

CONSOLIDATED BALANCE SHEETS

For the years ended December 31, 2008 and December 31, 2007

(in thousands of Canadian dollars, unaudited)

| | 2008 | 2007 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 51,362 | \$ 49,175 |
| Short-term investments | 52,662 | - |
| Accounts receivable and other assets | 28,909 | 39,274 |
| Inventories | 32,779 | 32,396 |
| Total current assets | 165,712 | 120,845 |
| Portfolio investments at market value | 4,532 | 34,567 |
| Equity accounted investments (market value December 2007 - \$31,457) | - | 13,665 |
| Other long-term assets | 16,014 | 9,570 |
| Property, plant & equipment | 377,443 | 354,549 |
| Future income tax asset | 4,933 | 5,272 |
| Total assets | \$ 568,634 | \$ 538,468 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 34,526 | \$ 24,140 |
| Deferred revenue | 6,169 | - |
| Current portion of long-term debt and reclamation and other long-term liabilities | 6,541 | 3,604 |
| Total current liabilities | 47,236 | 27,744 |
| Long-term Liabilities | | |
| Long-term debt | 20,392 | 6,114 |
| Reclamation and other long-term liabilities | 24,339 | 13,617 |
| Long-term compensation | 689 | 3,233 |
| Future income tax liability | 14,010 | 16,380 |
| Total long-term liabilities | 59,430 | 39,344 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 331,802 | 268,669 |
| Warrants | 16,658 | 4,758 |
| Contributed surplus | 10,948 | 9,081 |
| Retained earnings | 105,315 | 184,510 |
| Accumulated other comprehensive earnings (loss) | (2,755) | 4,362 |
| Total shareholders' equity | 461,968 | 471,380 |
| Total liabilities and shareholders' equity | \$ 568,634 | \$ 538,468 |

CONSOLIDATED STATEMENTS OF EARNINGS (LOSS)

For the three and twelve months ended December 31, 2008 and December 31, 2007

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

| | Three months ended December 31, | | Year ended December 31, | |
|---|------------------------------------|-------------------|----------------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| Mining operations | | | | |
| Gold/copper/zinc concentrates net revenue | \$ 15,868 | \$ 22,246 | \$ 105,053 | \$ 122,417 |
| Cost of sales | 35,075 | 25,593 | 109,620 | 82,488 |
| Gross profit (loss) | (19,207) | (3,347) | (4,567) | 39,929 |
| Investment and other income (expense) | | | | |
| Dividends, interest and other income | 87 | 828 | 2,617 | 2,211 |
| Gain (loss) on equity accounted investments | - | 1,717 | (126) | (51) |
| Property impairment provisions | (48,780) | (188) | (48,780) | (732) |
| Net realized gains on sale of investments | 64 | 18,811 | 28,069 | 53,733 |
| Loss on copper put options | - | (14) | - | (3,192) |
| Impaired investments written down to market value | (6,009) | (13,022) | (7,532) | (13,022) |
| Investment and other income (expense) | (54,638) | 8,132 | (25,752) | 38,947 |
| Earnings (loss) before undernoted items | (73,845) | 4,785 | (30,319) | 78,876 |
| Expenses | | | | |
| Administrative and other expenses | 4,315 | 5,697 | 19,859 | 21,184 |
| Stock based compensation expense (recovery) | (957) | (455) | (939) | 193 |
| Exploration expense | 5,351 | 7,745 | 26,811 | 29,232 |
| Amortization of property, plant and equipment | 466 | 677 | 2,353 | 2,013 |
| Financing and other costs | 3,468 | 940 | 1,680 | 3,035 |
| Foreign exchange loss (gain) | 2,266 | (1,472) | 3,878 | 1,957 |
| Total expenses - net | 14,909 | 13,132 | 53,642 | 57,614 |
| Earnings (loss) before income taxes | (88,754) | (8,347) | (83,961) | 21,262 |
| Provision for (recovery of) income taxes | | | | |
| Current | (1,268) | 1,381 | 641 | 4,967 |
| Future | (7,444) | (234) | (5,407) | 920 |
| Total provision for (recovery of) income taxes | (8,712) | 1,147 | (4,766) | 5,887 |
| Net earnings (loss) for the period | \$ (80,042) | \$ (9,494) | \$ (79,195) | \$ 15,375 |
| Basic net earnings (loss) per share | \$ (1.03) | \$ (0.15) | \$ (1.20) | \$ 0.27 |
| Diluted net earnings (loss) per share | \$ (1.03) | \$ (0.15) | \$ (1.20) | \$ 0.26 |

CONSOLIDATED STATEMENTS OF CASH FLOW

For the three and twelve months ended December 31, 2008 and December 31, 2007

(in thousands of Canadian dollars, unaudited)

| | Three months ended December 31, | | Year ended December 31, | |
|--|------------------------------------|------------------|----------------------------|------------------|
| | 2008 | 2007 | 2008 | 2007 |
| OPERATING ACTIVITIES | | | | |
| Net earnings (loss) for the period | \$ (80,042) | \$ (9,494) | \$ (79,195) | \$ 15,375 |
| Non-cash charges (credits) to earnings: | | | | |
| Amortization of property, plant and equipment | 4,968 | 3,229 | 16,424 | 12,512 |
| Stock based compensation expense (recovery) | (957) | (455) | (939) | 193 |
| Net gains on sale of investments | (64) | (18,811) | (28,069) | (53,733) |
| Impaired investments written down to market value | 6,009 | 13,022 | 7,532 | 13,022 |
| Unrealized loss (gain) on revaluation of debt | 2,805 | 499 | (458) | 715 |
| Future income taxes | (7,444) | (335) | (5,407) | 920 |
| Loss on copper put options | - | 14 | - | 3,192 |
| Accretion expense | 391 | 302 | 1,396 | 1,005 |
| Impairment of property, plant and equipment | 48,780 | 188 | 48,780 | 732 |
| Other non-cash charges (credits) | 3,922 | (920) | 4,818 | (1,289) |
| Changes in non-cash working capital: | | | | |
| Decrease (increase) in accounts receivable and other assets | 2,008 | 7,105 | 6,213 | (9,367) |
| Decrease (increase) in inventories | 4,820 | (6,902) | (383) | (15,299) |
| Decrease (increase) in other receivables and advances | (4,470) | (2,541) | 1,362 | (3,353) |
| Increase (decrease) in accounts payable | 9,555 | (12,103) | 14,544 | (17,261) |
| Increase (decrease) in deferred revenue | (1,379) | 6,246 | 6,169 | - |
| Increase (decrease) in other liabilities | 184 | (145) | 181 | 29 |
| Net cash used in operating activities | (10,914) | (21,101) | (7,032) | (52,607) |
| INVESTING ACTIVITIES | | | | |
| Purchase of portfolio investments | (3,872) | (1,250) | (3,872) | (18,046) |
| Proceeds on sale of portfolio investments | 1,631 | 51,324 | 61,869 | 125,069 |
| Purchase of short-term investments | (52,662) | - | (52,662) | - |
| Loan advances | (3,654) | - | (3,654) | - |
| Purchase of additional interest in company, net of share issue of \$2,464 | - | (2,199) | - | (2,199) |
| Acquisition of property, plant and equipment | (15,479) | (14,386) | (82,160) | (110,209) |
| Proceeds on sale of property, plant and equipment | 18 | 273 | 732 | 273 |
| Net cash provided by (used in) investing activities | (74,018) | 33,762 | (79,747) | (5,112) |
| FINANCING ACTIVITIES | | | | |
| Issue of common shares on exercise of stock options | - | 140 | - | 1,380 |
| Net proceeds of equity financing | 77,175 | - | 77,175 | 77,474 |
| Redemption of deferred share units | - | (112) | (58) | (112) |
| Proceeds of debt financing | - | - | 15,821 | - |
| Repayment of debt | (1,543) | (1,263) | (3,972) | (3,841) |
| Net cash provided by (used in) financing activities | 75,632 | (1,235) | 88,966 | 74,901 |
| Increase (decrease) in cash and equivalents | (9,300) | 11,426 | 2,187 | 17,182 |
| Cash and equivalents at beginning of period | 60,662 | 37,749 | 49,175 | 31,993 |
| Cash and equivalents at end of period | \$ 51,362 | \$ 49,175 | \$ 51,362 | \$ 49,175 |