private Securities Litigation Reform Act of 1995" and "Risk Factors."

MCCOY/COVE

The McCoy mine and surrounding property is located in Lander County, Nevada, about 30 miles southwest of the town of Battle Mountain. The Cove deposit, located one mile northeast of the McCoy deposit, was discovered in early 1987. Open pit mining of the Cove deposit began in early 1988 and was completed in October 2000. Underground mining of the Cove deposit was completed in July 2001. Mining in the McCoy open pit was completed in April 2000.

The McCoy/Cove property consists of approximately 946 unpatented and 9 patented claims covering approximately 19,000 acres of United States federal land administered by the Bureau of Land Management of the Department of the Interior. The Company completed all steps currently required under U.S. law to convert certain unpatented claims to patented status and filed the appropriate applications for patents. The patents were awarded on August 17th, 2001 and received in January 2002. See "Other-Governmental and Environmental Regulation."

On February 7, 2003, as noted in the introduction, the McCoy/Cove complex was conveyed to a subsidiary of Newmont. Mining and processing activities at the McCoy/Cove complex were completed on March 31, 2002. All of the Company's silver production came from McCoy/Cove.

The following table sets forth operating data for the McCoy/Cove operation from 1998 through 2002.

	2002	2001	2000	
Gold produced (ounces)				
Milled	9,906	70,395	115,892	79
Heap leached	6,595	24,238	46,892	45
Total	16,501	94,633	162,784	124
Silver produced (ounces)				
Milled	1,410,594	6,143,825	11,417,439	8,033
Heap leached	59,500	307,600	910,858	396
Total	1,470,094	6,451,425	12,328,297	8,430
Mining cost/ton of ore and waste	$ --	$ --	$ 0.78	$
Heap leaching cost/ton of ore	$ --	$ --	$ 2.44	$
Milling cost/ton of ore	$ 10.49	$ 7.19	$ 6.38	$
Production cost/ounce of gold produced:				
Direct mining expense	$ 216	$ 239	$ 166	$
Deferred stripping cost	--	13	12	
Inventory movements and other	9	--	1	
Cash operating cost	225	252	179	
Royalties	1	1	3	
Production taxes	(12)	(3)	5	
Total cash cost	214	250	187	
Depreciation	51	49	26	
Amortization	--	9	28	
Reclamation and mine closure	--	--	11	
Total production cost	$ 265	$ 308	$ 252	$
Average gold-to-silver price ratio (1)	65:1	62:1	56:1	
Capital expenditures (millions)	$ --	$ 1.0	$ 0.7	$
Deferred (applied) mining				
Expenditures (millions)	$ --	$ (2.2)	$ (5.1)	$
Heap leached:				
Ore processed (tons/day)	--	--	4,971	11
Total ore processed (000 tons)	--	--	1,809	4
Gold grade (ounce/ton)	--	--	0.024	0
Silver grade (ounce/ton)	--	--	0.96	
Gold and silver recovery rates	(2)	(2)	(2)	

	2002	2001	2000	
Milled:				
Ore processed (tons/day)	6,451	10,642	11,461	12
Total ore processed (000 tons)	587	3,874	4,172	4
Gold grade (ounce/ton)	0.034	0.042	0.053	0
Silver grade (ounce/ton)	3.46	2.60	3.71	
Gold recovery rate (%)	43.3	42.4	50.7	
Silver recovery rate (%)	64.0	61.7	69.8	

(1) To convert costs per ounce of gold into comparable costs per ounce of co-product silver, divide the production cost per ounce of gold by the period's average gold-to-silver price ratio.

(2) As dedicated leach pads are used at McCoy/Cove, a gold recovery rate cannot be calculated until leaching is complete. Based on metallurgical testing completed in 1987-1989, as well as results of completion of one of three leach pads, the ultimate recovery rate for crushed ore is estimated to be about 68% for gold and 35% for silver and for run-of-mine ore, 48% for gold and 10% for silver.

(3) 2002 data reflects results through March 31, 2002, the last production quarter for McCoy/Cove.

GEOLOGY AND MINERAL RESERVES
McCoy/Cove Mineral Reserves (1) at December 31, 2002 were as follows.

	Tonnage (000's short tons)	Average grade (ounces per ton)	
		GOLD	SILVER
Total Proven - 2002	Nil	n/a	n/a
Total Proven - 2001 (stockpile)	430	0.031	2.624

(1) See "Reserves" for a discussion of the estimation of Proven and Probable Mineral Reserves.

(2) Reserves include allowances for dilution in mining but do not reflect losses in the recovery process. Recovery rates for the life-of-mine are estimated to be 55% for gold and 68% for silver.

All 2001 reserves were in stockpiles and included in the proven category. All reserves have been mined and processed at McCoy/Cove.

MINING AND PROCESSING
Open pit mining was completed in 2000 and underground mining was completed in 2001. All ore processed in 2002 was from stockpiles. The processing of this material ceased in early 2002 as the stockpiles were depleted. As of February 7, 2003, the Company is no longer responsible for any reclamation or remediation activities. The responsibility for these was assumed by Newmont in consideration for the conveyance of the McCoy/Cove assets.

Mill throughput averaged 6,450 tons per day in 2002 compared to 10,642 in 2001 due to longer retention times needed for carbonaceous ores and only 70 days of operation in the quarter instead of the usual 91. Gold and silver from mill production decreased in 2002 compared to 2001 due to the depletion of reserves.

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

Residual leaching continued on the third of three heap leach pads in 2002 for the entire year. Excellent results were obtained from re-leaching side slopes and internal areas of this pad. Residual leaching

continued in 2003 until the conveyance to Newmont. Leaching on the second of three heap leach pads was suspended in September 2002 and the pad was allowed to go into a drain-down mode. Rinsing and restoration of the first of three heap leach pads commenced in 1999 and contouring and seeding was completed in 2000.

McCoy/Cove transitioned from a producing property to reclamation property in 2002. All mining, milling and heap leach stacking is complete. Ongoing reclamation work saw the completion of approximately 800 acres of recontouring and revegetation during 2002. Further reclamation work continued until the conveyance to Newmont on February 7, 2003. See "Cautionary `Safe Harbor' Statement under the United States Private Securities Litigation Reform Act of 1995" and "Risk Factors."

AQUARIUS DEVELOPMENT PROJECT
In 1997, the Company deferred a final construction decision on its 100%-owned Aquarius gold project, located in Macklem Township, 40 kilometers east of Timmins, Ontario, Canada.

Based on the revised bankable feasibility study completed during 2000, Aquarius has Proven and Probable Mineral Reserves of 1,189,000 ounces of gold as at December 31, 2002 (17.5 million tons of ore at an average grade of 0.068 ounces per ton). The reserves are based on a cutoff grade of 0.015 ounce per ton. The cutoff grade was based on a price of $300 per ounce of gold.

The Company expensed Aquarius holding costs of $0.5 million in 2002, $0.8 million in 2001 and $0.7 million in 2000. At December 31, 2002, the Company has a net book value of approximately $42.9 million (2001 - $43.7 million) in acquisition and construction costs related to Aquarius. Further delays in development and construction from continued low gold prices could result in a write-down of all or a portion of these costs. The Company expects to incur minimal development holding costs for Aquarius in 2003.

EXPLORATION
In addition to conducting exploration for new gold deposits, the Company explores for extensions of known reserves at its mines and development properties. The Company's exploration program concentrates on those projects believed to represent the most promising near-term prospects. In particular, exploration efforts are focused on projects located where the Company already has, or plans, an extensive gold mining infrastructure, principally those prospects in North America.

At Round Mountain, there are several underground targets in proximity to and accessible from the bottom of the open pit. In addition, the Company and its joint venture partner have committed to a drilling program, along with related field work at Gold Hill, an exploration project owned by the joint venture and located approximately four miles north of the existing Round Mountain pit. Gold Hill has displayed Round Mountain style mineralization over a presently known area that measures approximately 2,000 by 4,000 feet.

At the Company's wholly-owned Kettle River operation, the Company is evaluating exploration in an area named Emanuel Creek, located adjacent to the existing production area. Exploration work is ongoing as the Company expects to develop this project and bring it into production in 2004.

SUNNYSIDE
In 1996, Sunnyside Gold Corporation ("SGC"), an indirect wholly-owned subsidiary

of the Company, finalized a consent decree with the State of Colorado that set standards for the release of all reclamation and water treatment permits and resolved future enforcement issues regarding groundwater seeps and springs. In December 2002, the consent decree was replaced with undertakings by the to perform or fund a limited number of activities. SGC estimates that it will take approximately two more years for reclamation activities to be completed. SGC has $2.4 million accrued at December 31, 2002 (December 31, 2001 - $3.6 million) for future reclamation costs at the Sunnyside mine. SGC's provision for future reclamation costs is reviewed periodically and adjusted, as additional information becomes available.

OTHER
PRECIOUS METAL SALES AND HEDGING ACTIVITIES
The Company's dore bars are further refined by third parties and the refined gold and silver is sold to banks or precious metal dealers.

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

The Company continually monitors its hedging policy in light of forecasted production, operating and capital expenditures, exploration and development requirements and factors affecting volatility of gold prices such as actual and prospective interest rate and gold lease rate performance. The Company is not currently party to any derivative financial instruments relating to precious metals. Previously, the gold-related instruments used in these transactions included forward sales contracts and options. Forward sales contracts obligate the Company to sell gold at a specific price on a future date. Call options give the holder the right, but not the obligation to buy gold on a specific future date at a specific price. Any use of call options requires the Company to recognize unrealized gains and losses on those options in current period earnings unless the options are included in a put-call combination eligible for hedge accounting. These tools reduce the risk associated with gold price declines, but also could limit the Company's participation in increases of gold prices. The Company engages in forward currency-exchange contracts to reduce the impact on the Lupin mine's operating costs caused by fluctuations in the exchange rate of U.S. dollars to Canadian dollars.

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

Credit risk is the risk that a counterparty might fail to fulfill its performance obligations under the terms of a derivative contract. The Company's credit risk related to all hedging activities is limited to the unrealized gains on outstanding contracts based on current market prices. The Company minimizes its credit risk by entering into transactions with large credit-worthy financial institutions, limiting the amount of its exposure to each counterparty, and monitoring the financial condition of its counterparties. In addition, the Company deals only in markets it considers highly liquid to allow for situations where positions may need to be reversed.

At December 31, 2002, the estimated fair value of the Company's hedge portfolio

was $0.1 million. The Company's current counterparties do not require margin deposits. Sensitivity to various market factors underlying these contracts are shown in note 16 to the consolidated financial statements.

In 2002, the Company delivered approximately 21% of gold production against forward sales and call options at an average commitment price of $292 per ounce. This compares with 19% of gold production at $317 per ounce in 2001 and 37% of gold production at $313 per ounce in 2000. No silver production was delivered against forward sales or put options in 2002. This compares to 21% at $5.86 per ounce in 2001 and 35% at $5.71 per ounce in 2000.

The Company's commodity contracts as of December 31, 2002 and December 31, 2001 are shown in note 16 to the consolidated financial statements. All positions held by the Company relating to precious metals were delivered into or expired in 2002. The Company does not plan to enter into any new precious metal positions in 2003 given higher spot gold prices and low forward premiums.

The Company's hedging commitments are described in note 16 to the Company's consolidated financial statements. See also "Qualitative and Quantitative Disclosures about Market Risk."

CREDIT FACILITIES

The Company has a $4 million letter of credit facility with HSBC Bank USA which was established in October 2001. The facility is currently cash collateralized. This credit facility, which expired in September 2002, was extended to March 27, 2003. This facility and cash collateralization was necessary in connection with financial assurance required by regulatory authorities for future reclamation activities. The Company expects to cancel this facility and have the cash deposit released in connection with steps undertaken by Kinross, the Company's parent, to issue letters of credit for reclamation security under the new syndicated credit facility described below. See also "Liquidity and Capital Resources."

On February 27, 2003, Round Mountain Gold Corporation, a wholly-owned subsidiary of the Company along with Kinross and two of its wholly-owned subsidiaries ("the Borrowers"), entered into a new syndicated credit facility. The new syndicated credit facility has a maturity date of December 31, 2005 and a total committed amount of $125.0 million. The primary purpose of the credit facility is to enable the Borrowers to issue letters of credit to various regulatory agencies to satisfy financial assurance requirements. Shares of Round Mountain Gold Corporation along with various other assets of Kinross are pledged as collateral for this facility. See also "Liquidity and Capital Resources."

GOVERNMENTAL AND ENVIRONMENTAL REGULATION

CANADA

The mining industry in the Nunavut Territory, where the Company's Lupin mine is situated, operates under Canadian federal and territorial legislation governing prospecting, development, production, environmental protection, exports, income taxes, labor standards, mine safety and other matters. The Company believes its Canadian operations are operating in substantial compliance with applicable law.

The Company's Lupin operation is subject to environmental regulation primarily by the Federal Department of Indian Affairs and Northern Development and the Nunavut Water Board. In addition, any changes or additions to existing operations at Lupin may be subject to environmental assessment by the federal government under the Canadian Environmental Assessment Act (Canada). The Department of Fisheries & Oceans (Canada) and the Department of the Environment (Canada) have an enforcement role in the event of environmental incidents, but presently have no direct regulatory role in relation to the Lupin operation.

Lupin is also subject to the jurisdiction of the Nunavut Department of Sustainable Development pursuant to the Nunavut Environmental Protection Act. This Act contains requirements to obtain licenses and permits that may affect the Lupin operation in the future. The Company believes it is in substantial compliance with all relevant territorial environmental law.

On April 1, 1999, the Nunavut Agreement, dated May 25, 1993, between the Inuit of Canada's eastern arctic region and Her Majesty the Queen in right of Canada, came into force. Under this agreement, the Inuit were granted ownership of approximately 360,000 square kilometers of land in an area referred to as the Nunavut Settlement Area, including ownership of subsurface rights in approximately 37,500 square kilometers of those lands. Third party interests in lands in the Nunavut Settlement Area created prior to April 1, 1999 are protected under the Nunavut Agreement. Where a third party was granted a mining lease under the Canada Mining Regulations in lands comprising the Nunavut Settlement Area, that interest continues in accordance with the terms and conditions on which it was granted, including any rights granted under the legislation that gave rise to the interest. However, where any successor legislation has the effect of diminishing the rights afforded to the federal government, it will not bind the Inuit without its consent. The Inuit are entitled to receive whatever compensation is payable by the interest holder for the use or exploitation of mineral rights. The federal government continues to administer the third party interest on behalf of the Inuit, unless the third party and the Inuit enter into an agreement under which the third party agrees to the administration of their interest by the Inuit. In the event such an agreement is reached, the applicable legislation will cease to apply to the third party interest. Subsurface interests in such lands continue to be administered in accordance with applicable legislation relating to those interests and are not affected by the Nunavut Agreement.

Third party interests in lands in the Nunavut Settlement Area created on or after April 1, 1999 are granted, in the case of surface rights, by the appropriate regional Inuit association and, in the case of subsurface rights, by Nunavut Tungavik Incorporated, which will hold subsurface title to Inuit owned lands and will be additionally responsible, in consultation with the appropriate regional Inuit associations, for the administration and management of those subsurface rights.

UNITED STATES
The Company's U.S. operations are subject to comprehensive regulation with respect to operational, environmental, safety and similar matters by federal agencies including the U.S. Department of the Interior (Bureau of Land Management), the U.S. Department of Agriculture (U.S. Forest Service), the U.S. Environmental Protection Agency ("EPA"), the U.S. Mine Safety and Health Administration

("MSHA") and similar state and local agencies. Failure to comply with applicable laws, regulations and permits can result in injunctive actions, damages and civil and criminal penalties. If the Company expands or changes its existing operations or proposes any new operations, it may be required to obtain additional or amended permits or authorizations in accordance with the National Environmental Policy Act or state law counterparts. The Company spends substantial time, effort and funds in planning, constructing and operating its facilities to ensure compliance with U.S. environmental and other regulatory requirements. Such efforts and expenditures are common throughout the U.S. mining industry and generally should not have a material adverse effect on the Company's competitive position.

The Company believes its U.S. operations are in substantial compliance with

applicable air and water quality laws and regulations, including reporting requirements under the Emergency Planning Community Right to Know Act, and that it has acquired or applied for all permits required under such laws or requested by the states in which it is operating.

Certain wastes from mining and mineral processing operations are currently exempt from regulation under the Bevill amendment to the federal Resource Conservation and Recovery Act ("RCRA"). However, Congress may consider revision and reauthorization of RCRA, as well as the federal Clean Water Act and Endangered Species Act, each of which substantially affects mine development and operations. The effect of any revised or additional regulation on the Company's U.S. operations cannot be determined until the legislative process is completed and new administrative rules are issued, but they could have a significant impact upon operations of all mining companies and increase the costs of those operations.

New laws and regulations, amendments to existing laws and regulations, administrative interpretation of existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on the Company's results of operations and financial condition, although the results of such actions are speculative. For example, during recent legislative sessions, legislation was considered in the United States Congress which proposed a number of modifications to the General Mining Law of 1872, which has traditionally governed the location and maintenance of unpatented mining claims and related activities on federal land. Among these modifications were proposals that would have (i) imposed a royalty on production from unpatented mining claims, (ii) increased the cost of holding and maintaining such claims, and (iii) imposed more specific reclamation requirements and standards for operations on such claims. Although none of these proposed modifications were enacted into law, Congress may consider the same or similar proposals in 2003 as well as in future years.

The one area in which specific action has been taken relates to the regulation of surface activities on federally owned lands administered by the Bureau of Land Management ("BLM"). New surface management regulations (the "3809 Regulations") were enacted and became effective on January 20, 2001. The effect of the new 3809 Regulations is to create a significantly more stringent and restrictive environment for activities and operations on federal lands involving unpatented mining claims and millsites. For example, the new 3809 Regulations provide that all activities on unpatented mining claims or millsites for which approval of a Plan of Operations is required (which includes all activities other than exploration activities that disturb less than five acres of surface) are subject to a new standard of review by the BLM, which must make a determination that the proposed activities would not cause substantial irreparable harm to significant scientific, cultural or environmental resource values that cannot be effectively mitigated. That new standard would apply to any new significant activities undertaken by the Company or its subsidiaries on federal public lands. Imposition of that new standard does not affect the Company's existing approved Plans of Operation at its Round Mountain and Kettle River properties. If the Company makes any substantive modifications to those existing Plans of Operation (such as widening a road or expanding a leach pad or tailings facility), that standard (as well as all other provisions of the new 3809 Regulations) would apply unless the Company could demonstrate to the BLM's satisfaction that it was not practical for economic, environmental, safety or technical reasons. In addition, under previous regulations, up to 75% of financial security for the performance of reclamation obligations could be provided by corporate guarantees. While the new 3809 Regulations do provide for existing financial guarantees to continue to be in effect, no new corporate guarantees are to

be accepted after July 19, 2001. To the extent applied to modifications of the Company's current operations, and to the extent the Company engages in activities or operations on public lands outside of its current permit boundaries (including any new projects), the new 3809 Regulations will make the process for the preparation and obtaining of approval of a Plan of Operations more time-consuming and expensive, and any such proposed activities or operations will be subject to more detailed and expensive regulatory requirements. Moreover, the Company's ultimate ability to have any such proposed activities or operations approved will be subject to a much greater level of uncertainty. The new regulations may not significantly affect existing operations, so long as such operations do not require, for their continuing viability, new discretionary permits for land outside the boundaries of land currently permitted or significant changes within current permit boundaries. New, including expanded, exploration or mining operations will need to quantify the cost burden imposed by the new regulations when assessing the economic viability of any project.

In addition, the BLM has called upon two of the Company's subsidiaries to provide other security to replace corporate guarantees that had been given in respect of the Round Mountain and McCoy/Cove operations. The McCoy/Cove complex and the associated reclamation obligation was conveyed to a subsidiary of Newmont on February 7, 2003. The BLM request, relevant to operations at Round Mountain, seeks replacement security of approximately $16 million to bring the total to approximately $22 million, the Company's 50% share. The subsidiaries consider the BLM's action, taken by administrative decision, to be arbitrary, capricious and an abuse of discretion and will vigorously oppose and contest the decision. The BLM has not asked for additional security amounts, rather the agency has requested a different form of security. If the BLM position were to prevail, there is a risk the BLM would initiate action designed to have operations suspended if the Company did not, or was unable to, comply with the new requirements. The potential impact on the Company as a result of such administrative action is difficult to predict. See "Risk Factors."

Various types of rehabilitation and similar reclamation-related measures are generally required for the Company's U.S. operations under specific state or federal air, water quality and mine reclamation rules and permits. The BLM and Forest Service permits and Plans of Operations for the Company's operations also contain reclamation-related requirements. The Company believes its operations are in substantial compliance with these reclamation requirements. Reclamation spending in 2002 amounted to approximately $9.2 million.

The Company believes that all of its U.S. operations are currently being conducted in substantial compliance with applicable MSHA and similar state labor, health and safety rules.

EMPLOYEES

At December 31, 2002, the Company employed 990 persons excluding temporary employees directly involved in short-term programs, broken down as follows.

Round Mountain, including ancillary services	613
Kettle River	49
Lupin	309
Technical and corporate staff and other (1)	19
	990

(1) Includes McCoy/Cove.

A sufficient supply of qualified workers is available for both Canadian and U.S. operations, although the continuation of such supply depends upon a number of factors, including the availability of other employment opportunities. None of

the Company's employees are represented by labor unions. The Company believes it generally has good relations with its employees. The Company provides its employees with a competitive compensation package and comprehensive benefits program. In connection with the Kinross Combination completed January 31, 2003, employment of most corporate staff was terminated. Duties performed by these employees are now performed by employees of Kinross, the Company's parent.

MINING RISKS AND INSURANCE

The Company carries insurance against property damage, including boiler and machinery insurance, and comprehensive general liability insurance of $50 million per occurrence, which is applicable to all operations. The Company carries special liability policies applicable to aircraft and motor vehicles. It is also insured against dishonesty and gold and silver bullion thefts, as well as losses of goods in transit. The property damage and boiler and machinery insurance policies include coverage for business interruption resulting from an insured physical loss, subject to a five-day waiting period and a maximum indemnification period of one year.

Risks not insured against include mine cave-ins, mine flooding and other uninsurable underground hazards, ground failure in open-pit mines and most types of environmental pollution against which the Company cannot insure or against which it has elected not to insure.

The Company believes that it has taken adequate precautions to minimize the risk of environmental pollution. See "Governmental and Environmental Regulation."

Underground mining is generally subject to certain types of risks and hazards, including unusual or unexpected formations, pressures, cave-ins, flooding and other conditions. The Company has not experienced any significant cave-ins at its underground mines. Because mining can be conducted on a number of different levels at the same time, a cave-in in one area would not necessarily affect mining in other areas.

Open-pit mining, such as that conducted at certain of the Company's mines, is generally subject to certain types of risks and hazards, primarily pit wall failure. Open pit mining is conducted in phases and a pit wall failure in one area would not necessarily affect overall pit design or mining in unaffected areas.

SUPPLIES, UTILITIES AND TRANSPORTATION

The principal supplies needed for the operation of the Company's mines are explosives, diesel fuel, chemical reagents (including cyanide, lime, sulfur dioxide, sodium hydroxide and zinc dust), cement, equipment parts and lubricants.

Power is supplied to the Company's mines by power companies or by diesel generators. Each mine has access to adequate water.

Each of the U.S. mines has good road access by either paved or gravel roads from state highways.

The Lupin mill facilities and mine are in a remote location in the sub-Arctic region of Canada. The Company must therefore prepare for and respond to difficult weather and other conditions. All equipment, materials and supplies must be transported to the mine from Edmonton or Yellowknife. Personnel are transported from these locations and from Kugluktuk and Cambridge Bay in the Nunavut Territory. Each year since 1983, the Company has completed a 360-mile ice road commencing 40 miles northeast of Yellowknife and ending at the Lupin mine. This is the most economical way of transporting bulk items, including

fuel, to the mine. The Company operates a Boeing 727 to transport personnel and some supplies to the mine.

WASTE DISPOSAL

Heap leaching is done with a weak cyanide solution held within a closed circuit, which includes the leach pads and surface holding ponds. Leached ore from the reusable pad at Round Mountain is rinsed and fed to the mill or placed on dedicated pads. Where dedicated pads are used, the leached ore remains on the pads. Mill processing may use a cyanide leaching solution, which is contained within the mills' processing circuits. See "Governmental and Environmental Regulation."

See also "Lupin-Water Supply and Waste Disposal."

ROYALTIES

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

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

LEASE COMMITMENTS

The Company leases office premises for its head office functions, and enters into lease commitments for office equipment. The Company incurred $1.4 million in rental expense in 2002, net of $1.8 million in rental income related to office subleases. The Company's commitments under the remaining terms of the leases are approximately $4.7 million, payable as follows: $1.6 million in 2003, $1.5 million in 2004, $1.0 million in 2005, $0.1 million in 2006, $0.1 million in 2007 and $0.4 million thereafter.

HISTORY OF THE COMPANY

The Company was incorporated in Canada in 1964 and is governed by the Canada Business Corporations Act. The business of the Company has always involved precious metal (gold and silver) exploration, development and production. Gold and silver are produced at two operating mines. The Company placed two other mines on care and maintenance in 2002, the most recent in October 2002, while another completed mining activities in March 2002 and was conveyed to a subsidiary of Newmont on February 7, 2003: see "Operations Summary."

Since the beginning of the Company's last fiscal year, the most significant event has been the combination of the Company with Kinross and TVX, which was completed on January 31, 2003. The Company is now a wholly-owned subsidiary of Kinross.

RISK FACTORS

DEPRESSED GOLD PRICES MAY NEGATIVELY AFFECT THE COMPANY'S PRODUCTION, PROFITABILITY, RESERVES AND LIQUIDITY.

The profitability of the Company's current operations is directly related and sensitive to the market price of gold, which fluctuates widely due to factors beyond the Company's control.

Beginning in 1997, gold prices sank to depressed levels and remained there until late in 2002. While gold prices have maintained these levels in 2003, they could

return to depressed levels in the future. If gold prices should fall below the Company's cash costs of production and remain at such levels for any sustained period of time, it may not be economically feasible to continue commercial production at any or all of the Company's mines. This previously occurred in January 1998, when the Company temporarily suspended operations at the Lupin mine. Also in 1997, the Company deferred a final construction decision on its Aquarius development project and deferred further development of the Ulu satellite deposit in Canada due to the decline in gold prices.

The cash operating costs at the Company's four operating mines averaged $221 per ounce in 2002 and are expected to average approximately $211 per ounce in 2003 from the Company's remaining two mines. Total production costs were $307 per ounce in 2002 and are expected to average approximately $279 per ounce in 2003. The current price of gold of $330 per ounce as of March 26, 2003, helps to alleviate liquidity difficulties, and gives the Company greater ability to invest funds in exploration and development. At lower gold prices, the Company's ability to generate positive cash flow and to generate sufficient funds to engage in exploration and development activities may be significantly impaired.

Declines in the market price of gold and related precious metals also may require the Company to write-down its reserves, which would adversely affect profitability and the Company's financial position. The gold price used in estimating the Company's mineral reserves at December 31, 2002 was $300 per ounce. The market price was $343 per ounce at December 31, 2002. While the average market price of gold for 2002 traded above the price at which the Company estimates its reserves, it has for more than four years traded, on average, below the price at which the Company estimates its reserves. If the Company were to determine that its reserves and future cash flows should be estimated at a significantly lower gold price than that used at December 31, 2002, there would be a reduction in the amount of gold reserves. Should any significant reductions in reserves occur, material "write-downs" of the Company's investment in mining properties and increased amortization, reclamation and closure charges may be required. For example, in 2001, due to an unexpected reduction in reserves, a $4.4 million provision was made for impaired assets at Kettle River. Under certain such circumstances, the Company may discontinue the development of a project or mining at one or more of its properties.

The Company currently has no hedging program in place to reduce the risk associated with gold price volatility. See "Other-Precious Metal Sales and Hedging Activities" and "Management's Discussion and Analysis - Commitments and Contingencies."

FAILURE TO REPLACE RESERVES MAY NEGATIVELY AFFECT PRODUCTION.

Because mines have limited lives based on proven and probable reserves, the Company must continually replace and expand its reserves as it produces gold and silver. The Company's ability to maintain or increase its annual production of gold and silver will be dependent in significant part on its ability to bring new mines into production, such as the Aquarius project in Canada, and to expand existing mines such as the Emanuel Creek project located adjacent to the Kettle River mine and the Gold Hill project near the Round Mountain mine.

No assurance can be given that the Company's exploration programs will result in the replacement of current production with new reserves or that the Company's development program will be able to extend the life of the Company's existing mines. In the event that new reserves are not developed, the Company will not be able to sustain its current level of gold or silver production beyond the life of its existing reserve estimates and revenues will decrease as a result. In

such case, the Company would be required to cut its costs in order to avoid an adverse impact on its financial results. There can be no assurance that the Company could cut its costs sufficiently quickly, or enough in order to avoid this adverse impact.

There are a number of uncertainties inherent in any exploration and development program relating to:

- the location of economic mineral reserves;
- the development of appropriate metallurgical processes;
- the receipt of necessary governmental permits; and
- the construction of mining and processing facilities.

Accordingly, there can be no assurance that the Company's efforts will yield new reserves to replace and expand current reserves.

FAILURE TO DEVELOP NEW MINES OR EXPAND EXISTING MINES MAY NEGATIVELY AFFECT FUTURE PRODUCTION.

The Company's ability to maintain, or increase, its annual production of gold will be dependent in significant part on its ability to bring new mines into production, such as the Aquarius project in Canada, and to expand existing mines. In 1997, the Company deferred a final construction decision on Aquarius and deferred further development of the Ulu satellite deposit in Canada. However, the Company does expect to develop the Emanuel Creek project adjacent to the Kettle River mine during 2003, bringing it into production in 2004.

The economic feasibility analysis with respect to any individual project is based upon:

- the interpretation of geological data obtained from drill holes and other sampling techniques;
- estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed;
- gold and silver price assumptions;
- the configuration of the ore body;
- expected recovery rates of metals from the ore;
- comparable facility and equipment costs;
- anticipated climatic conditions;
- estimates of labor productivity; and
- royalty or other ownership burdens.

The Company's feasibility studies are typically based on the Company's knowledge of the operating history of similar ore bodies in the region. The actual operating results of its development projects, however, may differ materially from those anticipated, and uncertainties related to operations are increased further in the case of development projects. In addition to the successful completion of final feasibility studies, the issuance of necessary permits and receipt of adequate financing are required for successful development of properties. See "Other-Governmental and Environmental Regulation" and "Liquidity and Capital Resources."

THE COMPANY ENCOUNTERS STRONG COMPETITION FROM OTHER MINING COMPANIES IN CONNECTION WITH THE ACQUISITION OF PERSONNEL AND PROPERTIES PRODUCING OR CAPABLE OF PRODUCING PRECIOUS METALS.

As a result of competition, some of which is with companies with greater financial resources, the Company may be unable to maintain or acquire the personnel and expertise required to develop and operate its properties. Also,

the Company may be unable to acquire attractive mining properties on terms it considers acceptable or at all. Consequently, its revenues, operations and financial condition could be materially adversely affected.

FAILURE TO SECURE THE NECESSARY LETTERS OF CREDIT OR SURETY BONDS OR TO PROVIDE THE NECESSARY CORPORATE GUARANTEES TO SECURE RECLAMATION OBLIGATIONS, COULD RESULT IN VIOLATION OF THE COMPANY'S OPERATING PERMITS AND IMPACT THE COMPANY'S ABILITY TO CONTINUE OPERATING AT SPECIFIC LOCATIONS.

Certain regulatory agencies may require security to be provided for some or all of the cost to restore land disturbed during operations. The Company has typically provided letters of credit, surety bonds and corporate guarantees as security for these future reclamation costs. The market place for third party security instruments is, however, very limited to the mining industry and to the Company in particular. If the Company is unable to secure the necessary forms of security, its ability to continue operations at specific locations could be jeopardized. Even where the Company currently has security in place for reclamation costs, it may be required to provide additional, or alternative, financial instruments. For example, regulators in Nevada have called upon one of the Company's subsidiaries to provide other forms of security to replace corporate guarantees that had been given in respect of the Round Mountain operation. The Company disagrees with the regulators' position and believes that the subsidiaries qualify under the criteria set out for corporate guarantees and will oppose the regulatory position. If the Company is required to provide additional or alternative forms of security, and is unable to do so at acceptable costs or at all, it may be prohibited from commencing or continuing operations and its financial condition and prospects would be adversely affected. As of January 31, 2003, the Company has the support of Kinross in posting the necessary security in connection with reclamation obligations. See "Other-Governmental and Environmental Regulation."

RESERVE ESTIMATES ARE INHERENTLY UNCERTAIN. ANY MATERIAL INACCURACIES IN THE COMPANY'S RESERVE ESTIMATES OR ASSUMPTIONS UNDERLYING RESERVE ESTIMATES COULD CAUSE RESERVES TO BE OVERSTATED.

The estimation of reserves and resources is inherently uncertain and involves subjective judgments about many relevant factors. The accuracy of any such estimate is a function of:

- the quantity and quality of available drilling data;
- engineering and geological interpretation;
- testing and production experience;
- gold prices;
- operating and capital costs;
- short-term operating factors such as the need for sequential development of ore bodies; and
- the processing of new or different ore grades and ore types.

The volume and grade of reserves mined and processed and recovery rates may not be the same as currently anticipated. If it is not, the Company may discontinue the development of a project or mining at one or more of its properties.

Reserve calculations and life-of-mine plans using significantly lower prices (see the discussion under the risk factor discussing gold prices above) could result in material write-downs of the Company's investment in mining properties and increased amortization, reclamation and closure charges.

THE COMPANY'S ACTIVITIES ARE SUBJECT TO COMPLEX LAWS AND REGULATIONS THAT CAN ADVERSELY AFFECT OPERATING AND DEVELOPMENT COSTS, THE TIMING OF OPERATIONS

AND/OR THE ABILITY TO OPERATE.

The Company's mining operations and exploration and development activities are subject to extensive Canadian, U.S. and other foreign federal, state, provincial, territorial and local laws and regulations governing exploration, development, production, exports, taxes, labor standards, waste disposal, protection of the environment, reclamation, historic and cultural resources preservation, mine safety and occupational health, toxic substances, reporting and other matters. The costs of discovering, evaluating, planning, designing, developing, constructing, operating and closing the Company's mines and other facilities in compliance with such laws and regulations are significant. It is possible that the costs and delays associated with compliance with such laws and regulations could become such that the Company would not proceed with the development or operation of a mine. Future regulatory developments, such as more stringent environmental protection laws, regulations and enforcement policies thereunder, and claims for damages to property and persons resulting from the Company's operations, could result in substantial costs and liabilities, reduced profits and a deterioration of the Company's financial condition.

The Company is required to obtain governmental permits to develop its reserves and for expansion or advanced exploration activities at its operating properties and its exploration properties. Obtaining the necessary governmental permits is a complex and time-consuming process involving numerous Canadian, U.S. or foreign federal, state, provincial, territorial and local agencies. The Company will be required to obtain additional permits to allow it to construct and operate properties currently under development. The duration and success of each permitting effort are contingent upon many variables not within the Company's control. If the Company is unable to obtain the necessary approvals, it will not be able to commence production at the applicable mine. See "Other-Governmental and Environmental Regulation."

In addition, there is a risk that private individuals or entities may assert that the Company's activities have caused damage to their interests. For example, in 2000, a subsidiary of the Company and numerous other parties were served with a complaint from the Colorado School of Mines for environmental cleanup costs at a federal Comprehensive Environmental Response, Compensation and Liability Act site. The Company's share of the settlement was approximately $89,500.

THE COMPANY'S MINING OPERATIONS ARE SUBJECT TO SIGNIFICANT RISKS THAT MAY NOT BE COVERED BY INSURANCE.

The business of gold and silver mining is generally subject to a number of risks and hazards, including:

- environmental conditions;
- industrial accidents;
- labor disputes;
- unusual or unexpected geological conditions;
- ground or slope failures, cave-ins;
- changes in the regulatory environment; and
- natural phenomena such as inclement weather conditions, floods, blizzards and earthquakes.

Such occurrences could result in:

- damage to mineral properties or production facilities;
- personal injury or death;

- environmental damage to the Company's properties or the properties of others;
- delays in mining;
- monetary losses and possible legal liability.

The Company maintains insurance against some risks that are typical in the gold mining industry. While the Company believes the amounts of coverage it maintains to be reasonable, it may not provide adequate coverage in some circumstances. Insurance against some risks (including some liabilities for environmental pollution or other hazards as a result of exploration and production) are not generally available to the Company or to other companies within the industry on acceptable terms.
See "Other-Mining Risks and Insurance."

CERTAIN OF THE COMPANY'S UNITED STATES PROPERTY RIGHTS CONSIST OF UNPATENTED LODE MINING CLAIMS.

Unpatented mining claims and millsites are generally considered to be subject to greater title risk than other real property interests. The validity of an unpatented mining claim or millsite, in terms of its location and maintenance, and the uses thereof, is dependent on strict compliance with a complex body of federal and state statutory and decisional law, administrative interpretation of that law and, for unpatented mining claims, the existence of a discovery of valuable minerals. In addition, there are few public records that definitively control the issues of validity and ownership of unpatented mining claims or millsites. There can be no assurance that title to any of the Company's unpatented and other mining claims or millsites may not be defective.

REPERCUSSIONS FROM TERRORIST ACTS COMMITTED IN THE UNITED STATES COULD HARM BUSINESS OPERATIONS AND ADVERSELY IMPACT THE COMPANY'S ABILITY TO MEET ITS EXPECTATIONS AND OTHER FORWARD LOOKING STATEMENTS HEREIN.

The terrorist attacks in the United States on September 11, 2001 caused instability in the world's markets. There can be no assurance that these terrorist attacks, or the responses to them, will not lead to further acts of terrorism in the United States, Canada or elsewhere, which may contribute to economic instability in the United States, Canada and other geographic areas in which Echo Bay is active. Specifically, such instability could adversely affect production or exploration activities.

GOLD PRICES The following table sets forth annual high, low, average and end of period afternoon fixing gold prices in U.S. dollars per troy ounce on the London Bullion Market.

	Year ended December 31,				
	2003*	2002	2001	2000	199
High	$ 382	$ 349	$ 293	$ 313	$ 32
Low	329	278	256	264	25
Average	353	310	271	279	27
End of Period	330	343	277	274	29

* Through March 26, 2003

SILVER PRICES

The following table sets forth annual high, low, average and end of period daily fixing silver prices in U.S. dollars per troy ounce on the London Bullion Market.

	Year ended December 31,				
	2003*	2002	2001	2000	199
High	$ 4.91	$ 5.10	$ 4.82	$ 5.45	$ 5.7
Low	4.38	4.24	4.07	4.57	4.8
Average	4.68	4.60	4.37	4.95	5.2
End of Period	4.38	4.67	4.52	4.58	5.3

* Through March 26, 2003

EXCHANGE RATES

The exchange rates of the Canadian dollar to the U.S. dollar at the end of each period and the high, the low and the average exchange rates for each period, were as follows (such rates, which are expressed in Canadian dollars, being the noon buying rates quoted by the Bank of Canada for U.S. dollars).

	Year ended December 31,				
	2003*	2002	2001	2000	19
High	C$ 1.5747	C$ 1.6132	C$ 1.4936	C$ 1.4341	C$ 1.44
Low	1.4656	1.5110	1.6012	1.5593	1.55
Average	1.5123	1.5703	1.5482	1.4852	1.48
End of Period	1.4710	1.5796	1.5956	1.5002	1.44

* Through March 26, 2003

ITEM 3-LEGAL PROCEEDINGS

SUMMA

In September 1992, Summa Corporation ("Summa") commenced a lawsuit against Echo Bay Exploration Inc. and Echo Bay Management Corporation, (together, the "Subsidiaries"), indirect subsidiaries of the Company, alleging improper deductions in the calculation of royalties payable over several years of production at McCoy/Cove and another mine, which is no longer in operation. The matter was tried in the Nevada State Court in April 1997, with Summa claiming more than $13 million in damages, and, in September 1997, judgment was rendered for the Subsidiaries. The decision was appealed by Summa to the Supreme Court of Nevada, which in April 2000 reversed the decision of the trial court and remanded the case back to the trial court for "a calculation of the appropriate [royalties] in a manner not inconsistent with this order." The case was decided by a panel comprised of three of the seven Justices of the Supreme Court of Nevada and the Subsidiaries petitioned that panel for a rehearing. The petition was denied by the three member panel on May 15, 2000 and remanded to the lower court for consideration of other defenses and arguments put forth by the Subsidiaries. The Subsidiaries filed a petition for a hearing before the full Supreme Court and on December 22, 2000, the Court recalled its previous decision. Both the Subsidiaries and their counsel believe that grounds exist to modify or reverse the decision. The Company has $1.5 million accrued related to this litigation. If the appellate reversal of the trial decision is maintained and the trial court, on remand, were to dismiss all of the Subsidiaries' defenses, the royalty calculation at McCoy/Cove would change and additional royalties would be payable. Neither the Company, nor counsel to the

Subsidiaries, believe it is possible to quantify the precise amount of liability pursuant to a revised royalty calculation.

HANDY AND HARMAN

On March 29, 2000, Handy & Harman Refining Group, Inc., which operated a facility used by the Company for the refinement of dore bars, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company has filed a claim for gold and silver accounts at this refining facility with an estimated market value of approximately $2.2 million at the time the shipments were made. The Company has fully provided for this amount as unrecoverable. Further, in March 2002, the liquidating trustee for Handy & Harman commenced a series of adversary proceedings against numerous creditors, including two Company subsidiaries, alleging that certain creditors received preferential payments in metal or otherwise. The preferential payment claims against the Company's subsidiaries approximate $9.0 million. The ultimate amount recoverable or payable will depend on the success or failure of the liquidating trustee in prosecuting these claims. The ultimate percentage payout by the liquidating trustee will also be affected by the success or failure of the trustee in prosecuting preferential payment claims against all creditors. The trustee currently projects the ultimate distribution of funds to be 50% to 60% of amounts owed to creditors. Based on this range, the maximum liability to the Company would be $3.4 million assuming a 50% payout to creditors and no success in defending any of the preferential payment claims while the maximum amount recoverable would be $1.3 million assuming a 60% payout to creditors and success in defending itself against all of the preferential payment claims. The Company intends to oppose the preferential payment claims vigorously. The outcome of these proceedings is uncertain at this time. As such, the Company has not made any provision with respect to the preferential payment claims.

OTHER

In November 2001, two former employees of the Corporation brought a claim against the Company pursuant to the CLASS PROCEEDINGS ACT (British Columbia) as a result of the temporary suspension of operations at the Company's Lupin mine in the spring of 1998 and the layoff of employees at that time. The Company does not know at this time the amount being claimed by the former employees nor whether the claim is appropriate for certification as a class action. On August 12, 2002, the Supreme Court of British Columbia decided it had such jurisdiction. The Company is appealing the decision. No

determination has been made by this Court as to whether this action is suitable for certification as a class action and no decision has been rendered with respect to the merits of the action.

The Company is also subject to a number of third party claims, which the Company believes are routine and incidental to the normal course of its business. The Company does not believe that the outcome of these claims will have a material adverse impact on the financial condition or results of operations of the Company.

While the outcome of any particular claim is not certain, the Company believes it has substantive defenses and intends to vigorously defend all claims.

ITEM 4-SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of 2002.

On January 31, 2003, the Company's common shareholders passed a special

resolution approving a plan of arrangement whereby Echo Bay Mines Ltd., Kinross Gold Corporation and TVX Gold Inc. would combine their respective businesses. Court approval of the plan of arrangement was obtained and effective January 31, 2003, the Company became a wholly-owned subsidiary of Kinross Gold Corporation.

PART II

ITEM 5-MARKET FOR THE REGISTRANT'S COMMON SHARES AND RELATED SHAREHOLDER MATTERS

MARKET INFORMATION

As a result of the consummation of the plan of arrangement on January 31, 2003, the Company became a wholly-owned subsidiary of Kinross and its common shares no longer trade. Prior to that time, the common shares traded primarily on the Toronto Stock Exchange and the American Stock Exchange. The warrants issued by the Company, which now represent the right to acquire common shares of Kinross, will continue to trade on the Toronto and American Stock Exchanges until their expiry on November 14, 2003. They are exercisable at a price of U.S. $0.90 into 0.1733 of a post-consolidated Kinross common share.

The following table sets forth for the period from January 1, 2001 through February 5, 2003 the high and low reported prices and trading volume of the common shares on the Toronto Stock Exchange and the American Stock Exchange.

	THE TORONTO STOCK EXCHANGE			AMERICAN STOCK EXC	
	High	Low	Volume	High	Low
	(Canadian Dollars)		(shares in thousands)	(U.S. Dollars)	
2001					
First Quarter	1.49	0.59	4,307	0.95	0.38
Second Quarter	2.00	0.89	3,800	1.24	0.51
Third Quarter	1.60	0.79	2,860	1.04	0.51
Fourth Quarter	1.12	0.81	2,030	0.73	0.50
2002					
First Quarter	1.60	0.82	4,873	0.98	0.50
Second Quarter	2.18	1.01	120,409	1.39	0.66
Third Quarter	1.91	1.08	68,986	1.22	0.70
October	1.75	1.25	17,327	1.13	0.80
November	1.60	1.30	10,780	1.02	0.82
December	2.06	1.30	24,313	1.30	0.83
2003					
January (1)	2.11	1.76	11,964	1.39	1.15
February (1)	2.10	1.76	678	--	--

(1) The last day of trading of the Company's common shares in Canada was February 5, 2003 where they closed at C$2.00. This price approximated the closing price of Kinross common shares on that date multiplied by the exchange ratio of 0.1733 of a post-consolidated Kinross common share for each Echo Bay common share. The last day of trading of the Company's common shares in the United States was January 31, 2003 where they closed at U.S.$1.23.

DIVIDENDS

The Company suspended payment of dividends beginning in 1997. Future dividends, if any, will be payable to Kinross, the Company's sole shareholder and parent.

ITEM 6-SELECTED FINANCIAL DATA

The following table is derived in part from the audited consolidated financial statements of the Company. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada. In all material respects, they conform with principles generally accepted in the United States (except as described in footnote 1 to this table and note 13 to the Company's consolidated financial statements). This information should be read in conjunction with the audited consolidated financial statements and the notes thereto.

SELECTED FINANCIAL DATA (1) Year ended December 31 (millions of U.S. dollars except for gold price and per share data)	2002	2001	200
STATEMENT OF OPERATIONS DATA			
Revenue	$ 206.5	$ 237.7	$ 281.
Average gold price realized per ounce	$ 361	$ 305	$ 31
Earnings (loss) before taxes (2)	$ (7.5)	$ (8.8)	$ 16.
Effective tax rate	(2.0%)	35.7%	(10.4
Net earnings (loss) (2)	$ (7.7)	$ (5.7)	$ 18.
Net earnings (loss) attributable to common shareholders(2) (3)	$ (144.6)	$ (23.0)	$ 3.
Net earnings (loss) per common share (2) (3)	$ (0.34)	$ (0.16)	$ 0.0
Weighted average common shares outstanding (millions)	429.8	140.6	140.
BALANCE SHEET DATA			
Working capital (deficiency)	$ 23.9	$ 1.6	$ 2.
Current ratio	1.72	1.03	1.0
Total assets	$ 223.7	$ 260.8	$ 313.
Debt	$ --	$ 23.7	$ 32.
Deferred income taxes	$ 0.9	$ 0.9	$ 4.
Shareholders' equity	$ 136.7	$ 106.8	$ 116.
Common shares outstanding (millions)	541.3	140.6	140.
OTHER DATA			
Dividends paid on common shares - total	$ --	$ --	$ -
- per share	$ --	$ --	$ -
Net cash flows provided from operating activities	$ 19.1	$ 31.6	$ 46.
Activities			
Net cash flows used in investing activities	$ (14.0)	$ (24.0)	$ (10.
Activities			
Net cash flows provided from (used in) financing activities	$ 5.5	$ (9.5)	$ (24.
Activities			
Capital and exploration spending	$ 21.1	$ 26.2	$ 16.

(1) This information should be read in conjunction with the Company's audited consolidated financial statements and accompanying notes. Commitments and contingencies are described in note 17 to the Company's consolidated financial statements. The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting

principles. Had the consolidated financial statements been prepared in accordance with U.S. generally accepted accounting principles, certain selected financial data would be disclosed as follows. See also note 13 to the Company's consolidated financial statements.

	2002	2001	2000	1999
Net earnings (loss)	$ (143.5)	$ (29.1)	$ 2.3	$ (48.3)
Net earnings (loss) per common share	$ (0.33)	$ (0.21)	$ 0.02	$ (0.34)
Total assets	$ 225.4	$ 234.4	$ 314.5	$ 341.3
Debt	$ --	$ 117.0	$ 126.5	$ 151.3
Accrued interest on capital securities	$ --	$ 64.2	$ 46.1	$ 30.0
Deferred income taxes	$ 0.9	$ 0.9	$ 4.7	$ 7.4
Shareholders' equity (deficit)	$ 144.8	$ (29.8)	$ (19.5)	$ (19.6)

(2) In 2002, the Company recorded a $7.0 million provision for impaired assets ($0.02 per share). In 2001, the Company recorded a $4.4 million provision for impaired assets ($0.03 per share). See note 9 to the consolidated financial statements.

(3) After interest expense on the equity portion of the capital securities, issued in 1997. See note 7 to the consolidated financial statements.

ITEM 7-MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the financial results of the Company's operations for the years 2000 through 2002 should be read in conjunction with the selected financial data set forth above and the Company's consolidated financial statements included elsewhere in this report. The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada. Except as described in note 13 to the Company's consolidated financial statements, they conform in all material respects to those principles generally accepted in the United States.

Material changes in the Company's reserves may significantly impact results of operations and asset carrying values. See the discussion of reserves in "Business and Properties-Reserves."

The following contains statements that are, by their nature, forward-looking and uncertain. See "Cautionary `Safe Harbor' Statement under the United States Private Litigation Reform Act of 1995," "Business and Properties-Risk Factors" and "Commitments and Contingencies" for a discussion of certain factors that should be considered in evaluating these statements.

SUMMARY

The Company had a net loss of $7.7 million ($0.34 loss per share attributable to common shareholders after adjustment for the retirement of the Company's subordinated debentures) in 2002 compared with a net loss of $5.7 million ($0.16 loss per share attributable to common shareholders) in 2001 and net earnings of $18.6 million ($0.02 earnings per share) in 2000. The 2002 results compared to the 2001 results reflect 18% lower gold and 71% lower silver sales volumes respectively, higher administrative, exploration and development costs, a loss on the retirement of capital securities, a provision against the Lupin mine and the recognition of net deferred hedging losses, offset by higher realized gold

prices. The 2001 results compared to 2000 reflect 41% lower silver sales volume, lower gold and silver prices realized and the provision for impaired assets at Kettle River. These factors were partially offset by lower depreciation, amortization, reclamation, exploration and development expenses.

The Company produced 538,709 ounces of gold during the year, a decrease of 18% from 2001 and 1.5 million ounces of silver during the year, a decrease of 77% from 2001. Production targets for 2003 are 500,000 ounces of gold and no silver. The expected decline in production results from the completion of operations at McCoy/Cove and Kettle River.

The average gold price realized by the Company in 2002 was $361 per ounce. This was above the average market price of $310 per ounce in 2002, and higher than the $305 per ounce average price realized in 2001. The Company intends to deliver all of its production at spot gold prices in 2003.

In 2002, operating activities provided net cash flows of $19.1 million.

RESULTS OF OPERATIONS

REVENUE

Revenue decreased to $206.5 million in 2002 from $237.7 million in 2001, reflecting 18% lower gold volume ($36.6 million) and 71% lower silver sales volume ($24.1 million), resulting primarily from the completion of mining and processing activities at McCoy/Cove and Kettle River. Revenues were positively affected by higher gold prices realized ($30.3 million) while lower silver prices realized decreased revenue marginally ($0.8 million). Revenue decreased to $237.7 million in 2001 from $281.0 million in 2000, reflecting 1% lower gold volume ($3.0 million) and 41% lower silver sales volume ($27.0 million), resulting primarily from lower grades and decreased production from McCoy/Cove. Revenues were also affected by lower gold prices realized ($9.2 million) and silver prices realized ($4.2 million).

OPERATING COSTS

Consolidated cash operating costs per ounce of gold produced were $221 in 2002, $223 in 2001 and $193 in 2000. Cash operating costs generally reflect mining and processing costs, most significantly labor, consumable materials, repairs of machinery and equipment, fuel, utilities and environmental compliance. Cash operating costs per ounce were marginally lower in 2002 compared to 2001 due to a reduction in the amortization of deferred mining costs at Round Mountain as the deferred mining ratio dropped from 112 tons in 2001 to 95 tons in 2002. This was offset by higher mining costs at Lupin. Cash operating costs per ounce were higher in 2001 compared to 2000, reflecting lower production at McCoy/Cove and Kettle River and increased fuel, electricity and reagent costs at Round Mountain.

The Company's cash operating cost target for 2003 is $211 per ounce of gold produced.

Cash operating costs are a non-GAAP measure that is furnished to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. See the disclosure under "Business and Properties - Calculation of Cash Operating Costs and Total Production Costs" for further information concerning the calculation of this measure.

ROYALTIES

Royalties increased from $7.6 million in 2001 to $7.8 million in 2002 due to an increase in the price of gold. Royalties decreased to $7.6 million in 2001 from $8.0 million in 2000 primarily due to decreased production at McCoy/Cove and

Kettle River, partially offset by increased production at Round Mountain. The Company's royalty expense target for 2003 is approximately $9 million. See note 17 to the consolidated financial statements.

DEPRECIATION AND AMORTIZATION

Depreciation expense was $27.6 million in 2002, $31.1 million in 2001 and $32.5 million in 2000. Depreciation expense decreased in each of 2002, 2001 and 2000 due to McCoy/Cove and Kettle River assets approaching the end of their useful lives and being fully depreciated and not replaced. Depreciation per ounce was $47 in 2002, $41 in 2001 and $35 in 2000.

Amortization varies with the quantity of gold and silver sold and the mix of production from the various mines. The quantities of the Company's proven and probable reserves also affect amortization expense, as the Company's investment is amortized over these ounces. Amortization expense of $7.7 million in 2002 compared to $11.0 million in 2001 and $18.2 million in 2000 primarily reflects changes in production levels. Amortization per ounce was $14 in 2002, $14 in 2001 and $20 in 2000.

For 2003, the Company expects depreciation and amortization expense to be approximately $42 million, compared to $35.3 million in 2002.

RECLAMATION AND MINE CLOSURE

Reclamation and mine closure expense varies with the quantity of gold and silver produced and the mix of production from the various mines. The quantities of the Company's proven and probable reserves also affect reclamation and mine closure expense, as the total estimated costs are accrued over these ounces. Reclamation and mine closure expense decreased by $1.0 million in 2002 compared to 2001, due to lower production. The decrease of $4.5 million in 2001 compared to 2000 is a result of McCoy/Cove being fully accrued by the end of 2000. For 2003, the Company expects this expense to be approximately $7 million.

GENERAL AND ADMINISTRATIVE

General and administrative costs in 2002 were $3.5 million higher than 2001. This was due to costs associated with the Kinross Combination. General and administrative costs in 2001 were at the same

level as in 2000. For 2003, the Company expects general and administrative costs will decrease significantly with a reduction in corporate staff as a result of the business combination.

EXPLORATION AND DEVELOPMENT

Exploration and development expense was $8.6 million in 2002 up from $3.5 million in 2001 and down marginally from $10.3 million in 2000. Exploration in 2002 increased $1.7 million at Lupin, $0.3 million at Round Mountain and $3.0 million at Kettle River over 2001 spending. Exploration and development expense in 2000 includes Lupin costs relating to the recommencement of operations of $4.8 million. For 2003, the Company expects exploration and development expenditures to total approximately $4 million.

PROVISION FOR IMPAIRED ASSETS

In 2002, due to rising operating costs resulting from unexpected development challenges and changes in future expectations of the strength of the Canadian dollar relative to the United States dollar, a $7.0 million provision was made for impaired assets at Lupin. The Company also recorded a further $1.5 million reserve against receivables owing from Handy and Harman. These receivables are now fully provided for. In 2001, due to an unexpected reduction in reserves, a $4.4 million provision was made for impaired assets at Kettle River.

PROVISION FOR DEFERRED GAINS AND LOSSES ON MODIFIED HEDGE CONTRACTS
In 2002, deferred gains and losses arising from certain terminated gold hedging contracts applicable to anticipated production from the Lupin mine in the period 2005 to 2008, were included in earnings. The gains and losses had been deferred based on the expectation that the anticipated future production originally designated in the hedge arrangements was expected to occur. In view of recent increasing uncertainties of production at the Lupin mine in the period 2005 to 2008, deferred gains of $5.0 million relating to 2005 and 2006 and deferred losses of $8.1 million relating to 2005 to 2008 were included in earnings in 2002.

LIQUIDITY AND CAPITAL RESOURCES
In 2002, the market price of gold averaged $310 per ounce. An increasing gold price aids the Company's ability to proceed with construction of development projects, to expand its exploration activities, to refinance its indebtedness on favorable terms or to pursue new acquisitions or investments.

Net cash flows provided from operating activities were $19.1 million compared to $31.6 million in 2001 and $46.5 million in 2000. The decrease in 2002 cash flow reflects the decrease in production due to the completion of mining and processing activities at McCoy/Cove and Kettle River.

Net cash used in investing activities in 2002 totaled $14.0 million, largely related to investments in mining properties, plant and equipment at Round Mountain ($8.6 million), Lupin ($2.4 million) and Kettle River ($1.6 million). Cash used for long-term investments was $4.5 million in 2002, primarily for reclamation and other long-term deposits. Net cash provided by financing activities was $5.5 million in 2002 reflecting proceeds from a unit offering of $25.5 million net of debt repayments and retirement of capital securities of $17.0 million and $3.0 million respectively.

At December 31, 2002, the Company had $23.0 million in cash and cash equivalents and $7.2 million in short-term investments recorded at the lower of cost or fair value. The fair value of the short-term investments at December 31, 2002 was $24.3 million.

At December 31, 2002, the Company had no long-term debt outstanding.

The Company currently has a $4 million letter of credit facility with HSBC Bank USA which has been cash collateralized. This credit facility, which expired in September 2002, was extended to March 27, 2003. The facility and cash collateralization was necessary in connection with financial assurance

required by regulatory authorities for future reclamation activities. The Company expects to cancel this facility and have the cash deposit released in connection with steps undertaken by Kinross, the Company's parent, to issue letters of credit for reclamation security under the new syndicated credit facility described below. At present, the Company has the support of its parent in the event that unforeseen cash requirements arise. Following the Kinross Combination, issues of liquidity and capital resources are managed on a consolidated basis by Kinross, the Company's parent.

On February 27, 2003, Round Mountain Gold Corporation, a wholly-owned subsidiary of the Company along with Kinross and two of its wholly-owned subsidiaries "the Borrowers", entered into a new syndicated credit facility. The new syndicated credit facility has a maturity date of December 31, 2005 and a total committed amount of $125.0 million. The primary purpose of the credit facility is to enable the Borrowers to issue letters of credit to various regulatory agencies to satisfy financial assurance requirements. Shares of Round Mountain Gold

Corporation along with various other assets of Kinross are pledged as collateral for this facility.

At December 31, 2002, the estimated fair value of the Company's hedge portfolio was $0.1 million relating entirely to foreign currency contracts.

On April 3, 2002 the Company's issued 361,561,230 common shares in exchange for all of its capital securities (see note 7 to the Company's consolidated financial statements).

The Company expects to spend approximately $19 million for capital expenditures in 2003 funded by its operating cash flow. These expenditures will be mainly in respect of the Round Mountain mine and development of the Emanuel Creek project. The Company will continue to monitor its discretionary spending, the cost structure of its operating mines and the availability of additional credit and will modify or reduce its discretionary spending where necessary.

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

The Company continually monitors its hedging policy in light of forecasted production, operating and capital expenditures, exploration and development requirements and factors affecting volatility of gold prices such as actual and prospective interest rate and gold lease rate performance. The Company is not currently party to any derivative financial instruments relating to precious metals. Previously, the gold-related instruments used in these transactions included forward sales contracts and options. Forward sales contracts obligate the Company to sell gold at a specific price on a future date. Call options give the holder the right, but not the obligation to buy gold on a specific future date at a specific price. Any future use of call options will require the Company to recognize unrealized gains and losses on those options in current period earnings. These tools reduce the risk associated with gold price declines, but also could limit the Company's participation in increases of gold prices. The Company engages in forward currency-exchange contracts to reduce the impact on the Lupin mine's operating costs caused by fluctuations in the exchange rate of U.S. dollars to Canadian dollars.

Gains and losses resulting from hedging activities are recognized in earnings on a basis consistent with the hedged item. When hedged production is sold, revenue is recognized in amounts implicit in the commodity loan, delivery commitment or option agreement. Gains or losses on foreign currency hedging activities are recorded in operating costs, or capitalized in the cost of assets, when the hedged Canadian

dollars are purchased. Gains and losses on early termination of hedging contracts are deferred until the hedged items are recognized in earnings. Premiums paid or received on gold option contracts purchased or sold are deferred and recognized in earnings on the option expiration dates.

The Company assesses the exposure that may result from a hedging transaction prior to entering into the commitment, and only enters into transactions which it believes accurately hedge the underlying risk and could be safely held to maturity. The Company does not engage in the practice of trading derivative

securities for profit. The Company regularly reviews its unrealized gains and losses on hedging transactions.

Credit risk is the risk that a counterparty might fail to fulfill its performance obligations under the terms of a derivative contract. The Company's credit risk related to all hedging activities is limited to the unrealized gains on outstanding contracts based on current market prices. The Company minimizes its credit risk by entering into transactions with large credit-worthy financial institutions, limiting the amount of its exposure to each counterparty, and monitoring the financial condition of its counterparties. In addition, the Company deals only in markets it considers highly liquid to allow for situations where positions may need to be reversed.

At December 31, 2002, the estimated fair value of the Company's hedge portfolio was $0.1 million. The Company's current counterparties do not require margin deposits. Sensitivity to various market factors underlying these contracts are shown in note 16 to the consolidated financial statements.

In 2002, the Company delivered approximately 21% of gold production against forward sales and call options at an average commitment price of $292 per ounce. This compares with 19% of gold production at $317 per ounce in 2001 and 37% of gold production at $313 per ounce in 2000. No silver production was delivered against forward sales or put options in 2002. This compares to 21% at $5.86 per ounce in 2001 and 35% at $5.71 per ounce in 2000.

The Company's foreign currency contracts as of December 31, 2002 are shown in note 16 to the consolidated financial statements. All positions held by the Company relating to precious metals were delivered into or expired in 2002. The Company did not enter into any new positions given the rise in spot gold prices and low forward premiums.

The Company's hedging commitments are described in note 16 to the Company's consolidated financial statements. See also "Qualitative and Quantitative Disclosures about Market Risk."

OTHER

The Company's operations are subject to laws and regulations concerning protection of the environment. These laws and regulations change periodically and are generally becoming more restrictive, which may have the effect of increasing its future costs. Certain of the Company's subsidiaries have provided corporate guarantees and other forms of security to regulatory authorities in connection with future reclamation activities. Early in 2001, regulators in Nevada called upon two of the Company's subsidiaries to provide other security to replace corporate guarantees that had been given in respect of the Round Mountain and McCoy/Cove operations. The McCoy/Cove complex and the associated reclamation obligation was conveyed to a subsidiary of Newmont on February 7, 2003. The BLM request, relevant to operations at Round Mountain, seeks replacement security of approximately $16 million to bring the total to approximately $22 million, the Company's 50% share. The Company disagrees with the regulators' position and believes that the subsidiary qualifies under the criteria set out for corporate guarantees and will oppose the regulatory position. Although the outcome cannot be predicted, the Company and their counsel believe that the Company will prevail. See "Business and Properties - Other - Governmental and Environmental Regulation."

The Company's operations are subject to certain royalty obligations as described in note 17 to the Company's consolidated financial statements. Lease commitments are described in note 17 to the Company's consolidated financial statements. The Company's provision for future reclamation and closure costs at the former

Sunnyside mine in Colorado is reviewed periodically and may be adjusted as additional information becomes available. Other commitments and contingencies are discussed in notes 16 and 17 to the consolidated financial statements.

CRITICAL ACCOUNTING POLICIES

PROPERTY EVALUATIONS

The Company periodically reviews mining schedules, production levels and asset lives in its life-of-mine planning for all of its operating and development properties. Significant changes in the life-of-mine plans may occur as a result of mining experience, new ore discoveries, changes in mining methods and rates, process changes, investments in new equipment and technology, precious metals price assumptions, and other factors. Based on this analysis, the Company reviews its accounting estimates and adjusts depreciation, amortization, deferred mining and reclamation rates for each mine where necessary. In the event of an impairment, the Company may be required to write-down the carrying value of a mine or mines. In 2002, due to rising operating costs resulting from unexpected development challenges and changes in future expectations of the strength of the Canadian dollar relative to the United States dollar, a $7.0 million provision was made for impaired assets at Lupin. In 2001, due to an unexpected reduction in reserves, a $4.4 million provision was made for impaired assets at Kettle River.

RECLAMATION AND MINE CLOSURE COSTS

Future reclamation costs are determined using management's best estimates of the scope of work to be performed and the related costs to meet current regulatory requirements. The estimated future reclamation and mine closure cost is $61.6 million; see note 8 to the consolidated financial statements. These estimates may change based on future changes in operations, costs, reclamation activities and regulatory requirements. Increases in the estimated reclamation obligations or decreases in the estimated recoverable ounces of gold could result in an increase in reclamation expense or potentially require material write-downs of mining properties.

ITEM 7A-QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

See "Management's Discussion and Analysis-Commitments and Contingencies" for a discussion of market risks related to the Company's hedging activities.

The following table provides information as of December 31, 2002 about the Company's derivative financial instruments and other financial instruments that are sensitive to changes in commodity prices, interest rates and exchange rates.

(Amounts in millions of U.S. dollars, except amounts per ounce or unless otherwise noted)	Expected Year of Maturity					
	2003	2004	2005	2006	2007	
Assets:						
Short-term investments	--	--	--	--	--	
Derivative financial instruments:						
Foreign currency contracts						
Canadian dollars (000's)	45,100	--	--	--	--	
Exchange rate (C$ to US$1.00)	1.61	--	--	--	--	

ITEM 8-FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

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

/s/

Robert M. Buchan
Chief Executive Officer

/s/

Brian W. Penny
Vice President and Director

February 7, 2003

REPORT OF INDEPENDENT CHARTERED ACCOUNTANTS

The Board of Directors
Echo Bay Mines Ltd.

We have audited the consolidated balance sheets of Echo Bay Mines Ltd. as at December 31, 2002 and 2001 and the consolidated statements of operations, deficit and cash flow for each of the years in the three-year period ended December 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.

Edmonton, Canada
February 7, 2003, except for note 18(c),
as to which the date is March 26, 2003

/s/ Ernst & Young LLP
Chartered Accountants

ECHO BAY MINES LTD.

CONSOLIDATED BALANCE SHEETS

December 31

(thousands of U.S. dollars)	2002
ASSETS	
Current assets:	
Cash and cash equivalents	$ 22,967
Short-term investments	7,183
Interest and accounts receivable	4,177
Inventories (note 2)	20,834
Prepaid expenses and other assets	1,954

		57,115
Plant and equipment (note 3)		100,576
Mining properties (note 3)		29,017
Long-term investments and other assets (note 4)		36,982
	$	223,690
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$	24,813
Income and mining taxes payable		3,793
Debt and other financings (note 5)		--
Reclamation and mine closure liabilities (note 8)		4,560
Deferred income (note 6)		--
		33,166
Debt and other financings (note 5)		--
Deferred income (note 6)		6,393
Reclamation and mine closure liabilities (note 8)		46,512
Deferred income taxes		945
Commitments and contingencies (notes 8, 16 and 17)		
Shareholders' equity:		
Capital stock (note 12), no par value, unlimited number authorized; issued and outstanding - 541,272,675 shares		1,042,571
Capital securities (note 7)		--
Deficit		(879,238)
Foreign currency translation		(26,659)
		136,674
	$	223,690

See accompanying notes.

ECHO BAY MINES LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

Year ended December 31

(thousands of U.S. dollars, except for per share data)	2002	20
Revenue	$ 206,529	$ 237,6
Expenses:		
Operating costs	128,136	175,3

Royalties (note 17)	7,799	7,5
Production taxes	1,222	1
Depreciation and amortization	35,271	42,1
Reclamation and mine closure	5,066	6,0
General and administrative	9,141	5,6
Exploration and development	8,554	3,4
Interest and other (note 9)	13,420	6,1
Loss on retirement of capital securities (note 12)	5,461	
	214,070	246,5
Earnings (loss) before income taxes	(7,541)	(8,8
Income tax expense (recovery) (note 10)	149	(3,1
Net earnings (loss)	$ (7,690)	$ (5,6
Net earnings (loss) attributable to common shareholders (note 7)	$ (144,573)	$ (22,9
Earnings (loss) per share - basic and fully diluted	$ (0.34)	$ (0.
Weighted average number of shares outstanding (thousands) - basic and diluted	429,783	140,6

CONSOLIDATED STATEMENTS OF DEFICIT

Year ended December 31

(thousands of U.S. dollars)	2002	20
Balance, beginning of year	$ (734,665)	$ (711,6
Net earnings (loss)	(7,690)	(5,6
Loss on retirement of capital securities, net of nil tax effect (note 7)	(132,302)	
Interest on capital securities, net of nil tax effect (note 7)	(4,581)	(17,3
Balance, end of year	$ (879,238)	$ (734,6

See accompanying notes.

ECHO BAY MINES LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW

Year ended December 31

(thousands of U.S. dollars)	2002
CASH PROVIDED FROM (USED IN):	

OPERATING ACTIVITIES		
Net earnings (loss)	$ (7,690)	$
Add (deduct):		
Depreciation	27,572	
Amortization	7,699	
Amortization of mining costs	2,328	
Loss on retirement of capital securities	5,461	
Deferred income included in revenue (note 6)	(30,733)	
Deferred income included in operating costs (note 6)	--	
Deferral of gains on restructuring of hedge commitments	--	
Deferred income taxes	--	
Net gain on sale of other assets (note 9)	(1,242)	
Unrealized losses on share investments	--	
Provision for impaired assets (note 9)	7,000	
Provision for deferred gains and losses on modified hedge contracts (note 9)	3,098	
Allowance for bad debts (note 9)	1,509	
Other	245	
Change in cash invested in operating assets and liabilities:		
Interest and accounts receivable	(2,035)	
Inventories	6,884	
Prepaid expenses and other assets	(56)	
Accounts payable and accrued liabilities	(1,174)	
Income and mining taxes payable	266	
	19,132	
INVESTING ACTIVITIES		
Mining properties, plant and equipment	(12,581)	
Long-term investments and other assets	(4,518)	
Proceeds on sale of plant and equipment	1,872	
Other	1,194	
	(14,033)	
FINANCING ACTIVITIES		
Debt repayments	(17,000)	
Debt borrowings	--	
Units offering, net of issuance costs (note 12)	25,513	
Warrants exercised	4	
Costs of capital securities retirement	(3,000)	
	5,517	
Net increase (decrease) in cash and cash equivalents	10,616	
Cash and cash equivalents, beginning of year	12,351	
Cash and cash equivalents, end of year	$ 22,967	$

See accompanying notes.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Echo Bay Mines Ltd. ("Echo Bay" or the "Company") is engaged in the production of gold and silver and related activities including exploration, development, mining and processing. These activities are conducted principally in the United States and Canada. Gold accounted for 96% and silver 4% of 2002 revenue respectively. The Company has two operating mines: Round Mountain in Nevada, United States and Lupin in Nunavut Territory, Canada. The Company's Kettle River mine in Washington, United States was placed on care and maintenance in October 2002. The Company operated a fourth mine, McCoy/Cove in Nevada, United States, until March 31, 2002, at which date mining and processing activities were completed. The Company holds a 100% interest in its Kettle River and Lupin mines and a 50% interest in its Round Mountain, which it operates, with the remaining 50% interest held by affiliates of Barrick Gold Corporation. The Company's McCoy/Cove mine was conveyed to a subsidiary of Newmont Mining Corporation effective February 7, 2003 as described in note 18.

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

The consolidated financial statements are prepared on the historical cost basis in accordance with accounting principles generally accepted in Canada and, in all material respects, conform with accounting principles generally accepted in the United States, except as described in note 13. The statements are expressed in U.S. dollars.

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

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

PRINCIPLES OF CONSOLIDATION

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

SHARE INVESTMENTS

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

ECHO BAY MINES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002

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

FOREIGN CURRENCY TRANSLATION
The Company's self-sustaining Canadian operations are translated into U.S. dollars using the current-rate method, which translates assets and liabilities at the year-end exchange rate and translates revenue and expenses at average exchange rates. Exchange differences arising on translation are recorded as a separate component of shareholders' equity. The change in the balance is attributable to fluctuations in the exchange rate of U.S. dollars to Canadian dollars.

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

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

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

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

PLANT AND EQUIPMENT
Plant and equipment are recorded at cost. Plant and equipment that have useful lives shorter than the mine life are depreciated using the straight-line method over each asset's estimated remaining economic life to a current maximum of 4 years.

MINING PROPERTIES - PRODUCING MINES' ACQUISITION AND DEVELOPMENT COSTS
Mining properties are recorded at cost of acquisition. Mine development costs include expenditures incurred to develop new ore bodies, to define further resources in existing ore bodies and to expand the capacity of operating mines. These expenditures are amortized against earnings on the unit-of-production method based on estimated recoverable ounces of gold. Estimated recoverable ounces of gold include proven and probable reserves and non-reserve material when sufficient objective evidence exists to support a conclusion that it is probable the non-reserve material will be produced.

For the purpose of preparing financial information in accordance with United States generally accepted accounting principles, only proven and probable reserves are considered when applying the unit-of-production method. Non-reserve material was not used in the periods covered by these financial statements when applying the unit-of-production method under both Canadian and U.S. generally

accepted accounting standards.

DEVELOPMENT PROPERTIES

At properties identified as having the potential to add to the Company's proven and probable reserves, the direct costs of acquisition and development are capitalized only if there is sufficient objective evidence to indicate that it is probable that the property will become an operating mine. Factors considered in making this assessment include the existence and nature of known resources and proven and probable reserves, whether the proximity of the property to existing mines and ore bodies increases the probability of developing an operating mine, the results of recent drilling on the property and the existence of feasibility studies or other analyses demonstrating the existence of commercially recoverable ore. Capitalized costs are evaluated for recoverability when events or circumstances indicate that investment in the property may be impaired and are written off if it is determined that the project is not commercially feasible in the period in which this determination is made. The assessment of cost recoverability is based on proven and probable reserves on the property, if any, as well as resources which do not meet the criteria for classification as a proven or probable reserve. If production commences, capitalized costs are transferred to "producing mines' acquisition and development costs" and amortized as described above.

For the purpose of preparing financial information in accordance with United States generally accepted accounting principles, all costs associated with a property that has the potential to add to the Company's proven and probable reserves are expensed until a final feasibility study demonstrating the existence of proven and probable reserves is completed. No costs have been capitalized in the periods covered by these financial statements that do not meet the criteria for capitalization under both Canadian and U.S. generally accepted accounting standards.

DEFERRED MINING COSTS

Mining costs incurred to remove ore and waste from an open pit and to access new production areas in an underground mine are capitalized as long-term deferred costs. These costs are deferred because they relate to gold that will be produced in future years and they are charged to operating costs in the period that the related production occurs.

For open pit operations, mining costs are capitalized on an individual mine basis, using the ratio of total tons of waste and ore to be mined to total gold ounces to be recovered over the life of the mine. Costs are capitalized in periods when the ratio of tons mined to gold produced exceeds the expected average for the mine. Amortization occurs in periods when the ratio is less than the expected average. This accounting method considers variations in grade and recovery in addition to waste-to-ore ratios and results in the recognition of mining costs evenly over the life of the mine as gold is produced.

For underground mining operations, the costs of accessing and developing new production areas are deferred and expensed as operating costs in the period in which the related production occurs.

EXPLORATION COSTS
The costs of exploration programs are expensed as incurred.

RECLAMATION AND MINE CLOSURE COSTS
Estimated site restoration and closure costs for each producing mine are charged against operating earnings on the unit-of-production method based on estimated recoverable ounces of gold.

INCOME TAXES
The Company uses the liability method of accounting for income taxes whereby deferred income taxes are based on applying statutory tax rates to the differences between the carrying amounts of assets and liabilities for accounting and tax purposes. A valuation adjustment is provided against deferred income tax assets unless they are considered more likely than not to be realized.

PROPERTY EVALUATIONS

The Company annually reviews detailed engineering life-of-mine plans for each mine. Long-lived assets are evaluated for impairment when events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Expected future undiscounted cash flows are calculated using estimated recoverable ounces of gold (considering proven and probable mineral reserves and mineral resources expected to be converted into mineral reserves), future sales prices (considering current and historical prices, price trends and related factors), operating costs, capital expenditures, reclamation and mine closure costs. Reductions in the carrying amount of long-lived assets, with a corresponding charge to earnings, are recorded to the extent that the estimated future cash flows are less than the carrying amount.

The Company's estimates of future cash flows are subject to risks and uncertainties. It is possible that changes may occur which could affect the recoverability of the Company's long-lived assets.

For the purpose of preparing financial information in accordance with United States generally accepted accounting principles, estimated recoverable ounces of gold include proven and probable reserves. Impairment amounts reported in these financial statements under Canadian or U.S. generally accepted accounting standards are not affected by this difference.

RESERVE RISKS
If the Company were to determine that its reserves and future cash flows should be calculated at a significantly lower gold price than the $300 per ounce price used at December 31, 2002, there would likely be a material reduction in the amount of gold reserves. In addition, if the price realized by the Company for its gold or silver bullion were to decline substantially below the price at which mineral reserves were calculated for a sustained period of time, the Company potentially could experience material write-downs of its investment in its mining properties. Under certain of such circumstances, the Company might

discontinue the development of a project or mining at one or more of its properties or might temporarily suspend operations at a producing property and place that property in a "care and maintenance" mode. Reserves could also be materially and adversely affected by changes in operating and capital costs and short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades and ore types.

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

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

EMPLOYEE BENEFIT PLANS
Obligations and related costs under defined contribution employee benefit plans are accrued as the benefits are earned by the employees. The Company does not have any defined benefit plans.

STOCK-BASED COMPENSATION PLANS
The Company has three stock-based compensation plans, which are described in note 12. No compensation expense is recognized for these plans when the stock or stock options are issued to employees. Any consideration paid by employees on the exercise of stock options is credited to share capital.

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

The gold- and silver-related instruments used in these transactions include forward sales contracts and options. These forward sales contracts obligate the Company to sell gold or silver at a specific price on a future date. Call options give the holder the right, but not the obligation to buy gold or silver at a specific future date at a specific price. These tools reduce the risk of gold and silver price declines, but also could limit the Company's participation in increases of gold and silver prices. The Company engages in forward currency-exchange contracts to reduce the impact on the Lupin mine's operating costs caused by fluctuations in the exchange rate of U.S. dollars to Canadian dollars.

Gains and losses resulting from hedging activities are recognized in earnings on a basis consistent with the hedged item. When hedged production is sold, revenue

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

2. INVENTORIES

	2002	2001
Precious metals bullion	$ 5,239	$ 12,215
In-process	4,332	5,720
Materials and supplies	11,263	11,571
	$ 20,834	$ 29,506

3. PROPERTY, PLANT AND EQUIPMENT

NET BOOK VALUE

Property and percentage owned	Plant and Equipment	Mining Properties	2002 Net Book Value
Round Mountain (50%)	$ 48,868	$ 14,149	$ 63,017
McCoy/Cove (100%)	7,507	--	7,507
Lupin (100%)	13,914	1,925	15,839
Aquarius (100%)	29,994	12,943	42,937
Other	293	--	293
	$ 100,576	$ 29,017	$ 129,593

PLANT AND EQUIPMENT

	2002		
	Cost	Net Book Value	Cost
Land improvements and utility systems	$ 69,062	$ 2,047	$ 72,977
Buildings	157,597	20,496	153,779
Equipment	391,157	47,029	385,086
Construction in progress	37,005	31,004	43,337

	$ 654,821	$ 100,576	$ 655,179

MINING PROPERTIES	2002
Producing mines' acquisition and development costs	$ 283,641
Less accumulated amortization	267,567
	16,074
Development properties' acquisition and development costs	12,943
	$ 29,017

During 2002, the Company wrote down the carrying values of the Lupin mine. During 2001, the Company wrote down the carrying values of the Kettle River mine (note 9).

4. LONG-TERM INVESTMENTS AND OTHER ASSETS

	2002	
Modification of hedging contracts	$ 16,291	$ 2
Deferred mining costs	10,362	1
Reclamation and other deposits	10,144	1
Premiums paid on gold and silver option contracts	--	
Other	185	
	36,982	5
Less current portion included in prepaid expenses and other assets	--	
	$ 36,982	$ 5

MODIFICATION OF HEDGING CONTRACTS
Losses on the early termination or other restructuring of gold and silver hedging contracts are deferred until the formerly hedged items are recognized in earnings. The remaining deferred losses relate to gold to be produced at the Lupin mine and are expected to be recognized as follows: $5.2 million in 2003 and

$11.1 million in 2004. Refer to note 6 for a discussion of the deferral of gains on the modification of hedging contracts and note 9 for a discussion on the provision for deferred losses previously relating to 2005 to 2008.

DEFERRED MINING COSTS
Deferred mining costs include $10.4 million (2001 - $13.8 million) in respect of deferred stripping at the Round Mountain mine and $nil (2001 - $1.9 million) in respect of underground costs at the Lupin mine. The deferred mining ratio for

the Round Mountain mine in 2002 was 95 tons per ounce recovered (2001 - 112 tons, 2000 - 127 tons). During 2002, the Company wrote off the remaining deferred mining costs for the Lupin mine (note 9).

PREMIUMS PAID ON GOLD AND SILVER HEDGING CONTRACTS
Premiums paid on gold and silver hedging contracts are deferred and recognized in earnings on their expiration dates. These deferred premiums were recognized in 2002. Refer to note 6 for a discussion of the deferral of premiums received on gold and silver option contracts sold.

5. DEBT AND OTHER FINANCINGS

	2002	2001
Revolving credit facility	$ --	$ 17,000
Capital securities (note 7)	--	6,714
	--	23,714
Less current portion	--	17,000
	$ --	$ 6,714

CURRENCY LOANS
In May 2002, the Company repaid the remaining $17.0 million on its revolving credit facility.

OTHER INFORMATION
The Company had $19.2 million in outstanding surety bonds and letters of credit at December 31, 2002, primarily related to the bonding of future reclamation obligations. At December 31, 2002, annual fees on the letters of credit range from 0.5% to 1.25%.

Interest payments were $0.3 million in 2002, $1.8 million in 2001 and $4.3 million in 2000.

6. DEFERRED INCOME

	2002	2001
Modification of hedging contracts	$ 6,393	$ 47,042
Premiums received on gold and silver hedging contracts	--	876
	6,393	47,918
Less current portion	--	876
	$ 6,393	$ 47,042

MODIFICATION OF HEDGING CONTRACTS
Gains on the early termination or other restructuring of gold, silver and foreign currency hedging contracts are deferred until the formerly hedged items are recognized in earnings. The remaining deferred gains relate to gold to be produced at the Lupin mine are expected to be recognized as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002

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

$2.5 million in 2003 and $3.9 million in 2004. Refer to note 4 for a discussion of the deferral of losses on the modification of hedging contracts and note 9 for a discussion on the provision for deferred gains previously relating to 2005 and 2006.

PREMIUMS RECEIVED ON GOLD AND SILVER OPTION CONTRACTS
Premiums received on gold and silver option contracts sold are deferred and recognized in earnings on the option expiration dates. These deferred premiums were recognized in 2002. Refer to note 4 for a discussion of the deferral of premiums paid on gold and silver hedging contracts.

7. CAPITAL SECURITIES

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

On April 3, 2002 the Company issued 361,561,230 common shares in exchange for all of its capital securities (note 12). Prior to the exchange, the present value of the capital securities' principal amount was classified as debt (note 5) and the present value of the future interest payments plus deferred accrued interest was classified within a separate component of shareholders' equity. Interest on the debt portion of the capital securities was classified as interest expense on the consolidated statement of earnings and interest on the equity portion of the capital securities was charged directly to deficit on the consolidated balance sheet. The loss on conversion of the capital securities was charged proportionately between earnings and deficit (note 12). For purposes of per share calculations, the equity portions of interest and the loss on conversion decreases the earnings attributable to common shareholders. See note 13 for a discussion of differences in treatment of the capital securities under generally accepted accounting principles in the United States.

8. RECLAMATION AND MINE CLOSURE LIABILITIES

	2002	2001
Round Mountain	$ 16,862	$ 13,674
McCoy/Cove	11,186	17,546
Lupin	11,405	9,584
Kettle River	9,251	9,119
Sunnyside	2,368	3,644
	51,072	53,567
Less current portion	4,560	3,841
	$ 46,512	$ 49,726

At December 31, 2002, the Company's estimate of future reclamation and mine closure costs is $61.6 million, which it believes will meet current regulatory requirements. The aggregate obligation accrued to December 31, 2002 was $51.1 million, including accruals of $5.1 million in 2002, $7.4 million in 2001, and $10.6 million in 2000. Effective February 7, 2003, McCoy/Cove and its associated reclamation obligation were conveyed to Newmont as described in note 18. Any unused accrual will be taken into income at that time. Remaining requirements

including $14.5 million at Round Mountain and $3.1 million at Lupin, will be accrued on the unit-of-production method over the remaining life of each mine. In addition, the Company has posted bonds, cash deposits and letters of credit totaling $30.6 million and

corporate guarantees totaling $33.3 million as required by various regulatory agencies. Assumptions used to estimate reclamation and mine closure costs are based on the work that is required under currently applicable permits, laws and regulations. These estimates may change based on future changes in operations, cost of reclamation activities and regulatory requirements.

9. INTEREST AND OTHER

	2002	200
Interest income	$ (441)	$ (76
Interest expense	719	2,56
Gain on sale of plant and equipment	(1,242)	(70
Reclamation provision (recovery)	1,424	1,33
Provision for impaired assets	7,000	3,04
Provision for deferred gains and losses on modified hedge contracts	3,098	-
Allowance for bad debts (note 17)	1,509	-
Other	1,353	62
	$ 13,420	$ 6,10

PROVISION FOR IMPAIRED ASSETS
The recoverability of the Company's carrying values of its operating and development properties are assessed by comparing carrying values to estimated future net cash flows from each property when conditions are present indicating impairment may exist. In 2002, the Company recorded a $7.0 million provision for impaired assets relating to its Lupin mine including $4.0 million of plant and equipment and $3.0 million of deferred mining costs due to higher than anticipated costs resulting from unexpected development challenges and changes in future expectations of the strength of the Canadian dollar relative to the United States dollar. In 2001, the Company recorded a $3.1 million provision for impaired assets and a $1.3 million reclamation provision relating to its Kettle River mine due to an unexpected decrease in reserves.

PROVISION FOR DEFERRED GAINS AND LOSSES ON MODIFIED HEDGE CONTRACTS
Gains and losses on the early termination or other restructuring of gold hedging contracts are deferred until the formerly hedged items are recognized in earnings to the extent that future mine production is available to meet the original hedge commitments. Should circumstances change such that formerly hedged anticipated future production is no longer considered likely to occur, the related deferred gains and losses are recognized in earnings in the period

in which this determination is made. As a result, deferred losses of $4.6 million, $1.9 million, $0.7 million and $0.9 million relating to 2005, 2006, 2007 and 2008 respectively and deferred gains of $3.7 million and $1.3 million relating to 2005 and 2006 respectively, have been recognized in 2002 with respect to the Lupin mine.

10. INCOME TAX EXPENSE

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

	2002	2001
Earnings (loss) before income taxes:		
Canada	$ (30,583)	$ 952
United States and other	23,042	(9,777)
	$ (7,541)	$ (8,825)
Current income tax expense:		
Canada	$ 149	$ 166
United States and other	--	45
	149	211
Deferred income tax expense (recovery):		
Canada	--	(3,358)
United States and other	--	--
	--	(3,358)
Income tax expense (recovery)	$ 149	$ (3,147)

EFFECTIVE TAX RATE
The effective tax rate on the Company's earnings differed from the combined Canadian federal and provincial corporate income tax rates of 41.2% for 2002 and 43.1% for 2001 and 2000 for the following reasons.

	2002	2001
Earnings (loss) before income taxes	$ (7,541)	$ (8,825)
Income tax effect of:		
Expected Canadian federal and provincial corporate income taxes	$ (8,679)	$ (3,805)

Utilization of net operating loss	--	--
Operating loss from which no tax benefit is derived	8,650	3,964
Canadian resource allowance and earned depletion	304	(172)
Foreign earnings subject to different income tax rates	--	965
Other items	(126)	(4,099)
Income tax expense (recovery)	$ 149	$ (3,147)
Effective tax rate (current and deferred)	(2.0%)	35.7%

LOSS CARRYFORWARDS

At December 31, 2002, the Company had U.S. net operating loss carryforwards of approximately $419 million to apply against future taxable income and $215 million to apply against future alternative minimum taxable income. These loss carryforwards do not include the provisions for impaired assets, which have not yet been recognized fully for income tax purposes. The net operating loss carryforwards expire at various times from 2003 to 2022. Additionally, the Company has Canadian non-capital loss carryforwards of approximately $89 million and net capital loss carryforwards of approximately $204 million. The non-capital loss carryforwards expire at various times from 2003 to 2009. The net capital loss carryforwards have no expiration date.

DEFERRED TAX LIABILITIES AND ASSETS

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

	2002			
millions of U.S. dollars	Canada	U.S. and other	U.S. Total	Canada an
Deferred tax liabilities:				
Tax over book depreciation and depletion	$ --	$ --	$ --	$ 3.3
Other tax liabilities	0.9	--	0.9	2.7
Total deferred tax liabilities	0.9	--	0.9	6.0
Deferred tax assets:				
Net operating loss and other carryforwards	120.7	148.7	269.4	120.3
Book over tax depreciation and depletion	36.0	23.7	59.7	33.0
Accrued liabilities	5.7	8.3	14.0	5.1
Other tax assets	3.1	4.7	7.8	1.8
Total deferred tax assets before allowance	165.5	185.4	350.9	160.2
Valuation allowance for deferred tax assets	(165.5)	(185.4)	(350.9)	(155.1)

Total deferred tax assets	--	--	--	5.1
Net deferred tax liabilities	$ 0.9	$ --	$ 0.9	$ 0.9

The net increase in the valuation allowance for deferred tax assets was $4.3 million for 2002 and $6.1 million for 2001.

INCOME TAX PAYMENTS
Income tax payments were $0.1 million in 2002, $0.7 million in 2001 and $0.2 million in 2000.

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

12. CAPITAL STOCK

	Units
COMMON SHARES	
Balance, December 31, 2001 and 2000	140,607,145
Issued in exchange for capital securities and accrued interest	361,561,230
Units offering, net of issuance costs	39,100,000
Issued upon exercise of warrants	4,300
Balance, December 31, 2002	541,272,675
WARRANTS	
Balance, December 31, 2001	--
Units offering, net of issuance costs	39,100,000
Warrants exercised	(4,300)
Balance, December 31, 2002	39,095,700

CAPITAL SECURITIES RETIREMENT
On April 3, 2002 the Company issued 361,561,230 common shares, representing approximately 72% of the outstanding common shares after giving effect to such issuance, in exchange for all of its $100 million aggregate principal amount of 11% junior subordinated debentures due 2027, plus accrued and unpaid interest thereon (the "capital securities").

Following this issuance of common shares, and as at April 3, 2002, the principal holders of the Company's common shares and their respective ownership positions

in the Company were Newmont Mining Corporation of Canada Limited ("Newmont Canada") (48.8%) and Kinross (11.4%). In connection with the completion of the capital securities exchange, three directors of the Company resigned from the board of directors. Two of the vacancies created by these resignations were filled by executive officers of Newmont Canada.

As a result of eliminating the capital securities, the Company recorded an increase to common shares of $303.7 million, based on their quoted market value at the date of issue. The quoted market value of the common shares issued exceeded the book value of the capital securities by $134.8 million. This difference, along with transaction costs of $3.0 million, were recorded proportionately between interest expense ($5.5 million) and deficit ($132.3 million) in the second quarter of 2002 based on the debt and equity classifications of the capital securities.

UNITS OFFERING
In May 2002, the Company sold a total of 39,100,000 units at a price of $0.70 per unit for aggregate gross proceeds of approximately $27.4 million. Each unit consisted of one common share and one share purchase warrant. The common shares and the warrants comprising the units separated upon closing and trade separately on the Toronto Stock Exchange and the American Stock Exchange. As a consequence of the business combination described in note 18, each warrant, previously entitling the holder to purchase one common share of the Company, now entitles the holder to purchase 0.1733 of a post-consolidated Kinross common share at a price of $0.90, at any time prior to November 14, 2003.

DELISTING OF COMMON SHARES
In connection with the business combination described in note 18, the common shares of the Company were delisted from the Toronto Stock Exchange on February 5, 2003 and from the American Stock Exchange on January 31, 2003. Consequently, all of the common shares of the Company are owned by Kinross. The warrants continue to trade on both these exchanges until November 14, 2003.

DIVIDENDS
The Company has not paid dividends since 1996.

RESTRICTED SHARE GRANT PLAN
Effective February 1997, the Company adopted a restricted share grant plan to provide incentive to officers of the Company. As at December 31, 2002, the Company has reserved an aggregate of 750,000 common shares for issuance under the plan, but no grants are outstanding. In connection with the business combination described in note 18, no shares will be granted under this plan.

EMPLOYEE SHARE INCENTIVE PLAN AND DIRECTOR EQUITY PLAN
These plans provide for the granting of options to purchase common shares to officers and employees

(under the Employee Share Incentive Plan) and to eligible directors (under the Director Equity Plan). Outstanding share options under the plans are exercisable at prices equal to the market value on the date of grant. The option holder may

exercise each share option over a period of 10 years from the date of grant. Options generally vest in 25% increments on the first, second, third and fourth year anniversaries following the grant date. Option prices are denominated in Canadian dollars. No more grants are to be made under the Director Equity Plan.

EFFECT OF BUSINESS COMBINATION ON SHARE OPTIONS

In connection with the business combination described in note 18, no more grants are to be made under the Employee Share Incentive Plan. All outstanding options vested effective January 31, 2003, with each being converted into 0.1733 of a Kinross share option. These Kinross share options are excercisable at prices disclosed below multiplied by 5.7703 giving effect to the conversion ratio, described in note 18, into common shares of Kinross. All options outstanding under the Employee Share Incentive Plan expire on January 31, 2004 while options outstanding under the Director Equity Plan remain outstanding in accordance with the original terms of the plan. As at January 31, 2003, there were 584,854 Kinross share options outstanding and exercisable at a weighted average price of $51.60 under the Employee Share Incentive Plan and 39,409 Kinross share options outstanding and exercisable at a weighted average price of $66.00 under the Director Equity Plan. Kinross share option prices are denominated in Canadian dollars.

Changes in the number of options outstanding during the three years ended December 31, 2002 were as follows.

	EMPLOYEE SHARE INCENTIVE PLAN			DIR
	Number of Shares	Weighted Average Exercise Price		Number of Shares
Options outstanding, December 31, 1999	5,493,686	C$	8.82	240,450
2000: Options granted	--		--	--
Options expired	(100,458)		12.88	--
Options forfeited	(1,021,417)		8.92	(13,000)
Options outstanding, December 31, 2000	4,371,811	C$	8.71	227,450
2001: Options granted	--		--	--
Options expired	(64,655)		8.88	--
Options forfeited	(666,589)		8.66	--
Options outstanding, December 31, 2001	3,640,567	C$	8.72	227,450
2002: Options granted	--		--	--
Options expired	(37,100)		5.75	--
Options forfeited	(133,295)		5.10	--
Options outstanding, December 31, 2002	3,470,172	C$	8.89	227,450

The number and weighted average price of shares exercisable under the Employee Share Incentive Plan are 3,270,047 at C$9.27 at December 31, 2002; 3,076,154 at C$9.80 at December 31, 2001; and 3,389,484 at C$10.41 at December 31, 2000. The number and weighted average price of shares exercisable under the Director Equity Plan are 227,450 at C$11.44 at December 31, 2002; 217,700 at C$11.78 at December 31, 2001; and 196,575 at C$12.40 at December 31, 2000.

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Options outstanding at December 31, 2002 had the following characteristics.

Number of Shares Outstanding	Exercise Price Range	Weighted Average Exercise Price of Shares Outstanding	Weighted Average Years Until Expiration	Number of Shares Exercisable	A
EMPLOYEE SHARE INCENTIVE PLAN					
1,331,444	C$2.55 - C$3.59	C$ 2.94	6	1,131,319	
1,391,815	6.75 - 13.75	10.49	4	1,391,815	
746,913	15.75 - 19.63	16.51	2	746,913	
DIRECTOR EQUITY PLAN					
143,000	C$3.70 - C$12.50	C$ 8.67	4	143,000	
84,450	14.63 - 18.25	16.13	2	84,450	

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

U.S. GAAP FINANCIAL STATEMENTS

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

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

In accordance with Canadian GAAP, certain long-term foreign exchange contracts are considered to be hedges of the cost of goods to be purchased in foreign currencies in future periods. Gains and losses related to changes in market values of such contracts are recognized as a component of the cost of goods when

the related hedged purchases occur. In 2001, the Company recognized $2.8 million in deferred foreign exchange gains. Under U.S. GAAP, foreign exchange contracts would be carried at market value and changes included in current earnings.

In accordance with Canadian GAAP, the Company's short-term share investments are carried at the lower of cost or market based on quoted market prices. Under U.S. GAAP, these investments would

have been marked to market, with unrealized gains or losses excluded from earnings and reported as accumulated other comprehensive income in shareholders' equity, net of tax.

In accordance with U.S. GAAP, gold call options sold would not qualify for hedge accounting and therefore would be marked to market at each period end. As a result, the Company recorded a loss of $0.8 million in 2001 and a gain of $3.0 million in 2000 under U.S. GAAP.

In accordance with Canadian GAAP, capitalized mine development costs include expenditures incurred to develop new ore bodies, to define further resources in existing ore bodies and to expand the capacity of operating mines. The Company capitalized development costs of $2.2 million in 2001 and $1.2 million in 2000 for the extension to the K-2 deposit at the Kettle River mine. Under U.S. GAAP, development costs are capitalized only when converting mineralized material to reserves or for further delineation of existing reserves. The development expenditures resulted in additions to mineralized material but did not add to mineral reserves. Therefore under U.S. GAAP, the expenditures would be classified as exploration expense.

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

	2002	2001
Net earnings (loss) under Canadian GAAP	$ (7,690)	$ (5,678)
Additional interest expense on capital securities	(4,739)	(17,307)
Loss on conversion of capital securities	5,461	--
Modification of derivative contracts realized in net earnings	814	--
Change in market value of foreign exchange contracts	384	426
Amortization of deferred financing costs on capital securities	--	(634)
Change in market value of option contracts	--	(1,291)
Amortization of deferred foreign exchange gains	--	(2,846)
Transition adjustment on adoption of FAS 133	--	(3,090)
Unrealized loss on short-term investments	--	150
Kettle River exploration expense	--	(2,234)

Kettle River amortization expense	--	2,103
Provision for impaired Kettle River assets	--	1,305
Net earnings (loss) under U.S. GAAP before extraordinary loss	$ (5,770)	$ (29,096)
Loss on retirement of capital securities, net of nil tax effect	(137,763)	--
Net earnings (loss) under U.S. GAAP	$ (143,533)	$ (29,096)
Earnings (loss) per share under U.S. GAAP - basic and diluted		
- before extraordinary loss	$ (0.01)	$ (0.21)
- extraordinary loss	(0.32)	(0.21)
- after extraordinary loss	$ (0.33)	$ (0.21)
Weighted average number of shares outstanding (thousands)		
- basic	429,783	140,607
-diluted	429,783	140,607

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

December 31, 2002	Canadian GAAP	Short-term Investments	Derivative Contracts	Other	
Short-term investments	$ 7,183	$ 17,490	$ --	$ --	$
Long-term investments and other assets	36,982	--	(15,766)	--	
Deferred income	6,393	--	(6,393)	--	
Common shares	1,042,571	--	--	36,428	1
Deficit	(879,238)	178	(2,224)	(36,428)	
Foreign currency translation	(26,659)	--	--	26,659	
Accumulated other comprehensive loss	--	17,312	(7,149)	(26,659)	
Shareholders' equity (deficit)	136,674	17,490	(9,373)	--	

December 31, 2001	Canadian GAAP	Capital Securities	Derivative Contracts	Other	
Short-term investments	$ 1,910	$ --	$ --	$ 2,636	$
Long-term investments and other assets	55,795	158	(29,305)	141	

Accounts payable and accrued liabilities	24,284	--	691	--
Debt and other financings	23,714	93,286	--	--
Deferred income	47,918	--	(47,918)	--
Accrued interest on capital securities	--	64,167	--	--
Common shares	713,343	--	--	36,428
Capital securities	157,453	(157,453)	--	--
Deficit	(734,665)	158	(3,563)	(36,109)
Foreign currency translation	(29,305)	--	--	29,305
Accumulated other comprehensive loss	--	--	21,485	(26,847)
Shareholders' equity (deficit)	106,826	(157,295)	17,922	2,777

The continuity of shareholders' equity (deficit) from December 31, 2001 to December 31, 2002 under U.S. GAAP would have been as follows.

Balance, beginning of year	$ (29,770)
Net loss	(143,533)
Common shares issued in exchange for capital securities	303,711
Units offering, net of issuance costs	25,513
Common shares issued upon exercise of warrants	4
Other comprehensive loss	(11,134)
Balance, end of year	$ 144,791

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

	2002	2001
Net earnings (loss) under U.S. GAAP	$ (143,533)	$ (29,096)
Other comprehensive income (loss), after a nil income tax effect:		
Unrealized gain on share investments arising during period	14,854	1,726
Foreign currency translation adjustments	2,646	(4,351)
Transition adjustment on adoption of FAS 133	--	39,234
Modification of derivative contracts realized in net income	(28,634)	(17,749)
Other comprehensive income (loss)	(11,134)	18,860
Comprehensive income (loss)	$ (154,667)	$ (10,236)

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

	2002	2001
Unrealized gain on share investments	$ 17,312	$ 2,458
Modification of derivative contracts	(7,149)	21,485
Foreign currency translation	(26,659)	(29,305)
Accumulated other comprehensive loss	$ (16,496)	$ (5,362)

STOCK-BASED COMPENSATION

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

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

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

	2002	2001
Net earnings (loss) under U.S. GAAP	$ (143,533)	$ (29,096)
Pro forma stock compensation expense, after a nil income tax effect	(323)	(405)
Pro forma net earnings (loss) under U.S. GAAP	$ (143,856)	$ (29,501)
Pro forma earnings (loss) per share under U.S. GAAP	$ (0.33)	$ (0.21)

The Company has utilized the Black-Scholes option valuation model to estimate the fair value of options granted, assuming a weighted average option life of six years, a risk-free interest rate of 6.25%, a zero dividend yield and a volatility factor of 60% for 1999 grants. The weighted average fair value of options granted was estimated at $1.08 per share in 1999. There were no grants in 2002, 2001 or 2000.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On January 1, 2001, the Company implemented FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" and Statement No. 138

"Accounting for Certain Derivative Instruments and Certain Hedging Activities." The Company has designated its gold forward contracts as normal sales as defined by Statement No. 138 and these contracts are therefore excluded from the scope of Statement No. 133. Foreign exchange contracts and gold call options have not been designated as hedges for U.S. GAAP purposes and are recognized at fair value on the balance sheet with changes in fair value recorded in earnings. Gains and losses on the early termination or other restructuring of gold, silver and foreign currency hedging contracts are deferred in accumulated other comprehensive income until the formerly hedged items are recorded in earnings. The transition adjustment recorded under U.S. GAAP at January 1, 2001 decreased assets by $18.3 million, liabilities by $54.4 million and net earnings by $3.1 million, and increased accumulated other comprehensive income by $39.2 million.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"), which addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. SFAS 143 amends SFAS 19, "Financial Accounting and Reporting by Oil and Gas Producing Companies", and requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, an entity capitalizes the cost by increasing the carrying amount of the related long-lived assets. Over time, the liability is accreted to its present value each period, and the capitalized cost is amortized over the useful life of the related asset. Upon settlement of the liability, an entity either settles the obligation for its recorded amount or incurs a gain or loss upon settlement. SFAS 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002 with earlier application encouraged. The Company will adopt SFAS 143 in 2003. The Company has not yet determined the impact of this Statement on its financial statements.

In June 2002, the FASB issued Statement No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This pronouncement is effective for exit or disposal activities that are initiated after December 31, 2002 and requires these costs to be recognized when the liability is incurred and not at project initiation. The Company is reviewing the provisions of the Statement, but has not yet determined the impact of this Statement on its financial statements.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 clarifies the application of Accounting Research Bulletin No. 51 - Consolidated Financial Statements to those entities defined as "Variable Interest Entities" (more commonly referred to as special purpose entities) in which equity investors do not have the characteristics of a "controlling financial interest" or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 applies immediately to all Variable Interest Entities created after January 31, 2003, and by the beginning of the first interim or annual reporting period commencing after June 15, 2003 for Variable Interest Entities created prior to February 1, 2003. The Company does not conduct any transactions through variable interest entities and does not

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expect FIN 46 to have an impact on its financial statements.

In 2002, the CICA Handbook Sections 3063 - Impairment of Long Lived Assets and 3475 - Disposal of Long Lived Assets and Discontinued Operations were harmonized with SFAS 144. The standards will require an impairment loss to be recognized when the carrying amount of an asset held for use exceeds the sum of estimated undiscounted future net cash flows. The impairment loss would be measured as the amount by which the carrying amount exceeds the fair value of the asset. An asset held for sale is to be measured at the lower of carrying cost or fair value less cost to sell. In addition, this guidance broadens the concept of a discontinued operation and eliminates the ability to accrue operating losses expected between the measurement date and the disposal date. Section 3063 is effective for fiscal years beginning on or after April 1, 2003, and Section 3475 applies to disposal activities initiated by an enterprise's commitment to a plan on or after May 1, 2003. The sections will be applied prospectively with early adoption encouraged.

In 2002, the Accounting Standards Board of the CICA issued Accounting Guidelines No. 13 that increases the documentation, designation and effectiveness criteria to achieve hedge accounting. The guideline requires the discontinuance of hedge accounting for hedging relationships established that do not meet the conditions at the date it is first applied. It does not change the method of accounting for derivatives in hedging relationships. The new guideline is applicable for fiscal years commencing July 1, 2003. The Company is evaluating the impact this standard might have on its results of operations and financial position.

In November 2002, the FASB issued Interpretation No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45), which is effective for financial periods ending after December 15, 2002. FIN 45 defines guarantees to include indemnifications granted pursuant to contractual arrangements as well as contingent consideration.

In 2003, the Accounting Standards Board of the CICA issued Accounting Guideline No. 14 - Disclosure of Guarantee. The guideline requires the disclosure of guarantees including indemnification pursuant to contractual arrangement. This guideline is consistent with FIN 45 described above.

OTHER
The estimated fair values of cash and cash equivalents, short-term investments and currency loans approximate their book values. The fair values were determined from quoted market prices or estimated using discounted cash flow analysis. See note 16 for further disclosure regarding estimated fair values of financial instruments.

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

14. JOINT VENTURES

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

	2002	2001
Revenues	$ 114,297	$ 105,450
Expenses:		
Operating costs	68,323	72,049
Royalties	7,618	6,881
Production taxes	1,653	664
Depreciation and amortization	21,579	20,570
Reclamation and mine closure	3,400	3,361
Exploration	1,009	663
Other	(440)	(761)
Earnings before income taxes	$ 11,155	$ 2,023

	2002	2001
Current assets	$ 40,371	$ 40,224
Non-current assets	96,555	96,376
Current liabilities	(15,487)	(15,154)
Non-current liabilities	(19,399)	(15,311)
Equity	$ 102,100	$ 106,135

	2002	2001
Net cash provided from (used in):		
Operating activities	$ 15,578	$ 15,146
Investing activities	(8,584)	(15,046)
Financing activities	--	--
Net increase (decrease) in cash	$ 6,994	$ 100

15. SEGMENT INFORMATION

The Company's management regularly evaluates the performance of the Company by reviewing operating results on a minesite by minesite basis. As such, the Company considers each producing minesite to be an operating segment. The Company has two operating mines: Round Mountain in Nevada, United States and Lupin in Nunavut Territory, Canada. The Company ceased mining operations at its Kettle River in Washington, United States in October 2002 and at its McCoy/Cove mine in Nevada, United States at March 31, 2002. The Company recommenced operations at its Lupin mine in the Nunavut Territory, Canada in April 2000. All are 100% owned except for Round Mountain, which is 50% owned.

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

	2002	2001
Total gold and silver revenues	$ 206,529	$ 237,684

Average gold price realized per ounce	$ 361	$ 305
Average silver price realized per ounce	$ 4.36	$ 4.70

ECHO BAY MINES LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2002

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

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

Gold Production (ounces)	2002	2001
Round Mountain (50%)	377,747	373,475
Lupin	113,835	139,327
Kettle River	30,626	50,349
McCoy/Cove	16,501	94,633
Total gold	538,709	657,784

Silver Production (ounces)	2002	2001
Total silver-all from McCoy/Cove	1,470,094	6,451,425

Operating costs	2002	2001
Round Mountain (50%)	$ 68,323	$ 72,049
Lupin	37,194	34,722
Kettle River	9,166	15,555
McCoy/Cove	13,453	53,015
Total operating costs per financial statements	$ 128,136	$ 175,341

Royalties	2002	2001
Round Mountain (50%)	$ 7,618	$ 6,880
Kettle River	140	504
McCoy/Cove	41	213
Total royalties per financial statements	$ 7,799	$ 7,597

Depreciation and amortization	2002	2001

Round Mountain (50%)	$ 21,578	$ 20,570
Lupin	5,112	5,226
Kettle River	2,508	2,011
McCoy/Cove	4,519	12,638
Depreciation of non-minesite assets	1,554	1,656
Total depreciation and amortization per financial statements	$ 35,271	$ 42,101

Total assets	2002	2001
Minesites:		
Round Mountain (50%)	$ 101,633	$ 110,864
Lupin	24,166	31,199
Kettle River	1,506	5,351
McCoy/Cove	7,832	21,256
Development properties:		
Aquarius	43,312	44,048
Non-minesite assets	45,241	48,086
Total assets	$ 223,690	$ 260,804

Capital expenditures	2002	2001	
Round Mountain (50%)	$ 8,589	$ 15,033	$
Lupin	2,443	2,622	
Kettle River	1,584	4,150	
McCoy/Cove	12	1,002	

Deferred (applied) mining expenditures	2002	2001	
Round Mountain (50%)	$ (3,419)	$ (5,323)	$
Lupin	1,091	1,452	
McCoy/Cove	--	(2,247)	

Financial information regarding geographic areas is set out below.

	2002	2001	
Revenue:			
Canada	$ 41,420	$ 53,160	$
United States	165,109	184,524	2

Total revenue	$ 206,529	$ 237,684	$ 2

	2002	2001
Assets:		
Canada	$ 88,679	$ 108,824
United States	134,686	150,089
Other	325	1,891
Total assets	$ 223,690	$ 260,804

16. HEDGING ACTIVITIES AND COMMITMENTS

The Company periodically reduces the risk of future gold price declines by hedging a portion of its production. The principal hedging tools used are gold forward sales contracts and options.

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

Credit risk is the risk that a counterparty might fail to fulfill its performance obligations under the terms of a derivative contract. The Company's credit risk related to all hedging activities is limited to the unrealized gains on outstanding contracts based on current market prices. The Company minimizes its credit risk by entering into transactions with large credit-worthy financial institutions, limiting the amount of its exposure to each counterparty, and monitoring the financial condition of its counterparties. The counterparties for the Company's current hedge positions do not require margin deposits. In addition, the Company deals only in markets it considers highly liquid to allow for situations where positions may need to be reversed.

Gains and losses on the early termination or other restructuring of gold, silver and foreign currency hedging contracts are deferred until the formerly hedged items are recognized in earnings (notes 4 and 6).

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

GOLD COMMITMENTS

As at December 31, 2002, the Company has no outstanding commitments relating to precious metals.

CURRENCY POSITION
At December 31, 2002, the Company had an obligation under foreign currency exchange contracts to purchase C$45.1 million in 2003 at an exchange rate of C$1.61 to U.S.$1.00.

Shown below are the carrying amounts and estimated fair values of the Company's outstanding hedging instruments at December 31, 2002 and 2001.

	December 31, 2002		
	Carrying Amount	Estimated Fair Value	Carrying Amount
Gold forward sales	$ --	$ --	$ --
Gold options - calls sold	--	--	(630
Foreign currency contracts	--	100	--
		$ 100	

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

The fair value of the Company's hedged position can be affected by market conditions beyond the Company's control. The effect of a U.S.$ 0.01 change in the exchange rate for Canadian would be approximately $0.5 million.

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

	2002	2001
Revenue:		
Gold loans and swaps	$ --	$ 703
Gold forward sales	7,119	22,245
Silver forward sales	--	3,426
Gold and silver options	(995)	(402)
Operating costs:		
Foreign currency contracts	(824)	(2,113)
	$ 5,300	$ 23,859

17. OTHER COMMITMENTS AND CONTINGENCIES ROYALTIES

Round Mountain mine production is subject to a net smelter return royalty ranging from 3.53% at gold prices of $320 per ounce or less to 6.35% at gold prices of $440 per ounce or more. Its production is also subject to a gross revenue royalty of 3.0%, reduced to 1.5% after $75.0 million has been paid. For the period from the date that the royalty commenced through December 31, 2002, cumulative royalties of $33.1 million have been paid.

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

OPERATING LEASE COMMITMENTS

The Company's principal lease commitments are for equipment and office premises. The Company incurred $1.4 million in rental expense in 2002, net of $1.8 million in rental income related to office subleases. The Company's commitments under the remaining terms of the leases are approximately $4.7 million, payable as follows: $1.6 million in 2003, $1.5 million in 2004, $1.0 million in 2005, $0.1 million in 2006, $0.1 million in 2007 and $0.4 million thereafter.

SUMMA

In September 1992, Summa Corporation commenced a lawsuit against two indirect subsidiaries of the Company, Echo Bay Exploration Inc. and Echo Bay Management Corporation (together the "Subsidiaries") alleging improper deductions in the calculation of royalties payable over several years of production at McCoy/Cove and another mine, which is no longer in operation. The matter was tried in the Nevada State Court in April 1997, with Summa claiming more than $13 million in damages, and, in September 1997, judgment was rendered for the Subsidiaries. The decision was appealed by Summa to the Supreme Court of Nevada, which in April 2000 reversed the decision of the trial court and remanded the case back to the trial court for "a calculation of the appropriate [royalties] in a manner not inconsistent with this order." The case was decided by a panel comprised of three of the seven Justices of the Supreme Court of Nevada and the Subsidiaries petitioned that panel for a rehearing. The petition was denied by the three member panel on May 15, 2000 and remanded to the lower court for consideration of other defences and arguments put forth by the Subsidiaries. The Subsidiaries filed a petition for a hearing before the full Supreme Court and on December 22, 2000, the Court recalled its previous decision. Both the Subsidiaries and their counsel believe that grounds exist to modify or reverse the decision. The Company has $1.5 million accrued related to this litigation. If the appellate reversal of the trial decision is maintained and the trial court, on remand, were to dismiss all of the Subsidiaries' defences, the royalty calculation at McCoy/Cove would change and additional royalties would be payable. Neither the Company, nor counsel to the Subsidiaries believe it is possible to quantify the precise liability pursuant to a revised royalty calculation.

HANDY AND HARMAN

On March 29, 2000, Handy & Harman Refining Group, Inc., which operated a facility used by the Company for the refinement of dore bars, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company has filed a claim for gold and silver accounts at this refining facility with an estimated market value of approximately $2.2 million at the time the shipments were made. The

December 31, 2002

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

Company has fully provided for this amount as unrecoverable including a charge of $1.5 million in 2002. Further, in March 2002, the liquidating trustee for Handy & Harman commenced a series of adversary proceedings against numerous creditors, including two Company subsidiaries, alleging that certain creditors received preferential payments in metal or otherwise. The preferential payment claims against the Company's subsidiaries approximate $9.0 million. The ultimate amount recoverable or payable will depend on the success or failure of the liquidating trustee in prosecuting these claims. The ultimate percentage payout by the liquidating trustee will also be affected by the success or failure of the trustee in prosecuting preferential payment claims against all creditors. The trustee currently projects the ultimate distribution of funds to be 50% to 60% of amounts owed to creditors. Based on this range, the maximum liability to the Company would be $3.4 million assuming a 50% payout to creditors and no success in defending any of the preferential payment claims while the maximum amount recoverable would be $1.3 million assuming a 60% payout to creditors and success in defending itself against all of the preferential payment claims. The Company intends to oppose the preferential payment claims vigorously. The outcome of these proceedings is uncertain at this time. As such, the Company has not made any provision with respect to the preferential payment claims.

OTHER

In November 2001, two former employees of the Corporation brought a claim against the Company pursuant to the CLASS PROCEEDINGS ACT (British Columbia) as a result of the temporary suspension of operations at the Company's Lupin mine in the spring of 1998 and the layoff of employees at that time. The Company does not know at this time the amount being claimed by the former employees nor whether the claim is appropriate for certification as a class action. On August 12, 2002, the Supreme Court of British Columbia decided it had such jurisdiction. The Company is appealing the decision. No determination has been made by this Court as to whether this action is suitable for certification as a class action and no decision has been rendered with respect to the merits of the action.

SECURITY FOR RECLAMATION

Certain of the Company's subsidiaries have provided corporate guarantees and other forms of security to regulatory authorities in connection with future reclamation activities. Early in 2001, regulators in Nevada called upon two of the Company's subsidiaries to provide other security to replace corporate guarantees that had been given in respect of the Round Mountain and McCoy/Cove operations. The McCoy/Cove complex and the associated reclamation obligation was conveyed to a subsidiary of Newmont on February 7, 2003 as described in note 18. The regulatory request, relevant to operations at Round Mountain, seeks replacement security of approximately $16 million to bring the total to approximately $22 million, the Company's 50% share. The Company disagrees with the regulators' position and believes that the subsidiary qualifies under the criteria set out for corporate guarantees and will oppose the regulatory position. Although the outcome cannot be predicted, the Company and their counsel believe that the Company will prevail.

18. SUBSEQUENT EVENTS

(A) BUSINESS COMBINATION

On June 10, 2002, the Company, Kinross Gold Corporation ("Kinross") and TVX Gold Inc. ("TVX") announced they had entered into an agreement providing for the proposed combination of the companies (the "Kinross Combination"). In a concurrent transaction, TVX agreed to acquire from Newmont Mining

Corporation ("Newmont") the interest in the TVX Newmont Americas joint venture that it did not already own. The combination of the companies was conditional upon the completion of this purchase. On January 31, 2003 the purchase from Newmont and the proposed combination were completed. As such, shareholders of Echo Bay (other than Kinross) received 0.1733 of a Kinross common share for each Echo Bay common share after giving effect to a one-for-three share consolidation of the outstanding common shares of Kinross immediately prior to the combination. As a result, the Company and its subsidiaries are now wholly-owned subsidiaries of Kinross. Common shares of the Company were delisted from the Toronto and American Stock Exchanges and outstanding warrants are exercisable for Kinross common stock as described in note 12.

(B) DISPOSITION OF MCCOY/COVE

On June 9, 2002, Echo Bay Exploration Inc. and Echo Bay Minerals Company, two subsidiaries of the Company, entered into an asset purchase agreement with Newmont USA, a subsidiary of Newmont, providing for the conveyance of the McCoy/Cove complex in Nevada, U.S.A.. The agreement replaces a letter agreement dated February 13, 2002 related to the conveyance of the McCoy/Cove complex which called for a payment to the seller of $6 million and the assumption by Newmont of all reclamation and closure obligations. Under the February 13, 2002 letter agreement, Newmont had no obligation to complete the transaction. Newmont indicated it was willing to proceed with the conveyance of the McCoy/Cove complex only if the Kinross Combination was completed and the cash payment was eliminated. Accordingly, a new agreement was reached expressly containing these two conditions. The closing of the transaction was subject to, among other conditions, the completion of the Kinross Combination. The Kinross Combination was completed January 31, 2003 and the McCoy/Cove assets were conveyed to Newmont on February 7, 2003. In consideration, Newmont has agreed to assume all liabilities and obligations relating to the reclamation or remediation required for the McCoy/Cove complex.

(C) NEW CREDIT FACILITY

On February 27, 2003, Round Mountain Gold Corporation, a wholly-owned subsidiary of the Company along with Kinross and two of its wholly-owned subsidiaries ("the Borrowers"), entered into a new syndicated credit facility. The new syndicated credit facility has a maturity date of December 31, 2005 and a total committed amount of $125.0 million. The primary purpose of the credit facility is to enable the Borrowers to issue letters of credit to various regulatory agencies to satisfy financial assurance requirements. Shares of Round Mountain Gold Corporation along with various other assets of Kinross are pledged as collateral for this facility.

December 31, 2002

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

QUARTERLY FINANCIAL HIGHLIGHTS
(Unaudited)
(millions of U.S. dollars except per share data)

	Revenue	Net Earnings (Loss)	Earnings (Loss) per Share
2002			
First quarter	$ 55.2	$ 5.5	$ 0.01
Second quarter (1)	54.6	(1.5)	(0.27)
Third quarter	52.0	3.7	0.01
Fourth quarter (2)	44.7	(15.4)	(0.09)
Total	$ 206.5	$ (7.7)	$ (0.34)
2001			
First quarter	$ 64.5	$ 3.8	$ --
Second quarter	63.7	(0.4)	(0.03)
Third quarter	58.5	(0.2)	(0.03)
Fourth quarter (3)	51.0	(8.9)	(0.10)
Total	$ 237.7	$ (5.7)	$ (0.16)

(1) For the purposes of per share calculations, the equity portions of interest and the loss on the conversion of capital securities decreases the earnings attributable to common shareholders. See notes 7 and 12 to the consolidated financial statements.

(2) The net loss in the fourth quarter of 2002 includes a provision for Lupin impaired assets of $7.0 million ($0.02 per share).

(3) The net loss in the fourth quarter of 2001 includes a provision for Kettle River impaired assets of $4.4 million ($0.03 per share).

ITEM 9-CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10-DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

EXECUTIVE OFFICERS AND DIRECTORS OF THE REGISTRANT

The executive officers and directors of the Company are listed below. In connection with the Kinross Combination completed January 31, 2003, all of the executive officers and directors of the Company were replaced by officers and directors of Kinross, the Company's parent.

Name and municipality of residence	Age	Director since	Position with the Company and business experience five years
JOHN A. BROUGH (1)(2) Vero Beach, FL	56	2003	President, Torwest Inc. (real estate development c
ROBERT M. BUCHAN Toronto, ON	55		Chief Executive Officer of the Company since Janua Chairman and Chief Executive Officer of Kinross si
SCOTT A. CALDWELL (1) Oakville, ON	46	2003	President of the Company since January 31, 2003; E President and Chief Operating Officer of Kinross Senior Vice President of Surface Operations of Kin 1998 to April 2002; Vice President of Operations o 1996 to 1998.
JERRY W. DANNI Oakville, ON	50		Vice President of the Company since January 31, 20 President Environmental Affairs of Kinross since J President Environmental Affairs of Cyprus Climax M from 1994 to 1999.
CHRISTOPHER T. HILL (1) Toronto, ON	42	2003	Treasurer of the Company since January 31, 2003; V Treasurer of Kinross since May 1998; Treasury Mana Gold Corporation from 1994 to 1998.
JOHN M. H. HUXLEY (1)(2) Toronto, ON	58	2003	Principal, Algonquin Power Corporation Inc. (power
JOHN A. KEYES (1)(2) The Woodlands, TX	59	2003	Retired Mining Executive
BRIAN W. PENNY (1) Markham, ON	40	2003	Vice President of the Company since January 31, 20 Finance and Chief Financial Officer of Kinross sin
SHELLEY M. RILEY Toronto, ON	46		Corporate Secretary of the Company since January 3 Corporate Secretary of Kinross since June 1993.

(1) Director of the Company since January 31, 2003.
(2) Member of the Audit Committee.

ITEM 11-EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE
The table below shows the compensation of the Chief Executive Officer and the next four most highly compensated executive officers for each of the Company's last three completed fiscal years or, where an individual was not an executive officer for the last three completed fiscal years, for those years in which the individual was an executive officer.

Name/Principal Position	Year	Annual Compensation	All Othe
			(

		Salary (U.S.$)	Bonus (U.S.$)	
Robert L. Leclerc Chairman and Chief Executive Officer	2002 2001 2000	350,000 350,000 350,000	459,654 299,675 248,535	
Jerry L. J. McCrank Vice President, Operations	2002 2001 2000	185,000 185,000 165,000	306,436 170,088 144,979	
Tom S. Q. Yip Vice President, Finance and Chief Financial Officer	2002 2001 2000	185,000 185,000 165,000	306,436 170,088 144,979	
Lois-Ann L. Brodrick Vice President and Secretary	2002 2001 2000	175,000 175,000 150,000	306,436 170,088 144,088	
David A. Ottewell Controller	2002 2001 2000	125,000 125,000 105,000	37,694 40,847 34,233	

(1) Represents the annual employer contributions to the Company's retirement savings and defined contribution plans ($21,000) and total fees paid for attendance at meetings of the Board of Directors ($3,400).

(2) Represents the annual employer contributions to the Company's retirement savings and defined contribution plans.

(3) There were no share option awards by the Company to any of its directors, officers or employees in 2000, 2001 and 2002.

ITEM 12-SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS
As of March 26, 2003, based upon information available to the Company, the following shareholder was the beneficial owner of more than five percent of the common shares:

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership
Common	Kinross Gold Corporation 52nd Floor, Scotia Plaza, 40 King Street West Toronto, Ontario M5H 3Y2	541,272,675

SECURITY OWNERSHIP OF MANAGEMENT
As of March 26, 2003, no equity securities of the Company were owned by any of the Company's executive officers or directors.

EQUITY COMPENSATION PLANS

As a result of the Kinross Combination that became effective January 31, 2003, all equity compensation plans of the Company were terminated. The Company does not currently have any plans to offer equity-based compensation to its directors, officers and employees.

ITEM 13-CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

INDEBTEDNESS OF MANAGEMENT

The Company had made loans available to certain persons employed by the Company or an affiliate to assist with employee relocation. The loans were for five years with an interest rate of nine percent per annum but for the first three years the interest is rebated to the employee. At the end of three years, interest at the lower of nine percent or the applicable federal rate for short-term loans determined pursuant to the U.S. Internal Revenue Code will be payable monthly until maturity. The three year period covering the interest rebate ends September 9, 2003. The Company expects that the loan will be repaid prior to this date.

The following table shows, in United States dollars, the particulars of indebtedness by officers in excess of U.S.$60,000 for the period January 1, 2002 to March 26, 2003.

Name	Capacity	Nature of loan	Maximum balance in period	Balance outstanding March 26, 2003
R. L. Leclerc	Chairman	Housing	$140,134	$140,134

ITEM 14-CONTROLS AND PROCEDURES

Within the 90 days prior to the filing of this Form 10-K, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer and the Vice President and Principal Accounting Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on that evaluation, our management, including the Chief Executive Officer and Vice President and Principal Accounting Officer, concluded that our disclosure controls and procedures were effective. There have been no significant changes in our internal controls and procedures or in other factors that could significantly affect internal controls subsequent to the date the Company carried out its evaluation.

PART IV

ITEM 15-EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

1. Financial Statements included in Part II, Item 8 Echo Bay Mines Ltd.

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2. Financial Statement Schedules included in Part IV
All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits required to be filed by Item 601 of Regulation S-K
Exhibits 2.2, 3.2, 3.3, 3.4 and 24 are filed herewith. All other exhibits are incorporated by reference as indicated below.

Exhibit No.	Exhibit Description
2.1	Combination Agreement, dated as of the 10th day of June 2002, among Kinross Gold Corporation, TVX Gold Inc. and Echo Bay Mines Ltd. (incorporated herein by reference to Exhibit 2.1 to the report of the Registrant on Form 8-K dated June 11, 2002).
2.2	Plan of Arrangement, dated January 31, 2003, with respect to the Kinross Combination.
3.1	Restated Articles of Incorporation of the Registrant (incorporated herein by reference to Exhibit 3(a) of Registration Statement No. 2-84687).
3.2	Articles of Amendment, dated January 31, 2003, to amend the location of the registered office.
3.3	Articles of Arrangement, dated January 31, 2003, with respect to the Kinross Combination.
3.4	By-laws of the Registrant, as amended, dated January 31, 2003.
4.1	Shelf registration statement, as amended, dated February 12, 1998 (incorporated herein by reference to Registration Statement 333-35857 and amendments thereto).

4.2	Indenture and First Supplemental Indenture between Echo Bay Mines Ltd. and Bankers Trust Company and Global Security for 11% Capital Securities dated March 27, 1997 (incorporated herein by reference to the report on Form 8-K of file No. 1-8542 which was made effective on March 31, 1997).
4.2	Second Supplemental Indenture between Echo Bay Mines Ltd. and

Bankers Trust Company and Global Security for 11% Capital Securities dated September 15, 1998 (incorporated herein by reference to the report on Form 8-K of file No. 1-8542 which was made effective on November 2, 1998).

4.3 Third Supplemental Indenture between Echo Bay Mines Ltd. and Bankers Trust Company and Global Security for 11% Capital Securities dated December 4, 2001 (incorporated herein by reference to the report on Form 8-K of file No. 1-8542 which was made effective on December 5, 2001).

10.1 Employee Share Incentive Plan (incorporated herein by reference to Exhibit 10(n) of Registration Statement No. 2-84687).

10.2 Amendment dated February 18, 1986, to the Employee Share Incentive Plan described in 10.1 above (incorporated herein by reference to Exhibit 10.29 of the report on Form 10-K of file No. 1-8542 for the year ended December 31, 1986).

10.3 Director Equity Plan and amendment to Employee Share Incentive Plan (incorporated herein by reference to Registration Statement on Form S-8, file No. 33-91696).

10.4 Employment Agreement dated May 10, 1996 with Robert L. Leclerc (incorporated herein by reference to exhibit 10.6 of the report on Form 10-K of file No. 1-8542 for the year ended December 31, 1996).

10.5 Employee Share Incentive Plan and Restricted Share Grant Plan (incorporated herein by reference to Registration Statement on Form S-8, file No. 333-31835).

10.6 Registration Statement dated May 14, 1998 (incorporated herein by reference to Registration Statement on Form S-3, file No. 333-52613 and amendments thereto).

10.7 Second Amended and Restated Gold Bullion Loan Agreement dated as of February 11, 1999 (incorporated herein by reference to exhibit 10.7 of the report on Form 10-K of file No. 1-8542 for the year ended December 31, 1999).

24 Power of Attorney.

99.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ECHO BAY MINES LTD.

By /s/ Robert M. Buchan

Robert M. Buchan, Chief Executive Officer

Date: March 26, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacity and on the date indicated.

Signatures	Capacity in Which Signed	Date
/s/ Robert M. Buchan Robert M. Buchan	Chief Executive Officer (Principal Executive Officer)	March 26, 2003
/s/ Scott A. Caldwell Scott A. Caldwell	President and Director	March 26, 2003
/s/ Brian W. Penny Brian W. Penny	Vice-President (Chief Financial Officer and Principal Accounting Officer) and Director	March 26, 2003
/s/ Christopher T. Hill Christopher T. Hill	Treasurer and Director	March 26, 2003
/s/ John A. Brough John A. Brough	Director	March 26, 2003
/s/ John M. H. Huxley John M. H. Huxley	Director	March 26, 2003
/s/ John A. Keyes John A. Keyes	Director	March 26, 2003

CERTIFICATIONS

I, Robert M. Buchan, certify that:

1. I have reviewed this annual report on Form 10-K of Echo Bay Mines Ltd.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual

report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c)
presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 26, 2003

/s/_____
Robert M. Buchan
Chief Executive Officer

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CERTIFICATIONS

I, Brian W. Penny, certify that:

1. I have reviewed this annual report on Form 10-K of Echo Bay Mines Ltd.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual

report;

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

March 26, 2003

/s/_____
Brian W. Penny
Vice President