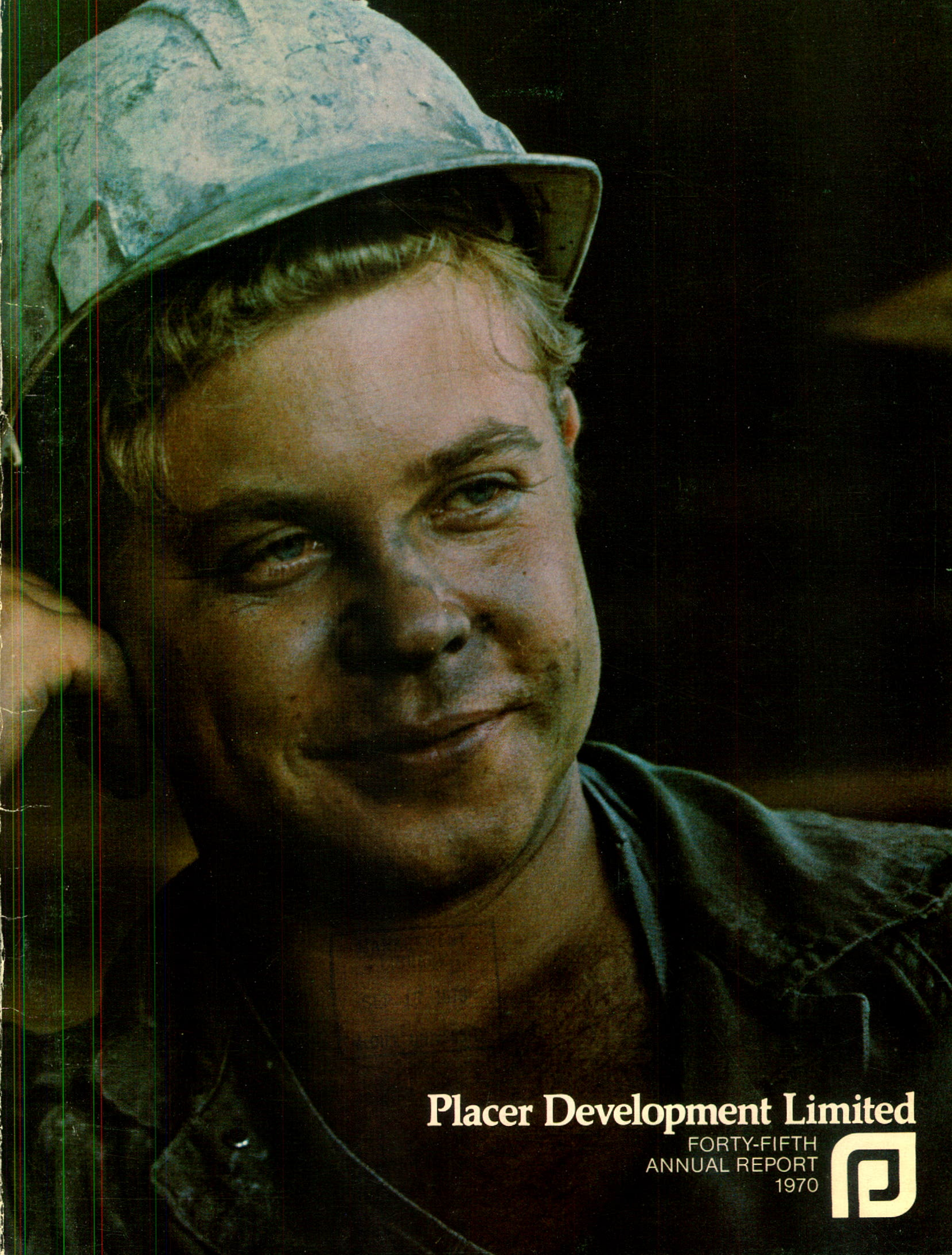

Placer Development Limited

FORTY-FIFTH
ANNUAL REPORT
1970

PLACER DEVELOPMENT LIMITED

MEMORANDUM

TO: All Employees

FROM: A. V. Lundy

RE: 1970 Annual Report

I am pleased to enclose herewith your copy of the 1970 Annual Report for the year ended December 31, 1970.

A. V. Lundy

AVL/cm

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Annual General Meeting

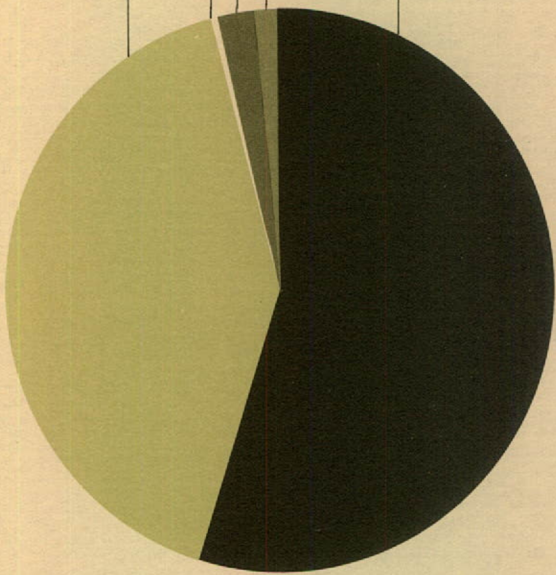
The Annual General Meeting of Shareholders of the Company will be held on Tuesday, May 4, 1971 at 12:00 Noon in the Social Suite East of the Hotel Vancouver, Vancouver, British Columbia, Canada.

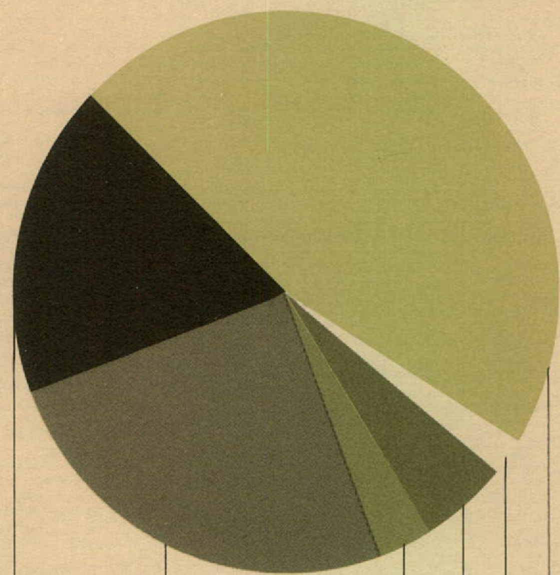
Comparative Highlights

	1970	1969
Operating Revenue	$32,781,000	$42,333,000
Dividends and interest received	$ 9,933,000	$ 8,488,000
Net earnings	$ 7,201,000	$12,501,000
— per share	$ 1.20	$ 2.11
Common shares outstanding (net)	5,979,955	5,938,371
Working capital	$17,723,000	$25,162,000
Exploration expenses	$ 7,298,000	$ 7,243,000
Capital expenditures	$11,714,000	$ 3,996,000
Investment in shares	$10,445,000	$10,186,000
Number of shareholders	6,500	4,910
Number of employees	2,420	2,280

FUNDS MADE AVAILABLE FROM:

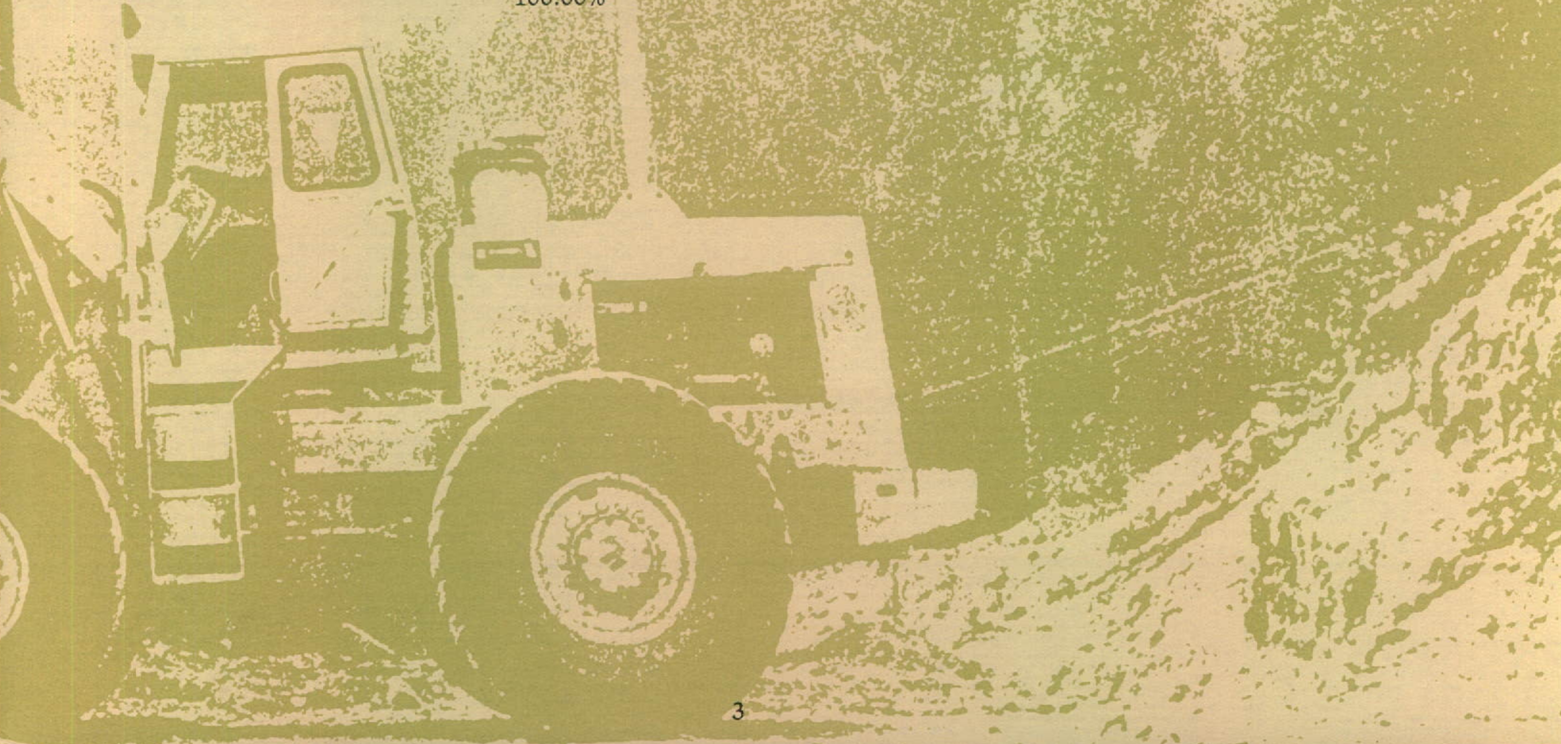
Net income	32.05%
Sale of common shares	.08%
Increase in minority interest	4.55%
Increase in share capital and contributed surplus re sale of shares to Duval Corporation	3.86%
Working capital, beginning of period	59.46%
	100.00%





FUNDS USED FOR:

Dividends	19.11%
Additions to fixed assets	27.68%
Increase in investments	3.05%
Increase in preproduction, exploration and development	5.65%
Increase in long-term debt	2.63%
Working capital, end of period	41.88%
	100.00%



Directors' Report to the Shareholders

Your Board of Directors is pleased to present herewith the Forty-fifth Annual Report of your Company.

People are Placer's most important asset because the initiative, foresight, knowledge and hard work of people are the reasons why Placer has been able to achieve a consistent growth since original incorporation in 1926. In this Annual Report, we are paying tribute to the people who make up the Placer organization.

Placer — Endako amalgamation

On February 22, 1971 the Registrar of Companies of British Columbia issued a certificate amalgamating Placer Development Limited and Endako Mines Ltd. (N.P.L.) into one company with the name of Placer Development Limited. At meetings of the shareholders of both companies in January, the amalgamation was approved by overwhelming majorities. Legal actions brought by certain shareholders of Endako who were opposing the amalgamation were unsuccessful and were dismissed but they had the effect of delaying the amalgamation and therefore reducing the benefit expected to accrue in 1971. Nevertheless, your Directors anticipate that there will be a substantial saving of income tax which would otherwise have been payable in the current year.

This Report has been prepared for the first General Meeting of Shareholders of the amalgamated company which is to be held on May 4, 1971. Although the financial results contained in the Report are for the year ended December 31, 1970, which was prior to the amalgamation, they are presented as though the amalgamation had been in effect last year. The nine-year summary has been prepared on the same basis.

Financial

Financial results for the past year were down considerably from the near record high of $2.11 per share in 1969. Net earnings amounted to $7,201,111 or $1.20 per share. The sharp decrease is due mainly to the lower contribution of Endako Mines Ltd. (N.P.L.). In 1970, Endako's net earnings amounted to $7,926,941, equivalent to $1.02 per share, compared with $13,725,328 or $1.77 per share in 1969. Endako paid a total of $9,687,509 or $1.25 per share in dividends.

Craigmont Mines Limited has reported slightly lower production for its year ended October 31, 1970 as compared to 1969, with net earnings of $5,289,317 or $1.04 per share, compared to $6,283,668 or $1.24 per share in 1969. During 1970, Craigmont paid a total of $1.25 per share in dividends. Placer's portion of these dividends amounted to $2,830,063 or $0.47 per Placer share.

Mattagami Lake Mines Limited (N.P.L.) reported net earnings of $7,912,000 or $1.20 per share for its year ended December 31, 1970, compared to $9,095,000 or $1.38 per share in 1969. Dividends paid during the year amounted to $1.50 per share, of which Placer received $2,694,114 or $0.45 per Placer share.

Marcopper Mining Corporation, during its first full year of operation, compiled an enviable record. Of a debt of US $42,000,000, US $22,000,000 was repaid by the end of 1970. In March, 1971, a further US $2,500,000 was repaid under the terms of the loan agreement. Copper prices, however, are much lower on the average than in early 1970 and the same rate of repayment is not anticipated in 1971. Marcopper reported net earnings of 94,272,411 pesos for the year. Assuming a full payout of earnings as dividends, Placer would have received US $3,829,817, equivalent to US $0.64 per Placer share, based on prevailing rates of exchange and the deduction of the 35% withholding tax.

Exploration expenditures remained high during 1970, and totalled $7,297,937, of which approximately one-half was spent in Canada. Due to a weakening in the metal markets and also to the uncertainties in the general economic outlook, exploration expenditures in 1971 will be reduced by approximately 15%. In Canada, because of the additional uncertainties in the tax treatment of mining companies, exploration expenditures will be reduced about 50%.

Most importantly, the mining industry is cyclical. With the receding economy during the latter part of 1970, the demand for and prices of principal metals decreased sharply. A detailed marketing review is included elsewhere in this Report.

In this regard it is worth noting that Endako, Mattagami and Craigmont all paid dividends in excess of earnings. This was made possible only by past conservative practice, and a build-up of cash reserves during the period of high metal prices and buoyant markets.

Canex tungsten

The tungsten ore bodies were placed into production in mid-October, 1970, following termination of lead/zinc production at the Jersey mine. Capital cost amounting to $3,000,000 was financed by funds available internally. Milling rate is approximately 500 tons per day. Exploration results have been encouraging and at year-end total ore reserves from three separate zones totalled 480,000 tons with an average grade of 0.65% WO_3.

Gibraltar Mines Ltd. (N.P.L.)

In November, 1970 Placer gave formal notice of its intention to place into production the property of Gibraltar Mines Ltd. (N.P.L.), located near Williams Lake in British Columbia. This is a large tonnage, low grade copper property that is being equipped for production at a milling capacity of 30,000 tons per day and at a capital cost of $74,000,000. Financing for this project has been arranged by Placer with the Canadian Imperial Bank of Commerce and the Bank of Nova Scotia, with Placer guaranteeing the minimum quarterly repayments in the event of the cash flow from the mine not being sufficient.

Ore reserves are reported at 358,000,000 tons with an average grade of 0.373% copper and 0.016% MoS_2, using a cutoff grade of 0.25% copper.

Target date for production is June, 1972. Placer's eventual interest in Gibraltar will be 71%.

Mr. R. V. Porritt retires

You will have noticed in the Proxy Statement and Information Circular relating to the Annual General Meeting that Mr. R. V. Porritt is not standing for re-election to the Board. Mr. Porritt has reached the mandatory retirement age provided by the Company's Articles of Association, after having served as a Director since 1961. His judgement and experience in the mining industry will be missed by the Board.

Management changes

The following management changes were made during 1970: Mr. A. E. Gazzard, Senior Vice-President; Mr. J. D. Little, Executive Vice-President; Mr. C. L. Pillar, Vice-President, Operations; Mr. E. J. Eldridge, Vice-President, Australasian Operations; and Mr. R. A. Watts, Comptroller.

Personnel

New and revised programs were undertaken during the year. In particular, increased emphasis was placed on training and development programs at various levels throughout the Company. In addition, new salary, labour relations and employee relations programs were initiated to further increase the effectiveness of the group.

Once again, we would like to express our thanks to all employees for their continuing contribution towards the growth of your Company.

On behalf of the Board of Directors

Chairman *President*

Vancouver, B.C.,
March 31, 1971

METALS AND MARKETS

GENERAL

The downturn in the economy in North America throughout the year and declining activity in Europe and Japan during the second half of 1970 led to weaker markets for copper, molybdenum, zinc and lead. The tungsten market weakened slightly but tungsten remains in short supply. Improvement in general economic conditions in most developed countries is expected as 1971 proceeds but, except for tungsten, strong markets are not expected for the minerals produced by the Placer group.

COPPER

Consumption of copper in non-communist countries was only slightly higher during the year than in 1969. Although some losses in production occurred, production was generally favourable. With the addition of production from new mines more copper was available than needed and London Metal Exchange prices reflected this by declining to approximately US $0.47 by year-end.

Production over the next five years may increase 35%, which is still about 10% higher than the anticipated consumption increase. Predicting copper prices is always hazardous since strikes, delays, surges in demand, political unrest, substitution and other factors cannot be foreseen. Barring major stoppages, however, the prices over the next five years will probably average lower in constant dollars than in the past five years.

MOLYBDENUM

Steel operations slackened in most industrialized countries in the second half of the year and in the fourth quarter operating rates were only about 60% of capacity in the United States and 70% to 80% in Europe and Japan. Consumption of molybdenum declined proportionately, which led users and processors to reduce stocks. This was reflected in Endako's deliveries, and a sharp increase in inventories in the fourth quarter. Other sellers are being affected similarly. The long-term consumption trend of plus 7% to 8% should continue. Prices for primary molybdenum remained unchanged at US $1.72 per pound of molybdenum in concentrate and US $1.92 per pound of molybdenum in oxide.

TUNGSTEN

Demand for tungsten from the non-communist countries exceeded new mine production by about 10,000,000 to 15,000,000 pounds, and China, the other major source, did not offer significant quantities for export. The short-fall continues to be supplied from the U.S. Government stockpile. The U.S. Government has recently introduced a policy of selling to U.S. consumers against requirements, at US $55.00 per short ton unit. Sales from the stockpile to foreign customers should be at prices no lower, and perhaps higher than, US $55.00 per short ton unit. This policy should help to stabilize the market and maintain continued favourable prices at least through 1971. The major part of anticipated production from the Canex Tungsten mine has been sold under two year contracts with the price to be the prevailing world price for scheelite.

ZINC

In 1970, consumption was adversely affected by the General Motors' strike and depressed economic conditions, and world stocks exceeded 400,000 tons by year-end despite production cuts. Consumption should increase more rapidly than production and a more favourable market is expected as time proceeds. At the beginning of 1970, the price was US $0.155 per pound but had declined to US $0.15 per pound East St. Louis on August 21, which price prevailed to the end of the year.

LEAD

The gradual reduction and perhaps eventual elimination of tetraethyl lead in gasoline, and the substitution of alternative materials for lead in cable sheathing is adversely affecting the markets, and the U.S. price declined from an average of US $0.165 for the month of January, 1970 to an average of US $0.1414 per pound for December.

OPERATIONS

CANADA AND U.S.A.

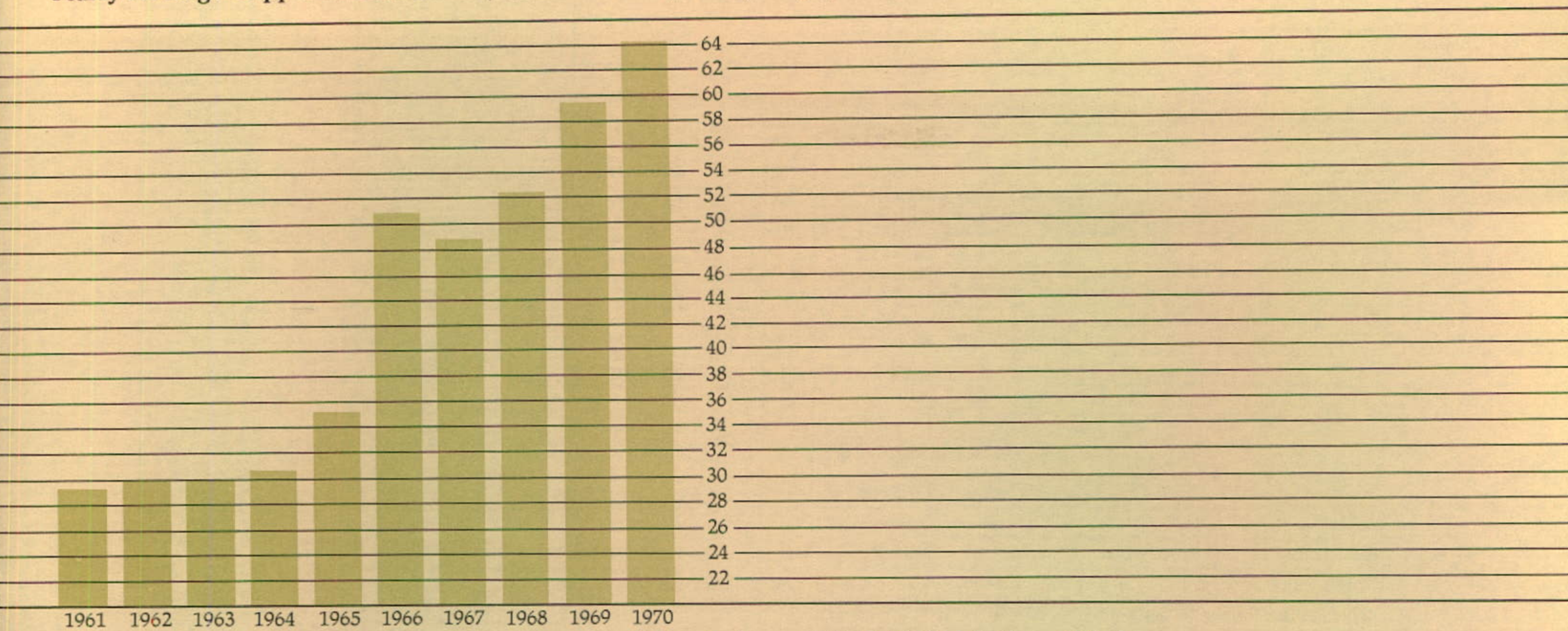
Endako Mines Limited (100% interest)

For its fiscal year ended December 31, 1970, Endako reported net earnings of $7,926,941 equivalent to $1.02 per common share, after provisions of $2,852,583 for depreciation and $6,440,000 for income and mining taxes. This compares with net earnings of $13,725,328 or $1.77 per common share for the previous year.

The sharp decrease in earnings is due mainly to reduced sales with a resultant build up of inventory in the last quarter of the year, resulting from a softening in the molybdenum market. This accounted for a reduction in operating revenue of approximately $3,300,000. The full impact of income tax was also felt during the year, accounting for a further reduction in net earnings of approximately $680,000.

In addition, there was a loss of $749,000 on foreign exchange, due to the freeing by the Government of the Canadian dollar on June 1, 1970. Depreciation charges were higher by $511,000 due to the expenditure for new trucks and an electric shovel for the open pit. This equipment was required to replace original equipment which had lower capacity and higher unit costs.

Yearly Average Copper Prices Per Lb. *(Metals Week export refinery (U.S.¢))*



Cu Yearly Average 1970 L.M.E. Cash Settlement Wirebars

Expenditures during the year on fixed assets amounted to $3,500,000, of which $2,750,000 was for ten 85 ton Electrahaul trucks and one 13 cu. yard electric shovel. An expenditure of $330,000 was made to complete the oxide briquetting plant and $110,000 for additional houses at Fraser Lake.

The balance covered miscellaneous plant additions and equipment.

A total of $9,687,509 or $1.25 per common share was paid in dividends during the year.

During 1970, Endako treated 10,118,000 tons of ore at an average grade of 0.182% MoS_2 to produce 9,435,046 pounds of molybdenum in molybdenite concentrate and 8,804,628 pounds of molybdenum in molybdic oxide.

The average mill throughput was 27,858 tons per operating day, operating at 95.7% of the available time with a recovery of 82.39%.

Mineable ore reserves as of December 31, 1970, using a cutoff grade of 0.08% MoS_2 are as follows:

	Tons	MoS_2
Endako pit		
— proven and probable	203,900,000	0.144%
— possible	23,000,000	—
Denak pit		
(0.10% cutoff)	5,400,000	0.232%

Although the molybdenum market is weak, consumers over a period of time should require all the molybdenum which Endako can produce and full scale production continues.

Jersey Mine (100% interest)

After 21 years of successful operation, the Jersey Mine in British Columbia's West Kootenay region ceased production in August, 1970. From January 1 to August 4, when the concentrator was shut down, 215,026 tons had been milled. The final shipments of lead and zinc concentrates were made in September and the average prices received for all shipments made during the year were US $0.1623 cents and US $0.1548 cents per pound respectively before smelter deductions. Equipment was salvaged for use in the tungsten operation.

Canex Tungsten Mine (100% interest)

The tungsten ore bodies located near the Jersey Mine were placed into production in mid-October, 1970. From start-up to the end of 1970, 26,347 tons were milled at an average grade of 0.47% WO_3. During the first month of operation low grade ore was processed as part of the tune-up program, therefore, little concentrate was produced. Subsequent difficulties in the leaching process resulted in it being necessary to undertake considerable re-treating to bring the initial concentrate up to specifications. By year-end most of these problems had been resolved, and mill throughput was averaging 430 tons per day.

Exploration results continued to be encouraging and a zone of higher than average grade tungsten was outlined during the last quarter of 1970. This area is being developed and should be producing by March, 1971. At year-end, total unbroken and broken ore reserves were 480,000 tons grading 0.65% WO_3.

Production is being sold at world market prices.

Gibraltar Mines Ltd. (N.P.L.) (62% interest)

An extensive exploration program on the Gibraltar/Pollyanna porphyry copper deposits near Williams Lake, British Columbia, was continued during 1970. This program led to Placer's decision to bring the property into production at a plant capacity of 30,000 tons per day. With the exercising of all exploration options, a commingling of the interests held by Gibraltar Mines Ltd., Duval Corporation and Placer, and the purchase of all but 2% of Duval's interest by Placer, your Company will eventually have a 71% interest in Gibraltar which in turn owns 98% of the property, the balance of 2% being held by Duval Corporation.

The ore reserves are reported at 358,000,000 tons with an average grade of 0.373% copper and 0.016% MoS_2, based on a cutoff grade of 0.25% copper.

Open pit planning has developed a concept of four individual pits rather than one large pit and indicates that 55,000,000 tons of ore grading 0.436% copper will be available for mining during the early years of operations.

The capital cost to place the property in production is estimated at $74,000,000. On behalf of Gibraltar and Duval, Placer has arranged and guaranteed bank loans for this amount with the Canadian Imperial Bank of Commerce and the Bank of Nova Scotia. The terms of the bank agreements provide for repayment to commence not later than March 31, 1973. Repayment will be made on a quarterly basis out of 75% of net cash flow. Minimum quarterly remittances are required in the amount of $2,500,000.

Plant design is proceeding rapidly and general arrangement drawings and concepts have been developed sufficiently to allow the placement of orders for all major concentrating equipment. It is anticipated that construction will begin no later than April 1, 1971, with a production target date of June, 1972.

A sales agreement covering all of the copper concentrate produced until December 31, 1981, has been entered into with Nippon Mining Company Limited. The pricing basis will be the major producers price for delivery of refined copper to Europe, currently the London Metal Exchange cash settlement price for wirebars.

Craigmont Mines Limited (44.59% interest)

Copper mining operations continued normally during the year and Craigmont remains in a strong financial position.

Mine development continued well in advance of production requirements. The ore body, located near Merritt in British Columbia, is a steeply dipping chalcopyrite-magnetite-hematite formation. It is being successfully mined by Craigmont's sub-level caving method which has resulted in a 95% recovery of metal contained in the ore broken at a 20% or less dilution factor.

Craigmont's fiscal year ended October 31, 1970. Net earnings were $5,289,317, equivalent to $1.04 per share, after provisions of $2,070,778 for depreciation and depletion, and $4,122,904 for income and mining taxes. This compares with net earnings of $6,283,668 or $1.24 per share for the previous year.

A total of $6,346,594 or $1.25 per share was paid out in dividends during the fiscal year.

Net earnings during 1970, while affected by reduced concentrate production resulting from the treating of a slightly lower grade, harder ore which reduced mill throughput and recovery, were adversely affected by continued rising operating costs, and the losses in foreign exchange caused by the revaluation of the Canadian dollar on June 1, 1970. These factors were offset to some extent by higher world prices for copper.

Mill throughput totalled 1,795,750 tons with an average grade of 1.01% copper, compared to 1,813,163 tons at 1.06% in 1969. Total production amounted to 33,448,400 pounds of copper in concentrate compared to 35,724,200 pounds in the previous year.
The magnetite iron recovery circuit produced 17,331 tons of a special high-grade concentrate which is sold as a reagent to coal washing plants using heavy media separation processes. Studies are being conducted to explore the feasibility of increasing iron recovery to meet potentially increasing demands for this special product.

All concentrate continued to be shipped to Japan under contract, and the average price received for the year before smelter deductions was US $0.6609 per pound.

As at November 1, 1970, mineable ore reserves were reported at 14,307,626 tons with an average grade of 1.85% copper.

Mattagami Lake Mines Limited (N.P.L.) (27.21% interest)

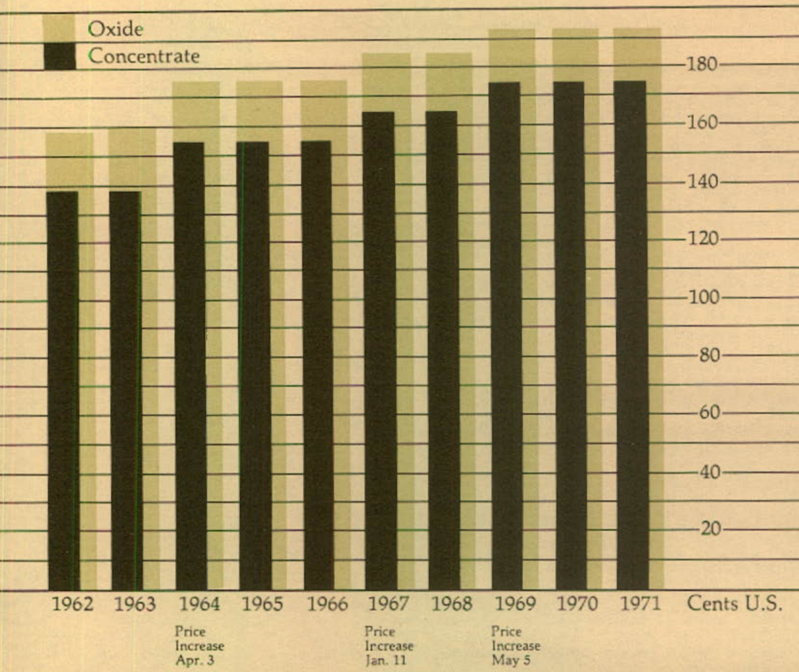
Operations at Mattagami Lake Mines Limited were normal throughout the year. Mattagami reported net earnings of $7,912,000 for its fiscal year ended December 31, 1970, compared with $9,094,700 for the previous year, equivalent to $1.20 and $1.38 per share respectively. Dividends paid during 1970 were $1.50 per share, the same as in 1969.

The concentrator treated 1,430,864 tons of ore grading 9.1% zinc and 0.59% copper. The output during fiscal 1970 totalled 221,739 tons of zinc concentrate and 30,990 tons of copper concentrate. At year-end, ore reserves were 16,696,000 tons averaging 9.2% zinc and 0.66% copper.

In September, 1970, a new operating company, Mattabi Mines Limited, was formed to bring the Sturgeon Lake property into production at a milling rate of 3,000 tons per day at a capital cost of $40,000,000, scheduled to be in production by June, 1972. Mattabi is owned 60% by Mattagami and 40% by Abitibi Paper Company Ltd.

At December 31, 1970, ore reserves totalled 12,866,000 tons grading 0.007 ounces of gold and 3.13 ounces of silver per ton, 7.60% zinc, 0.91% copper and 0.84% lead. Of the total ore reserves, 8,236,000 tons of better than average grade ore are amenable to the open pit mining method. Diamond drilling continued throughout the year to outline and extend ore reserves in this area of high potential.

Yearly Average Molybdenum Price Per Lb. *(Source: Canadian Minerals Year Book)*



Cortez Gold Mines (28.33% interest)

American Exploration & Mining Co. is the managing joint venturer of this open pit gold mine, located in Nevada which commenced production in January, 1969. All bullion is being sold through Engelhard Industries of Newark, New Jersey. The average price received during 1970 was US $36.50 per ounce.

Net earnings for 1970 amounted to US $2,871,000 after provision of US $1,684,000 for depreciation and amortization. This compares with net earnings of US $2,599,000 in 1969.

The cyanide plant treated 743,860 tons of ore to produce 209,080 ounces of gold and realized an 87% recovery. Mill throughput was increased from 1,750 tons per day to 2,000 tons per day.

Ore reserves at January 1, 1971 were 1,926,000 tons grading 0.239 ounces gold per ton. Exploration for additional ore adjacent to the Cortez workings continues. It is estimated that a lower grade of ore will be milled during 1971 resulting in a significant decrease in earnings.

PHILIPPINES

Marcopper Mining Corporation (40% interest)

For its first full year of operation, Marcopper reported net earnings of 94,272,411 pesos or 7.50 pesos per share after provisions of 15,593,677 pesos for depletion, depreciation and amortization, and 22,920,943 pesos for income tax. As a result of a devaluation of the peso in February, 1970, Marcopper incurred an actual loss on foreign exchange of 15,430,574 pesos on its U.S. dollar obligations paid during the year. At December 31, 1970, the outstanding U.S. dollar obligations, originally obtained and recorded at the exchange rate of 3.90 pesos to US $1.00, were restated at an arbitrary floating exchange rate of 6.40 pesos to US $1.00. The total estimated loss on foreign exchange arising from this restatement in values amounted to 59,136,185 pesos which was charged to a deferred asset account, and will be amortized over the remaining period that the dollar obligations are expected to be liquidated. The Central Bank's guiding floating exchange rate as at December 31, 1970, was 6.40 pesos to US $1.00.

During the early part of 1970, Marcopper increased its bank loan by US $2,000,000 to bring total loans from the consortium of U.S. banks to US $42,000,000. The additional borrowing was found necessary to assure adequate initial working capital. At the end of the year US $22,000,000 of the total loan had been repaid leaving a balance of US $20,000,000.

The mine operated satisfactorily during the year, and adequately supplied the concentrator requirements. A total of 5,508,459 short dry tons were milled at an average grade of 0.785% total copper. Concentrate produced amounted to 143,878 short dry tons with an average grade of 25.03% copper, 0.27 ounces gold and 1.18 ounces silver per ton. Total metal production was as follows:

Pounds of copper:	
By concentrator	72,023,580
By leaching	3,556,395
	75,579,975
Ounces gold	39,142
Ounces silver	169,206

All concentrate was sold to Nippon Mining Company Limited and the average price received before smelter deductions was US $0.6437 per pound.

Ore reserve figures published at commencement of mining were 85,700,000 tons grading 0.75% copper using a cutoff grade of 0.40% copper. This ore reserve was calculated in 1967 and a computer study is presently underway to compile a new estimate of mineable ore reserves incorporating all new data obtained to date. At the time of writing, these results are not available.

AUSTRALIAN OPERATIONS (50% interest)

All of your Company's operations in Australia are carried out by Placer Exploration Limited, which is owned equally by Placer Development Limited and Kaiser Aluminum & Chemical Corporation.

The Australian operations generate a substantial portion of the funds spent on exploration in that area. In 1970, exploration expenditures totalled approximately $1,800,000.

Fox Manufacturing Company

This company manufactures a diversified range of mining equipment including exhaust fans, conveyor equipment, drilling equipment, miscellaneous mining equipment and mobile equipment.

Equipment orders received during 1970 totalled A $9,500,000. The principal order in this total was for conveyor equipment for the Bougainville copper project in the amount of A $3,045,000, but disregarding this contract the total value of orders received was 25% greater than in 1969.

Receipt of this contract was a major breakthrough for the company. It established Fox as an acceptable supplier of conveyor equipment to the metalliferous mining industry, whereas previously the company was almost entirely serving the coal mining industry.

Plywood Manufacturing

A strong up-turn during 1970 resulted in total sales of A $3,300,000 for the plywood division. During the last quarter, building activity regained impetus after a slight decline during the June to September period, brought about by a credit squeeze. Improved sales are expected during 1971.

In the first half of 1970 the assets of two veneer and sawmill companies in North Queensland were purchased. New plant and equipment capable of producing rotary veneers will be installed during 1971 and veneer supplies will become available for sale and for use in the plymill at Sydney.

Molybond Laboratories

The Molybond operation produces industrial lubricants using concentrated molybdenite as a basic raw material. During 1970, total sales were A $539,000, a 35% increase over 1969 sales. The recently perfected technique for producing colloidal concentrates is being utilized.

Northern Cattle Co. Pty. Ltd. (25% interest)

The operations of Northern Cattle Co. Pty. Ltd. owned jointly by Placer Exploration Limited and the Australian Mutual Provident Society, were affected by drought conditions during 1970. At year-end, stock numbers totalled 58,020 head, compared with 51,900 head at the end of 1969.

Beef prices in the United States, the principal market, are maintaining their high levels.

NEW GUINEA OPERATIONS

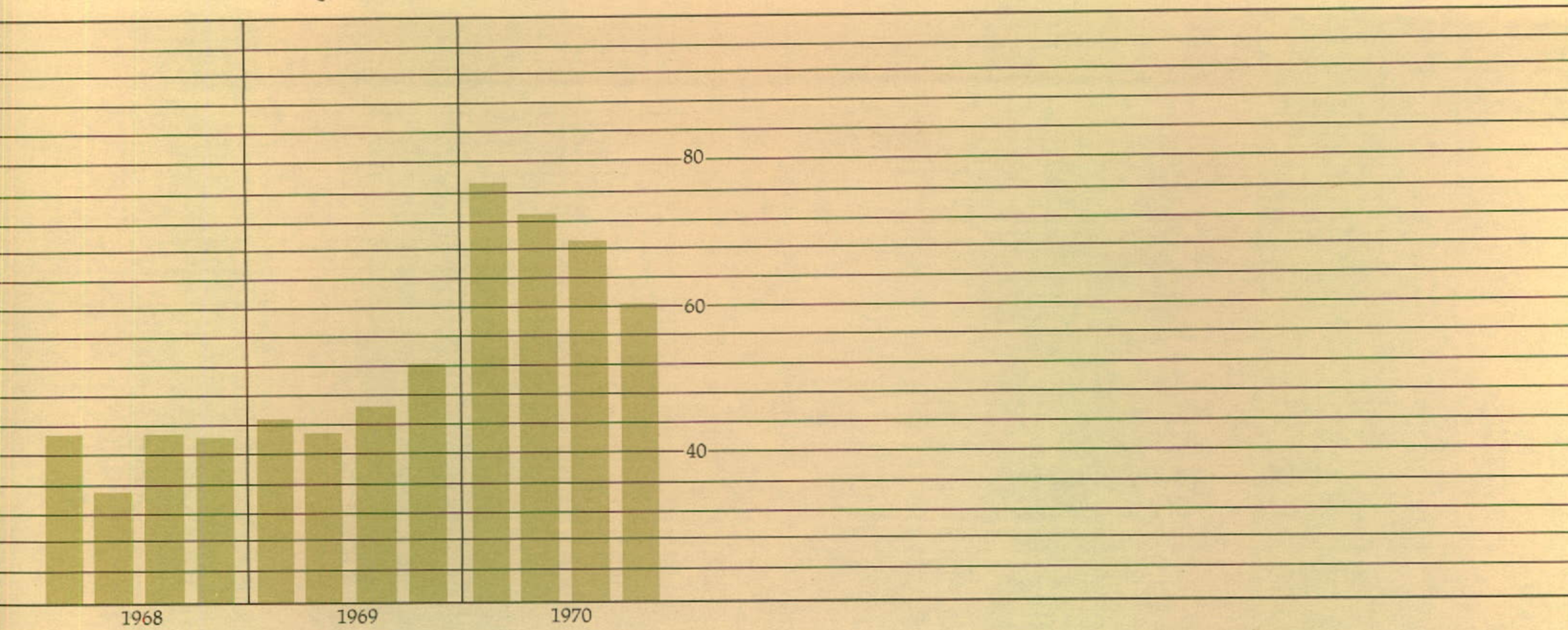
Gold Production (100% interest)

Ore reserves are now virtually exhausted. During the past fiscal year, 1,534 fine ounces of gold were extracted from 486,200 cubic yards of gravel.

South Pacific Timbers (100% interest)

South Pacific Timbers operates in the town of Lae. Production includes veneer which is trucked back to Bulolo for use in the plymill of Commonwealth-New Guinea Timbers with approximately 25% of production shipped to Sydney for use in the plywood division at Smithfield. The sawmill produces dip

London Metal Bulletin Quotations for Tungsten Ore *(Wolframite) Quarterly Average Price*



diffusion treated, rough sawn, hard wood and cabinet timbers which are at present, largely absorbed by the currently buoyant, local market. During 1970, this company achieved increased production. Total sales for the year amounted to A $1,301,000. Prospects for 1971 are excellent, with market demand very strong. Logging production increased during the year as did output from the sawmill and the veneer mill.

Leron Plains (100% interest)

Developments continued successfully at the Leron cattle property in the Markham Valley, near Lae. Stock increased and totalled 7,119, by the end of 1970. At the 24,000 acre Leron property, pasture improvement is continuing on a regular program basis. In addition, negotiations have been re-opened for leasing additional acreage from local tribal owners.

Commonwealth-New Guinea Timbers (49.9% interest)

The market for plywood is very strong in Australia and New Guinea, consequently the plymill at Bulolo plans to increase production to 40,000,000 square feet of Klinkii plywood of 3/16 inches thickness. Production for the year was a record 36,775,209 square feet on the same thickness basis. Sales for the 1969/70 year also reached a new high of 38,877,796 square feet of 3/16 inches plywood; 35% of the output being sold in New Guinea and the remainder in Australia.

In 1970, Placer received a dividend of $478,499 from Commonwealth-New Guinea Timbers, equivalent to $0.08 per Placer share.

Territory Fisheries Pty. Ltd. (51% interest)

A prawn fishing operation has been carried out in the Gulf of Papua on an experimental basis over two seasons to determine if adequate catches could be obtained on an annual basis. Catches have not met criteria for an economic operation and steps are being taken to reduce participation or sell Placer's interest in the project.

Karlander New Guinea Line Ltd. (45% interest)

Karlander's 50% participation in Australian Territory Liner Services Pty. Ltd. has proven to be reasonably successful and has supplied a much needed service to the aluminum projects in which the other partner, Swiss Aluminium Australia Pty. Ltd., is a major participant. As this venture will be some years away from developing a cash flow to Placer, consideration is being given to the disposition of your Company's interest in the entire shipping ventures of Karlander New Guinea Line Ltd. Karlander was originally formed to provide an assured service for the shipping of plywood from New Guinea to the Australian markets. Other shipping can provide an equally effective and competitive service so that the original need no longer applies.

PORTUGAL

Minas De Terramonte Lda. (25% interest)

Placer received a total of $113,262 during the year as repayment of advances and loan interest.

A total of 90,255 metric tons, grading 1.94% lead, 2.07% zinc, and 102 grams silver per metric ton, was treated during the year. Concentrate production amounted to 2,465 metric tons of lead concentrate and 2,660 metric tons of zinc concentrate. All of the concentrate was sold on the European market.

Mining reserves are in the order of 300,000 metric tons given development to a depth of 390 metres, with average grades of 3.5% lead, 3.3% zinc and 168 grams silver per metric ton of undiluted ore. Reserves are usually maintained at about 300,000 tons as the ore is continuous in depth and depleted ore reserves have been augmented in the same volume by each 60 metre level developed.

EXPLORATION

Activities extended to many parts of the world during 1970 as Placer continued a high level of exploration. Although exploration expenditures were concentrated in Canada, your Company was active in the United States, Australia, Mexico and Spain. During the year expenditures on exploration totalled $7,297,937, of which approximately one-half was spent in Canada.

CANADA

Two tungsten prospects in the Yukon Territory have been optioned and exploration programs will be carried out this summer. A coal property in northern British Columbia was explored and further work is planned to assess the potential of this area. In eastern Canada exploration was continued for massive copper/zinc sulphide and copper/nickel deposits in areas which have produced several prospects.

Oil and Gas

Placer participated in the drilling of ten wells in 1970, five of which are located in the Amber River area of Alberta. Two of the latter were prepared as potential gas producers. The Amber tests were largely land-earning wells which have substantially increased Placer's acreage position in the area. Limited oil production has been established in both Amber and South Mitsue areas.

The Burnt Timber sour gas system went on-stream in August, 1970, as scheduled. Placer maintains a 7% working interest in the plant.

UNITED STATES

Placer, through its wholly-owned subsidiary American Exploration & Mining Co., was active in most of the western United States and Alaska. To expedite on-site evaluations, regional offices were opened in Alaska, Arizona, Washington and Nevada.

AUSTRALIA

Placer Exploration Limited, 50% owned, carried out exploration programs in Queensland, New Britain and Western Australia during 1970.

Work continued on the Lady Annie project in northern Queensland, in which Placer Exploration can earn a 70% interest. To date, 6,600,000 tons of proven and probable ore grading 1.44% copper have been defined.

In addition, on a bedded lead/zinc/silver zone, two drill sections 1,600 feet apart have intersected mineralization about 1,000 feet below the surface. One drill hole on the southern section returned 11 feet which assayed 6.52% lead, 8.24% zinc and 0.2 ounces silver per ton. A drill hole on the northern section returned 172 feet assaying 8.02% lead, 12.7% zinc and 2.77 ounces silver per ton. The true width of this intersection has yet to be determined. Application has been made for mining leases in respect of the areas immediately to the east of the lease on which the above holes were drilled and into which this mineralization may lie or extend. These applications are at this time the subject of a dispute as to ownership and the hearings in the applicable courts may not be heard for several months.

In Western Australia, exploration is being carried out on two nickel-bearing areas. Sulphide mineralization grading approximately 1% nickel has been encountered on one property; however, the potential has yet to be established.

MEXICO

Placer Mexicana S.A. de C.V., a mining company formed by Placer Development and Banco de Comercio S.A., continued to explore geologically interesting copper, gold, silver, lead and zinc showings. Negotiations are continuing for the acquisition of several promising prospects. Placer's participation in this company is 49%, the maximum allowable under Mexican law.

SPAIN

The exploration program in the foothills of the Pyrenees and Carratraca diamond venture in Spain were both terminated during the year. A new company, 45% owned by Placer, has been formed to carry out general exploration in Spain.

ITALY AND SICILY

A seismic survey was completed on three Adriatic offshore permits, in which Placer holds a 50% interest. Two of the permits contain structures indicated by seismic work, but the third is of no interest. On one of these permits seismic information has been interchanged with a major oil company which holds an adjoining permit. Joint studies are under way to determine the possibility of a drilling target.

ARGENTINA

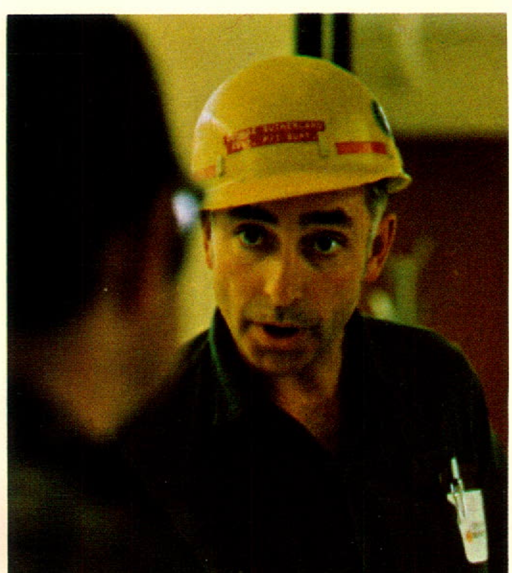
In 1970, a joint venture was entered into to carry out exploration in Argentina on potential copper-bearing areas.

"The policy of Placer Development Limited is to develop the abilities of its personnel to the maximum extent possible and to give them the opportunity to utilize their talents to the best advantage of employee and company. Generally it is preferable to develop and promote persons inside the organization. This involves the development of personnel in all operations of the Placer Group of Companies throughout the world and of utilizing and developing the available talent. Essentially it is policy to place the most qualified individual in available positions. Placer offers the opportunity for personnel to grow and develop both nationally and internationally. Race or country of origin is not a bar to ability to function effectively in the company. In fact, multi-nationality in the sense of attaining the most qualified and effective personnel regardless of origin, contributes to the strength of the company and opportunities of all individuals."

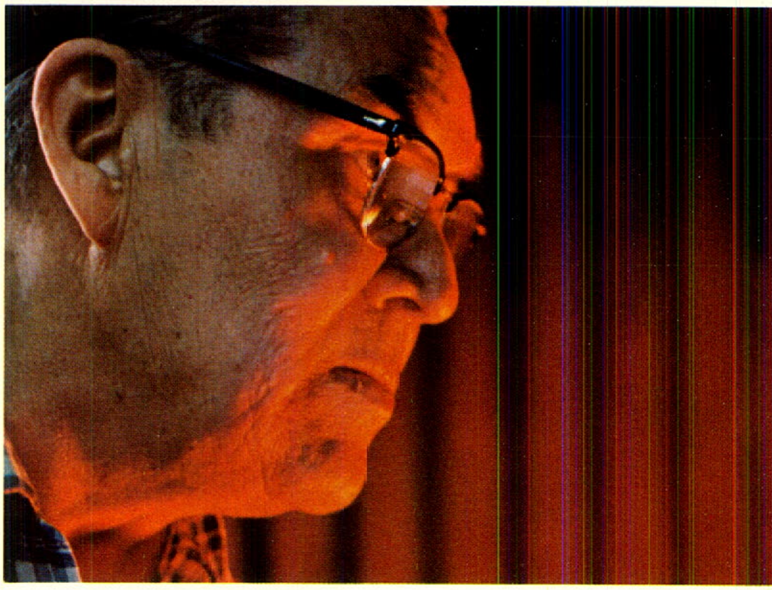
(excerpt from Company manual on Personnel and Industrial Relations Policies)

PLACER IS PEOPLE: Its continuing great success springs from the expertise and spirit of employees in a score of countries. From the start of Placer, they have pooled their abilities and extended their capacities. Today these individuals create the strength and growth of the Placer group of companies. To these people Placer dedicates the following pictorial essay in appreciation of everyone's contribution to the past and dedication to the future.

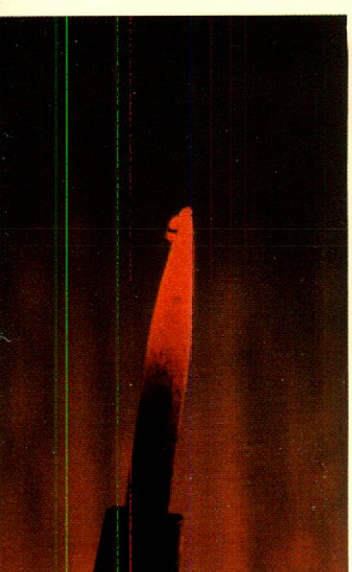
People are the lifeblood of Placer Development Limited. Whether deep in mines, or at shaft heads,

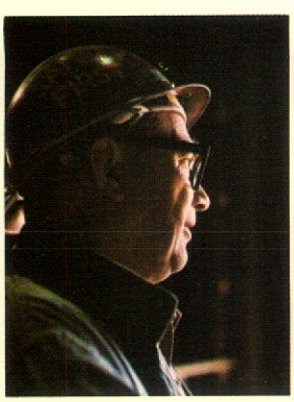


at the forge or in the tool shop, their character has been responsible for Placer's vibrant, unique nature.



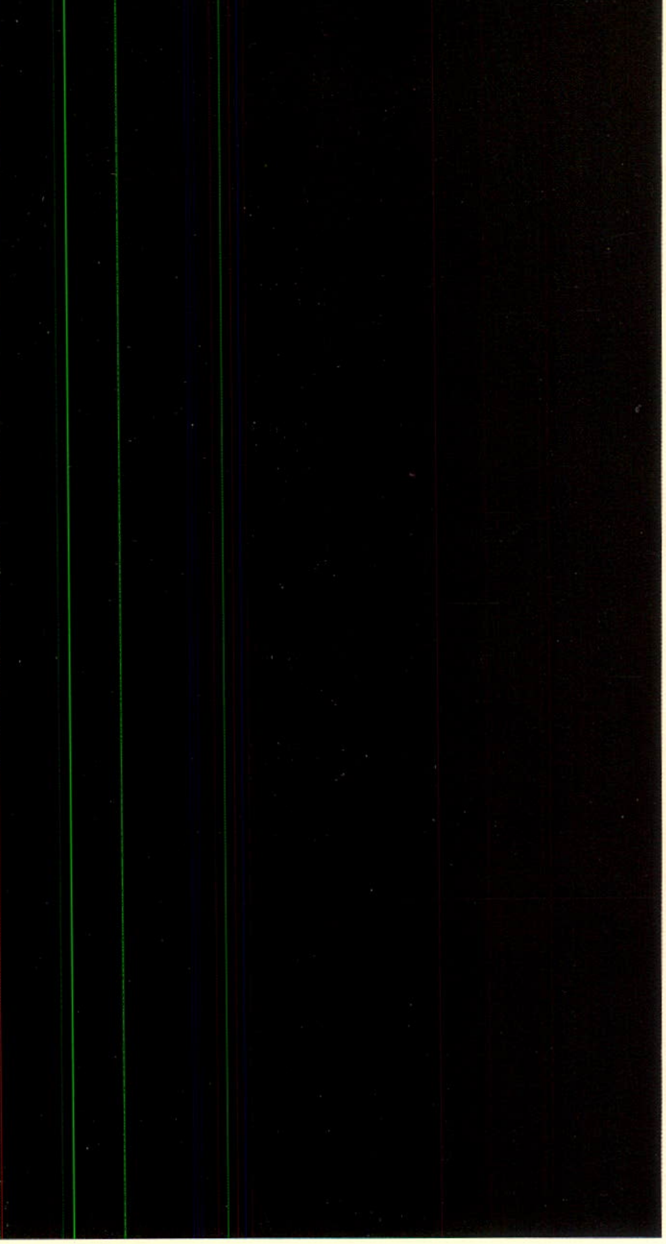
Their skills vary, as do their personalities. They know what they are doing; they do it with enthusiastic energy.

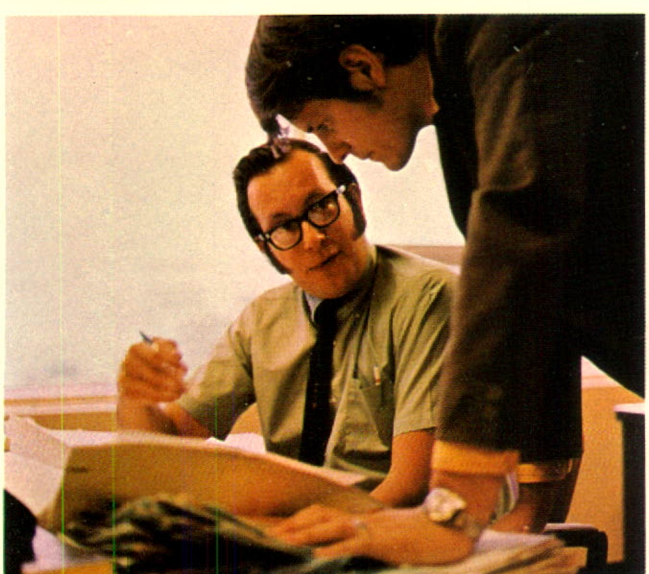




Placer people are typists, geologists, miners . . . they are workers with skills!

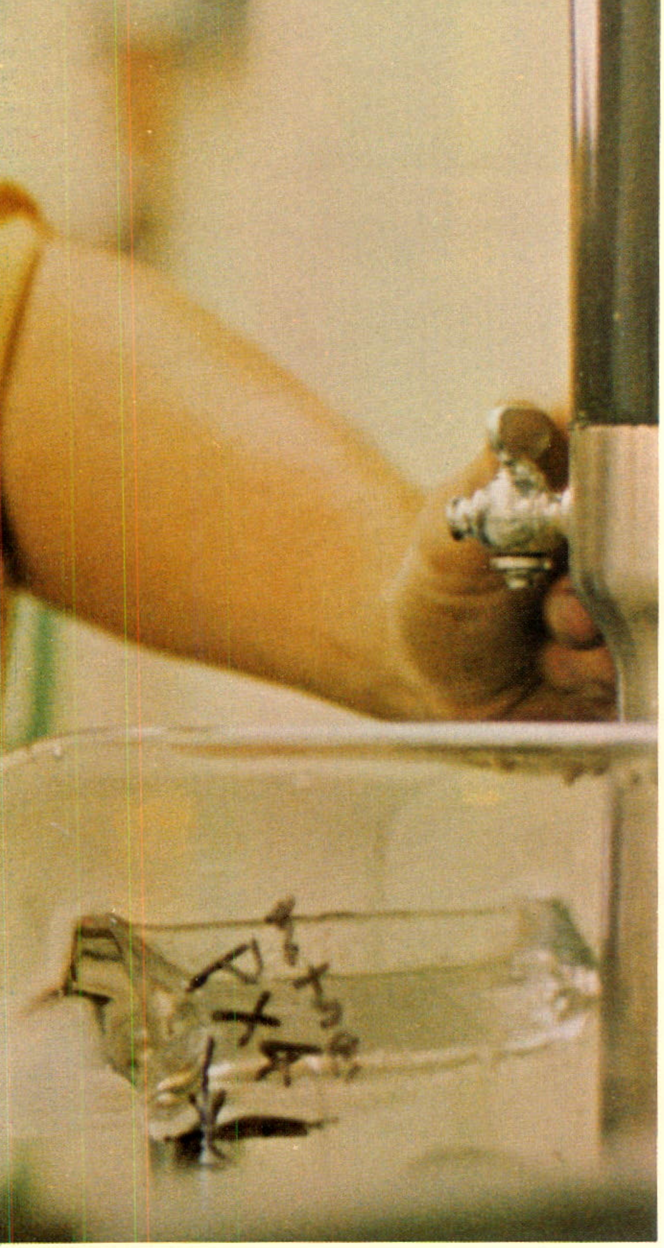
They know their responsibilities. They know their equipment. Alone, or together, they are the life of Placer.

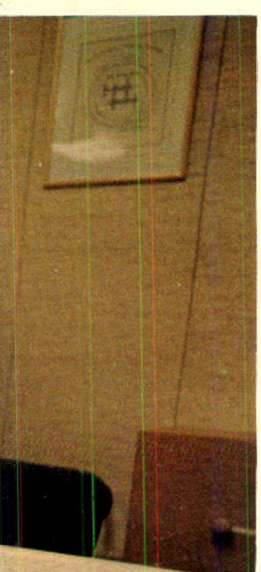


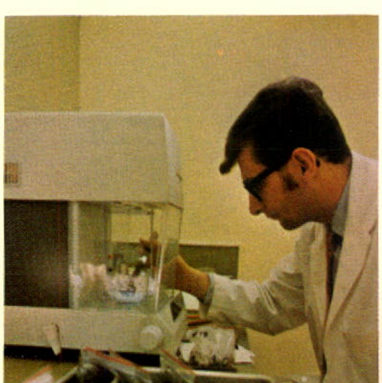


At mine site, or head office, they make up the team getting the job done.

These Placer people have answers. Yet they search for better ones, new ones.

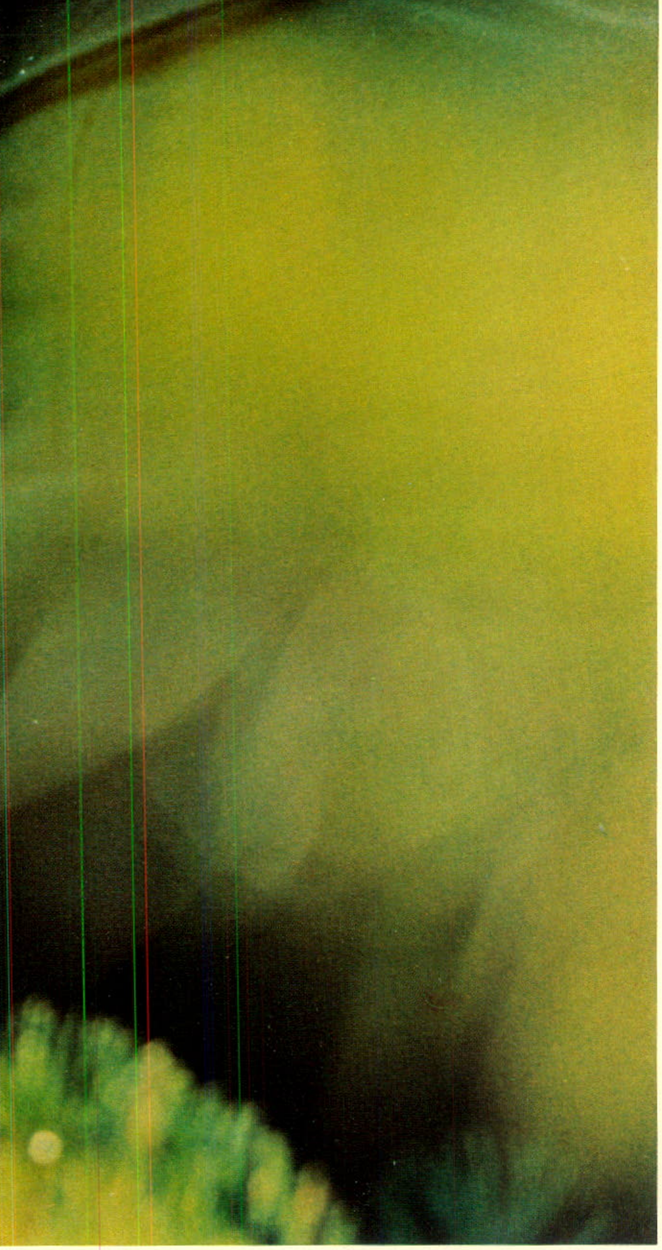


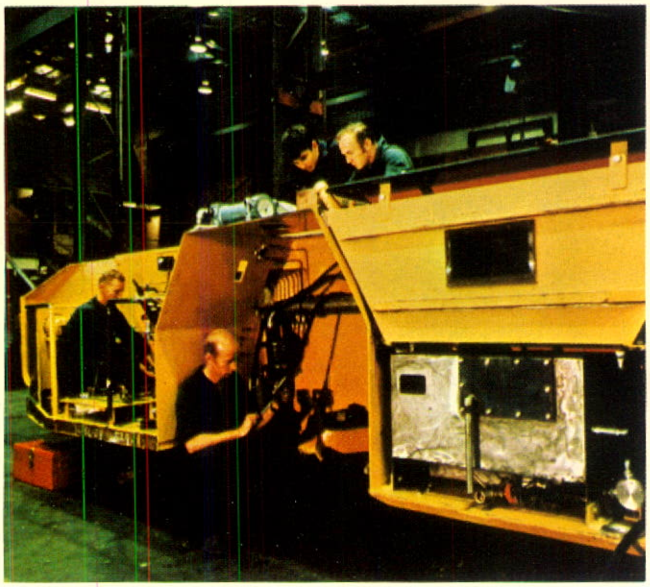




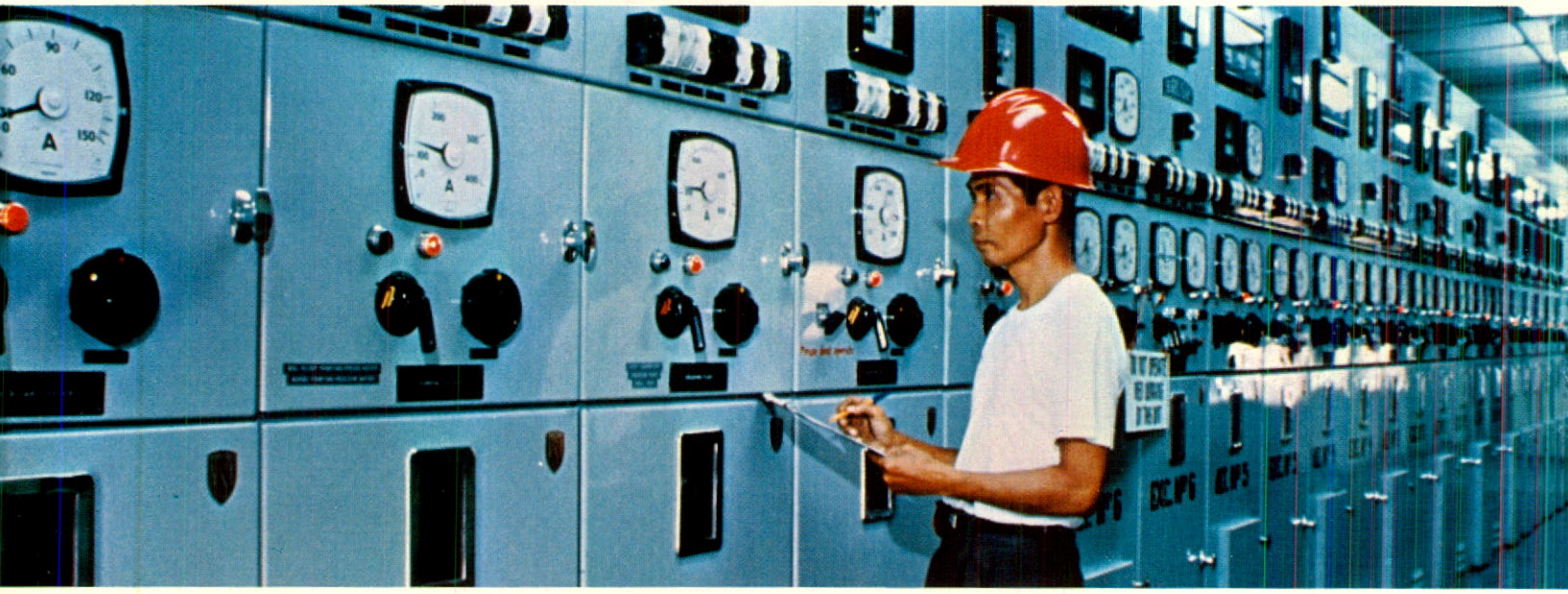
Evaluating resources, planning development, bringing in a new mine; they know what to look for — and where.

Internationally, Placer people strive together. They have their work, their hobbies.



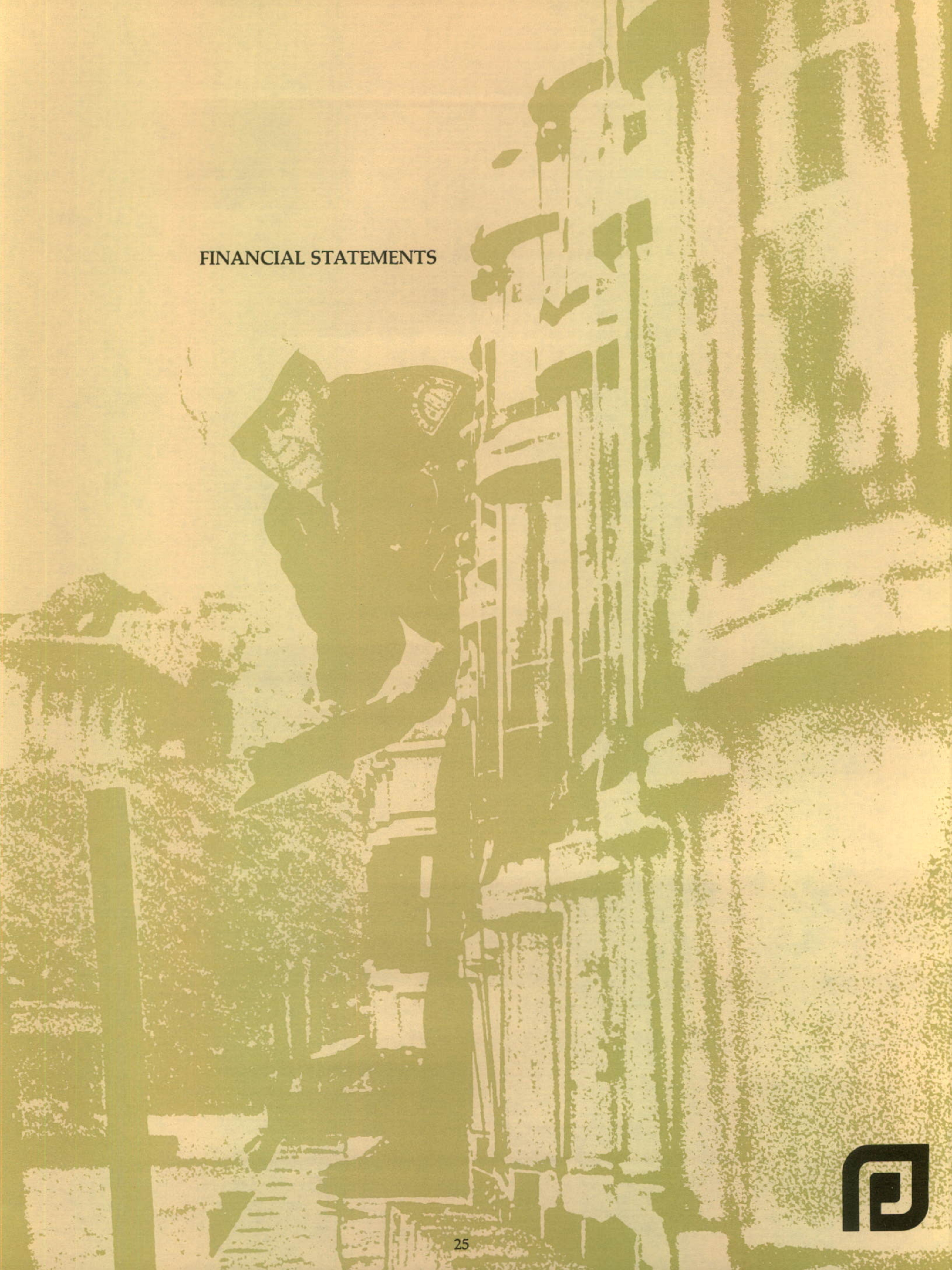


From tropical jungles to sweeping ranches, from offices to mines. Diverse people in a world-ranging company.



They are more than adventuresome, pioneering and knowledgeable. They are Placer Development Limited.

FINANCIAL STATEMENTS



9-Year Summary of Operating Results

(stated in 000's)

	1970	1969
Net operating income	$ 15,291	20,632
Investment income	9,933	8,488
	25,224	29,120
Depreciation and depletion	3,975	3,582
Preproduction and development expenses	—	—
Exploration expenses	7,298	7,243
Taxes on income	6,750	5,794
	18,023	16,619
Net Earnings	$ 7,201	12,501
Per Share	$ 1.20	2.11
Shares Outstanding (net)	5,979,955	5,938,371

Consolidated Statement of Earnings and Retained Earnings *For the Year Ended December 31, 1970*

	1970	1969*
Revenue:		
Sales (Note 2)	$32,781,397	$42,332,763
Income from investments (Note 8)	6,848,688	6,740,996
Interest earned and other income	3,084,384	1,747,006
	42,714,469	50,820,765
Expense:		
Cost of sales (Note 6)	17,425,451	22,343,928
Selling, general and administrative expenses	2,975,275	2,677,331
Exploration (Note 7)	7,297,937	7,242,922
Interest on long term debt	199,316	261,129
Loss on foreign exchange (Note 1)	865,257	—
	28,763,236	32,525,310
Earnings before income taxes	13,951,233	18,295,455
Income taxes (Note 8):		
Current	5,272,521	4,653,325
Deferred	1,477,601	1,141,057
	6,750,122	5,794,382
Net earnings for the year — $1.20 per share (1969 — $2.11)	7,201,111	12,501,073
Retained earnings at beginning of year	64,694,234	59,223,551
	71,895,345	71,724,624
Deduct —		
Dividends paid	8,088,759	7,030,390
Retained earnings at end of year	$63,806,586	$64,694,234

**Restated for comparative purposes*

		8 Months to December 31		Year ended April 30			
1968	1967	1966	1966	1965	1964	1963	
12,828	14,892	10,548	11,597	1,165	1,293	5,854	
6,538	9,143	2,078	1,303	3,143	2,783	1,155	
19,366	24,035	12,626	12,900	9,308	9,076	7,009	
3,579	3,405	1,974	2,270	2,145	2,236	2,145	
696	1,194	795	897	—	—	—	
5,348	5,131	2,285	2,255	1,101	936	803	
434	543	73	168	1,218	1,229	1,142	
10,057	10,273	5,127	5,590	4,464	4,401	4,090	
9,309	13,762	7,499	7,310	4,844	4,675	2,919	
1.57	2.32	1.27	1.27	0.93	0.89	0.56	
5,934,571	5,933,771	5,904,871	5,761,378	5,217,437	5,229,019	5,204,859	

Placer Development Limited / Consolidated Balance Sheet

December 31, 1970

ASSETS	1970	1969
Current Assets:		
Cash, including time deposits	$ 6,639,396	$13,493,324
Marketable securities, at cost (quoted market value $2,230,082)	2,207,332	3,032,754
Accounts receivable	5,842,588	9,826,356
Inventories (Note 2)	7,687,075	5,905,767
Prepaid expenses	160,278	142,274
	22,536,669	32,400,475
Amount Receivable from Sale of Option Rights — (U.S. $9,000,000) (Note 3)	9,655,312	9,655,312
Less — Deferred credit arising therefrom	9,655,312	9,655,312
	—	—
Investments and Other Assets:		
Investment in shares, at cost (Note 4)	10,445,034	10,185,845
Other investments, at equity in underlying net assets (Note 5)	8,536,445	8,244,383
Advances to associated companies, at cost plus accrued interest	2,874,641	3,194,963
Mortgages receivable	606,171	460,598
	22,462,291	22,085,789
Fixed Assets (Note 6):		
Plant, buildings and equipment, at cost	56,068,248	49,854,292
Less — accumulated depreciation	25,120,284	22,617,020
	30,947,964	27,237,272
Mining and other properties, at cost less accumulated depletion of $2,290,445 (1969 — $2,638,646)	8,546,910	4,518,376
	39,494,874	31,755,648
Deferred Charge:		
Preproduction, exploration, and development expenses (Note 7)	6,067,357	3,675,580
	$90,561,191	$89,917,492

LIABILITIES AND SHAREHOLDERS' EQUITY

	1970	1969
Current Liabilities:		
Accounts payable and accrued liabilities	$ 3,271,147	$ 3,147,907
Income taxes payable (Note 8)	936,679	3,446,918
Long-term debt due within one year	606,000	643,688
	4,813,826	7,238,513
Long-term Debt (Note 9)	1,293,000	2,404,974
Deferred Income Taxes (Note 8)	2,676,945	1,203,888
Minority Interests in Subsidiaries	2,294,673	367,356
Shareholders' Equity:		
Share capital (Note 10)	6,903,102	6,161,465
Contributed surplus (Note 11)	8,773,059	7,847,062
Retained earnings (Note 13)	63,806,586	64,694,234
	79,482,747	78,702,761
Contingent Liabilities and Commitments (Note 13)		
	$90,561,191	$89,917,492

Approved on behalf of the Board:

J. D. Simpson, *Director*
T. H. McClelland, *Director*

Consolidated Statement of Source and Application of Working Capital

For the Year Ended December 31, 1970

	1970	1969*
Source:		
Net earnings	$ 7,201,111	$12,501,073
Add —		
Depreciation, depletion, deferred income taxes and other charges (net) to operations not involving an outlay of working capital	6,365,103	4,864,378
Total from operations	13,566,214	17,365,451
Employee share options exercised	34,320	80,791
Increase in minority interests in subsidiaries	1,927,317	—
Adjustment to share capital and contributed surplus (Note 11)	1,633,314	—
	17,161,165	17,446,242
Application:		
Dividends	8,088,759	7,030,389
Net additions to fixed assets	11,714,365	3,996,252
Investments and other assets	1,288,865	1,965,444
Preproduction, exploration and development expenses	2,391,771	(356,694)
Long-term debt	1,111,974	(163,774)
Other items — net	4,550	(157,629)
	24,600,284	12,313,988
(Decrease) increase in working capital	(7,439,119)	5,132,254
Working capital at beginning of year	25,161,962	20,029,708
Working capital at end of year	$17,722,843	$25,161,962

**Restated for comparative purposes*

Notes to Consolidated Financial Statements
December 31 1970

Note 1. *Basis and principles of consolidation:*

At extraordinary general meetings of the shareholders of Placer Development Limited and Endako Mines Ltd. (N.P.L.) approval was given to the amalgamation of the companies under the name of Placer Development Limited, pursuant to the Companies Act of the Province of British Columbia. The amalgamation was subsequently approved by the Supreme Court of British Columbia and the amalgamated company commenced operations on February 22 1971.

The amalgamation resulted in a distribution of shares of the amalgamated company (after cancelling 6,421,005 of the former shares of Endako held by Placer) on the following basis:

1 share of the amalgamated company for 1 Placer share outstanding

1 share of the amalgamated company for 2¼ Endako shares outstanding

The amalgamation has been treated as a "pooling of interests" and accordingly has been given retroactive effect in the financial statements for the years ended December 31 1969 and 1970.

The consolidated financial statements include the financial statements of the company and all of its subsidiaries, including Gibraltar Mines Ltd. (N.P.L.) which became a subsidiary in the current year.

For purposes of inclusion in the financial statements, accounts prepared in foreign currencies have been restated in Canadian dollars. Current assets and current liabilities have been translated at year-end rates, other assets and liabilities substantially at the rates at the dates of the relevant transactions and amounts (other than depreciation and depletion) appearing in the consolidated statement of earnings at average rates of exchange for the year. The net loss resulting from the translation of foreign currencies which is included in the statement of earnings, arises substantially from the freeing of the Canadian dollar from exchange controls in June 1970.

Note 2. *Inventories:*

Concentrates for which firm sales contracts have been made and the livestock inventory are valued at net realizable value. The net increase or decrease of such concentrate inventories has been reflected in sales.

Concentrates for which firm sales contracts have not been made and manufactured products are valued at the lower of cost or net realizable value. Raw materials, work in progress, and operating materials and supplies are valued at the lower of cost or replacement cost.

Inventories as at December 31 1970 and 1969 comprise the following:—

	1970	*1969*
At net realizable value	$1,068,379	$2,611,992
At the lower of cost or net realizable value	4,133,840	1,047,314
At the lower of cost or replacement cost	2,484,856	2,246,461
	$7,687,075	$5,905,767

Note 3. *Amount receivable from sale of option rights:*

This amount arose from the sale of option rights in a prior year and is to be paid to a wholly-owned subsidiary in amounts equal to 90% of dividends received by the purchasers on the shares acquired. The deferred credit arising from the sale of the option rights will be taken into income in future years as the cash is received from the purchasers.

Note 4. *Investment in shares:*

Investment in shares at December 31 1970 comprises the following:—

With quoted market value —	*Cost*	*Quoted market value*
Craigmont Mines Limited — 2,264,050 common shares of 50¢ each	$ 1,413,432	$20,942,463
Mattagami Lake Mines Limited (N.P.L.) — 1,796,076 shares of $1 each	5,634,218	43,105,824
Other	133,899	38,999
	7,181,549	$64,087,286
Without quoted market value —		
Marcopper Mining Corporation — 5,028,571 shares	1,008,555	
Commonwealth-New Guinea Timbers Limited — 749,999 shares of $A2 each	1,679,998	
Other	574,932	
	3,263,485	
	$10,445,034	

The following dividends were received during the year by Placer from its investments:—

Mattagami Lake Mines Limited (N.P.L.)	$2,694,114
Craigmont Mines Limited	2,830,062
Commonwealth-New Guinea Timbers Limited	478,499
	$6,002,675

Note 5. *Other investments:*

Other investments recorded at equity in underlying net assets represent:—

Placer Exploration Limited — 50% owned	$6,114,163
Cortez Gold Mines — 28.33% owned	2,422,282
	$8,536,445

Placer's share of earnings (loss) in these investments comprise:

Cortez Gold Mines — credited to income from investments	$ 846,013
Placer Exploration Limited — charged to exploration expense	(1,758,376)
	($ 912,363)

Note 6. *Fixed assets:*

The total cost and accumulated depreciation and depletion of fixed assets at December 31 1970 are as follows:—

	Cost	*Accumulated depreciation and depletion*
Plant, buildings and equipment —		
Buildings and equipment	$42,056,810	$20,132,961
Mobile equipment	7,770,668	4,047,643
Projects in progress	4,101,941	78,928
Shipping vessels	483,084	87,345
Roads	1,057,889	565,646
Leasehold improvements	597,856	207,761
	56,068,248	25,120,284
Mining and other properties	10,837,355	2,290,445
	$66,905,603	$27,410,729

Total depreciation and depletion expense for the 1970 year of $3,765,568 and $209,571 respectively are included in cost of sales in the statement of earnings. Corresponding amounts for the 1969 year are $3,342,066 and $239,783.

Note 7. *Deferred charge:*

The company presently follows the practice in its consolidated financial statements of charging current exploration expenditures against earnings for the year, except where the expenditures relate to an indicated presence of economically recoverable reserves.

Included in the preproduction, exploration and development expenditures deferred at December 31 1970 is $3,853,039 which relates to properties presently being equipped for production and which will be written off against earnings on an ore extraction basis commencing on the dates of production of the relative properties.

Note 8. *Income taxes:*

It is the company's practice to record income taxes on the tax allocation basis recommended by The Canadian Institute of Chartered Accountants. Accordingly deferred income taxes of $2,676,945 have been recorded at December 31 1970. Certain of the company's subsidiaries, moreover, have exploration expenses and other allowances of approximately $9,000,000 which have been written off against earnings in prior years but may be available under certain circumstances to reduce taxable income in future years and are not recorded as a reduction of deferred income taxes.

In 1970 income taxes for Endako Mines Ltd. (N.P.L.), were exigible for the entire year whereas in 1969 income taxes of that company were reduced for the first portion of the year by various tax allowances which were not claimed during its tax-free period.

Note 9. *Long-term debt:*

Long-term debt represents:—

Notes payable to banks bearing interest at 3/4% above the New York prime rate and payable as to principal in quarterly instalments of U.S. $150,000	$1,899,000
Portion due within one year	606,000
	$1,293,000

Note 10. *Share capital and stock option plan:*

The number of issued shares of the amalgamated company is calculated as follows:—

	Placer Development Limited	*Endako Mines Ltd. (N.P.L.)*
Number of issued shares at December 31 1970	5,395,426*	7,750,007
Less —		
Number of shares in Endako Mines Ltd. (N.P.L.) owned by Placer Development Limited cancelled on amalgamation	—	6,421,005
Number of issued shares to be converted	5,395,426	1,329,002
Conversion ratio	1:1 new	2¼:1 new
Number of issued shares as converted	5,395,426	590,668
Number of issued shares of Amalgamated Company	5,986,094*	

*Includes 6,139 shares (1969 — 59,139 shares) held by a subsidiary company.

The authorized share capital of the amalgamated company is:—

10,000,000 common shares without nominal or par value
92,000 exchangeable common shares without nominal or par value

Under the employee stock option plan, the following transactions took place during the current year:—

	Exchangeable common shares	*Common shares*	*Total*
Options outstanding at December 31 1969	28,800	460	29,260
Options granted*	49,000	—	49,000
	77,800	460	78,260
Deduct —			
Options cancelled*	25,500	—	25,500
Options exercised	1,250	—	1,250
	26,750	—	26,750
Options outstanding at December 31 1970	51,050	460	51,510

*In 1970 25,500 options previously granted at prices ranging from $40.00 to $48.25 per share were cancelled and reissued at $35.07 per share.

Options have a ten-year term and are exercisable as to 20% one year from the date of option and as to 20% in each of the four succeeding years at prices ranging from $13.00 to $35.54 per share.

In addition to the above 51,510 unexercised options at December 31 1970, 21,600 shares were reserved for the granting of future options.

Note 11. *Contributed surplus:*

The sale in 1970 of 53,000 shares of Placer Development Limited formerly held by a subsidiary company gave rise to adjustments of $707,317 to share capital and $925,997 to contributed surplus.

Note 12. *Pension plans:*

The company and its subsidiaries have six contributory plans for employees at December 31 1970, including one plan which was formerly a non-contributory plan. The plans are funded, and company contributions are determined by periodic actuarial computations. The unfunded past service costs at December 31 1970 amount to $ which are being paid over a period of years as recommended by the actuary.

The cost of all pension plans for the year ended December 31 1970 amounts to $284,971.

Note 13. *Contingent liabilities:*

(a) Under the terms of a loan agreement dated April 15 1968, Placer Development Limited and certain of its subsidiaries have guaranteed a bank loan of Marcopper Mining Corporation of which U.S. $20,000,000 is outstanding at December 31 1970. In addition, Placer Development Limited is subject to certain limitations on the payment of dividends, the acquisition of its stock, the creation of additional debt, the merger with other corporations, and the acquisition or sale of its assets. The payment of dividends is limited to the aggregate net earnings of the company and its subsidiaries from December 31 1967. Accordingly, at December 31 1970 retained earnings of $14,018,037 is not restricted as to payment of dividends.

The loan agreement further provides that the company must lodge, as collateral, securities having a value equal to at least 200% of the unpaid principal amount of the loan outstanding. All of the company's holdings in the securities of Canadian Exploration Limited, Placer Management Limited, Craigmont Mines Limited and Marcopper Mining Corporation are pledged as collateral under the loan agreement.

(b) On November 6 1970 the company gave notice of its decision to place the Gibraltar ore body for production and arrangements have been made with two Canadian chartered banks to borrow $74,000,000.

Note 14. *Remuneration of directors and senior officers:*

Aggregate direct remuneration paid during the year ended December 31 1970 by the company and its subsidiaries to directors and senior officers of the company amounted to $493,622.

Auditors' Report

To the Shareholders,
Placer Development Limited:

We have examined the consolidated balance sheet of Placer Development Limited and its subsidiaries as at December 31 1970 and the consolidated statements of earnings and retained earnings and source and application of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For the 1969 year we relied on the reports of the auditors who examined the financial statements of the Australian subsidiaries and of the Sydney and New Guinea branches of the company.

In our opinion these consolidated financial statements, after giving retroactive effect to the amalgamation with Endako Mines Ltd. (N.P.L.) as described in Note 1, present fairly the financial position of the companies as at December 31 1970 and the results of their operations and the source and application of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.
Chartered Accountants

VANCOUVER 5, B.C.
FEBRUARY 26 1971

Placer Development Limited

DIRECTORS

James C. Dudley, New York, U.S.A.,
Private Financial Consultant

Albert E. Gazzard, Vancouver, Canada,
Senior Vice-President

*Thomas H. McClelland, Vancouver, Canada,
President and Chief Executive Officer

*Richard V. Porritt, Toronto, Canada,
Vice-Chairman, Noranda Mines Limited

Alfred Powis, Toronto, Canada,
President and Chief Executive Officer, Noranda Mines Limited

J. Ernest Richardson, Vancouver, Canada,
President and Chief Executive Officer, B.C. Telephone Company

Robert G. Rogers, Vancouver, Canada,
President and Chief Executive Officer, Crown Zellerbach Canada Ltd.

*John D. Simpson, Vancouver, Canada,
Chairman of the Board

Vernon F. Taylor, Jr., Denver, U.S.A.,
President, Westhoma Oil Company

*H. Richard Whittall, Vancouver, Canada,
Partner, Richardson Securities of Canada

OFFICERS

John D. Simpson,
Chairman of the Board

Thomas H. McClelland,
President and Chief Executive Officer

Albert E. Gazzard,
Senior Vice-President

J. Douglas Little,
Executive Vice-President

Ross G. Duthie,
Vice-President, Project Developments

E. J. Eldridge,
Vice-President, Australasian Operations

James L. McPherson,
Vice-President, Finance and Administration

Charles L. Pillar,
Vice-President, Operations

Edgar A. Scholz,
Vice-President, Exploration

James C. Tarbuck,
Treasurer

John M. McConville,
Secretary

Robert A. Watts,
Comptroller

Allan R. Edwards,
Sydney Secretary

OFFICES

Head Office:
700 Burrard Building, Vancouver, Canada

Sydney Office:
Gold Fields House, Sydney Cove, Australia

AUDITORS

Price Waterhouse & Co., *Chartered Accountants*

SOLICITORS

Evans E. Wasson, Q.C., Vancouver, Canada

BANKERS

Canadian Imperial Bank of Commerce
Bank of Nova Scotia
Bank of New South Wales
Brown Brothers Harriman & Co.
Bank of America
First National City Bank
Bankers Trust Company
The Chase Manhattan Bank N.A.

TRANSFER AGENTS AND REGISTRARS

National Trust Company, Limited,
Vancouver and Calgary, Canada

Central Share Registry of Australia Pty. Limited,
Australia

Canada Permanent Trust Company,
Toronto and Montreal, Canada

Registrar and Transfer Company,
Jersey City, N.J., U.S.A.

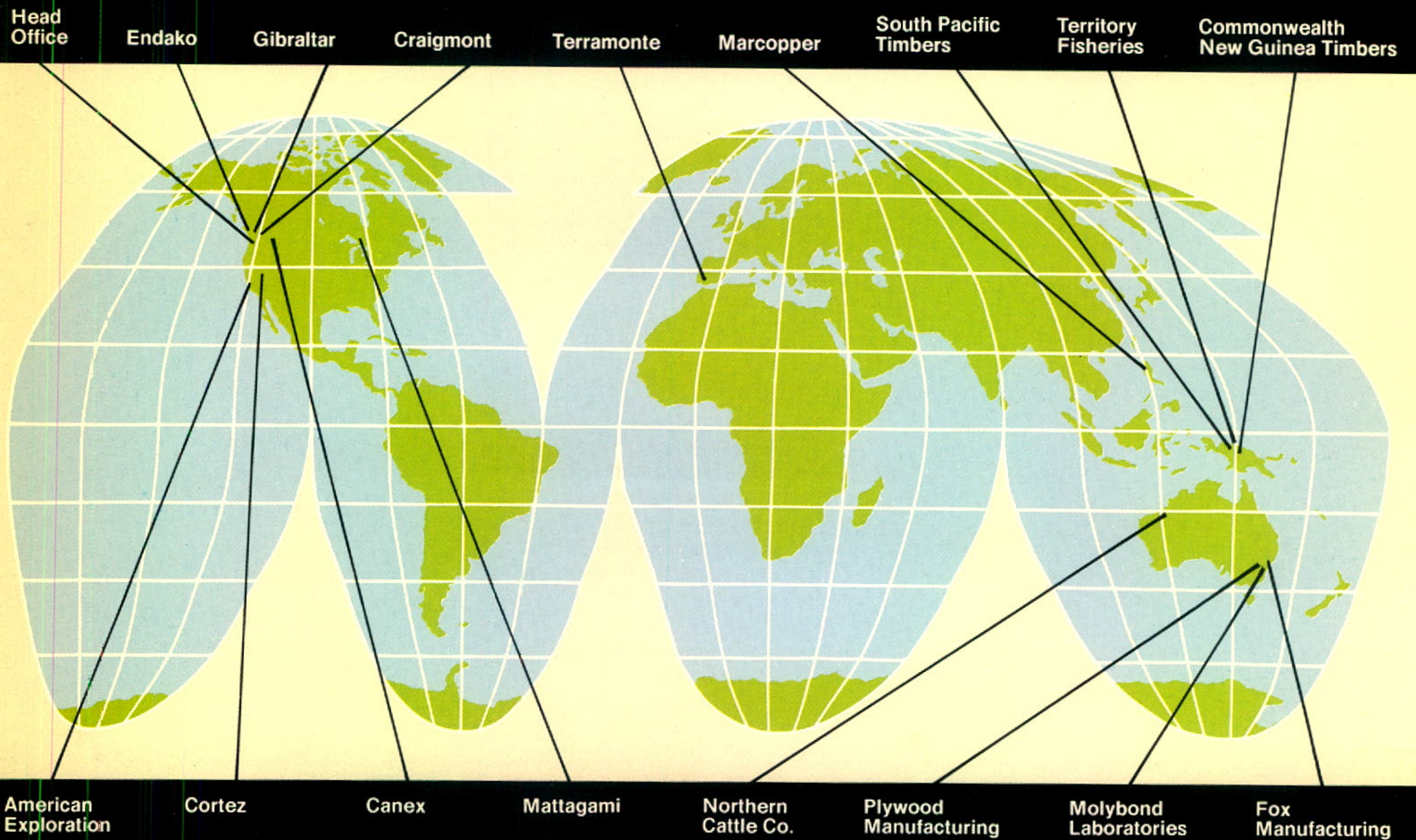
STOCK EXCHANGE LISTINGS

Toronto Stock Exchange
Vancouver Stock Exchange
Montreal Stock Exchange
Sydney Stock Exchange
American Stock Exchange

*Member of Executive Committee

Placer Development Limited

WORLDWIDE INTERESTS . . .



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