

MIRAMAR MINING CORP  
Form 40-F/A  
September 22, 2005

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

**FORM 40-F/A**  
**AMENDMENT NO. 1**

(Check one)

[ ]

**REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

**OR**

[ X ]

**ANNUAL REPORT PURSUANT TO SECTION 13(A) OR 15 (D) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended: December 31, 2004 Commission file number 001-34436**

MIRAMAR MINING CORPORATION

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(Exact name of Registrant as specified in its charter)

**Not applicable**

(Translation of Registrant's name into English (if applicable))

**British Columbia, Canada**

(Province of other jurisdiction of incorporation or organization)

**Not Applicable**

(I.R.S. employer Identification Number (if applicable))

**1040**

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(Primary Standard Industrial Classification Code Number (if applicable))

**Suite 300 899 Harbourside Drive, North Vancouver, British Columbia, Canada V7P 3S1**

**(604) 985-2575**

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(Address and telephone number of Registrant's principal executive offices)

**CT Corporation System, 111 Eighth Avenue, 13<sup>th</sup> Floor, New York, New York 10011**

**(212) 894-8940**

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Name, address (including zip code) and telephone number

(including area code) of agent for service in the United States

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class

**Common shares**

Name of each exchange on which registered

**American Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act.

**None**

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(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

**None**

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(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

Annual information form

Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**As at December 31, 2004, 159,774,830 Common Shares without par value were issued and outstanding.**

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the Exchange Act). If Yes is marked, indicate the filing number assigned to the Registrant in connection with such Rule.

Yes: 82-\_\_\_\_\_

No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

No

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**Explanatory Note:** Miramar Mining Corporation (the Company or the Registrant) is filing this Amendment No. 1 on Form 40-F/A to its Form 40-F for the year ended December 31, 2004 to correct certain typographical errors in the Company's Consolidated Financial Statements, included in the Company's Form 40-F for the year ended December 31, 2004 which was originally filed on March 31, 2005 in the United States.

The Registrant is a Canadian issuer eligible to file its annual report pursuant to Section 13 of the Securities Exchange Act of 1934 (the 1934 Act) on Form 40-F. The Company is a foreign private issuer as defined in Rule 3b-4 under the 1934 Act and in Rule 405 under the Securities Act of 1933. Equity securities of the Company are accordingly exempt from Sections 14(a), 14(b), 14(c), 14(f) and 16 of the 1934 Act pursuant to Rule 3a12-3.

#### **NOTE REGARDING FORWARD LOOKING STATEMENTS**

This report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 concerning the Company's plans at the Hope Bay Project, its plans related to the closed Giant Mine and Con Mine and other matters. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning reserves and mineral resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralization that will be encountered if the property is developed, and in the case of mineral reserves, such statements reflect the conclusion based on certain assumptions that the mineral deposit can be economically exploited. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as expects or does not expect, is expected, anticipat or does not anticipate, plans, estimates, intends strategy, goals, objectives or stating that certain action results may, could, would, might or will be taken, occur or be achieved) are not statements of historical fact and be forward-looking statements. Forward-looking statements are subject to a variety of risks and uncertainties which could cause actual events or results to differ from those reflected in the forward-looking statements, including, without limitation:

risks and uncertainties relating to the interpretation of drill results, the geology, grade and continuity of mineral deposits;

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results of initial feasibility, pre-feasibility and feasibility studies, and the possibility that future exploration, development or mining results will not be consistent with the Company's expectations;

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mining and development risks, including risks related to accidents, equipment breakdowns, labour disputes or other unanticipated difficulties with or interruptions in production;

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the potential for delays in exploration or development activities or the completion of feasibility studies;

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risks related to the inherent uncertainty of production and cost estimates and the potential for unexpected costs and expenses;

.  
risks related to commodity price fluctuations;

.  
the uncertainty of profitability based upon the Company's history of losses;

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risks related to failure to obtain adequate financing on a timely basis and on acceptable terms for the Company's planned exploration and development projects;

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risks related to environmental regulation and liability;

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risks related to the closure of the Con Mine and Giant Mine, including risks that the costs related to environmental compliance, reclamation, post-closure control measures, monitoring and on-going maintenance will exceed the funds held in trust for such costs;

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risks related to tax assessments;

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political and regulatory risks associated with mining development and exploration; and

and other risks and uncertainties related to the Company's prospects, properties and business strategy.

This list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. These and other factors should be considered carefully and readers should not place undue reliance on the Company's forward-looking statements.

Forward looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change. Further information regarding these and other factors is included in the filings by the Company with the U.S. Securities & Exchange Commission and Canadian provincial securities regulatory authorities.

### **Currency**

Unless otherwise indicated, all dollar amounts in this report are Canadian dollars. The exchange rate of Canadian dollars into United States dollars, on December 31, 2004, based upon the noon buying rate in New York City for cable transfers payable in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York, was U.S.\$1.00 = CDN \$1.2034.

## **RESOURCE AND RESERVE ESTIMATES**

All resource estimates incorporated by reference in this Registration Statement have been prepared in accordance with Canadian National Instrument 43-101 and the Canadian Institute of Mining and Metallurgy ( CIM ) Classification System. These standards differ significantly from the requirements of the United States Securities and Exchange Commission, and resource information incorporated by reference herein may not be comparable to similar information concerning U.S. companies.

For definitions of the terms mineral reserve, proven mineral reserve, probable mineral reserve, mineral resource, measured mineral resource, indicated mineral resource and inferred mineral resource under CIM standards, and a summary of the differences between CIM and U.S. standards, see the sections entitled Information Concerning Preparation of Resource Estimates and Glossary and Defined Terms previously incorporated in Document 1 to the Annual Report filed on March 31, 2005.

## **ANNUAL INFORMATION FORM**

The Company's Annual Information Form for the fiscal year ended December 31, 2004 was included in the Annual Report previously filed on March 31, 2005 as Document 1.

## **AUDITED ANNUAL FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS**

### *Audited Annual Financial Statements*

The audited consolidated financial statements of the Company, including the report of the auditors with respect thereto, included herein as Document 2.

For a reconciliation of important differences between Canadian and United States generally accepted accounting principles, see the Supplementary Information Reconciliation with United States Generally Accepted Accounting Principles previously included as Document 3 to the Annual Report filed on March 31, 2005.

### *Management's Discussion and Analysis*

The Company's management's discussion and analysis ( MD&A ) previously included as Document 4 to the Annual Report filed on March 31, 2005.

## **DISCLOSURE CONTROLS AND PROCEDURES**

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the United States Securities Exchange Act of 1934 ( Exchange Act ). Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms.



## **CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING**

During the period covered by this Annual Report on Form 40-F, no changes occurred in the Company's internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error and all fraud. A control system can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

## **CODE OF ETHICS FOR CHIEF EXECUTIVE OFFICER, CHIEF FINANCIAL OFFICER AND CONTROLLER**

The Company has adopted a Code of Ethics applicable to its Chief Executive Officer, Chief Financial Officer and Controller. A copy of the Company's Code of Ethics for Chief Executive Officer, Chief Financial Officer and Controller was previously filed with the Securities and Exchange Commission as Exhibit 99.1 on Form 40-F for the year ended December 31, 2003, and available in print to any shareholder who requests it.

All amendments to the code, and all waivers of the code with respect to any of the officers covered by it, will be posted on the Company's web site, submitted on Form 6-K and provided in print to any shareholder who requests them. The Company's website is located at [www.miramarmining.com](http://www.miramarmining.com).

## **CORPORATE GOVERNANCE GUIDELINES**

The Company's corporate governance practices are set forth on page 10 of the Company's Management Information Circular dated April 14, 2004 (submitted to the SEC on Form 6-K on May 17, 2004) prepared in compliance with the

rules of The Toronto Stock Exchange and available in print to any shareholder who requests them.

The terms of reference of each of the Audit and Risk Management, Corporate Governance Committee and the Human Resources Committee of the Company are described in the Company's Management Information Circular dated April 14, 2004 and available in print to any shareholder who provides the Company with a written request.

### **AUDIT AND RISK MANAGEMENT COMMITTEE**

The Company's Board of Directors has a separately-designated standing Audit and Risk Management Committee for the purpose of overseeing the accounting and financial reporting processes of the Company and audits of the Company's annual financial statements. As at the review of the audited consolidated financial statements of the Company for the year ended December 31, 2004 and as at the date of this Annual Report, the following individuals comprise the entire membership of the Company's Audit and Risk Management Committee, which have been established in accordance with Section 3(a)(58)(A) of the Exchange Act:

Lawrence Bell

Peter Nixon

Christopher J. Pollard

William E. Stanley

#### *Independence*

The Company has adopted the criteria for director independence and unrelatedness for members of public company audit committees that are consistent with the criteria prescribed by the Sarbanes-Oxley Act of 2002, Section 10A(m)(3) of the Exchange Act and Rule 10A-3(b)(1) promulgated thereunder. Each member of the Company's Audit and Risk Management Committee satisfies the criteria for director independence.

#### *Audit Committee Financial Expert*

The Company's Board of Directors has been determined that Lawrence Bell satisfies the requirements of an audit committee financial expert criteria prescribed by the Securities and Exchange Commission and has designated him as an audit committee financial expert for the Audit and Risk Management Committee. The aforementioned director has also been determined by the Company's Board of Directors to be independent within the criteria referred to above under the subheading Audit and Risk Management Committee - Independence .

### AUDIT AND RISK MANAGEMENT COMMITTEE CHARTER

The Company's Audit and Risk Management Committee Charter was previously filed as Exhibit 99.2 on Form 40F for the year ended December 31, 2003 and available in print to any shareholder who requests it.

### PRINCIPAL ACCOUNTING FEES AND SERVICES INDEPENDENT AUDITORS

The table setting forth the Company's fees paid to its independent auditor, KPMG LLP for the years ended December 31, 2004 and December 31, 2003 are set forth below:

	Years ended December 31	
	2004	2003
Audit:	\$ 144,150	\$ 130,950
Audit Related:	\$ 78,175	\$ -
Tax	\$ 69,250	\$ 114,500
All Other Fees	\$ -	\$ -
Total	\$ 291,575	\$ 245,450

"Audit Fees" are the aggregate fees billed by KPMG LLP for the audit of the Company's consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.

"Audit-Related Fees" are fees charged by KPMG LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not reported under "Audit Fees." This category comprises fees billed for independent accountant review of the interim financial statements and Management Discussion and Analysis, as well as advisory services associated with the Company's financial reporting.

"Tax Fees" are fees for professional services rendered by KPMG LLP for tax compliance, tax advice on actual or contemplated transactions.

**PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY  
INDEPENDENT AUDITORS**

The Audit and Risk Management Committee pre-approves all audit services to be provided to the Company by its independent auditors. The Audit and Risk Management Committee's policy regarding the pre-approval of non-audit services to be provided to the Company by its independent auditors is that all such services shall be pre-approved by the Audit and Risk Management Committee. Non-audit services that are prohibited to be provided to the Company by its independent auditors may not be pre-approved. In addition, prior to the granting of any pre-approval, the Audit and Risk Management Committee must be satisfied that the performance of the services in question will not compromise the independence of the independent auditors.

**OFF-BALANCE SHEET ARRANGEMENTS**

The Company does not have any off balance sheet arrangements other than the pension obligations which are described in note 12 of the consolidated financial statements

**TABLE OF CONTRACTUAL COMMITMENTS**

The following table lists as of December 31, 2004 information with respect to the Company's known contractual obligations.

<i>Contractual Obligations</i>	Payments due by period (in thousands)				
	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>	<i>Thereafter</i>
Office Lease	\$ 228	\$ 228	\$ 236	\$ 236	\$ 718
Exploration Equipment Lease	450	257	30	-	-
Oxygen purchase	780	1,020	-	-	-
Site Reclamation and Closure	7,485	3,145	-	-	-
Total	\$ 8,943	\$ 4,650	\$ 266	\$ 236	\$ 718

The Company is obligated to fund reclamation and closure costs for its mining and exploration operations as a condition of associated water licenses, however the timing of those specific payments has not been determined and as such only a portion of the obligation has been shown in the table above. The remaining costs are expected to be largely incurred over a five year period following the approval of the final Abandonment and Reclamation plan. The Company is in the process of finalizing its Abandonment and Reclamation plan with regulatory agencies for the Con Mine which will establish the extent and timing of reclamation activities. Additionally, to the extent that the Company continues to be engaged in active exploration activities, reclamation of exploration sites will be deferred.

For additional information related to the Company's obligations and commitments see note 16 in the Company's audited consolidated financial statements (Document 2).

### **AMEX CORPORATE GOVERNANCE**

The Company's common shares are listed on The American Stock Exchange ( AMEX ). Section 110 of the AMEX company guide permits AMEX to consider the laws, customs and practices of foreign issuers in relaxing certain AMEX listing criteria, and to grant exemptions from AMEX listing criteria based on these considerations. A company seeking relief under these provisions is required to provide written certification from independent local counsel that the non-complying practice is not prohibited by home country law. A description of the significant ways in which the Company's governance practices differ from those followed by domestic companies pursuant to AMEX standards is as follows:

*Shareholder Meeting Quorum Requirement:* The AMEX minimum quorum requirement for a shareholder meeting is one-third of the outstanding shares of common stock. In addition, a company listed on AMEX is required to state its quorum requirement in its bylaws. The Company's quorum requirement is set forth in its Memorandum and Articles. A quorum for a meeting of members of the Company is two persons present and being, or representing by proxy, members holding not less than 5% of the issued shares entitled to be voted at such meeting.

*Proxy Delivery Requirement:* AMEX requires the solicitation of proxies and delivery of proxy statements for all shareholder meetings, and requires that these proxies shall be solicited pursuant to a proxy statement that conforms to SEC proxy rules. The Company is a foreign private issuer as defined in Rule 3b-4 under the 1934 Act, and the equity securities of the Company are accordingly exempt from the proxy rules set forth in Sections 14(a), 14(b), 14(c) and 14(f) of the Securities Exchange Act of 1934, as amended. The Company solicits proxies in accordance with applicable rules and regulations in Canada.

The foregoing are consistent with the laws, customs and practices in Canada.

**UNDERTAKING AND CONSENT TO SERVICE OF PROCESS**

**Undertaking**

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Securities and Exchange Commission ( SEC ) staff, and to furnish promptly, when requested to do so by the SEC staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

**Consent to Service of Process**

The Company filed an Appointment of Agent for Service of Process and Undertaking on Form F-X signed by the Company and its agent for service of process on May 20, 2003 with respect to the class of securities in relation to which the obligation to file this annual report arises, which Form F-X is incorporated herein by reference.

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**DOCUMENTS FILED AS PART OF THIS REPORT**

1. Annual Information Form of the Registrant for the year ended December 31, 2004\*
2. The following audited consolidated financial statements of the Registrant, are exhibits to and form a part of this Annual Report:  
Auditors Report on Consolidated Financial Statements  
Comments by Auditors for U.S. Readers on Canada U.S. Reporting Difference  
Consolidated Balance Sheets as of December 31, 2004 and 2003;  
Consolidated Statements of Operations and Deficit for the years ended December 31, 2004 and 2003;  
Consolidated Statements of Cash Flows for the years ended December 31, 2004 and 2003;  
Notes to Consolidated Financial Statements.
3. Supplementary Information Reconciliation with United States Generally Accepted Accounting Principles\*
4. Management Discussion and Analysis of Financial Conditions and Results of Operations\*

\* Previously filed on Form 40-F Annual Report filed with the Securities and Exchange Commission on March 31, 2005.

**1.**

**ANNUAL INFORMATION FORM OF MIRAMAR MINING CORPORATION**

**PREVIOUSLY FILED ON MARCH 31, 2005**

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2.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF MIRAMAR MINING CORPORATION**

Consolidated Financial Statements of

**MIRAMAR MINING CORPORATION**

Years ended December 31, 2004 and 2003

## **AUDITORS REPORT TO THE SHAREHOLDERS**

We have audited the consolidated balance sheets of Miramar Mining Corporation as at December 31, 2004 and 2003 and the consolidated statements of operations and deficit and cash flows for the years then ended. 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 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, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

/s/ KPMG LLP

Vancouver, Canada

February 25, 2005

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**MIRAMAR MINING CORPORATION****Consolidated Balance Sheets**

(expressed in thousands of Canadian dollars)

As at December 31, 2004 and 2003

	<b>2004</b>	<b>2003<sup>1</sup></b>
		<b>(restated)</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 30,215	\$ 69,921
Accounts receivable	2,340	1,577
Inventory (note 6)	7,178	6,443
Prepaid expenses	267	554
	40,000	78,495
Note receivable (note 4)	-	9,592
Power credits receivable (note 4)	1,945	4,345
Property, plant and equipment (note 7)	165,769	135,270
Cash collateral deposits (note 8)	14,674	6,274
Investment in Northern Orion Explorations Ltd. (note 3)	9,182	10,112
Other assets (note 9)	707	394
	\$	\$
	232,277	244,482
<b>Liabilities and Shareholders Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities		\$ 9,621

	\$	
	7,131	
Current portion of site reclamation and closure costs (note 10)	7,485	-
	14,616	9,621
Deferred gain (note 4)	1,945	4,345
Provision for site reclamation and closure costs (note 10)	12,274	8,528
Future income tax liability (note 12)	19,120	17,881
	47,955	40,375
Shareholders' equity		
Share capital (note 11)	380,734	371,309
Contributed surplus	5,025	1,776
Deficit	(201,437)	(168,978)
	184,322	204,107
	\$ 232,277	\$ 244,482

Nature of operations (note 1)

Commitments and contingencies (note 16)

Subsequent event (note 17)

See accompanying notes to consolidated financial statements.

**ON BEHALF OF THE BOARD:**

*Anthony P. Walsh*

David Fennell

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Director

Director

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<sup>1</sup> Notes 2 (g) and 2 (i)

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**MIRAMAR MINING CORPORATION****Consolidated Statements of Operations and Deficit**

(expressed in thousands of Canadian dollars, except per share amounts)

Years ended December 31, 2004 and 2003

	<b>2004</b>	<b>2003<sup>1</sup></b>
		<b>(restated)</b>
Revenue		
Sales	\$ 7,567	\$ 42,552
Other income (note 4)	4,698	4,325
	12,265	46,877
Expenses		
Cost of sales	22,872	46,907
Depreciation, depletion and accretion	1,979	5,248
General and administration	4,112	4,222
Stock-based compensation (note 11 (c))	2,250	868
Foreign exchange	39	69
Severances and closure (note 7)	1,583	4,995
Write-down of assets (note 7)	4,515	7,780
Write-down of asset retirement obligation (note 7)	10,508	-
	47,858	70,089
Loss from operations before items noted below	(35,593)	(23,212)
Equity loss	(294)	(509)
Loss before income taxes	(35,887)	(23,721)
Income taxes: (note 12)		

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Current	(431)	(436)
Future	3,859	5,692
	3,428	5,256
Loss for the period	(32,459)	(18,465)
Deficit, beginning of the period as previously reported	(169,383)	(151,828)
Adjustment for site reclamation and closure costs (note 2(g))	1,666	1,708
Adjustment for stock based compensation (note 2(i))	(1,261)	(393)
Deficit, beginning of the year as restated	(168,978)	(150,513)
Deficit, end of the year	\$ (201,437)	\$ (168,978)
Basic and diluted loss per share	(0.21)	(0.14)
Weighted average number of common shares outstanding	153,524,708	132,508,456

See accompanying notes to consolidated financial statements.

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<sup>1</sup> Notes 2 (g) and 2 (i)



**MIRAMAR MINING CORPORATION****Consolidated Statements of Cash Flows**

(expressed in thousands of Canadian dollars)

Years ended December 31, 2004 and 2003

	<b>2004</b>	<b>2003<sup>1</sup></b>
		<b>(restated)</b>
Cash provided by (used in):		
Operations:		
Loss for the year	\$ \$ (32,459)	(18,465)
Items not involving cash:		
Depreciation, depletion and accretion	1,979	5,248
Gain on sale of assets	-	(45)
Write-down of assets	15,023	7,780
Equity loss	294	509
Stock-based compensation	2,250	868
Future income tax	(3,859)	(5,692)
Other	(408)	(256)
Net change in non-cash working capital:		
Accounts receivable	(763)	(420)
Inventory	(2,225)	1,960
Prepaid expenses	287	(392)
Accounts payable and accrued liabilities	(3,063)	(3,117)
	(22,944)	(12,022)
Investments:		
Expenditures on plant, equipment and deferred exploration	(34,295)	(24,931)
Sale of short term investments	-	23,694
Net proceeds on sale of Northern Orion shares (note 3)	900	5,062

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Purchase of collateral deposits, net	(8,400)	64
	(41,795)	3,889
Financing:		
Issue of common shares for cash	15,033	61,969
Proceeds from note receivable (note 4)	10,000	-
	25,033	61,969
Increase (decrease) in cash and cash equivalents	(39,706)	53,836
Cash and cash equivalents, beginning of the year	69,921	16,085
Cash and cash equivalents, end of the year	\$ 30,215	\$ 69,921
Supplementary information		
Income taxes paid	\$ 431	\$ 436
Non-cash investing and financing activities		
Fair value of note receivable, received on sale of assets (note 4)	-	9,267
Sale of assets (note 4)	-	8,898
Fair value of stock options allocated to shares issued on exercise	89	230
Stock-based compensation included in deferred exploration	1,087	-

See accompanying notes to the consolidated financial statements.

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<sup>1</sup> Notes 2 (g) and 2 (i)

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## **MIRAMAR MINING CORPORATION**

### **Notes to the Consolidated Financial Statements**

(Tabular dollar amounts expressed in thousands of Canadian dollars)

Years ended December 31, 2004 and 2003

#### **1.**

##### **Nature of operations:**

Miramar Mining Corporation (the "Company") was incorporated under the laws of the Province of British Columbia. In December, 2004, the Company made the decisions to terminate all mining activities at its Con and Giant mine operations and to commence planned reclamation activities. Therefore, at December 31, 2004 the Company's principal business activity is the exploration and development of mineral property interests. The Company's principal mineral property interests are the Hope Bay Project and Back River Project (note 17) located in Nunavut, Canada.

The Company is in the process of exploring its mineral property interests and has not yet determined whether its mineral property interests contain economically recoverable mineral reserves. The underlying value and the recoverability of the amounts shown for mineral properties are entirely dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the mineral properties, and future profitable production or proceeds from the disposition of the mineral property interests.

#### **2.**

##### **Significant accounting policies:**

##### a)

Basis of preparation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ( GAAP ). These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All material inter-company balances and transactions have been eliminated.

b)

Cash and cash equivalents:

Cash and cash equivalents include investments with terms to maturity of 90 days or less when purchased.

c)

Short-term investments:

Short-term investments with terms to maturity of greater than 90 days but not more than one year are recorded at the lower of cost and market determined on an aggregate portfolio basis.

d)

Revenue recognition and inventory:

Prior to January 1, 2004, GAAP for mining companies permitted the recognition of revenue upon production. Under the Canadian Institute of Chartered Accountants ( CICA ) Emerging Issues Committee Abstract 141 Revenue Recognition, which for the Company is effective January 1, 2004, the recognition of sales under GAAP was harmonized with accounting principles generally accepted in the United States of America. Effective January 1, 2004, the Company retroactively adopted the change in accounting policy for revenue recognition, however the adoption of this accounting policy had no material impact on the Company s consolidated financial statements. Revenue from sale of the Company s product is now recorded when pervasive evidence of an arrangement exists, delivery has occurred and the sales price is fixed and determinable. Product inventories are valued at the lower of net realizable value and cost. Materials and supplies inventory are valued at average cost less appropriate allowances for obsolescence.

e)

Property, plant and equipment:

Property, plant and equipment, which includes mine plant and equipment and mineral properties, is recorded at the lower of cost and estimated net recoverable amount. Buildings and equipment are depreciated over their estimated useful lives, not to exceed the estimated proven and probable ore reserves. Mining equipment and vehicles are depreciated on a straight-line basis over estimated useful lives of two to 15 years. Office furniture and computer equipment are depreciated using the declining balance method at 20% and 30%, respectively. The cost of mineral properties and related exploration and development costs are deferred until the properties are placed into production, sold or abandoned. Capitalized costs are amortized over the estimated useful life of the properties following the commencement of production or written off if the properties are sold, allowed to lapse or abandoned.

f)

Impairment of long-lived assets:

Effective January 1, 2004, the Company adopted the CICA's Handbook Section 3063, Impairment of Long-Lived Assets ( HB 3063 ). HB 3063 requires the Company to assess the impairment of long-lived assets, which consist primarily of property, plant and equipment, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying value of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the amount of the impairment is measured by the amount by which the carrying amount of the asset exceeds its fair value. Prior to adoption of HB 3063, the amount of the impairment was measured as the difference between the carrying value and undiscounted cash flows. The recommendations of HB 3063 were adopted prospectively and accordingly, prior periods were not affected. There was no impact on adoption of HB 3063.

g)

Provision for site reclamation and closure costs:

Effective January 1, 2004, the Company retroactively adopted the new provisions of the CICA's Handbook Section 3110, Asset Retirement Obligations . Under this standard, future costs to retire an asset including dismantling, remediation and ongoing treatment and monitoring of the site have been recognized and recorded as a liability at fair value, assuming a credit adjusted risk-free discount rate of 9.8% and an inflation factor of 2.0%. The liability is accreted over time through periodic charges to operations. In addition, the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the asset's useful life. Previously, the Company accrued these costs on a units-of-production basis over the life of the asset. Prior year financial statements have been restated to apply the provisions of the new accounting policy for site reclamation and closure costs. On adoption of the new standard, at December 31, 2003, the Company increased property, plant and equipment by \$0.4 million, decreased the provision for site reclamation and closure costs by \$1.3 million and recorded a \$1.7 million reduction to deficit, for the difference between the above amounts and amounts previously recorded in the Company's financial statements. The net loss for the year ended December 31, 2003 has been increased by \$0.9 million as a result of this change.

Under the standard, future asset retirement obligations are not recorded where timing or amount of remediation costs cannot be reasonably estimated. The cost and timing of asset retirement obligations for the Company's mines and exploration sites can be estimated and provisions are recorded for each of these sites.

h)

Pension expenses and obligation:

The Company maintains defined benefit pension plans and provides certain non-pension post-retirement benefits consisting of extended health and other benefits. The cost of providing pension and other post-retirement benefits is actuarially determined and charged to operations using the projected unit credit actuarial method based upon management's best estimate assumptions. Pension fund assets are valued at fair value. The pension expense for the year includes adjustments for plan amendments, curtailments, experience gains and losses, and changes in assumptions that are being amortized on a straight-line basis over the expected average remaining service lives of the plan members. Any differences between the cumulative amounts expensed and the funding contributions are reflected as either an asset or a liability.

i)

Stock-based compensation plan:

The Company has a stock-based compensation plan which is described in note 11 (c). Effective January 1, 2004, the Company retroactively adopted the new provisions of the CICA's Handbook Section 3870 on Stock-Based Compensation and other Stock-Based Payments, which now requires companies to adopt the fair value based method for all stock-based awards granted on or after January 1, 2004. As a result, the Company is required to expense the fair value of stock options issued to employees, directors and non-employees over the vesting period. Previously, the Company was only required to disclose the pro forma fair value effect of stock options issued to employees and directors in the notes to the financial statements.

Prior year financial statements have been restated to apply the provisions of the new accounting policy for stock based compensation. On adoption of the new standard, at December 31, 2003 the Company recorded a cumulative increase of \$1.3 million to the deficit, an increase to contributed surplus of \$1.1 million and an increase to share capital of \$0.2 million with respect to stock options granted to employees and directors in 2002 and 2003. Additionally, for the year ended December 31, 2003 the loss for the year increase by \$0.87 million.

j)

Translation of foreign currency:

The accounts of foreign operations are translated into Canadian dollars as follows:

.

monetary assets and liabilities at the rates of exchange prevailing at the balance sheet date

.

other assets and liabilities at applicable historical exchange rates

.

revenues and expenses at the average rate of exchange for the period covering the statement of operations except for expenses related to non-monetary assets which are at the rates used for the translation of the related assets.

Translation gains and losses are included in earnings.

k)

Derivative financial instruments:

The Company has used forward sales agreements and options for the purpose of managing price and currency exposures on its anticipated gold sales. The Company assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective. Gains and losses relating to such instruments are recorded in income the same period as gold is produced to meet the hedged commitment. Realized and accumulated unrealized gains or losses associated with derivative instruments which have been terminated or cease to be effective prior to maturity, are deferred under other current, or non-current, assets or liabilities on the balance sheet and recognized in income in the period in which the underlying transaction is recognized. In the event a designated hedged item is sold, extinguished or matures prior to the termination of the related derivative instrument, any realized or unrealized gain or loss on such derivative instrument is recognized in income at that time. The fair value changes in ineffective hedges are recognized in the statement of operations.

The Company sells written call options. For written call options sold subsequent to October 24, 2000, the premiums received at the inception of the written call options are recorded as a liability. Changes in the fair value of the liability are recognized in the statement of operations at each reporting period. For written call options sold prior to October

24, 2000 changes in fair value are recognized in the statement of operations when settled.

l)

Income taxes:

The Company uses the asset and liability method of accounting for future income taxes. Under the asset and liability method, future income tax assets and liabilities are determined based on differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases (temporary differences) and loss carry forwards. Future income tax assets and liabilities are measured using the substantively enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in the results of operations in the period in which the change is substantively enacted. Future income tax assets also result from unused loss carry forwards, resource related pools and other deductions. The amount of future tax assets recognized is limited to the amount that management considers more likely than not to be realized.

m)

Loss per share:

Basic loss per share is calculated by dividing loss available to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented loss available to common shareholders equals the reported loss. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options are applied to repurchase common shares at the average market price for the period.

For the year ended December 31, 2004, diluted loss per share is the same as basic loss per share as the affect of all outstanding options and warrants would be anti-dilutive.

n)

Estimates:

The preparation of financial statements requires management to make estimates that affect the reported values of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of



management estimates relate to the determination of impairment of assets, site reclamation and closure obligations, assumptions used in determining stock-based compensation, future income taxes and rates for amortization of property, plant and equipment. Actual results could differ from these estimates.

o)

Comparative figures:

Certain of the prior year comparative figures have been restated to conform to the presentation adopted for the current year.

**3.**

**Investment in Northern Orion Explorations Ltd.:**

At January 1, 2004, the Company had 450,247 shares of Northern Orion Explorations Ltd. ( Northern Orion ) and a net proceeds interest royalty ( NPI ) in certain Northern Orion mineral properties which it acquired pursuant to a restructuring agreement with Northern Orion. The NPI entitles the Company to receive the economic equivalent of a 2.5% net smelter return on certain of Northern Orion s mineral properties as well as 50% of the proceeds from the disposition of certain Northern Orion mineral properties, all to a maximum of \$15 million. During 2004, the Company sold a total of 250,000 shares of Northern Orion and recorded the proceeds as a reduction of the carrying value. Recovery of the remaining carrying value of the combined investment amounting to \$9.2 million is dependant upon the sale of Northern Orion shares and receipt of net proceeds from eventual production from the properties or their sale by Northern Orion.

**4.**

**Sale of Bluefish:**

On April 4, 2003, the Company completed the sale of the Bluefish hydroelectric power plant ( Bluefish ) to Northwest Territories Power Corporation. Bluefish is a 7.0 mega volt-ampere hydroelectric power generating facility, located 25 miles northwest of Yellowknife, which supplies power to the Company s Con mine. Sale consideration included a non-interest bearing note for \$10 million which was paid on December 31, 2004, the supply of power to the Con mine, free of charge, equal to the historic generation profile of Bluefish until December 31, 2004 and the supply of power to the Con mine, free of charge, at an annual rate of 5 million kilowatts and 18,000 kilo volt-ampere of demand for a five year period from 2005 to 2009, (the Power Credits ). The \$10 million note receivable and the Power Credits were recorded at their fair values of \$9.3 million and \$7.0 million respectively. In addition, the Company recorded a deferred gain of \$7.0 million relating to the fair value consideration of the Power Credits. As the Power Credits are consumed, the Company recognizes a corresponding gain in the statement of operations. During the year ended

December 31, 2004, approximately \$2.4 million of the fair value of the Power Credits were consumed and has been recorded in cost of sales and a corresponding \$2.4 million gain has been recorded in other income.

For accounting purposes, the note receivable on the sale of Bluefish was accreted to its face value of \$10 million over the period to its maturity. During 2004, the Company accreted interest of approximately \$0.3 million which has been recorded in other income. On December 31, 2004, the Company received payment on the note receivable and the funds were deposited into reclamation security trusts for the reclamation of the Con Mine (note 8).

**5.**

**Related Parties:**

The Company holds 38.3% of Sherwood Mining Corporation ( Sherwood ). The Company supplied services on a cost recovery basis to Sherwood totalling \$366,799 (2003 \$123,526) during the year ended December 31, 2004 and as at December 31, 2004, the Company had received advances of \$nil (2003 \$9,496) related to planned exploration program.

The Company holds 6.1% of Maximus Ventures Ltd ( Maximus ), a company related by virtue of common directors, as part of a transaction described in note 7. The Company supplied services on a cost recovery basis to Maximus totalling \$516,123 (2003 nil) during the year ended December 31, 2004.

**6.**

**Inventory**

	<b>2004</b>	<b>2003</b>
Gold and silver	\$ 1,570	\$ 2,774
Materials and supplies (note 7)	5,608	3,669
	\$ 7,178	\$ 6,443

7.

**Property, plant and equipment:**

	<b>2004</b>	<b>2003</b>
Producing:		
Property, plant and equipment	\$ 58,453	\$ 58,330
Deferred exploration and development	51,393	51,367
Accumulated depreciation and depletion and write-downs	(107,548)	(103,517)
	2,298	6,180
Non-Producing:		
Property, plant and equipment	1,108	2,199
Mineral properties	162,948	127,937
Accumulated depreciation and depletion	(1,285)	(1,046)
	163,471	129,090
	\$	\$
	165,769	135,270

In August 2003, the Company made the decision to terminate mining from its underground operations at the Con Mine in November 2003 due to poor performance during the year. As a result of this decision, severance and closure costs of approximately \$5.0 million were incurred for severance payments to Con Mine employees and unrealized losses on gold sales contracts and the resulting impact on the assessment of hedge effectiveness. Mining subsequently continued from the Giant Mine and ore was processed at the Con Mine milling facility. In 2003, the Company recorded write downs totalling \$7.8 million which reduced capital assets for the Con Mine by \$5.0 million and supplies inventory by \$2.8 million and the Company increased the provision for reclamation and site closure for the Con Mine by \$0.5 million.

On June 10, 2004, the Company announced its decision to terminate mining from its Giant Mine in July 2004 due to the continued under performance of gold production. As a result, the Company recorded a write down on assets of \$4.5 million and severance and closure costs of \$1.6 million. The write down was comprised of \$3.0 million for property, plant and equipment and \$1.5 million for gold and supplies inventory. The severance and closure costs relate to severance payments which will be paid to mine employees and an unrealized loss on gold forward contracts and gold call option contracts.

In December 2004, the Company suspended its gold recovery operations from historic mill tailings due to lower than planned gold production. Consequently, the Company recorded an increase of \$10.5 million to the provision for site reclamation and closure to reflect the change in estimated future costs related to the reclamation of these mill tailings

and the corresponding write down of the resulting asset. The reclamation of certain contaminated soils contained in the mill tailings is planned to be stabilized by a process which utilizes the pressure oxidation circuit at the Con Mine which was expected to be cash flow neutral due to the planned gold recovery from the tailings.

On September 20, 2004, the Company completed an option agreement with Maximus whereby Maximus can earn a 75% interest in the Eastern Contact and Twin Peaks areas of Hope Bay by spending \$7.5 million scheduled over a three year period. In consideration for entering the option agreement, Maximus will pay the Company five million shares of Maximus as repayment for expenditures on the properties, issued over a three-year period. Additional shares could also be issued to the Company at specific resource milestones. On December 31, 2004, the Company had 1.5 million shares of Maximus which it has recorded at a nominal amount.

**8.**

**Cash collateral deposits:**

The Company has established the following cash deposits with chartered banks to serve as collateral for letters of credit pledged in favour of various governmental agencies and others under several water licenses and mineral exploration and mining agreements. The Company has also established two reclamation security trusts for the reclamation of the Con Mine. The deposits are invested in guaranteed investment certificates and bear interest at market rates. These funds will be returned to the Company upon completion of reclamation of the property to which they relate.

	2004	2003
Con Mine reclamation security trust (note 16(d))	\$ 10,000	\$ 1,500
Bluefish water license	-	100
Giant Mine water license	200	200
Con Mine road permit	50	50
Golden Eagle reclamation	341	341
Talapoosa reclamation	233	233
Hope Bay water licenses and land permits	3,850	3,850
	\$ 14,674	\$ 6,274

**9.**

**Other assets:**

	<b>2004</b>	<b>2003</b>
Investments	\$ 134	\$ 100
Investment in Sherwood (note 5)	-	294
Pension asset (note 13)	573	-
	\$ 707	\$ 394

**10.****Site closure and reclamation:**

	<b>2004</b>	<b>2003</b>
Balance, beginning of year	\$ 8,528	\$ 8,041
Liabilities incurred in the current year (note 7)	10,508	-
Site closure and reclamation costs incurred	-	(172)
Accretion expense	723	659
Balance, end of year	\$ 19,759	\$ 8,528
Allocation between:		
Current portion	7,485	-
Non-current portion	12,274	8,528
Balance, end of year	\$ 19,759	\$ 8,528

The Company's operations are affected by federal and local laws and regulations concerning environmental protection. Under current regulations, the Company is required to meet performance standards to minimize environmental impact and to perform site restoration and other closure activities. The Company's provisions for future site closure and reclamation costs are based on known requirements. It is not currently possible to estimate the impact on financial results, if any, of future legislative or regulatory developments.

Assumptions used in the determination of the site closure and reclamation liabilities include estimated costs of \$17.7 million expected to be expended from 2005 to 2018, a discount rate of 9.6% and inflation factor of 2.0%.

**11.**

**Share capital:**

(a)

Authorized:

500,000,000 common shares without par value.

(b)

Issued:

	<u>Common shares</u>	
	<b>2004</b>	<b>2003</b>
Balance December 31, 2002	123,143,673	\$ 313,808
Issued:		
Common shares, net of costs	25,923,574	58,598
Future income tax effect of flow through shares	-	(4,698)
On exercise of warrants	724,946	1,090
On exercise of stock options	1,842,700	2,281
Balance December 31, 2003 as previously reported	151,634,893	371,079
Adjustment for stock-based compensation (note 2(i))	-	230
Balance December 31, 2003, restated	151,634,893	371,309
Issued:		
Common shares, net of costs	7,600,000	14,271
Future income tax effect of flow through shares	-	(5,696)
On exercise of warrants	211,437	412
On exercise of stock options	328,500	438

Balance, December 31, 2004	159,774,830	\$	380,734
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On June 25, 2003, the Company completed a private placement of 3,572,000 flow-through common shares at a price of \$2.10 per common share. The underwriter for the flow through share offering received commissions of \$0.4 million on closing and an option to purchase 208,500 common shares at \$2.10 per share that expired on June 25, 2004. The fair value of these options at the grant date was \$0.1 million and has been shown on a net basis in share capital.

On August 14, 2003, the Company completed a public offering of 16,700,000 common shares at a price of \$2.10 per share for gross proceeds of \$35.1 million. The underwriters received commissions of \$1.8 million and an option to purchase 835,000 common shares at \$2.10 per share which expired on February 14, 2005. The fair value of these options at the grant date was \$0.4 million and has been shown on a net basis in share capital.

On December 10, 2003, the Company completed a private placement of 4,151,574 flow-through common shares at a price of \$3.65 per common share and 1,500,000 units at a price of \$3.05 per unit for gross proceeds totalling \$19.7 million. Each unit consisted of one common share and one-half of one common share purchase warrant. In consideration for their services the underwriters received commission of \$0.9 million and broker warrants exercisable to purchase 265,000 common shares at \$3.05 per common share until June 10, 2005. The fair value of these warrants at the grant date was \$0.2 million and has been shown on a net basis in share capital.

On October 18, 2004, the Company completed a private placement of 7,600,000 flow-through common shares at a price of \$2.00 per common share for gross proceeds of \$15.2 million. In consideration for their services the underwriters received commission of \$0.8 million and brokers warrants exercisable to purchase 375,000 common shares at \$2.00 per common share until October 18, 2005. The fair value of these warrants at the grant date was \$0.1 million and has been shown on a net basis in share capital. The Company must incur Canadian exploration expenditures as defined in the Income Tax Act (Canada) in the amount of \$15,200,000 by December 31, 2005.

(c)

Stock options:

Stock options are granted at the closing market price of the common shares on the last trading day before the date of grant. Options have a maximum term of ten years and usually terminate 30 days following the termination of the optionee's employment. The vesting periods of stock options granted vary with terms determined by the Board of Directors. At December 31, the Company had stock options outstanding as follows:

	<u>2004</u>		<u>2003</u>	
	Shares	Average	Shares	Average
	options	exercise price	options	exercise price
Outstanding, beginning of year	4,107,339	\$ 1.54	4,273,721	\$ 1.25
Granted	3,273,060	2.96	1,730,318	1.94
Exercised	(328,500)	1.07	(1,842,700)	1.24
Forfeited or expired	(788,321)	2.55	(54,000)	1.20
Outstanding, end of year	6,263,578	\$ 2.18	4,107,339	\$ 1.54
Exercisable	5,483,578	\$ 2.02	3,807,339	\$ 1.49

The stock-based compensation costs reflected in the consolidated financial statements were estimated using the Black-Scholes option pricing model with the following weighted average assumptions: a risk-free interest rate of 3.4% (2003 4.3%), a dividend yield of 0% (2003 0%), an expected volatility of 55% (2003 55%) and expected lives of stock options of 4.3 years (2003 5 years). The weighted average fair value of options granted in 2004 was \$1.55 (2003 - \$0.68).

As at December 31, 2004, 5,483,578 options were fully vested and expire as follows:

<b>Year</b>	<b>2004</b>	<b>2003</b>
2005	747,600	1.77
2006	1,289,021	1.17
2007	516,000	1.22
2008	809,897	1.96
2009	2,121,060	2.85

(d)

Warrants and brokers compensation options:

At December 31, the Company had warrants and brokers compensation options outstanding as follows:



	<u>2004</u>		<u>2003</u>	
	Warrants and	Average	Warrants and	Average
	Options	exercise price	Options	exercise price
Outstanding, beginning of year	1,361,204	\$ 2.26	10,479,539	\$ 6.13
Granted	375,000	2.00	1,308,500	2.29
Exercised	(211,437)	1.95	(724,946)	1.51
Forfeited or expired	(208,500)	2.10	(9,701,889)	6.50
Outstanding, end of year	1,316,267	\$ 2.26	1,361,204	\$ 2.26

**12.****Income and resource taxes:**

At December 31, 2004 the Company has unused tax loss carry forwards in Canada of \$42.5 million (2003 - \$33.8 million) expiring between the years 2005 and 2014 which are available to reduce taxable income and capital losses of \$55.6 million (2003 - \$59.7 million) which are available indefinitely, but can only be utilized against capital gains. The tax effect of the significant components within the Company's future tax asset (liability) at December 31 was as follows:

	<b>2004</b>	<b>2003</b>
Loss carry-forwards	\$ 15,284	\$ 11,791
Capital losses	9,896	10,590
Property, plant and equipment	16,081	15,253
Canadian resource deductions	4,458	2,137
Reclamation liabilities	6,664	2,854
Equity investment	-	730
Other	4,535	4,006
	56,918	47,361
Valuation allowance	(54,875)	(47,361)
Net future tax asset	2,043	-
Future income tax liability of Hope Bay Gold	(8,382)	(8,293)
Future income tax liability on flow-through shares	(12,781)	(9,588)
Net future income tax liability	\$ (19,120)	\$ (17,881)

The income tax expense differs from the amounts computed by applying the combined federal and provincial income tax rate of 34.1% (2003 34.1%) to pre-tax losses as a result of the following:

	<b>2004</b>	<b>2003</b>
Earnings (losses) before equity loss and income taxes	\$ (35,593)	\$ (23,212)
Computed expected tax expense (recovery)	\$ (12,137)	\$ (7,915)
Adjustment to income taxes resulting from change in valuation allowance	7,514	(9,502)
Adjustment to future tax assets and liabilities for enacted changes in tax rates	-	(5,483)
US losses not recognized	-	3,229
Canadian mining royalty pools not recognized	-	14,232
Share issue costs	(331)	(1,263)
Losses expired	-	1,960
Capital taxes	431	436
Other	1,095	(950)
Income taxes	\$ (3,428)	\$ (5,256)

### 13.

#### **Pension plan and other post-retirement benefits:**

The Company has four defined benefit pension plans covering substantially all of the employees at the Con Mine and the Giant Mine. These plans are funded on an ongoing basis, based on periodic actuarial valuations and statutory requirements. In addition, the Company, by practice, provides for other post-retirement benefits. The ultimate liability for these benefits is estimated for accounting purposes on an ongoing basis using periodic actuarial calculations.

Summary information related to the defined benefit pension plans and other benefits are as follows:

#### **Pension benefit plans**

#### **Other benefit plans**

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	<b>2004</b>		<b>2003</b>	
Accrued benefit obligation	\$	17,182	\$	16,621
Fair value of plan assets		16,280		14,927
Funded status surplus (deficit)		(902)		(1,694)
Unamortized past service costs		1,681		1,878
Unamortized experience loss (gain)		90		202
Accrued benefit asset (liability)	\$	869	\$	386

	<b>2004</b>		<b>2003</b>	
	\$	158	\$	142
		-		-
		(158)		(142)
		(138)		(328)
		-		-
	\$	(296)	\$	(470)

Reconciliation of accrued benefit obligation:

	<b><u>Pension benefit plans</u></b>		<b><u>Other benefit plans</u></b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Balance, beginning of year	\$	16,621	\$	16,393
Current service cost		275		670
Interest cost		1,024		1,099
Benefits paid		(1,243)		(1,122)
Actuarial gains (losses)		981		633
Gain due to curtailment		(476)		(1,052)
Accrued benefit obligation, end of year	\$	17,182	\$	16,621

Reconciliation of plan assets:

	<b><u>Pension benefit plans</u></b>		<b><u>Other benefit plans</u></b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Fair value, beginning of year	\$	14,927	\$	12,968
Expected return on plan assets		1,109		1,727
Employer contributions		950		1,354

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Benefits paid	(1,243)	(1,122)	-	-
Actuarial gains/losses	537	-	-	-
Fair value of plan assets, end of year	\$ 16,280	\$ 14,927	\$ -	\$ -

Pension expense during the year for the pension plans was \$469,000 (2003 - \$1,984,000). Other benefit plans recovery for the year is \$101,300 (2003 - \$970,300). Pension expense for the year was comprised of the following:

	<b>2004</b>	<b>2003</b>
Current service cost	\$ \$ 275	670
Interest cost	1,024	1,099
Expected return on plan assets	(1,109)	(981)
Amortization of experience gains/(losses)	165	542
Amortization of past service costs	89	294
Loss due to curtailment	26	360
	\$ 469	\$ 1,984

In two (2003 - two) of the defined benefit pension plans, the accrued benefit obligation exceeds the fair value of plan assets at year-end by \$2,443,400 (2003 - \$2,829,000). The measurement date for the plan assets and the benefit obligation was December 31, 2004. Payments are being made to fund the excess of the accrued benefit obligation over the fair value of plan assets in accordance with applicable legislation. For purposes of measuring other benefits, benefits are assumed to termination in two years due to mine closure. In two of the plans the effective date of the last actuarial valuation was January 1, 2004 and the next valuation will be January 1, 2005. In one plan the effective date of the last actuarial valuation was January 1, 2005, and this plan was terminated on December 31, 2004; therefore no subsequent valuation is expected.

The significant actuarial assumptions used in 2004 and 2003 in the measurement of the Company's benefit obligation are shown in the following table:

<b>Pension</b>	<b>Other</b>
<b>benefits</b>	<b>Benefits</b>

Discount rate for accrued benefit obligation	6.25%	6.25%
Discount rate used for benefit costs	6.00%	6.00%
Expected long-term rate of return on plan assets	7.5%	n/a
Weighted average rate of compensation increase	n/a	n/a

The actual allocation of plan assets is shown in the following table:

	2004	2003
Cash & short term	\$ 129	\$ 157
Bonds	5,980	5,375
Canadian Equity Pension Trust	2,967	6,107
Dividend Income Fund	6,942	3,018
Overseas Equities	262	270
	\$ 16,280	\$ 14,927

**14.**

**Business segments:**

(a)

Reportable Segments Mining operations were terminated during fiscal 2004. The Company's previously operating mines produced gold and were located in Canada. Hope Bay is an exploration stage gold property located in Canada. Reportable assets and revenues do not differ materially from the amounts disclosed in these consolidated financial statements, as there are no material inter-segment sales.

(b)

Geographic Segments - The Company operates in Canada.

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The Company's property, plant and equipment and expenditures, revenues and loss before equity loss and income taxes by operating and geographic segment are as follows:

	<b>Expenditures</b>		<b>Loss before</b>	
	<b>Property,</b>	<b>on property,</b>	<b>equity loss</b>	
	<b>plant and</b>	<b>plant and</b>	<b>and income</b>	
<b>12 months ended December 31, 2004</b>	<b>equipment</b>	<b>equipment</b>	<b>Revenues</b>	<b>taxes</b>
Gold operations	\$ 2,298	\$ 149	\$ 10,974	\$ (29,999)
Gold exploration	162,949	34,712	-	-
Other	522	521	1,291	(5,594)
	\$ 165,769	\$ 35,382	\$ 12,265	\$ (35,593)

	<b>Expenditures</b>		<b>Loss before</b>	
	<b>Property,</b>	<b>on property,</b>	<b>equity loss</b>	
	<b>plant and</b>	<b>plant and</b>	<b>and income</b>	
<b>12 months ended December 31, 2003</b>	<b>equipment</b>	<b>equipment</b>	<b>Revenues</b>	<b>taxes</b>
Gold operations	\$ 6,144	\$ 3,908	\$ 45,602	\$ (19,486)
Gold exploration	128,024	20,911	-	-
Other	1,102	112	1,275	(3,726)
	\$ 135,270	\$ 24,931	\$ 46,877	\$ (23,212)

15

**Financial instruments:**

Fair value estimates are made at the balance sheet date, based upon relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties in significant matters of

judgment. Changes in assumptions and market conditions could significantly affect these estimates. The carrying values of all financial instruments approximate fair values, except the investment in Sherwood, Maximus and derivative instruments. In addition, the fair value of the investment in Northern Orion is undeterminable due to the inherent difficulty in the determination of the fair value of such an instrument.

The fair value of derivative instruments and the fair values based on the quoted market values and carrying values of the investment in Sherwood, Maximus and other assets, at December 31 are as follows:

	<u>2004</u>		<u>2003</u>	
	Carrying value	Fair value	Carrying value	Fair value
Investment in Sherwood	\$ -	\$ 2,300	\$ 294	\$ 3,350
Other assets	134	1,730	100	1,500
Derivatives:				
Gold forward sales contracts	-	-	-	(1,270)
Gold calls sold	-	-	(1,742)	(2,596)

**16.**

**Commitments and contingencies:**

(a)

Miramar Con Mine Ltd. ( MCML ) is committed to the purchase of \$780,000 of liquid oxygen per annum through 2007 subject to an ongoing purchase option in the Company's favour at the discounted value of the remaining payments.

(b)

As part of the arrangement to sell Bluefish described in note 4, the Company has entered into an indemnity agreement with NERCO Minerals Company ( NERCO ), the previous owners of the Con Mine, in which the Company agrees to hold NERCO harmless against any future third party claims that relate to environmental conditions of the Con Mine. The terms of the indemnity agreement provide for no limitation to the maximum potential future payments under the guarantee. The Company has not provided for any current carrying amount of the liability, contingent or otherwise, for the obligations under the guarantee. The Company has granted the indemnification in order to allow NERCO to release a similar guarantee provided by Red Lion Management Ltd. ( Red Lion ) in connection with the acquisition of the Con Mine. Red Lion held a security interest in all the assets of the Con Mine, including the Bluefish assets, as collateral for the indemnity against environmental liability given to NERCO. As security for the indemnification given to NERCO, the Company has granted a security interest on the Con Mine assets to NERCO and agreed that the

net proceeds from the sale of these assets will be placed in a reclamation security trust, to be used to pay for the eventual reclamation of the mine.

(c)

As a condition of the acquisition of the Giant Mine assets, Miramar Giant Mine Ltd. ( MGML ) has established cash collateral security of \$200,000 (note 8) and has issued promissory notes payable in the total amount of \$6.8 million as security under the existing water licence. The promissory notes are secured solely by the Giant Mine assets and are due only from MGML upon default of the Reclamation Security Agreement ( RSA ). No value has been ascribed to this security interest in the consolidated financial statements. The amendment to the RSA completed in November 2001 provided that MGML continue to operate the mine and hold the property in compliance with environmental requirements for an indefinite term. In compensation for environmental and holding costs, MGML will be reimbursed \$300,000 monthly by Department of Indian Affairs and Northern Development ( DIAND ). Termination of the RSA agreement by MGML requires written notice one month prior to termination date. On June 10, 2004, the Company gave notice under the RSA of its intention to terminate operation of the Giant Mine and the Company will maintain the Giant property on care and maintenance for a period of six months as contemplated in the RSA after which the Company would return the Giant property to DIAND on January 10, 2005. However, the Company and DIAND have subsequently agreed that the property will be returned effective June 30, 2005. During the period which the Company holds the property on care and maintenance, DIAND will reimburse the Company for all holding costs incurred plus a fee for the services.

(d)

On August 8, 2000, MCML received a renewal water licence for the Con Mine issued under the Northwest Territories Waters Act. This licence expires on July 29, 2006. As a condition of a water license held by the MCML, the Company maintains security deposits for the cost of future reclamation. In 2004, the Company completed an agreement with DIAND to fund security deposits by depositing the proceeds from a \$10 million receivable from the Northwest Territories Power Corporation (note 4) in connection with the sale of Bluefish into two reclamation security trusts established by the Company. The reclamation security trusts will be used to fund the reclamation of the site on completion of operations.

(e)

In 1995, the Company entered into a joint exploration transaction with an investor that resulted in the sale of an interest in the assets comprising the Con Mine. The transaction was based upon an independent valuation prepared for the Company. In 2000, Canada Revenue Agency ( CRA ) issued a re-assessment notice challenging the valuation that formed the basis for this transaction. This re-assessment does not give rise to any taxes payable by the Company. However, as part of the transaction in 1995, the Company agreed to compensate the investor for any shortfall in the value of the assets transferred to a maximum of \$2.7 million plus accrued interest, which amounts to approximately \$2.1 million at December 31, 2004, such amounts to be payable should a ruling denying the transfer of certain tax pools be made against the Company. The Company has received notification that CRA has recently reviewed the re-assessment and re-confirmed the original re-assessment. As a result, the Company intends to file a notice of appeal in March 2005. While management intends to strenuously defend the independent valuation, the outcome of this issue is not yet determinable. No provision for these costs has been recorded at December 31, 2004.



(f)

The Company has a long-term lease for office space for its corporate and exploration office. The Company has minimum commitments under operating leases for its premises totalling approximately \$225,000 per annum until 2012. The Company has a number of operating leases for mobile and other equipment used at its exploration properties, which in aggregate result in commitments of \$537,000 per annum and lease terms ranging from one to three years.

17.

**Subsequent event:**

On November 17, 2003, the Company entered into a letter agreement with Kinross Gold Corporation ( Kinross ) whereby the Company has the option to earn a 60% interest in the Back River project in Nunavut. Under the terms of the letter agreement, the Company would earn a 60% interest in the properties and related rights and facilities by spending a total of \$25 million over a 30 month period. As at December 31, 2004 the Company had capitalized approximately \$9.8 million in inventory and mineral property costs with respect to the Back River project. Subsequent to December 31, 2004, the Company completed an assignment to Dundee Precious Metals Inc. of its option to purchase from Kinross. The Company received approximately \$10 million representing the reimbursement of costs incurred by the Company on the Back River Project plus 5%. Dundee will also issue to the Company 150,000 common shares, or the cash equivalent, if either (i) the total mineral resources on the Goose Lake property are increased to 1,500,000 ounces of gold or (ii) a decision is made to place a mine into commercial production on any of the Properties and Dundee will issue to a further 187,500 common shares of Dundee, or the cash equivalent, if Dundee exercises its option on the Back River project.

**3.**

**SUPPLEMENTARY INFORMATION RECONCILIATION WITH UNITED STATES GENERALLY  
ACCEPTED ACCOUNTING PRINCIPLES**

**PREVIOUSLY FILED ON MARCH 31, 2005**

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**4.**

**MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS**

**PREVIOUSLY FILED ON MARCH 31, 2005**

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**EXHIBITS**

- 99.1<sup>(1)</sup> Code of Conduct for Chief Executive Officer and Senior Accounting Officers
- 99.2<sup>(1)</sup> Audit and Risk Management Committee Charter
- 99.3 Certifications by the Chief Executive Officer of the Company pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 99.4 Certifications by the Chief Financial Officer of the Company pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 99.5 Certificate of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.6 Certificate of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- 99.7 Consent of KPMG LLP
- 99.8<sup>(2)</sup> Consent of John Wakeford, P. Geol.
- 99.9<sup>(2)</sup> Consent of Steffen Robertson and Kirsten Consulting
- 99.10<sup>(2)</sup> Consent of Roscoe Postle Associates Inc.

<sup>(1)</sup> Previously filed on May 19, 2004 on the issuer's annual report on Form 40-F for the year ended December 31, 2003.

<sup>(2)</sup> Previously filed on March 31, 2005

**Signatures**

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

**Registrant**

**MIRAMAR MINING CORPORATION**

By /s/

David Long

David Long, Corporate Secretary

Date: August 29, 2005

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