MinE 306 Mining Exploration and Evaluation

Assignment: Homework 7  Annual Reports
Due: Wednesday, November 9, 2005
Read next class: Chapter 4 Environmental and Reclamation, plus two environmental articles on the course web site.

REMEMBER TO SHOW FORMULAS AND YOUR WORK, WRITE ANSWERS CLEARLY

A. Read the independent auditor’s statement. Do they have any reservations or concerns?

B. In the Operating Data section, find the Recoverable Reserves and compare it to the Annual Production. How many years at this production level of the primary mineral product listed, can this company operate without finding more deposits?

C. Find the last fiscal year Income Statement and Balance Sheet.
   1. What is the working capital change for the fiscal year?
   2. Are assets increasing or decreasing?
   3. What is the current ratio?
   4. What is the Debt to Equity ratio?
   5. How does net income and annual cash flow differ?
   6. Did cash flow increase or decrease?
   7. Did inventory increase or decrease?

D. Can you calculate the return on stockholder’s equity?
   Try it based on the equity in the balance sheet and dividends paid.
   Try it based on the stock price and dividends paid.
   Why are they different?

E. Find the Company 10-K report on the Securities and Exchange Commission web site http://www.sec.gov/edgar.shtml using the EDGAR database. Print and hand in the section on mining operations that includes the mine descriptions and reserve estimates by the company. Mark the total reserve base reported for the primary minerals mined by this firm.

F. Find the Company web site and look for the most recent quarter financial data. Compared to the annual report has the company performance improved or worsened?