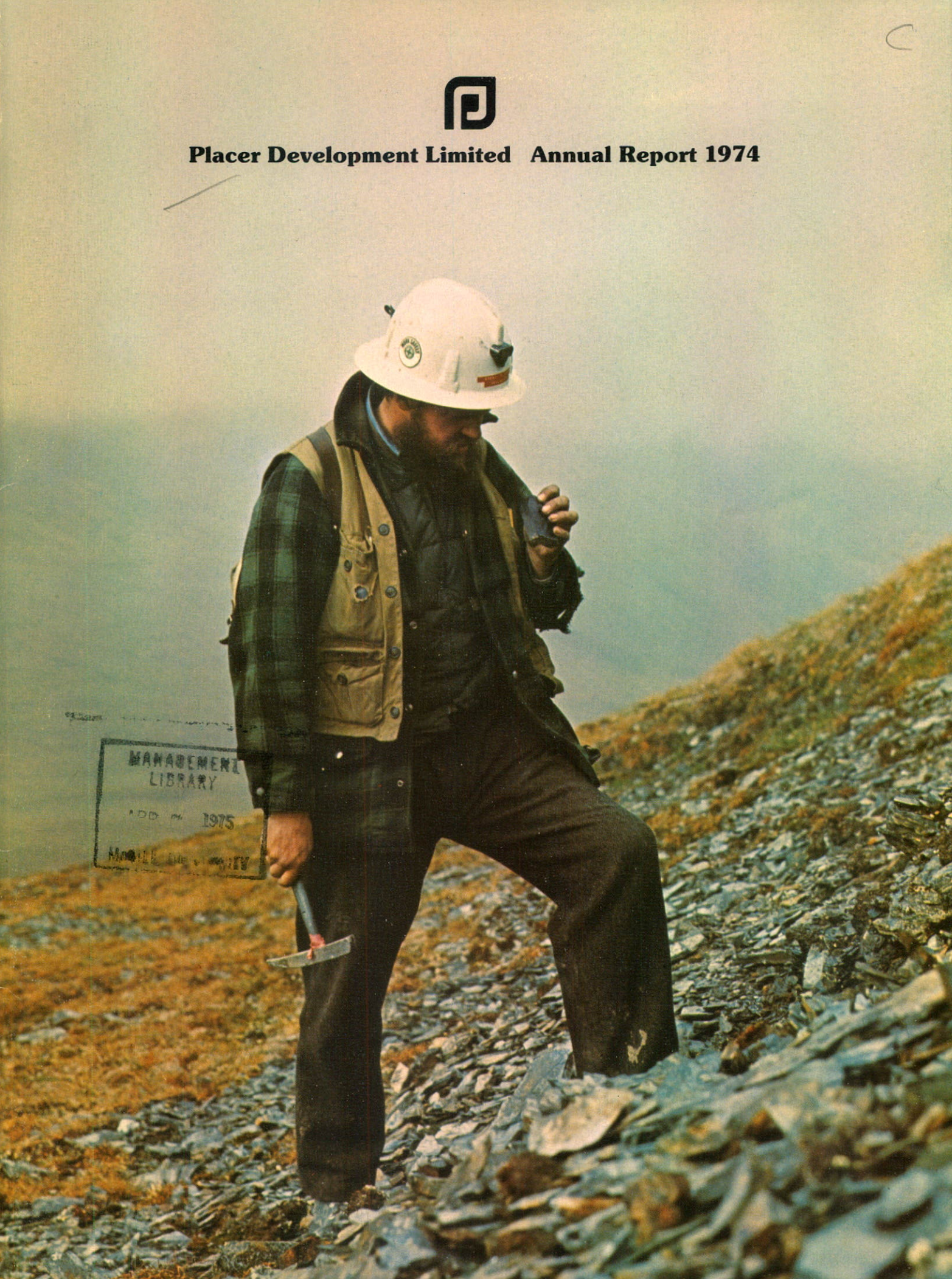




Placer Development Limited Annual Report 1974



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Placer Development Limited

DIRECTORS

James C. Dudley, New York, U.S.A., <i>Private Financial Consultant</i>	Ross G. Duthie, Vancouver, Canada, <i>Vice-President, Project Developments</i>
Albert E. Gazzard, Vancouver, Canada, <i>Company Director</i>	William James, Toronto, Canada, <i>Executive Vice-President, Noranda Mines Limited</i>
J. Douglas Little, Vancouver, Canada, <i>Executive Vice-President</i>	†*Thomas H. McClelland, Vancouver, Canada, <i>President and Chief Executive Officer</i>
*Alfred Powis, Toronto, Canada, <i>President and Chief Executive Officer, Noranda Mines Limited</i>	†J. Ernest Richardson, Vancouver, Canada, <i>Chairman of the Board, B.C. Telephone Company</i>
†P. Ritchie Sandwell, Vancouver, Canada, <i>Chairman of the Board and Chief Executive Officer, Sandwell & Company Limited</i>	*John D. Simpson, Vancouver, Canada, <i>Chairman of the Board</i>
Vernon F. Taylor, Jr., Denver, U.S.A., <i>President, Westhoma Oil Company</i>	†*H. Richard Whittall, Vancouver, Canada, <i>Partner, Richardson Securities of Canada</i>

*Member of the Executive Committee.

†Member of the Audit Committee.

OFFICERS

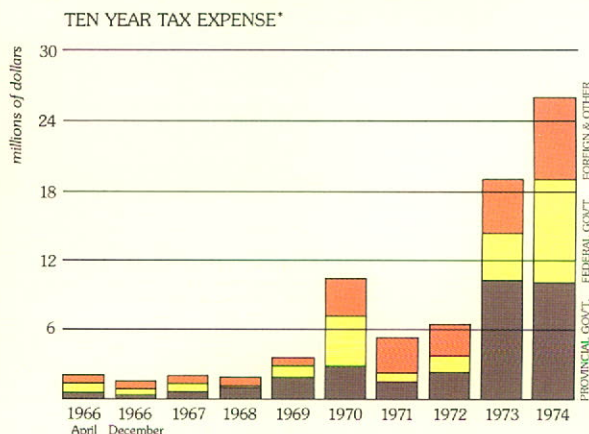
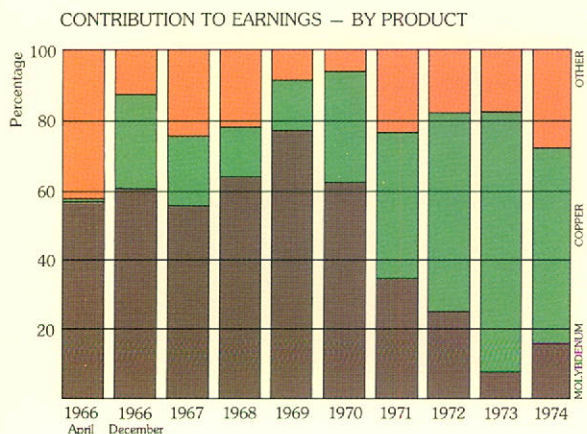
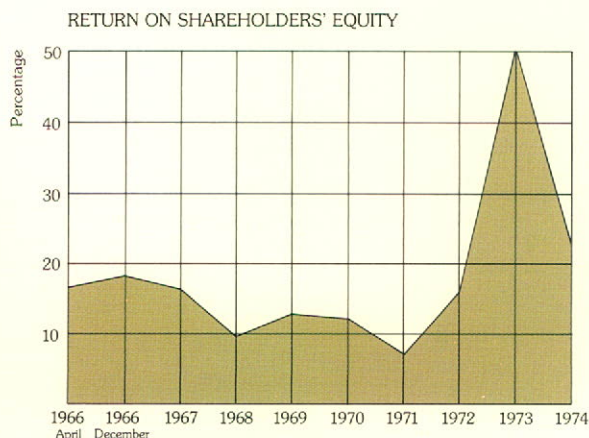
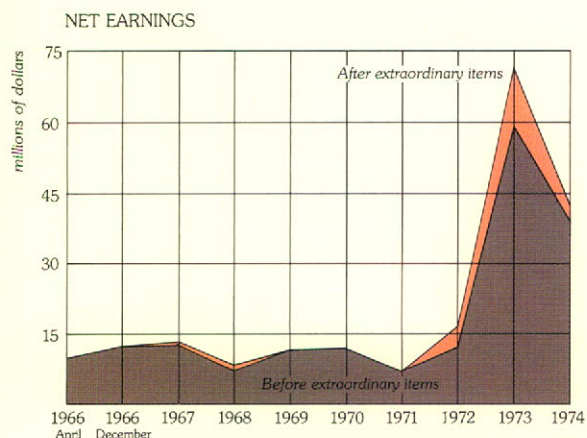
John D. Simpson, <i>Chairman of the Board</i>	Thomas H. McClelland <i>President and Chief Executive Officer</i>
J. Douglas Little, <i>Executive Vice-President</i>	Ross G. Duthie, <i>Vice-President, Project Developments</i>
E. Jack Eldridge, <i>Vice-President, Australasian Operations</i>	James L. McPherson, <i>Vice-President, Finance and Administration</i>
Charles L. Pillar, <i>Vice-President, Operations</i>	Edgar A. Scholz, <i>Vice-President, Exploration</i>
John M. McConville, <i>Secretary</i>	Robert A. Watts, <i>Treasurer</i>
John Racich, <i>Comptroller</i>	David Michaelis, <i>Sydney Secretary</i>
	Howard F. Gougeon, <i>Assistant Treasurer</i>

THE COMPANY

Placer is a Canadian company, incorporated in the Province of British Columbia, whose business is primarily mineral exploration, development and production through subsidiary and associated companies. Canadians hold 74.3% of the issued shares; 11.3% are held in the United States, 11.3% in Australia and 3.1% in other countries.

Comparative Highlights

	1974	1973
Sales.....	\$97,305,000	\$130,968,000
Equity in earnings of associated companies.....	\$29,634,000	\$ 21,415,000
Earnings before extraordinary items.....	\$39,609,000	\$ 59,070,000
— per share.....	\$ 3.30	\$ 4.92
Net earnings.....	\$43,143,000	\$ 71,812,000
— per share.....	\$ 3.59	\$ 5.98
Working capital.....	\$59,224,000	\$ 49,098,000
Exploration.....	\$10,780,000	\$ 5,956,000
— per share.....	\$ 0.90	\$ 0.50
Property, plant and equipment additions.....	\$13,694,000	\$ 7,367,000
Common shares outstanding.....	12,019,630	12,015,230
Number of shareholders.....	5,778	5,720
Number of employees.....	2,813	2,326



*Consolidated Companies only

Directors' Report to the Shareholders



J. D. SIMPSON
Chairman of the Board



T. H. McCLELLAND
President and Chief Executive Officer

The Board of Directors is pleased to present the Forty-ninth Annual Report for the year ended December 31, 1974. Although earnings for the year were at a satisfactory level, a significant decline had become apparent by the fourth quarter as the price of copper fell in response to rising world inventories. Lower earnings by Gibraltar and reduced contributions of extraordinary items also affected net earnings in 1974 compared to 1973.

FINANCIAL

Consolidated net earnings for the year ended December 31, 1974 were \$43,143,000 or \$3.59 per share including extraordinary items of \$3,534,000 or \$0.29 per share. In 1973 consolidated net earnings were \$71,812,000 or \$5.98 per share including extraordinary items of \$12,742,000 or \$1.06 per share.

Gibraltar's earnings were reduced by lower shipments of copper concentrate caused by mining of lower grade ore and reduced mill throughput. A rail strike interrupted the shipment of copper concentrate to deep-sea loading facilities in Vancouver for seven weeks so that inventory increased at December 31, 1974 to 21,600 tons (1973 - 5,900 tons).

Final payment was received during the year on the 1968 sale of Marcopper option rights and this has been included as extraordinary earnings.

The Company paid dividends of \$1.20 per share, amounting to \$14,423,000 or 33% of net earnings in 1974. This is the same dividend as has been paid since the stock split in 1973. Your directors have followed a policy of maintaining dividend levels which provide a reasonable return to shareholders without impairing the long-term growth capability of the Company. Adequate working capital to finance exploration programmes and to provide for the development of new properties must be available not only in times of rapid growth but, even more importantly, in periods of economic recession such as that now being experienced. The benefits of this policy are reflected in the strength of your Company's working capital position at the end of 1974 of \$59,224,000 (1973 - \$49,098,000).

In March, 1975 Placer Exploration Limited, 50% owned by Placer, finalized the sale of its wholly owned subsidiary Placer Prospecting (Australia) Pty. Limited, which holds its Australian exploration interests including the Lady Annie/Lady Loretta

prospect. The proceeds from the sale were approximately A \$11,000,000 (C \$14,800,000). These funds have been credited 50% to each of the principals, Placer and Kaiser Aluminum and Chemical Corporation. Subsequently, Placer purchased the remaining 50% interest of Placer Exploration held by Kaiser for C \$4,943,000 and now holds a 100% interest in Placer Exploration. Placer will continue the manufacturing and cattle activities and will carry out exploration in the area directly through this subsidiary.

ROYALTIES AND TAXES

The British Columbia Mineral Royalties Act (Bill 31) was passed in 1974 and applies from January 1, 1974 to specified minerals, including copper and molybdenum. The Act imposed a basic royalty of 2½% of net smelter return less transportation costs in 1974, increasing to 5% in subsequent years, based on the international market price. In addition, an incremental or super royalty of 50% of net smelter return applies on that part of the selling price above 120% of a basic value established by the provincial government. By way of illustration, after allowing for smelter costs, the super royalty generally applied in 1974 above an average price of 84¢ per pound for copper and \$2.30 per pound for molybdenum.

As it was originally proposed, the Act would have had severe consequences for the three British Columbia mines in which Placer has interests. The super royalty, however, did not apply to these mines in 1974 as a result of a sharp decline in the price of copper and modification and clarification of the Act. For this reason, assessment of the Act, based on its impact in 1974, would be misleading. In 1975 the basic royalty will double. Benefits to be derived from future improvement in metal prices are jeopardized by the super royalty.

The federal budget of November 18, 1974 disallowed provincial royalties as deductible expenses in the calculation of income taxes. In addition, the former standard 33⅓% depletion allowance was replaced from May 6, 1974 by an earned depletion allowance. Under this rule, mining companies may deduct \$1 for every \$3 of certain exploration and development expenditures up to a maximum of 25% of annual earnings from mining operations.

Serious consequences will flow from increasing taxation of the mining industry. The super royalty will deny a mine the ability to accumulate, in times of high metal prices, the cash reserves needed to weather low price cycles. This, together with the basic royalty and the rule that provincial royalties are not deductible in calculating income taxes, will result in tax rates ranging upward from 50% of earnings.

Another effect will not be apparent for some years, although it is possibly the most damaging for the mining industry and ultimately for British Columbia. Few, if any, significant new mines will be developed in British Columbia under the present climate of uncertainty which has followed efforts by the provincial and federal governments to grasp ever greater revenues from natural resources. While these governments dispute their respective "rights" to these revenues, investors withdraw their capital and turn elsewhere. Through industry associations, your Company will continue to communicate with the senior governments regarding alternatives to the present unsatisfactory tax situation.

OPERATIONS

Net earnings by Gibraltar in 1974 were \$17,302,000 (1973 - \$52,509,000). Four quarterly dividends were declared and payments to Placer during the year amounted to \$8,139,000.

Marcopper Mining Corporation reported net earnings of \$50,336,000 in 1974 (1973 - \$29,971,000). Dividends received by your Company amounted to \$5,877,000 after provision for Philippine withholding taxes of 35%. Placer has been informed that Canada and the Philippines are negotiating a tax treaty which could establish withholding taxes close to a 15% level. Work continued on a number of projects required to increase concentrator throughput from 18,000 tons to 27,000 tons per day by the end

of 1975. These projects include expansion of the crushing plant and concentrator as well as the addition of a new sand/slime circuit, a tailing disposal system and the construction of two dams for pit waste containment and water storage. The total cost will be approximately \$35,000,000, most of which will be provided from funds generated internally.

Mattagami Lake Mines Limited (N.P.L.) reported 1974 consolidated net earnings of \$40,109,000 (1973 - \$33,528,000). Dividends paid to Placer in 1974 amounted to \$4,580,000.

Normal production at Craigmont Mines Limited was halted by a strike in the first quarter and net earnings were reduced to \$7,410,000 for the fiscal year ended October 31, 1974 (1973 - \$10,024,000). Placer received a total of \$1,811,000 in dividends.

Operations at the wholly-owned Endako molybdenum mine returned to normal by year-end following a strike which lasted from October 11 to December 16, 1974. Construction to expand annual molybdic oxide roasting capacity by 50% to 14,500,000 pounds of contained molybdenum continued through 1974 and will be completed in April, 1975. At that time, approximately 95% of Endako's molybdenum will be subject to secondary processing.

Development of the McDermitt mercury mine in Nevada (51% interest) proceeded on schedule and production for an anticipated United States market of 20,000 flasks per year (one flask contains 76 pounds of mercury) is expected to commence in May, 1975. The capital cost of development will be slightly under the budget of \$9,000,000.

Operations at the Cortez gold mine continued through 1974 with ore supplied primarily from the nearby Gold Acres property. Gold prices were sufficiently high to justify operation of the concentrator through the year, although a continued decline in the grade of ore will likely lead to cessation of milling operations in the second quarter of 1975. Leaching of low-grade ore will continue beyond that time.

No energy shortages were experienced during 1974 although energy costs continued to increase as did costs in all categories of materials and equipment.

MARKETING

Demand and prices for most metals continued strong through the first half of 1974 but declined sharply in the second half as international economies entered a recessionary phase. The price of copper on the London Metal Exchange reached U.S. \$1.52 per pound during April but declined by year-end to a range of U.S. 55¢-60¢ per pound. Copper concentrate produced by Placer group mines during 1974 was sold primarily to Nippon Mining Company Limited, although a new sales contract for approximately 50% of Craigmont's 1975 production has been arranged in the United States.

FUNDS

Funds made available from:

Working capital at beginning of year	51.22%
Operations	47.24%
Extraordinary items affecting working capital	1.54%

Funds used for:

Dividends paid	18.46%
Additions to property, plant and equipment	14.29%
Other	5.46%
Working capital at end of year	61.79%

All principal copper-exporting countries, including Canada, have been affected by widespread conditions of oversupply. As a result, mines in the Placer group have been requested to reduce copper concentrate shipments to Nippon Mining by approximately 15% of 1974 levels.

Demand for molybdenum, which is sold primarily to steel manufacturers, has remained strong and no significant price change is likely in 1975.

EXPLORATION

Exploration is a necessary first step in the development of new mining properties. Placer expanded its programme of international exploration in 1974 with total expenditures of \$10,780,000 (1973 - \$5,956,000). Increased emphasis has been placed on programmes in geologically promising areas, particularly in the United States, Mexico and South Africa. Approximately \$2,000,000 was expended to acquire the Restigouche silver/zinc/lead/copper prospect in New Brunswick.

PERSONNEL

A total of 235 persons were directly employed by Placer Development Limited in 1974 at a payroll cost, including benefit programmes, of \$4,359,000 (1973 - 219 employees; payroll and benefits - \$3,625,000).

New labour agreements were signed at each of the three British Columbia mines in 1974, although strikes preceded the signing at two mines and a wildcat strike took place at the third. Inflation has resulted in the inclusion in some agreements of cost-of-living escalation clauses, while the previously unusual step of renegotiating contracts in mid-term has become more common.

DIRECTORS

On February 11, 1975 Mr. Ross G. Duthie was appointed as a Director. He is Vice-President, Project Developments for Placer, President of Craigmont Mines Limited and a director of other companies in the Placer group.

GENERAL

New technologies or the innovative use of existing ones have assisted Placer on many occasions. With this in mind, your Company regularly participates in research programmes administered by government departments or universities. In 1974, eight projects, six of which were in Canada, were carried out in the fields of exploration technology, molybdenum research and applications, and metallurgy.

The Company continued in 1974 a programme of financial assistance to a variety of organizations working in the fields of health and welfare, education, culture and the community.

Scholarship assistance was provided directly or indirectly to 15 engineering students, eight technical school students and to students in a geological studies programme. Scholarships were also awarded by Placer group companies in 1974 to 19 students who were employed during the summer, resident in communities close to operations or who are children of employees.

ACKNOWLEDGEMENT

Placer's employees contributed significantly toward the successful achievement of corporate goals in 1974. To these men and women, the Board wishes to express appreciation and confidence in their ability to meet future challenges.

On behalf of the Board,



Chairman



President

Vancouver, B.C.
March 12, 1975.

Review of Operations

Canada

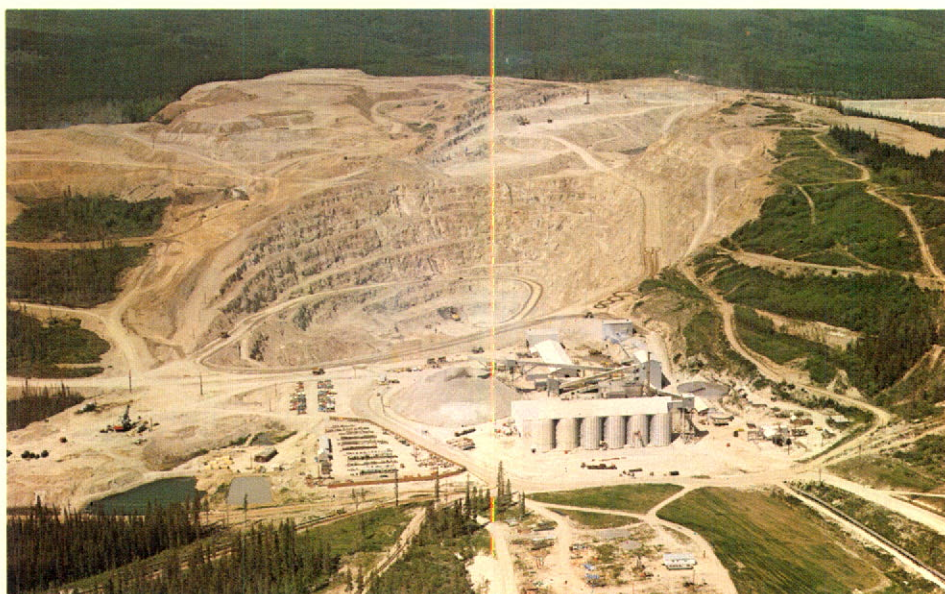
ENDAKO MINES DIVISION (100% interest)

Molybdenum in concentrates was produced at the scheduled annual rate of 15,000,000 pounds to October 11, 1974 when a strike closed the mine for nine weeks to December 16, 1974. As a result, total production for the year was approximately 2,950,000 pounds below the rated capacity.

A two-year labour agreement was signed with the Canadian Association of Industrial, Mechanical and Allied Workers effective to September 30, 1976.

New equipment placed in service during 1974 included a 13-cubic-yard shovel and four 100-ton trucks. An additional shovel will be delivered in 1975. Molybdenum recovery improved approximately 2% following the addition of 11 new flotation cells. Completion of the roaster expansion to a capacity of 14,500,000 pounds of contained molybdenum per year was delayed by the strike and by late deliveries of components. The new facility will be placed on-stream by April, 1975.

At December 31, 1974 mineable ore reserves at a cut-off grade of 0.08% molybdenum disulphide were estimated to be 214,500,000 tons at an average grade of 0.143% molybdenum disulphide. The estimate of reserves was increased by 4,000,000 tons based on new data obtained through diamond drilling.



Review

	Years Ended December 31,	
OPERATIONS	1974	1973
Ore Milled — tons.....	7,508,000	8,446,000
Daily average — tons.....	25,300	27,000
Grade — % MoS ₂	0.165	0.146
Recovery of molybdenum — %.....	81.06	80.03
Contained molybdenum produced — lbs.....	12,050,000	11,878,000
Inventory at year-end — lbs.....	1,844,000	5,713,000

tons = short dry tons.

GIBRALTAR MINES LTD. (N.P.L.) (71.9% interest)

Mining in Stage 1 of the Gibraltar East Pit was completed in August, 1974 when operations transferred to the Granite Lake Pit. Preparation of the Granite Lake Pit included



removal of 3,021,000 cubic yards of overburden and dredging of 850,000 cubic yards of silt from the lakebed. Overburden stripping commenced on the Pollyanna ore zone and 658,000 cubic yards were removed by year-end.

Copper production in 1974 was approximately 25% below the level of 1973 due in part to mining of lower grade ore and to reduced equipment availability related to a chronic shortage of qualified maintenance personnel. Harder ore from the Granite Lake Pit reduced mill throughput and a two-week wildcat strike in May also contributed to production losses.

One 14-cubic-yard shovel and four 100-ton trucks were acquired during 1974 to compensate for increasing stripping ratios and haulage distances. Mineable ore reserves at December 31, 1974 were estimated at 319,000,000 tons at a cut-off grade of 0.25% and an average grade of 0.36% copper.

A two-year collective agreement, effective March 1, 1974, was ratified with the United Steelworkers of America.

Review	Years Ended December 31,	
	1974	1973
FINANCIAL		
Gross revenues	\$62,289,000	\$96,865,000
Total expenses	\$44,987,000	\$44,356,000
Net earnings	\$17,302,000	\$52,509,000
Taxes on income	\$ 7,560,000	\$ 7,799,000
Dividends paid	\$11,411,000	\$ —
OPERATIONS		
Ore milled — tons	13,397,300	15,082,200
Daily average — tons	38,300	41,300
Grade — % copper	0.40	0.48
Recovery of copper — %	84.29	83.40
Concentrate produced — tons	166,800	212,400
Copper in concentrate — lbs.	90,246,500	121,800,500
Molybdenum in concentrate — lbs.	745,700	493,500
Copper concentrate shipped — tons	150,400	217,700
Inventory at year-end — tons	21,600	5,900

tons = short dry tons.

CRAIGMONT MINES LIMITED (44.59% interest)



A strike commenced in late 1973 and continued until February 4, 1974 when a two-year agreement, effective from January 29, 1974, was signed with the United Steelworkers of America.

Following the strike overall efficiency was maintained at a high level. Recovery of copper was improved to 96.6% (1973 - 94.2%). Geological ore reserves at a cut-off grade of 0.7% copper and an average grade of 1.84% copper, were estimated at 8,599,000 tons on October 31, 1974. Magnetite sales to coal producers in Western Canada decreased 9% from the previous year. Craigmont continued an exploration programme, examining nine properties in British Columbia and optioning four.

Review

	Years Ended October 31,	
	1974	1973
FINANCIAL		
Gross revenues	\$25,439,000	\$31,803,000
Total expenses	\$18,029,000	\$21,779,000
Net earnings	\$ 7,410,000	\$10,024,000
Taxes on income	\$ 6,674,000	\$ 7,379,000
Dividends paid	\$ 3,808,000	\$ 3,046,000
OPERATIONS		
Ore milled — tons	1,520,000	1,708,000
Daily average — tons	5,200	5,400
Grade — % copper	1.48	1.38
Recovery of copper — %	96.60	94.23
Concentrate produced — tons	75,100	74,800
Copper in concentrate — lbs.	43,482,000	44,271,000
Magnetite concentrate produced — tons	34,500	42,600
Copper concentrate shipped — tons	69,800	88,300
Inventory at year-end — tons	10,200	5,800

tons = short dry tons.

MATTAGAMI LAKE MINES LIMITED (N.P.L.) (27.13% interest)

Consolidated net earnings of Mattagami in 1974 increased over 1973 primarily because of the higher metal prices realized through most of 1974. The mine at Mattagami, Quebec operated normally throughout the year. Estimated ore reserves at the end of 1974 were 12,176,000 tons.

During 1974 development commenced on the Lyon Lake mine near the Mattabi property. Production of zinc, lead, copper, silver and gold is scheduled to commence in 1977 from ore reserves estimated in excess of 3,100,000 tons.

Mattabi Mines Limited near Ignace, Ontario is 60% owned by Mattagami. It commenced production of zinc, copper, lead, gold, and silver in July, 1972 and by August, 1974 had repaid its development loans. It became subject to federal and provincial income taxes in 1974 and to an increased Ontario mining tax from April, 1974. Ore reserves at December 31, 1974 were estimated at 11,059,000 tons.

Canadian Electrolytic Zinc (C.E.Z.), owned 62.5% by Mattagami, was closed by a strike from April 20 to June 1, 1974. The expansion programme, begun in May, 1973, was behind schedule as a result and completion is now scheduled for September, 1975. A labour strike at C.E.Z.'s subsidiary, St. Lawrence Fertilizers, halted production on May 1, 1974 and continued through the year-end.

Review

	Years Ended December 31,	
	1974	1973
FINANCIAL		
Gross revenues	\$132,146,000	\$106,495,000
Total expenses	\$ 92,037,000	\$ 72,967,000
Consolidated net earnings	\$ 40,109,000	\$ 33,528,000
Taxes on income	\$ 36,881,000	\$ 16,252,000
Dividends paid	\$ 16,884,000	\$ 9,927,000
OPERATIONS — MATTAGAMI		
Ore milled — tons	1,407,000	1,387,000
Daily average — tons	3,900	3,800
Grade — % zinc	7.5	7.4
Recovery of zinc — %	91.3	91.0
Grade — % copper	0.62	0.57
Recovery of copper — %	75.6	74.5
Zinc concentrate produced — tons	183,600	178,100
Zinc in concentrate — lbs.	193,514,000	185,936,000
Copper concentrate produced — tons	27,100	23,900
Copper in concentrate — lbs.	13,225,000	11,854,000
OPERATIONS — CANADIAN ELECTROLYTIC ZINC		
Zinc produced — tons	134,800	148,800
Cadmium produced — lbs.	771,900	597,600
Sulphuric acid produced — tons	142,800	155,900
OPERATIONS — MATTABI		
Ore milled — tons	1,139,000	1,112,000
Daily average — tons	3,100	3,000
Grade — % zinc	8.8	11.4
Recovery of zinc — %	89.4	88.7
Grade — % copper	0.91	1.10
Recovery of copper — %	83.0	80.5
Zinc concentrate produced — tons	164,900	202,500
Zinc in concentrate — lbs.	179,411,000	224,370,000
Copper concentrate produced — tons	33,900	38,600
Copper in concentrate — lbs.	17,221,000	19,686,000

tons = short dry tons.

United States

CORTEZ GOLD MINES (28.3% interest)

The high price of gold in 1974 enabled mining of the nearby Gold Acres property (33.33% interest) to be continued and to be resumed in the original Cortez Pit. Estimated total mineable ore reserves at the end of 1974 will be sufficient to sustain milling operations until approximately the second quarter of 1975. Gold recovery through leaching of low-grade ores at both sites will probably continue through 1975. Approximately 4,000,000 tons of leachable material are being treated with recoveries to date of 64% and 50% at Cortez and Gold Acres respectively. Exploration was continued, primarily in the Gold Acres region.

Review

	Years Ended December 31,	
FINANCIAL	1974	1973
Net earnings	\$9,299,000	\$2,361,000
OPERATIONS — CORTEZ/GOLD ACRES		
Ore milled — tons	853,500	762,500
Daily average — tons	2,300	2,100
Grade — oz. gold/ton	0.116	0.109
Recovery of gold — %	81.8	85.6
Gold produced by milling — oz.	81,200	65,400
Gold produced by leaching — oz.	23,100	10,300
Silver produced — oz.	17,200	110,100

*tons = short dry tons.
oz. = troy ounces.*

McDERMITT MINE (51% interest)

The decision to develop the McDermitt mercury mine in northwest Nevada was announced by Placer Amex in early April, 1974 and production for a market of 20,000 flasks per year will commence in May, 1975. On the basis of a seven-hour day, the concentrator will process ore at a daily rate of 700 tons. The mine, with ore reserves of approximately 3,000,000 tons at a grade of 10 pounds of mercury per ton, will be an important source for the North American market.



Philippines

MARCOPPER MINING CORPORATION (40% interest)

Mining in 1974 progressed into areas of high-grade ore and production improved despite two weeks of lost production resulting from electrical storms and flooding. The grade of ore to be mined in 1975 is below that produced in 1974 and will reduce production by approximately 15%. Capital expenditures were \$24,352,000 in 1974. The original fleet of ore trucks is now becoming obsolete and will be replaced through 1975 and 1976 by 12 trucks of 120-ton capacity.

Estimated mineable ore reserves at year-end were equal to 102,000,000 tons (1973 - 113,200,000 tons) at a cut-off grade of 0.40% copper and an average grade of 0.58% copper. A re-evaluation of ore reserves during 1974 resulted in a reduction of 4,500,000 tons in the previously estimated reserve figure. Evaluation of adjacent mineralized zones continued through the year.



Review

FINANCIAL

	Years Ended December 31,	
	1974	1973
Gross revenues	\$113,217,000	\$64,114,000
Total expenses	\$ 62,881,000	\$34,143,000
Net earnings	\$ 50,336,000	\$29,971,000
Taxes on income	\$ 29,308,000	\$14,081,000
Cash dividends paid	\$ 22,604,000	\$19,847,000

OPERATIONS

Ore milled — tons	6,446,400	7,440,000
Daily average — tons	17,700	20,400
Grade — % copper	0.82	0.65
Recovery of copper — %	88.5	84.5
Concentrate produced — tons	175,200	157,000
Leach concentrate produced — tons	6,200	5,900
Copper in concentrate — lbs.	103,303,600	91,665,800
Gold in concentrate — oz.	82,100	45,200
Silver in concentrate — oz.	271,000	205,000
Copper concentrate shipped — tons	196,200	151,800
Inventory at year-end — tons	3,300	18,100

tons = short dry tons.
oz. = troy ounces.

Australian operations

(50% interest)

Placer Exploration Limited reported a net loss for the year ended December 31, 1974 of \$665,000 (1973 net loss - \$1,022,000). The company's expenditure of \$690,000 for exploration in 1974 (1973 - \$2,437,000) was reduced due to uncertainty arising from government restrictions on foreign investment in mineral exploration. Placer Exploration holds 100% interest in the equipment, forest products and lubricant manufacturing facilities referred to below. It has a 50% interest in the cattle operation.

Reduced economic activity in Australia lowered demand for capital equipment by the mineral industry and production was further restricted by shortages of components. Despite this, sales of Fox Manufacturing Company improved to \$9,256,000 (1973 - \$7,892,000). In addition, work on contracts valued in excess of \$12,000,000, primarily for the supply and installation of conveyor systems to a project in Mexico, was well under way by year-end.

Plywood and sawn timber sales were buoyant through the first half of 1974 but were affected in the last half by a general recession in the building industry. Sales increased slightly to \$8,144,000 (1973 - \$7,748,000).

Sales of molybdenum-based lubricants during 1974 were \$911,000 (1973 - \$714,000).

The results of Northern Cattle Company Pty. Limited were adversely affected by a worldwide slump in beef prices and sales in 1974 were reduced to \$1,522,000 (1973 - \$2,908,000). Cattle numbers increased from 70,397 to 74,554 due to reduced sales and natural increase. Good weather conditions benefitted all properties through the year.

Exploration

Exploration expenditures during 1974 amounted to \$10,780,000 (1973 - \$5,956,000) of which approximately 30% was directed to programmes in Eastern Canada and 52% to increased activities in the United States and other countries.

HARD MINERALS

In Western Canada, further evaluation was carried out on the Howard's Pass lead/zinc property on the Yukon-Northwest Territories border and on the Berg porphyry copper/molybdenite property in central British Columbia. Work on the Howard's Pass property consisted of diamond drilling and further geological mapping. Exploration and evaluation in this area is hampered by the remote location and a short working season. Large-diameter-core, diamond drilling was carried out on the Berg property to provide more accurate evaluation of the grade of mineralization and its metallurgical characteristics.

In Eastern Canada, a diamond drilling programme was carried out on two silver/zinc/lead/copper deposits in New Brunswick.

In the United States, exploration, particularly of gold and silver prospects in the western states, was carried out by Placer Amex Inc. (100% interest). Diamond drilling and further market studies were carried out on the Beluga coal property near Anchorage, Alaska.

In Australia, Placer Exploration directed exploration efforts toward the islands of the Southwest Pacific area, particularly New Guinea, New Zealand and Fiji where reconnaissance programmes for porphyry copper and gold prospects were initiated.

Marcopper Mining Corporation expanded exploration in the Philippines during the year with reconnaissance and drilling programmes on several properties.

In Mexico, exploration continues to be carried out through Explomin, S.A. de C.V. (34% interest). Diamond drilling on the Real de Angeles property in the State of Zacatecas, central Mexico, indicates ore reserves of approximately 43,000,000 tons grading 2.3 ounces of silver per ton, 1.08% lead and 1.02% zinc. Economic studies to determine the feasibility of this property have been commenced. Additional exploration programmes are being carried out on several other copper and gold properties.

In South Africa, a joint venture has been entered into with a major South African mining company for exploration in that region.

An agreement was reached during the year with the Government of Surinam, whereby Placer can acquire an interest in any gold mining venture which it may discover on two concession areas in that country. A drilling programme was initiated in January, 1975 to test several anomalies.

OIL AND GAS

Exploration activity on oil and gas in Western Canada was held to a low level during 1974 pending clarification of federal/provincial energy policies. High royalty rates, combined with revised federal resource taxation, have caused the deferral of several projects, although on-going ventures and prior commitments will be carried through. A number of prospects in the United States are under consideration.

Production approximated 400 barrels of oil and 1.5 million cubic feet of gas per day. Placer's interest in reserves in Western Canada at December 31, 1974 was estimated at 1,900,000 barrels of crude oil and 39 billion cubic feet of natural gas.

Metals and Markets

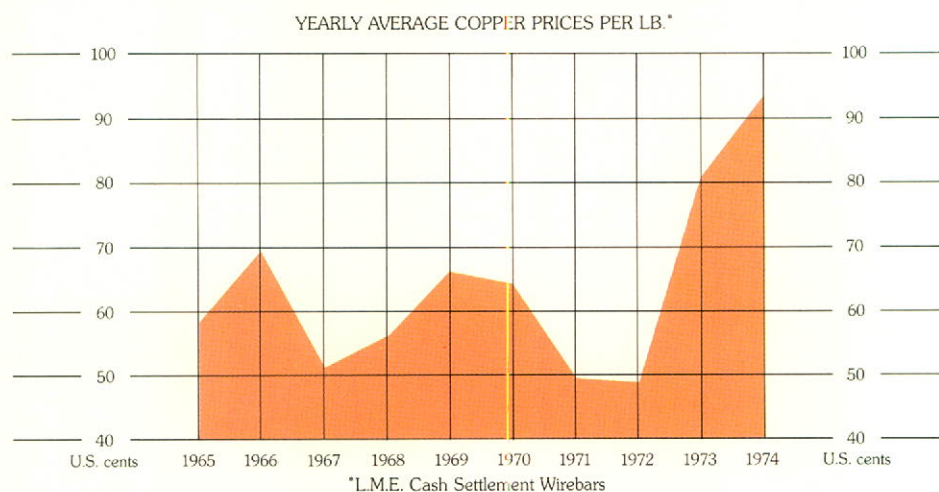
GENERAL

World economic activity generally declined through 1974 and large surpluses of several metals were apparent by year-end. While the prices for metals such as copper and silver started to fall from record peaks in the first half, the economic momentum of 1973 continued through the year to increase prices of other metals such as molybdenum.

No significant improvement in demand for industrial materials is expected during 1975. Accordingly, the lower prices now established for some metals may remain through the year and into 1976 as large inventories will, in many instances, continue to depress metal markets.

COPPER

The London Metal Exchange (L.M.E.) price for copper wirebar reached a new high of U.S. \$1.52 per pound in April but fell sharply in the second half of the year, closing at U.S. 56.3¢ per pound at year-end. The average L.M.E. price for copper in 1974 was U.S. 93.4¢ per pound (1973 - 80.8¢ per pound). Consumption declined generally through the year owing to deteriorating economic conditions in all industrialized countries, especially Japan. Copper inventories held by Western Bloc producers,

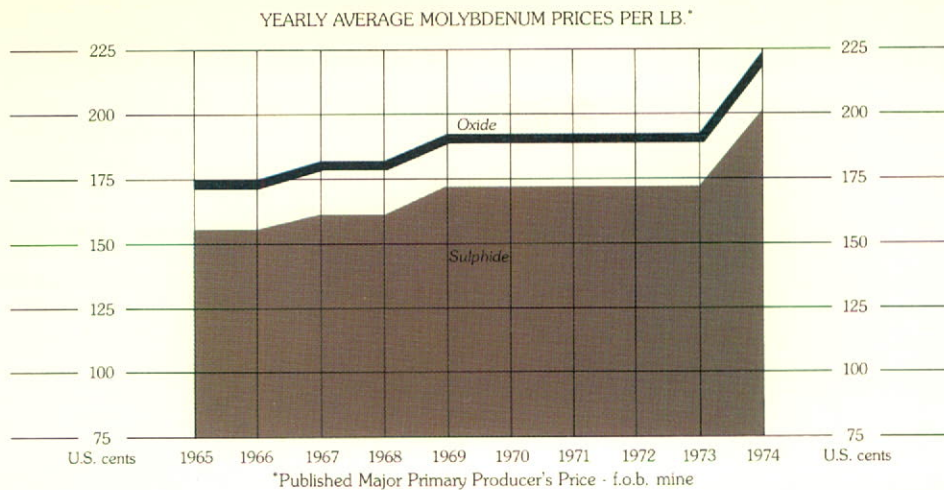


merchants and copper exchanges at the end of 1974 are estimated to have been about 890,000 tons, well above normal working levels.

Some decisions to reduce production have been made by major copper-exporting countries and reduced markets have forced cutbacks at some United States and Canadian mines. Without such reductions, the surplus production in 1975 could add more than 600,000 additional tons to inventories, putting the international price under renewed downward pressure.

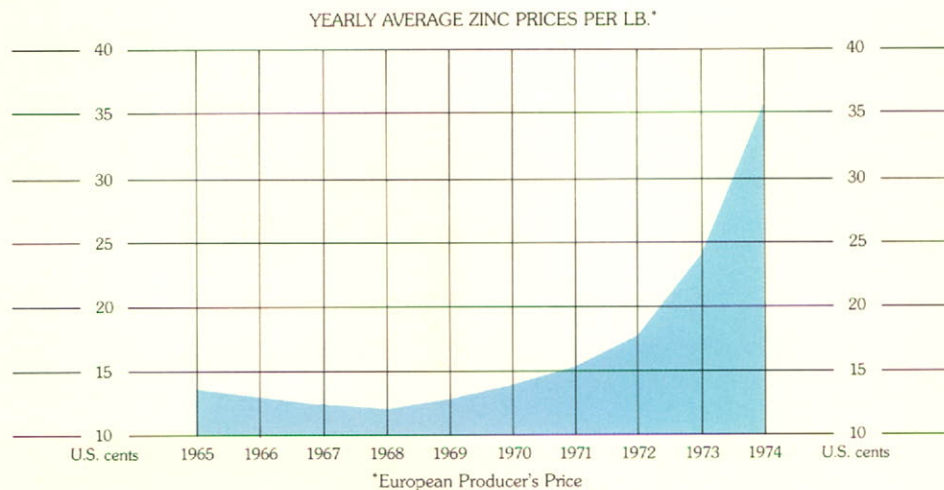
MOLYBDENUM

The Endako mine continues to maintain its position as a major supplier to the Japanese, European and Canadian markets. Demand for molybdenum as an alloying agent in the manufacture of steel remained strong in 1974, with the average price received at the mine increasing approximately 35¢ per pound to U.S. \$2.23 for molybdic oxide and U.S. \$1.99 for molybdenum disulphide by year-end. Facilities to manufacture molybdic oxide by roasting the primary product, molybdenum disulphide, are being expanded, thereby increasing, through secondary treatment, the value added in British Columbia. This will result in an increase of approximately 50% in shipments of oxide to major markets. All scheduled production of molybdenum in 1975, including the additional oxide that will result from the expanded roasting capacity, is expected to be sold.



ZINC

Consumption of zinc in 1974 decreased about 9% from a record high in 1973. Production also decreased slightly, primarily due to strikes. The European Producer Price for Prime Western Grade rose from approximately U.S. 32¢ to U.S. 38¢ per pound and the price quoted by United States producers increased from U.S. 27¢ to U.S. 39¢ per pound at year-end.



MERCURY

Demand for mercury in the United States market was strong through the first half of 1974. In May, major world producers temporarily succeeded in raising the price of mercury to U.S. \$320-\$350 per flask. This price, however, rapidly declined to U.S. \$190-\$225 per flask by year-end due to the slowdown in world economies and a continuing excess of production capacity. The outlook for 1975 indicates that prices will remain at, or close to this level.

Production from the McDermitt Mine is scheduled to commence in May, 1975. Its product will be used primarily in electrical apparatus and in the electrolysis of brine to produce chlorine and caustic soda.

GOLD

Gold prices continued to improve through 1974 due to international currency revaluations, inflation and general economic uncertainty. From a level of about U.S. \$120 per ounce at the beginning of the year, the price fluctuated widely and reached a peak of close to U.S. \$200 at year-end. Anticipated heavy purchases by United States citizens failed to materialize and the price eased back to its present level of about U.S. \$180.

A remote mountain slope in the Canadian North is drilled for signs of minerals. Nearly inaccessible from its own base camp, supplies and personnel must be ferried by helicopter.



The Mine Development Process

Exploration

The word “exploration” has emotional and romantic connotations which cannot be defined by dictionaries. Perhaps this is because of the promise of interesting things waiting to be discovered; or the implied rewards for those who persevere.

Whatever the emotional associations of the word, it takes only a glance at the practical aspects of mineral exploration to bring some hard truths into focus.

First, 98.59% of the earth’s crust, from which we obtain hard minerals, is composed of only eight common elements. Although three of these — aluminum, iron and magnesium — have commercial value, they seldom occur in concentrations sufficient to support the cost of mining. The next 15 most common elements are found in only 1.124% of the crust and include a few more important metals such as titanium, manganese, chromium and nickel.

All of the remaining “common” metals such as copper, lead, zinc, molybdenum and tin — together with more than 70 other elements — exist in a fractional 0.286% of the earth’s crust.

Many of these deposits are virtually unreachable beneath oceans while others, beneath the 57.5 million square miles of land surface, are located in jungle, desert or arctic areas, or are hidden by geologically younger rocks and surface soils. Even when these conditions do not apply, mineral areas may be remote from power and transportation facilities required for mining.

*The reader may wonder why anyone would even attempt to look for orebodies in the face of such pessimistic odds. The reason is simple — our culture and civilization need industrial minerals more than they need anything else, except food, and even food could not be supplied without these same minerals. There is no alternative to exploration.**

HISTORY

From his earliest attempt to compete in a world where he was usually at a disadvantage, man has used metals.

Quarrying, mining and prospecting are probably among the oldest of human activities. At the dawn of history, man’s metal requirements were relatively basic — only a few, such as native copper, gold and silver, were known and only a small quantity of those were used. The sources of such metals were high-grade mineral outcrops at the surface and early man scratched at many of these deposits, extracting the mineral in primitive fashion. As one source became difficult to work, he was forced to search for others and was often disappointed.

As time progressed, metals became important trading commodities and their variety and quantity increased. Eventually, high-grade surface outcrops became more scarce and greater ingenuity was applied to solve the problems of mining the known deposits at depth and to developing lower grade deposits. With cheap and abundant labour, many manhours could be expended in extracting a few pounds of metal and such civilizations as the Phoenicians, Greeks and Romans became highly proficient in handworking lower grade mineral deposits to a considerable depth.

Specialists in prospecting probably evolved in the Middle Ages and the prospector remained the essential element in any exploration effort until the Second World War. Although he may have had some geological knowledge, the prospector’s approach to exploration was generally effective because it was direct and simple — he developed

*This is the third in a series of articles on the Mine Development Process in recent annual reports of Placer Development Limited. Reprints of the previous articles are available on request. Please contact: Corporate Communications, Placer Development Limited, 700 - 1030 West Georgia Street, Vancouver, B.C. V6E 3A8.

a sharp eye for metallic mineralization and a feeling for the rock. He panned samples of mineralization and traced float back to its source; he trenched, pitted and scraped to expose bedrock in any favourable areas. Such men have always been among the first to penetrate remote and unexplored areas and they have been eminently successful in finding near-surface mineral occurrences. Most of the major mines in production today resulted from the initial efforts of prospectors.

Within the past 30 years, advances in mining technology and in the earth sciences — particularly in geology, physics and chemistry — have brought radical changes to the methods used in exploring for mineral resources. Sophisticated techniques are now used to locate hidden deposits far beneath the surface or under water.

MODERN EXPLORATION: REDUCING THE ODDS

Luck is said to play a large part in mine finding, but exploration is really more comparable to detective work. Clues must be collected, sorted and interpreted. Success is more than ever before dependent on initiative, application of the right exploration techniques and correct deductions.

In Western Canada, the chances of a prospect becoming a mine are estimated at 1,000 to 1, while the number of dollars spent in exploration for each viable discovery is in the order of \$30 million. Were it not for the methodical elimination of low-probability areas *before* exploration in the field, this figure would be significantly higher. Nevertheless, the nature of the business is such that no guarantee can be given on exploration expenditures. This is why venture capital for mineral exploration is only available as long as the potential rewards are great enough to balance the risk.

Exploration funds are provided by successfully operating mines or the investing public. They are used to equip and sustain programmes using a diverse range of skills and methods.

As an example of this diversity, a number of specialized individuals are commonly employed in exploration. In addition to the prospectors, there are geologists, geophysicists, geochemists, field technicians, line cutters, pilots, assayers, lab technicians, computer specialists and mining engineers. All of these, and others, are involved in the critical chain of data collecting, processing, evaluating, interpreting and re-interpreting.

THE FUNDAMENTALS: FROM SOW'S EAR TO SILK PURSE — OR VICE VERSA

Some mineral deposits are very old; some are geologically young. They occur within intrusive, volcanic, sedimentary and metamorphic rocks. Some were formed at the same time as the host rock and have remained virtually undisturbed since they were implaced. Others have undergone complex histories of deformation and re-deposition.

The essential purpose of exploration is to find mineral deposits and prove up their potential as ore. By definition, the term *ore* means a mineral assemblage that can be developed, mined and processed at a profit. Whether a profit can be derived from a mineral deposit is dependent on many technical and economic factors. Such things as tonnage, grade and metal recovery can be established with considerable accuracy and remain relatively fixed.

Economic factors — metal prices, capital and operating costs, infrastructure, transportation and taxation rates — are constantly changing. In addition, changing technology, government legislation and legal and social influences can dramatically affect the viability of a potential mine.

As a result, what constitutes ore varies as to place and time. The mineral industry is extremely sensitive to these changes and is continually reviewing international developments to determine those areas most favourable for developing *economic* mineral reserves.

APPLIED METHODS: PHYSICS IN THE FIELD

Different disciplines, some of them unknown a generation ago, are now a normal part of modern exploration.

*Mineral exploration
requires significant investment to sustain field operations.
This camp is self-sufficient
from food preparation to electrical energy.*



Geophysics

Within the past 20 years, the geophysicist's role in exploration has grown. His talents and ability are required to interpret a number of sophisticated airborne and ground geophysical systems which have been developed to detect varied mineral deposits.

Each of these systems is based on the assumption that a geological anomaly will have a measurable physical difference from the surrounding rock. Magnetic, electro-magnetic, radio-metric, resistivity, gravity, seismic and induced polarization surveys are commonly used in the search for mineralization. As each type of mineral deposit has differing physical characteristics, survey techniques are selected on the basis of the anticipated type of mineralization.

Each of the systems has limitations — effective penetration rarely exceeds 300 feet and each records anomalies caused by features other than mineralization. In many cases, these other anomalies can be used indirectly in the search for ore, but the interpretation of all this geophysical data and the selection of favourable anomalies is very much dependent on the skill of an experienced geophysicist.

Geochemistry

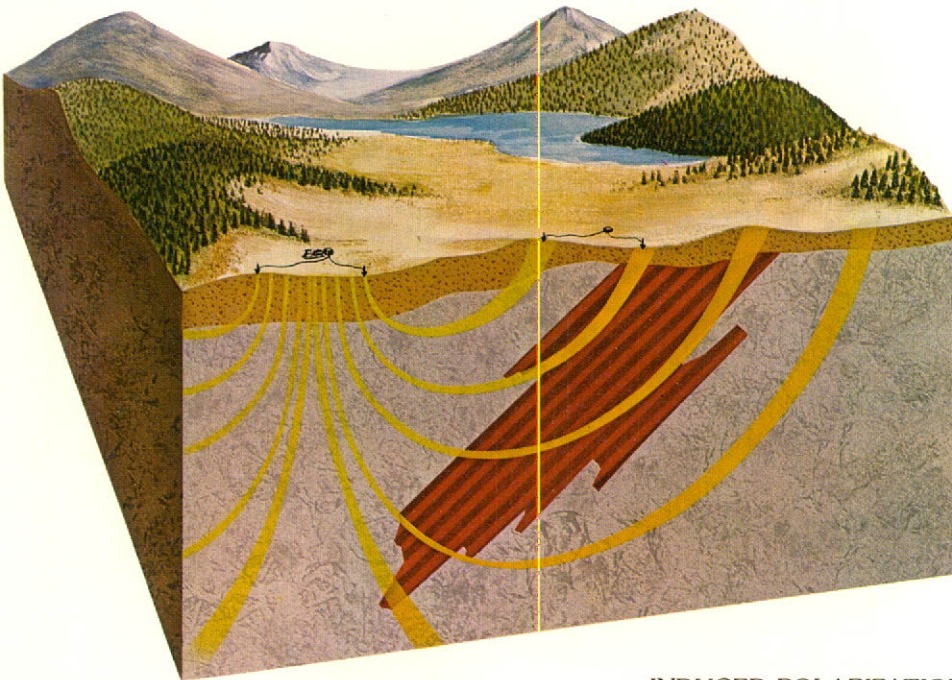
Most mineral deposits will shed abnormal amounts of metal into the air, soil, water and drainages in their vicinity. A number of geochemical techniques have been developed to detect these trace elements down to a few parts per million in samples of

As potential orebodies with surface outcrops became more difficult to find, new methods of testing beneath the surface were required. Some of the tools recently developed to answer this need make use of magnetism, gravity, radio waves and electricity. A few of the most helpful of these tools are illustrated on the following pages.



SELF-POTENTIAL

Groundwater can act on a massive sulphide orebody to produce a weak electric charge (battery action). Systematic measurements of voltages at the surface may show a significant change when massive sulphide mineralization is present beneath the surface.



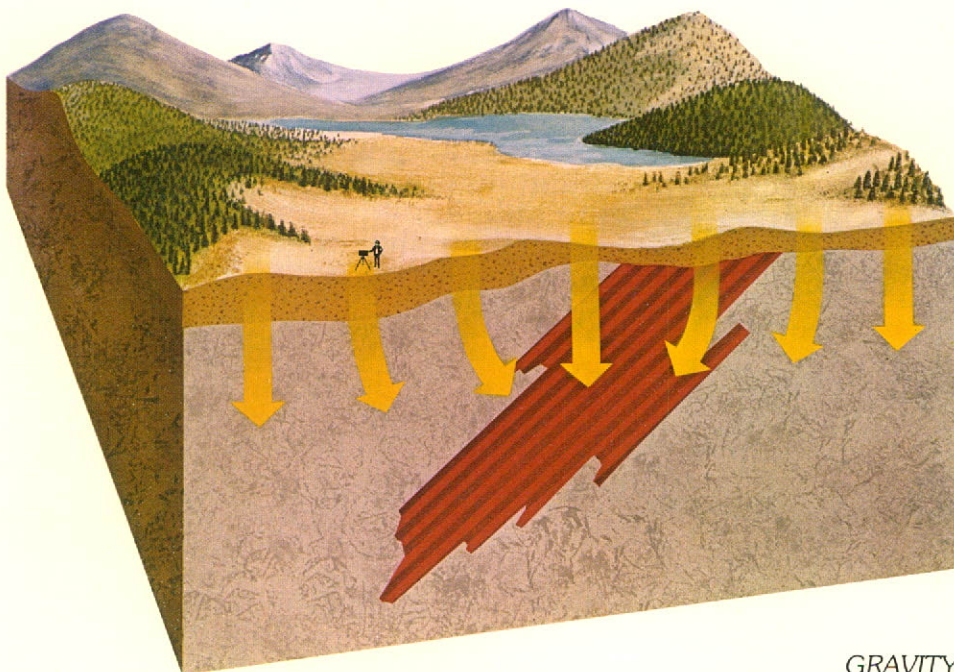
INDUCED POLARIZATION

A field of electricity can be created in the ground by passing a measured amount of electric current through it using two electrodes and a generator. By measuring the voltage caused by this field with a second pair of electrodes a known distance away, the geophysicist can calculate the electrical property of the ground known as resistivity. Where metallic minerals are present, even in concentrations as low as 0.5%, the ground can also become charged by the electric field. This charging phenomenon is called induced polarization (I.P.) and can be measured in several ways.



VLF – ELECTROMAGNETICS

Powerful military radio stations around the world use VLF (very low frequency) electromagnetic waves for communication with distant submarine fleets. (In the illustration, the VLF signal is represented by yellow waves.) Certain geological structures, such as fault zones which may be mineralized, will produce measurable secondary waves.



GRAVITY

The earth's gravitational pull changes by very small amounts depending on altitude, latitude and the presence or absence of dense rock formations under the point of measurement. The instrument which detects changes in gravity — a gravimeter — can register a variation in gravity on the order of one part per hundred million, which means that a measurable change can be noted when the instrument is raised or lowered a mere two inches. The illustration indicates how a dense area of mineralization will distort and measurably increase gravitational pull.

rock, soil, stream sediment, water, or plant foliage. Again, skill is required in determining which geochemical systems are most effective in indicating anomalies and which anomalies are most significant.

Whether detectable trace elements are present is dependent on many variables, including the type of drainage and soil, the depth of overburden, the mechanical and chemical breakdown of the source, and the composition of the ground waters. Each element may behave differently under differing conditions and these conditions must be recognized and anticipated before effective use can be made of geochemical surveys.

Geology

The exploration geologist's job is to recognize, at an early stage, potential ore deposits. His basic instinct is to eliminate those areas considered unfavourable as rapidly as possible in order that the more favourable areas may receive adequate attention.

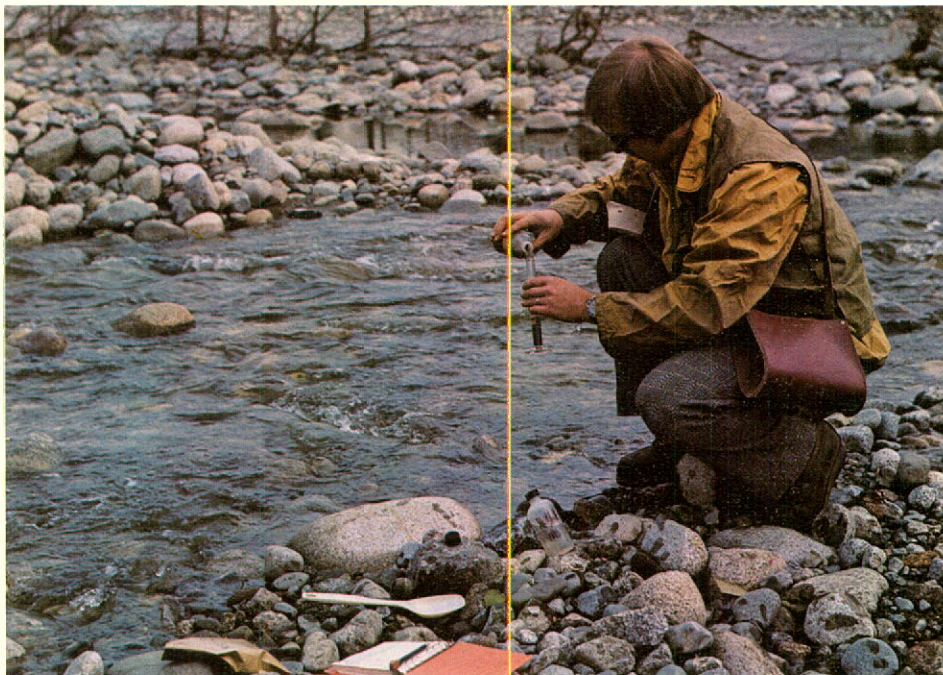
Geological information remains the keystone of mineral exploration. It is required from the initial selection of a general region to be explored and continues through to evaluation of specific mineral occurrences.

Through surface mapping and detailed geological examinations, the geologist first produces diagrammatic plans of the portion of the earth being studied. The composition, distribution, age and relationship of the various rock units are shown and from this data, he interprets the structures and sequences of geological events. With care, he can often extrapolate observed geological features through adjacent areas of overburden and to some depth within the earth.

Throughout the mapping procedure he particularly notes obvious mineralization, alteration and associated peripheral features which might indicate a nearby hidden ore deposit.

EXPLORATION PRACTICE: CHANGING THE LAW OF PROBABILITY

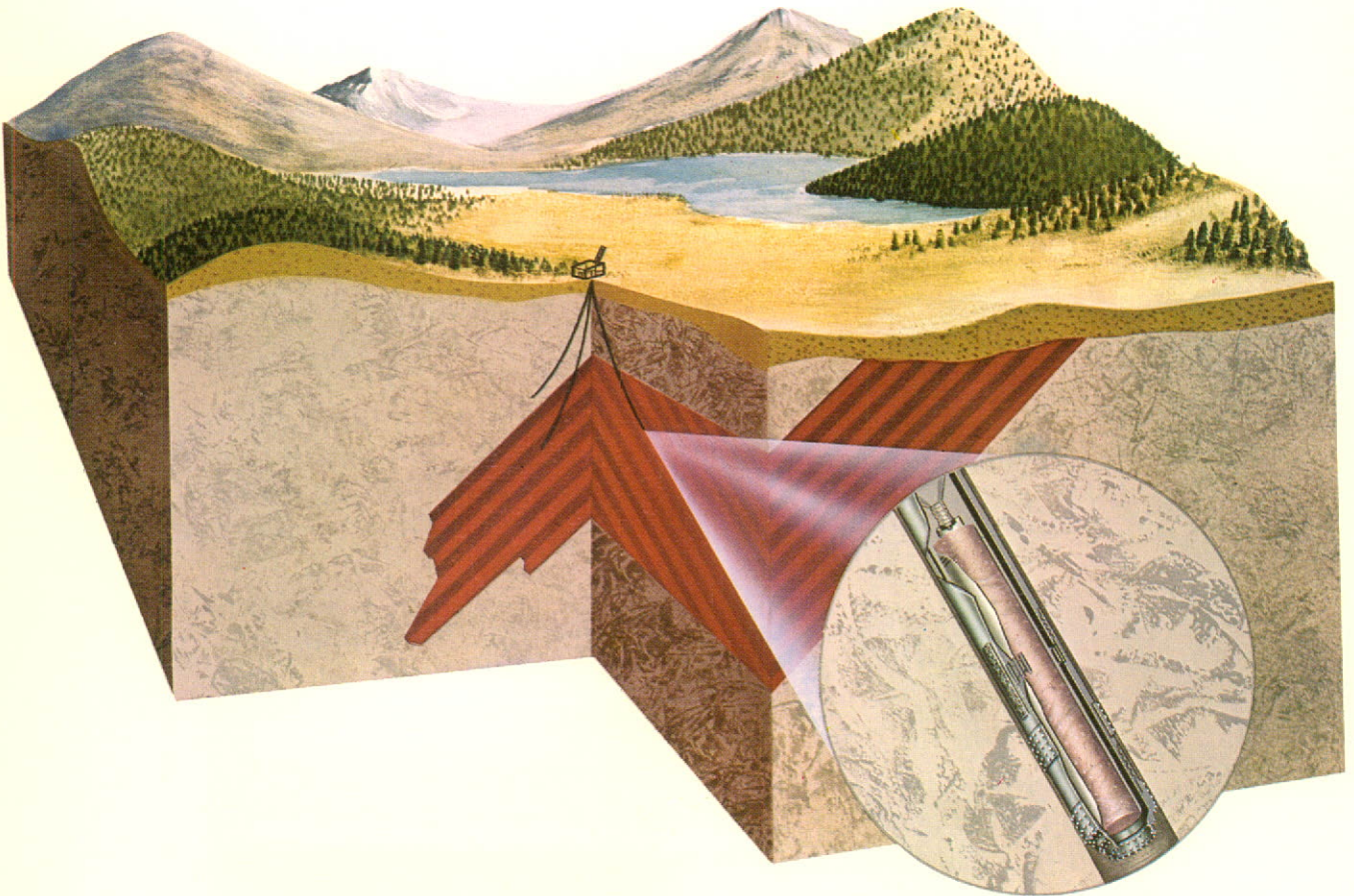
Modern exploration, in theory, is the application of logical methodology to the search for mineral resources, utilizing specialized personnel and a variety of scientific tech-



Even a meandering glacial stream may have a story to tell. Trace elements of metallic compounds can be detected in sediments of stream beds. Here, a geochemist prepares to test and record a sample.

DRILLING

The final proof of mineralization — short of actual mining — is drilling. This illustration shows a diamond drill which, from a single surface location, can penetrate geological formations in a pyramid pattern. Cylinders of rock, called “cores” are produced from depths which would otherwise be inaccessible. A series of such cores, taken at set intervals over a known anomaly, are then analyzed and tested for mineral content. The all-important grade (ratio of recoverable metal to waste rock) is established primarily through this test.



niques. The geologist formulates a geological concept, on the basis of comparison with known deposits and of his knowledge of the basic geological processes and mineral distribution patterns. He then selects those areas most favourable for the particular type of mineralization sought. Geological, geophysical and geochemical studies further delineate areas for more intense investigation until a significant anomaly is indicated.

At this point, the problem becomes one of obtaining actual samples. Trenching is used if the minerals are reasonably close to the surface; otherwise drilling and underground openings are the only ways of obtaining the samples on which all further calculations and decisions will be based.

The principle of drilling for samples is simple — a drill stem, powered at the surface, penetrates the rocks of the target area. Samples, in the form of chips or core, are recovered for lab analysis. The expense occurs in moving equipment into remote areas and preparing the drill site. Often, miles of road must be built, months of planning completed and a self-sustaining camp established before drilling to determine the size and grade of an anomaly can be carried out.

Although exploration is increasingly disciplined, methodical and scientific, the one thing it can never be is static. The fact that technology and economic conditions are constantly changing means that exploration programmes, even while under way, may require modification and re-interpretation of data. Sometimes, as a result of new information and re-evaluation, a completely unanticipated structure for a mineral deposit may be indicated.

CONCLUSION

As new knowledge is developed, many areas of the world previously considered unfavourable for mineralization will receive increasing interest. A number of significant research and development programmes are under way to evaluate mining from the ocean floor, where accumulations of metal-rich nodules have been discovered. The entire ocean, in fact, contains significant volumes of dissolved metal. Future generations will no doubt devote much of their research to developing the technology for extraction.

There are still many zones of mineralization awaiting discovery beneath the millions of square miles of land surface on our globe. Some of them could be richer than any now in existence. Because they lie at depths beyond present methods of detection, their development depends upon the discovery of new and more imaginative methods of exploration.

That is the challenge and, considering man's versatility and skill at problem solving, there is every reason to expect that future mineral exploration will be both exciting and rewarding.



Supplies for a remote exploration programme arrive daily by air - when weather permits. On return flight the aircraft will carry out diamond drill cores for thorough analysis in specially-equipped laboratories.

Consolidated Statement of Earnings

	Years ended December 31,	
	1974	1973
	(in thousands)	
REVENUES:		
Sales	\$ 97,305	\$130,968
Interest and other income	8,442	4,367
	<u>105,747</u>	<u>135,335</u>
EXPENSES:		
Cost of sales	52,809	49,015
Depreciation	7,359	8,159
Provincial mineral royalties (Note 6)	1,825	—
Depletion	517	508
Amortization	396	1,327
Selling, general and administrative	4,779	4,729
Exploration	10,780	5,956
Interest on long-term debt	—	3,400
Foreign exchange loss (gain)	240	(831)
	<u>78,705</u>	<u>72,263</u>
	27,042	63,072
Income and mining taxes (Note 7)	12,108	10,110
Earnings before the following	<u>14,934</u>	<u>52,962</u>
Equity in earnings of associated companies (Note 4)	29,634	21,415
Minority interests in earnings of subsidiaries	(4,959)	(15,307)
	<u>24,675</u>	<u>6,108</u>
Earnings before extraordinary items	39,609	59,070
Extraordinary items (Note 9)	3,534	12,742
NET EARNINGS	<u>\$ 43,143</u>	<u>\$ 71,812</u>
EARNINGS PER SHARE:		
Earnings before extraordinary items	<u>\$3.30</u>	<u>\$4.92</u>
Net earnings	<u>\$3.59</u>	<u>\$5.98</u>

Consolidated Statement of Retained Earnings

	Years ended December 31,	
	1974	1973
	(in thousands)	
Retained earnings, beginning of year	\$153,621	\$ 96,207
Net earnings	43,143	71,812
	196,764	168,019
Dividends — \$1.20 per share (1973 - \$1.20)	14,423	14,398
Retained earnings, end of year	<u>\$182,341</u>	<u>\$153,621</u>

Consolidated Balance Sheet

Assets	December 31,	
	1974	1973
	(in thousands)	
CURRENT ASSETS:		
Cash and time deposits	\$ 32,775	\$ 36,297
Marketable securities, at cost which approximates market value	6,215	5,381
Accounts receivable	9,260	8,385
Receivable from associated companies	6,435	895
Inventories (Note 3)	17,215	12,543
	71,900	63,501
INVESTMENTS:		
Associated companies (Note 4)	64,489	49,374
Other, at cost (Note 2)	7,317	2,162
	71,806	51,536
PROPERTY, PLANT AND EQUIPMENT:		
Plant, buildings and equipment (Note 5)	80,383	74,339
Mining and other properties, at cost less accumulated depletion of \$2,485,000 (1973 - \$1,968,000)	10,462	11,015
Deferred exploration, development and preproduction costs, less accumulated amortization of \$1,089,000 (1973 - \$693,000)	7,283	7,718
	98,128	93,072
	\$241,834	\$208,109

Placer Development Limited

Liabilities and Shareholders' Equity	December 31,	
	1974	1973
	<i>(in thousands)</i>	
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 9,584	\$ 10,185
Income and mining taxes payable	<u>3,092</u>	<u>4,218</u>
	12,676	14,403
DEFERRED INCOME AND MINING TAXES <i>(Note 7)</i>	9,862	4,396
MINORITY INTERESTS IN SUBSIDIARIES	20,292	19,099
SHAREHOLDERS' EQUITY:		
Share capital <i>(Note 8)</i> –		
Authorized –		
20,000,000 common shares without nominal or par value		
184,000 exchangeable common shares without nominal or par value		
Issued –		
12,031,908 common shares (1973 - 12,027,508)		
less 12,278 held by a subsidiary	7,890	7,817
Contributed surplus	8,773	8,773
Retained earnings	<u>182,341</u>	<u>153,621</u>
	199,004	170,211
	<u><u>\$241,834</u></u>	<u><u>\$208,109</u></u>

APPROVED ON BEHALF OF THE BOARD:

J. D. SIMPSON, *Director*

T. H. McCLELLAND, *Director*

Consolidated Statement of Changes in Financial Position

	Years ended December 31,	
	1974	1973
	<i>(in thousands)</i>	
FINANCIAL RESOURCES WERE PROVIDED BY:		
Earnings before extraordinary items	\$39,609	\$59,070
Add (deduct) items not involving an outlay of working capital:		
Depreciation, depletion and amortization	8,272	9,994
Deferred income and mining taxes	7,514	1,657
Equity in earnings of associated companies in excess of dividends received (<i>Note 4</i>)	(14,948)	(11,922)
Minority interests in earnings of subsidiaries	4,959	15,307
Other	(142)	612
Total from operations before extraordinary items	<u>45,264</u>	<u>74,718</u>
Extraordinary items affecting working capital	1,486	13,412
	<u>46,750</u>	<u>88,130</u>
FINANCIAL RESOURCES WERE USED FOR:		
Dividends to —		
Shareholders of the Company	14,423	14,398
Minority interests in subsidiary	3,272	—
Plant, buildings and equipment	13,694	5,725
Mining and other properties	—	1,152
Deferred exploration, development and preproduction costs	—	490
Other investments	5,159	—
Reduction of long-term debt	—	45,119
Other	76	(809)
	<u>36,624</u>	<u>66,075</u>
Increase in working capital	10,126	22,055
Working capital, beginning of year	49,098	27,043
Working capital, end of year	<u>\$59,224</u>	<u>\$49,098</u>
ANALYSIS OF CHANGES IN WORKING CAPITAL:		
Increase (decrease) in current assets —		
Cash and time deposits	\$ (3,522)	\$25,331
Marketable securities	834	292
Accounts receivable	875	(1,518)
Receivable from associated companies	5,540	475
Inventories	4,672	(7,847)
	<u>8,399</u>	<u>16,733</u>
Increase (decrease) in current liabilities —		
Accounts payable and accrued liabilities	(601)	3,812
Income and mining taxes payable	(1,126)	3,109
Long-term debt due within one year	—	(12,243)
	<u>(1,727)</u>	<u>(5,322)</u>
Increase in working capital	<u>\$10,126</u>	<u>\$22,055</u>

Notes to Consolidated Financial Statements

December 31, 1974 and 1973

1. Accounting policies:

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its subsidiaries.

FOREIGN CURRENCY TRANSLATIONS

Accounts prepared in foreign currencies are translated into Canadian dollars. Current assets and current liabilities are translated at year-end rates. Non-current assets, related depreciation, depletion and amortization, and non-current liabilities are translated at the rates applicable at the time of the relevant transactions. Revenues and expenses, other than depreciation, depletion, amortization and extraordinary items, are at average rates of exchange for the year. Exchange adjustments are included in the determination of net earnings.

INVESTMENTS IN ASSOCIATED COMPANIES

The equity method of accounting is followed for investments in associated companies in which the Company owns from 20% to 50%. Under this method, the Company records as earnings its share of the earnings or losses of these companies, rather than dividends received. The excess of the cost of investments over the underlying equity in the net assets at the date of acquisition is being amortized on a straight-line basis over the estimated life of each mine or twenty years, whichever is shorter.

WITHHOLDING TAX

Withholding tax, where applicable, is provided on the Company's equity in the undistributed earnings of associated companies.

DEPRECIATION

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

- (a) buildings and machinery on a straight-line basis at the rate of 5% per annum, and
- (b) mobile equipment on a diminishing-balance basis at rates of 15% to 36% per annum.

DEPLETION AND AMORTIZATION

Depletion of mining properties and amortization of deferred exploration, development and preproduction costs are provided on a straight-line basis over the estimated life of each mine or twenty years, whichever is shorter.

EXPLORATION

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

COMPARATIVE FIGURES

Certain 1973 figures have been reclassified to conform with the 1974 presentation.

2. Consolidation of accounts:

Subsidiaries of the Company at December 31, 1974 are as follows —

Amex Communications Inc.	Honduras Minera Placer, S. de R.L.
Beluga Coal Company*	International Resources Limited
Canadian Exploration Limited	Minera Placer Argentina (S.A.M.I.C.T.y F.)
Canex Aerial Exploration Limited	Minera Placer S.A.
Canex Placer Limited	Placer Amex Inc.
Cuisson Lake Mines Ltd.	Placer Development (South Africa)
Denak Mines Ltd.	(Proprietary) Limited
Endako Mines Limited	Placer Holdings Pty. Limited
(In Voluntary Liquidation)	Placer Internationaal, B.V.
Fraser Lake Development Ltd.	Placer Mineraria, S.p.A.
Gibraltar Mines Ltd. (N.P.L.)	*Incorporated in 1974.

By agreement dated August 28, 1974 the Company would increase from 50% to 100% its interest in Placer Exploration Limited and under a related agreement Placer Exploration Limited agreed to sell its wholly-owned subsidiary Placer Prospecting (Australia) Pty. Limited. As these agreements are subject to Australian Government approval the transactions have not been reflected in the 1974 consolidated financial statements. A deposit of \$4,943,000, for the approximate cost of the increased interest in Placer Exploration Limited, has been placed with the vendor and included in other investments in the consolidated balance sheet.

The New Guinea operations (65% owned) were sold on April 27, 1973. The resulting gain on sale is included in extraordinary items in 1973 (Note 9).

3. Inventories:

	December 31,	
	1974	1973
	<i>(in thousands)</i>	
Concentrates, at lower of cost and net realizable value	\$ 7,515	\$ 7,911
Materials and supplies, at lower of cost and replacement cost	9,700	4,632
	<u>\$17,215</u>	<u>\$12,543</u>

4. Associated companies:

	% Ownership	Quoted market price December 31,		Underlying equity in net assets December 31,		Equity in earnings Years ended December 31,		Dividends received Years ended December 31,	
		1974	1973	1974	1973	1974	1973	1974	1973
		<i>(in thousands)</i>							
Craigmont Mines Limited	45	\$ 7,245	\$ 14,490	\$ 9,316	\$ 7,875	\$ 3,221	\$ 4,304	\$ 1,811	\$ 1,358
Marcopper Mining Corporation*	40	81,910	109,172	21,995	14,898	13,070	7,792	5,877	5,160
Mattagami Lake Mines Limited (N.P.L.)	27	46,249	55,678	26,293	19,991	10,732	9,034	4,580	2,694
Other	28-50	not quoted		5,560	5,105	2,611	285	2,418	281
				63,164	47,869				
Excess of cost over underlying equity in net assets, less accumulated amortization of \$1,952,000 (1973 - \$1,772,000)				1,325	1,505				
				<u>\$64,489</u>	<u>\$49,374</u>	<u>\$29,634</u>	<u>\$21,415</u>	<u>\$14,686</u>	<u>\$9,493</u>

*Net of withholding tax (Note 1).

Summarized below are the combined assets, liabilities and net earnings of all the above-mentioned companies:

	December 31,	
	1974	1973
	<i>(in thousands)</i>	
Assets —		
Current assets	\$165,691	\$137,772
Investments and other assets	16,625	15,278
Property, plant and equipment - net	128,516	101,479
	<u>\$310,832</u>	<u>\$254,529</u>
Liabilities —		
Current liabilities	\$ 59,886	\$ 40,898
Long-term debt	17,191	31,400
	<u>\$ 77,077</u>	<u>\$ 72,298</u>
Combined net earnings for the year	<u>\$105,961</u>	<u>\$ 74,987</u>

5. Plant, buildings and equipment:

	December 31,	
	1974	1973
	<i>(in thousands)</i>	
Cost —		
Buildings and machinery	\$ 87,347	\$ 81,689
Mobile equipment	25,579	19,112
Other	863	740
	<u>113,789</u>	<u>101,541</u>
Accumulated depreciation —		
Buildings and machinery	21,845	18,462
Mobile equipment	11,137	8,409
Other	424	331
	<u>33,406</u>	<u>27,202</u>
	<u>\$ 80,383</u>	<u>\$ 74,339</u>

6. Provincial mineral royalties:

Royalties are payable on all copper and molybdenum production in British Columbia from January 1, 1974. There is a basic royalty of 2½% (increasing to 5% in 1975 and subsequent years) on net smelter return less transportation costs, and an incremental royalty of 50% of the amount by which net smelter return exceeds 120% of a basic value. The average net smelter return received during the year did not exceed 120% of the 1974 basic value.

7. Income and mining tax expense:

	Years ended December 31,	
	1974	1973
	<i>(in thousands)</i>	
Current —		
Income tax	\$ 2,641	\$ 734
Mining tax	1,953	7,719
	<u>4,594</u>	<u>8,453</u>
Deferred —		
Income tax	4,985	1,273
Mining tax	2,529	384
	<u>7,514</u>	<u>1,657</u>
	<u>\$12,108</u>	<u>\$10,110</u>

Income taxes have been calculated in accordance with the proposals of the November 18, 1974 budget of the Canadian Government. Under this budget the standard percentage depletion formerly allowed terminated May 6, 1974 and corporations in the extractive industries were allowed to deduct earned depletion. Earned depletion is limited to 25% of production profits per annum to a total of \$1 for every \$3 of eligible capital and exploration expenditures made after November 7, 1969. At December 31, 1974 the earned depletion available to certain subsidiaries in future years is approximately \$20,500,000 (1973 - \$25,000,000).

Deferred income and mining taxes result primarily from depreciation claimed for tax purposes in excess of that recorded for accounting purposes.

Taxes provided represent 44.8% (1973 - 16.0%) of pre-tax earnings of \$27,042,000 (1973 - \$63,072,000) compared to the Canadian statutory rate of 50.0% (1973 - 51.0%). The taxes provided are less than the statutory rate by 5.2% (1973 - 35.0%) for the reasons shown below:

	Years ended December 31,	
	1974	1973
Provincial mining taxes not included in statutory rate	(16.5)%	(12.8)%
Mining income subject to federal resource profit abatement	14.0	—
Mining income related to tax-exempt period of Gibraltar Mines Ltd. (N.P.L.) and, in 1974, the depreciation and amortization claimed for tax purposes which had been provided during the tax-exempt period	12.3	48.7
Mining income subject to standard and earned depletion	10.9	—
Exploration expenses incurred by subsidiaries and provincial mineral royalties not deductible for tax purposes	(11.9)	—
Other	<u>(3.6)</u>	<u>(0.9)</u>
Net reduction from statutory rate	<u>5.2%</u>	<u>35.0%</u>

8. Share capital and share option plan:

The Company's common and exchangeable common shares were split on a two-for-one basis as of May 11, 1973.

The Company's share option plan provides options over a ten-year term which are exercisable one year from the dates the options are granted at prices currently ranging from \$12.72 to \$22.41 (1973 - \$12.72 to \$34.29) per exchangeable common share. The option prices are set at 110% of the market value of the common share at the dates the options are granted. Exchangeable common shares are exchanged for common shares on a one-for-one basis. Under the share option plan the following transactions in exchangeable common shares took place:

	Years ended December 31,	
	1974	1973
Options outstanding, beginning of year	84,900	128,600
Granted	12,300	6,300
Cancelled	(6,300)	(2,400)
Exercised for cash consideration of \$73,000 (1973 - \$797,000)	<u>(4,400)</u>	<u>(47,600)</u>
Options outstanding, end of year	<u>86,500</u>	<u>84,900</u>

There would be no material dilution of earnings per share if the outstanding share options had been exercised during the year.

9. Extraordinary items:

	Years ended December 31,	
	1974	1973
	<i>(in thousands)</i>	
Amount received from the sale of option rights U.S. \$1,526,000* (1973 - U.S. \$4,384,000)	\$1,637	\$ 4,704
Less: Exchange loss thereon	<u>151</u>	<u>312</u>
	1,486	4,392
Income tax reduction arising from the application of prior years' exploration and other costs	2,048	2,677
Gain on sale of New Guinea operations and rights to acquire Afton shares, net of applicable income taxes of \$1,020,000	—	5,673
	<u>\$3,534</u>	<u>\$12,742</u>

*Final payment was received in 1974 for option rights sold in a prior year and taken into earnings as payment was made by the purchasers.

10. Pension plans:

The Company and its subsidiaries have contributory and non-contributory pension plans under which the total pension expense for 1974 was \$456,000 (1973 - \$424,000). The cost of pension benefits charged to earnings is based upon periodic actuarial computations which are obtained at least every two years. The current and past service benefits of these plans are fully funded in accordance with the most recent actuarial reports and the estimated requirements for minor modifications to the plans since the report dates.

11. Remuneration of directors and senior officers:

Aggregate direct remuneration paid during the year ended December 31, 1974 by the Company and its subsidiaries to its directors and senior officers amounted to \$596,000 (1973 - \$530,000).

Auditors' Report

TO THE SHAREHOLDERS OF PLACER DEVELOPMENT LIMITED:

We have examined the consolidated balance sheet of Placer Development Limited as at December 31, 1974 and 1973 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. Our examinations of the consolidated financial statements of Placer Development Limited and those subsidiaries and associated companies of which we are the auditors were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of two associated companies.

In our opinion these consolidated financial statements present fairly the financial position of the Companies as at December 31, 1974 and 1973 and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles consistently applied.

In accordance with Section 212 of the British Columbia Companies Act, we report that in our opinion due provision has been made for minority interests in subsidiaries.

Vancouver, B.C.
February 7, 1975

PRICE WATERHOUSE & CO.
Chartered Accountants

Inflation and its effects on financial results

The effect of inflation is not fully reflected in conventional financial statements. This occurs primarily because financial information is recorded in terms of the dollar's purchasing power as it existed at the time of each transaction. Through inflationary periods an increased number of dollars is required each time for similar transactions. Thus, current dollars have less value than historical dollars and this is not shown in conventional financial statements.

Historical financial information can be translated into terms of current purchasing power (i.e. December 31, 1974 dollars) to illustrate the distortions caused by inflation. While such a procedure does not represent the current value or replacement cost of the assets or prices at which the transactions would take place currently, it does provide additional comparisons of annual results and the return on shareholders' equity.

In the following summary, adjustments to the conventional audited financial results have been made to reflect the changing purchasing power effects primarily of:

- (a) retaining "monetary" items (cash and receivables held over a period of time result in purchasing power losses, whereas retention of payables results in gains);
- (b) charging "historical" depreciation, depletion and amortization dollars to current earnings.

Guidelines as suggested by The Canadian Institute of Chartered Accountants have been used, including the application of the Gross National Product Implicit Price Index (reflecting inflation rates of 13% for 1974 and 10% for 1973).

Supplementary financial information stated in units of current purchasing power

(with comparative historical dollar amounts)
(in thousands)

Historical dollars		Adjusted to show current purchasing power (December 31, 1974 dollars)	
1974	1973	1974	1973
BALANCE SHEET INFORMATION			
\$ 17,215	\$ 12,543	\$ 17,520	\$ 14,599
59,224	49,098	59,529	55,844
98,128	93,072	130,393	126,864
241,834	208,109	290,735	268,774
199,004	170,211	241,659	221,600
EARNINGS STATEMENT INFORMATION			
\$ 97,305	\$ 130,968	\$102,441	\$152,467
8,272	9,994	10,787	12,688
—	—	4,692	(1,234)
<u>43,143</u>	<u>71,812</u>	<u>35,166</u>	<u>74,381</u>
\$ 3.59	\$ 5.98	\$ 2.93	\$ 6.19
RETURN ON SHAREHOLDERS'			
<u>22%</u>	<u>20%</u>	<u>16%</u>	<u>15%</u>

Reported historical net earnings of \$43,143,000 for 1974 and \$71,812,000 for 1973 show a 40% decline. If these were adjusted for the effects of inflation, as illustrated by the above summary, then the net earnings become \$35,166,000 and \$74,381,000 respectively, for a decrease of 53%. If the return on shareholders' equity was similarly adjusted, the return of 22% for 1974 and 20% for 1973 would be reduced to 16% and 15% respectively.

Dividends paid

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
1974	\$3,605,529	\$3,605,648	\$3,605,769	\$3,605,770	\$14,422,716
1973	2,394,285	2,395,726	3,594,646	6,012,979	14,397,636

Dividends paid per share

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
1974	\$0.30	\$0.30	\$0.30	\$0.30	\$1.20
1973	0.20*	0.20	0.30	0.50	1.20

Share price range (Toronto Stock Exchange)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	High	Low	High	Low	High	Low	High	Low
1974	\$25 $\frac{1}{8}$	\$21 $\frac{1}{2}$	\$22 $\frac{3}{4}$	\$17 $\frac{7}{8}$	\$19 $\frac{3}{4}$	\$13 $\frac{1}{4}$	\$16 $\frac{7}{8}$	\$13 $\frac{3}{8}$
1973	28*	23*	29 $\frac{1}{8}$	24	32	26 $\frac{1}{2}$	30	20 $\frac{5}{8}$

Composition of net earnings per share before extraordinary items

	Gibraltar	Canex Placer	Craigmont	Mattagami	Marcopper	Cortez	Other	Total
1974	\$1.02	\$0.24	\$0.27	\$0.89	\$1.09	\$0.25	\$(0.46)	\$3.30
1973	3.12	0.09	0.36	0.75	0.65	0.06	(0.11)	4.92

Operating review 1974 - 1972

1974 — Declining copper prices in the second half of 1974, along with lower shipments of concentrate by Gibraltar Mines Ltd. (N.P.L.), reduced sales revenues. Increased interest and other income in both 1974 and 1973 resulted from higher cash balances invested at higher interest rates. The British Columbia Mineral Royalties Act was passed in 1974 creating a new royalty expense of \$1,825,000. Exploration activity increased, resulting in increased exploration expense which included approximately \$2,000,000 spent to acquire a prospect in New Brunswick, Canada. Depletion and amortization decreased following completion of mining at Canex Placer Limited's tungsten operation in 1973. With the completion of the repayment of the Gibraltar development bank loan in December 1973, interest expenses ceased. An increase of \$5,300,000 in the equity in earnings of Marcopper Mining Corporation resulted from mining higher grade ore. Extraordinary items included \$2,048,000 representing an income tax reduction arising from the application of prior years' exploration and other costs and the receipt of the final payment of \$1,486,000 on the sale of Marcopper option rights.

1973 — Record high levels for the price of copper, a full year's production of Gibraltar, as well as increased earnings of associated companies, primarily due to increased metal prices, resulted in higher net earnings in 1973. Mining taxes of \$7,800,000 paid by Gibraltar on its increased earnings created higher income and mining taxes. The sales of Commonwealth-New Guinea Timbers Ltd., Marcopper option rights and the right to acquire shares of Afton Mines Ltd., resulted in higher extraordinary items.

1972 — Operating results of Gibraltar which commenced production April 1, 1972, were the major factor in increased revenues and expenses, including the interest expense of approximately \$3,000,000 on Gibraltar's bank loan. Taxes remained low due to Gibraltar being in its income tax-exempt period. Accumulated exploration and other costs, incurred in prior years, were applied against taxable income and the tax saving was treated as an extraordinary item along with \$3,053,000 received from the sale of the Marcopper option rights, and a share of extraordinary gains of associated companies. Increased earnings of Mattagami Lake Mines Limited (N.P.L.), resulting from commencement of production by Matabi Mines Limited and higher zinc prices, increased the equity in earnings of associated companies. The minority interest represents the portion of Gibraltar's earnings corresponding to the 28% interest of the minority shareholders. Exploration activity was increased during the year.

*Adjusted for 2 for 1 stock split May 11, 1973.

Ten-year summary *(in thousands, except number of shareholders and employees)*

Financial data

	1974	1973	1972
Revenues:			
Sales	\$ 97,305	130,968	56,062
Interest and other income	8,442	4,367	2,829
	<u>105,747</u>	<u>135,335</u>	<u>58,891</u>
Expenses:			
Cost of sales	52,809	49,015	28,825
Depreciation	7,359	8,159	6,729
Provincial mineral royalties	1,825	—	—
Depletion and amortization	913	1,835	1,896
Selling, general and administrative	4,779	4,729	4,229
Exploration	10,780	5,956	6,233
Interest	—	3,400	3,235
Foreign exchange loss (gain)	240	(831)	23
	<u>78,705</u>	<u>72,263</u>	<u>51,170</u>
Income and mining taxes	27,042	63,072	7,721
	<u>12,108</u>	<u>10,110</u>	<u>1,608</u>
Earnings before the following	14,934	52,962	6,113
Equity in earnings of associated companies	29,634	21,415	9,057
Minority interests in earnings of subsidiaries	(4,959)	(15,307)	(2,623)
	<u>24,675</u>	<u>6,108</u>	<u>6,434</u>
Earnings before extraordinary items	39,609	59,070	12,547
Extraordinary items	3,534	12,742	4,102
Net earnings	<u>\$ 43,143</u>	<u>71,812</u>	<u>16,649</u>
Shareholders' equity	\$199,004	170,211	112,000
Return on shareholders' equity (5-year moving average) — %	21.8	19.7	11.5
Above return adjusted to reflect the current purchasing power of the Canadian dollar — %	16.1	14.9	8.3

Operating data

Tons ore milled — Gibraltar	13,397	15,082	11,243
— Endako	7,508	8,446	6,382
	<u>20,905</u>	<u>23,528</u>	<u>17,625</u>
Copper produced (lbs. contained)			
Gibraltar	90,247	121,801	82,049
Placer's share of:			
Marcopper — 40%	41,321	36,666	39,110
Mattagami — 27%	6,361	6,421	4,356
Craigmont — 45%	22,466	16,699	21,858
	<u>160,395</u>	<u>181,587</u>	<u>147,373</u>
Molybdenum produced (lbs. contained)	12,050	11,878	9,237

Other data

Working capital	\$ 59,224	49,098	27,043
Working capital ratio	5.7:1	4.4:1	2.4:1
Total assets	\$241,834	208,109	186,784
Property, plant and equipment expenditures	\$ 13,694	7,367	19,009
Average shares outstanding **	12,019	12,015	11,963
Number of shareholders	5,778	5,720	5,170
Geographical distribution of ownership — %			
— Canada	74.3	73.3	70.0
— Australia	11.3	12.6	13.3
— U.S. & Other	14.4	14.1	16.7
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Number of employees	2,813	2,326	2,434

Per common share**

Earnings before extraordinary items	\$ 3.30	4.92	1.05
Net earnings	\$ 3.59	5.98	1.39
Dividends paid	\$ 1.20	1.20	0.47
Price range on Toronto Stock Exchange — High	\$ 25 $\frac{1}{8}$	32	23
— Low	\$ 13 $\frac{1}{4}$	20 $\frac{3}{8}$	12 $\frac{3}{8}$

* Annual rates only.

** Adjusted to reflect two-for-one stock split in May, 1973.

1971	1970	1969	1968
23,112	34,285	40,427	33,812
<u>2,474</u>	<u>3,084</u>	<u>1,810</u>	<u>1,219</u>
25,586	37,369	42,237	35,031
11,470	14,161	17,906	18,545
<u>3,627</u>	<u>3,766</u>	<u>3,342</u>	<u>3,308</u>
796	209	240	967
2,346	2,976	2,677	2,445
4,377	5,539	6,290	5,268
104	199	261	249
—	865	—	—
<u>22,720</u>	<u>27,715</u>	<u>30,716</u>	<u>30,782</u>
2,866	9,654	11,521	4,249
<u>2,850</u>	<u>7,088</u>	<u>5,332</u>	<u>434</u>
16	2,566	6,189	3,815
<u>7,079</u>	<u>9,196</u>	<u>5,565</u>	<u>3,597</u>
7,079	9,196	5,565	3,597
7,095	11,762	11,754	7,412
—	—	—	1,059
<u>7,095</u>	<u>11,762</u>	<u>11,754</u>	<u>8,471</u>
100,917	99,292	93,951	89,092
11.7	13.9	14.3	9.8*
8.3	10.0	10.2	5.6*
—	—	—	—
<u>9,051</u>	<u>10,118</u>	<u>9,628</u>	<u>6,597</u>
9,051	10,118	9,628	6,597
—	—	—	—
38,609	30,232	6,251	—
3,484	3,407	3,496	3,070
<u>17,835</u>	<u>15,213</u>	<u>15,396</u>	<u>14,764</u>
59,928	48,852	25,143	17,834
<u>14,388</u>	<u>18,240</u>	<u>18,805</u>	<u>12,082</u>
17,209	17,318	24,078	20,253
2.2:1	4.6:1	4.3:1	6.8:1
166,310	110,247	105,166	95,104
51,806	14,106	3,996	2,746
11,960	11,960	11,873	11,868
5,800	6,500	4,910	5,280
66.0	61.8	61.2	57.6
13.6	15.7	16.4	18.3
20.4	22.5	22.4	24.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
2,138	2,149	2,129	2,091
0.59	0.98	0.99	0.62
0.59	0.98	0.99	0.71
0.46	0.68	0.59	0.36
19 ³ / ₈	24 ³ / ₈	23 ⁵ / ₈	17 ¹ / ₂
8 ⁷ / ₈	14 ¹ / ₂	16	12

AUDITORS

Price Waterhouse & Co.,
Chartered Accountants,
Vancouver, Canada

STOCK EXCHANGE LISTINGS

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

BANKERS

Canadian Imperial Bank of Commerce
The 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

TRANSFER AGENTS AND REGISTRARS

National Trust Company, Limited,
Vancouver and Calgary, Canada
Canada Permanent Trust Company,
Toronto and Montreal, Canada
Professional Share Registries
(N.S.W.) Pty. Limited,
Sydney, Australia
Registrar and Transfer Company,
Jersey City, N.J., U.S.A.

ANNUAL GENERAL MEETING

The Annual General Meeting of Shareholders of the Company will be held on Wednesday, April 30, 1975 at 12:00 Noon in the Board Room of the Hotel Vancouver, Vancouver, British Columbia, Canada.

VALUATION DAY

On December 22, 1971, established as valuation day by the Canadian Department of National Revenue, the price of the Company's Common Shares was \$12.75 per share (adjusted from \$25.50 following the share split in 1973).

