

Craigmont  
Mines  
Limited

1980  
Annual  
Report



# Craigmont Mines Limited Annual Report 1980

## **DIRECTORS**

ROSS G. DUTHIE,  
Vancouver, B.C.  
*President of the Company  
President and Chief  
Executive Officer  
Placer Development Limited*

WILLIAM JAMES,  
Toronto, Ontario  
*Executive Vice-President  
Noranda Mines Limited*

JAMES L. McPHERSON,  
West Vancouver, B.C.  
*Senior Vice-President  
Placer Development Limited*

HENNING A. NORGAARD,  
Merritt, B.C.  
*President  
Norgaard Ready-Mix Ltd.*

ANTHONY J. PETRINA,  
North Vancouver, B.C.  
*Vice-President, Operations  
of the Company  
Vice-President, Operations  
Placer Development Limited*

ARTHUR K. POUSSETTE,  
Richmond, B.C.  
*Retired*

## **OFFICERS**

Ross G. Duthie, *President*  
Anthony J. Petrina, *Vice-  
President, Operations*  
Donald Hallam, *Secretary*  
John Racich, *Treasurer*  
Ted J. Will, *Comptroller*  
Michael P. Leroux, *Assistant  
Secretary*

## **DEPARTMENT HEADS**

William D. Diment, *Mine  
Manager*  
Elmer H. Olafson, *Mine  
Superintendent*  
Philip MacIntyre, *Mill  
Superintendent*  
Ernest F. Jones, *Plant  
Superintendent*  
Dwight G. Reynoldson,  
*Chief Accountant*  
Nels B. Vollo, *Exploration  
Manager (Kamloops)*

## **AUDITORS**

Campbell Sharp  
Chartered Accountants

## **REGISTRAR AND TRANSFER AGENT**

Guaranty Trust Company of  
Canada — Vancouver and  
Toronto

## **STOCK EXCHANGE LISTINGS**

Toronto Stock Exchange  
Vancouver Stock Exchange

## **OFFICES**

*Head Office:*  
700 Burrard Building  
1030 West Georgia Street  
Vancouver, B.C., V6E 3A8  
Tel. (604) 682-7082  
Telex 04-55181

*Mine Office:*  
P.O. Box 3000  
Merritt, British Columbia  
V0K 2B0

## **ANNUAL MEETING**

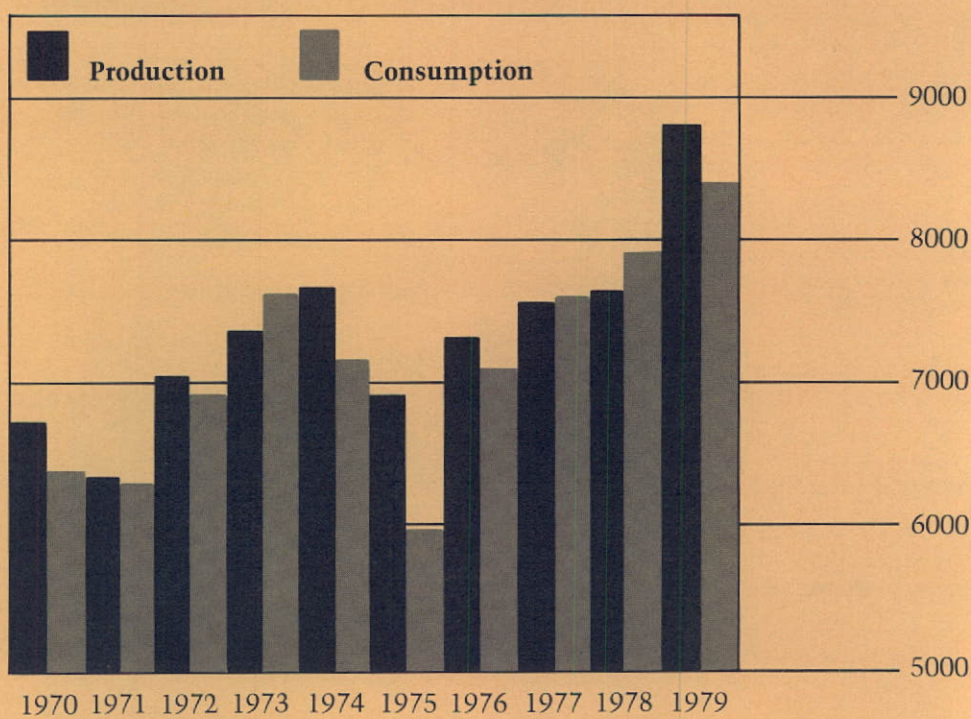
The Annual General  
Meeting of the Company  
will be held at 11:00 a.m. on  
Thursday, January 22, 1981,  
in the Tweedsmuir Room,  
Hotel Vancouver, 900 West  
Georgia Street, Vancouver,  
British Columbia.

## The Year in Brief

	1980	1979
<b>FINANCIAL DATA</b>		
Concentrate sales	\$25,990,000	\$39,877,000
Income and resource taxes	7,007,000	12,920,000
Earnings before extraordinary item	5,520,000	10,387,000
Net earnings	7,078,000	10,387,000
Working capital	15,916,000	18,099,000
<b>OPERATING DATA</b>		
Ore milled — tons	2,151,000	2,105,000
Grade — % copper	0.64	0.95
Recovery of copper — %	89.67	86.29
Copper concentrate produced — tons	44,300	60,400
Concentrate grade — % copper	27.88	28.44
Copper produced — pounds	24,717,000	34,342,000
Iron concentrate produced — tons	41,300	35,000
Copper concentrate sales — tons	44,500	84,000
<b>PER COMMON SHARE</b>		
Earnings before extraordinary item	\$1.08	\$2.05
Net earnings	1.39	2.05
Dividends	2.00	1.70
<b>OTHER DATA</b>		
Number of employees	242	283
Number of shareholders	3,322	3,328
Average copper price per pound on London Metal Exchange — U.S.\$	1.01	0.85

(tons = short dry tons)

### WESTERN BLOC REFINED COPPER PRODUCTION COMPARED TO CONSUMPTION (thousands of short tons)



## Directors' Report to the Shareholders

The Directors are pleased to report that 1980 was a satisfactory year in view of the fact that operations are winding down. This 25th Annual Report for the year ended October 31, 1980 covers what is anticipated to be the last full year of operation of the copper concentrator.

Net earnings were \$7,078,000 or \$1.39 per share including an extraordinary gain of \$1,558,000 from the sale of 51,668 Placer Development Limited shares. This was down from earnings of \$10,387,000 or \$2.05 per share in 1979 primarily because of a reduction in shipments of copper concentrate from 84,000 tons in 1979 to 44,500 tons in 1980, and a substantial decline in the average grade of ore milled from 0.95% to 0.64%. As the mine is nearing exhaustion of its ore reserves, the decline in grade and in volume of copper concentrate produced was consistent with mining in the final stages of operations. Partially offsetting these factors were higher London Metal Exchange (LME) copper prices which averaged U.S. \$1.01 per pound in 1980 compared to U.S. \$0.85 in 1979.

Because the Company's cash position was in excess of requirements for the remainder of its operations, the Directors increased the quarterly dividend to \$0.50 per share. In 1980, total payments were \$10,155,000 or \$2.00 per share which was substantially in excess of earnings. In 1979 total payments were \$8,631,000 or \$1.70 per share. The Company's cash and short-term investment position remains strong and at year-end totalled \$14,661,000 (1979 — \$24,272,000). An average return of 11.1% (1979 — 10.4%) was realized on short term investments during the year.

Studies have been undertaken as to the most appropriate way to treat the approximately 1,000,000 tons of low grade iron concentrate which is

stockpiled at the mine. Initial indications were that this should be treated at the end of normal operations and because the facility would be too small to warrant continued operation by Craigmont that it be sold. The new study considered whether it would be possible to extend mining operations beyond July, 1981 if there were simultaneous milling of copper and iron concentrates. Although copper production from that time would likely be only at a breakeven point, there are benefits to be derived from the immediate processing of all of the coarse iron stockpile. Accordingly, a decision has been made to continue operations in this manner until early in 1983 by which time all of the stockpiled coarse iron will have been processed into about 500,000 tons of saleable media grade iron concentrate.

Management will continue to review exploration prospects and business proposals but to date none has been sufficiently attractive. Unless the prospect arises for a new investment with a good expectation of continued earnings, it will be recommended to the shareholders that the Company be wound-up and the assets distributed to the shareholders following the cessation of operations at the beginning of 1983.

### Marketing

Consumption of refined copper in Western Bloc countries is expected to decline by approximately 6.5% from 1979. Inventories are currently expected to remain unchanged through 1980 because production was affected by the United States copper producers' strike.

The average copper price on the LME increased from an average U.S. \$0.85 per pound in 1979 to U.S. \$1.01 in 1980. The increase was mainly attributable to the U.S. copper producers' strike which has now been settled. On November 28 the LME copper price was U.S. \$0.90 per pound.

All of the Company's production

was sold to overseas smelters at the LME price less refining and smelting charges. The closing inventory of copper concentrate was 4,300 tons (1979 — 4,700 tons).

Deliveries of iron concentrate remained relatively unchanged at 45,900 tons (1979 — 49,500 tons).

### Operations

In spite of depleting ore reserves production was maintained at near optimum levels. A total of 1,382,000 tons of ore was mined from underground in 1980 (1979 — 1,435,000 tons) while 154,000 tons of low grade ore were drawn from open pit stockpiles (1979 — 751,000 tons). In addition 575,000 tons were drawn from the 2400 level wastepile. Processing of the underground wastepile, grading 0.38% copper, commenced in January, 1980 following depletion of the open pit stockpiles. All remaining surface stockpiles will be consumed by the end of February, 1981 and from that time the available copper ore will not fully utilize the mill capacity. The remaining capacity will be used to treat the coarse iron stockpile.

The concentrator processed 2,151,000 tons of ore grading 0.64% copper (1979 — 2,105,000 tons at 0.95%) at an average daily throughput of 5,900 tons (1979 — 5,900 tons). A total of 44,300 tons of concentrate, containing 24,717,000 pounds of copper, was produced (1979 — 60,400 tons; 34,342,000 pounds of copper). Copper recovery at 89.67% (1979 — 86.29%) increased following depletion of the oxidized materials from open pit stockpiles.

Production of iron concentrate was 41,300 tons (1979 — 35,000 tons). Due to a lower percentage of iron in the ore it has become necessary to regrind available quantities in the millfeed in order to meet sales contract obligations.

### Ore Reserves

Geological ore reserves on October 31, 1980 were estimated to be:

	1980 Cut-off grade — 0.7% %	
	Tons	Copper
In place (proven)	503,000	2.05
Broken (stockpiles)	<u>137,000</u>	<u>0.56</u>
	<u>640,000</u>	<u>1.72</u>

	1979 Cut-off grade — 0.7% %	
	Tons	Copper
In place (proven)	753,000	2.01
Broken (stockpiles)	<u>963,000</u>	<u>0.44</u>
	<u>1,716,000</u>	<u>1.13</u>

Higher copper prices and the premium on the United States dollar have allowed a greater extraction of low grade ore which had not been previously included in the geological reserves. Under present conditions and using the sub-level caving method of mining, it is estimated that 92% of the above geological reserves are extractable at approximately 58% dilution (1979 — 87% and 52%).

### Exploration

The diamond drilling programme was completed on the Redbird molybdenum prospect 100 miles south of Smithers, B.C. There were 22,000 feet drilled this year for a total of 45,900 feet drilled to date. Three possible pit zones have been outlined with preliminary estimates indicating about 37,000,000 tons grading 0.18% MoS<sub>2</sub> at a cut-off grade of 0.10%. An additional 33,000,000 tons grading 0.16% at a similar cut-off grade are indicated which would require underground mining. Results are being assessed to determine whether further work is justified. Development of the property would require access through a provincial park and its location indicates higher than average development and operating

costs. Under the terms of the agreement, the Company may acquire at the claims holder's option, either a 51% participating interest in the project or full ownership subject to the claims holder retaining a 25% carried interest.

Ground surveys were completed between Barriere and Clearwater, B.C. to test anomalies obtained in last year's airborne geophysical survey. Fifteen holes, totalling 3,600 feet have been drilled to date with negative results.

### Oil and Gas

At October 31, 1980 Craigmont held interests in 154,319 gross acres or 26,794 net acres of oil and gas permits and leases in Alberta and British Columbia. During the year, the Company participated in drilling five wells resulting in two oil wells, two gas wells and one abandonment. One well drilled by a farmee at no cost to Craigmont was cased as a potential gas well. The Company has interests ranging from 9% to 25% in one producing gas well, four potential gas wells, and one oil well in B.C., and 11% to 44% in three oil wells, one producing gas well, and one suspended gas well at Willesden Green in Alberta. The Willesden Green wells produce oil and gas concurrently, and full production will not be reached until complete surface facilities are installed. Craigmont has spent a total of \$2,664,000 on oil and gas exploration and development since commencement of the programme in 1976. Revenue from this source amounted to \$121,000 in 1980.

### Employee and Community Relations

On October 31, 1980 the Company employed 242 persons (1979 — 283) at an annual payroll and benefit cost of \$7,169,000 (1979 — \$6,095,000). The average income per employee in 1980 was \$24,470 (1979 — \$19,970). On September 24, 1980 an agreement was signed with Local 6523 of

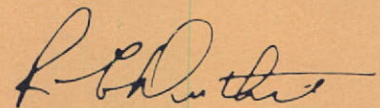
the United Steelworkers of America to increase severance entitlements for employees whose services can be retained to the end of operations. The labour agreement expires January 28, 1982.

The excellent production and operating results achieved through the year were largely attributable to a stable workforce, most of whom are long-term employees with valuable skills and experience. The Board on behalf of the shareholders wishes to thank those employees for their contribution to the successful year.

Craigmont continued its programme of scholarship assistance to students who are either resident in the Craigmont area, sons or daughters of employees or engaged in mine related studies. Six such awards were made in 1980 at a total cost of \$2,500.

Reclamation of disturbed areas continued at a cost of \$25,000 (1979 — \$26,000). In compliance with the British Columbia Mining Regulation Act, the Company has submitted and received approval of a final reclamation plan. It is estimated the total cost of this programme will be \$250,000.

*On behalf of the Board of Directors,*



R.G. Duthie  
President

Vancouver, B.C.  
November 28, 1980

# Statement of Financial Position

	1980	October 31, 1979
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and short-term investments (Note 2)	<b>\$14,661,000</b>	\$24,272,000
Accounts receivable	<b>1,733,000</b>	1,955,000
Concentrate inventories	<b>1,176,000</b>	1,366,000
Materials and supplies	<b>1,240,000</b>	1,077,000
	<b><u>18,810,000</u></b>	<u>28,670,000</u>
<b>INVESTMENT IN PLACER DEVELOPMENT LIMITED SHARES, at cost</b>	<b><u>—</u></b>	<u>945,000</u>
<b>PROPERTY, PLANT AND EQUIPMENT, at cost:</b>		
Buildings, equipment and underground development	<b>16,161,000</b>	18,025,000
Less: accumulated depreciation	<b><u>14,978,000</u></b>	<u>16,850,000</u>
	<b>1,183,000</b>	1,175,000
Oil and gas properties and land, less accumulated depletion of \$78,000 (1979 — \$32,000)	<b><u>1,206,000</u></b>	<u>900,000</u>
	<b><u>2,389,000</u></b>	<u>2,075,000</u>
	<b><u>\$21,199,000</u></b>	<u>\$31,690,000</u>

Craigmont Mines  
Limited

	1980	October 31, 1979
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 1,717,000	\$ 1,380,000
Income and resource taxes payable	<u>1,177,000</u>	<u>9,191,000</u>
	<u>2,894,000</u>	<u>10,571,000</u>
DEFERRED INCOME AND RESOURCE TAXES	<u>879,000</u>	<u>616,000</u>
SHAREHOLDERS' EQUITY:		
Share capital —		
Authorized:		
6,000,000 common shares, par value 50¢ each		
150,000 preferred shares, 6% cumulative, redeemable on call, par value \$100 each		
Issued, 5,077,275 common shares	2,178,000	2,178,000
Earnings reinvested in the business	<u>15,248,000</u>	<u>18,325,000</u>
	<u>17,426,000</u>	<u>20,503,000</u>
	<u>\$21,199,000</u>	<u>\$31,690,000</u>

*Approved by the Board:*

R.G. Duthie, *Director*

J.L. McPherson, *Director*

## Statement of Earnings

	Year ended October 31,	
	1980	1979
<b>REVENUES:</b>		
Copper concentrate sales	\$24,426,000	\$38,496,000
Iron concentrate sales	1,564,000	1,381,000
Interest and other income	1,825,000	1,867,000
	<u>27,815,000</u>	<u>41,744,000</u>
<b>EXPENSES:</b>		
Cost of concentrate sales	13,639,000	16,369,000
Depreciation and depletion	170,000	145,000
General and administrative	547,000	507,000
Exploration (Note 3)	932,000	1,416,000
	<u>15,288,000</u>	<u>18,437,000</u>
Earnings before taxes	<u>12,527,000</u>	<u>23,307,000</u>
<b>INCOME AND RESOURCE TAXES:</b>		
Current	6,744,000	12,769,000
Deferred	263,000	151,000
	<u>7,007,000</u>	<u>12,920,000</u>
Earnings before extraordinary item	5,520,000	10,387,000
Gain on sale of Placer Development Limited shares, net of income tax of \$534,000	1,558,000	—
<b>NET EARNINGS</b>	<u>\$ 7,078,000</u>	<u>\$10,387,000</u>
Per share — earnings before extraordinary item	\$ 1.08	\$ 2.05
— net earnings	\$ 1.39	\$ 2.05

## Statement of Earnings Reinvested in the Business

	Year ended October 31,	
	1980	1979
BALANCE, BEGINNING OF YEAR	\$18,325,000	\$16,569,000
Net earnings	<u>7,078,000</u>	<u>10,387,000</u>
	25,403,000	26,956,000
Dividends — \$2.00 per share (1979 — \$1.70)	<u>(10,155,000)</u>	<u>(8,631,000)</u>
<b>BALANCE, END OF YEAR</b>	<u>\$15,248,000</u>	<u>\$18,325,000</u>



# Statement of Changes in Financial Position

	Year ended October 31,	
	1980	1979
FINANCIAL RESOURCES WERE PROVIDED BY:		
Earnings before extraordinary item	\$ 5,520,000	\$10,387,000
Add (deduct) items not involving working capital —		
Depreciation and depletion	170,000	145,000
Deferred income and resource taxes	263,000	151,000
Gain on disposal of property, plant and equipment	(374,000)	(3,000)
Total from operations	5,579,000	10,680,000
Disposal of Placer Development Limited shares, net of income tax of \$534,000	2,504,000	—
Disposal of property, plant and equipment	424,000	14,000
Investments	—	22,000
	<u>8,507,000</u>	<u>10,716,000</u>
FINANCIAL RESOURCES WERE USED FOR:		
Dividends	10,155,000	8,631,000
Property, plant and equipment —		
Oil and gas properties	353,000	336,000
Buildings and equipment	182,000	186,000
	<u>10,690,000</u>	<u>9,153,000</u>
Increase (decrease) in working capital	(2,183,000)	1,563,000
Working capital, beginning of year	18,099,000	16,536,000
Working capital, end of year	<u>\$15,916,000</u>	<u>\$18,099,000</u>
INCREASE (DECREASE) IN WORKING CAPITAL COMPONENTS:		
Cash and short-term investments	\$ (9,611,000)	\$11,588,000
Accounts receivable	(222,000)	444,000
Concentrate inventories	(190,000)	(2,945,000)
Materials and supplies	163,000	(5,000)
Accounts payable and accrued liabilities	(337,000)	(178,000)
Income and resource taxes payable	8,014,000	(7,341,000)
Increase (decrease) in working capital	<u>\$ (2,183,000)</u>	<u>\$ 1,563,000</u>

# Notes to Financial Statements

October 31, 1980 and 1979

## 1. Accounting policies:

### Inventories

Copper and iron concentrates are valued at the lower of cost and net realizable value; cost is determined on a first-in, first-out basis. Materials and supplies are valued at the lower of cost and replacement cost; cost is determined on a moving-average basis.

### Property, plant and equipment

Depreciation is provided on the cost of assets over their estimated useful lives on the following annual bases:

- buildings and equipment on a diminishing-balance basis at the rate of 10%, and
- oil and gas lease and well equipment on a unit-of-production basis.

Depletion of the cost of producing oil and gas properties and development, representing lease acquisition and drilling costs, is provided on a unit-of-production basis using proven reserves for each area.

### Exploration

Current mineral exploration costs are charged against earnings for the year except that costs are capitalized if economically recoverable ore reserves have been determined.

Current oil and gas exploration costs, including geological, geophysical and exploratory dry hole costs, are charged against earnings for the year except for lease acquisition and drilling costs, which are initially capitalized as Oil and gas properties. When an area is abandoned or when there is an impairment in value of an undeveloped property, the applicable capitalized costs are charged against earnings.

### Revenue

Concentrate revenue is recognized at the time of sale. However, copper concentrate sales not finalized at year-end have been recorded at prices estimated to be in effect on finalization dates.

### Deferred income and resource taxes

Income and resource taxes are recorded on the tax allocation method. Under this method, taxes are determined from accounting income, not taxable income. Differences arise when some costs, principally depreciation and exploration, are reflected in different time periods for accounting purposes than for tax purposes. The tax effect of these timing differences is shown in the financial statements as Deferred Income and Resource Taxes.

### Comparative figures

Certain 1979 figures have been reclassified to conform with the 1980 presentation.

## Ten Year Summary

Years Ended October 31	1980	1979	1978
Concentrate sales	\$25,990,000	39,877,000	20,844,000
Cost of concentrate sales	13,639,000	16,369,000	12,121,000
Depreciation and depletion	170,000	145,000	134,000
Income and resource taxes	7,007,000	12,920,000	3,455,000
Net earnings	\$ 7,078,000*	10,387,000	3,572,000
Earnings per share	\$ 1.39*	2.05	0.70
Dividends per share (5,077,275 shares outstanding)	\$ 2.00	1.70	0.80
Ore milled — tons	2,151,000	2,105,000	2,102,000
Grade — % copper	0.64	0.95	1.38
Copper concentrate produced — tons	44,300	60,400	94,200
Copper produced — pounds	24,717,000	34,342,000	53,813,000
Average copper price per pound on London Metal Exchange — U.S.\$	1.01	0.85	0.60

(tons = short dry tons)

\*Includes an extraordinary item of \$1,558,000.

# CRAIGMONT MINES LIMITED

700 Burrard Building, 1030 West Georgia Street  
Vancouver, British Columbia V6E 3A8

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## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS JANUARY 22, 1981

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To the shareholders of Craigmont Mines Limited:

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Craigmont Mines Limited (hereinafter called the "Company") will be held in the Tweedsmuir Room, Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, on Thursday, January 22, 1981 at 11:00 a.m. for the following purposes:

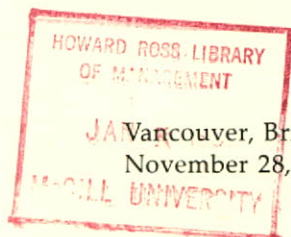
1. To have placed before the meeting the report of the Directors, a comparative financial statement of the Company for the financial years ended October 31, 1980 and 1979, and the auditors' report;
2. To elect directors;
3. To appoint auditors and to authorize the directors to fix their remuneration;
4. To transact such other business as may properly come before the meeting or any adjournment thereof.

Copies of the comparative financial statements, auditors' report and directors' report to be placed before the meeting are included in the Annual Report enclosed herewith.

If you cannot be personally present, **please complete, date, sign and return** the accompanying separate proxy in the enclosed envelope. In order to be effective, the proxy must be deposited at the office of the Company's Transfer Agent, Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, B.C. V6C 2V7, not less than 48 hours before the time for holding the meeting.

By Order of the Board,

D. HALLAM,  
Secretary



# CRAIGMONT MINES LIMITED

## INFORMATION CIRCULAR

### SOLICITATION OF PROXIES

The accompanying proxy is solicited by the Management of Craigmont Mines Limited (hereinafter called the "Company") in connection with the Annual General Meeting of Shareholders to be held on Thursday, January 22, 1981 and at any adjournments thereof. The solicitation will be by mail and the cost of this solicitation will be paid by the Company.

### EXECUTION AND REVOCATION OF PROXIES

The execution of a proxy shall be by the shareholder or his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation. In order to be effective, completed proxies must be deposited at the office of the Company's Transfer Agent, Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, B.C. V6C 2V7, not less than 48 hours before the time for holding the meeting. A shareholder desiring to appoint a person (who need not be a shareholder) to represent him at the meeting, other than the persons named in the enclosed proxy, may do so by inserting the name of such other person in the blank space provided in the proxy.

A proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer, or attorney, of the corporation, and delivered either to the Registered Office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or to the chairman of the meeting on the day of the meeting, or any adjournment thereof, at which the proxy is to be used.

### EXERCISE OF DISCRETION BY PROXIES

If there is certainty of instructions in the enclosed proxy, the shares represented thereby will be voted on any poll save where there is a specification to withhold voting and, when the shareholder specifies a choice with respect to any matter, in accordance with the specifications so made. **Where no choice is specified, the shares shall be voted on a poll for the election of directors, for the appointment of auditors and for authorizing the directors to fix the auditors' remuneration, as stated under those headings in this circular.** The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular, the Management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

### VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On November 28, 1980 the Company had outstanding 5,077,275 Common shares with a par value of 50¢ per share, each share carrying the right to one vote. Shareholders of record as at the close of business on December 18, 1980 will be entitled to vote at the meeting or any adjournment or adjournments thereof.

To the knowledge of the directors or senior officers of the Company, only the following shareholders beneficially own, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company carrying the right to vote in all circumstances:

Name of shareholder	No. of Shares Held on November 28, 1980	Percentage of Outstanding Shares
Placer Development Limited	2,264,050	44.6
Noranda Mines Limited	1,000,491	19.7
Total	<u>3,264,541</u>	<u>64.3%</u>

## ELECTION OF DIRECTORS

Action is to be taken at the meeting with respect to the election of six directors to succeed the present directors whose terms of office expire on the day of the meeting, to serve until the next Annual General Meeting or until their respective successors have been elected or appointed. **Unless otherwise instructed, or unless the shareholder's instructions are uncertain as they relate to the election of directors, the persons named in the enclosed form of proxy intend to vote for the persons listed below**, being the persons proposed by the Management of the Company to be nominated for election as directors, all of whom are presently directors of the Company and have served continuously as such since the dates they first became directors as set forth below. All the proposed nominees named below have consented in writing to serve as directors if elected. Advance notice of the meeting was published pursuant to Section 135 of the Company Act in the November 7, 1980 edition of The Province, Vancouver, British Columbia and was further published by delivering a copy thereof to the Vancouver Stock Exchange and the Superintendent of Brokers on November 10, 1980. All of the proposed nominees named below are ordinarily resident in Canada.

Name and Position with the Company	Principal Occupation	Director Since	Shares Beneficially Owned Nov. 28, 1980
ROSS G. DUTHIE President and Director	President & Chief Executive Officer, Placer Development Limited*	1967	Nil
WILLIAM JAMES Director	Executive Vice-President, Noranda Mines Limited*	1975	Nil
JAMES L. McPHERSON Director	Senior Vice-President, Placer Development Limited*	1977	Nil
HENNING A. NORGAARD Director	President, Norgaard Ready-Mix Ltd. (Ready-mix concrete company)	1974	Nil
ANTHONY J. PETRINA Vice-President, Operations and Director	Vice-President, Operations, Placer Development Limited*	1979	Nil
ARTHUR K. POUSSETTE Director	Retired	1975	Nil

\*Mining Company

NOTE: The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

The Company has an audit committee, the members of which are Ross G. Duthie, William James and Henning A. Norgaard.

## REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate direct remuneration paid or payable by the Company during the fiscal year ended October 31, 1980 to the directors and senior officers (as defined by the British Columbia Securities Act) of the Company amounted to \$232,985, of which \$11,880 were directors' fees.

The estimated aggregate cost to the Company, in or in respect of the fiscal year ended October 31, 1980, of all pension benefits proposed to be paid under any normal pension plan upon retirement at normal retirement age, directly or indirectly, to the directors and senior officers of the Company is nil.

Other than those disclosed herein, there were no remuneration payments made by the Company to the aforementioned persons in or in respect of the fiscal year ended October 31, 1980.

### **APPOINTMENT OF AUDITORS**

The shareholders will be asked to vote for the reappointment of Messrs. Campbell Sharp, Chartered Accountants, as auditors of the Company.

### **AUTHORIZING DIRECTORS TO FIX AUDITORS' REMUNERATION**

The Company Act requires that the remuneration of the auditor of a company shall be fixed by ordinary resolution of the shareholders, i.e. one passed by the members of the company in general meeting by a simple majority of the votes cast in person or by proxy, or, if the company so resolves, by the directors. The shareholders will be asked to vote for an ordinary resolution authorizing the directors to fix the remuneration of the auditors, such authorization to expire at the next Annual General Meeting of the Company.

### **OTHER BUSINESS**

The Management is not aware that any matters will be brought before the meeting other than those set forth in the Notice of Meeting. If other matters are properly brought before the meeting, it is the intention of the persons named in the enclosed proxy to vote the proxy on such matters in accordance with their best judgement. Execution of the enclosed proxy shall not be construed as either approval or disapproval of any of the reports or financial statements referred to in Item 1 of the Notice of Meeting.

Dated the 28th day of November, 1980  
Vancouver, British Columbia, Canada.

## 2. Cash and short-term investments:

Cash and short-term investments include marketable securities, with cost and market values as follows:

	1980	1979
Cost	\$4,282,000	\$4,485,000
Less: Provision for impairment	<u>830,000</u>	<u>521,000</u>
Market value	<u>\$3,452,000</u>	<u>\$3,964,000</u>

In 1980, a \$309,000 write down (1979 — \$521,000) of marketable securities from cost to market value is included in Interest and other income in the Statement of Earnings.

## 3. Exploration:

	1980	1979
Mineral —		
Off property	\$ 793,000	\$1,059,000
On property	<u>—</u>	<u>256,000</u>
	793,000	1,315,000
Oil and gas	<u>139,000</u>	<u>101,000</u>
Exploration expense	<u>\$ 932,000</u>	<u>\$1,416,000</u>

## 4. Remuneration of directors and senior officers:

Aggregate direct remuneration paid by the Company to its directors and senior officers in 1980 amounted to \$233,000 (1979 — \$193,000) of which \$12,000 (1979 — \$12,000) consisted of fees paid to directors.

## 5. Operations:

At present it is expected that copper concentrate production, after declining in early 1981, will continue on a reduced basis, possibly until late 1981.

A loss is not expected to be incurred as a result of the phase-out of copper operations.

## Auditors' Report

To the Members of  
Craigmont Mines Limited.

We have examined the statement of financial position of Craigmont Mines Limited as at October 31, 1980 and 1979 and the statements of earnings, earnings reinvested in the business and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at October 31, 1980 and 1979 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles consistently applied.

CAMPBELL SHARP  
Chartered Accountants

Vancouver, Canada.  
November 24, 1980.

1977	1976	1975	1974	1973	1972	1971
18,777,000	23,098,000	23,469,000	23,957,000	31,296,000	16,848,000	16,235,000
13,753,000	15,090,000	14,834,000	9,426,000	13,816,000	12,205,000	11,130,000
220,000	373,000	491,000	935,000	1,133,000	1,882,000	2,013,000
2,233,000	3,884,000	5,402,000	7,048,000	7,379,000	1,719,000	2,267,000
2,359,000	3,919,000	3,605,000	7,410,000	10,024,000	2,531,000	2,925,000
0.46	0.77	0.71	1.46	1.97	0.50	0.58
0.80	0.80	0.80	0.75	0.60	0.90	1.00
2,050,000	1,946,000	1,966,000	1,520,000	1,708,000	1,874,000	1,828,000
1.17	1.35	1.42	1.48	1.38	1.34	1.15
81,000	88,200	91,100	75,100	74,800	83,800	74,500
45,315,000	50,565,000	53,627,000	43,482,000	44,271,000	47,182,000	39,323,000
0.60	0.63	0.57	1.00	0.73	0.49	0.50



Craigmont Mines  
Limited