CUMBERLAND RESOURCES LTD
Form 20-F
July 16, 2003

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F (Annual Report)

(Mark One)

Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934 or

X

Annual report pursuant to 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 0-29920

Cumberland Resources Ltd.

(Exact name of registrant as specified in its charter)

Province of British Columbia, Canada

(Jurisdiction of incorporation or organization)

950-505 Burrard Street, Vancouver, British Columbia, Canada V7X 1M4

(Address of principal executive offices)

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

Title of each class

Name of each exchange on which registered

N/A

N/A

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

Common Shares, no par Value

(Title of Class)

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

N/A

(Title of Class)

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of December 31, 2002.

39,118,349

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 which financial statement item the registrant has elected to follow.

Item 17 __X__

Item 18

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes

No

Not Applicable __X___

The information set forth in this Form 20-F annual report is as at December 31, 2002 unless an earlier or later date is indicated.

All amounts in annual report are based on accounting principles generally accepted in Canada, unless stated otherwise.

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PART II

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Glossary of Mining Terms

Amphibolite - a grade of regional metamorphism produced by high temperatures and pressures.

Anomaly a value, or the location of a value that is unusual compared to other values in the same or similar data sets.

Arsenopyrite a metallic mineral composed of iron, arsenic and sulphur.

Assay the chemical test of rock samples to determine the mineral content.

Bedrock unweathered rock below the soil.

Carbonate-sericite Alteration hydrothermal alteration characterized by the presence of carbonate minerals (calcite, dolomite, siderite) and sericite (fine grained muscovite).

Chloritic a term applied to a rock that contains an abundance of the mineral chlorite.

Clastic pertaining to or being a rock or sediment composed principally of broken fragments that are derived from pre-existing rocks or minerals and that have been transported individually some distance from their places of origin.

Fault a break across which rock units are displaced.

Feasibility Study a study, which provides sufficient information to establish the commercial viability of a project.

Formation a distinctive body of rock that is given a name to distinguish it from other rocks on a geological map.

Greenschist a grade of regional metamorphism produced by low to intermediate temperatures and pressures, and characterized by an abundance of green minerals such as chlorite, epidote and actinolite.

Greywacke a dirty sandstone that consists of a mixed variety of angular and unsorted or poorly sorted minerals and rock fragments in a matrix of clay and fine silt.

Host-Rock the rock enclosing a particular feature such as mineralization or veins.

Isoclinal - a term referring to a style of folding, characteristic of strong deformation, in which the limbs of the fold are parallel to one another and therefore have the same dip.

Kimberlite a rock type composed primarily of olivine and a mica in a fine grained groundmass and a potential host rock for diamonds.

Leaching a chemical process of removing material from its source, such as gold from bedrock.

Magnetite-chert Iron Formation - oxide facies iron formation composed of interbedded magnetite (FeO) and chert ($Si0_2$), products of chemical sedimentation.

Metavolcanic a metamorphosed rock of volcanic origin.

Mineralization rock that contains an undetermined amount of minerals or metals.

Mineralogy refers to the mineral content of a particular rock.

Mineralized Material a mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metal(s). Such a deposit does not qualify as reserve, until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

Ore rock, generally containing metallic or non-metallic minerals that can be mined and processed at a profit.

Outcrop the total area over which a particular rock unit occurs at the surface whether visibly exposed or not.

Pelitic pertaining to a rock originally formed from extremely fine clay and mud sized particles.

Pyrrhotite a metallic mineral composed of iron and sulphur, which has the unique characteristic of being variably magnetic.

Schist a strongly foliated crystalline rock formed by dynamic metamorphism which can be readily split into thin flakes or slabs due to well developed parallelism of more than 50% of the minerals present.

Splay a minor secondary fault associated with a larger fault and trending at an oblique angle to the large fault.

Stratigraphic - refers to a relationship between strata, such as stratigraphically above or below a stratum.

Stratigraphy sequence of stratified rocks in the earth s crust.

Sulphide means a compound of metal and sulphur. Metals such as copper, nickel, lead and zinc occur most commonly as suphides.

Supracrustal Rocks rocks that overlie older basement rocks (e.g. supracrustal proterozoic rocks overlying Archean basement rocks).

Thermistor a thermally sensitive resistor employing a semiconductor with a large negative resistance-temperature coefficient and used as an electrical thermometer.

Ton means a dry short ton (2,000 pounds).

Tonne metric unit of weight equivalent to 1.102 tons.

Ultramafic said of an igneous rock composed chiefly of mafic minerals.

Volcaniclastic a clastic rock containing volcanic material in whatever proportion, and without regard to its origin or environment.

Wacke - a dirty sandstone that consists of a mixed variety of angular and unsorted or poorly sorted minerals and rock fragments in a matrix of clay and fine silt. Wacke is a shortened version of the term greywacke, which is defined above.

Forward-Looking Statements

Certain of the information contained herein constitutes forward-looking statements . Such forward-looking statements involve known or unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company to be materially different from those projected by such forward-looking statements. Such factors include, among others, the factual results of current exploration activities, conclusions of feasibility studies now underway, access to capital, as well as those factors discussed under the heading Risk Factors . The Company undertakes no obligation to publicly update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

PART I

ITEM 1

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS

This Form 20-F is being filed as an Annual Report under the Exchange Act and, as such, there is no requirement to provide any information under this Item.

ITEM 2

OFFER STATISTICS AND EXPECTED TIMETABLE

This Form 20-F is being filed as an Annual Report under the Exchange Act and, as such, there is no requirement to provide any information under this Item.

ITEM 3

KEY INFORMATION

A.

Selected Financial Data

The selected financial data in Table 1 have been derived from the consolidated financial statements of the Company which have been prepared in accordance with accounting principles generally accepted in Canada. All amounts are in Canadian dollars.

Table 1. Selected Financial Data -- Canadian GAAP

	Year Ended December 31, 2002	**Year Ended December 31, 2001**	**Year Ended December 31, 2000**	**Year Ended December 31, 1999**	**Year Ended December 31, 1998**
Interest Revenue	$409,305	$239,381	$276,178	$405,124	$216,696
Net Loss	($8,916,590)	($1,932,818)	($844,213)	($943,147)	($2,081,592)
Net Loss Per Common Share	($0.26)	($0.07)	($0.03)	($0.04)	($0.09)
Total Assets	$28,233,336	$15,174,512	$40,525,589	$37,564,907	$37,003,811
Total Long Term Debt	$151,223	$0	$9,490,750	$6,948,185	$4,881,785

Total Share Capital	$67,085,948	$44,485,665	$41,982,665	$40,682,465	$40,661,125
Total Shareholders Equity	$27,009,568	$14,858,945	$30,839,711	$30,418,418	$31,302,725
Common Shares Outstanding	39,118,349	30,054,369	27,403,781	26,221,781	26,212,081

The Company has not declared or paid any dividends during the periods indicated.

Note: Refer to Note 3b of the Company s 2002 consolidated financial statements for details of the changes in accounting policies effective January 1, 2001 and January 1, 2002.

The selected financial data in Table 1 above have been derived from the consolidated financial statements of the Company which have been prepared in accordance with accounting principles generally accepted in Canada which differ in certain material respects from those principles and practices that the Company would have followed had its consolidated financial statements been prepared in accordance with accounting principles and practices generally accepted in the United States (U.S. basis). Had the Company followed the U.S. basis, the items disclosed in Table 1 above would have been reported as follows (all amounts are in Canadian dollars):

Table 2. Selected Financial Data -- U.S. GAAP

	Year Ended December 31, 2002	**Year Ended December 31, 2001**	**Year Ended December 31, 2000**	**Year Ended December 31, 1999**	**Year Ended December 31, 1998**
Interest Revenue	$409,305	$ 239,381	$276,178	$ 405,124	$ 216,696

Net Loss	($8,645,539)	($1,851,025)	($2,683,466)	($4,414,126)	($5,275,029)
Net Loss Per Common Share	($0.26)	($0.07)	($0.10)	($0.17)	($0.23)
Total Assets	$29,064,297	$16,014,422	$16,352,189	$19,540,825	$20,773,539
Total Long Term Debt	$151,223	$0	$0	$0	$0
Total Share Capital	$64,303,035	$43,235,822	$41,003,003	$39,737,497	$39,678,907
Total Shareholders Equity	$27,840,529	$15,698,855	$16,157,061	$19,342,521	$20,270,345
Common Shares Outstanding	39,118,349	30,054,369	27,403,781	26,221,781	26,212,081

The Company has not declared or paid any dividends during the periods indicated.

Note:

Refer to Note 12 of the Company s 2002 consolidated financial statements for a reconciliation of the Canadian and U.S. basis.

<u>Currency and Exchange Rates</u>

All dollar amounts set forth in this report are in Canadian dollars, except where otherwise indicated.

1.

On July 10, 2003, the noon buying rate in New York City for cable transfer in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York was $0.7234 U.S. = $1.00 Canadian.

All exchange rate calculations in #2 and #3 below are based on the noon buying rate in New York City for cable transfers in Canadian dollars as certified for customs purposes by the Federal Reserve Bank of New York.

2.

The following table sets forth the high and low exchange rates for each month during the six months preceding the filing due date for this Form 20-F Annual Report.

Month	1/03	2/03	3/03	4/03	5/03	6/03
High Rate	.6570	.6720	.6822	.6975	.7437	.7492
Low Rate	.6349	.6530	.6709	.6737	.7032	.7263

3.

The following table sets forth the average exchange rates for each of the past 5 fiscal years, calculated by using the average of the exchange rates in effect on the last day of each month during the period indicated.

	Year Ended December 31,				
	2002	2001	2000	1999	1998
Average Rate During Period	.6369	.6457	.6725	.6744	.6740

B.

Capitalization and Indebtedness

This Form 20-F is being filed as an Annual Report under the Exchange Act and, as such, there is no requirement to provide any information under this section.

C.

Reasons for the Offer and Use of Proceeds

This Form 20-F is being filed as an Annual Report under the Exchange Act and, as such, there is no requirement to provide any information under this section.

D.

Risk Factors

Speculative Nature of Gold and Diamond Exploration and Uncertainty of Development Projects

Gold and diamond exploration are highly speculative in nature, involve many risks and frequently are not productive. There can be no assurance that the Company s gold and diamond exploration efforts will be successful. Success in identifying and increasing mineralized material and converting such mineralized material to reserves is the result of a number of factors, including the quality of a Company s management, its level of geological and technical expertise, the quality of land available for exploration and other factors. Once gold or diamond mineralization is discovered, it may take many years in the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish mineralized material and proven and probable reserves through drilling, to determine the optimal metallurgical process to extract metals from the ore and to construct mining and processing facilities and related access, transportation, power and fuel infrastructures, particularly in environmentally sensitive remote locations, such as the areas of Nunavut where the Company s properties are located. As a result of these uncertainties, no assurance can be given that the Company s exploration programs will result in commercial mining operations.

Kimberlites are the most common form of rock in which diamonds are found. Compared to other mineral deposits, kimberlites occupy comparatively small surface areas that typically are less than a few hectares. As a result, the search for kimberlites requires very disciplined and meticulous procedures in order to identify small targets within large areas. Most importantly, only a small number of kimberlites discovered throughout the world contain diamonds in commercial quantities. These factors make diamond exploration a high-risk activity.

Development projects have no operating history upon which to base estimates of future cash operating costs. Particularly for development projects, estimates of mineralized material and proven and probable reserves and cash operating costs are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques, feasibility studies which derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of gold or diamonds, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those estimated for a project prior to production. It is not unusual in new mining operations to experience unexpected problems during the start-up phase, and delays often can occur in the commencement of production.

Environmental and Other Regulatory Requirements

At present, none of the Company s properties are at the development stage. However, when a property is identified as having economic potential, government approval permits and licenses covering all aspects of development and production will be required. These approvals will include water licenses, land use permits, fuel storage permits, mine construction and mining operation licenses (which include mine waste and tailing disposal sites). Delays related to approvals and licensing could materially adversely affect the financial performance of the Company. Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Company, the extent of which cannot be predicted. Before production can commence on any properties the Company must obtain regulatory approval and there is no assurance that such approvals will be obtained. Under the current regulations, approval to develop a mining operation in Nunavut requires approval under the Canadian Environmental Assessment Act (CEAA), a Canadian federal government requirement. Please see Item 4. Information on the Company -- B. Business Overview -- Applicable Government Regulation in Canada -- Nunavut Settlement . The Designated Inuit Organization (DIO) will have significant impact in reviewing the submission under CEAA and may eventually be responsible for the approval. Although the Company believes its mineral and exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development.

Title Matters

Some of the mining claims in which the Company has an interest have not been surveyed and, accordingly, the precise location of the boundaries of the claims and ownership of mineral rights on specific tracts of land comprising the claims may be in doubt. Such claims have not been converted to lease and tenure, and are, accordingly, subject to annual compliance with assessment work requirements. Other parties may dispute the Company s title to its mining properties. All of the claims on the Meadowbank property have been surveyed and converted to leases. Annual rent of $1.00 per acre is paid on the Meadowbank leases. While the Company has diligently investigated title to all mineral claims and, to the best of its knowledge, title to all properties is in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Operations Risks

The business of exploratory searches for gold and diamonds and gold and diamond mining is subject to a number of risks and hazards including environmental hazards, industrial accidents, labor disputes, encountering unusual or unexpected geologic formations or other geological or grade problems, unanticipated changes in metallurgical characteristics and gold or diamond recovery, encountering unanticipated ground or water conditions, cave-ins, pit wall failures, flooding, rock bursts, periodic interruptions due to inclement or hazardous weather conditions, and other acts of God or unfavorable operating conditions and bullion losses. Such risks could result in damage to, or destruction of mineral properties or processing facilities, personal injury or death, loss of key employees, environmental damage, delays in mining, monetary losses and possible legal liability. The Company s properties are located at high latitudes and, as a result, conducting mineral exploration operations may be hampered by severe weather conditions.

Risks of Non-Availability of Insurance

Where considered practical to do so, the Company maintains insurance against risks in the operation of its business in amounts, which it believes to be reasonable. Such insurance, however, contains exclusions and limitations on coverage. There can be no assurance that such insurance will continue to be available, will be available at economically acceptable premiums or will be adequate to cover any resulting liability. In some cases, coverage is not available or considered too expensive relative to the perceived risks. The Company may become subject to liability for cave-ins, pollution or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment of such liabilities would reduce the funds available for exploration and mining activities.

Financing Risks and Dilution

Although the Company currently has sufficient financial resources to undertake its presently planned exploration and development program at Meadowbank, further exploration on, and development of, the Company s mineral properties in Nunavut will require additional capital. In addition, a positive production decision on the Company s Meadowbank project would require significant additional capital for project engineering and construction. Accordingly, the continuing exploration and development of the Company s projects depends upon the Company s ability to obtain equity and debt financing on reasonable terms. There is no assurance the Company will be successful in obtaining the required financing. If the Company is unable to acquire additional capital it may be forced to curtail exploration and development activities and general administrative spending and may seek to joint venture or farm-out some of its properties. In addition to the need to complete additional equity financings in order to advance its exploration and development projects, there are outstanding share purchase warrants and stock options pursuant to which common shares of the Company may be issued in the future. This would result in further dilution to the Company s shareholders.

Mineralized Material

The mineralized material described in this document is estimated only and no assurance can be given that any proven or probable reserve will be discovered or that any particular level of recovery of minerals will in fact be realized or that identified mineralized material will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. In addition, the grade of mineralization ultimately mined may differ from that indicated by drilling results and such differences could be material. Material changes in mineral resources, grades, stripping ratios or recovery rates may affect the economic viability of projects. Mineralized material has a great amount of uncertainty as to its existence and a great uncertainty as to its economic and legal feasibility. It cannot be assumed that mineralized material will ever be upgraded to reserves.

Limited Operating History: Losses

The Company has limited experience in the development of mines and in the construction of facilities required to bring mines into production. The Company has relied and may continue to rely upon external consultants and others for expertise in these areas. The Company may determine that it is not commercially feasible or it is impractical to commence commercial production on its projects or, if commenced, to continue commercial operations.

The Company has no experience in mining or processing of metals. The Company has experienced, on a consolidated basis, losses in all years of its operations. As at December 31, 2002, the Company s deficit on a consolidated basis totaled $40,076,380. All of the Company s activities have been of an exploration nature. There can be no assurance that the Company will generate profits in the future.

Share Price Volatility

In recent years, the securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those considered exploration stage companies, have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. In particular, the per share price of the Company s common shares fluctuated from a high of $3.44 to a low of $0.60 within the two most recent fiscal years of the Company, being 2002 and 2001. The stock price has not traded as high as $5.35 since the quarter ended March 1997. Share price fluctuations are likely to continue in the future.

Gold Price Volatility

The market price of gold is volatile and cannot be controlled. If the price of gold should drop significantly, the economic prospects of the projects which the Company has an interest in could be significantly reduced or rendered uneconomic. There is no assurance that, even if commercial quantities of gold are discovered, a profitable market may exist for the sale of gold. Factors beyond the control of the Company affect the marketability of any gold discovered or produced. Gold prices have fluctuated widely, particularly in recent years. The marketability of gold is also affected by numerous other factors beyond the control of the Company, including government regulations relating to royalties and allowable production, the effect of which cannot be accurately predicted.

Competition

There is aggressive competition within the mining industry for the discovery and acquisition of properties considered having commercial potential. The Company competes with other mining companies, many of which have greater financial resources than the Company, for the acquisition of mineral claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other personnel.

Key Executives

The Company is dependent on the services of key executives, including its President and Chief Executive Officer, its Chief Financial Officer and a small number of highly skilled and experienced executives and personnel. Due to the relatively small size of the Company, the loss of these persons or the Company s inability to attract and retain additional highly skilled employees may adversely affect its business and future operations.

Potential Adverse Tax Consequences to U.S. Shareholders if Registrant is a PFIC

It is possible that the Registrant could be considered a passive foreign investment company (PFIC) for U.S. holders of the Company s common shares. If the Registrant were considered a PFIC, U.S. shareholders could face potential adverse tax consequences.

A U.S. shareholder holding stock in a foreign corporation during any year in which such a corporation qualifies as a PFIC is subject to U.S. federal income tax under one of two alternative tax regimes at the election of each such U.S. shareholder. A U.S. shareholder who elects in a timely manner to treat such corporation as a Qualified Electing Fund (QEF) will be subject to current U.S. federal income tax for any taxable year in which the shareholder holds stock in such corporation and in which that corporation qualified as a PFIC on (i) their pro-rata share of the Company s net capital gains and (ii) ordinary earnings regardless of whether such amounts are actually distributed. The amounts described above are included in the U.S. shareholder s tax year during which the Company s taxable year ends.

Where the U.S. shareholder does not make a timely QEF election, then special taxation rules apply to (i) gains realized on the disposition or deemed disposition of their common shares of the corporation and (ii) to excess distributions as defined. Generally, non-electing shareholders would be required to pro-rate all gains realized on dispositions of their shares and excess distributions over the entire holding period of such common shares (regardless of whether the pro-rata amounts reflect actual earnings for the period). All gains and distributions allocated to prior years would be taxed at the highest tax rate for each such prior year applicable to ordinary income. The non-electing U.S. shareholder would also be liable for interest on the foregoing tax liability for each such prior period calculated as if such liability had been due for each such prior year.

Please see Item 10. Additional Information E. Taxation for more detailed discussion of U.S. federal income tax consequences for U.S. holders as defined.

The PFIC provisions under the Code are very complicated, and U.S. Holders should consult their own financial advisor, legal counsel or accountant regarding the PFIC rules and how they may impact their U.S. federal income tax situation.

Conflicts of Interest

Certain of the Company s directors and officers serve as directors or officers of other natural resource companies or have significant shareholdings in natural resource companies and, to the extent that such other companies may participate in ventures in which the Company may participate, the directors of the Company may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Company s directors, a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of the Company making the assignment. Under the laws of the Province of British Columbia, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company. In determining whether or not the Company will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Dividends

Investors cannot expect to receive a dividend on the Company s common shares in the foreseeable future. To the extent that investors seek dividend-paying stocks to the exclusion of stocks that do not pay dividends, this could reduce liquidity for the Company s common shares, thus decreasing the likelihood that shareholders would be able to sell their shares when they want and at favourable prices.

Enforceability of Civil Liabilities

The enforcement by investors of civil liabilities under the federal securities laws of the United States may be adversely affected by the fact that the Company is incorporated under the laws of a foreign country, that most of its officers and directors are residents of a foreign country and that all or a substantial portion of the assets of the Company and such persons are located outside the United States. As a result, it may be difficult for holders of the common shares to effect service of process on such persons within the United States or to realize in the United States upon judgments rendered against them.

ITEM 4

INFORMATION ON THE COMPANY

A.

History and Development of the Company

Organization; Registered Office; Etc.

The Company is engaged in the exploration, development and acquisition of mineral properties. The head office and principal address of the Company is located at Suite 950, 505 Burrard Street, Vancouver, British Columbia, Canada, V7X 1M4. The registered office of the Company is located at Suite 2323, Three Bentall Centre, 595 Burrard Street, Vancouver, British Columbia, Canada, V7X 1K8.

General Development of the Business of the Company

Corporate

The Company was incorporated under the name of Eton Resources Ltd. on December 4, 1979, under the laws of the Province of British Columbia by filing its Memorandum and Articles with the British Columbia Registrar of Companies. On April 11, 1980, the Company's name was changed to Cumberland Resources Ltd. On November 30, 1982, the Company was extra-provincially registered in the Province of Ontario and effective January 19, 2001 the Company was extra-provincially registered in Nunavut. At the Company's extraordinary general meeting held on September 13, 1993, the members passed a special resolution to increase the Company's authorized capital to 25,000,000 common shares effective September 17, 1993.

The first non-exempt distribution of securities by the Company was by way of Prospectus with an effective date of January 4, 1984; on which date the Company became a reporting issuer in the Province of British Columbia. On March 5, 1984, the securities of the Company sold under the Prospectus were posted and called for trading on the Vancouver Stock Exchange (which subsequently merged with the Alberta Stock Exchange to form the Canadian Venture Exchange, renamed the "TSX Venture Exchange").

On September 18, 1995 the Company's shares were listed and called for trading on The Toronto Stock Exchange and on November 8, 1995, at the request of the Company, its shares were delisted from the Vancouver Stock Exchange.

At the Company's annual general meeting held on May 16, 1996, the members passed special resolutions increasing the authorized capital to 50,000,000 common shares without par value and amending the Articles to permit terms of office for the directors to exceed one year.

At the Company's annual general meeting held on May 14, 1998, the shareholders passed special resolutions increasing the authorized capital to 100,000,000 common shares without par value.

Acquisition and Exploration of Significant Mining Properties

By an agreement dated June 2, 1993, between the Company and Asamera Minerals Inc. ("Asamera"), the Company acquired a 50% interest in the Meliadine (the other 50% owned by Comaplex Minerals Corp. ("Comaplex"), a publicly traded company based in Calgary, Alberta), a 60% interest in the Meadowbank, and a 50% interest in the Parker Lake properties from Asamera in exchange for $187,500 for each of the Meliadine and Meadowbank properties, $75,000 for the Parker Lake property and a 2% net smelter royalty, based upon 100% of the production but payable from the Company's interest in each property. By an agreement dated August 10, 1994, the Company acquired Asamera's 2% net smelter royalty in each of the aforementioned properties in exchange for 50,000 shares, $396,500, and transferable share purchase warrants for 100,000 shares of the Company exercisable for five years at prices ranging from $1.70 in year one to $2.973 in year five. All warrants were exercised by September 1997. Parker Lake no longer has any significance to the Company and was written off during the year ended December 31, 1998. The write-off consisted of $1,062,993 of deferred exploration costs and $155,810 of acquisition costs, for total charges of $1,218,803.

In 1995, the Company and Comaplex divided the Meliadine mineral rights into East and West in order to option Meliadine West to WMC International Limited ("WMC"), a subsidiary of Western Mining Corporation of Australia, a publicly traded company.

In June 1995, the Company and Comaplex signed an agreement with WMC, whereby WMC can earn up to a 60% interest in the western portion of the Meliadine Property including the Wesmeg and Musket Bay grid areas.

By an agreement dated June 24, 1997, the Company acquired the remaining 40% in the Meadowbank Property from Comaplex, for $3,200,000 cash and 1,500,000 units of the Company. Each unit consists of one common share and one warrant. Two warrants would entitle Comaplex, upon payment of $4.25, to acquire one common share of the Company until July 28, 1999. These warrants expired unexercised.

Principal Capital Expenditures/Divestitures Over Last Three Fiscal Years

In the three years beginning in 2000, the Company's exploration expenditures focused on Meadowbank and Meliadine West:

	Meadowbank	**Meliadine West**
2000	$1,783,689	$2,542,565
2001	$1,381,337	$1,841,929
2002	$7,912,695	$1,020,681

Pursuant to the Meliadine Mining Venture Agreement, all of the abovementioned exploration expenditures on Meliadine West were entirely funded by WMC. Please see "Item 4. Information on Company-- D. --Property, Plant and Equipment- Meliadine Property, Nunavut-Ownership".

There were no material dispositions in the period.

Current and Planned Capital Expenditures/Divestitures

In 2003, the Company's principal area of exploration will be its Meadowbank Project in the Nunavut, Canada. The initial budget for 2003 for Meadowbank is $10.5 million, which will be financed from the Company's working capital.

The Meliadine West project is operated by WMC, and the Company's share of expenditures at Meliadine West is covered by the operator through a non-recourse loan. In 2001, WMC announced that it was divesting its interest in the Meliadine West project and it was limiting its activities to property maintenance. Efforts, by WMC, to sell it interest in the Project are ongoing. In the interim, a $2,070,000 work program for 2003 has been approved by WMC. The program will consist of infill drilling on the Tiriganiaq Zone and regional exploration on the existing targets on the property. It is anticipated that the drilling program in the Tiriganiaq area will consist of 4700 meters in 17 drill holes.

A $625,000 exploration program, to be shared on a 50/50 joint venture basis with Comaplex, is planned for the Meliadine East Property in 2003. This program will consist of additional ground geophysics and diamond drilling of priority targets to follow up on kimberlite indicator minerals detected in 2002.

Public Takeover Offers

During the current and previous fiscal year, the Company has not received any public takeover offers from third parties nor has the Company made any such takeover offers.

B.

Business Overview

Summary

The Company is considered to be an exploration stage company, as its properties have not reached commercial production. During the past five years, the Company has been involved in mineral exploration primarily in Nunavut. Historically, the Company has explored in Ontario, and to a lesser degree Newfoundland and Portugal. The Company's properties contain no known proven or probable reserves. To date, the Company has not received any income from operations, and as at December 31, 2002 had a deficit of $40,076,380.

The Company has a direct interest in three principal precious metals properties, which are known as the Meadowbank, Meliadine East and Meliadine West properties, all located in Nunavut, Canada. For further discussion respecting all of the foregoing, see " -- D. Property, Plant and Equipment," below.

The Company has spent approximately $48 million on mineral exploration and development on its properties (including, interest costs), of which approximately $13.2 million was funded by WMC pursuant to the Meliadine Mining Venture Agreement. Please see "Item 4. Information on Company. D. Property, Plant and Equipment- Meliadine Property, Nunavut -Ownership".

The Company's interests in its properties range from 22% to 100% ownership. The Company is currently concentrating its efforts on expanding the amount of mineralized material, and completing economic studies on the Meadowbank Property and on advancing exploration at the Meliadine East Property. Activities on the Meliadine West Property are currently limited to property maintenance.

The Company continually reviews acquisition opportunities to acquire interests in mining properties and evaluates their economic potential. Properties that are explored and do not warrant further work are abandoned and written off. Some interests are retained until the mineral dispositions lapse or the agreements are terminated. Detailed disclosure is made only on significant properties of merit.

Applicable Government Regulation in Canada

Mining Industry and Nunavut Final Agreement

Minerals in Canada are owned generally by the state (i.e., the public). Provincial governments administer the mineral resources within their respective provinces. However, in Nunavut, management responsibilities with respect to minerals is shared by the Canadian federal government and certain Inuit organizations. Please see discussion below.

Under a July 3, 1993 Nunavut Final Agreement entered into between the Government of Canada and the Inuit of the Nunavut Settlement Area of the Northwest Territories (the NFA), the Inuit were granted ownership of 355,968 square kilometers of land in the Settlement Area. There are 944 parcels (16% of Nunavut) of Inuit Owned Lands (IOL) where Inuit hold surface title only (Surface IOL). The Crown retains the mineral rights to these lands. Inuit also hold fee simple title, including mineral rights, to the remaining 150 parcels of IOL (Subsurface IOL) which total 38,000 square kilometers and represent approximately 2% of the territory. Surface title to all IOL is held in each region by one of three Regional Inuit Associations (RIA s) which are responsible for the administration and management of surface lands falling within their respective jurisdictions, including the granting of third party surface rights in those lands. Subsurface title to IOL is held by Nunavut Tunngavik Incorporated (NTI), which is responsible in consultation with the RIA s, for the administration and management of subsurface rights in those lands, including the granting of third party subsurface interests in those lands. NTI s mandate includes safeguarding, administering and advancing the rights and benefits of the Inuit of Nunavut to promote their economic, social and cultural well-being through succeeding generations. The Lands and Resources Department of NTI is responsible for the implementation of Inuit responsibilities related to the management of IOL, the environment, minerals, oil and gas, and marine areas. NTI issues rights to explore and mine through its own mineral tenure regime. Mineral rights (mineral claims or leases) that existed at the time of the signing of the NFA, known as grandfathered rights continue to be administered by the Canadian federal Department of Indian Affairs and Northern Development (DIAND) until they terminate or the holder transfers its interests to the NTI regime. For both Surface IOL and Subsurface IOL, access to the land, through a Land Use License or Commercial Lease, must be obtained from the appropriate RIA.

DIAND administers mineral rights to the 98% of Nunavut for which the Crown owns these rights through the Canadian Mining Regulations pursuant to the Federal Territorial Lands Act. This includes Surface IOL, for which access to the land must nevertheless be obtained from the RIA as explained above. Crown-owned minerals may be acquired by staking and recording a mineral claim in accordance with the procedures set out in the Regulations. The mineral properties administered by the Canadian federal government under the Canadian Mining Regulations are subject to a lower royalty structure than the properties administered by the NTI.

There are two forms of mineral tenure that grant exclusive rights on Subsurface IOL, administered by NTI. These are the IOL Mineral Exploration Agreement (usually referred to as the Mineral Exploration Agreement or EA) and the IOL Mineral Production Lease (referred to as the Production Lease). The Mineral Exploration Agreement grants a company or individual the exclusive right to explore and prospect for minerals (excluding oil and gas and specified substances, such as construction materials and carving stone) on a portion of Subsurface IOL. This area, referred to as the Exploration Area, is similar in many ways to a mineral claim under the Canada Mining Regulations. The Production Lease grants the holder of a Mineral Exploration Agreement the right to produce minerals from a portion of the Exploration Area known as the Production Lease Area.

Since 1999, NTI has had in place a system of application that does not require staking when applying for a Mineral Exploration Agreement. Rather, the application requires only a description of the Exploration Area based on a latitude and longitude. Under the standard terms, successful applicants, upon executing the new Mineral Exploration Agreement and submitting the first year s annual fees, will be granted the exclusive rights to explore for minerals in the Exploration Area. In order to gain access to the land, however, the applicant must obtain a surface right issued by the RIA.

Existing third party interests in IOL (grandfathered interests) are protected under the NFA as follows:

(a)

where a third party has been granted a surface interest in IOL (e.g. a Land Use Permit under the Territorial Land Use Regulations), that interest will continue in accordance with the terms and conditions on which it was granted. However, the rights and obligations of the Canadian federal government in relation to that interest are assumed by the appropriate RIA and that RIA is entitled to receive from the third party whatever consideration was payable to the Canadian federal government for the interest granted;

(b)

where a third party has been granted a subsurface interest (e.g. a mining lease under the Canada Mining Regulations) in IOL, that interest will continue in accordance with the terms and conditions on which it was granted, including any rights granted under the legislation which gave rise to the interest, or any successor legislation applicable to similar interest in Federal Lands. However, where any successor legislation would have the effect of diminishing the rights afforded to the Canadian federal government, it will not bind Nunavut Tunngavik without its consent. Nunavut Tunngavik is entitled to receive whatever compensation is payable by the interest holder for the use or exploitation of mineral rights. The Canadian federal government will continue to administer the third party interest on behalf of Nunavut Tunngavik, unless the third party and Nunavut Tunngavik enter into an agreement under which the third party agrees to the administration of their interest by Nunavut Tunngavik. In the event an agreement is reached, the applicable Canadian federal legislation will cease to apply to the third party interest.

With respect to the Company s interest in its grandfathered claims or leases at the Meadowbank and Meliadine Properties:

(i)

if any interest in subsurface rights lapses and is re-staked, or if additional ground is staked, then, pursuant to the NFA, such interests would be administered by the Designated Inuit Organization (DIO) and subject to the rules established by the DIO; NTI is the DIO in respect of subsurface rights and the regional Inuit Association is the DIO in respect of surface rights.

(ii)

the Company has the option of having the grandfathered claims or leases administered by the Canadian federal government under the Canadian Mining Regulations or administered by Nunavut Tunngavik. The Company s grandfathered claims or leases that make up the Meadowbank and Meliadine properties were acquired by staking prior to the signing of the NFA. Under the NFA, the mineral rights of existing claims are administered by the Canadian federal government. If the Company determines there is a benefit to having its grandfathered claims or leases administered by the NTI, it may choose to lapse the tenure thereon and immediately re-acquire them under a NTI Mineral Exploration Agreement.

(iii)

surface access is allowed pursuant to Article 21 of the NFA, however, since the Inuit have the surface title to the area of the Company s claims, negotiations will be required with the DIO before mineral development could proceed. There are currently no negotiations with the DIO regarding development of the Meadowbank Property due to the early stage of the project. When a decision is made to bring the properties into production, an Inuit Impact Benefits Agreement (IIBA) will be necessary. The IIBA is negotiated with the DIO. Surface access to the properties is currently granted by a Land Use Permit issued by the local Inuit Association.

Environmental Regulation

Mining operations in Canada are subject to regulation at both the federal and provincial levels. Mining industry groups have pressured the government bodies that regulate mining for reform of the dual regulatory system in recent years, but no major reforms were pending as of December 2002.

Annual and Other Reports. Persons engaged in exploration for minerals are required to submit statistical reports annually to the provincial government detailing their activities during the prior year. The reports must include the nature and type of work undertaken, costs incurred, and locations of active projects. In addition, persons wishing to maintain their tenures in good standing must file reports, from time to time as required, detailing expenditures, work programs and results on mineral properties.

Reclamation. Upon completion of work at a property, a company engaged in exploration must perform certain tasks in order to restore the land to its pre-exploration state. All trenches, stripped areas or sample sites must be backfilled; all disturbed land areas that could affect bodies of water must be stabilized; and all materials, equipment and waste material must be stored in an approved manner or removed from the site if no longer required.

Compliance Costs for the Company. The principal environmental regulations to which the Company is subject require that the Company engage in land reclamation efforts. Land reclamation costs are currently not significant for the Company because the Company s projects are at the exploration stage, and exploration activities do not cause much disruption to the exploration site. The Company expects that such costs will increase as its activities expand beyond the exploration stage.

Ownership, Income Tax, Repatriation of Profits. Corporations resident in Canada are subject to Canadian federal income taxes on their worldwide income, including income derived directly from carrying on business in a foreign country, as earned. Double taxation may be avoided by foreign tax credits for foreign taxes paid on income derived from non-Canadian sources. In addition, resident corporations may be currently taxable on certain passive income earned by foreign subsidiaries and other foreign affiliates.

As of January 1, 2003, the basic rate of Canadian federal income tax on corporate income was approximately 27 percent, and when combined with the typical provincial rate of 16 percent, the total income tax rate for foreign corporate income was approximately 43 percent.

Mining and oil and gas companies are generally allowed a 100 percent deduction for Canadian exploration costs. Canadian development costs are deductible at the rate of 30 per cent on a declining-balance basis. Royalties, levies and taxes imposed by Canadian government authorities in respect of production are not deductible for tax purposes. Instead, a resource allowance is allowed equal to 25 percent of resource profit, which is production income after deducting operating expenses and capital cost allowance, but before deducting interest and exploration and development expenses. Foreign exploration and development expenses are deductible against foreign source resource revenues and as to 10% balance against other income.

C.

Organizational Structure

The Company has no subsidiaries.

D.

Property, Plant and Equipment

Overview

The main properties of the Company which are currently being explored or on which exploration is planned within the next year are the Meadowbank and Meliadine (divided into East and West) properties, both located in Nunavut, formerly part of the Northwest Territories, Canada. These properties were acquired as detailed in Item 4. Information on the Company -- A. History and Development of the Company -- General Development of the Business of the Company -- Acquisition and Exploration of Significant Mining Properties. The following is a detailed description of the properties.

Meadowbank Property, Nunavut

Introduction

The Meadowbank Property is located 70 kilometers north of the barge accessible community of Baker Lake, Nunavut. The Property hosts six closely spaced, near surface gold deposits hosted within an Archean greenstone belt of some 25 km in length. The Company has incurred expenditures of approximately $26 million on the property from 1995 to 2002 resulting in approximately 507 diamond drill holes in 84,571 meters of drilling. As of June 2003 mineralized material1

A mineralized body which has been delineated by appropriately spaced drilling and/or underground sampling to support a sufficient tonnage and average grade of metal(s). Such a deposit does not qualify as reserve, until a comprehensive evaluation based upon unit cost, grade, recoveries, and other material factors conclude legal and economic feasibility.

from all six of the deposits was estimated at 15,471,000 tonnes grading 4.66 grams of gold per tonne. In October of 2002 the Company initiated a feasibility study on the Property on the basis of open pit mining at a rate of approximately 4,700 tonnes per day for 8 to 10 years.

Ownership

The Company holds a 100% working interest in the Meadowbank Property. Please see Item 4. -- Information on the Company -- A. History and Development of the Company -- General Development of the Business of the Company -- Acquisition and Exploration of Significant Mining Properties , for a discussion of the terms of the Company s acquisition of the Meadowbank Property.

Description of the Property

The Meadowbank Property covers an area of approximately 28,887 hectares. A total of 10 Crown Mining Leases encompassing 7,370 hectares cover the area surrounding the four gold deposits near Third Portage Lake: Third Portage, North Portage, Goose Island and the Bay Zone. These leases were grandfathered as part of the Nunavut Land Claims Agreement. The remainder of the property, including the Vault and the recently discovered PDF deposit, is contained within three NTI Exploration Areas encompassing an area of 21,517 hectares, acquired by the Company in 1999. An application for additional ground from NTI is pending. These Exploration Areas are located within IOL parcel BL-14 and are contiguous with the grandfathered mineral leases. This land position covers a series of gold deposits and mineral occurrences extending over 25 kilometers in strike length.

Location and Access

The Meadowbank Property is located approximately 70 kilometers north of the Hamlet of Baker Lake, Nunavut. The property is centred at approximately Latitude 65°00 N and Longitude 96°03 W. The relevant NTS sheets are 66H/1, 66A/16 and 56E/4.

Access to the Meadowbank Property is via float or ski-equipped plane or helicopter from the Hamlet of Baker Lake, which is the nearest town and offers daily scheduled air service to southern Canadian centres. Seasonal barge access from Montreal or Churchill, Manitoba to Baker Lake is possible from mid-July to October. Winter overland transport of supplies is particularly convenient and cost-effective by Nodwell-type all terrain type vehicle service available in Baker Lake.

Regional Geology

The Meadowbank property is underlain by rocks of the Archean aged Woodburn Lake Group, which comprises a deformed sequence of supracrustal rocks of the western Churchill Province.

Property Geology and Mineralization

The Meadowbank property is underlain by metasedimentary and metavolcanic rocks of the Archean Woodburn Lake Group. The Property covers a structurally complex, narrow neck of supracrustal rocks, sandwiched between granite plutons and metamorphosed to upper greenschist facies.

Stratigraphy in the Property area consists of a complex assemblage of intermediate volcaniclastic rocks and wackes with subordinate, interlayered, iron-formation, pelitic and ultramafic schists, and quartzite.

Three principal areas hosting gold mineralization are known on the property. At the Portage area, mineralization is present in four gold deposits (Goose Island, Third Portage, North Portage and Bay Zone) hosted in a distinctive iron formation. In the area of the Vault deposit, located five kilometers northeast of the Portage area, carbonate-sericite altered metavolcanic rocks are the host to gold mineralization. Work conducted in 2002 identified gold mineralization in iron formation at the PDF deposit, located approximately 10 kilometers northwest of the Vault deposit.

Stratigraphy in the Portage area consists of ultramafic volcanics, overlain by intermediate volcaniclastic and/or greywacke, with interbedded magnetite-chert iron formation and lesser pelitic schists. In the area of the four deposits, this package of rocks is isoclinally folded about an ultramafic core and later refolded and metamorphosed at greenschist to amphibolite facies. The geometry of the mineralized units define an early recumbent fold.

In the area of the Vault deposit, early isoclinal folding is also the dominant fold pattern, however the ultramafic volcanic is absent and iron formations tend to occur as rare discontinuous beds. The Vault area is dominated by intermediate volcaniclastic and/or greywacke units that display similar characteristics to the clastic rocks at the Portage area. The stratigraphy in the area of the Vault Deposit is relatively flat lying.

The recently discovered PDF Deposit, located approximately 10 kilometers north of the Vault, is hosted by a similar stratigraphic assemblage, consisting of isoclinally folded intermediate volcaniclastic rocks interbedded with iron formation and pelitic schists.

Gold mineralization in all of the deposits is associated with sulphide mineralization in the form of pyrrhotite and pyrite and is notably absent in arsenopyrite.

History and Exploration to Date

Government records indicate exploration for base metals and uranium since 1969 with discovery of the first gold occurrences in the Meadowbank area recorded in 1985. In 1985, a joint venture agreement between Asamera Minerals and Comaplex Minerals resulted in 415,000 acres staked over the area.

From 1985 to 1994 exploration was largely focused on the area surrounding the Third Portage deposit with 8,146 meters of diamond drilling completed in 64 holes. In 1991 a mineral inventory estimation was completed at the Third Portage deposit with 522,223 tonnes of mineralized material grading 7.93 grams of gold per tonne.

From 1994 to 1997 exploration programs, chiefly consisting of diamond drilling and operated by the Company under a joint venture agreement with Comaplex Minerals, focused on the identification of new resources and resulted in the identification of the Goose Island deposit and further expansion of the Third Portage deposit. Environmental base-line studies, including water, lake sediment chemistry and fish population studies, were initiated in 1996. Engineering initiatives in 1997 continued on a multi-disciplinary level with enhancement of specific studies relating to geotechnical, environmental, conceptual transportation corridors and mining techniques. Traditional knowledge studies also commenced in 1997 and collection of climatic data was enhanced by the addition of an on site remote data collector. Golder Associates of Vancouver, British Columbia continued to evaluate detailed geotechnical data collected by the Company and augmented this data with thermister installations within the Third Portage deposit. A short program of oriented core drilling was also performed to provide more data on joint and fracture patterns in several design sectors of the Third Portage open pit.

In 1998 and 1999 the Company, as sole owner, completed 24,191 meters of diamond drilling in 160 drill holes resulting in the discovery of the Bay Zone gold deposit. In addition to the diamond drilling, engineering studies continued including environment baseline, geotechnical studies, quality control/assurance program for assays and a chain of custody audit to ensure proper sampling procedures. A community consultation program was also implemented to advance local awareness of the project. Extensive surface excavation of the Third Portage deposit was completed in 1999. Prospecting programs focused on lands to the northeast of the Portage area and resulted in the acquisition of three contiguous NTI Mineral Exploration Agreements covering 21,517 hectares. Mineralized material estimates completed at the end of 1999 yielded an estimated 7,775,000 tonnes of mineralised material grading 5.79 grams of gold per tonne in the four known deposits.

In the spring of 2000, MRDI Canada completed a pre-feasibility study on the Meadowbank Project. The study indicated sufficient mineralized material for 7 years of open pit and underground production at a production rate of 2,250 tonnes per day. Preproduction capital costs were estimated at US$93 million, and cash operating costs estimated at US$187 per ounce. The study concluded that additional mineralized material could significantly improve the economics of the project. In the summer of 2000, wide spaced drilling totaling 2,671 meters in 25 holes discovered the Vault Deposit, located 5 kilometers north of the Third Portage deposit.

During 2001, 4,044 meters of diamond drilling in 19 drill holes was completed at the Vault deposit, expanding the deposit at depth and along strike. With the addition of the Vault deposit MRDI Canada estimated total mineralized material on the Property at 7,775,000 tonnes grading 5.79 grams of gold per tonne. In the fall of 2001, a preliminary economic evaluation was initiated with MRDI Canada, to assess the economic impact of the additional mineralized material identified at the Vault deposit. This study indicated that the combination of the five known deposits at the Property could potentially support a larger, dominantly open pit operation with lower forecast operating costs using a revised mining rate of 4700 tonnes per day.

Based on the positive conclusion of the 2001 preliminary economic evaluation, the Company initiated an $8.0 million work program at Meadowbank which included 16,000 meters (150 holes) of diamond drilling comprised of definition, exploration, metallurgical and geotechnical drilling. The majority of the drilling was completed at the Vault deposit where 60 holes (7,346 meters) were drilled, both expanding and improving the definition of the deposit. A new shallow zone of mineralization, the Connector Zone, was outlined between the Third Portage and North Portage deposits. A new gold deposit, called the PDF deposit, was discovered 10 kilometers north of the Vault deposit with 12 of 18 holes drilled intersecting gold mineralization. A reverse circulation drill program consisting of 411 holes was completed over the area between the Vault and North Portage deposits and was successful in generating several areas of anomalous gold geochemistry, in areas of limited exposure. The Company also accelerated environmental baseline studies to ready the Meadowbank project for environmental impact analysis and the commencement of the mine development permitting process. The program included aquatic, terrestrial, engineering and socio-economic components. Geotechnical engineering focused on drill data collection for open pit designs at the Vault and North Portage deposits. In addition, the Company expanded its metallurgical studies to include a wider representation of potential ore volumes from the Meadowbank deposits. Initial results from metallurgical studies performed by SGS Lakefield Research indicate the Meadowbank deposits are amenable to conventional gravity/whole ore leach processing with recoveries indicated at 93% to 94%.

In October 2002, the Company initiated a feasibility study and commenced mine development permitting on the Meadowbank project.

Mineralized material estimates, incorporating the results from 2002 drill programs, including drilling at both the Vault deposit and the new PDF deposit, were completed in June 2003. As a result, the Meadowbank mineralized material increased to an estimated 15,471,000 tonnes grading 4.66 grams of gold per tonne based on total of 84,561 meters of diamond drilling in 570 drill holes.

The 2003 work program at Meadowbank, budgeted at $10.5 million, is designed to complete feasibility and mine permitting requirements and also includes a substantial field exploration program. The program will include approximately 16,000 meters of diamond drilling focused on further delineation and expansion of known deposits, exploration drilling of prospective targets and geotechnical drilling of foundations for proposed water retention dikes and mine buildings. A reverse circulation drill program is planned as a continuation of the 2002 program.

The Company employs an extensive QA/QC program on all of their assays. International Plasma Laboratory Ltd. completed all assaying using one-assay ton samples. Primary assaying is done by fire assay with an atomic absorption finish on a 30-gram sample. Assays yielding greater than 1.0 gram/tonne gold are re-assayed for precision using fire assay with a gravimetric finish. Diamond drilling of the deposits employs NQ sized drill core with some HQ sized core drilled for metallurgical purposes. All core is measured for recovery and for rock quality determinations. After geological logging, the samples of core selected by the geologist for assaying are split in half with one half shipped to the assay laboratory and the other remaining in the core box and archived on site. For quality control duplicates, standards and blanks samples are randomly inserted into the sample sequence prior to shipment to the assay lab.

Meliadine Property, Nunavut

Introduction

The Meliadine Property is located on the west side of Hudson Bay near the Hamlet of Rankin Inlet. WMC has an option to earn an interest in the Western half of the Meliadine Property, now referred to as Meliadine West. The Company is actively exploring the balance of the property now referred to as Meliadine East.

The Property is underlain by metasedimentary and metavolcanic rocks of Archean age that contain two east-trending bands of iron formation. Gold mineralization occurs within three areas of folding and shearing, named, from east to west, the Discovery Zone, Wesmeg Area and Musket Bay. Within the iron formation and shear zones gold is spatially associated with pyrrhotite and arsenopyrite within zones of quartz and quartz-carbonate veining.

On the Meliadine West Property, the Tiriganiaq Zone and the F Zone were outlined by WMC in 1995 during drilling on the Wesmeg Area. Extensive diamond drilling was conducted on these two zones from 1995 to 2000. In October of 2000 WMC estimated that the zones contained 5,212,000 tonnes of mineralized material at an average grade of 7.7 grams of gold per tonne.

On the Meliadine East Property, the Discovery Zone, located 13 kilometers east of the Wesmeg Area, is the most-explored prospect. Mineralization has been traced within a zone approximately 150 meters in length, four meters in width, and to a depth of 470 meters. The estimated amount of mineralized material currently stands at 1.8 million tonnes with an average grade of 6.72 grams of gold per tonne. A till sampling program, completed during 2002, detected kimberlite indicator minerals associated with circular airborne magnetic geophysical anomalies.

Ownership

The Meliadine Property (the Property) is held under a comprehensive joint venture agreement dated July 6, 1988, as amended November 26, 1990 and February 14, 1991 and as assigned June 2, 1993 (the Initial Meliadine Agreement) between the Company and Comaplex Minerals Corp. Please see Item 4. -- Information on the Company -- A. History and Development of the Company -- General Development of the Business of the Company -- Acquisition and Exploration of Significant Mining Properties . In June 1995, the Company and Comaplex signed the Meliadine Mining Venture Agreement (the MMV Agreement) with WMC, granting WMC the right to earn up to 60% interest in the western portion of the Meliadine Property, now referred to as the Meliadine West Property. The remainder of the Property is referred to as the Meliadine East Property. The Meliadine East Property is under terms of the Initial Meliadine Agreement and is held 50% by the Company and 50% by Comaplex. The Company is the operator of the Meliadine East Property.

Under the terms of the MMV Agreement, WMC has earned the right to a 56% interest in the Meliadine West Property by expending an initial $12.5 million on the property. In order to perfect its interest, WMC must make annual cash option payments and provide non-recourse loans to the Company for its share of all costs over the initial $12.5 million until commercial production is achieved. The non-recourse loans are repaid to WMC from the Company s share of proceeds from production if a mine is developed.

The remaining interest of the Meliadine West Property is owned 22% each by the Company and Comaplex. If WMC fails to make cash option payments as outlined in the June 1995 agreement, the Meliadine West Property reverts back to the terms of the Initial Meliadine Agreement. If commercial production is achieved, WMC can purchase an additional 4% interest (2% from each of the Company and Comaplex) bringing WMC s interest to 60% resulting in the Company and Comaplex each retaining a 20% ownership. Until commercial production is achieved WMC must make cash payments to the Company and Comaplex to maintain its interest in the property.

To December 31, 2002, WMC reported $60 million of exploration expenditures on Meliadine West.

Location and Access

The Meliadine Property is located approximately 25 kilometers north of the Hamlet of Rankin Inlet, Nunavut. The Property extends westward from the shoreline of Hudson Bay for approximately 65 kilometers. The claims are situated within NTS sheets 55 J, K, N and O, and the center of the claim group is at approximately 63° north latitude and 92° west longitude.

Rankin Inlet is accessible by daily, scheduled aircraft from other Canadian cities (Winnipeg and Yellowknife). Bulk supplies are brought to Rankin Inlet on an annual barge from Churchill or Montreal. Access to larger ocean-going vessels is possible, although Rankin Inlet currently does not possess appropriate docking facilities.

Transportation between Rankin Inlet and the Meliadine Property is by helicopter in the summer and by snowmobile during the winter. Movement throughout much of the property is possible by all-terrain vehicle.

Description of Property

The original Meliadine Property consisted of 44 located mineral claims with an aggregate area of 39,979 hectares (98,786 acres). In 1995 the western portion of the property, now called Meliadine West, was optioned to WMC.

The Meliadine West property consists of 41 Crown claims (NAT Claims) covering an area of 74,418.87 acres, 13 (covering 31,039.28 acres) that have been surveyed and on which leases are pending and 12 Crown claims (CWM Claims) covering an area of 30,990.00 acres. In addition, the Meliadine West property consists of 13 NTI Mineral Exploration Agreements covering an area of 82,836.00 hectares.

The Meliadine East property consists of 9 Crown leases covering an area of 21,920.93 acres and 9 Crown claims (claims have been surveyed and have leases pending) covering an area of 20,298.45 acres. In addition, the Meliadine East property consists of 1 NTI Exploration Area (Fay 4) covering 1,741 hectares. As of 2001, the Meliadine East property is no longer considered a material gold asset of the Company, however in 2002, a small exploration program was completed at Meliadine East to evaluate specific areas for diamond potential. In June 2003 drilling programs intersected kimberlite bodies on the Property.

Geology and Mineralization

Rocks of the Archean Rankin - Ennadai greenstone belt of the Churchill Structural Province, underlie the Meliadine Property.

As much of the gold mineralization that occurs within the Meliadine Property is hosted by iron formation, these rocks are of obvious specific interest. Two types of gold mineralization have been recognized on the Meliadine Property: the Discovery Type is characterized by an H_2O-rich mineralogy, and the Wesmeg Type is characterized by CO_2-rich mineralogy. The Discovery Zone, underlain predominantly by metasediments and mineralization, occurs within a more northerly, magnetite-rich formation. Wesmeg mineralization occurs within a southern, less-magnetic iron formation and is contained within predominantly metavolcanic rocks. Differences in character of mineralization in the two areas can reasonably be attributed to differences in host-rock chemistry.

History of Exploration

Between 1969 and 1972, the Rankin Nickel Syndicate (the Syndicate) carried out exploration for copper and nickel within the present limits of the Meliadine Property. The Syndicate drilled only one hole in the project areas to test a coincident airborne magnetic and electromagnetic anomaly. This hole intersected 3.43 grams of gold per tonne over 1.98 meters in what was described as a sulphide-rich zone in a chloritic, magnetite-rich quartzite. This rock was in fact iron formation and the reported gold occurrence drew Asamera and Comaplex into the area in 1987.

Asamera and Comaplex staked one claim, the NAT, in 1987 to cover the gold occurrence. In the fall of 1989, a prospecting team collected 58 rock samples that returned gold values over an area named the Discovery zone.

In 1990, a drill program of 14 holes (1,113 meters) defined the Discovery zone over an approximate length of 175 meters and to a depth of 100 meters. Regional prospecting in 1990 encountered mineralized boulders containing anomalous gold values located 13 kilometers west of the Discovery Zone. This area became known as the Wesmeg Area.

In 1991 and 1992, Rio Algom Exploration Inc. (Rio Algom) optioned all of the Meliadine Property west of the Discovery Zone and conducted geophysical surveys, prospecting and 3,200 meters (22 holes) of diamond drilling in the Wesmeg and Musket Bay areas of the Property. Rio Algom terminated its option at the end of 1992.

During 1991 and 1992, Asamera and Comaplex drilled 28 holes (5,066 meters) on the Discovery Zone, 35 holes (3,529 meters) elsewhere on the Discovery Grid, and four holes (242 meters) on the Snowgoose Grid, 6.4 kilometers east of the Discovery Zone, and two holes (208 meters) on the Slug Grid, 22 km east of the Discovery Zone. The Discovery Zone drilling intersected gold mineralization to a vertical depth of 460 meters. The deepest hole drilled on this prospect, DDH92-56, intersected 52.19 grams of gold per tonne over 1.47 meters at a depth of 469 meters.

In 1994, Cominco Engineering Services Ltd. (CESL)2

In November, 1994, the engineering division of CESL was acquired by H.A. Simons Ltd. (Simons). In January 1998, the Simons geological and mining personnel were transferred to MRDI Canada, a Division of H.A. Simons Ltd. (MRDI). Since 1994, MRDI and Simons have completed work on both the Meadowbank and Meliadine projects. For clarity, all further references to work completed by MRDI and Simons will be credited to Simons.

calculated a preliminary amount of mineralized material at the Discovery Zone, on the basis of holes drilled to the end of 1992, of 670,000 tonnes with an average grade of 9.7 grams of gold per tonne to a vertical depth of 250 meters.

From 1993 to 1994, exploration conducted by the Company and Comaplex was focused on the Wesmeg Area of the Property. Geophysical surveys and follow up drilling resulted in the discovery of the F-Zone where 14 holes (1,240 meters) intersected anomalous gold values. In 1994 a further 5,548 meters of drilling in 68 holes outlined the F-Zone and discovered the Pump Zone.

Meliadine West

Ownership

WMC optioned the western portion of the Meliadine Property in 1995. As of December 31, 1999, WMC had earned the right to an initial 56% interest in the property subject to meeting continuing requirements. The Company currently has a 22% interest and the remaining 22% is held by Comaplex Minerals Corp.

History of Exploration

During 1995, WMC spent approximately $1.6 million and completed a 33-hole (7,170 meters) drill program, of which 27 holes were drilled on the Wesmeg area, and the remaining six holes at the Musket Bay area. Ten holes tested a new zone, named the Tiriganiaq, where mineralization was discovered associated with a three-kilometer long fault splay. Nine of the ten drill holes along this structure intersected gold mineralization to a vertical depth of about 145 meters. WMC also drilled three holes to test an area, now termed the Wolf Zone, located within the Musket Bay area. All three drill holes intersected zones of anomalous gold mineralization.

A $4.8 million exploration initiative, by WMC in 1996, yielded encouraging results. Gold intersections were obtained from 28 widely spaced drill holes on the central portion of the Tiriganiaq Zone, outlining a gold-bearing zone over a strike length of 800 meters and to a vertical depth of 250 meters. At least two distinct gold bearing horizons were encountered in each hole. WMC also reported gold values from the F-Zone, located 3.5 kilometers east of the Tiriganiaq Zone. As well, at the Wolf Zone, located 5 kilometers west of the Tiriganiaq Zone, WMC reported gold values of 10.3 grams of gold per tonne over 3.14 meters in hole 96-62.

As of December 31, 1997 WMC had incurred a total of $19.1 million in exploration expenditures. Approximately 50,000 meters of diamond drilling had tested the property; the majority of which were in the Tiriganiaq and F-Zones, within the Wesmeg project area.

In 1998 a scoping study was completed by H.A. Simons Ltd. (Simons), an independent consulting company, with the geological modeling prepared by WMC. The study concluded that in order to achieve a milling rate of 3,750 TPD over a 10-year mine life, additional mineralized material was required.

Activities at the Meliadine West Project in 1998 included extensive drilling (36,000 meters in 146 drill-holes) by the Group Projects Division of WMC on a variety of zones including Tiriganiaq, Wolf, Pump and the F-Zone. The Exploration Division of WMC concentrated on the 30 kilometers westward extension of the Meliadine West Property with 4,400 meters of diamond drilling in 20 widely spaced holes and 13,000 line kilometers of ground and airborne magnetic surveys. Widely spaced (150 to 400 meters spaced) drilling outlined a new zone of mineralized iron formation, called the Peter Lake Zone, located 27 kilometers west of the Tiriganiaq Zone.

In 1999 activities at the Meliadine West Project, by the Group Projects Division of WMC, focused on definition diamond drilling at the Tiriganiaq deposit and, to a lesser extent, the F-Zone. A total of 132 diamond drill holes were completed for a total of 20,997 meters. In 1999 the Exploration Division of WMC conducted geological, geochemical and geophysical surveys as well as prospecting throughout the area. Environmental, engineering and traditional knowledge studies continued throughout the year.

In 2000, a total of 5,000 meters of infill drilling was completed to better understand the controls and the continuity of the mineralization of the various zones within the Tiriganiaq deposit. WMC completed estimates of mineralized material in October 2000. The estimates were calculated internally by WMC to conform to the Australasian Code for reporting of Identified Mineral Resources and Reserves (JORC code) and were subjected to a third party review. The mineralized material at the Tiriganiaq totals 5,212,000 tonnes grading 7.70 grams of gold per tonne.

Early in 2001, WMC International Ltd. decided to sell its 56% interest in the Meliadine West Project. During 2001, WMC completed 13,785 kilometers of airborne magnetic surveying. A program of prospecting and geological mapping was carried out in areas of favorable targets generated by the airborne survey.

In 2002, activity on the Meliadine West Property was restricted to property maintenance. To December 31, 2002, WMC reported approximately $60 million of exploration expenditures on Meliadine West.

Efforts by WMC, to sell its interest in the Project are ongoing. In the interim, WMC has approved a $2,070,000 program on the Meliadine West Property for 2003. The program will consist of infill drilling on the Tiriganiaq Zone and regional exploration on the existing targets on the property. It is anticipated that the drilling program in the Tiriganiaq area will consist of 4,700 meters in 17 drill holes.

WMC employed extensive QA/QC program on all drill core assays. TSL Labs in Ontario completed all assaying. Assaying is done by Fire Assay - Atomic Absorption on a 30-gram sample. Results greater than 1.0 grams of gold per tonne are checked using Fire Assay -Gravimetric finish.

Meliadine East

Ownership

The Meliadine East Property is under terms of the Initial Meliadine Agreement and is held 50% by the Company and 50% by Comaplex. The Company is the operator of the Meliadine East Property.

History of Exploration

At the Meliadine East Property in 1995, a drill program totalling over 6,500 meters further defined and expanded the Discovery deposit and resulted in the discovery of the Capricorn Zone and the definition of the Pisces Target. In 1996, Simons completed an independent preliminary engineering study of the Discovery Zone. The study included constructing a geological model and resulted in mineralized material estimates of 1.8 million tonnes with an average grade of 6.72 grams of gold per tonne.

From 1997 to 2001 exploration initiatives at the Meliadine East Property were largely focused on areas to the east of the Discovery Zone. Limited drilling tested a wide variety of gold targets across the eastern 25-kilometer strike of the property.

Minimal exploration activity was conducted during 2001 on the Meliadine East Property.

A till sampling program for diamond exploration was completed on the Meliadine East Property during 2002. This program detected numerous kimberlite indicator minerals associated with circular airborne magnetic geophysical anomalies.

In early 2003, a 16-drill hole (1,450 meter) program was completed at the Property. Kimberlite material was intersected in 14 of the 16 holes drilled on 12 discrete targets. Caustic fusion analysis of the samples is in progress.

ITEM 5

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion of the financial condition, changes in financial condition and results of operations of the Company for the three years ended December 31, 2002, should be read in conjunction with the consolidated financial statements of the Company and related notes included therein, and with the selected data set forth in Item 3 above.

The Company s consolidated financial statements are in Canadian dollars and have been prepared in accordance with accounting principles generally accepted in Canada. As described in Note 12, these principles differ in certain material respects from those that the Company would have followed had its consolidated financial statements been prepared in accordance with accounting principles generally accepted in the United States. The areas of material difference and their impact on the Company s consolidated financial statements are described in Note 12 to the Company s consolidated financial statements included in this Annual Report.

The Company is in the process of exploring its mineral properties and has not yet determined whether any of these properties contain mineralized materials that are economically recoverable. The majority of the Company s activities are at the Meadowbank property in Nunavut. Other activities are under joint venture.

The recoverability of amounts shown for mineral claims and options is dependent upon the discovery of economically recoverable mineralized material, confirmation of the Company s interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposition thereof. It is reasonably possible that economically recoverable mineralized material may not be discovered and accordingly a material portion of the carrying value of mineral claims and options could be written off.

Overview

The Company is a mineral exploration and development company with active properties held directly or indirectly through joint ventures and options in Nunavut. The projects range from exploration to feasibility stage programs. The Company s Meadowbank gold property in Nunavut remains the most promising and continues to advance toward economic development. The Company reduces its financial risk in exploration by advancing some properties through joint venture and option agreements.

The Company s Meadowbank and Meliadine properties are situated within Nunavut. On April 1, 1999, Nunavut became Canada s third Territory. Please see Item 4. Information on the Company -- B. Business Overview -- Applicable Government Regulation in Canada -- Nunavut Settlement . The tenure of the Company s mineral claims and leases are grandfathered to the Crown under the Nunavut agreement meaning that all the Company s rights are secured under the Canadian Mining Regulations. The creation of Nunavut provides a pro-active and politically stable environment for resource exploration and development in this mineral rich part of Canada. The Company strives to minimize disruption and to mitigate environmental impact of the ancestral lands during all exploration activities. It is the Company s policy to utilize local suppliers and personnel in the communities proximal to our exploration projects. The Company believes this policy helps foster a good working relationship with the communities as well as local dissemination of reports of its activities. The Company currently has no legal contractual obligations to hire local suppliers. Such obligations may be part of an Inuit Impact Benefits Agreement, if the Company s project advances to production stage.

Resource evaluation, preliminary engineering and environmental studies are ongoing at the Meadowbank Project. Current environmental studies are recording baseline data such as fish population, weather, wildlife and water quality parameters. Please see Item 4. Information on the Company. D. Property, Plant and Equipment Meadowbank Property, Nunavut Ownership .

A.

Operating Results

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

The Company incurred a net loss of $8,916,590 or twenty-six cents per share for the year ended December 31, 2002, as compared to a net loss of $1,932,818 or seven cents per share for the year ended December 31, 2001. The Company has no operating revenues, as it has not commenced mining operations. The major component of the Company s net loss for both 2002 and 2001 was exploration costs which, under Accounting Guideline 11, were expensed. Exploration costs for 2002 were $7,992,078 as compared to $1,610,977 for 2001. The majority of both years expenditures was incurred on the Company s 100% owned Meadowbank property. The significant increase for 2002 reflects the improved economic forecasts the property generated in early 2002 and the resulting rapid acceleration of the Company s exploration program at Meadowbank, combined with the rise in the price of gold and increased investor interest in the Company. The Company s share of the exploration costs at Meliadine West was financed by way of a non-recourse loan from the property operator, WMC International Ltd. There was little activity on the property in both 2002 and 2001 as WMC International Ltd. continued its efforts to sell its interest in the project. As at December 31, 2002 the non-recourse loan from WMC was $12,353,359, compared to $11,332,679 as at December 31, 2001. During 2002, the Company increased its estimate of the future site restoration costs by $240,000 as a result of the increased exploration and development activity completed in 2002.

Interest income in 2002 was $409,305, compared to $239,381 in 2001. The increase was due to higher average cash and cash equivalents balances throughout most of the 2002 year. The Company received a $500,000 option payment on its Meliadine property in both 2002 and 2001, and a further $500,000 in 2003. Administrative expenses were $1,584,200 in 2002 as compared to $786,224 in 2001. The increases in part reflect the increased level of activity and management staff in 2002 and the greater emphasis placed on public relations, including investor relations activities and financing activities. Employee compensation was higher as a result of severance paid to the Company s former president. In 2002 there was a one-time charge of $261,434 made in the second quarter as the Company wrote down its investment in EuroZinc Mining Corporation to its then market value.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Effective January 1, 2001 the Company adopted the requirements of Accounting Guideline 11, Enterprises in the Development Stage. Under AcG-11, exploration expenditures related to mineral properties can be deferred only if it is probable that these costs will be recovered from future operations, otherwise they are recorded as an expense in the period in which they are incurred. Acquisition costs for mineral properties can be deferred until it is determined that these costs will not be recovered from future operations, at which point these costs are written off. Previously, the Company capitalized all acquisition, deferred exploration and development costs incurred on its mineral properties if exploration was continuing on the property, on the basis that it was too early to tell whether the deferred exploration and development costs would be recovered. The Company has accounted for this change in accounting policy on a retroactive basis as a cumulative adjustment to increase the opening deficit and reduce the carrying value of resource properties at January 1, 2001 by $16,280,053. Prior periods have not been restated.

The Company incurred a net loss of $1,932,818 or six cents per share in 2001. In 2000 the Company incurred a loss of $844,213 or three cents per share. As a result of the change in accounting policy the two years are not comparable. This is because there are no comparative numbers in the 2000 statement for the two major items in the 2001 statement, that is, exploration costs of $1,610,997 and option receipts of $500,000. The majority of the exploration costs were incurred on the Company s Meadowbank property and the option payment was received from a joint venture partner on the Company s Meliadine West property. Prior to 2001, these types of expenditures and receipts had been capitalized. The Company had no operating revenues, as it has not commenced mining operations. Interest income in 2001 decreased to $239,381, compared to $276,178 in 2000. The decrease is due to a lower average cash balance in short term investments and a lower average interest rate. The Company s administrative expenses were $786,224 in 2001 as compared to $861,418 in 2000.

In 2001, the Company reduced its level of exploration activities from $2,203,315 in 2000 to $1,610,977. This was as a result of the then depressed state of the gold market. This situation changed in 2002 and the Company increased its level of expenditures to advance its Meadowbank property. There was little activity on the Company s Meliadine West property in 2001 as the property operator, WMC International Ltd., announced its intention to sell its interest in the project. As of December 31, 2002, WMC continued its sales effort. As at December 31, 2001, the non-recourse loan from WMC was $11,332,679.

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

The Company incurred a net loss of $844,213 for the year ended December 31, 2000, as compared to a net loss of $943,147 for the year ended December 31, 1999. The Company had no operating revenues, as it has not commenced mining operations. Interest income in 2000 decreased to $276,178, compared to $405,124 in 1999. The decrease was due to a lower average cash balance in short term investments and a lower average interest rate. The Company s administrative expenses were $861,418 in 2000 as compared to $986,941 in 1999. The decrease was a result of the Company s effort to trim administration costs. The major savings was in the area of legal and accounting costs.

The Company regularly analyzes the economic potential of all of its properties, to determine which do not warrant further expenditures. A total of $29,806 of general prospecting expenses and costs relating to abandoned properties was charged to expense in 2000 as compared to a total of $293,373 for the same period in 1999. This decrease reflected the Company s policy to concentrate on its core properties. In 2000 the Company made a provision of $100,000 for its estimate of future site restoration costs to be incurred for existing exploration interests.

In 2000, the Company spent $2,203,315 on exploration activities, focusing on the Company s Meadowbank property. This compares to $3,977,816 that was spent in 1999. This lower level of exploration expenditures by the Company reflected the then depressed state of the gold exploration business and the difficulty of raising funds without substantially diluting the interest of the Company s current shareholders. In addition, WMC International Ltd. spent $2,542,565 in 2000 on the Company s behalf at Meliadine River West (1999 - $2,066,400). WMC also made an option payment to the Company of $500,000 (1999 - $250,000) to maintain its interest in the property. As at December 31, 2000, the non-recourse loan from WMC was $9,490,750.

B.

Liquidity and Capital Resources

Overview

The Company currently has no internal sources of raising funds. It finances its exploration projects either by sale of the Company s stock or (as in the case of Meliadine West) by joint venture of the project. General and administrative expenditures are funded by sale of the Company s stock. This method of financing probably will not change until such time as the Company receives a positive independent feasibility study on one of its projects.

On than as discussed in Recent Financings below, the Company does not know of any trends, demands, commitments, events or uncertainties other than in the normal course of operations that may result in the Company s liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company s liquidity are substantially determined by the success or failure of the Company s exploration program and stock market conditions.

Year Ended December 31, 2002

The Company s capital budget for its Meadowbank property for 2003 is $10.5 million. The 2003 program is designed to complete feasibility and mine permitting requirements, at Meadowbank, and also includes a substantial field exploration program. The 2003 budget for the 50% owned Meliadine East property is approximately $625,000 shared on a 50/50 basis with a joint venture partner. This program will follow up on the diamond indicator discoveries made in 2002 and will consist of ground geophysics and diamond drilling. At Meliadine West, WMC International Ltd. is obligated to fund the Company s share of any expenditures by way of non-recourse loans. These loans are repayable only from the Company s ultimate share of any revenues from the project.

The improved outlook for the Meadowbank project and the rise in the price of gold enabled the Company to raise $21.2 million by the issuance of common shares (see -- Recent Financings, below). At December 31, 2002 the Company had approximately $11.5 million in unallocated working capital, and $6.5 million in available flow through funds (see Recent Financings 2, below).. The above mentioned working capital amounts are sufficient for the Company s present requirements. The working capital is principally in the form of cash and cash equivalents. All the cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The Company has no significant debt other than a non-recourse contingent loan payable to WMC on the Meliadine West project. The flow through funds are restricted cash which must be spent on Canadian exploration activities.

If ultimately the decision is made, following the feasibility study at Meadowbank, to develop a mining operation, substantial long term financing will be required.

Year Ended December 31, 2001

The Company s capital budget for the period January 1, 2002 to December 31, 2002 was $8 million, all of which was spent on the Meadowbank project. This increased level of expenditures reflected the recent rise in the price of gold and an improved economic forecast for the project. By the end of 2002, the Company initiated a feasibility study on the Meadowbank property. In December 2001, the Company raised $1,403,000 in flow through funds by the issue of 1,650,588 shares at $0.85 per share. These funds, along with flow through funds the Company had on hand from a flow through financing the Company completed in September 2001 of 1,000,000 units at $1.10 per unit, were used to fund phase one of the Meadowbank 2002 budget.

At December 31, 2001, the Company had approximately $3,400,000 in unallocated working capital, and $2,400,000 in available flow through funds.

Year Ended December 31, 2000

The Company s capital budget for the period January 1, 2001 to December 31, 2001 totaled approximately $1.3 million, all of which was spent on the Company s Meadowbank property. In December 2000, the Company raised $1,300,200 in flow through funds by the issue of 1,182,000 units at $1.10 per unit. These funds were used to fund the Meadowbank 2001 budget. WMC International Ltd. funded the Company s share of expenditures on the Meliadine West project by way of a non-recourse contingent loan repayable only from the Company s ultimate share of any revenues from the project.

At December 31, 2000, the Company had approximately $4,000,000 in unallocated working capital.

Recent Financings

The Company s activities in mineral exploration have been funded principally through sales of equity securities and such source of financing is anticipated to continue until the Company develops a cash flow from operations. The ability of the Company to continue operations is dependent on the ability of the Company to continue to obtain financing. As at December 31, 2002, the Company has not generated cash flows from operations sufficient to fund ongoing operational requirements and cash commitments.

Recent financings are as follows:

1. In June 2003, share purchase warrants on approximately 1.7 million common shares, originating from a $14,675,000 financing completed in June 2002 (see 3 below), were exercised for total net proceeds of $5,079,582.

2. In December 2002, the Company completed a private placement of 2.5 million flow-through common shares at $2.60 per share for gross proceeds of $6,500,000 through Dundee Securities Corporation and Canaccord Capital Corporation. Flow through shares are defined in subsection 66(15) of the Canadian Income Tax Act. Under this legislation Canadian exploration and mining companies can issue flow through shares to investors by way of a flow through subscription agreement. Under these agreements the companies agree to incur Canadian Exploration Expenditures in an amount equal to the subscription price for the flow through shares and renounce the tax deductions associated with these expenditures to the investors. For the company, issuing flow through shares is no different from issuing regular shares except that the company is committed to spend the gross proceeds on Canadian Exploration Expenditures and renounce the associated tax benefits to the subscribers. Failure to spend the funds in the prescribed manner could result in penalties being levied by Revenue Canada and/or a lawsuit being commenced by the subscribers to recover their lost tax benefits.

The Company will use the proceeds from the offering for further exploration on its Meadowbank gold project in Nunavut and on other eligible Canadian resource properties.

3. In June 2002, the Company completed a brokered private placement of 4,000,000 units at a price of $2.60 per unit for aggregate gross proceeds of $10,400,000 on a bought deal basis through Canaccord Capital Corporation, Dundee Securities Corporation, Research Capital Corporation, Haywood Securities Inc., and Griffiths McBurney & Partners (the Underwriters). Each unit consists of one common share and one half of a non-transferable share purchase warrant. One whole warrant will be exercisable for the purchase of one common share of the Company at an exercise price of $3.00 for a period of 12 months from the date of closing. In connection with this financing, the Underwriters were granted an option, which they have since exercised, to purchase an additional 1,500,000 flow-through common shares priced at $2.85 per share for aggregate gross proceeds of $4,275,000.

The Underwriters received a 6.0% commission and broker warrants that entitle the Underwriters to purchase up to 440,000 common shares at a price of $2.75 per share. The warrants will expire 12 months from the date of closing.

The Company intends to use the net proceeds from the issuance of the units to advance its Meadowbank Gold Project and for general working capital. The entire gross proceeds from the issuance of the flow-through shares will be used to advance the Meadowbank Gold Project.

4. In December 2001, the Company closed a private placement of 1,650,588 flow through shares raising a total of $1,403,000.

5. In September 2001, the Company closed a private placement of 1,000,000 units raising a total of $1,100,000. Each unit consists of a flow through share and a non-transferable share purchase warrant. Two warrants will be exercisable for the purchase of one common share of the Company at a price of $1.20 per share until October 3, 2002 and a price of $1.50 per share until October 3, 2003.

6. On December 20, 2000, the Company closed a private placement of 1,182,000 units raising a total of $1,300,200. Each unit consists of a flow through share and a half, non-transferable warrant. Each whole warrant is convertible into a share at $1.20 to December 20, 2001 or $1.50 to December 20, 2002. These warrants were subsequently exercised in 2002 at a price of $1.50.

7. On December 10, 1998, the Company closed a brokered private placement totalling 1,475,000 flow-through common shares, and a non-brokered private placement of 30,000 flow-through shares at a price of $1.70 per share.

8. On December 1, 1998, the Company closed a brokered private placement totalling 300,000 flow-through shares, at a price of $1.70 per share.

9. On November 20, 1998, the Company closed a non-brokered private placement totalling 1,460,000 units at a price of $1.70 per unit. Each unit consists of one share and one non-transferable share purchase warrant. Two warrants will be exercisable for the purchase of one common share of the Company until December 31, 2000 at a price of $1.90 per share. 1,400,000 units were issued to two subscribers from the United States, each of which represented that it was an accredited investor.

10. On April 21, 1998, pursuant to a private placement of flow through shares, the Company issued 190,480 common shares at $2.10 per share and 32,600 shares at $2.30 per share for total proceeds of $474,988.

Material Commitments for Capital Expenditures

As at December 31, 2002, the Company had met all its expenditure requirements under the various mineral agreements it holds or has interests in.

The Company s preliminary plan of operation for January to December 2003 includes an exploration budget of $10.5 million allocated for Meadowbank and a $625,000 exploration program, to be shared on a 50/50 joint venture basis, for the Meliadine East Property. By the end of 2003, the Company expects to complete a feasibility study at

Meadowbank.

The Company s share of expenditures on the Meliadine West project will be funded by WMC. Pursuant to the agreement WMC can acquire its 56% interest by funding all costs to commercial production and making cash payments to the Company of $250,000 on January 1, 1999 and $500,000 on each of January 1, 2000 and 2001. In addition, if production is not achieved by January 1, 2002, WMC will make further cash payments of $500,000 per year, increasing to $1,500,000 per year after 4 years, and each year thereafter until the operating date is achieved or the agreement is terminated. To date, the Company has received each of the abovementioned cash payments from WMC on a timely basis.

After the first $12,500,000 of expenditures (already made), 100% of which were incurred solely by WMC, additional expenditures by WMC to maintain its interest will include a non-recourse contingent loan to the Company for its share of further exploration and development expenditures including any post production mine expansion expenses to be repaid from production cash flow only. As at December 31, 2002, WMC had expended a total of $60 million on the Meliadine West Project.

The Company s non-recourse contingent loan payable to WMC as of December 31, 2002 amounted to $12,353,359, including interest. Loan repayments become payable by the Company at the start of commercial production. The majority of net revenues attributable to the Company will be paid to WMC to extinguish the non-recourse contingent loan. Specifically, the Company must dedicate 72.7% of its share of net revenue to retiring the non-recourse contingent loan during all time periods prior to WMC exercising its option to acquire an additional 2% of the property, and 70% during all time periods subsequent to WMC exercising its option.

Loan interest on the non-recourse contingent loan is determined and redetermined semi-annually as of June 30th and December 31st of each calendar year. The monthly interest component of the loan is calculated by taking the average monthly loan balance multiplying it by the average monthly rate of interest, based on the weighted average of the daily interest rates as published by the Canadian Imperial Bank of Commerce. For the month of December 2002, the interest rate charged on the non-recourse contingent loan by WMC was 4.5%. Cumberland has the option of early repayment of the loan.

WMC has the option to purchase up to an additional 2% interest in the property from the Company, exercisable for $500,000 on or before January 1, 2001 and escalating to $2,000,000 on or before the later of January 1, 2005 and 60 days after commercial production.

If the agreement is terminated for any reason prior to or following the achievement of the operating date and the total loan amount has not been fully repaid, then all loan amounts are forgiven without any action required by the Company to effect such forgiveness. In such case, WMC agrees to discharge any charge registered by it against title to the property.

The unallocated portion of the Company s working capital may be used to finance the acquisition of additional properties and the exploration thereof. The Company intends to accelerate the evaluation of the Meadowbank deposit as results warrant. If the decision is made, following an independent feasibility study, to develop a mining operation, substantial long term financing will be required.

The Company is committed to future minimum annual office lease payments over the next year in the amount of $113,000.

The Company intends to raise required additional funds by selling equity or debt securities or by selling or joint venturing its properties until the Company develops a cash flow from operations. While the Company has been successful in raising the necessary funds in the past, there can be no assurance it can continue to do so. If such funds cannot be secured the Company will be forced to curtail its exploration efforts to a level for which funding can be secured.

C.

Research and Development, Patents and Licenses

As the Company is a mineral exploration company with no properties in production, the information required by this section is inapplicable.

D.

Trend Information

As the Company is a mineral exploration company with no properties in production, the information required by this section is inapplicable.

ITEM 6

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A.

Directors and Senior Management

The following table sets out certain information concerning the directors and executive officers of the Company. In accordance with the Company s Articles the Board of Directors determine the number of directors to be elected at the Company s Annual General Meeting of shareholders. Directors are elected by the shareholders at each annual general meeting as required to fill any vacancies. Directors may be elected for a term of one to three years by ordinary resolution of the shareholders at the time of election and the term may be varied by special resolution of the shareholders. Directors may also increase the size of the Board of Directors by up to one-third over the number in office after any Annual General Meeting. All officers of the Company are appointed annually at a directors meeting immediately following the AGM.

Name and Address (Municipality)(2)	Office Held	Term of Office Start Date	Term of Office End Date
Kerry Martin Curtis	President	Mar 06, 2003	n/a
Richmond, B.C.	Chief Executive Officer	Mar 06, 2003	n/a
	Director	Oct 17, 2002	AGM 2006
Walter T. Segsworth	Co-Chairman	-May 09, 2002	n/a
Alamo, California	Director	-May 09, 2002	AGM 2005
William Edward McCrindle	Director	Mar 23, 1983	AGM 2005
Thunder Bay, Ontario (Term expired on June 5, 2003)			
John Angus Greig (1)	Chairman	Dec 05, 1979	n/a
Delta, B.C.	Director	-Dec 05, 1979	AGM 2005

John Michael Kenyon Richmond, B.C.	Director	Dec 05, 1979	AGM 2004
Jonathan Arn Rubenstein (1) Vancouver, B.C.	Director	May 20, 1983	AGM 2006
Abraham Aronowicz (1) Vancouver, B.C.	Director	Jun 09, 1994	AGM 2004
Glen Dale Dickson North Vancouver, B.C.	Director	May 07, 1993	AGM 2006
Richard Mark Colterjohn Toronto, Ontario	Director	Jun 05, 2003	AGM 2005
Brad Thiele Surrey, B.C.	Vice President, Meadowbank Project Development	Apr 10, 2002	n/a
Robert A. Evans North Vancouver, B.C.	Chief Financial Officer (until May 15, 2003)	2000	n/a
Michael L. Carroll Walnut Creek, California	Chief Financial Officer	June 5, 2003	n/a
Betty Goyette Surrey, B.C.	Secretary	May 08, 1997	n/a

(1)

Member of the Audit Committee.

(2)

Information as to municipality of residence and principal occupation (see table below) has been provided by individual directors and officers.

Name	Principal Occupation Past Five Years	Outside Directorships
Kerry M. Curtis	Geologist President of Cumberland Resources Ltd. Senior Vice President of Cumberland Resources Ltd.	None
Walter T. Segsworth	Mining Engineer President and COO of Homestake Mining Company President, Homestake Canada Inc, President and CEO of Prime Resources Group Inc.	Great Basin Gold Ltd. Expatriate Resources Ltd. UEX Corporation Plutonic Capital Corporation
William E. McCrindle (Term expired on June 5, 2003)	Geological Engineer President of Lithic Resources Ltd.	
John A. Greig	Geologist	EuroZinc Mining Corporation Redcorp Ventures Ltd. Diamondex Resources Ltd. Dynamic Oil & Gas Ltd. First Step Ventures Ltd. Blackstone Resources Ltd.
J. Michael Kenyon	Geologist President of Canico Resources Corp.	Redcorp Ventures Ltd. Canico Resources Corp.

	President of Hastings Resources Corp. President of Sutton Resources Ltd.	
Jonathan A. Rubenstein	Vice President and Corporate Secretary, Canico Resource Corp.	Canico Resource Corp. Redcorp Ventures Ltd. Dynamic Oil & Gas Ltd.
Abraham Aronowicz	Independent businessman Management of Family s trust	Redcorp Ventures Ltd.
Glen D. Dickson	Geologist President, Gold Ore Resources Ltd.	Atna Resources Ltd. Gold Ore Resources Ltd.
Richard Mark Colterjohn	Investment Banker Managing Director, UBS Warburg	