

GLAMIS GOLD LTD
Form 6-K
April 10, 2003

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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16
OF THE SECURITIES EXCHANGE ACT OF 1934

Current Report for the period April, 2003

GLAMIS GOLD LTD.

(Translation of registrant's name into English)
5190 Neil Rd., Suite 310, Reno, Nevada 89502

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes

No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

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Signatures

Management's Discussion and Analysis of Financial Condition and Results of Operation

Notes to Consolidated Financial Statements

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 10, 2003

GLAMIS GOLD LTD.
(Registrant)

By: /s/ Cheryl S. Maher

Cheryl S. Maher
Chief Financial Officer

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CORPORATE PROFILE

Glamis Gold Ltd. is a premier intermediate gold producer with low-cost production, large reserves and a strong, consistent growth profile. The Company's medium-term strategic goal is to produce 500,000 ounces of gold annually at a total cash cost below \$150 per ounce. This goal is now within reach. With development projects proceeding as planned, and a major new gold discovery at the Marlin property in Guatemala, Glamis controls over four million ounces of proven and probable gold reserves, enough to reach and sustain the target rate of production.

For more than 20 years, Glamis has successfully developed and operated gold mines in the Americas. The Company's business model emphasizes steady

growth with simple, highly productive technology, maximizing long-term shareholder value and sustainability for the communities in which it operates.

Glamis is extremely well positioned to continue to grow and prosper. At year-end, the balance sheet contained \$160 million in cash and cash equivalents. The Company remains completely unhedged, leaving 100 percent of the gold upside to shareholders, while protecting against downside risk with low operating costs and no debt.

Glamis' common shares trade under the symbol GLG on the New York and Toronto Stock Exchanges.

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FINANCIAL HIGHLIGHTS

	2002	2001	2000
Gold ounces produced	251,919	230,065	218,390
Average revenue per ounce	\$ 313	\$ 272	\$ 280
Average market price per ounce	\$ 310	\$ 271	\$ 279
Total cash cost per ounce	\$ 160	\$ 172	\$ 222
Total production cost per ounce	\$ 236	\$ 216	\$ 288
Gold production (ounces)			
San Martin Mine	129,435	114,216	3,562
Marigold Mine	55,550	56,525	43,655
Rand Mine	66,934	59,324	99,936
Dee Mine			61,065
Daisy Mine			8,740
Picacho Mine			1,432
Total	251,919	230,065	218,390
Total cash cost per ounce of production			
San Martin Mine	\$ 106	\$ 120	\$
Marigold Mine	\$ 180	\$ 179	\$ 240
Rand Mine	\$ 247	\$ 265	\$ 176
Dee Mine	\$	\$	\$ 287
Daisy Mine	\$	\$	\$ 208
Picacho Mine	\$	\$	\$ 254
Company average	\$ 160	\$ 172	\$ 222
Total cost per ounce of production			
San Martin Mine	\$ 203	\$ 169	\$
Marigold Mine	\$ 257	\$ 211	\$ 290
Rand Mine	\$ 284	\$ 310	\$ 251
Dee Mine	\$	\$	\$ 346
Daisy Mine	\$	\$	\$ 299
Picacho Mine	\$	\$	\$ 275
Company average	\$ 236	\$ 216	\$ 288
Working capital (millions)	\$ 169.1	\$ 53.4	\$ 18.2
Cash provided from operations (millions)	\$ 33.8	\$ 18.5	\$ 6.6
Cash provided from operations (per share)	\$ 0.34	\$ 0.25	\$ 0.09
Net earnings (loss) for the period (millions)	\$ 13.7	\$ 4.8	\$ (48.7)
Earnings (loss) per share	\$ 0.14	\$ 0.07	\$ (0.70)
Average shares outstanding	98,823,366	73,585,155	70,019,995

GLAMIS vs.
GOLD PRICE,
HUI & XAU INDICES

Shares outstanding:
126,312,142
NYSE & TSX symbol: GLG

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Letter to Shareholders

In 2002, we took very important and decisive steps toward achieving Glamis' medium-term strategic goal of producing 500,000 ounces of gold annually at a total cash cost below \$150 per ounce.

Throughout a very challenging down market over the past several years, we have enhanced and expanded existing operations and acquired assets at attractive prices. Glamis now has sufficient gold reserves and resources to meet its goals.

Glamis has built a solid reputation both as a mine developer and as a mine operator. This operating expertise, enhanced by a strong balance sheet containing cash and cash equivalents of \$160 million and zero debt, consolidates our position as the pre-eminent intermediate gold producer. A vastly improved gold market finds us extremely well positioned for the successful execution of our strategic plan.

The market has recognized the strength of Glamis' performance, rewarding our shareholders with a stock price appreciation of more than 200 percent in 2002. In fact, Glamis was the ninth best performer on the New York Stock Exchange in the past year and the sixth best performer on the Toronto Stock Exchange 300 Index.

Growth from Within

At our 66.7 percent owned Marigold mine near Winnemucca, Nevada, a major expansion program is underway. Glamis' two-thirds share of gold production is projected to increase to an average of 110,000 ounces per year at a total cash cost of approximately \$150 per ounce. Following completion of active mining at Rand mine in January, large-scale mine equipment was transferred to Marigold mine to support increased productivity.

The 100 percent owned San Martin mine in Honduras now enters its third full year of gold production. In 2002, production increased by more than 13 percent to nearly 130,000 ounces of gold at a total cash cost of \$106 per ounce. San Martin has surpassed all expectations to date and is projected to continue to be the Company's most important source of earnings and cash flow in 2003.

Growth through Acquisition: Francisco Gold

On July 16, 2002, Glamis finalized the merger with Francisco Gold Corp. This transaction delivered two major projects that will play a key role in the Company's future. The first of these properties expected to reach production will be the 100 percent owned El Sauzal project in Mexico. Based on the feasibility study, we expect average production of 190,000 ounces of gold per year at an estimated total cash cost of \$110 per ounce. Following the approval by the Glamis Board of Directors in November 2002, permitting and construction planning has commenced, with commercial production slated for the first quarter of 2005. Proven and probable reserves at El Sauzal total slightly more than two million ounces of gold.

Another property acquired through Francisco Gold is the Marlin project in Guatemala. The initial resource calculated at Marlin amounted to 1.4 million gold equivalent ounces. Subsequent drilling programs have nearly tripled this resource to more than four million ounces. Of special significance is the size of the Marlin property, 10,000 hectares or 39 square miles, which is 100 percent controlled by Glamis. Many other promising targets have been identified on the property, leading us to believe that the Marlin project has excellent potential to develop into a major new gold district.

Both the Marigold expansion and El Sauzal projects are on schedule for meeting projected start-up dates and targeted production goals. The drill program at Marlin has continued along with the preparation of a feasibility study scheduled for completion during the second quarter of 2003. Drilling at the Cerro Blanco property, also in Guatemala, continues to show promise, and this project is expected to be analyzed in conjunction with Marlin data for potential synergies between the two projects.

Exploration for Continued Growth

Exploration has become an increasingly important component in Glamis' growth strategy. As a result of carefully planned, disciplined exploration programs, we have steadily added to our reserves and resources over the past three years. Our current properties exhibit superior exploration potential, especially the

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Marlin project and Marigold mine, where we will focus most of our attention in 2003.

Delivering Shareholder Value

Glamis will continue to pursue every means possible to deliver shareholder value as we have done so successfully in the past. Glamis' strategy of optimizing existing operations, acquiring properties near the bottom of the gold-price cycle and disciplined exploration has increased annual gold production, reserves, earnings and cash flow. With the development of our new projects, we fully expect this growth trend to continue.

Equally important to our success is the Company's financial strength. At year end, Glamis held cash and cash equivalents amounting to \$160 million and working capital of \$169 million with no debt, zero hedging and a very simple capital structure. This has enabled us to increase production, cut costs and capitalize on new acquisition opportunities.

We are on track to achieve our medium-term goal of producing 500,000 ounces of gold annually at a cash cost below \$150 per ounce. In doing so, Glamis is extremely well positioned to continue to deliver a superior record of maximizing shareholder value.

Over the years, Glamis' Board of Directors has been highly instrumental in setting the Company's direction and guiding us through extremely difficult market conditions. This year, three of our directors—Jim Billingsley, Len Harris and Gerald Sneddon—are retiring. Dan Rovig, our Chairman, joins me in thanking these gentlemen for their many years of dedication and service to the shareholders of Glamis Gold Ltd.

On behalf of management, the Board of Directors and all of the employees of Glamis Gold Ltd., we are grateful for the support and continued loyalty of our shareholders.

[Signed]

C. Kevin McArthur
President, Chief Executive
Officer & Director

2002 ACHIEVEMENTS

Record gold production of 252,000 ounces.

Finished the initial phase of the Marigold mine expansion. Over a 10-year mine life, Glamis' share of production is scheduled to increase to more than 110,000 ounces of gold per year at a total cash cost of approximately \$150 per ounce.

Completed the merger with Francisco Gold, acquiring the El Sauzal project in Mexico and the Marlin project in Guatemala.

Approved construction of the El Sauzal project, projected to average 190,000 ounces of gold per year at a total cash cost of \$110 per ounce over a 10-year mine life.

Discovered a major gold deposit at the Marlin project in Guatemala, nearly tripling the resource to more than four million gold equivalent ounces.

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Achieved a share price increase of 216 percent on the New York Stock Exchange, one of the best performances among all gold stocks in North America.

2003 GOALS

Produce 250,000 ounces of gold at a total cash cost of less than \$170 per ounce.

Continue the successful expansion project at the Marigold mine.

Acquire key operating permits at El Sauzal and commence construction in the second half of the year.

Complete the Marlin project feasibility study and advance the permitting process.

Commence a regional Marlin exploration program.

Complete a scoping study on the Cerro Blanco project.

Execute the growth plan for annual production of 500,000 ounces of gold at a total cash cost of less than \$150 per ounce.

Maintain our 100 percent unhedged status.

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OVERVIEW

San Martin Mine	2002
Proven and probable reserves	803,725
Total cash costs	\$ 106
Gold production	129,435

Marigold Mine (66.7%)	2002
Proven and probable reserves	1,356,855
Total cash costs	\$ 180
Gold production	55,550

Rand Mine	2002
Proven and probable reserves	
Total cash costs	\$ 247
Gold production	66,934

REVIEW OF OPERATIONS

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San Martin Mine

The 100 percent-owned San Martin mine is located 55 air miles north of Tegucigalpa, the capital city of Honduras. Approximately three miles from the mine, the community of San Ignacio provides most of the labor force for the mine. Access to the property is excellent and all infrastructure requirements are available locally.

The San Martin mine was designed as a conventional open pit heap leach operation with a planned production rate of 80,000 ounces of gold per year. Subsequent optimization studies indicated that a modest capital expenditure could increase production by 50 percent and would substantially improve the economic returns of the project. Commercial production began in January 2001. In the first year, gold production of 114,216 ounces and total cash costs of \$120 per ounce were significantly better than projected. In 2002, the mine again surpassed expectations with gold production of 129,435 ounces at a total cash cost of \$106 per ounce.

Since it first entered commercial production, San Martin has become Glamis' most important source of gold

production and cash flow. Mining will continue in the higher grade Rosa pit throughout 2003 and into 2004 before moving to the Palo Alto pit where production is forecast to decline to about 100,000 ounces per year with a modest increase in cash costs.

Glamis plans to continue its exploration program around San Martin and will commence drilling at the nearby Minitas property when the necessary permits are secured. Current proven and probable gold reserves are slightly over 800,000 ounces of gold, sufficient for another seven years of mining.

The San Martin mine represented a very significant milestone for Glamis as its first commercial venture outside of North America. Glamis developed a carefully planned proactive program to keep federal authorities and local communities informed, and wherever possible, involved in the decision-making process during and after construction. The Company has constructed medical and dental facilities in the local community and is also working through a local foundation to fund local schools and other community projects.

San Martin Mine

Honduras

Open Pit

Workforce: 250

Marigold Mine

The Marigold mine is located 40 miles southeast of Winnemucca in the prolific Battle Mountain trend, which also hosts a number of other gold mining operations. Glamis acquired its two-thirds interest in the property in 1999 through the acquisition of Rayrock Resources Inc.

The Marigold mine is a conventional run-of-mine, open pit heap leach mine where Glamis' operating expertise has substantially increased economic returns from the property. Although much of the year was spent preparing for the Marigold expansion phase, operating results were

above expectations in 2002. Glamis' share of Marigold gold production amounted to 55,550 ounces at a total cash cost of \$180 per ounce. The mine achieved the distinction of pouring its one-millionth ounce of gold in December.

Marigold Expansion

With the discovery of additional reserves and resources at the Marigold mine, Glamis reached a decision to substantially expand the existing operations. Much of the pre-stripping for the initial expansion phase was completed in 2002, as was the

Marigold Mine
Nevada
Open Pit
Workforce: 120

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transition to larger-scale mining equipment and the construction of additional leach pad capacity. This program of simplicity and productivity was completed by the end of February when the last of the large-scale mining equipment was transferred from Rand mine.

Results of the initial phase of the expansion program were evident by the fourth quarter of 2002 as Glamis' two-thirds share of quarterly gold production rose to almost 23,000 ounces at a total cash cost of less than \$140 per ounce. Once the expansion program is completed, the Company's annual share of gold output is projected to rise to an average of 110,000 ounces annually at a

total cash cost of approximately \$150 per ounce. For 2003, Glamis' two-thirds share of gold production is expected to be approximately 90,000 ounces.

Proven and probable reserves, on a 100 percent basis, currently stand at slightly more than 2 million ounces of gold. Glamis will continue its aggressive exploration program in 2003. Specifically, the Company plans to continue infill drilling in Section 30 and will follow up on encouraging results previously encountered in Sections 7 and 8. The Marigold property comprises approximately 29 square miles and Glamis believes that there are excellent opportunities for additional discoveries.

Rand Mine
California
Open Pit
Workforce: 20

Rand Mine

The Rand mine is located in the historic Randsburg mining district of California, approximately 100 miles northeast of Los Angeles and 25 miles south of the town of Ridgecrest. The mine commenced operations in 1987 and produced a total of 921,000 ounces before active mining was completed in January 2003. In 2002, production amounted to 66,934 ounces of gold. The last of the large-scale mining equipment was transferred to the Marigold mine in February of this year.

Although active mining has ceased at Rand, leaching operations will continue for the next two years concurrent with the final reclamation and rinsing of the Rand heap. Glamis expects to recover approximately 35,000 ounces of gold in 2003 and 15,000 ounces of gold in 2004.

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El Sauzal Project

Glamis acquired its 100 percent interest in the El Sauzal gold property through the merger with Francisco Gold Corp. on July 16, 2002. El Sauzal is located 155 air miles southwest of Chihuahua City and approximately 40 miles northeast of the city of Choix, the nearest major population center.

Glamis is currently seeking permits to build a road and a power line from the site to Choix, connecting to Los Mochis, a port city on the Sea of Cortez in Sinaloa State. This will greatly improve road access to the project and substantially reduce travel time.

After acquiring the property, Glamis completed a feasibility study that was subsequently approved by the Board of Directors in November 2002. Mill capacity was optimized at 5,500 metric tons per day and projected annual gold production is expected to average 190,000 ounces of gold for 10 years at an estimated total cash cost of \$110 per ounce. The internal rate of return of the project, based on a \$300 per ounce gold price, is calculated at 25 percent.

The El Sauzal mine will be an open-pit,

conventional oxide milling project. At present, Glamis is working closely with government officials to complete the final environmental review and permitting phase along with the detailed engineering design work.

The Company expects construction to begin in the second half of 2003 with commercial production slated for the first quarter of 2005.

The timely and successful development of the El Sauzal project is a top priority for Glamis and a key step in achieving our strategic goals

**El Sauzal
Project**
Chihuahua State,
Mexico
Open Pit
Reserves:
2.0 million
ounces

El Sauzal Project - Final Pit Design

Marlin Project

Glamis also acquired the Marlin property as a result of the Francisco Gold merger. The Marlin project, comprising some 39 square miles (10,000 hectares), is located in the western highlands of Guatemala, some 30 miles southwest of the town of Huehuetenango, which is 185 miles from the capital, Guatemala City. The project's offices are located in the nearby village of San Miguel Ixthucan, which has available power and water. A new 12-mile power line and upgraded road access will eventually be required for commercial operations, but an adequate water supply is available nearby.

The Marlin deposit was first discovered in 1998 with subsequent work delineating a resource of 1.4 million gold equivalent ounces. Since commencing a new drilling program last summer, Glamis discovered a mineralized extension, and by the end of 2002 had increased the resource to over four million gold equivalent ounces. Mineralization is still open to the southeast and to the west.

As the drilling program progresses, Glamis is preparing an internal feasibility study that is expected to be completed in the second quarter of 2003. Based on existing

Marlin Project

Guatemala

Resource: 4.0 million gold equivalent ounces

Open pit / Underground

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data, Glamis is carrying out scoping studies for a conventional milling operation that would mine more than two million gold equivalent ounces. Most of the production would be obtained by open pit methods, but the mine may also include an underground component for the deeper, higher-grade material. Metallurgical test work to date has indicated excellent recoveries of greater than 90 percent for gold and 80 percent for silver at a 200 mesh grind.

Glamis controls a large land position around the Marlin deposit. While drilling continues on the main zone and southeast extension, a new program in 2003 will test other promising mineralization known to exist in the project area. Based on information collected to date, the company is confident that additional discoveries are possible.

Marlin Project Grade Thickness Contours

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Cerro Blanco Project

Glamis 100 percent-owned Cerro Blanco project is located just 2.5 miles from the Pan American Highway in southeastern Guatemala. Glamis has been exploring the property since 1998. Cerro Blanco is located near the town of Asuncion Mita, a community of some 15,000 people where there is excellent infrastructure to support the project.

Initial exploration work and drill data was geared towards defining an open pit resource. However, subsequent drilling identified a number of narrower, high-grade intercepts and the Company changed the development scope to underground mining with potential operating synergies with the Marlin property.

In the second half of 2002, Glamis commenced Phase 2 of the drilling program to verify and extend previously discovered high-grade gold mineralization. A total of six holes were completed by year end. Two additional holes will be drilled later in 2003 and results will be analyzed along with the data from the initial phase of the program.

Cerro Blanco Project
Guatemala
Underground

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Exploration

Glamis conducts very little greenfields exploration, preferring to focus on acquisitions along with disciplined, intensive exploration programs at and around its existing mine and project sites. Glamis is fortunate in that it controls large land packages around its existing operations, each with considerable exploration potential.

Much of the past year's exploration efforts were focused on successfully extending the mineralization at the Marlin property in Guatemala, where it quickly became apparent that Glamis had made an important new gold discovery. As a direct result, the Company was able to increase the Marlin resource from 1.4 million to more than four million gold equivalent ounces.

Work also continued at the Marigold mine, with infill drilling as part of the

expansion plan as well as drilling on Sections 7 and 8 on the property, where there are solid indications that Glamis can add to reserves in the future.

In 2003, Glamis will continue to conduct exploration at its Marigold and San Martin mines, but will give clear priority to the Marlin area in Guatemala. The goal is to drill out and extend previously discovered mineralization. Additionally, the Company will test other promising mineral occurrences in the Marlin land package, specifically the Coral and La Hamaca showings, within a mile of the Marlin discovery and the high-sulfidation La Cienega target to the east. We believe the Marlin area has the potential to become an important new gold producing district, 100 percent controlled by Glamis.

Marlin Project - Developed Exploration Targets

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Environment, Health and Safety

Environmental Commitment

Glamis is very proud of its commitment to environmental excellence and of the many innovative practices that it has pioneered in reclamation, especially in arid climates. All of the Company's projects are designed and managed to minimize environmental risk and impact. Glamis employs the latest technology at all of its mines in conformance with rigorous North American standards.

Glamis is especially pleased with the standards of environmental stewardship demonstrated at its San Martin mine in Honduras. The Company has also provided medical, social and other services to local communities and has worked closely with federal and local government agencies at all stages of the project. This same level of commitment is being applied to the design and operation of the El Sauzal project in Mexico and the Marlin project in Guatemala. Glamis recognizes that sound environmental management policies, social acceptance and community sustainability are essential to the success of our Company and our industry.

Glamis strongly believes in concurrent reclamation wherever possible and consistently carries out all reclamation and closure requirements in a timely and professional manner. This includes re-contouring the land to blend with the surrounding terrain, replacing topsoil and extensive seeding to re-establish the native flora. The Company has been widely recognized by the industry and environmental agencies with numerous awards and commendations received for its operations.

Health and Safety

Glamis is dedicated to the economic production of gold in the safest and most environmentally sound manner possible for the benefit of our employees, local communities and our shareholders. The Company continues to strive not just to minimize but to eliminate accidents in the workplace. To accomplish this objective, Glamis adheres to the following guidelines:

- n Comply with all safety rules and regulations.
- n Train and motivate all employees to work safely and responsibly.
- n Involve employees in developing safety practices and maintain the highest safety standards throughout all phases of a project.
- n Provide leadership and direction in safety as a part of all business decisions.
- n Continue to improve health and safety performance by setting new and achievable targets.
- n Make working safely a condition of employment.

Glamis is proud of its well-earned reputation for total commitment to the health and safety of its employees. Our employees have been a key factor in the Company's success and a safe and healthy workplace is a productive one as well.

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As of December 31, 2002 ¹	Tons	Grade (oz/ton)	Contained Ounces
San Martin	34,064,517	0.024	803,725
Marigold (66.7%)	52,728,764	0.026	1,356,855
El Sauzal	20,488,846	0.098	2,001,022
Cerro San Pedro ²	27,142,500	0.029	782,800
Total³	134,424,627	0.037	4,944,402

Notes

1. Proven and probable reserves have been calculated as of December 31, 2002 in accordance with definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum on August 20, 2000. Employees of Glamis Gold Ltd. under the supervision of James S. Voorhees, Vice President of Operations and Chief Operating Officer have prepared these calculations. An independent audit of these reserves has been completed. Calculations were based on an assumed long-term gold price of \$300 per ounce and a silver price of \$5.00 per ounce and incorporate current or expected operating costs at each mine.
2. Cerro San Pedro is a gold equivalent reserve. On February 12, 2003, Glamis sold its 50 percent interest in Cerro San Pedro to Metallica Resources Inc.
3. No portion of the Marlin mineral resource has yet been included in the proven and probable reserves pending completion of an internal feasibility study expected in the second quarter of 2003.

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Management's Discussion and Analysis of Financial Condition and Results of Operation

This management's discussion and analysis of the financial results of the Company's operations for the years 2000 through 2002 should be read in conjunction with, and is qualified by, the consolidated financial statements and notes thereto (the financial statements) which form a part of this report. This financial information, which is expressed in United States dollars unless otherwise stated, was prepared in accordance with accounting principles generally accepted in Canada. Reference should be made to Note 16 of the financial statements for a reconciliation of Canadian and U.S. generally accepted accounting principles.

The following discussion contains statements that are not historical facts, and by their nature are considered forward looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. See also Forward Looking Statements at the end of this discussion.

OVERVIEW

There were several highlights for the Company during 2002. Production increased to 251,919 ounces of gold from 230,065 ounces in 2001. The continued emphasis on cost-effective production paid increased benefits as the average London Bullion Market price for gold rose to \$310 per ounce from \$271 per ounce in 2001 and from \$279 per ounce in 2000. The Company's already-profitable mines and unhedged production were well positioned to take advantage of the higher gold price. The San Martin Mine increased production and reduced costs and was the single most important factor in lowering the Company's average total cash cost of production to \$160 per ounce of gold from \$172 per ounce in 2001 and from \$222 per ounce in 2000.

The Company continues to look for ways to expand with low-cost production through both acquisition and exploration. On July 16, 2002, the Company completed the acquisition, by way of a plan of arrangement, of Francisco Gold Corp. (Francisco), a Canadian public company. Francisco's principal assets were the El Sauzal gold project in Chihuahua, Mexico and the Marlin gold project in Guatemala. The Company issued 25.8 million common shares to the shareholders of Francisco under the terms of the plan of arrangement and issued 1.7 million stock options to directors, officers and employees of Francisco in exchange for their existing Francisco stock options. The Company has accounted for this acquisition using the purchase method.

In November 2002, the Company raised \$111.6 million in a successful common share offering. The Company intends to use the proceeds for development and construction at the El Sauzal project in Mexico and the Marlin project in Guatemala.

Subsequent to December 31, 2002, the Company agreed to sell its 50% interest in the Cerro San Pedro Project to Metallica Resources Inc. (Metallica) for proceeds of up to \$18.0 million and a net smelter return royalty of up to 2%, depending on the price of gold. The Cerro San Pedro Project is the most advanced of the properties acquired during the acquisition of Cambior de Mexico S.A. de C.V. (Cambior de Mexico) in May 2000. The Company purchased 100% of the issued and outstanding shares of Cambior de Mexico from Cambior Inc. for \$7.5 million. Cambior de Mexico was subsequently renamed Glamis de Mexico, S.A. de C.V. (Glamis de Mexico). Glamis de Mexico has interests in a number of mineral properties in Mexico.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

Summary

The Company continued its profitable performance in 2002 with net earnings of \$13.7 million, or \$0.14 per share. For 2001, the Company had net earnings of \$4.8 million (\$0.07 per share) as compared to the 2000 loss of \$48.7 million (\$0.70 per share), including write-downs of \$41.9 million (\$0.60 per share).

All of the Company's mining operations were profitable in 2002 and generated earnings of \$20.4 million, compared to \$9.9 million in 2001 and a loss before write-downs of \$0.7 million in 2000. The 9% increase in the ounces of gold produced and sold and a 15% increase in the realized price of gold were the primary reasons behind the increase.

The Company continues to generate positive cash flows from operations. Cash flows from operations (before changes in non-cash working capital and reclamation expenditures) grew to \$33.8 million for 2002 from \$18.5 million in 2001 and \$6.6 million in 2000. The Company's working capital was \$169.1 million at December 31, 2002, including cash and equivalents of \$160.0 million. This compares to working capital of \$53.4 million and cash of \$45.9 million at December 31, 2001. The Company spent \$25.0 million in capital expenditures for mine development and plant and equipment and \$7.5 million in costs related to the Francisco acquisition. Exploration expense was \$3.2 million in 2002. All expenditures were from internally-generated funds. Capital expenditures and exploration expenses in 2003 are budgeted at

\$51.5 million.

Gold Production

The Company produced 251,919 ounces of gold from three mines during 2002, as compared to 230,065 ounces of gold in 2001 from the same three mines. In 2000, the Company produced 218,390 ounces of gold from five mines. Although the number of mines has decreased, the production at the San Martin Mine has more than offset the closures at the Dee, Daisy and Picacho mines.

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Following is a discussion of the Company's gold production during 2002:

San Martin Mine

The mine began commercial production in January 2001 and produced 114,216 ounces of gold during 2001 at a total cash cost per ounce of \$120. During 2002, the mine increased production to 129,435 ounces of gold, at a total cash cost per ounce of \$106. San Martin is budgeted to produce 125,000 ounces of gold in 2003, as mining in the Rosa pit declines and development and mining of the Palo Alto pit accelerates.

Marigold Mine (66.7% Glamis-owned)

The Company is the operator at the Marigold Mine, a joint venture operation with Barrick Gold Corporation. Marigold had another successful year with production for the Company's account of 55,550 ounces of gold at a total cash cost per ounce of \$180 per ounce of gold. Marigold produced 56,525 ounces of gold for the Company's account in 2001 at a total cash cost per ounce of \$179. Production during the first nine months of 2002 was only 32,672 ounces of gold as the planned stripping campaign impacted production. In the fourth quarter of 2002, the mine produced 22,878 ounces of gold, putting the mine on track for planned production of 90,000 ounces of gold for the Company's account in 2003.

Rand Mine

Production in 2002 from the Rand Mine increased to 66,934 ounces of gold at a total cash cost per ounce of \$247 from 59,324 ounces at a total cash cost per ounce of \$265 for 2001. Rand is expected to finish mining in early 2003, although gold is planned to be produced through 2005, as the mine is reclaimed. Rand's planned production in 2003 is approximately 35,000 ounces of gold.

PROJECTS

El Sauzal Project, Chihuahua, Mexico

The Company acquired the El Sauzal Project through the acquisition of Francisco in July 2002. El Sauzal is located in the southwest part of Chihuahua state. The project is comprised of seven exploration concessions of approximately 40 square miles which are 100%-owned by the Company. A feasibility study on the project was completed prior to closing of the Francisco acquisition. Based on that study, and subsequent work performed by the Company, a \$100 million capital project has been planned. Engineering is underway and construction is expected to continue through 2004.

Marlin Project, Guatemala

The Marlin Project was also acquired as part of the Francisco acquisition. This project consists of one exploration concession of approximately 39 square miles in western Guatemala near Huehuetenango. Since acquisition, the Company has been aggressively exploring the Marlin Main Zone and the Southeast extension and has expanded the mineral resource from 1.5 million gold-

equivalent ounces to over 4 million gold-equivalent ounces. Additional drilling and an economic assessment are planned for 2003.

Cerro San Pedro Project, San Luis Potosi, Mexico

The Company continued to move the project toward development, expending \$0.4 million on various development and holding costs. As noted in the overview, subsequent to December 31, 2002, the Company agreed to sell its 50% interest in the Cerro San Pedro Project to Metallica for proceeds of up to \$18.0 million and a net smelter return royalty of up to 2%, depending on the price of gold. The Company received \$2.0 million on closing of this transaction, and is to receive \$5.0 million in August 2003, \$6.0 million in February 2004, \$2.5 million on commencement of commercial production and \$2.5 million twelve months from the commencement of commercial production. With respect to the August 2003 payment, the agreement provides that should Metallica fail to make that payment when due, Metallica would return the 50% interest in the project acquired to the Company, plus an additional 1% interest in the project and Metallica agrees to amend certain terms of the existing shareholders agreement reflecting the 51% interest that would be held by the Company. The Company would retain the \$2.0 million initial payment. With respect to the February 2004 payment, the agreement provides Metallica with the option to make that payment with common shares of Metallica.

Cerro Blanco Project, Guatemala

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Two phases of drilling were undertaken on the Cerro Blanco deposit during 2002 at a cost of \$1.5 million. Results during the first-phase drilling on the main Cerro Blanco zone yielded high-grade gold intercepts at depth. A second phase of drilling was planned for late in the year and as of December 31, 2002 six of the eight planned holes had been completed. Analysis of the results is not yet complete.

Imperial Project, California

In connection with the recommenced permitting process for the Imperial Project, the Bureau of Land Management (BLM) completed a validity examination of the unpatented mining claims comprising the project, and concluded that the mining claims are valid. At this time, the Company does not know how long it may take for the BLM to complete the permitting process and issue a new Record of Decision.

Opposition to the Imperial Project by the local Quechan Tribe of Indians continues, and legislative and regulatory efforts have been commenced in the State of California to attempt to delay or stop the project. The Company believes that it is legally entitled to approval of its plan of operations for the development and operation of the project. However, in light of such opposition, the Company has discussed with the BLM the possibility of the BLM purchasing the Company's mining claims at fair market value. No definitive response to this suggestion has been received from the BLM, and the Company

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cannot predict whether a purchase of the mining claims comprising the Imperial Project is a viable alternative and, if so, when or at what price such a transaction might be completed. In the absence of such a resolution, the Company intends to continue to pursue approval of its plan of operations.

RECLAMATION ACTIVITIES

The Company continues with reclamation and closure activities at the Dee and Daisy mines. The Picacho Mine was closed and returned to the owner at the end of March 2002; Daisy is expected to be completed early in 2003. The Company spent \$2.5 million on reclamation activities during 2002, \$2.6 million in 2001 and \$1.4 million in 2000. The Company plans to spend approximately \$2.4 million in 2003 on site closure and reclamation, primarily at the Rand and Dee mines.

REVENUES

Revenues from production increased solidly to \$80.8 million for the year ended December 31, 2002 from \$64.3 million for the year ended December 31, 2001 and \$61.6 million for the year ended December 31, 2000. The increase is a result of a 9% increase in the number of ounces produced and sold as well as a significantly stronger gold price. The Company realized \$313 per ounce of gold sold in 2002, compared to \$272 per ounce in 2001 and \$280 per ounce in 2000.

COST OF PRODUCTION

The Company's total cash cost of production includes mining, processing, direct mine overhead costs and royalties, and excludes selling, general and administrative costs at the corporate level, depreciation and depletion costs and end-of-mine reclamation accruals. Total production costs include depreciation and depletion and end-of-mine reclamation accruals. The difference between cost of sales and cost of production is the difference in the cost of the any additional ounces sold out of inventory during the year. The number of gold ounces produced in 2002 was 251,919 compared to the number of ounces of gold actually sold of 257,759. There is no significant difference in the total cash cost per ounce of production and total cash cost per ounce sold.

The Company's cost of sales for the year ended December 31, 2002 was \$41.1 million, and for the year ended December 31, 2001 was \$40.5 million, both years representing significant reductions from \$47.9 million for the year ended December 31, 2000. These costs continue to reflect the impact of over 50% of the production coming from the low-cost San Martin Mine as well as improved performance at the Marigold Mine.

The average total cash cost per ounce of gold decreased to \$160 per ounce of gold from \$172 in 2001 and \$222 in 2000. In 2002, the average total cost of production per ounce of gold averaged \$236 per ounce, up from \$216 per ounce in 2001, as development costs at San Martin and Marigold were amortized. The average total cost of production in 2000 was \$288 per ounce of gold.

OTHER INCOME AND EXPENSES

Depreciation and depletion charges totaled \$17.9 million during 2002 compared to \$12.7 million during 2001 and \$13.6 million in 2000. Changes in the depreciation and depletion expense are attributable to changes in the reserve base as well as production levels, as many charges are made on a unit-of-production basis. Both San Martin and Marigold had increased depreciation and depletion charges as a result of increased development activities.

The Company expended \$3.2 million on exploration in 2002 as well as \$2.9 million on exploration at the Marlin Project that was accounted for as part of the Francisco acquisition. These exploration expenditures included \$0.4 million on the Marigold property, an additional \$0.5 million on the Marlin Project, \$1.5 million at the Cerro Blanco Project, \$0.4 million on various projects in Honduras, and \$0.4 million in total on various other properties in North America and Central America. Exploration expense was \$1.7 million during 2001. Of that, \$0.5 million was incurred in the U.S. and \$1.1 million was divided between projects in Mexico, Guatemala, Panama and El Salvador. Exploration expense in the year ended December 31, 2000 was \$2.9 million. Year 2000 exploration focused on the Marigold property in the U.S. (\$0.9 million), other U.S. projects (\$0.6 million), the Cerro Blanco Project in Guatemala (\$0.6 million) and the Glamis de Mexico projects (\$0.4 million).

General and administrative expenses increased slightly in 2002 to \$4.6 million from \$4.4 million in 2001, both lower than the \$5.2 million incurred in 2000. Increased expenses to relocate and increase staff and start-up costs at the new development projects accounted for the increase.

The Company had no write-downs of properties during 2002, and in 2001 recognized a recovery of \$1.3 million relating to over-accruals of reclamation and site closure liabilities on properties no longer in production. The Company incurred write-downs of \$46.0 million during 2000

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(\$41.9 million net of tax). The major producing property items in 2000 included the third quarter write-off for closure of the Dee Mine (\$4.3 million), the fourth quarter write-down of the Marigold mill complex (the Company's portion equaling \$1.0 million) and the write-down in the carrying value of the Rand Mine (\$16.3 million) due to revaluation of the reserves at a \$275 per ounce gold price. On non-producing properties, the carrying value of a crusher acquired as part of the Cerro San Pedro Project was reduced by \$1.3 million to its estimated market value of \$1.2 million. In addition the \$8.0 million carrying value of the Cerro Blanco Project in Guatemala was written off. Finally, based upon the Department of the Interior's decision in January 2001 to deny the permits for the Imperial Project, the Company wrote off its investment of \$14.3 million as at December 31, 2000. Other miscellaneous properties totaling \$0.8 million were also written off.

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The amount of interest and other income recognized by the Company increased to \$2.3 million in 2002 from \$1.1 million in 2001 and from \$2.0 million in 2000. In 2002, interest income was \$0.9 million, foreign exchange gains were \$0.8 million and other income was \$0.6 million. Other income consisted of gains on sales of investments of \$0.5 million, miscellaneous income of \$0.7 million and a loss on asset disposal of \$0.6 million. The 2001 amount includes interest and miscellaneous other income of \$1.4 million and gains on disposals of assets of \$0.5 million which was offset by a payment of \$0.8 million on share appreciation rights made to a former Rayrock officer. In 2000, interest and other income was \$2.5 million, primarily from interest on cash balances, reduced by a loss on sale of assets of \$0.3 million and a foreign exchange loss of \$0.2 million.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Cash Flow

The Company's working capital position improved significantly at December 31, 2002 to \$169.1 million from \$53.4 million at December 31, 2001. The largest amount of the increase came from the common share offering in November 2002, which netted the Company \$111.6 million in cash, and the balance from strong cash flows from the operating units net of capital expenditures. Working capital was \$18.2 million at December 31, 2000. The 2001 increase included the results of a common share offering in October 2001 that netted the Company \$33.2 million.

Cash flow from operations (before changes in non-cash working capital and reclamation expenditures) was \$33.8 million in 2002, compared to \$18.5 million in 2001 and \$6.6 million in 2000. The year-on-year increases were due to the higher gold price and reduced cash costs of production. Net cash provided by operating activities, which includes the non-cash adjustments and cash expenditures on the reclamation properties, also increased to \$28.3 million in 2002 compared to \$11.8 million in 2001 and \$4.0 million in 2000.

Long-term liabilities at December 31, 2002 consisted of reserves for reclamation of \$6.9 million, a reduction from the \$8.4 million at December 31, 2001, and the \$11.0 million at December 31, 2000. The reduction is due to significant expenditures since 2000 on site closure and reclamation (totaling \$6.5 million over three years). The liability for future income tax was \$70.4 million as at December 31, 2002 (\$9.4 million at December 31, 2001). This consists of approximately \$60.0 million recorded in connection with the purchase price of Francisco. The balance consists primarily of amounts recorded in connection with the purchase of the San Martin property as well as the result of tax-effecting the earnings from San Martin.

Capital Resources

In November 2002, the Company sold 13.9 million common shares in a public offering, including exercise of the underwriters over-allotment option, at a price of Cdn\$13.15 per share, less a commission of Cdn\$7.3 million resulting in proceeds to the Company of Cdn\$175.7 million (US\$111.6 million). Transaction costs associated with the offering were \$1.1 million.

On July 16, 2002, the Company completed the acquisition by way of a plan of arrangement of Francisco. Francisco's principal assets were the El Sauzal gold project in Chihuahua, Mexico and the Marlin gold project in Guatemala. The Company issued 25.8 million common shares valued at \$124.5 million to the shareholders of Francisco under the terms of the plan of arrangement and issued 1,674,000 stock options to directors, officers and employees of Francisco exercisable at prices between Cdn\$3.07 and Cdn\$4.04 per share in exchange for their existing Francisco stock options.

There were no acquisitions in 2001 or 2000 where shares of the Company were issued (the acquisition of Cambior de Mexico was entirely in cash). However, in consideration for advisory services rendered to the Company in connection with the acquisition of Cambior de Mexico, the Company granted to its investment advisor warrants to purchase up to 300,000 shares of the Company's common shares at an exercise price of U.S. \$2.00 per share, all of which were exercised in 2002.

No dividends are planned to be declared or paid in 2003 due to the losses incurred in prior years. No dividends were paid or declared in 2002, 2001 or 2000.

In the course of its business, the Company may issue debt or equity securities to meet the growth plans of the Company if it determines that additional funding could be obtained under favorable financial terms. No assurance can be given that additional funding will be available or, if available, will be on terms acceptable to the Company.

Capital Expenditures

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The Company's capital expenditures increased to \$32.5 million during 2002, from \$14.8 million in 2001, due primarily to the expansion at Marigold and the Francisco acquisition. Expenditures in 2001 focused on expansion at Marigold and San Martin. The largest use of funds in 2000 (\$47.6 million) was for the construction of the San Martin Mine, followed by the purchase of Cambior de Mexico.

Major capital expenditures during the fiscal year 2002 were as follows:

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	(in millions)
Marigold Mine development and purchase of equipment	\$17.6
Acquisition costs of Francisco	7.5
San Ma	