



Placer Development Limited
Annual Report 1980



Placer Development Limited

The Company

Placer is a Canadian company, amalgamated in the Province of British Columbia, whose business is primarily exploration, development and production of hard minerals, petroleum and natural gas. Canadian residents hold 76% of the issued shares, 11% are held in the United States, 10% are held in Australia and 3% are held in other countries.

Offices

Head Office:

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

Sydney Office:

Gold Fields House
Sydney 2001, N.S.W., Australia

Stock Exchange Listings

Toronto Stock Exchange
Vancouver Stock Exchange
Montreal Stock Exchange
Sydney Stock Exchange
American Stock Exchange
Stock Exchange Association of New Zealand

Auditors

Price Waterhouse & Co., Chartered Accountants
Vancouver, Canada

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.

Cover:

This evening photo at one of Placer's British Columbia mines shows an ore truck on its way to the primary crusher. Every 24 hours the mine's fleet of trucks will remove close to 105,000 tonnes of ore to the crusher and waste to dumps. The economics of open pit mining are largely based on fleets of trucks similar to this 90-tonne Unit Rig which help to make commercial production of relatively low grade ore deposits possible.

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Annual General Meeting

The Annual General Meeting of Shareholders of the Company will be held on Tuesday, May 5, 1981 at Noon in the Vancouver Island Room at the Hotel Vancouver, Vancouver, British Columbia.

Valuation Day Price

On December 22, 1971, established as valuation day by the Canadian Department of National Revenue, the price of the Company's Common shares was \$4.25 per share (adjusted from \$25.50 following the share splits in 1973 and 1980).

Metrication

The Canadian mining industry converted to the International System of Metric Units or "S.I." in 1980. The figures in this report are in metric units and a conversion table has been included below for reference.

Metric unit	Symbol	Imperial unit	Other unit
tonne	t	2,204.6 pounds	
kilogram	kg	2.2046 pounds	.029 flasks
gram	g	.03215 troy ounces	
cubic metre	m ³	35.49373 cubic ft.	6.2929 barrels
metre	m	3.281 feet	
kilometre	km	.6214 miles	
hectare	ha	2.471 acres	

Note: 10³m³ means, one thousand cubic metres.

Annual Report 1980

Directors

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

^{1,2}Ross G. Duthie, Vancouver, Canada,
President and Chief Executive Officer.

E. Jack Eldridge, Sydney, Australia,
Chairman, Placer Exploration Limited.

Donald R. Getty, Edmonton, Canada,
President, D. Getty Investments Ltd.

William James, Toronto, Canada,
*Executive Vice-President,
Noranda Mines Limited.*

¹Thomas H. McClelland, Vancouver, Canada,
Chairman of the Board.

¹Alfred Powis, Toronto, Canada,
*Chairman, President and Chief Executive Officer,
Noranda Mines Limited.*

²J. Ernest Richardson, Vancouver, Canada,
Vice-Chairman,

³*MacMillan Bloedel Limited.*

²P. Ritchie Sandwell, Vancouver, Canada,
Chairman of the Board,

⁴*Sandwell & Company Limited.*

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

^{1,2}H. Richard Whittall, Vancouver, Canada,
*Deputy Managing Partner,
Richardson Securities of Canada.*

¹*Member of the Executive Committee*

²*Member of the Audit Committee*

³*Forest Products Company*

⁴*Consulting Engineers*

Directors Emeritus

Albert E. Gazzard, Vancouver, Canada

John D. Simpson, Vancouver, Canada

Officers

Thomas H. McClelland, *Chairman of the Board*

Ross G. Duthie, *President and Chief Executive Officer*

James L. McPherson, *Senior Vice-President
and Chief Financial Officer*

Anthony J. Petrina, *Senior Vice-President
and Chief Operating Officer*

Lawrence Adie, *Vice-President, Exploration*

John A. Butterfield, *Vice-President, Marketing*

James H. Eastman, *Vice-President,
Project Developments*

Lory C. Fairfield II, *Vice-President,
Personnel and Industrial Relations*

Howard F. Gougeon, *Vice-President,
Administration and Comptroller*

John M. McConville, *Vice-President,
Corporate Affairs and General Counsel*

Robert Needham, *Vice-President,
Australian Operations*

John Racich, *Vice-President, Finance*

Donald Hallam, *Secretary*

David Michaelis, *Sydney Secretary*

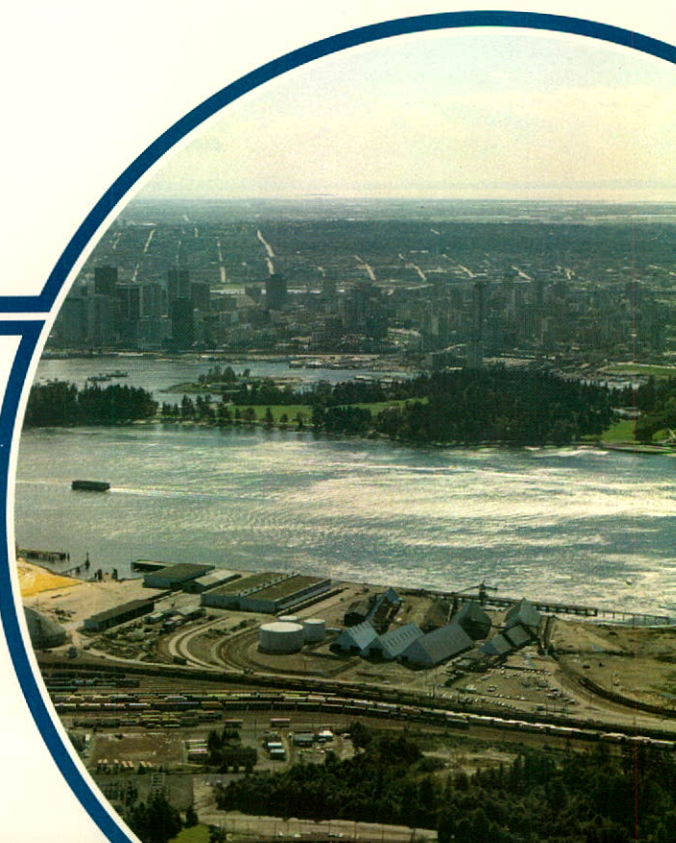
Vancouver Harbour

Placer's administrative centre is Vancouver, British Columbia. The city and its business section form a backdrop for rail and marine transport services which help to move our mineral products to offshore markets. The bulk materials wharf in foreground is located at the First Narrows entrance to Burrard Inlet opposite Stanley Park. Concentrates from various British Columbia mines are delivered by rail and are stored in the cluster of blue "A frame" sheds until the arrival of deep sea bulk carriers.

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Comparative Highlights

	1980	1979
Operating Summary		
Revenues	\$319,615,000	\$307,511,000
Equity in after-tax earnings of associated companies	39,065,000	19,641,000
Earnings before extraordinary items	81,286,000	74,528,000
Net earnings	89,354,000	113,116,000
Exploration expense	24,155,000	17,674,000
Financial Status		
Working capital	\$ 73,375,000	\$ 50,045,000
Property, plant and equipment additions	117,442,000	92,234,000
Shareholders' equity	391,924,000	322,048,000
Total assets	711,121,000	549,763,000
Per Common Share		
Earnings before extraordinary items	\$2.29	\$2.06
Net earnings	2.52	3.12
Dividends paid	0.60	0.42
Book value	11.02	9.11
Statistical Data		
Common shares outstanding	36,512,781	36,396,144
Number of shareholders	5,996	4,908
Number of employees	2,961	2,507

Equity Silver mine, newest in the Placer group, came on-stream in 1980.

Directors' Report to the Shareholders

The Board is pleased to present this 54th annual report to shareholders. Our earnings in 1980 were satisfactory despite a softening in metal markets in the fourth quarter.

Consolidated earnings for the year ended December 31, 1980 were \$81,286,000 or \$2.29 per share before an extraordinary gain of \$8,068,000. In 1979, consolidated earnings were \$74,528,000 or \$2.06 per share before an extraordinary gain of \$38,588,000. Consolidated net earnings, including the extraordinary items, were \$89,354,000 or \$2.52 per share in 1980 and \$113,116,000 or \$3.12 per share in 1979.

The extraordinary gain of \$8,068,000 in 1980 resulted from the sale of our 50% interest in Northern Cattle Company Pty. Limited. This completed the disposition of our ranching interests in Australia. In the previous year, the extraordinary gain of \$38,588,000 occurred when we exchanged our 27.1% interest in Mattagami Lake Mines Limited (N.P.L.) for a 5.5% interest in Noranda Mines Limited (later increased to a 7.7% indirect interest when the Noranda shares and \$40,000,000 cash were exchanged for a 36.3% interest in Zinor Holdings Limited).

Earnings in 1980, before the extraordinary gain, improved as a result of the inclusion for the first full year of our 7.7% indirect interest in Noranda's earnings, and higher earnings by Endako. Partially offsetting the improvement were reduced earnings by Gibraltar, Marcopper and Craigmont. Our programmes of aggressive exploration and new mine development are reflected in higher exploration costs and higher interest expense on increased borrowings.

Demand for Placer's metal concentrates remained stable through most of 1980, mainly because our principal market, Japan, was less affected by recessionary conditions than many other industrialized nations. The prices for molybdenum and copper weakened, particularly toward year-end.

Placer received dividends of \$10,453,000 from Zinor in 1980. Zinor's sole asset is a 21.2% interest in Noranda Mines Limited, a diversified Canadian natural resources company with net earnings of \$408,355,000 in 1980 (1979 — \$394,509,000). Noranda's mining and metallurgical earnings were less than those of 1979, but improved earnings were reported by its manufacturing and forest products operations.

Endako's volume of molybdenum sales increased over that of 1979 when production was limited by an eight and one-half month strike. The increase in volume more than offset the lower price of the current year.

Our Australian subsidiary, Placer Exploration Limited, incurred losses of \$6,137,000 in 1980 and \$5,197,000 in 1979. These resulted primarily from provisions for cost overruns on long-term equipment construction contracts of Fox Manufacturing Company.

Our long-term debt at year-end was \$161,530,000, a net increase of \$80,389,000 from 1979, due primarily to construction of the Equity Silver mine. In 1980, bank lines of credit for \$320,000,000 were negotiated and a portion of this amount was used for Equity.

Shareholders received quarterly dividends which, adjusted for the three-for-one share split on May 22, totalled \$0.60 per share in 1980. Earnings retained in the business are used to maintain the Company's growth through mineral exploration, the development of new mines and maintenance and modernization of production facilities.

The Board has approved the introduction of an optional stock dividend plan which will enable shareholders to elect to receive stock dividends in lieu of cash dividends. Shareholders will receive information on the plan as soon as filings with regulatory authorities have been completed.

Capital Projects

Equity Silver Mines Limited began commercial production of unleached concentrate in October and made its first shipment in January, 1981. At an average daily throughput of 5,000 tonnes, the mill is operating above its design capacity of 4,500 tonnes per day. The leach plant, required to produce a readily marketable product, is still under construction and is expected to come on-stream in mid-1981. The total cost of developing Equity is expected to be \$129,000,000; the increase from the \$107,000,000 reported in 1979 being primarily related to the leach plant. In December, Placer received \$80,000,000 as a partial redemption of a total \$108,250,000 of Equity preferred shares which it had purchased to finance construction of the mine. Additional redemptions will be made on completion of the leach plant.

Minera Real de Angeles S.A. de C.V. began construction of a mine at its silver property in the Mexican state of Zacatecas in early 1980 and expects to commence production early in 1982. This mine will be among the world's largest silver producers. Placer holds a 34% interest in the U.S. \$150,000,000 project, partly financed by a U.S. \$110,000,000 loan from a member of the World Bank. The balance of the cost is being provided pro-rata by Placer and its partners, the Mexican Government

through the Comision de Fomento Minero, and Frisco S.A. de C.V., a major Mexican mining company.

Capital projects of existing mines at Gibraltar, Endako and Marcopper were undertaken during the year. Such projects, which represent significant investments, reflect continuing adjustments to mining or market conditions and the need to maintain efficient operations.

At Gibraltar, Stage II mining commenced in the East pit. An in-pit crusher and conveyor system was in full operation by July and has resulted in economies in the transportation of ore. Stage II development costs from 1978 to 1980, amounted to \$26,600,000 with an additional \$9,300,000 spent on the crusher and conveyor system. Stripping for Stage II mining of the Pollyanna pit commenced in January, 1981 and is expected to cost \$74,000,000 to completion in 1985.

At Endako, expansion of roaster capacity and the flotation circuit continued at an estimated cost of \$10,000,000. In addition, a new plant to produce "Ultrapure", a high grade molybdenum disulphide additive for lubricants, to be marketed under that name by the Company, was completed at a cost of \$2,700,000 and was undergoing start-up tests at year-end.

At Marcopper, dredging of old tailing overburden from the San Antonio orebody is continuing. A U.S. \$10,000,000 programme of expansion in the concentrator and power plant will allow Marcopper to maintain production levels in spite of lower grade ore with harder grinding characteristics.

Operations at Craigmont, previously scheduled to cease in mid-1981, will be extended until early 1983. The extension results from a plan to up-grade approximately one million tonnes of by-product coarse iron concentrate now stockpiled at the mine. This will be processed in the mill together with the remaining underground reserves of copper ore. These reserves will be exhausted by the first half of 1982 and the mill will then process iron concentrate exclusively.

Placer CEGO Petroleum Limited participated in the completion of the West Eagle oil reservoir near Fort St. John, British Columbia, in which it has a 50% interest. A water-injection programme has been started in this reservoir in order to increase the recoverable reserves. CEGO Asia, 40% owned by Placer CEGO, was established to explore for offshore oil and gas in the Philippines.

Exploration

Your Company continued its extensive exploration for precious and industrial metals and for hydrocarbons. Our total expense in this area during 1980 was \$24,155,000. In recent years, our investment in exploration has contributed to Placer's participation in the two previously mentioned silver mines — Equity and Real de Angeles.

Three other properties have reached an advanced stage of exploration and are currently under feasibility evaluation. These are: Kidston, Queensland, Australia — gold; Golden Sunlight, Montana, U.S.A. — gold; Adanac, British Columbia — molybdenum.

The National Energy Policy

In its October 28 budget, the Canadian Government introduced the National Energy Programme (NEP) which will affect our wholly owned oil and gas subsidiary, Placer CEGO. The NEP includes a new petroleum and gas tax of 8% which is not deductible for income tax purposes. The combined effect of the 8% tax on revenues and higher income taxes resulting from the discontinuance of the earned depletion system will reduce earnings of Placer by approximately \$4,000,000 in 1981.

The NEP also aims at greater Canadian ownership of the petroleum and natural gas industry and among the measures intended to achieve this is replacement of the "earned depletion" tax allowance with incentive grants for exploration. The proportion of exploration covered by such grants will vary with the degree of Canadian ownership. Because of the way in which Canadian ownership is calculated for NEP purposes, Placer may not qualify for maximum incentive grants.

Directors

Two Directors will retire from the Board this year. J. Ernest Richardson, a Director since 1967, has given the Company the benefit of his experience in a broad cross-section of business and industry. E. Jack Eldridge became a Director in 1976 following a career of increasing responsibility in our Australian activities. His specialized knowledge of that area of interest has been of great value. To both gentlemen the Board expresses its sincere appreciation.

Peter A. Cherniavsky of Vancouver, British Columbia has been nominated to succeed one of the retiring Directors. It is the Board's intention to appoint an Australian citizen as a Director in the near future.

Personnel

A total of 2,961 persons were employed by Placer and its subsidiary and associated companies on December 31, 1980. The increase from the previous year's total of 2,507 relates primarily to development of the Equity Silver mine. The current year total includes 890 persons directly employed by Placer at an annual wage and benefits cost of \$24,850,000.

Labour agreement extensions were negotiated at Endako and Gibraltar while increased employee retention premiums became effective at Craigmont. Staffing for the new Equity mine was carried on through the year. A number of new programmes in training and employee communications were initiated at Placer group mines in 1980.

Placer has achieved considerable growth in recent years and it became desirable to realign some management responsibilities. Anthony J. Petrino, formerly Vice-President, Operations, was appointed Senior Vice-President and Chief Operating Officer. John M. McConville, formerly Vice-President, Administration and General Counsel, was appointed Vice-President, Corporate Affairs and General Counsel. John Racich,

formerly Treasurer, was appointed Vice-President, Finance and Howard F. Gougeon, formerly Comptroller, was appointed Vice-President, Administration and Comptroller.

Outlook

Recessionary conditions affected most industrial countries in 1980 and are still evident in the first quarter of 1981 as weakened demand and prices for many industrial metals continue.

Although higher world energy prices, high interest rates and growth in the money supply continue to be of concern, economic recovery in Western industrial nations could be evident in the second half of 1981. As expansion occurs, the demand for metals should strengthen and the outlook for Placer is, therefore, optimistic.



T.H. McClelland, *Chairman* R.G. Duthie, *President*
Vancouver, B.C. February 24, 1981.

Composition of Net Earnings Per Share

Operation	Endako	Gibraltar	Zinor/ Noranda Mattagami	Marcopper	Placer CEGO	Craigmont	McDermitt	Placer Exploration	Other*	Extra- ordinary Items	Total
1980—\$	1.17	0.48	0.87	0.13	0.14	0.08	0.10	(0.17)	(0.51)	0.23	2.52
1979—\$	0.99	0.66	0.21	0.26	0.15	0.12	0.07	(0.14)	(0.26)	1.06	3.12

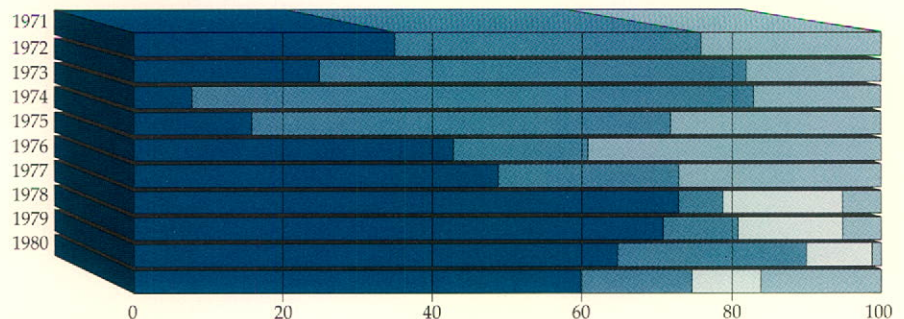
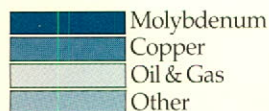
*Primarily represents other minor operations, exploration, interest and other corporate expenses.

Return on Shareholders' Equity — %

1980	1979	1978	1977	1976	1975	1974	1973	1972	1971
25.0	40.8	8.9	10.0	8.7	8.1	23.4	50.9	15.6	7.1

Contribution to Earnings by Product

Percentage



Mining Operations

Introduction

The greater part of Placer's earnings was derived from the production and sale of metallic mineral concentrates. Since 1975 molybdenum and copper have been the principal products contributing to earnings.

Canada

ENDAKO MINES DIVISION (100% interest)

The mine and mill operated at full capacity through the year with all ore supplied from the Denak pit.

Record tonnages were mined due to a combination of favorable operating conditions, short waste hauls and a new shovel. Preparation for mining the Denak West pit proceeded with stripping of approximately 245,000 m³ of waste material.

Ore reserve estimates were increased as a result of new information from diamond drilling and re-interpretation of geology.

Mill tonnage and recovery were above budget resulting in molybdenum production approximately 18% over

Endako	Years ended December 31	
	1980	1979*
FINANCIAL		
Gross revenues	\$136,044,000	\$119,979,000
Income and resource taxes . . .	\$ 57,588,000	\$ 47,427,000
Net earnings	\$ 41,701,000	\$ 35,778,000
OPERATIONS		
Ore milled — t	11,103,000	4,768,000
Daily average — t	30,600	18,200
Grade — % molybdenum . .	.085	.077
Recovery of molybdenum — %	77.7	73.2
Molybdenum in concentrate		
produced — kg	7,294,000	2,697,000
shipped — kg	4,652,000	3,738,000
Inventory at year-end — kg . .	3,233,000	642,000
Ore reserves — t	254,000,000	232,000,000
Grade — % molybdenum . .	.082	.081
*Production was reduced by a strike from February 15 to November 1, 1979.		

projections. Tonnage improved because of better ore characteristics and concentrator improvements. Expansion of the flotation section was completed in December and is expected to further improve recovery.

The roasters which convert molybdenum disulphide to molybdic oxide, operated at maximum capacity. The total production of molybdic oxide included 1,400,000 kg toll roasted for other mines. A new roaster is under construction and is expected to come on-stream by March 1981 at which time a stockpile of 545,000 kg of molybdenum disulphide will be converted to oxide form.



Endako

Late afternoon over the Endako mine. Concentrator and mill can be seen at the far end of the Endako pit where mining commenced in 1965. The Denak pit, site of current mining operations, extends left from the lower part of the Endako pit. Placer's Endako Mines Division is one of the world's largest suppliers of molybdenum, producing approximately one hundred thousand tonnes in concentrate since it came on-stream 16 years ago. Its product, converted at the mine to final oxide form, is used by steel fabricators in Canada, Europe, Japan and many other countries.

Construction of the Ultrapure plant was finished in August and testing of the complete system commenced. A considerable amount of new technology is included in the design and modifications and adjustments will be required as the plant progresses toward volume production. Test batches of the product have been provided to a number of consumers.

Negotiations with the union resulted in collective agreement changes including an extension of the contract to September 30, 1982 and a wage increase.

GIBRALTAR MINES LIMITED (71.9% interest)

Net earnings were down from the previous year due to higher operating costs, increased depreciation and depletion charges and a lower grade and quality of ore.

All ore production in the second half of the year was from Stage II of the East pit following Stage I mining in the Pollyanna pit. Toward year-end the grade of ore improved and a reduction was evident in oxide ore which is difficult to separate from the host rock during flotation.

The in-pit crusher and conveyor system experienced a number of interruptions during initial operation. The causes were soon located and corrected and the system is now in regular operation. Significant savings of petroleum products and, therefore, operating costs, are being realized.

Diamond drilling was undertaken during the year for more precise ore delineation in the West zone and the Stage II, Pollyanna zone.

Gibraltar	Years ended December 31	
	1980	1979*
FINANCIAL		
Gross revenues	\$ 93,507,000	\$ 96,205,000
Income and resource taxes ...	\$ 21,145,000	\$ 28,360,000
Net earnings.....	\$ 23,703,000	\$ 33,461,000
Dividends paid.....	\$ 29,670,000	\$ 10,841,000
OPERATIONS		
Ore milled — t.....	12,644,000	10,446,000
Daily average — t.....	34,900	33,000
Grade — % copper.....	.38	.42
Recovery of copper — %...	77.18	83.38
Concentrate produced — t...	135,200	128,500
Copper in concentrate — kg..	37,367,000	36,287,000
Molybdenum in		
concentrate — kg.....	780,300	538,300
Copper concentrate		
shipped — t.....	119,700	115,000
Inventory at year-end — t....	29,300	13,900
Ore reserves — t.....	231,000,000	243,000,000
Grade — % copper.....	.35	.36
— % molybdenum ..	.008	.008

*Production was halted by a strike from May 26, 1978 to February 6, 1979.

Gibraltar

Ninety tonnes of ore, fresh from the open pit working face are dumped into one of Gibraltar's primary crushers. This mine, operating on a low grade of ore (90 tonnes will yield less than 400 kilograms of copper) depends on volume operations to remain efficient. Copper mineralization occurs in four zones known as the East, West, Granite Lake and Pollyanna. All except the West zone have been mined through Stage I and the East zone is now supplying all ore from Stage II mining.



In September the collective agreement was revised to provide for improved wages and benefits and a term extension of 15 months to September 30, 1982.

The company is continuing initiatives to strengthen relations with employees. These include regular meetings between supervisors and crews, a programme to improve the supervisory techniques of first line supervisors and comprehensive induction counselling and employee assistance programmes.

EQUITY SILVER MINES LIMITED (70% interest)

Mining in the Southern Tail pit commenced in the second quarter on a two shift, five-day week basis. Good progress was made in construction during 1980 with the office/shop/warehouse completed and occupied during April. The concentrator came on-line on October 1 after a brief tune-up period.

Full economic production will not occur until the leach plant becomes operational in mid-1981. Construction of the plant is well advanced although some delays were experienced in the supply of specialized equipment.

Equity Silver	Three months ended December 31, 1980*
FINANCIAL	
Interest income	\$ 54,000
Income and resource taxes ...	\$(221,000)
Loss	\$ 332,000
OPERATIONS	
Ore milled — t	448,000
Daily average — t	5,000
Concentrate produced — t ...	7,470
Silver in concentrate — kg ...	45,000
Copper in concentrate — kg ..	1,200,000
Inventory at year-end — t....	8,900
Ore reserves — t	27,000,000
Grade — g/t silver	104.3
— % copper38
<small>*Production of commercial quantities of unleached concentrate commenced October 1, 1980.</small>	

The first shipment of unleached concentrate comprising 6,480 t left Prince Rupert in January, 1981 for Japanese smelters.

CRAIGMONT MINES LIMITED (44.59% interest)

Net earnings were satisfactory despite diminishing ore reserves.

A plan to continue operating into early 1983 followed studies on the most appropriate way to treat approximately 1,000,000 t of by-product coarse iron concentrate stockpiled at the mine. Although copper



Equity

Mining progressed through the winter at the Equity Silver mine, 37 kilometres south of Houston in central British Columbia. The presence of mineralization at Equity (originally named after nearby Sam Goosley Lake) was first established in 1967, but the complex nature of its minerals discouraged early attempts to develop the property. Placer's decision to design and build a leach plant to treat the concentrate at the mine site, plus increasing silver prices, changed the economics of the venture and led to a development decision in early 1979.

production will continue to decline, mill throughput capacity will be maintained by re-grinding the iron concentrate. This will help Craigmont achieve maximum benefit from the remaining copper ore reserves and from its by-product.

Investigation continues on exploration prospects and business proposals. Should no other investment be found it will be recommended that the company be wound-up and its assets distributed to the shareholders following the cessation of operations in early 1983.

Craigmont	Years ended October 31	
	1980	1979
FINANCIAL		
Gross revenues	\$27,815,000	\$41,744,000
Income and resource taxes ...	\$ 7,007,000	\$12,920,000
Extraordinary gain*	\$ 1,558,000	—
Net earnings	\$ 7,078,000	\$10,387,000
Dividends paid	\$10,155,000	\$ 8,631,000
<i>*Sale of Placer Development Limited Shares</i>		
OPERATIONS		
Ore milled — t	1,951,000	1,910,000
Daily average — t	5,400	5,400
Grade — % copper64	.95
Recovery of copper — % ...	89.67	86.29
Concentrate produced — t ...	40,200	54,800
Copper in concentrate — kg..	11,211,000	15,577,000
Iron concentrate produced — t	37,500	31,800
Copper concentrate shipped — t	40,400	76,200
Inventory at year-end — t...	3,900	4,300

Craigmont

Blasters prepare a charge at Craigmont's underground mine near Merritt in south-central British Columbia. This copper producer commenced operations with an open pit mine in 1961, converting to underground in 1967. As the first of the present generation of large British Columbia copper mines, Craigmont helped to establish the province as a principal source of the red metal. Craigmont, now nearing depletion of its ore reserves, was also the first underground mine in North America to use the efficient "sub-level caving" method of mining.

United States

PLACER COAL INC. (100% interest)

The coal market in the United States continued in a depressed state due to oversupply. The mine shut down for two and one-half months as a result. Efforts to locate low-sulphur coal reserves are continuing.

Placer Coal Inc.	Years ended December 31	
	1980	1979
FINANCIAL		
Gross revenues	\$5,262,000	\$6,589,000
Loss	\$1,338,000	\$ 486,000
OPERATIONS		
Coal mined — t	181,600	224,600
Coal reserves — t	363,400	545,000

McDERMITT MINE (51% interest)

Strong demand for mercury and an increase in the United States price resulted in an earnings improvement for the mine. Operations were continuous and at a satisfactory level of efficiency through the year.



McDermitt	Years ended December 31	
	1980	1979
FINANCIAL		
Company's share of earnings	\$3,559,000	\$2,451,000
OPERATIONS		
Ore milled — t.....	321,400	219,300
Grade — kg/t.....	4.34	5.32
Recovery of mercury — %	81.7	85.3
Mercury produced — kg.....	1,047,900	1,011,700
Mercury shipped — kg.....	981,500	1,268,000
Ore reserves — t.....	1,648,000	1,969,000
Grade — kg/t.....	5.00	4.94

CORTEZ GOLD MINES (30.8% interest)

Cortez ceased milling operations in 1976 after ore reserves were exhausted although the increasing price of gold allowed the continued heap leaching of low-grade ore. In 1980 a study was carried out on the feasibility of expanding the leach operations and reactivating the mill. As a result, heap leaching was substantially increased and milling operations resumed in early 1981. Ore reserves also increased.

Cortez Gold Mines	Year ended	
	December 31, 1980	
FINANCIAL		
Company's share of earnings	\$623,000	
OPERATIONS		
Leach ore mined — t.....	575,000	
Grade — g/t.....	.93	
Gold produced from leaching — g.....	236,100	
Ore reserves — t.....	4,900,000	
Grade — g/t.....	.44	

Philippines

MARCOPPER (39.89% interest)

Production of copper and gold decreased considerably due to a lower grade of ore milled although increased copper and gold prices mitigated the decline in revenue. Earnings were further affected by a rapid rise in operating costs, largely the result of escalating oil prices and, to a lesser degree, of higher tonnage mined to meet increased stripping requirements.

Design work has started on a U.S. \$10,000,000 expansion of the existing concentrator and power plant. The expected 14% increase in mill throughput, scheduled for January 1982, will lessen the effect of diminishing ore grade and harder ore.

Development of the San Antonio ore zone continues with dredging of the old tailing approximately 60% complete



McDermitt

The McDermitt mercury mine is located in northwestern Nevada, United States, just below the Oregon border. It was developed by Placer in 1975 to mine, by open pit, mercury ore which occurs in ancient lake sediments within 15 to 45 metres of the surface. Although McDermitt is not a large mine — annual throughput is approximately 320,000 tonnes — it is North America's largest mercury producer. While McDermitt's primary ore is cinnabar, the mineral from which mercury has traditionally been obtained, small amounts of a new mineral, corderoite, previously not found outside of a laboratory, are also present.

by year-end. Tax relief is being sought to improve the rate of return on the project, scheduled to commence production in 1984.

Exploration is being carried on throughout the Philippines. Diamond drilling on a number of properties in 1980 failed to confirm any viable orebodies.

Marcopper's subsidiary, Mar Fishing Company, Inc. ended the year with a profit of \$293,000. Construction of

the company's tuna processing plant in Zamboanga, Philippines, was completed on schedule and within budget at a cost of approximately \$9,400,000. Trial production commenced in November, while full commercial production will begin the first quarter of 1981. The plant has a capacity of 50 t of raw fish a day. Mar Fishing has purchased a modern tuna purse seiner and has placed orders for construction of two more purse seiners to augment the supply of fish for the Zamboanga plant.

Marcopper	Years ended December 31	
	1980	1979
FINANCIAL		
Gross revenues	\$92,117,000	\$103,256,000
Income taxes	\$ 8,943,000	\$ 18,639,000
Net earnings	\$13,673,000	\$ 27,261,000
Dividends paid	\$24,132,000	\$ 20,126,000
OPERATIONS		
Ore milled — t	8,840,000	9,221,000
Daily average — t	24,200	25,300
Grade — % copper45	.54
Recovery of copper — %	82.4	87.0
Concentrate produced — t	115,900	146,100
Copper in concentrate — kg	34,456,000	44,522,000
Gold in concentrate — g	807,400	1,580,600
Silver in concentrate — g	5,856,400	7,551,700
Copper concentrate shipped — t	113,100	151,200
Inventory at year-end — t	10,500	7,800
Ore reserves — t	106,000,000	101,000,000
Grade — % copper44	.43

Marcopper

Marcopper, on the Island of Marinduque in the Philippines, was developed by Placer in 1969. Although copper mineralization had been discovered much earlier, development of the mine waited first for the end of the Second World War and then for extensive geological and commercial analysis. Now one of the country's largest copper producers, Marcopper employs approximately 1,500 Filipinos, most of whom are native to the island. These employees adapted easily from farming and fishing cultures and have mastered a wide range of skills required in their mine.



Oil & Gas

PLACER CEGO PETROLEUM LIMITED (100% interest)

Placer's oil and gas interests are managed by its wholly owned subsidiary, Placer CEGO Petroleum Limited of Calgary, Alberta.

Highlights

Placer CEGO recorded increases in gross income, cash flow and capital expenditures during 1980. It participated in 48 development wells during 1980 (1979—57) resulting in 22 gas wells, 16 oil wells and 7 dry holes, with 3 wells drilling at year-end. The company participated in 28 exploratory wells (1979—41) resulting in 13 gas wells, 3 oil, 8 dry and abandoned and 4 wells drilling at year-end.

Operations

Capital expenditures for development drilling and new plant and equipment were \$13,483,000. A major part of this cost was in the West Eagle field near Fort St. John, British Columbia in which the company has a 50% interest. The initial infill drilling programme was completed, the field was unitized and a water injection programme was commenced to increase production.

This field has been completed on a pattern of four wells per square mile for a primary production rate of 950m³ per day. The water injection or secondary recovery programme is expected to double the recoverable reserves and increase the daily production rate to 1,270 m³ per day. One of the four wells in each group has been

Placer Cego	Years ended December 31	
	1980	1979
FINANCIAL		
Gross revenues	\$32,022,000	\$25,856,000
Income taxes	\$ 4,700,000	\$ 4,000,000
Net earnings*	\$ 4,898,000	\$ 5,456,000
OPERATIONS		
Oil and natural gas		
liquids produced — m ³	235,500	229,900
Natural gas produced —		
10 ³ m ³	261,700	270,200

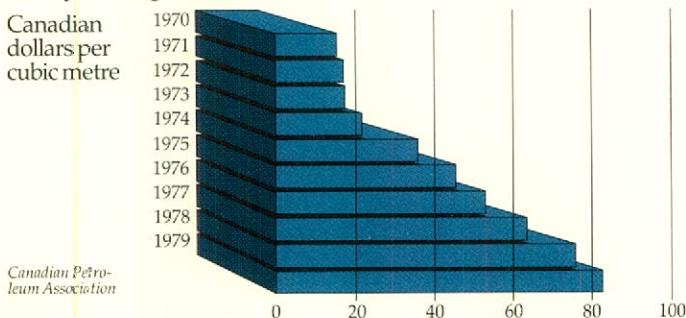
*Net of amortized excess consideration paid over the book value of net assets acquired.

converted to water injection. Placer CEGO, through its 6 1/4% interest in a gas plant near Strachan, Alberta participated in the establishment of the first sulphur-prilling plant in western Canada.

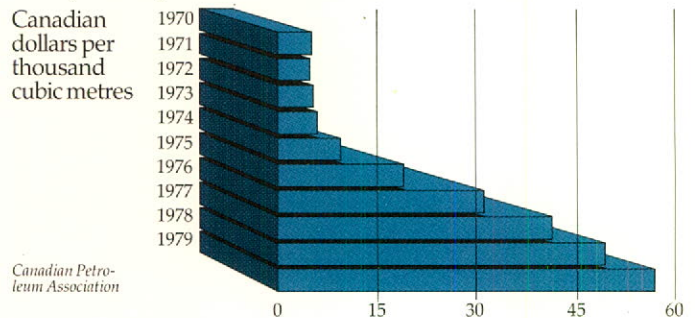
Markets

The average well-head price received for western Canadian crude oil during 1980 was \$16.75 per barrel FOB Edmonton. This price was increased by \$1.00 per barrel on January 1, 1981. Natural gas was priced at \$81.63 per 10³m³ (\$2.30 per MCF) at the Toronto gate on December 31, 1980 and the federal government increased

Yearly Average Crude Oil Wellhead Prices



Yearly Average Natural Gas Wellhead Plant Prices



this to \$92.28 (\$2.60) on February 1, 1981. The export price of natural gas at year-end was U.S. \$158.66 per 10^3m^3 (U.S. \$4.47 per MCF), an increase of U.S. \$36.20 per 10^3m^3 (U.S. \$1.02 per MCF) during the year. Another increase of U.S. \$16.68 (U.S. \$0.47) occurred on April 1, 1981 bringing the price paid by United States customers to U.S. \$175.34 per 10^3m^3 (U.S. \$4.94 per MCF).

Exploration

Although exploration for oil and gas in 1980 resulted in 16 successful wells and 8 dry holes, there were no major discoveries. Additional drilling will be carried out around the discovery wells to establish potentials. Exploration expense was \$7,091,000 (1979 — \$5,238,000).

In the North Sea, the seventh exploratory well, drilled at no cost to the company on our acreage in Block 29/6, was plugged and abandoned after reaching 3,670 m. Further seismic work is planned. To date, North Sea exploration on the company's acreage has resulted in one gas discovery, one oil discovery and five dry holes.

Discoveries of oil and gas have been made in the same area of Canadian Arctic lands in which Placer CEGO has interests. In 1980 the company completed a seismic option and farmout agreement for the possible drilling of two wells on 50% interest lands and three wells on 30% interest lands in the Beaufort Sea. In the event that all options are exercised, this programme could involve an expenditure by the optionee in excess of \$250,000,000.

CEGO Asia, 40% owned by Placer CEGO, was formed in May to explore for gas and oil in Southeast Asia. It is

headquartered in Manila, Philippines and has completed a seismic programme of 400 km in the South Sulu Sea area of the Philippine Archipelago.

At year-end Placer CEGO held for possible exploration, 902,000 gross ha of land and 271,000 net ha. An additional 72,000 ha were held under gross royalty agreements.

Oil and Gas

Placer CEGO's oil and gas interests are centered in Alberta and northeastern British Columbia. Pump jacks such as this are a common sight in fields where natural pressure has declined below the point required to lift oil to the surface. Water flood is another important tool for increasing recoveries of oil and gas. Petroleum is replaced by water pumped from the surface. Such a programme was instituted during 1980 at Placer CEGO's 50%-owned West Eagle field near Fort St. John, British Columbia.



Supplementary Oil and Gas Information

The following data on Reserve Recognition Accounting and related matters are prepared in response to disclosures required by the United States Securities and Exchange Commission.

Estimated proved developed oil and gas reserves and changes for the years shown are —

	1980		1979		1978	
	Oil and natural gas liquids (m ³)	Natural gas (10 ³ m ³)	Oil and natural gas liquids (m ³)	Natural gas (10 ³ m ³)	Oil and natural gas liquids (m ³)	Natural gas (10 ³ m ³)
January 1	1,481,900	3,650,600	1,557,300	3,800,400	1,274,300	3,957,700
Revisions of previous estimates	30,900	(66,600)	140,800	(36,400)	451,200	19,000
Purchases of minerals-in-place	—	—	—	183,700	—	—
Extensions, discoveries and other additions	342,300	420,300	13,700	240,200	—	66,900
Production	(235,500)	(261,700)	(229,900)	(270,200)	(162,200)	(243,200)
Sales of minerals-in-place	—	—	—	(267,100)	(6,000)	—
December 31	<u>1,619,600</u>	<u>3,742,600</u>	<u>1,481,900</u>	<u>3,650,600</u>	<u>1,557,300</u>	<u>3,800,400</u>

All of the proved reserves are situated in North America. Segregation of Canadian and United States' data is not presented as the United States reserves are not material, there being no oil reserves and under 1% of the total natural gas reserves.

No proved undeveloped reserves are calculated since a report provided by independent engineers states that all reserves were indicated to be developed.

The estimated future net revenues from the proved developed oil and gas reserves based on current prices with deductions for royalties, capital expenditures and current operating costs, but excluding administrative costs and income taxes at December 31, 1980 are —

1981	\$ 21,514,000
1982	25,930,000
1983	22,688,000
Succeeding years	135,601,000
	<u>\$205,733,000</u>

The present value of the estimated future net revenues from the proved developed oil and gas reserves at December 31, 1980, discounted at 10%, are \$134,927,000 (1979 — \$127,245,000; 1978 — \$107,007,000).

Summary of Changes in the Present Value of Estimated Future Net Revenues

	Years Ended December 31	
	1980	1979
	<i>(in thousands)</i>	
January 1	\$127,245	\$107,007
Additions, revisions and accretion of discount less related estimated future development and production costs	38,516	47,971
Purchases of minerals-in-place	—	6,250
Previously estimated future development costs incurred during the year	(5,468)	(4,437)
Sales of oil and gas, net of production costs	(25,366)	(20,066)
Sales of minerals-in-place	—	(9,480)
December 31	<u>\$134,927</u>	<u>\$127,245</u>

Summary of Oil and Gas Producing Activities On The Basis of Reserve Recognition Accounting

Reserve recognition accounting is an experimental method of accounting for oil and gas which recognizes the estimated future net cash flows from oil and gas reserves when the reserves are proven. The following illustrates the results of oil and gas producing activities prepared on this basis.

	Years Ended December 31	
	1980	1979
	<i>(in thousands)</i>	
Additions and revisions to estimated proved oil and gas reserves:		
Additions of new proved oil and gas reserves at current prices (present value, discounted at 10%).....	\$ 7,975	\$ 4,952
Revisions — price changes	28,863	33,201
— other (changes in estimated future costs, quantities, and rates of production)	—	17,140
Accretion of discount	2,356	2,799
	<u>39,194</u>	<u>58,092</u>
Evaluated acquisition, exploration, development and production costs:		
Costs incurred, including impairments	23,648	29,678
Future development and production costs (present value, discounted at 10%)	678	10,121
	<u>24,326</u>	<u>39,799</u>
Additions and revisions to estimated proved oil and gas reserves over evaluated costs before income taxes*	14,868	18,293
Provision for income taxes	5,620	6,047
Results of oil and gas producing activities on the basis of reserve recognition accounting	<u>\$ 9,248</u>	<u>\$12,246</u>

*The pre-tax profit contribution reflected in the financial statements for the oil and gas production activities corresponding to this amount for 1980 is \$12,910,000 (1979 — \$13,084,000).

The above summary excludes acquisition and exploratory well costs deferred pending determination of proved reserves of \$16,341,000 (1979 — \$15,879,000). Valuation allowances provided with respect to these properties in 1980 are \$5,105,000 (1979 — \$776,000). At December 31, 1980 aggregate valuation allowances are \$5,335,000.

Other Business

Placer Exploration Limited (100% interest)

Our Australian subsidiary continued to be seriously affected by the costs of completing long-term contracts of Fox Manufacturing Company. A loss of \$6,137,000 before an extraordinary gain, resulted primarily from provisions for cost overruns on long-term equipment construction contracts.

The company's cattle interests were sold during the year resulting in an extraordinary gain on the sale of \$8,068,000.

Fox Manufacturing Company, Domestic and International Divisions had combined sales of \$25,534,000 (1979 — \$28,249,000). A substantial portion of these sales resulted from the introduction of a continuous miner manufactured by the company for the Australian underground coal mining industry. A number of orders for this machine have been received for delivery in 1981.

Associated Plywood Sales had improved sales of \$12,598,000 (1979 — \$11,805,000) due to its efforts to broaden the market base for its products.

Molybond Laboratories increased sales by 29% due to the increased availability of molybdenum and further sales penetration of the Australian market.

Placer Exploration	Years ended December 31	
	1980	1979
Gross revenues	\$41,748,000	\$43,813,000
Income taxes	\$ (757,000)	\$ (219,000)
Extraordinary gain*	\$ 8,068,000	—
Net earnings (loss)	\$ 1,931,000	\$ (5,197,000)

*Sale of 50% interest in Northern Cattle Company.

Zinor Holdings Limited (36.3% interest)

Zinor holds a 21.2% interest in Noranda Mines Limited, a Canadian company with significant interests in mining, smelting, metals fabrication and forest products. The Noranda group is a major producer of copper, molybdenum, gold, silver and lead and is the world's largest mine producer of zinc. Noranda owns approximately 33% of Placer's issued shares.

The number of outstanding Noranda shares was substantially increased in 1980. As a result, Noranda's earnings of \$4.06 per share in 1980 were lower than the \$4.70 earned in 1979 even though net earnings increased. Dividends amounted to \$1.25 per share in 1980.

Noranda	Years ended December 31	
	1980	1979
	(in thousands)	
FINANCIAL		
Gross revenues	\$2,889,295	\$2,484,690
Income and resource taxes ...	\$ 242,242	\$ 227,045
Equity earnings of associated companies	\$ 83,096	\$ 70,089
Net earnings	\$ 408,355	\$ 394,509
Dividends paid	\$ 126,896	\$ 70,839
	December 31,	
	1980	1979
	(in thousands)	
Current assets	\$1,609,482	\$1,488,793
Investments and other assets .	791,859	595,387
Fixed assets (net)	<u>1,536,880</u>	<u>1,236,030</u>
	<u>\$3,938,221</u>	<u>\$3,320,210</u>
Current liabilities	\$ 787,961	\$ 801,430
Deferred liabilities	369,763	259,086
Long-term debt	580,477	602,483
Minority interest in subsidiaries	199,038	193,961
Shareholders' equity	<u>2,000,982</u>	<u>1,463,250</u>
	<u>\$3,938,221</u>	<u>\$3,320,210</u>

The sole asset of Zinor Holdings Limited is its investment in Noranda Mines Limited whose financial information is provided above.

Noranda reported a significant decline in fourth quarter earnings when weak copper and precious metals prices required inventory write-downs.

Mining and metallurgical earnings declined primarily because slightly higher product prices were more than offset by inflation. Prices were generally highest at the start of the year and declined erratically thereafter.

A profit was realized on the sale of an Australian uranium property, although approximately one half of this gain was offset by the cost of strikes and equipment problems.

Manufacturing earnings improved, reflecting strong performances by aluminum and cable operations.

Very weak demand depressed earnings from forest products, particularly in western Canada. However, aggregate earnings increased due to inclusion of the results of Maclaren Power and Paper, acquired February 1.

Noranda had an improved financial position which assisted in the reduction of its borrowing costs.

Markets

General

Most industrialized countries experienced economic recession in 1980 and demand for many materials was poor. Recovery may be hindered by the high cost of credit and energy. Prices and selling conditions for non-energy commodities are therefore likely to remain poor through the first half of 1981.

Molybdenum

During 1980, the market changed sharply from one of critical shortage to abundant supply. For the first time in five years supply exceeded demand.

Producer prices for molybdic oxide ranged from U.S. \$21.03 per kg to U.S. \$25.50 in the first half, fell to U.S. \$24.25 in the third quarter and fell again to U.S. \$22.27 per kg in the fourth quarter. Merchant prices which peaked in mid-1979 at U.S. \$71.11 per kg, fell to U.S. \$16.54 in the second half of 1980.

With demand low and buyers reducing inventories, primary sellers, including Placer, were not able to sell their entire output in the second half of 1980.

Demand for molybdenum should grow at a healthy rate of 4-6% annually over the next decade. Nevertheless, considerable new capacity is being brought on-stream and the market may be oversupplied for the next two or three years.

Copper

Refined copper consumption declined by 4% to about 7,200,000 t in 1980. Copper production was also reduced

by a prolonged strike and slow return to full operations by United States copper producers. Refined stocks held by producers and metal exchanges fell by about 85,000 t during 1980 which kept monthly wirebar prices on the London Metal Exchange over U.S. \$1.98 per kg for 11 months in 1980.

With the United States strike over and slow recovery of economic activity, refined copper stocks may tend to increase and keep prices below normal in the first half of 1981.

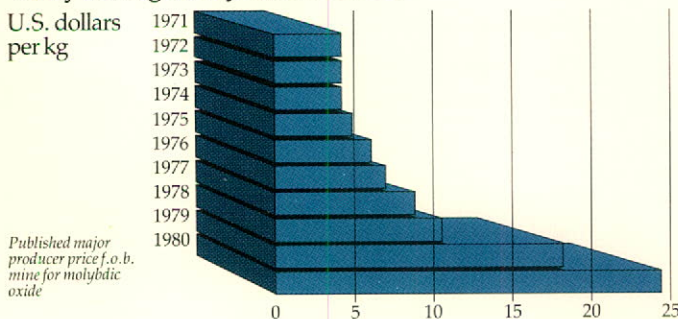
Silver

Investment and speculative demand dominated this market in 1980 creating extremely volatile conditions. Prices ranged from U.S. \$1.57 to U.S. \$0.35 per g (U.S. \$48.80 to U.S. \$10.80 per troy ounce) averaging U.S. \$0.73 per g (U.S. \$22.70 per troy ounce). High price levels induced the release of substantial amounts of hoarded silver and increased reclamation activities, eliminating the traditional shortfall between industrial demand and supply from mine production and scrap. Investment demand and speculation are expected to continue as dominant factors and continued price volatility is anticipated.

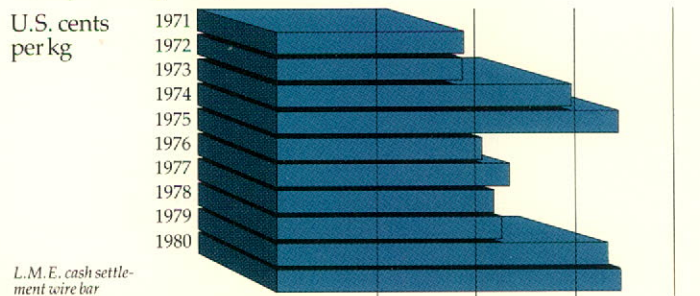
Gold

International political tensions, economic instability, increased speculation and inflation influenced the gold market through 1980. After reaching a new level of U.S. \$27.33 per g (U.S. \$850 per troy ounce) in late January, the price fell below U.S. \$16.07 per g (U.S. \$450

Yearly Average Molybdenum Prices



Yearly Average Copper Prices



per troy ounce) in March and then rose again with the onset of war in the Middle East. Consumption of gold for industrial uses and jewellery is expected to decline by about 40% in 1980 because of higher prices. While inflation remains high and war occurs or threatens, the price will likely remain volatile.

Marketing

Molybdc oxide, one of Placer's mineral products, is added to a batch of molten steel at an Ontario mill. Molybdc oxide, mined as molybdenum disulphide and processed at Endako to the final oxide form required by steel mills, is an important alloy in steels used under conditions of extreme temperatures. This Canadian mine annually supplies approximately 7,000,000 kilograms of contained molybdenum to the steel industry. It will soon supply highly purified molybdenum disulphide for use in a wide range of special greases and oils.



Mercury

Price gains continued in 1980 and mercury rose from U.S. \$350 per flask in late 1979 to average near U.S. \$390 per flask in 1980. In the third quarter, the world's largest producer increased its list price to U.S. \$445 FOB European ports. However, the deepening European recession led to fourth quarter weakening and the effective European price fell to about U.S. \$380 in December.

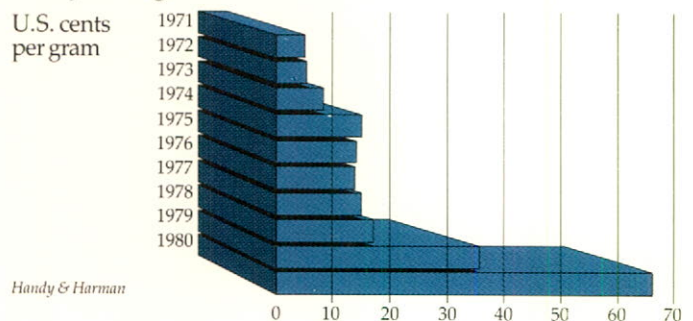
Demand in the United States remained reasonably firm throughout 1980 despite the recession.

Coal

United States consumption continued to increase, rising 7% in 1980 to about 720,000,000 t. Production was close to 750,000,000 t, however, and the excess was added to already swollen inventories. Prices reflected the nearly four months' supply in inventories and the continuous state of overcapacity within the productive sector. Spot prices remained essentially unchanged from those of 1979.

Utility consumption of steaming coals remains the brightest prospect as the outlook for coking coal is dimmed by forecasts of diminished steel sales. Further rationalization by producers is required before conditions will improve.

Yearly Average Silver Prices



Exploration

Expenditures for hard mineral exploration during 1980 were \$17,064,000 (1979 — \$12,436,000), of which approximately 40% was spent in Canada, 32% in the United States and 28% in Australasia and other areas.

In Australia, diamond drilling was almost completed by year-end on the 100%-owned Kidston gold prospect in northeastern Queensland. Mineable reserves on the Mineral Hill area have been established by computer techniques at 39,300,000 t of proven and probable ore grading 1.76 g of gold and 2.06 g of silver per t, based on a 0.4 g cut-off for oxide ore and 0.8 g for sulphide ore. Waste/ore ratio is calculated at 1.2/1.

A Stage I pit area of higher grade proven reserves is calculated at 8,485,000 t grading 2.30 g gold and 2.20 g silver per tonne, with a waste to ore ratio of 0.26/1. A Stage II pit area is estimated to contain an additional 7,435,000 t at an average grade of 1.82 g gold and 2.79 g silver per tonne with a waste/ore ratio of 0.80/1. Outside of the Mineral Hill area, an additional 17,000,000 t are indicated and inferred from limited drilling.

Metallurgical testing has established recoveries ranging from 82% to 94% with the higher recoveries from the weathered near-surface ore. A final feasibility study, based on a 7,500 t-per-day operation, is scheduled for completion in mid-1981. Should this property be developed into a mine we expect that Placer would be required to reduce its interest to 55% from the present 100%.

At the 100%-owned Golden Sunlight gold prospect in Montana, a computerized calculation of reserves which can be mined by open pit, at U.S. \$16.88 per g gold (U.S. \$525 per troy ounce), is indicated to be 23,400,000 t

at a grade of 1.71 g per t with a waste/ore ratio of 2/1. An underground drilling programme is exploring the down-dip extension of the breccia ore zone. A final feasibility study is expected by mid-1981.

A programme of diamond drilling and engineering studies continued on the molybdenum property of Adanac Mining and Exploration Limited near Atlin, British Columbia. A total of 4,858 m of diamond drilling was completed in 27 holes in the area of mineralization. A Stage Two report on the potential impact of a new mine is being prepared for submission to the provincial government in the second quarter of 1981. In the meantime, engineering and evaluation studies will continue on the deposit.

Underground exploration commenced on the XY Central Zone at the Howard's Pass lead/zinc property on the Yukon-Northwest Territories border. An adit was advanced 580 m before cold weather halted the programme. The mineralized zone was intersected 367 metres from the portal and was continuous to the end of the tunnel. The underground programme will be continued in 1981. United States Steel Corporation continues to fund the programme under its option to

Exploration

The international nature of mineral exploration is emphasized by photos on this and the following page. At right, winter has settled in the remote mountains of the Canadian Yukon and exploration activities have come to a halt. This photo was taken by a contract trucker in early December of 1980, when he brought supplies for next summer's programme. Only one man remained at the camp to ensure safe storage of the supplies and a week later, he too had returned to the outside world.



earn a 49% interest. It is presently estimated that this interest will be earned by the end of 1981.

A programme of wide-spaced diamond drilling on a prospect in the Yellowknife area of the Northwest Territories has indicated a large tonnage of very fine-grained columbium/tantalum mineralization. Metallurgical testing is in progress to determine the recoverability of the metals. A gold discovery was made on one of Placer's claim groups in the Queen Charlotte Islands, British Columbia. Ore grade mineralization was intersected in two holes of a five hole, 600-m diamond drilling programme. Further drilling will be required to evaluate the significance of this discovery.

On the Beluga coal prospect in Alaska, further drilling has established additional tonnages of low sulphur, sub-bituminous coal, increasing reserves to more than 455,000,000 t amenable to surface mining. Market investigations and technical studies on utilizing the coal are continuing.

At the 51%-owned Aurora uranium property in Oregon, the environmental baseline study was completed and

further metallurgical and plant site engineering was suspended pending an improvement in the uranium market.

In Chile, exploration activities have been carried on since 1976 under a joint venture agreement with Cia. Electro Metalurgica S. A. Since inception of the partnership more than two hundred mineral prospects have been examined of which at least three appear to be worthy of more detailed investigations.

In Papua New Guinea, 14,800 m of diamond drilling were completed on the Porgera gold prospect in which Placer holds a 33% interest. Most of this work was concentrated in the Waruwari zone and all assay information is being computerized for tonnage and grade estimates and for preliminary economic studies which will help define and guide the scope of exploration in 1981. Northeast of Waruwari an adjacent zone known as Rambari has also been tested. The Papua New Guinea Government has an option to take up to a 10% participating interest in the venture.



Exploration

Jungle growth of Papua New Guinea surrounds an exploration crew as it establishes an exploration drill site. On this mountainous island, Placer's first successful mining venture, Bulolo Gold Dredging Limited, was located. Bulolo operated from 1930 to 1965 with the exception of the war years when much of the dredging equipment was destroyed.

Management's Discussion and Analysis of the Results of Operations, Liquidity and Capital Resources and Inflation Accounting

The principal operations of the Company are conducted by the Endako Mines Division and Gibraltar Mines Limited. Endako produces molybdenum and Gibraltar produces copper concentrate and molybdenum. Consequently, the earnings of the Company are highly dependent on the price levels and sales volumes of these products. Equity Silver Mines Limited completed construction of its mine facilities except for the leach plant and on October 1, 1980 commenced commercial production of silver in unleached concentrate. In 1981, sales from that operation are expected to contribute significantly to revenues and earnings.

1980 Compared to 1979

Results of Operations

Net earnings — Consolidated net earnings in 1980 were \$89,354,000, including an extraordinary gain of \$8,068,000 from the sale of the Company's 50% interest in Northern Cattle Company Pty. Limited in Australia. The improvement in earnings before extraordinary items was due to the inclusion of the Company's 7.7% indirect interest in the earnings of Noranda Mines Limited for the entire year and earnings of Endako due to an increase in molybdenum sales volume. These were partially offset by lower earnings of Gibraltar resulting from higher operating costs, a lower grade of ore and lower molybdenum sales prices. In addition, exploration activities increased in 1980, and increased borrowings for new capital projects and higher interest rates resulted in a higher interest expense.

Revenues — Sales of \$308,904,000 were the highest ever for the Company. The 5% increase over 1979 was due to Endako's higher molybdenum sales volume (4,652,000 from 3,738,000 kg). This more than compensated for the decline in the average price received by that division (\$28.76 from \$31.06 per kg).

Gibraltar's copper sales volume increased marginally to 32,874,000 kg and it realized an average net price of \$2.01 per kg for copper in concentrate compared to \$2.04 in 1979. In 1980, Gibraltar sold its molybdenum at producer prices, which were much lower than the merchant prices it received in 1979, and revenues from that product decreased to \$17,006,000 on sales of 528,500 kg.

Expenses — Cost of sales increased \$3,170,000 or 3%. The increase reflects two significant offsetting developments in operations. Endako's unit costs declined 21% in comparison to 1979 as increased costs were incurred in that year when operations continued with reduced production during a strike. On the other hand, Gibraltar's unit costs increased 39% due to the lower grade of ore mined

and higher depreciation and depletion charges related to its pit development costs.

In 1980, the Company and the union negotiated an extension of the collective labour agreements to September 30, 1982 for both the Endako and Gibraltar mines.

Manufacturing operations in Australia continued to be unprofitable primarily because of cost overruns on long-term manufacturing contracts.

Selling, general and administrative expenses increased \$4,965,000 primarily as a result of inflation, higher costs at Australian operations and increased salary and pension costs.

Additional borrowings to finance capital projects coupled with higher interest rates in 1980 caused the significant increase in interest and exchange loss.

Exploration expense increased by 37% to \$24,155,000 of which 70% was spent on hard mineral prospects and the balance on oil and gas, primarily in western Canada. Mineral exploration increased in western Canada, the United States and Australia.

The equity in after-tax earnings of associated companies rose significantly as a result of the Company's 36.3% investment in Zinor Holdings Limited for the entire year compared to six weeks in 1979. Zinor owns 21.2% of Noranda, a highly diversified Canadian natural resources company engaged in mining, manufacturing and forest products whose net earnings increased to \$408,355,000 in 1980 compared to \$394,509,000 in 1979. The improvement reflects a gain of \$47,188,000 on the sale of a uranium property in Australia. Mining and metallurgical earnings declined primarily because slightly higher prices were more than offset by inflation. A significant decline occurred in the fourth quarter when weak copper and precious metal prices required inventory write-downs. Manufacturing earnings improved, reflecting strong performances by aluminum and cable operations. A weak demand depressed earnings from forest products, particularly in western Canada; however aggregate earnings increased due to the acquisition of Maclaren Power and Paper Company.

The Company's share of earnings from Marcopper Mining Corporation and Craigmont Mines Limited declined by \$5,769,000 due to lower grades of ore mined and lower sales volumes. Craigmont is phasing out its operations over the next few years due to declining ore reserves.

Liquidity and Capital Resources

Working capital at year-end increased \$23,330,000 to \$73,375,000 and the ratio improved to 1.8:1 from 1.5:1 at December 31, 1979. However, working capital became less liquid as the amount of cash and receivables declined while inventories increased substantially.

The concentrate inventory increase of \$37,335,000 at December 31, 1980 compared to the preceding year-end was caused by three main factors. A declining market has resulted in Endako's molybdenum inventory increasing steadily since the mine strike ended in November, 1979. Also, Gibraltar had an inventory buildup in anticipation of January, 1981 shipments and in the fourth quarter of 1980 Equity Silver commenced production but its first sale did not occur until early 1981.

Earnings before extraordinary items provided a cash flow of \$107,844,000. Additional funds of \$8,777,000 were provided by the sale of the Company's cattle interests in Australia.

Long and short-term bank borrowings increased to \$178,193,000 at December 31, 1980 mainly to provide funds for capital projects. The Company provided an additional \$70,750,000 for the construction and development of the Equity Silver mine. After a drawdown in December of \$80,000,000 from its long-term financing agreement, Equity Silver partially redeemed its outstanding preferred shares issued to the Company. The total capital cost of the mine is now estimated at \$129,000,000. In February, 1980 Zinor bank borrowings of \$95,000,000 were retired by funds provided pro-rata by its shareholders. The Company's portion was \$34,510,000.

Expenditures capitalized for the acquisition, exploration and development of oil and gas properties were \$10,563,000, which was a decline of \$4,175,000 from 1979.

In 1980, Minera Real de Angeles S. A. de C. V. began construction of its silver-lead-zinc mine facilities in Mexico and production is expected to commence early in 1982. This project is estimated to cost U.S. \$150,000,000 and after financing, the Company will contribute additional equity of approximately U.S. \$7,500,000. Other partners in the project are the Mexican government and Minera Frisco S. A. de C. V., a major Mexican mining company, each of which has a 33% interest.

Inflation Accounting

Inflation has seriously reduced the purchasing power of the Canadian dollar. Financial statements prepared on an historical cost basis report actual dollars received and expended without regard to changes in purchasing power. Capital expenditures made over a long period of

time are added together as though the dollars are equivalent units of measurement. The amortization of these costs incurred in earlier years is deducted from current revenues in the determination of net income. Therefore, it may be desirable to supplement traditional financial statements with additional information in order to assess the economic results.

During the last few years there has been considerable study by the accounting profession of methods to assist the users of financial statements to understand the impact of inflation on a company. At present, no single method has evolved as the most suitable for reporting to shareholders.

It is generally agreed a company should ensure that its capacity to produce does not diminish. The Company's major operations are capital intensive and accordingly, depreciation represents a significant portion of the costs which must be recovered to continue successfully. Because of inflation over the years, more dollars are required than were originally invested to renew plant and equipment. To illustrate this, the Company's property, plant and equipment and related depreciation and depletion for 1980 have been restated using a Statistics Canada index which measures inflation on business assets.

	Net book value of property, plant and equipment	Depreciation and depletion
As recorded in the consolidated financial statements	\$340,367,000	\$24,210,000
Estimated equivalent if all the expenditures occurred in 1980	\$438,709,000	\$36,645,000

Earnings would be reduced by the increase in depreciation and depletion expense of \$12,435,000. There would be a further decrease in earnings if depreciation of associated companies were adjusted on the same basis. In many companies there are other factors to consider, such as replacing inventories, which is similar in effect to replacing fixed assets. This is not a major concern to the Company because of its usually rapid inventory turnover.

The Company's financial statements already reflect many aspects of inflation, such as the higher costs of energy, labour, material and borrowed money. Sales also reflect inflation, but the amount is difficult to measure. Over 70% of the Company's sales are derived from copper and molybdenum, the prices of which are deter-

mined by world commodity markets. Prices of these products fluctuate substantially through the influence of many market conditions. As a result, the Company cannot always increase selling prices to pass on increased costs to customers.

To continue successful operations in an inflationary environment, earnings not only have to provide a return on amounts invested in past years, but also provide sufficient dollars for investment in new assets.

1979 Compared to 1978

Results of Operations

Net Earnings — Consolidated net earnings in 1979, including an extraordinary gain of \$38,588,000 were \$113,116,000, the highest in the Company's history. The extraordinary gain in 1979 resulted from the exchange of the Company's 27.1% interest in Mattagami Lake Mines Limited (N.P.L.) for a 5.5% interest in Noranda.

Demand for the Company's principal products and rising prices in 1979 reflected continued strength in industrial economies around the world. As a result, earnings before extraordinary items increased by \$48,319,000. Molybdenum made the most significant contribution to earnings and was followed by copper. The lower value of the Canadian dollar relative to the United States dollar, in which currency most international sales are negotiated, was another beneficial factor.

Revenues — Sales increased \$122,622,000 or 72% because of the much higher molybdenum and copper prices. Molybdenum sales by Endako increased 43% to a record \$119,612,000. Although that division's sales volume was reduced 39% (3,738,000 from 6,150,000 kg) by an eight and one-half month strike which ended on November 1, 1979, sales occurred at prices substantially higher than the customary producer price. They averaged \$31.06 per kg in 1979 compared to \$13.45 in 1978.

Gibraltar's copper sales increased significantly as a strike had halted operations from May 26, 1978 to February 6, 1979. Its copper sales volume increased 63% to 32,218,000 kg and it received an average net price of \$2.04 per kg for copper in concentrate in 1979 compared to \$1.00 in 1978. In addition, in 1979 Gibraltar sold its molybdenum at merchant prices, receiving an average of \$65.18 per kg on sales of 408,700 kg.

Expenses — Cost of sales increased \$15,607,000 or 16% as a result of the greater sales volume by Gibraltar and cost overruns incurred by the Company's Australian manufacturing operations. Also, Endako experienced additional costs when operations continued with reduced production during the mine strike.

Selling, general and administrative expenses increased \$2,734,000 as a result of continuing inflation, revisions to pension plans and higher costs at Australian operations.

Exploration expense was 46% higher at \$17,674,000, of which 70% represented hard mineral expenditures with the balance directed toward oil and gas exploration in western Canada. Major areas of activity in 1979 included exploration for molybdenum in British Columbia, gold in Australasia and uranium in Oregon.

Income and resources taxes — Taxes increased \$49,847,000 as a result of higher earnings from Canadian operations. The higher earnings lessened the impact of items not deductible for tax purposes with the result that taxes in 1979 were 53% of pre-tax earnings compared to 66% in 1978.

Liquidity and Capital Resources

Working capital at year-end decreased \$10,942,000 even though higher earnings provided a cash flow from operations of \$122,953,000 and long-term debt increased by \$13,766,000. Many of the working capital components increased as a result of the Gibraltar strike having ended prior to December 31, 1979. The working capital ratio declined from 2.0:1 to 1.5:1.

In 1979 large amounts were spent on capital projects. Construction of the Equity Silver mine near Houston, British Columbia commenced in April, 1979 and \$37,500,000 was provided by the Company for this purpose by the purchase of preferred shares of Equity.

A total of \$23,280,000 was spent to further develop the Gibraltar East pit for Stage II mining. This project was completed and operations transferred from the Pollyanna pit in the second quarter of 1980.

In November, 1979 the Company increased its investment in Noranda by acquiring a 36.3% interest in Zinor for \$40,000,000 in cash and the 5.5% share interest in Noranda acquired in March, 1979. At year-end Zinor held 23.6% of Noranda's shares which included shares purchased from Noranda with bank borrowings of \$95,000,000. The Company borrowed \$30,000,000 to finance its investment in Zinor.

Consolidated Balance Sheets

ASSETS	December 31	
	1980	1979
	<i>(in thousands)</i>	
CURRENT ASSETS:		
Cash and time deposits.....	\$ 30,464	\$ 50,506
Marketable securities, at market value (cost — \$15,756,000, 1979 — \$17,413,000).....	13,011	15,192
Accounts receivable (Note 3).....	42,935	50,073
Inventories (Note 4).....	<u>81,034</u>	<u>31,649</u>
	167,444	147,420
INVESTMENTS:		
Associated companies (Note 5).....	200,825	144,506
Other assets, at cost.....	<u>2,485</u>	<u>3,880</u>
	203,310	148,386
PROPERTY, PLANT AND EQUIPMENT (Note 6):		
Buildings and equipment.....	206,583	126,499
Properties and development.....	<u>133,784</u>	<u>127,458</u>
	340,367	253,957
	<u><u>\$711,121</u></u>	<u><u>\$549,763</u></u>

Placer Development Limited

LIABILITIES AND SHAREHOLDERS' EQUITY

	1980	December 31 1979 <i>(in thousands)</i>
CURRENT LIABILITIES:		
Short-term debt.....	\$ 16,663	\$ 8,415
Accounts payable and accrued liabilities.....	47,344	38,369
Income and resource taxes payable.....	21,222	30,136
Long-term debt due within one year.....	<u>8,840</u>	<u>20,455</u>
	94,069	97,375
LONG-TERM DEBT (Note 7).....	152,690	60,686
DEFERRED INCOME AND RESOURCE TAXES.....	47,056	42,496
MINORITY INTERESTS IN SUBSIDIARIES.....	25,382	27,158
SHAREHOLDERS' EQUITY:		
Share capital (Note 9) —		
Authorized, 60,000,000 common shares without nominal or par value		
Issued, 36,512,781 shares (1979 — 36,396,144).....	11,044	10,031
Contributed surplus.....	8,773	8,773
Earnings reinvested in the business.....	<u>379,656</u>	<u>311,617</u>
	399,473	330,421
Less the Company's pro-rata interest in its shares held by Noranda Mines Limited, representing 937,800 issued shares (1979 — 1,040,100) (Note 5).....	<u>7,549</u>	<u>8,373</u>
	<u>391,924</u>	<u>322,048</u>
	<u>\$711,121</u>	<u>\$549,763</u>

Approved by the Board:

R.G. DUTHIE, *Director*

T.H. McCLELLAND, *Director*

Consolidated Statements of Earnings

	Years ended December 31		
	1980	1979	1978
	<i>(in thousands)</i>		
REVENUES:			
Sales	\$308,904	\$292,941	\$170,319
Interest and other income	10,711	14,570	8,814
	<u>319,615</u>	<u>307,511</u>	<u>179,133</u>
EXPENSES:			
Cost of sales	116,884	113,714	98,107
Depreciation	12,485	7,651	9,198
Depletion	11,725	7,090	5,269
Selling, general and administrative	20,662	15,697	12,963
Interest and exchange loss (Note 7)	21,875	9,319	7,911
Exploration	24,155	17,674	12,106
	<u>207,786</u>	<u>171,145</u>	<u>145,554</u>
Earnings before taxes and other items	111,829	136,366	33,579
INCOME AND RESOURCE TAXES (Note 8):			
Current	58,487	46,522	20,731
Deferred	4,560	25,555	1,499
	<u>63,047</u>	<u>72,077</u>	<u>22,230</u>
Earnings before the following	48,782	64,289	11,349
Equity in after-tax earnings of associated companies (Note 5)	39,065	19,641	14,191
Minority interests in (earnings) losses of subsidiaries	(6,561)	(9,402)	669
Earnings before extraordinary items	81,286	74,528	26,209
Extraordinary items (Note 10)	8,068	38,588	(6,025)
NET EARNINGS	<u>\$ 89,354</u>	<u>\$113,116</u>	<u>\$ 20,184</u>
PER COMMON SHARE:			
Earnings before extraordinary items	<u>\$2.29</u>	<u>\$2.06</u>	<u>\$0.72</u>
Net earnings	<u>\$2.52</u>	<u>\$3.12</u>	<u>\$0.56</u>

Consolidated Statements of Earnings Reinvested in the Business

	Years ended December 31		
	1980	1979	1978
	<i>(in thousands)</i>		
BALANCE, BEGINNING OF YEAR	\$311,617	\$213,654	\$204,363
Net earnings	89,354	113,116	20,184
Dividends — \$0.60 per share (1979 — \$0.42, 1978 — \$0.30)	(21,315)	(15,153)	(10,893)
BALANCE, END OF YEAR	<u>\$379,656</u>	<u>\$311,617</u>	<u>\$213,654</u>

Consolidated Statements of Changes in Financial Position

	Years ended December 31		
	1980	1979	1978
	<i>(in thousands)</i>		
FINANCIAL RESOURCES WERE PROVIDED BY:			
Earnings before extraordinary items	\$ 81,286	\$ 74,528	\$ 26,209
Add (deduct) items not involving working capital —			
Depreciation and depletion	24,210	14,741	14,467
Equity in after-tax earnings of associated companies in excess of dividends received	(15,902)	(6,518)	(7,519)
Minority interests in earnings (losses) of subsidiaries	6,561	9,402	(669)
Unproductive oil and gas properties expensed	5,797	4,028	692
Deferred income and resource taxes	4,560	25,555	1,499
Unrealized exchange loss on long-term debt	1,332	1,217	1,025
Total from operations	107,844	122,953	35,704
Proceeds of long-term debt	141,532	33,000	22,541
Sale of investment in Northern Cattle Company Pty. Limited	8,777	—	—
Other	2,538	4,781	524
	<u>260,691</u>	<u>160,734</u>	<u>58,769</u>
FINANCIAL RESOURCES WERE USED FOR:			
Buildings and equipment	93,551	54,978	7,174
Properties and development	23,891	37,256	25,645
Reduction in long-term debt	50,860	20,451	12,401
Investments —			
Zinor Holdings Limited (Note 5)	34,510	40,000	—
Minera Real de Angeles S.A. de C.V.	4,897	792	—
Dividends —			
Shareholders of the Company	21,315	15,153	10,893
Minority interests in subsidiary	8,337	3,046	—
Acquisition of coal companies	—	—	11,503
	<u>237,361</u>	<u>171,676</u>	<u>67,616</u>
Increase (decrease) in working capital	23,330	(10,942)	(8,847)
Working capital, beginning of year	50,045	60,987	69,834
Working capital, end of year	<u>\$ 73,375</u>	<u>\$ 50,045</u>	<u>\$ 60,987</u>
INCREASE (DECREASE) IN WORKING CAPITAL COMPONENTS:			
Cash and time deposits	\$ (20,042)	\$ 7,233	\$ 15,679
Marketable securities	(2,181)	1,887	5,182
Accounts receivable	(7,138)	15,101	(7,074)
Inventories	49,385	(1,720)	78
Short-term debt	(8,248)	(3,105)	(5,310)
Accounts payable and accrued liabilities	(8,975)	(10,877)	(700)
Income and resource taxes payable	8,914	(10,030)	(9,387)
Long-term debt due within one year	11,615	(9,431)	(7,315)
Increase (decrease) in working capital	<u>\$ 23,330</u>	<u>\$ (10,942)</u>	<u>\$ (8,847)</u>

Notes to Consolidated Financial Statements December 31, 1980 and 1979

1. Accounting policies

The consolidated financial statements are prepared in conformity with accounting principles and reporting practices generally accepted in Canada. The Company is also subject to disclosure requirements of the United States Securities and Exchange Commission (SEC) as a result of the listing of its shares on the American Stock Exchange. Accordingly, these consolidated financial statements include the earnings and changes in financial position for the three years ended December 31, 1980, and disclose certain other detailed information in compliance with new SEC regulations.

The principal difference in the Company's case, between generally accepted accounting principles in Canada and the United States relates to the method of foreign currency translation. Had the Company and its associates applied the method in general use in the United States, consolidated net earnings for 1980 would have been lower by approximately \$1,200,000 (\$0.03 per common share), increased in 1979 by approximately \$2,200,000 (\$0.06 per share), and reduced by approximately \$2,500,000 (\$0.07 per share) in 1978.

Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiary companies (owned more than 50%). In addition, 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 in earnings its share of the after-tax earnings or losses of these companies. The undistributed earnings of foreign subsidiary and associated companies are recorded after making provision for withholding taxes.

Foreign currency translation

Current assets (except inventories), current liabilities and long-term debt denominated in foreign currencies are translated into Canadian dollars at year-end rates. All other foreign currency assets and liabilities, depreciation and depletion, are translated at the rates applicable at the time of the relevant transactions. Revenues and expenses, other than depreciation and depletion, are translated at the average rates of exchange for the year.

Exchange gains and losses arising on translation are included in determining net earnings except for unrealized gains or losses on long-term debt, which are deferred and amortized over the remaining term of each obligation. The net amount of foreign exchange arising on translation and included in net earnings is not significant.

Inventories

Concentrates and finished and in-process industrial products are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Supplies and raw materials are valued at the lower of cost, determined principally on a moving-average basis, and replacement cost.

Property, plant and equipment

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

- buildings and machinery on a straight-line basis at rates of 2% to 5½%,
- mobile equipment on a diminishing-balance basis at rates of 15% to 36%, and
- oil and gas lease and well equipment, and gas plants on a unit-of-production basis.

Depletion of the cost of mining properties including development incurred during the preproduction period is provided on a straight-line basis over the estimated life of each mine or twenty years, whichever is shorter.

The cost of overburden removal for specific large mining projects is capitalized as development and depleted on the unit-of-production basis.

Depletion of the cost of producing oil and gas properties and development, representing lease acquisition and drilling costs, is provided on the unit-of-production basis using proven reserves for each field as determined by independent engineers.

Exploration

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

The “successful efforts” method is used to account for oil and gas expenditures. Under this method current oil and gas exploration costs, including geological, geophysical and exploratory dry hole costs, are charged against earnings for the year except for lease acquisition and drilling costs, which are initially capitalized as Properties and development. When an area is abandoned or when there is an impairment in value of an undeveloped property, the applicable capitalized costs are charged against earnings.

Deferred income and resource taxes

Income and resource taxes are recorded on the tax allocation method. Under this method, taxes reflect the effect of timing differences which arise when certain costs, principally depreciation and depletion, are recorded in different time periods for accounting purposes than for tax purposes.

Earnings per share

Earnings per share are determined using the weighted average number of common shares outstanding excluding the Company’s pro-rata interest in its own shares held by Noranda Mines Limited. There would be no material dilution of earnings per share if the outstanding share options had been exercised during the year.

2. New operations

Construction of the Equity Silver mine facilities, except for its leach plant, was completed and commercial production of unleached concentrate commenced October 1, 1980. The leach plant is expected to cost an additional \$15,000,000 and is scheduled to become operational in mid 1981.

Minera Real de Angeles S.A.de C.V., in which the Company has a 34% interest, commenced construction of its silver/lead/zinc mine in Mexico, which is expected to cost U.S. \$150,000,000. Bank financing for U.S. \$110,000,000 has been arranged with the balance being provided proportionately by the shareholders.

3. Accounts receivable

	December 31	
	1980	1979
	<i>(in thousands)</i>	
Trade*	\$28,321	\$33,395
Associated companies	8,237	7,116
Other	6,377	9,562
	<u>\$42,935</u>	<u>\$50,073</u>

*Includes amounts for long-term construction contracts of \$4,620,000 (1979 — \$9,807,000), of which \$3,184,000 (1979 — \$8,157,000) represents unbilled sales recorded on a percentage completion basis.

4. Inventories

	December 31	
	1980	1979
	<i>(in thousands)</i>	
Mining—		
Concentrates	\$45,408	\$ 8,073
Operating supplies	14,763	10,206
	<u>60,171</u>	<u>18,279</u>
Industrial products—		
Finished and in-process	16,913	10,423
Raw materials and supplies	3,950	2,947
	<u>20,863</u>	<u>13,370</u>
	<u>\$81,034</u>	<u>\$31,649</u>

5. Associated companies

As a result of the merger of Noranda Mines Limited and Mattagami Lake Mines Limited (N.P.L.) in March, 1979, the Company received 5.5% of the then outstanding common shares of Noranda for its Mattagami shares. An extraordinary gain of \$38,588,000 arose on the transaction.

On November 16, 1979 the Company together with two other related companies of Noranda formed a joint venture, Zinor Holdings Limited, to acquire a share investment in Noranda. The Company contributed its Noranda shares at their cost of \$72,641,000 together with \$40,000,000 in cash to acquire a 36.3% interest in Zinor. In 1980 the Company purchased additional Zinor shares for \$34,510,000 to enable Zinor to repay its bank loans. At December 31, 1980 Zinor held 21.2% of Noranda's outstanding common shares. Accordingly, through Zinor the Company held a 7.7% indirect interest in Noranda.

Zinor is accounting for its investment in Noranda under the equity method and the Company in turn is accounting for its investment in Zinor by the same method. Accordingly, the Company has eliminated the indirect interest in its own earnings and net assets arising from Noranda holding approximately 33% of the Company's outstanding common shares. At December 31, 1980 Noranda had assets totalling \$3,938,221,000 and for 1980, revenues and net earnings of \$2,889,295,000 and \$408,355,000 respectively.

The Company also has investments in Marcopper Mining Corporation in the Philippines and Craigmont Mines Limited in Canada. At December 31, 1980 Marcopper had assets totalling \$134,400,000 and for 1980, revenues and net earnings of \$92,117,000 and \$13,673,000 respectively. Due to declining ore reserves the Craigmont mine is being phased out over the next few years.

Details of the Company's investments are shown below —

	% owner- ship	Quoted market price December 31, 1980	Underlying equity in net assets December 31		Equity in after-tax earnings years ended December 31		Dividends received years ended December 31	
			1980	1979	1980	1979	1980	1979
			<i>(in thousands)</i>					
Zinor	36	—	\$164,447	\$108,196	\$30,800	\$ 5,700	\$10,453	\$ 1,772
Marcopper*	40	\$49,560	22,516	26,062	4,636	9,242	8,182	6,822
Craigmont	45	\$14,716	6,760	8,282	3,006	4,169	4,528	4,529
Other**	28-50	—	7,102	1,966	623	530	—	—
			<u>\$200,825</u>	<u>\$144,506</u>	<u>\$39,065</u>	<u>\$19,641</u>	<u>\$23,163</u>	<u>\$13,123</u>

*Net of withholding tax.

**In 1980, the 50% interest in Northern Cattle Company Pty. Limited in Australia was sold resulting in an extraordinary gain of \$8,068,000.

The quoted market price does not necessarily represent the value of these investments which may be more or less than that indicated by market quotations.

6. Property, plant and equipment

	December 31	
	1980	1979
	<i>(in thousands)</i>	
Buildings and equipment		
Cost—		
Buildings and machinery	\$187,500	\$109,392
Mobile equipment	58,723	41,929
Oil and gas lease and well equipment, and gas plants.....	26,164	18,091
Construction in progress	<u>24,545</u>	<u>35,344</u>
	<u>296,932</u>	<u>204,756</u>
Accumulated depreciation—		
Buildings and machinery	50,745	45,134
Mobile equipment	31,207	26,323
Oil and gas lease and well equipment, and gas plants.....	8,397	6,800
	<u>90,349</u>	<u>78,257</u>
	<u>\$206,583</u>	<u>\$126,499</u>
Properties and development		
Cost—		
Mining	\$ 73,201	\$ 60,944
Oil and gas	<u>93,749</u>	<u>89,228</u>
	<u>166,950</u>	<u>150,172</u>
Accumulated depletion—		
Mining	14,462	10,425
Oil and gas	<u>18,704</u>	<u>12,289</u>
	<u>33,166</u>	<u>22,714</u>
	<u>\$133,784</u>	<u>\$127,458</u>

7. Loans and lines of credit

Long-term debt consists of the following —

	December 31	
	1980	1979
	<i>(in thousands)</i>	
Term bank loans		
First draw on a \$100,000,000 construction loan with interest based on the bank prime rate (average — 18.2%), due to 1988	\$ 80,000	\$ —
U.S. \$20,000,000, with interest at London Interbank Offering Rates plus $\frac{5}{8}$ % to $\frac{3}{4}$ % (average — 14.3%), due to 1986	23,886	—
Bank prime rate (average — 15.0%, 1979 — 15.0%)	—	30,000
U.S. \$22,500,000 with interest at London Interbank Offering Rates (average — 14.8%, 1979 — 12.7%)	—	26,253
U.S. \$8,750,000 (1979 — \$9,250,000), with interest at London Interbank Offering Rates plus $\frac{5}{8}$ % to $\frac{3}{4}$ % (average — 14.6%, 1979 — 12.2%), due to 1985	10,450	10,793
Bank prime rate plus $\frac{1}{2}$ % (average — 14.8%, 1979 — 13.3%), due to 1983	6,780	9,180
Bank advances (includes U.S. \$20,000,000) drawn under a \$75,000,000 line of credit on a revolving basis until July 31, 1981, with interest based on the bank prime and the U.S. base floating rates (average — 13.2%), due to 1986	38,886	—
Other loans	3,301	6,109
Unrealized exchange losses on foreign currency loans	(1,773)	(1,194)
	<u>161,530</u>	<u>81,141</u>
Less amounts due within one year	8,840	20,455
	<u>\$152,690</u>	<u>\$60,686</u>

Certain loans contain restrictions including the maintenance of working capital, working capital ratio, and shareholders' equity. These loans also contain provisions for limitations on guarantees, liens, leases, indebtedness, and consolidations and mergers. At December 31, 1980, \$80,000,000 drawn under a construction loan agreement by Equity Silver Mines Limited is secured by a floating charge on the assets of that company.

At December 31, 1980 the Company has unused bank lines of credit of \$142,200,000 which provide for term loans with interest at rates subject to the currency borrowed but generally based on floating rates charged by banks to prime commercial borrowers. In addition, the Company has unused bank lines of credit of \$64,200,000 for short-term borrowings.

At December 31, 1980 the scheduled repayment of the above loans for each of the five years through 1985 is as follows: 1981 — \$8,840,000, 1982 — \$25,967,000, 1983 — \$27,488,000, 1984 — \$27,449,000, 1985 — \$25,209,000.

In 1980, interest and exchange loss on long-term debt amounted to \$19,576,000 and \$1,250,000 respectively (1979 — \$7,491,000 and \$1,182,000, 1978 — \$5,581,000 and \$1,534,000).

8. Income and resource taxes

The reconciliation between the combined federal and provincial statutory income tax rate in Canada and the Company's effective income and resource tax rate is as follows —

	Years ended December 31		
	1980	1979	1978
Combined Canadian federal and provincial income tax rate	52.8%	51.0%	51.0%
Resource and depletion allowances	<u>(18.9)</u>	<u>(16.3)</u>	<u>(16.9)</u>
Adjusted combined income tax rate	33.9	34.7	34.1
Provincial resource taxes	<u>17.3</u>	<u>14.8</u>	<u>17.5</u>
	51.2	49.5	51.6
Foreign exploration not deductible	2.7	2.0	6.9
Depletion not deductible	1.6	1.3	4.5
Other	<u>0.9</u>	<u>0.1</u>	<u>3.2</u>
Effective income and resource tax rate	<u>56.4%</u>	<u>52.9%</u>	<u>66.2%</u>

Deferred income and resource taxes result from timing differences in the recognition of expenses for tax and financial statement purposes. The sources of these differences and their tax effect are as follows —

	Years ended December 31		
	1980	1979	1978
	<i>(in thousands)</i>		
Depreciation and depletion from mining operations	\$5,916	\$20,215	\$ (392)
Exploration, depreciation and depletion from oil and gas operations	2,121	2,367	2,890
Loss carry forward	(205)	1,193	(1,043)
Other	<u>(3,272)</u>	<u>1,780</u>	<u>44</u>
Deferred income and resource taxes	<u>\$4,560</u>	<u>\$25,555</u>	<u>\$1,499</u>

Income and resource taxes are primarily from Canadian operations, and accordingly foreign taxes are not separately disclosed.

At December 31, 1980, earned depletion of approximately \$37,000,000 is available to reduce taxable income of subsidiaries in future years.

9. Share capital

The Company's common shares were split on a three-for-one basis as of May 22, 1980. The earnings per share and the number of shares and dividends for prior years have been restated.

Share purchase plan

The Company has a share purchase plan for its salaried employees under which the Company contributes one-third of the cost of shares purchased under the plan. During 1980 the Company issued 21,787 shares for \$450,000 (1979 — 24,321 for \$278,000, 1978 — 33,513 for \$239,000). In 1979 an additional 23,049 shares (1978 — 13,785) were purchased from a subsidiary at fair market value.

Share option plan

Under the Company's share option plan options are granted at market value and may be exercised on a graduated scale during the second and third years, or in full thereafter until their expiry at the end of ten years. Further, the options may include share appreciation rights which entitle the optionee to receive cash in lieu of shares upon exercise of the option.

In 1980, options to purchase a total of 86,000 shares at a price of \$29.25 per share were granted (1979 — Nil, 1978 — 3,000). At December 31, 1980, options for 127,600 common shares were outstanding at prices ranging from \$6.30 to \$29.25 per share. In 1980, 94,850 options were exercised for \$563,000 (1979 — 34,350 for \$229,000, 1978 — 8,100 for \$49,000). Also in 1980, share appreciation rights were exercised with respect to 14,900 shares and the related options were cancelled (1979 and 1978 — nil).

10. Extraordinary items

	Years ended December 31		
	1980	1979	1978
		<i>(in thousands)</i>	
Gain on sale of 50% interest in Northern Cattle Company Pty. Limited	\$8,068	\$ —	\$ —
Gain on exchange of shares of Mattagami Lake Mines Limited (N.P.L.) for shares of Noranda Mines Limited	—	38,588	—
Write-down of coal properties to reflect a decrease in economically recoverable reserves.	—	—	(4,095)
Write-down of properties by Northern Cattle Company Pty. Limited	—	—	(1,930)
	<u>\$8,068</u>	<u>\$38,588</u>	<u>\$(6,025)</u>

11. Pension plans

The Company and its subsidiaries have contributory and non-contributory pension plans for its employees under which the total pension expense for 1980 was \$2,207,000 (1979 — \$1,507,000). 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, for services rendered to the balance sheet date, are fully provided for in accordance with the most recent actuarial reports, and with the estimated requirements for

minor modifications to the plans since the report dates. The most recent actuarial estimates indicate that the plans, which in aggregate have assets of \$18,400,000, are adequately funded.

12. Remuneration of directors and senior officers

Aggregate direct remuneration paid by the Company and its subsidiaries to its directors and senior officers in 1980 amounted to \$1,265,000 (1979 — \$1,055,000) of which \$107,000 (1979 — \$100,000) consisted of fees paid to directors.

13. Lines of business information

The Company operates in three principal industries — mining in Canada and the United States, oil and gas in Canada, and manufacturing in Australia. The principal mining operations produce and sell molybdic oxide, copper and silver concentrates (Note 2). Oil and gas operations include the production and sale of crude oil, natural gas and natural gas liquids. Manufacturing operations involve the manufacturing of mining and industrial equipment.

	Years ended December 31		
	1980	1979	1978
	<i>(in thousands)</i>		
INDUSTRY SEGMENTS —			
SALES:			
Mining	\$236,218	\$225,651	\$112,752
Oil and gas	31,203	24,696	17,703
Manufacturing	25,534	28,249	27,640
Other industries	15,949	14,345	12,224
Total sales	<u>\$308,904</u>	<u>\$292,941</u>	<u>\$170,319</u>
OPERATING EARNINGS (LOSS):*			
Mining	\$142,211	\$145,146	\$ 37,543
Oil and gas	17,183	14,630	8,885
Manufacturing	(5,966)	(6,606)	1,351
Other industries	773	668	935
Total operating earnings	154,201	153,838	48,714
General corporate expenses	(7,053)	(5,049)	(3,932)
Interest and exchange loss	(21,875)	(9,319)	(7,911)
Exploration expense			
Mineral	(17,064)	(12,436)	(10,470)
Oil and gas	(7,091)	(5,238)	(1,636)
Interest and other income	10,711	14,570	8,814
Earnings before taxes and other items	<u>\$111,829</u>	<u>\$136,366</u>	<u>\$ 33,579</u>

DEPRECIATION AND DEPLETION:

Mining	\$ 15,292	\$ 8,491	\$ 8,754
Oil and gas	7,974	5,357	4,845
Manufacturing	342	349	362
Other industries	330	319	310
General corporate	272	225	196
	<u>\$ 24,210</u>	<u>\$ 14,741</u>	<u>\$ 14,467</u>

CAPITAL EXPENDITURES:

Mining	\$ 97,131	\$ 72,428	\$ 13,178
Oil and gas	18,816	18,656	19,060
Manufacturing	618	520	230
Other industries	332	362	132
General corporate	545	268	219
	<u>\$117,442</u>	<u>\$ 92,234</u>	<u>\$ 32,819</u>

IDENTIFIABLE ASSETS:

Mining	\$322,291	\$200,282	\$126,294
Oil and gas	94,004	92,304	83,552
Manufacturing	31,758	26,656	28,274
Other industries	10,559	10,796	9,554
	<u>458,612</u>	<u>330,038</u>	<u>247,674</u>
General corporate	51,684	75,219	62,177
Investments in associated companies	200,825	144,506	67,495
	<u>\$711,121</u>	<u>\$549,763</u>	<u>\$377,346</u>

GEOGRAPHIC AREA —

SALES:

Canadian operations	\$256,154	\$238,348	\$122,062
Australian operations	41,483	42,594	39,864
United States operations	11,267	11,999	8,393
	<u>\$308,904</u>	<u>\$292,941</u>	<u>\$170,319</u>

OPERATING EARNINGS (LOSS):*

Canadian operations	\$156,145	\$156,856	\$ 46,372
Australian operations	(5,193)	(5,938)	2,286
United States operations	3,249	2,920	56
	<u>\$154,201</u>	<u>\$153,838</u>	<u>\$ 48,714</u>

IDENTIFIABLE ASSETS:

Canadian operations	\$403,019	\$279,102	\$195,735
Australian operations	42,317	37,452	37,828
United States operations	13,276	13,484	14,111
	<u>\$458,612</u>	<u>\$330,038</u>	<u>\$247,674</u>

SALES OF CANADIAN OPERATIONS COMPRISE:

Export —			
Japan	\$150,218	\$118,885	\$ 62,771
Europe	26,760	33,742	20,611
Other countries	14,605	16,730	1,842
	<u>191,583</u>	<u>169,357</u>	<u>85,224</u>
Domestic	64,571	68,991	36,838
	<u>\$256,154</u>	<u>\$238,348</u>	<u>\$122,062</u>

*Represents sales less cost of sales, depreciation, depletion and allocated general and administrative expenses.

Mining sales of \$35,000,000 to Nissho-Iwai and \$34,000,000 (1979 — \$34,000,000, 1978 — \$20,000,000) to Mitsubishi Corporation, each exceeded 10% of the Company's revenues.

14. Oil and gas information

Capitalized costs relating to oil and gas producing activities and the aggregate of related accumulated depreciation and depletion are —

	1980	December 31 1979	1978
		<i>(in thousands)</i>	
Oil and natural gas properties —			
Proved	\$ 79,082	\$ 69,304	\$54,912
Unproved	14,667	19,924	23,837
Lease and well equipment	13,665	7,651	5,106
Gas plants and related facilities	11,891	9,996	8,694
Other	608	444	464
	<u>\$119,913</u>	<u>\$107,319</u>	<u>\$93,013</u>
Accumulated depreciation and depletion	<u>\$ 27,101</u>	<u>\$ 19,089</u>	<u>\$13,781</u>

Costs incurred in oil and gas producing activities, including amounts capitalized, are —

	Years ended December 31		
	1980	1979	1978
	<i>(in thousands)</i>		
Property acquisition costs	\$ 2,182	\$ 2,937	\$9,185
Exploration costs	\$ 4,014	\$ 4,137	\$2,767
Development costs	\$13,483	\$12,642	\$7,233
Production (lifting) costs	\$ 4,647	\$ 3,499	\$2,774

Depreciation, depletion and valuation write-offs for 1980 totalled \$13,772,000 (1979 — \$9,495,000, 1978 — \$5,537,000).

Net revenues from production of proved developed oil and gas reserves for 1980 are \$26,170,000 (1979 — \$21,752,000, 1978 — \$15,292,000).

15. Related party transactions

The Company provides management, technical and administrative services to certain of its subsidiary and associated companies. Charges are made to these companies to recover the costs of services. In addition, the Company has contracted to provide marketing and purchasing services for an associated company for which fees are received. The Company also engages in other transactions with these companies in the ordinary course of business and on similar terms as with unrelated parties.

Further, the Company is associated with the Noranda group of companies by virtue of reciprocal share ownership (Note 5). Transactions with this group are limited to certain marketing arrangements and purchasing in the normal course of business.

16. Subsidiaries

Subsidiaries of the Company at December 31, 1980 are as follows —

Active	Inactive
Canadian Export Gas & Oil Inc.	Beluga Coal Company
Canadian Export Gas & Oil (U.K.) Ltd.	Canadian Exploration Limited
Cuisson Lake Mines Ltd.	Canadian Export Gas & Oil Ltd.
Equity Silver Mines Limited	Canex Aerial Exploration Limited
Fox Manufacturing Company (New Zealand) Limited	Canex Placer Limited (in voluntary liquidation)
Gibraltar Mines Limited	Fox Manufacturing Company (South Africa) Pty. Limited
Molybond Laboratories Limited*	Fraser Lake Development Limited (in voluntary liquidation)
Placer Amex Inc.	Minera Placer Argentina S.A.M.I.C.T.y F.
Placer Austex Pty. Limited	Minera Placer S.A.
Placer CEGO Petroleum Limited	Placer Internationaal, B.V.
Placer Coal Inc.	Placer Nominees Pty. Limited
Placer Exploration Limited	
Placer Holdings Pty. Limited	
Placer (P.N.G.) Pty. Limited	
Sociedad Placer Development y Compania Limitada	

*Incorporated in 1980.

Auditors' Report

To the Shareholders of Placer Development Limited:

We have examined the consolidated balance sheets of Placer Development Limited as at December 31, 1980 and 1979 and the consolidated statements of earnings and earnings reinvested in the business and changes in financial position for the years ended December 31, 1980, 1979 and 1978. Our examinations of the 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 and other procedures as we considered necessary in the circumstances. We have relied on the reports of the auditors who have examined the financial statements of other subsidiary and associated companies.

In our opinion these consolidated financial statements present fairly the financial position of the Company as at December 31, 1980 and 1979 and the results of its operations and the changes in its financial position for each of the years in the three-year period ended December 31, 1980 in accordance with generally accepted accounting principles consistently applied.

Vancouver, B.C.
February 25, 1981

PRICE WATERHOUSE & CO.,
Chartered Accountants

Quarterly Financial Data

	1st	2nd	3rd	4th	Year
1980					
	<i>(in thousands, except per share amounts)</i>				
Sales	\$77,933	\$96,275	\$71,074	\$63,622	\$308,904
Gross profit	49,944	54,272	33,183	30,411	167,810
Earnings before extraordinary items	25,301	24,042	17,048	14,895	81,286
Net earnings	26,470	30,941	17,048	14,895	89,354
Per common share:*					
Earnings before extraordinary items	0.71	0.68	0.48	0.42	2.29
Net earnings	0.75	0.87	0.48	0.42	2.52
Dividends	0.15	0.15	0.15	0.15	0.60
Price on the Toronto Stock Exchange — High ...	27 $\frac{7}{8}$	19	30 $\frac{1}{8}$	32 $\frac{1}{2}$	32 $\frac{1}{2}$
— Low	15 $\frac{1}{2}$	13 $\frac{3}{4}$	19 $\frac{1}{2}$	23 $\frac{3}{8}$	13 $\frac{3}{4}$
1979					
Sales	\$47,280	\$87,656	\$70,376	\$87,629	\$292,941
Gross profit	22,044	51,013	43,045	48,384	164,486
Earnings before extraordinary items	11,459	24,965	16,993	21,111	74,528
Net earnings	50,047	24,965	16,993	21,111	113,116
Per common share:*					
Earnings before extraordinary items	0.32	0.68	0.47	0.59	2.06
Net earnings	1.38	0.68	0.47	0.59	3.12
Dividends	0.08	0.09	0.08	0.17	0.42
Price on the Toronto Stock Exchange — High ...	9 $\frac{7}{8}$	11 $\frac{1}{8}$	13 $\frac{3}{8}$	18 $\frac{3}{8}$	18 $\frac{3}{8}$
— Low	8 $\frac{7}{8}$	8 $\frac{1}{2}$	9 $\frac{3}{4}$	10 $\frac{3}{8}$	8 $\frac{1}{2}$

*Adjusted to reflect a three-for-one share split in May, 1980.

Five-Year Summary *(in thousands, except number of shareholders and employees)*

Financial Data	1980	1979	1978	1977	1976
Revenues:					
Sales	\$308,904	292,941	170,319	177,100	114,875
Interest and other income	10,711	14,570	8,814	7,691	6,073
	<u>319,615</u>	<u>307,511</u>	<u>179,133</u>	<u>184,791</u>	<u>120,948</u>
Expenses:					
Cost of sales	116,884	113,714	98,107	112,894	80,707
Depreciation and depletion	24,210	14,741	14,467	14,248	9,377
Selling, general and administrative	20,662	15,697	12,963	11,167	9,222
Interest	21,875	9,319	7,911	5,777	—
Exploration	24,155	17,674	12,106	9,916	6,436
	<u>207,786</u>	<u>171,145</u>	<u>145,554</u>	<u>154,002</u>	<u>105,742</u>
Earnings before taxes and other items	111,829	136,366	33,579	30,789	15,206
Income and resource taxes	63,047	72,077	22,230	15,560	8,069
Earnings before the following	48,782	64,289	11,349	15,229	7,137
Equity in after-tax earnings of associated companies	39,065	19,641	14,191	6,240	11,088
Minority interests in (earnings) losses of subsidiaries	(6,561)	(9,402)	669	40	(265)
Earnings before extraordinary items	81,286	74,528	26,209	21,509	17,960
Extraordinary items	8,068	38,588	(6,025)	—	—
Net earnings	<u>\$ 89,354</u>	<u>113,116</u>	<u>20,184</u>	<u>21,509</u>	<u>17,960</u>
Return on shareholders' equity — %	25.0	40.8	8.9	10.0	8.7
Operating Data					
Placer's share of:					
Copper produced — kg					
Gibraltar — 72%	26,904	26,127	11,755	28,342	20,804
Marcopper — 40%	13,782	17,809	21,610	18,895	19,014
Craigmont — 45%	4,976	6,354	10,694	9,698	9,823
Equity — 70%	998	—	—	—	—
	<u>46,660</u>	<u>50,290</u>	<u>44,059</u>	<u>56,935</u>	<u>49,641</u>
Molybdenum produced — kg					
Endako — 100%	7,294	2,697	6,363	6,905	6,838
Gibraltar — 72%	562	388	93	102	—
	<u>7,856</u>	<u>3,085</u>	<u>6,456</u>	<u>7,007</u>	<u>6,838</u>
Silver produced — g; Equity — 70%	37,100	—	—	—	—
Oil and natural gas liquids produced — m ³	236	230	162	127	—
Natural gas produced — m ³	261,700	270,200	242,200	295,800	—
Other Data					
Working capital	\$ 73,375	50,045	60,987	69,834	72,209
Working capital ratio	1.8:1	1.5:1	2.0:1	2.7:1	3.3:1
Total assets	\$711,121	549,763	377,346	333,369	271,293
Property, plant and equipment additions	\$117,442	92,234	32,819	22,248	5,200
Long-term debt	\$152,690	60,686	46,920	35,755	—
Average shares outstanding*	35,525	36,231	36,300	36,225	36,150
Number of shareholders	5,996	4,908	5,088	5,196	5,337
Number of employees	2,961	2,507	2,389	2,640	2,652
Per Common Share*					
Earnings before extraordinary items	\$2.29	2.06	0.72	0.59	0.50
Net earnings	\$2.52	3.12	0.56	0.59	0.50
Dividends paid	\$0.60	0.42	0.30	0.26	0.26
Price on the Toronto Stock Exchange					
— High	\$32½	18¾	9¾	7¾	8½
— Low	\$13¾	8½	6¾	5¾	4¾

*Adjusted to reflect a three-for-one share split in May, 1980.



Placer Development Limited

700 Burrard Building, 1030 West Georgia Street, Vancouver, B.C., Canada V6E 3A8