MIRAMAR MINING CORP
Form 6-K
April 16, 2007

FORM 6-K

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

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of: ______**April**_______________

Commission File Number: **0-25672**

MIRAMAR MINING CORPORATION

(Translation of registrant s name into English)

#300 - 889 Harbourside Drive
North Vancouver, British Columbia
Canada V7P 3S1
(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 o Form 40-F x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
o

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

Yes o No o

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

SIGNATURE

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.

MIRAMAR MINING CORPORATION
(Registrant)

By: /s/ A. David Long

A. David Long, Corporate Secretary

Dated: April 12, 2007

Annual Report 2006

Consolidated Financial Statements of

MIRAMAR MINING CORPORATION

Years ended December 31, 2006 and 2005

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

This Management s Discussion and Analysis (MD&A) provides an analysis of the financial results of Miramar Mining Corporation (the Company) for the year ended December 31, 2006 compared with the same period in the previous year. In order to better understand the MD&A, it should be read in conjunction with the annual consolidated financial statements for the years ended December 31, 2006 and 2005 and related notes. The Company s consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and expressed in thousands of Canadian dollars, except per share amounts. In addition, the Company files an annual report on Form 40-F with the United States Securities and Exchange Commission, which include the Company s annual consolidated financial statements and a supplementary note reconciling the material differences between Canadian GAAP and United States GAAP, and their effect on the Company s financial information. This MD&A is dated as of March 30, 2007. All amounts are expressed in Canadian dollars, except as otherwise indicated.

OVERVIEW

The Company s mining and exploration assets are primarily gold assets in the Canadian Arctic. The Company has developed considerable experience in operations, exploration and logistics in the Canadian Arctic where the Company has focused its activities for more than ten years. In 2004, the Company terminated all mining activities at its Con and Giant mines in Yellowknife, Northwest Territories. Since then, the Company s business has been focused on the exploration and development of the Hope Bay gold mineral project in Nunavut (the Hope Bay Project). The Hope Bay Project is 100% owned by the Company and extends over 1,000 square kilometers. The Company believes the project encompasses one of the most prospective undeveloped greenstone belts in Canada. The belt contains a number of significant gold deposits including the Doris North deposit which the Company expects to become the first new gold mine in Nunavut.

The Company s goal is to become an intermediate gold producer through the phased development of the Hope Bay Project.

> **<u>Phase 1: Short-term:</u>** Develop a small scale, high return gold mine at Doris North with the objective of generating significant cash flow, after capital payback, to advance the subsequent phases while minimizing equity dilution. A feasibility study on the Doris North deposit prepared in early 2003 concluded a two year mine at Doris North which could produce approximately 155,000 ounces of gold per year (the Doris North Project) was feasible.
>
> **<u>Phase 2: Medium-term:</u>** Extend and expand production levels to a targeted production level of either approximately 300,000 ounces per year or 600,000 ounces per year. The potential mining alternatives which are under consideration in technical and economic studies are: a) an

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

underground operation with a targeted production of approximately 6,000 tonnes per day and focused on developing the higher grade, more accessible upper portions of the Boston, Doris Central and Madrid deposits, and b) a larger scale (Large Pit Concept) operation with a targeted production of approximately 16,000 tonnes per day, based upon open pit mining at Madrid and underground mining at the Boston and Doris deposits.

Phase 3: Longer-term: Continue exploration efforts at Hope Bay with the objective of discovering new deposits and expanding the current known resources in order to provide additional resources to extend mine production.

To achieve these objectives, the Company needs to successfully complete, among other things, the current permitting process for the Doris North Project, complete financing for mine construction, successfully construct and place into production the Doris North deposit, complete technical and economic studies on Phase 2 development of the Boston, Doris and Madrid deposits and identify additional resources, complete feasibility studies on Phase 2 and complete permitting on Phase 2.

2006 HIGHLIGHTS

On March 6, 2006, the Nunavut Impact Review Board (NIRB) issued its final hearing report recommending to the Minister of Indian and Northern Affairs Canada that the Doris North Project should proceed. On July 28, 2006 the Minister accepted the recommendation. On September 20, 2006, NIRB finalized the terms and conditions of the Doris North Project and issued a project certificate.

On April 20, 2006, the Company released an update to the resources at the Hope Bay Project. The update increased the total by 2.6 million ounces of gold or 40% over the prior year s calculation, assuming the Large Pit Concept discussed above.

On June 26, 2006, the Company entered into two concurrent equity underwriting agreements, one relating to a public offering of 19,200,000 common shares at $4.17 per share and the other to a private placement of 2,989,000 flow-through shares at $5.20 per share. On July 12, 2006, the Company completed both offerings and received aggregate gross proceeds of $95.1 million. As part of the public offering, the Company granted the underwriters an over-allotment option. On August 11, 2006 the underwriters exercised the over-allotment option and purchased 1,113,000 common shares for additional gross proceeds of approximately $4.6 million.

A total of approximately 66,000 meters of exploration drilling was completed during the year ended December 31, 2006 focused largely in the Madrid deposit area. The significant results included: significant incepts at Suluk of wide gold mineralization; gold mineralization encountered

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

in key gaps between the Suluk and Rand deposits; extension of mineralization on the Naartok East and Rand deposits; and a new type of mineralization was discovered approximately 400 meters north of the main Boston deposit.

On August 24, 2006, the Company reported that the initial results of engineering studies supported potential mining options of either 6,000 tonnes per day or 16,000 tonnes per day for the next phase of Hope Bay development and these options would be the focus of further studies.

On September 6, 2006, the Company and the Kitikmeot Inuit Association (KIA) signed the Inuit Impact and Benefits Agreement (IIBA). The IIBA establishes the terms which will apply to Doris North with respect to benefits to the Inuit people of the area.

On November 30, 2006, the Company completed an equity private placement of 2,040,820 flow-through common shares at $7.35 for total gross proceeds of $15.0 million.

The Company s net loss for the year ended December 31, 2006 was $2.0 million or $0.01 per share.

OPERATIONS OVERVIEW

Selected Financial Data

The following tables summarize total revenue, loss and loss per share over the last three fiscal years and the last eight fiscal quarters (in thousands of dollars except per share amounts).

	2006	**2005**	**2004**
Revenue/other income	$ 9,087	$ 2,031	$ 12,265
Earnings/(loss)	$ (1,971)	$ (10,991)	$ (32,459)
Per share	$ (0.01)	$ (0.07)	$ (0.21)

	2006 Q4	**2006 Q3**	**2006 Q2**	**2006 Q1**
Revenue/other income	$ 3,988	$ 1,762	$ 1,109	$ 2,228
Earnings/(loss)	$ (3,151)	$ 357	$ 1,906	$ (1,083)
Per share	$ (0.01)	$	$ 0.01	$ (0.01)

	2005 Q4	**2005 Q3**	**2005 Q2**	**2005 Q1**
Revenue/other income	$ 247	$ 171	$ 614	$ 999
Earnings/(loss)	$ (8,348)	$ (1,025)	$ (481)	$ (1,137)
Per share	$ (0.05)	$ (0.01)	$	$ (0.01)

MIRAMAR MINING CORPORATION
MANAGEMENT S DISCUSSION AND ANALYSIS

Earnings

For the year ended December 31, 2006, the Company had a net loss of $2.0 million or $0.01 per share compared to a net loss of $11.0 million or $0.07 per share in 2005. The losses reported in 2006 and 2005 include adjustments of $3.4 million and $8.1 million respectively to increase the asset retirement obligation for the Con Mine (see section headed Critical Accounting Policies and Estimates for additional discussion). Interest and other income totaled $9.1 million in 2006 compared to $2.0 million in 2005. Interest income was higher in 2006 by $3.7 million due largely to higher cash balances following the equity financings completed in 2006 as well as higher realized interest rates. At December 31, 2006 cash and short-term investments totaled $149.8 million which was $81.0 million higher than the balance at December 31, 2005. Other income in 2006 includes the net proceeds from the sale of assets including a final cash payment of $2.0 million relating to the assignment of the Back River option agreement to Dundee Precious Metals Inc. and a gain of $2.0 million on the sale of shares in Sherwood Copper Corporation and American Gold Capital Corporation. Also included in the 2006 results is the effect of the future tax rate changes which were approved in June 2006 by the Canadian federal government. These changes reduced the Company s estimated income tax rate from 34.1% to 31.0% for future income taxes and reduced the future tax liability by $2.5 million. This reduction has been recognized as a future tax recovery in the statement of operations.

Operating Costs

During the year ended December 31, 2006, general and administrative expenses, salaries, professional services, investor relations and other costs totaled $5.5 million compared to $3.7 million in 2005. The increase in 2006 is comprised of higher consulting and legal services for regulatory compliance ($0.6 million), higher investor relations related costs due to increased activity ($0.4 million), higher salaries and other administrative costs due to increased salaries and additional staff ($0.6 million) and higher interest and penalties ($0.2 million) for potential expenses which may result from environmental incidents at Hope Bay and Con Mine. Stock-based compensation was $1.3 million in 2006 compared to $1.0 million in the same period of 2005. The weighted average fair value of options granted and vested in 2006 was $1.54 per share option compared to $1.38 in 2005. Stock options which were granted in 2006, but are not exercisable subject to shareholder approval have not been included in the fair value calculations for 2006. For more detailed discussion on the stock-based compensation expense, see the discussion below under the heading Critical Accounting Policies and Estimates . Depreciation, depletion and accretion expense in 2006 was $1.4 million compared to $1.1 million in 2005. In 2006, severance and closure costs were $1.8 million compared to $0.3 million for 2005. Of the severance and closure costs in 2006, $0.8 million was paid in cash in the year and the remainder includes an accrued amount for the future severance payments, an estimated loss on pension windup for the former employees at the

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

Yellowknife mines and a mark-to-market adjustment on the fair value of certain options granted to a former employee to purchase certain common shares owned by the Company.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Disclosure Controls and Procedures

The Company has established policies and procedures with respect to continuous disclosure and public reporting requirements to its shareholders and the investment community. Issues arising from this policy are dealt with by the disclosure committee which consists of the Chief Executive Officer, the Chief Financial Officer, the Vice President Legal and the Manager of Investor Relations.

The mandate of the disclosure committee is to (i) ensure that requisite disclosure is made by the Company; (ii) ensure that all public disclosure made by the Company to its shareholders or the investment community, written, oral or electronic, is accurate and complete and is made on a timely basis as required by applicable laws, regulations and stock-exchange requirements; and, (iii) monitor the effectiveness and integrity of the Company s disclosure policies and procedures.

The certifying officers evaluated the effectiveness of the Company s disclosure controls and procedures as of December 31, 2006 and concluded that such controls and procedures are adequate and effective to ensure that information required to be disclosed by the Company in reports that it files or submits pursuant to the United States *Securities Exchange Act of 1934*, as amended (Exchange Act) and pursuant to Canadian securities laws is (a) recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission rules and forms and by applicable Canadian securities laws; and (b) accumulated and communicated to the management of the Company, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure as specified in Canadian and U.S. securities laws.

Management s Report on Internal Controls

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (ICFR). The Company s internal control system was designed to provide reasonable assurance that all transactions are accurately recorded, that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP, and that the Company s assets are safeguarded.

Management has assessed the effectiveness of the Company s ICFR reporting as at December 31, 2006. In making its assessment, management used the Committee of Sponsoring Organizations of the

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

Treadway Commission (COSO) framework in Internal Control Integrated Framework to evaluate the effectiveness of the Company s ICFR.

The Company determined that changes to the Company s internal control over financial reporting were required related to the process of recording stock-based compensation expenses and the calculation of the number of common shares reserved for the exercise of stock options. The changes in the Company s ICFR are described in Changes in Internal Control Over Financial Reporting below. With the changes implemented and except as disclosed in Changes in Internal Control Over Financial Reporting below, no material weaknesses in the Company s ICFR were identified by management.

In August 2006, the SEC announced a one year postponement for the auditor attestation on ICFR for small companies (under US $700M market capitalization as at June 30, 2006). As a result, the Company elected not to have an external audit of its ICFR, however, all necessary work to allow an external audit to occur was completed by the Company had it proceeded with the auditor attestation.

Changes in Internal Control over Financial Reporting

During the year ended December 31, 2006, the Company implemented changes to ICFR related to the process of recording stock-based compensation expenses and the calculation of the number of common shares reserved for the exercise of stock options.

In the first quarter of 2006, the Company issued 2.9 million stock options and recorded a non-cash stock option expense of $2.5 million to the consolidated statement of operations and deficit as well as capitalizing $1.2 million as deferred exploration expenditures. The maximum number of common shares permitted to be issued pursuant to the Company s stock option plan had been reached at this time and approximately 1.1 million of the stock options granted during the first quarter of 2006 may not be exercised unless shareholder approval to the granting of such options is obtained. As a result, stock-based compensation expense associated with the 1.1 million stock options should not have been recorded and in October 2006 the Company filed an amendment and restatement to its unaudited financial results for the first and second quarters of 2006 to reflect that change.

No other changes occurred in the Company s ICFR that has materially affected, or is reasonably likely to materially affect, the Company s ICFR.

General Statement on Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company s management, including the Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or internal controls and procedures will prevent all error

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company s consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as well as the reported expenses during the reporting period. Such estimates and assumptions affect the determination of the potential impairment of long-lived assets, estimated costs associated with reclamation and closure of mining properties, and the determination of stock-based compensation and future income taxes. Management re-evaluates its estimates and assumptions on an ongoing basis; however, due to the nature of estimates, actual amounts could differ from its estimates. The most critical accounting policies upon which the Company depends are those requiring estimates of gold reserves and resources, future recoverable gold ounces and assumptions of future gold prices.

Accounting for Exploration and Development Costs

Exploration expenditures related to mineral properties are deferred only if it is probable that these costs will be recovered from future operations. The carrying values of mineral properties are assessed at the balance sheet date to determine whether any persuasive evidence exists that the properties may be permanently impaired. The Company s progress in its development activities towards its planned operations is a key factor to be considered as part of the ongoing assessment of the recoverability of the carrying amount of capital assets and deferred exploration and development costs. If there is persuasive evidence of impairment, the asset is written down to its estimated net recoverable value. Deferred acquisition, exploration and development expenditures totaled $204.9 million for Hope Bay at December 31, 2006.

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

Asset Retirement Obligations

Asset retirement obligations are the estimated costs associated with mine closure and reclamation and are recorded as a liability at fair value. The liability is accreted over time through periodic charges to operations. In addition, asset retirement costs are capitalized as part of each asset s carrying value at its initial discounted value and are amortized over the asset s useful life. In the event the actual costs of reclamation exceed the Company s estimates, the additional liability for retirement and remediation costs may have an adverse effect on the Company s future results of operations and financial condition.

The asset retirement obligation for the Con Mine is comprised of two components (1) processing of historic mill roaster tailings (arsenic contained within this material is rendered inert by a process which utilizes the pressure oxidation circuit); and, (2) site closure and monitoring activities, including building removal, capping of mine openings, restoration of tailings areas, water treatment and post-closure monitoring.

In the fourth quarter of 2006, the Company recorded an adjustment to increase the liability for asset retirement obligation by $3.4 million. This adjustment results from: an increase to the expected cost of post-closure water treatment; a longer period of site monitoring; the addition of a contingency measure to treat additional water from the mine underground, if water reaches the surface, which treatment is estimated to occur from 2015 through 2030; and an increase in the cost of reclaiming and processing historic mill roaster tailings in 2007 as a result of cost increases for operating labour and supplies and other related costs.

Although the ultimate amount to be incurred is uncertain, the liability for site closure and reclamation has been estimated on an undiscounted basis before inflation to be $22.1 million, to be expended from 2007 to 2050. For purposes of determining the fair value of the obligation, a discount rate of 9.8%, an inflation factor of 2.0% and a market risk premium have been applied. As required by regulatory policies and Canadian GAAP, cost estimates include contractor markups, provision for administration and engineering, provision for a market risk premium, and a provision for contingencies. However, the Company expects to use its employees wherever possible to complete the reclamation activities, which could reduce actual costs below the accrued liability. The Company has $10.9 million on deposit in Con Mine reclamation security trusts. The Company has committed the proceeds from any asset sales at the Con Mine to the reclamation security trusts and the funds in the trusts will be applied to offset in part the reclamation costs as they are incurred.

Key assumptions in estimating the asset retirement obligation for the Con Mine include the assumptions that: a) the processing of residual historic mill roaster tailings (calcines and arsenic bearing sludges) through the autoclave will be completed in 2007; b) final wash down of the blend plant storage pits will be

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

completed in 2007; c) the final mine closure and reclamation should receive regulatory approval in 2007 allowing other site closure reclamation activities to commence in 2007 and essentially be completed over a three year period, including the removal of remaining buildings, capping of remaining mine openings, capping of the tailings containment areas and remediation of the site to the standard acceptable for industrial-use property; and, d) an allowance for ongoing water treatment for a period of approximately 25 years and an allowance for post closure environmental performance monitoring for a period of approximately 50 years.

Key assumptions in estimating the asset retirement obligation for the Hope Bay exploration camps include removal of exploration camps, reclamation of site pads and infrastructure, placement of surface stored waste rock underground at Boston and re-vegetation as needed. The estimate of the cost, based on contractor rates, of such reclamation activities is $1.3 million.

Stock-based Compensation

Stock-based compensation is accounted for using the fair value based method. Under the fair value based method, compensation cost is measured at fair value of the options at the date of grant and is expensed over the vesting period of the award. The Company estimates the fair value using the Black-Scholes option pricing model. The key assumptions used in 2006 were: a risk-free interest rate of 3.9%, a dividend yield of 0%, an expected volatility of 60% and expected term of stock options of 5 years. The weighted average fair value of options granted and vested in 2006 was $1.54 per share option. Stock options which were granted in 2006, but are not exercisable subject to shareholder approval of an increase of the Company s stock option plan, have not been recorded as an expense in the year ended December 31, 2006. The stock-based compensation expense will be recorded when, and if, the shareholders approve an increase to the stock option plan based on the estimated fair value of the options at the approval date. If the market price for the shares is higher on the approval date than the average strike price of $3.08 per share, the estimated fair value of these options will be higher than if the estimated fair value had been calculated based on the actual grant date. On the grant date, the strike price of the options held for approval was set based on the previous day s closing market price for the shares.

EXPLORATION AND DEVELOPMENT ACTIVITIES

The Company s focus continues to be on the Hope Bay Project. The Company is committed to a strategy of advancing the Hope Bay Project to a production decision while continuing to expand gold resources. The staged development strategy will focus first on the high grade gold Doris North Project, with the goal of generating cash flow to pay for mining infrastructure and to partially fund the subsequent development of a bulk tonnage operation at Madrid and a satellite mining operation at the Boston deposit which is approximately 50 kilometers south of the Doris North deposit area. The Company s exploration strategy

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

will focus on expanding the size and increasing the confidence level of existing deposits and on continued exploration for new gold resources in order to support a sustained production profile. The Company will continue to conduct grassroots exploration alone and, in certain circumstances, in cooperation with strategic partners on selected portions of the Hope Bay mineral claims. To achieve these objectives, the Company needs to successfully complete, among other things, the current permitting process for the Doris North Project, complete financing for mine construction, successfully construct and place into production the Doris North deposit, complete technical and economic studies on Phase 2 development of the Boston, Doris and Madrid deposits and identify additional resources, complete feasibility studies on Phase 2 and complete permitting on Phase 2.

In 2006, the total deferred costs related to the Hope Bay Project were $34.8 million (see note 5 of the annual consolidated financial statements), comprised largely of approximately 66,000 meters of drilling. The bulk of the drilling was directed toward the ongoing resource expansion program which will generate information for the technical and economic studies (TES) to support the next phase of development of Hope Bay, engineering and consulting costs for the TES and other studies and permitting and regulatory activities to continue to advance the Doris North Project and to commence base-line studies to support Phase 2 technical studies.

The Hope Bay exploration camp was re-opened in late February and the season s drilling activity commenced on March 11, 2006. Drilling activities were focused largely at the Naartok deposit which is in the Madrid deposit area and accounted for a total of 45,868 meters. Drilling totaling 20,106 meters was conducted at Boston, Doris, other deposits within Madrid and regional areas of interest (8,306, 3,114, 5,992 and 2,694 meters respectively).

The exploration activities in 2006 were successful in identifying and extending the mineralization on the deposits. Some of the significant results are as follows.

Suluk Hole 06PMD416 identified a shallow intercept of 13.4 g/t over 29.8 meters, hole 06PMD427 intercepted 3.2 g/t over 164 meters and 06PMD428 intercepted 9.1 g/t over 38.3 meters.

Naartok East Hole 06PMD448 was drilled targeting the Naartok East deposit approximately 100m from 2005 drill hole 05PMD328 which returned 11.6 g/t Au over 66.5m and approximately 65m from hole 05PMD274 which encountered 9.8 g/t over 64.2m. Hole 06PMD448 encountered 9.31 g/t Au over 93.5m including one narrow (0.3m) high grade sample which was reduced from 918 g/t (26 ounces per ton) to 200 g/t for composite averaging. The true width of hole 06PMD448 is estimated to be approximately 75% of core length. Additional drilling at Naartok East continued to expand the resource including hole 06PMD470 which encountered 34.9g/t over

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

9.7m. Also, in association with drilling between Naartok East and Rand, infill holes better defined the near surface portion of Naartok East including hole 06PMD497 which encountered 3.4 g/t over 81 meters including a higher grade interval of 7.4 g/t over 12 meters.

Naartok East/Rand Gap Drilling was successful in demonstrating reasonably continuous mineralization along what appears to be an extension of the Z lens which makes up the bulk of the mineralization at Naartok West. Hole 06PMD488 intercepted 2.6 g/t over 63 m and hole 06PMD486 intercepted 2.4 g/t over 36.2 meters.

Madrid Exploration Drilling at Madrid extended the Naartok East deposit beyond historical boundaries. Hole 06PMD454 was drilled 120 meters north of the 2005 Naartok East resource limits and intercepted 14.32 g/t over 12m.

A new type of mineralization was discovered approximately 400 meters north of the main Boston deposit. This zone is considered to be the folded extension of the main Boston B2 resource and is generally wider and lower grade than the main deposit. Some of the significant results were hole 06SBD345 which intercepted 3.4 g/t over 49.2 meters, hole 06SBD331 which intercepted 2.4 g/t over 69.6 meters and hole 06SBD349 which was near surface and returned 6.2 g/t over 16.5 meters.

A sampling program on previous drilling that was incompletely sampled, including holes drilled from underground in 2000, resulted in the identification of significant mineralization near the main B2 zone including 54.2 g/t over 2 meters in hole 2000BUG361 and 118.5 g/t over 1 meter in hole 2000BUG362.

Sufficient regional drilling was completed to meet required assessment obligations with only anomalous results.

For more discussion on the results of the 2006 program, see the Company s press release issued on February 8, 2007.

On April 20, 2006, the Company reported its revised resource calculation incorporating the results of the successful exploration activities in 2005 on the Hope Bay Project. The revised resource calculation increased the total resources by 2.6 million ounces, or 40%. Given the potential for a large open pit operation at the Madrid deposit area, the Company was able to reduce the cutoff grade applied to those resources, which in part led to the reported increase. However, using the same cutoff grades as in 2004, approximately one million ounces were added to the total resources. On June 22, 2006, the Company

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

released the results of an audit of the December 31, 2005 estimates for the Madrid deposit area resource zones, namely Naartok West, Naartok East and Rand.

The tables below summarize the reported resources at the Hope Bay Project as at December 31, 2005 as set forth in the independent technical report completed by Watts, Griffith and McOuat Limited (WGM).

HOPE BAY INDICATED MINERAL RESOURCES AT DECEMBER 31, 2005

	Indicated			
Area/Deposit/Zone	**Tonnes**	**g Au/t**	**Cutoff g Au/t**	**Contained Ounces Au[2]**
Madrid Deposit Area				
Naartok East[1]	6,825,000	4.2	2	915,000
Naartok West[1]	5,023,000	4.3	2	699,000
Rand[1]	1,379,000	3.2	2	143,000
Suluk	1,125,000	4.2	2	153,000
South Patch	N/A			N/A
South of Suluk	N/A	N/A		N/A
Subtotal Madrid	14,352,000	4.1		1,909,000
Doris Deposit				
Doris Hinge[3]	345,000	34.7	8	385,000
Doris North/Connector	N/A			
Doris Central	824,000	12.9	5	341,000
Doris Pillars	N/A	N/A		N/A
Subtotal Doris	1,169,000	19.3		726,000
Boston Deposit				
Boston B2	1,949,000	11.4	4	713,000
Boston B3/B4	363,000	7.3	4	85,000
Subtotal Boston	2,312,000	10.7		798,000
Total Indicated[4]	**17,834,000**	**6.0**		**3,433,000**

(1) Audited by WGM.

(2) Disclosure of contained ounces is permitted under Canadian regulations; however, the United States Securities and Exchange Commission generally permits mineralization that does not constitute reserves to be reported only as in place tonnage and grade.

(3) Includes the undiluted, unrecovered Probable Mineral Reserve for Doris Hinge referred to below.

(4) Numbers may not add up exactly due to rounding.

HOPE BAY INFERRED MINERAL RESOURCES AT DECEMBER 31, 2005

	Inferred			
Area/Deposit/Zone	**Tonnes**	**g Au/t**	**Cutoff g Au/t**	**Contained Ounces Au[2]**
Madrid Deposit Area				
Naartok East[1]	7,157,000	3.7	2	847,000
Naartok West[1]	3,755,000	4.0	2	482,000
Rand[1]	3,860,000	2.8	2	352,000
Suluk	14,560,000	4.0	2	1,890,000
South Patch	227,000	22.5	7	164,000
South of Suluk	573,000	9.8	6	180,000
Subtotal Madrid	30,132,000	4.0		3,915,000
Doris Deposit				
Doris Hinge	28,000	10.0	8	9,000
Doris North/Connector	1,270,000	13.9	5	569,000
Doris Central	73,000	12.8	5	30,000
Doris Pillars	263,000	18.6	5-7	158,000
Subtotal Doris	1,634,000	14.5		766,000

MIRAMAR MINING CORPORATION

MANAGEMENT S DISCUSSION AND ANALYSIS

	Inferred			
Area/Deposit/Zone	**Tonnes**	**g Au/t**	**Cutoff g Au/t**	**Contained Ounces Au(2)**
Boston Deposit				
Boston B2	995,000	9.1	4	292,000
Boston B3/B4	1,437,000	9.7	4	449,000
Subtotal Boston	2,431,000	9.5		