PLACER
DEVELOPMENT LIMITED

Annual Report 1983

Directors

[1,2]C. ALLEN BORN,
Vancouver, Canada,
Chairman and Chief Executive Officer and President

THOMAS A. BUELL,
Vancouver, Canada,
Chairman, President and Chief Executive Officer,
[3]Weldwood of Canada Limited

[2]PETER A. CHERNIAVSKY,
Vancouver, Canada,
Chairman, President and Chief Executive Officer,
B.C. Sugar Refinery, Limited

DONALD R. GETTY,
Edmonton, Canada,
President, D. Getty Investments Ltd.

WILLIAM T. GRISWOLD,
San Francisco, U.S.A.,
Senior Vice-President,
[4]Capital Research Company

[1]THOMAS H. McCLELLAND,
Vancouver, Canada,
Retired

[2]JOHN L. NICHOL,
Vancouver, Canada,
President,
Springfield Investment Co. Ltd.

[1]ALFRED POWIS,
Toronto, Canada,
Chairman and Chief Executive Officer,
Noranda Mines Limited

BARTHOLOMEW C. RYAN,
Sydney, Australia,
Chairman,
Laurel Bay Petroleum Limited

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Denver, U.S.A.,
President, Westhoma Oil Company

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Vancouver, Canada,
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[5]Richardson Greenshields of Canada Limited

ADAM H. ZIMMERMAN,
Toronto, Canada,
President and Chief Operating Officer
Noranda Mines Limited

[1]Member of the Executive Committee
[2]Member of the Audit Committee
[3]Forest products company
[4]Investment research company
[5]Investment dealers

Directors Emeritus

ALBERT E. GAZZARD,
Sydney, Australia

JOHN D. SIMPSON,
Vancouver, Canada

Officers

C. ALLEN BORN,
Chairman and Chief Executive Officer and President

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,
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Vice-President, Corporate Affairs and General Counsel

ROBERT NEEDHAM,
Vice-President, Australasian Operations

JOHN RACICH,
Vice-President, Finance

JOHN A. ECKERSLEY,
Secretary

CLIFFORD A. GRANDISON,
Treasurer

GERRY A. HODGSON,
Comptroller

Chief Executive Officers of 100%-Owned Operations

ALAN G. HORTON,
President,
Placer U.S. Inc.

ROBERT NEEDHAM,
Managing Director,
Placer Exploration Limited

RAYMOND I. SMITH,
President,
Placer CEGO Petroleum Division

All dollar amounts are in Canadian currency unless otherwise indicated.

Cover

There are two elements in the cover design of the Annual Report to Shareholders. Recognizing the growing importance of precious metals to Placer, the front cover photo depicts a pour, one of the final steps in the recovery of gold at a mine. In the second element, the names of employees of Placer and its consolidated subsidiaries at December 31, 1983 are reproduced as part of the printed pattern.

Contents

Highlights

Financial results improve by $50,000,000.

Long-term debt reduced by $211,000,000.

First public share offering since 1937 increases share capital by $153,000,000.

1983 earnings reflect increased gold production, higher silver prices, lower interest expense.

Golden Sunlight mine begins operations in January.

Kidston gold property in Australia to be developed with production commencing in 1985.

$ thousands, except per share amounts	**1983**	1982	1981
Earnings			
Revenues	**$ 282,424**	$266,463	$301,880
Net earnings (loss)	**$ 29,258**	$ (20,280)	$ 48,924
Return on average shareholders' equity	**5.9%**	(4.8)%	11.9%
Financial Position			
Working capital	**$ 143,192**	$140,546	$ 93,089
Total capitalization	**$ 782,909**	$813,962	$743,079
Long-term debt to total capitalization	**14.2%**	39.5%	31.0%
Changes in Financial Position			
Cash flow from the business	**$ 114,915**	$142,198	$ 15,999
Long-term debt (reduction)	**$(211,330)**	$ 89,428	$ 69,947
Common shares issued, net	**$ 152,337**	$ 2,849	$ 3,634
Capital expenditures	**$ 36,631**	$105,466	$ 72,713
Exploration	**$ 27,811**	$ 27,021	$ 28,120
Per Common Share			
Net earnings (loss)	**$ 0.70**	$ (0.56)	$ 1.37
Dividends	**$ 0.20**	$ 0.20	$ 0.45
Book value	**$ 13.54**	$ 11.14	$ 11.95

Production — *Placer's share of consolidated and associated companies*

		1983	1982	1981
Silver	— kg	**192,200**	178,100	161,900
	— *ozs*	***6,180,000***	*5,730,000*	*5,200,000*
Gold	— kg	**4,160**	1,400	1,030
	— *ozs*	***134,000***	*45,000*	*33,000*
Copper	— kg	**39,650,000**	42,650,000	51,730,000
	— *lbs*	***87,420,000***	*94,030,000*	*114,040,000*
Molybdenum	— kg	**315,000**	1,800,000	5,985,000
	— *lbs*	***690,000***	*3,960,000*	*13,200,000*
Oil	— thousands of cu. m	**283**	275	261
	— *thousands of barrels*	***1,781***	*1,731*	*1,640*
Natural gas	— millions of cu. m	**152**	188	211
	— *millions of cu. ft.*	***5,395***	*6,644*	*7,552*

The Company

Placer Development Limited was incorporated in British Columbia in 1926 and in its initial years was engaged exclusively in gold dredging in New Guinea and Colombia, South America. It is now primarily engaged in the exploration, development, acquisition and operation of mining properties on a domestic and international basis. It is a major producer of silver and owns Canada's largest molybdenum mine.

Placer's principal mining interests are:

Operation	Location	% Ownership	Principal Products
Endako Mines Division	British Columbia	100	— Molybdic oxide
Golden Sunlight Mines, Inc.	Montana, U.S.A.	100	— Gold
Gibraltar Mines Limited	British Columbia	72	— Copper and molybdenum concentrates
Equity Silver Mines Limited	British Columbia	70	— Silver, copper and gold in concentrate
Kidston Gold Mines Limited*	Queensland, Aust.	80	— Gold and silver
McDermitt Mine	Nevada, U.S.A.	51	— Mercury
Marcopper Mining Corporation	Philippines	40	— Copper, gold and silver in concentrate
Cortez Gold Mines	Nevada, U.S.A.	40	— Gold
Minera Real de Ángeles S.A. de C.V.	Mexico	34	— Silver, lead and zinc in concentrates

**To commence operations in 1985*

The Company is also engaged through its 100%-owned Placer CEGO Petroleum Division in the exploration, acquisition and development of oil and natural gas interests and in the production of crude oil, natural gas, natural gas liquids and sulphur. Its principal oil and gas properties are situated in Alberta and British Columbia.

Placer owns 7,572,889 common shares and 292,414 9½% Cumulative Redeemable Convertible Preferred Shares Series A of Noranda Mines Limited, a major diversified Canadian resource company. The common shares represent approximately 6% of Noranda's outstanding common shares and 17.5% of Placer's total assets.

At year-end Placer had 7,633 shareholders who held the total 43,044,288 issued common shares. The ownership distribution of these shares was: Canada — 84%; Australia — 8%; United States — 7%; other countries — 1%.

Corporate objectives and philosophy

With a wealth of experience in its field, Placer will continue to concentrate in the future on finding, evaluating, developing and producing metallic and energy products.

Placer will grow through leadership in exploration and development, through acquisition, and by innovation in its operations. The foundation of these activities will be provided by a responsible stewardship of the Company's mineral, energy, financial, and human resources.

Placer believes that its most effective contribution to society is through the production of needed materials at competitive costs, and in the attainment of profits. By achieving these goals the Company is able to pay wages, salaries and taxes, provide a market for supplier and service industries and pay dividends to its shareholders.

The Company and its employees

Placer's Annual Reports emphasize mineral products and financial results, but without the effort of the men and women in the Company there would be very little of this information to report. In 1983 Placer people continued to contribute through individual effort and imagination. In groups they planned and carried out projects as diverse as product application and maximizing mineral recovery, to the presentation of briefs to government on ways of improving mining economics. This annual report is designed to emphasize that the men and women on Placer's team are an essential part of the Company's ability to compete and of its future success.

Construction site in Australia where a 24,000 megaliter (6,340 million gallon) reservoir will be built to supply water for the new Kidston gold mine. Annual production will commence in 1985 at an average annual rate of 6,000 kilograms (193,200 ounces) of gold and 4,100 kilograms (132,000 ounces) of silver over the first five years. Kidston will be one of Australia's largest gold producers.

Directors' Report to the Shareholders

C. ALLEN BORN,
Chairman and
Chief Executive Officer and President

While most mining companies continued to report losses in the year ended December 31, 1983 we are pleased to report that Placer was an exception with consolidated net earnings of $29,258,000 or $0.70 per share. This was a significant improvement over 1982 when the Company's restated loss was $20,280,000 or $0.56 per share. Revenues in 1983 increased to $282,424,000 from $266,463,000 in the previous year.

The improvement in earnings was significant

The results include a gain of $22,474,000 from the sale of a 20% interest in the Kidston gold property in Australia. Earnings from silver improved with the most significant contribution provided by the Real de Angeles mine in Mexico. Placer's share of silver production from that mine and the Equity silver mine reached new highs while gold also grew in importance as production began at the Golden Sunlight mine in the United States. Earnings were further increased by lower interest expense and improved investment income.

Silver and gold were important

The prices of precious metals were strong in the first three quarters of 1983 but declined in the fourth quarter due to the growing strength of the United States dollar and, in the case of silver, surplus supplies.

The improvement in earnings was partially offset by losses at the Endako molybdenum division and the Gibraltar copper mine. Additionally, in recognition of poor economic conditions in the Philippines and current market conditions, Placer's investment in Marcopper was written down by $8,800,000.

Most cost saving measures introduced in 1982 were continued in 1983 and will remain in effect during 1984.

Dividends of $0.05 per share were paid in each quarter for a total of $0.20 per share in 1983 (1982 — $0.20). In 1983 Placer marked the 50th consecutive year in which it has paid dividends.

Corporate debt is eliminated

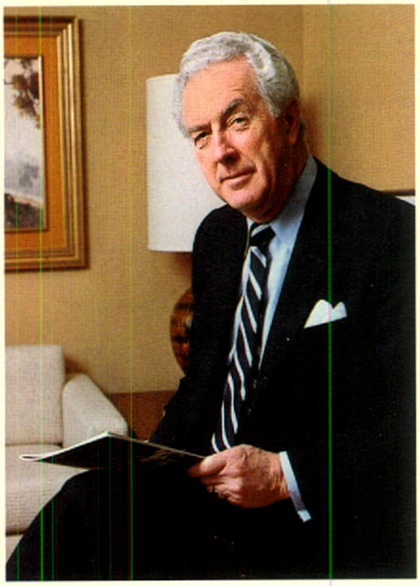
A $153,000,000 public offering of common shares and common share purchase warrants was successfully completed in March 1983. No dilution of shareholders' equity occurred as the book value of common shares after the offering appreciated to $13.10 per share from $11.14 at the end of 1982. Part of the proceeds was used to reduce debt with the balance available to take advantage of new business opportunities. Liquidity improved primarily because of the public offering, but also as a result of profitable operations. Placer's corporate debt was eliminated and the remaining consolidated debt related primarily to new mine development. At year-end this debt amounted to $110,787,000 (1982 — $321,216,000). Lower debt and declining interest rates resulted in lower interest charges. New bank lines of credit were negotiated.

Major gold mine to be developed

The Company's decision in the mid-seventies to emphasize precious metals led to the development of three mines since 1980 which are now profitable operations. This proved to be a fortunate decision in the light of poor markets still affecting base metals. Development of a fourth mine, the Kidston gold property in Queensland, Australia commenced in January 1984 and after operations begin in 1985 Placer's annual production of precious metals will be significantly increased.

To comply with Australia's foreign investment regulations a 45% ownership in Kidston Gold Mines Limited must be sold to Australians. 25,000,000 Kidston shares, representing a 20% interest, have already been purchased by a large Australian company for A$25,000,000. The remaining phase of the divestiture will be by way of an Australian public offering by Placer of 31,250,000 Kidston shares by the end of 1984. Placer's shareholders in that country will have an opportunity to purchase shares under this offer.

Development of the 100%-owned Golden Sunlight gold mine in Montana, U.S.A. was completed in January 1983 and revenues were first recorded in the second quarter. The Minera Real de Angeles silver mine in Mexico was profitable in 1983, its first full year of operation. Placer's 34% interest is now accounted for on



JAMES L. McPHERSON,
Senior Vice-President and Chief Financial Officer

an equity basis and resulted in a $6,264,000 contribution to earnings in 1983.

Crude oil earnings rise

In the oil and gas division, earnings from producing activities increased to $3,638,000 (1982 — $1,231,000) despite $11,950,000 of dry hole costs related to wildcat drilling in the United States. Development drilling in 1983 was increased to 75 wells (1982 — 32) from which a total of 52 oil wells are either producing or will be placed in production during 1984. Under a new federal/provincial pricing agreement, the bulk of Placer's Canadian oil production now qualifies for the world price.

The Company's performance in 1984 will be closely tied to economic recovery in the industrialized countries. The recovery of 1983 was largely restricted to consumer goods and services. Lacking the significant impetus of new capital investment, it failed to penetrate to the resource industries of many economies. It is expected, however, that the recovery will be sustained and improvements will occur in metal markets through 1984.

Optimistic outlook for 1984

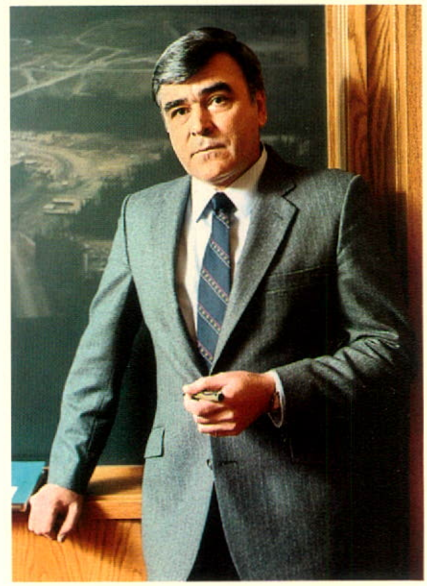
Placer begins 1984 in a strong financial position and this will allow it to pursue growth opportunities through acquisition or mine development. In 1984 Placer's earnings will benefit from its public offering of Kidston shares and the following year, from the new gold production of this mine. Two gold properties, Misima and Porgera in Papua New Guinea, are in advanced stages of exploration with feasibility studies currently underway.

Thomas H. McClelland, for many years President and then Chairman of the Company, will not be standing for re-election to the Board in 1984. He has been associated with Placer for 47 years, joining the Company in California in 1937 and three years later becoming Senior Engineer with the Pato gold dredging operations in Colombia. He has been closely involved with Placer's mine developments and his technical knowledge and broad experience in the industry have been invaluable to the Company.

C. Allen Born became Chairman and Chief Executive Officer and President after the Annual General Meeting in 1983.

Clifford A. Grandison, Treasurer and Gerry A. Hodgson, Comptroller were appointed officers of the Company in November 1983. John A. Eckersley was appointed Secretary in February 1984, succeeding Donald Hallam who has been appointed General Manager, Finance and Administration for Placer's Australian subsidiaries.

A total of 1,611 persons were employed by the Placer group of companies at December 31, 1983 (1982 — 1,630). This total included 353 (1982 — 362) employed directly by Placer Development Limited. The compensation and benefit cost of Placer Development Limited for the whole of 1983 was $17,217,000 (1982 — $27,033,000).



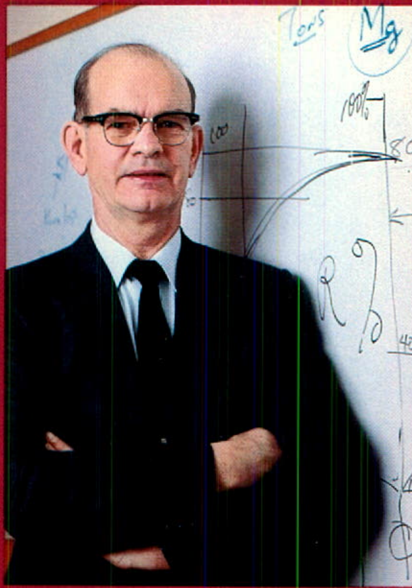
ANTHONY J. PETRINA,
Senior Vice-President and Chief Operating Officer

Employees help in recovery

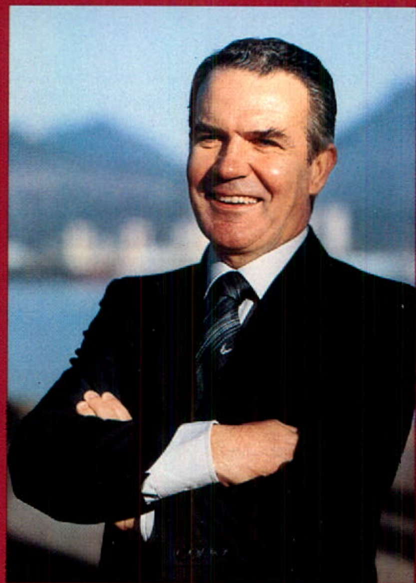
The performance of the men and women who work for the Placer group is, in many ways, the most significant factor in the Company's recovery. Their ability as individuals to work with others for the benefit of the organization; their persistence in striving for Corporate goals and their concern for the general welfare of the Company, are valued assets. The Board of Directors recognizes their contribution and herewith, we record our appreciation on behalf of the shareholders.

C. Allen Born
Chairman and Chief Executive Officer and President

Vancouver, B.C.
February 21, 1984



JAMES H. EASTMAN,
Vice-President,
Project Developments



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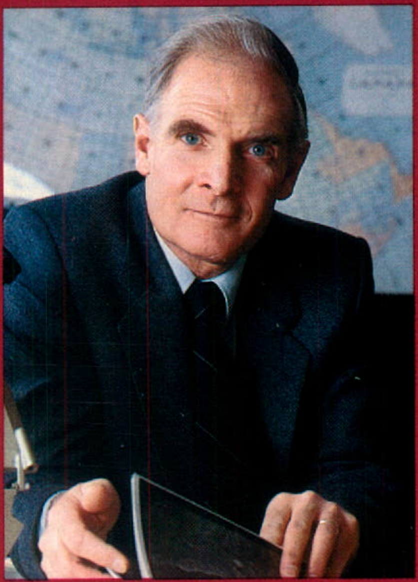
Vice-President, Corporate Affairs and General Counsel

ALAN G. HORTON,
President and Chief Executive Officer, Placer U.S. Inc.



RAYMOND I. SMITH,
President and Chief Executive Officer, Placer CEGO Petroleum Division

ROBERT NEEDHAM,
Vice-President, Australasian Operations

Financial Review

Summary

Despite the continuation of adverse conditions in the mining industry as a whole, Placer's 1983 net earnings of $29,258,000 or $0.70 per share increased $49,538,000 from the restated 1982 loss of $20,280,000 or $0.56 per share. Net earnings in 1981 were $48,924,000 or $1.37 per share. Revenues were $282,424,000 in 1983 compared to $266,463,000 in 1982 and $301,880,000 in 1981.

Earnings in 1983 included net investment gains of $13,674,000 compared to $4,637,000 in 1982 and $3,271,000 in 1981. Precious metal operations continued to make an increasing contribution to earnings in 1983. Earnings now include the new Golden Sunlight gold mine and the 34%-owned Real de Angeles silver mine. The previously dominant molybdenum and copper operations had losses in 1983.

The financial highlight of 1983 was the issue of 6,000,000 common shares and related warrants for $153,000,000 or $25.50 per unit. The proceeds enabled Placer to strengthen its balance sheet and to reduce financial costs by repaying all long-term debt not related to specific project financing by subsidiaries.

Operating Results

	1983	1982	1981 (millions)	1980	1979
Sales					
Mining	**$ 199**	$ 206	$ 253	$ 252	$ 240
Oil and Gas	**58**	49	38	31	25
	$ 257	$ 255	$ 291	$ 283	$ 265
Other Income					
Investment income	**$ 11**	$ 6	$ 8	$ 10	$ 14
Net investment gains	**14**	5	3	–	–
	$ 25	$ 11	$ 11	$ 10	$ 14
Operating Earnings (Loss) *(1)*					
Mining					
Equity Silver	**$ 21**	$ 37	$ 36	$ –	$ –
Golden Sunlight	**16**	–	–	–	–
Gibraltar	**(8)**	(13)	(1)	41	60
Endako	**(4)**	10	52	99	83
Other	**2**	3	4	3	2
	27	37	91	143	145
Oil and Gas *(2)*	**38**	31	22	17	15
	$ 65	$ 68	$ 113	$ 160	$ 160
Earnings (Loss)					
Consolidated operations	**$ 23**	$ (6)	$ 15	$ 48	$ 60
Associated companies	**6**	(14)	34	33	14
Extraordinary items	**–**	–	–	8	39
Net Earnings (Loss)	**$ 29**	$ (20)	$ 49	$ 89	$ 113
Per common share					
Net Earnings (Loss)	**$0.70**	$(0.56)	$1.37	$2.52	$3.12

(1) Represents sales less cost of sales, depreciation, depletion and allocated general and administrative expenses.
(2) Oil and natural gas revenue taxes are included with income and resource taxes.

Precious metals offset depressed base metals operations

Operating results

Earnings are now benefitting from recent additions of three precious metal mines, Equity Silver (1980) in Canada, Real de Angeles (1982) in Mexico and Golden Sunlight (1983) in the United States. Golden Sunlight produced 2,479 kg (79,700 ozs.) of gold since beginning operations in January, 1983 and Real de Angeles had a profitable first full year of operations with production of 241,400 kg (7,761,000 ozs.) of silver.

Placer's share, based on ownership interest, of the precious metal production of its subsidiaries and associated companies has increased in each of the last four years and in 1983 was as follows:

Silver — kg	192,200
— *ozs.*	*6,180,000*
Gold — kg	4,160
— *ozs.*	*134,000*

The completion of the Kidston gold property during 1985 is expected to initially add 2,258 kg (72,600 ozs.) of silver and 3,305 kg (106,300 ozs.) of gold to Placer's annual share of precious metal production.

Favourable precious metal prices during most of 1983 also improved earnings. This was partially offset by Equity Silver's higher unit costs from the first full year of concentrate leaching and lower metal production. Equity's metal production in 1982 was from a higher grade section of the pit, whereas 1983 production was more representative of that expected from the overall orebody.

The Endako and Gibraltar base metal operations reported losses in 1983 as the decline in prices, which began in 1981, reached near break-even levels. Endako's molybdenum sales have been from inventory since the suspension of production in June 1982 following a severe decline in demand for and the price of molybdenum. Molybdenum prices, in U. S. currency averaged $8/kg ($4/lb.) in 1983, $9/kg ($4/lb.) in 1982 and $14/kg ($6/lb.) in 1981. Sales from both mines declined from 3,907,000 kg (8,614,000 lbs.) in 1981 to 1,886,000 kg (4,158,000 lbs.) in 1983.

At the Gibraltar copper operation, cost reduction and cash conservation measures have minimized losses in the last three years. In July 1982, mining was suspended for one year as mill feed was supplied from low-grade ore stock piles. The average copper price, in U. S. currency, declined to $1.59/kg ($0.72/lb.) in 1983 from $2.18/kg ($0.99/lb.) in 1980. Since July 1983 further price declines brought the price to $1.42/kg ($0.65/lb.) at year-end.

Oil and gas results continue to improve

Crude oil prices rose substantially in 1982 and 1983 and sales volume increased 8.2% and 3.7% in those years. Natural gas sales volume declined 19% in 1983. The net effect has been an increase in oil and gas operating earnings of $6,496,000 in 1983 and $9,424,000 in 1982, before exploration expense and taxes.

Investment income rises

The increase in investment income of $5,123,000 in 1983 is attributable to the first full-year of Noranda preferred share dividends and increased temporary investments.

Kidston sale increases net investment gains

The net investment gain of $13,674,000 in 1983 is comprised of $22,474,000 from the sale of a 20% interest in the Kidston gold property in Australia less an $8,800,000 write-down of the Marcopper investment. The Kidston sale was made to comply with Australian foreign investment guidelines which require a further 25% disposition, planned for 1984. The Marcopper write-down reflects recent developments in the Philippine economic environment and current market conditions which indicate an impairment of the investment's value.

Lower debt and interest rates reduce interest expense

Debt was substantially reduced following the 1983 common share issue. This, coupled with lower interest rates, contributed to the fifty percent reduction in 1983 interest expense. Interest expense had increased sharply in 1981 and 1982 due to higher rates on debt used to fund increased working capital and capital project requirements.

Mexican silver mine accounted for on equity basis

Placer's share of earnings from its 34%-owned silver mine in Mexico were $6,264,000 in 1983 compared with a loss of $3,967,000 in its 1982 start-up year when large foreign exchange losses were incurred. Present indications are that dividends from the Real de Angeles mine could begin in 1984 or 1985. The criteria for using the equity method of accounting for this investment were met in 1983 and the method was adopted retroactively to the inception of operations in 1982.

Until the dissolution of Zinor in 1982, the principal component of associated companies' earnings was Placer's indirect share of Noranda earnings.

Financial position and liquidity

Cash generated from operations and investments has recovered after declining to $16,000,000 in 1981. Net cash flow from the business was $115,000,000 in 1983 and $142,000,000 in 1982. The decline in 1981 was caused by falling metal prices, the need to finance accounts receivable and inventories of the new Equity Silver mine and the molybdenum inventory build-up. In 1982 working capital requirements abated with the reduction of

Cash Sources

	1983	1982	1981	1980	1979
			(millions)		
From the business:					
Operations and associated companies' dividends	$ 87	$ 94	$ 6	$ 94	$153
Sale and liquidation of investments	28	48	10	9	–
	115	142	16	103	153
Long-term debt net of repayments	(211)	89	70	80	22
Common shares issued	152	3	4	1	–
Total cash generated	$ 56	$234	$90	$184	$175

inventories and accounts receivable. An impressive working capital improvement was achieved as Placer emerged from the recession in a strong liquid financial position.

A strong liquid position achieved

Placer has consolidated its major lines of credit and now has unused lines of $220,000,000. A previous commitment under a support agreement for Minera Real de Angeles for shareholders' deficiency loans has ended and loan repayments are on schedule.

$153,000,000 share issue improves liquidity and capital structure

The March 1983 issue of 6,000,000 common shares together with 3,000,000 common share purchase warrants raised $153,000,000 less after-tax issue expenses of $3,353,000 and permitted the repayment of much of the outstanding long-term debt. This cash inflow followed the receipt in 1982 of the more marketable Noranda preferred and common shares arising from the liquidation of Zinor. Placer is presently in a stronger position to take advantage of investment opportunities as they arise. A further increase in share capital of $85,500,000 could occur if the 3,000,000 common share purchase warrants are exercised by September 30, 1986 at $28.50 per share.

Long-term debt as a percentage of total capitalization was 14.2% at December 31, 1983. This ratio had increased to 39.5% in 1982 when long-term debt was used to finance major capital expenditures.

Cash Uses

	1983	1982	1981	1980	1979
			(millions)		
Capital expenditures	**$37**	$106	$ 73	$111	$ 88
Exploration	**28**	27	28	24	18
Dividends	**8**	7	16	30	18
Investments	**2**	7	7	50	45
Total cash used	**$75**	$147	$124	$215	$169

Spending on new productive facilities continues

Placer is continuing its aggressive development of new properties during a period of relatively low costs and this broader production base will benefit earnings as metal prices improve. Capital spending declined in 1983 following the large-scale programme between 1979 and 1982 which included the Equity Silver, Real de Angeles and Golden Sunlight mines and increased oil and gas development expenditures. The 1983 expenditures were for oil and gas drilling and the final stages of the below-budget completion of Golden Sunlight.

Projects in 1984 include construction of the Kidston gold mine in Australia, recently estimated to cost $170,000,000 of which $86,000,000 is expected to be spent in 1984. In addition, a gold/silver secondary recovery plant will be built at Equity at a cost of $12,500,000. A three-year payback is expected from the recovery plant after start-up in late 1984.

Exploration increases

Oil and gas expenditures for property acquisitions, exploration and development were $31,372,000 in 1983, $42,179,000 in 1982 and $19,676,000 in 1981. Of these amounts, $13,182,000, $30,767,000 and $12,192,000 were capitalized and the balance was expensed. Planned oil and gas expenditures for 1984 are $57,000,000.

Mineral exploration, which peaked in 1981, has decreased and been principally directed to existing exploration projects. Mineral expenditures were $9,621,000 in 1983, $15,609,000 in 1982 and $20,636,000 for 1981. Planned expenditures for 1984 are $14,000,000.

Outlook

1984 is expected to be a pivotal year in the economic transition that began in 1980. Events this year should set the tone for the next several years. A repetition of the economic expansion of the 1950's and 1960's is not in sight. Fortunately, Placer has a strong balance sheet, a significant participation in current and potential precious metal production, and with its continued emphasis on exploration, is in a favourable position to achieve earnings and asset growth.

1984 — a pivotal year

Precious metals and oil and gas to provide 1984 cash flow from operations

Cash flow from operations in 1984 will be primarily dependent on earnings from Equity Silver, Golden Sunlight and oil and gas operations. Present projections are for 1984 cash flow from operations to be higher than 1983 but gold and silver prices will need to increase from year-end levels to achieve this objective. Metal production in 1984 is expected to equal or exceed 1983 levels.

The Endako and Gibraltar mines provide the potential for earnings growth in 1984 but this is strictly dependent upon stronger molybdenum and copper markets.

Placer's 1984 earnings and cash flow will benefit from its public offering in Australia of a further 25% interest in Kidston and the following year from the gold production of this new mine.

Internally generated cash flow in 1984 will be principally used for debt repayment on existing project loans and increased exploration expenditures.

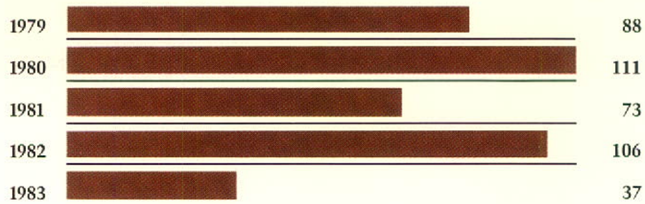
Financing of the Kidston project is expected to be met by the proceeds of the 1983 sale of a 20% interest in the property and from the proceeds of a standby credit facility. Other planned Placer capital spending should be adequately financed from internally generated funds.

Two gold properties are in advanced stages of exploration with feasibility studies currently underway.

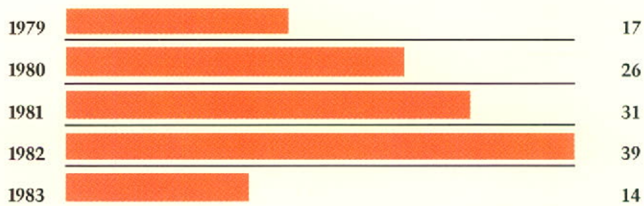
Earnings sensitivities

Placer's after-tax earnings sensitivity to key metal price and exchange rate fluctuations on an annualized basis and using expected 1984 sales volumes is shown in the table at right.

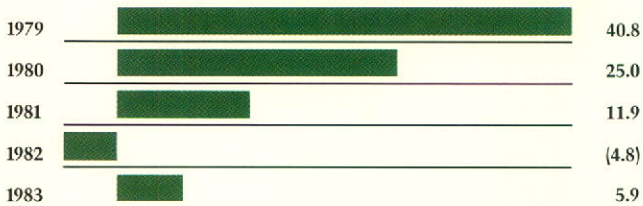
Capital Expenditures
(millions of dollars)



Long-term Debt as a Percentage of Total Capitalization

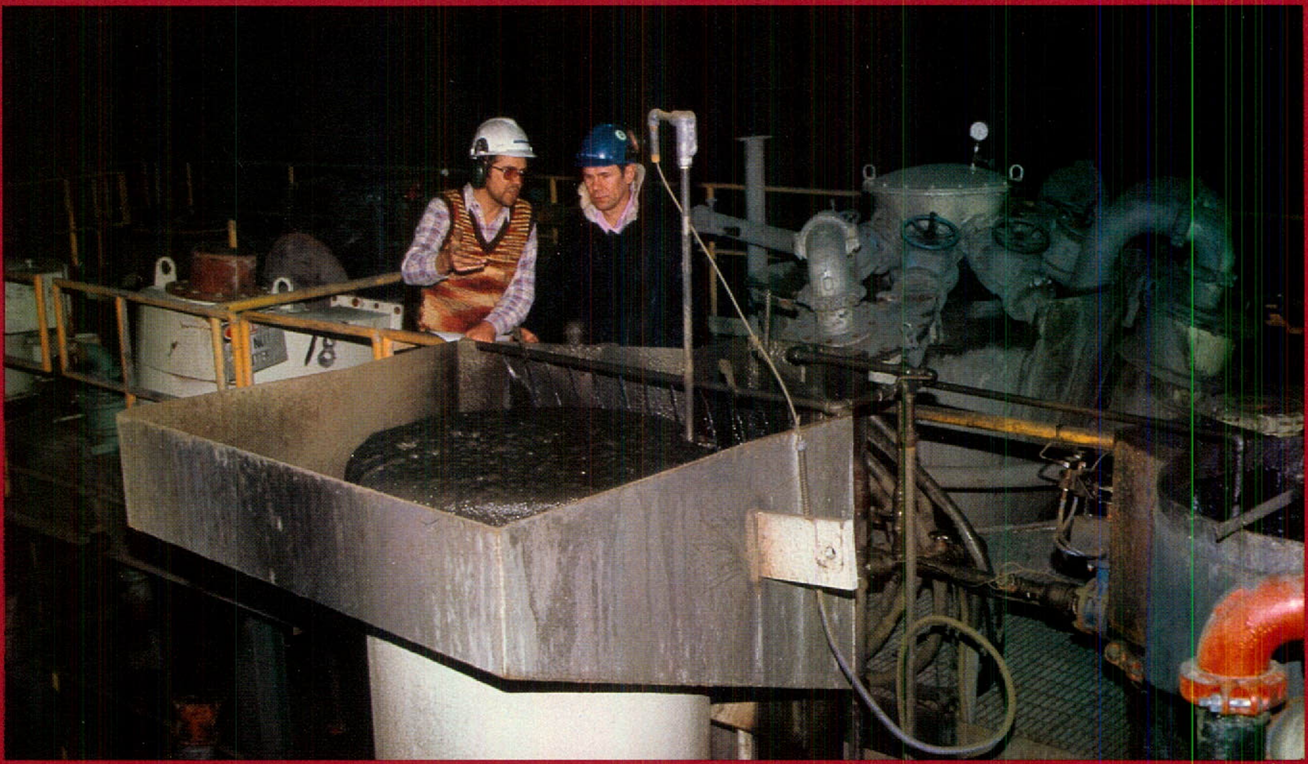


Return on Shareholders' Equity
%



Earnings Sensitivities

	Price change (U.S.)	Effect on net earnings (millions)	(per share)
Silver	\$ 1.00/oz.	\$3.8	8.8¢
Gold	\$25.00/oz.	\$3.7	8.7¢
Copper	\$ 0.05/lb.	\$3.0	7.0¢
Molybdenum	\$ 0.50/lb.	\$1.5	3.5¢
United States dollar	1¢	\$2.0	4.6¢



In response to poor base metal markets skilled people within the Placer group are finding better and cheaper methods to mine and mill ore. At the Gibraltar open pit copper mine in British Columbia's Cariboo region, column flotation technology, first used in the petro-chemical industry, is being tested with the objective of reducing concentrator operating costs and improving metal recovery. Mine Manager Jeff Thompson (right) examines column with Project Engineer Roger Amelunxen.

Golden Sunlight's Mine Manager Jim Smolik (right) with Mill Foreman Rex Davis at grinding control panel of concentrator. This Montana gold mine commenced operations in early 1983 and was a significant factor in Placer's improved financial results.

Mining Operations

Precious metal mines generally performed well in 1983 but the economic recovery was of little benefit to copper and molybdenum mines in the Placer group.

Canada

Endako Mines Division
(100% interest)

With no sign of improvement evident in the molybdenum market the suspension of mining and milling remained in effect at Endako. Efforts to reduce costs continued and some surplus capital assets were sold. One of three roasters operated for all but 13 weeks of 1983, toll roasting molybdenum disulphide to molybdenum trioxide. A six-month study of operating economics was conducted to prepare for the resumption of production when stronger markets return. No negotiations were held on renewal of the labour agreement which expired in 1982.

Market acceptance of Endako's "Ultra Pure" molybdenum disulphide grew again in 1983 with sales of this specialty product increasing 24% over the previous year.

Gibraltar Mines Limited
(71.9% interest)

A loss was again incurred due to depressed copper prices and severe weakness in demand and price for molybdenum. These factors more than offset greater operating efficiency. Production was continued since cash flow was at or near break-even levels and closure of the mine would entail higher shutdown costs and on-going maintenance expense.

The processing of stockpiled low-grade ore was completed in June 1983. Limited mining then resumed in the East pit and commenced in the small West zone. The concentrator continued to operate at full capacity.

Adjustments have been made to the mining plan which, depending upon the performance of metal prices, may allow near break-even results in 1984. The new plan will have no effect on anticipated copper production although the estimate of ore reserves is reduced. Costs have been lowered by significantly reducing the strip ratio to 0.54:1 from 2.42:1. In addition, major development work and capital expenditures are eliminated. Operating costs are curtailed through a 50% reduction in the projected mining rate and stabilization of the workforce at approximately the present 350 employees.

Endako
thousands, except grade

	1983	1982	1981
Financial			
Revenues	**$19,309**	$46,538	$82,328
Operating earnings (loss)	**$ (4,107)**	$ 9,824	$52,398
Operations			
Ore milled — t	—	2,948	10,492
— *tons*	—	*3,250*	*11,565*
Molybdenum in concentrate			
Production — kg	—	1,277	5,338
— *lbs.*	—	*2,815*	*11,768*
Ore reserves — t	**202,000**	202,000	230,000
— *tons*	***223,000***	*223,000*	*254,000*
Grade — molybdenum — %	**0.081**	0.081	0.081

Molybdenum production has been suspended since June, 1982.

Gibraltar
thousands, except grade

	1983	1982	1981
Financial			
Revenues	**$47,966**	$52,575	$80,211
Operating loss	**$ 7,772**	$12,506	$ 1,320
Loss	**$ 3,487**	$ 5,931	$ 96
Operations			
Ore milled — t	**13,517**	13,379	13,258
— *tons*	***14,900***	*14,748*	*14,614*
Production in concentrate			
Copper — kg	**27,893**	31,296	40,909
— *lbs.*	***61,493***	*68,996*	*90,189*
Molybdenum — kg	**435**	725	900
— *lbs.*	***960***	*1,598*	*1,984*
Ore reserves* — t	**188,000**	234,000	234,000
— *tons*	***207,000***	*258,000*	*258,000*
Grade			
copper — %	**0.30**	0.35	0.35
molybdenum — %	**0.009**	0.009	0.009

**Reserves for 1983 reflect a new mining plan.*

Equity Silver Mines Limited
(70% interest)

Profitable operations continued as a result of higher average 1983 prices for silver and gold. Interest expense declined due to lower interest rates and bank loan balances.

Ore milled and concentrate production exceeded 1982 levels but silver production in 1983 declined from the peak level of the previous year due to the processing of the low grade ore from the nearly exhausted Southern Tail pit. Mining in 1984 and future years will be in the Main Zone and annual silver production is expected to rise slightly.

The metallurgical characteristics of the Main Zone ore differ from that of the Southern Tail and would result in lower recovery of silver and gold in the flotation process. A scavenger circuit will, therefore, be constructed in 1984 to treat the tailing and maintain the level of precious metal recovery. This circuit, to cost an estimated $12,500,000, will be completed in October 1984.

Operating costs will be reduced in 1984 by halting the leaching of concentrates. This has become possible because of lower levels of impurities in the Main Zone ore, improved smelter terms and greater market acceptance of the mine's unleached concentrate. The leach plant will be placed on a care and maintenance basis in case future conditions again require a leached product.

Craigmont Mines Limited
(44.6% interest)

Since exhaustion of ore reserves and cessation of milling operations in early 1982 the only continuing activities are the sale of iron concentrate, disposal of assets and reclamation of land. The company is to be wound-up when its assets have been liquidated and this has been delayed by poor economic conditions.

Equity Silver
thousands, except grade

	1983	1982	1981
Financial			
Revenues	**$71,849**	$84,734	$59,830
Operating earnings	**$21,043**	$36,874	$36,463
Earnings for common shareholders	**$ 5,179**	$ 6,071	$ 4,284
Operations			
Ore milled — t	**2,180**	2,073	1,910
— tons	***2,403***	*2,285*	*2,105*
Production in concentrate			
Silver — g	**154,200**	216,800	227,900
— ozs.	***4,958***	*6,970*	*7,327*
Gold — g	**880**	927	643
— ozs.	***28***	*30*	*21*
Copper — kg.	**8,080**	6,860	5,740
— lbs.	***17,810***	*15,120*	*12,650*
Ore reserves — t	**21,400**	23,600	25,600
— tons	***23,600***	*26,000*	*28,200*
Grade			
silver — g/t	**97.7**	98.2	102.9
— ozs./ton	***2.85***	*2.86*	*3.00*
gold — g/t	**0.83**	0.88	0.96
— ozs./ton	***0.02***	*0.03*	*0.03*
copper — %	**0.35**	0.37	0.39

Golden Sunlight
thousands, except grade

	1983*
Financial	
Revenues	**$32,599**
Operating earnings	**$15,327**
Net earnings	**$ 6,091**
Operations	
Ore milled — t	**1,555**
— tons	***1,714***
Gold production — g	**2,479**
— ozs.	***80***
Ore reserves — t	**21,800**
— tons	***24,000***
Grade — gold — g/t	**1.69**
— ozs./ton	***0.05***

**Commenced operations in January.*

United States

Placer's mining interests in the United States are held by wholly owned Placer U.S. Inc., (formerly Placer Amex Inc.) of San Francisco.

Golden Sunlight Mines, Inc.
(100% interest)

The first gold production from this new open pit mine in Montana was achieved in early February 1983. No major problems were encountered during startup and design throughput averaging 4,500 t/day (5,000 tons/day) was maintained for the rest of the year.

McDermitt Mine
(51% interest)

Operations at this mercury mine in Nevada were normal in 1983 although the mine's inventory increased slightly as secondary material on the market affected demand and price for prime virgin mercury.

Cortez Gold Mines
(39.6% interest)

Development of the Horse Canyon orebody at this Nevada mine was completed in May 1983 at a cost of approximately U.S.$5,000,000, which was U.S.$1,500,000 under budget. The Horse Canyon pit is located on a mountain above the mill site at the 2,500 m (8,200 ft.) level. Despite severe winter conditions during initial mining, planned production levels for the year were achieved. Mobile equipment required for mining this pit was obtained under favourable lease terms.

The expanded carbon-in-leach and carbon recovery circuits were placed in operation with no major start-up problems. Heap leaching was utilized to treat low-grade material.

Philippines

Marcopper
(39.9% interest)

Normal production volumes were maintained through 1983, although continued weakness in the copper price required a number of operating economies. These included suspending development of the San Antonio ore zone, halting exploration and reducing manpower by 15%. A re-evaluation of the Tapian mineral reserve indicates that some portions are unlikely to be economic during the current decade and a lower reserve figure is, therefore, reported this year.

A shortage of foreign exchange caused the Philippine Government to introduce measures which made it difficult for the mine to import needed supplies. A number of special procedures were successfully used to minimize the effect of these measures.

Marcopper holds a 5% interest in the Philippine Associated Smelting and Refining Corporation (PASAR) which in 1983 began operating a new smelter with a rated capacity of 125,000 t/year (138,000 tons/year) of copper. Marcopper is obliged to supply this smelter and 41% of its production since May 1983 has been treated by PASAR at less favourable terms than are available on the open market. Mar Fishing (70% owned by Marcopper)

McDermitt
thousands, except grade

Financial	**1983**	1982	1981
Placer's share of:			
Revenues	**$ 4,539**	$ 5,505	$ 6,914
Earnings before taxes	**$ 1,798**	$ 2,685	$ 3,481
Operations			
Ore milled — t	**304**	273	237
— *tons*	***335***	*301*	*261*
Mercury production — kg	**863**	886	959
— *flasks*	***25***	*26*	*27*
Ore reserves — t	**1,100**	1,200	1,400
— *tons*	***1,200***	*1,300*	*1,600*
Grade — mercury — kg/t	**4.38**	4.44	5.15
— *lbs./ton*	***8.76***	*8.88*	*10.30*

Cortez
thousands, except grade

Financial	**1983***	1982	1981
Placer's share of:			
Revenues	**$ 8,117**	$ 3,495	$ 3,392
Earnings before taxes	**$ 2,853**	$ 687	$ 972
Operations			
Ore treated — t	**1,060**	1,392	1,224
— *tons*	***1,170***	*1,534*	*1,349*
Gold production — g	**1,473**	765	665
— *ozs.*	***47***	*25*	*21*
Ore reserves — t	**2,500**	3,700	4,500
— *tons*	***2,700***	*4,100*	*5,000*
Grade — gold — g/t	**2.74**	1.66	1.59
— *ozs./ton*	***0.08***	*0.05*	*0.05*

**Horse Canyon mining operation commenced in May.*

Marcopper
thousands, except grade

Financial	**1983**	1982	1981
Revenues	**$67,012**	$ 68,536	$ 77,556
Net earnings (loss)	**$ 1,156**	$(11,133)	$ (5,619)
Placer's share of earnings (loss)	**$ 392**	$ (3,396)	$ (1,905)
Operations			
Ore milled — t	**10,501**	10,341	9,753
— *tons*	***11,575***	*11,399*	*10,751*
Production in concentrate			
Copper — kg	**34,848**	36,699	36,277
— *lbs.*	***76,826***	*80,907*	*79,977*
Gold — g	**977**	1,112	935
— *ozs.*	***31***	*36*	*30*
Silver — g	**5,505**	5,613	5,861
— *ozs.*	***177***	*180*	*188*
Ore reserves — t	**57,300**	85,500	95,600
— *tons*	***63,200***	*94,200*	*105,400*
Grade — copper — %	**0.44**	0.44	0.44

reported a loss as a result of a continuing shortfall in supplies of raw tuna and low prices for the canned product.

Australia

Placer's interests in Australia are held by Placer Exploration Limited of Sydney, New South Wales. In 1983 this company reported an operating loss of $1,766,000.

Kidston Gold Mines Limited
(80% interest)

Kidston Gold Mines Limited, expects to place its gold property in northeast Queensland into production in 1985. Construction began in January 1984.

The concentrator will have a design capacity of 7,500 t/day (8,300 tons/day) with higher throughput in the initial years when softer oxide ore is available. Throughput in the first two years is expected to average 11,800 t/day (13,000 tons/day). Annual production is expected to average 6,000 kg (193,200 ozs.) of gold and 4,100 kg (132,000 ozs.) of silver in the first five years.

Measured and indicated ore reserves are estimated at 38,500,000 t (42,500,000 tons) grading 1.77 g/t (0.05 ozs./ton) gold and 2.11 g/t (0.06 ozs./ton) silver mineable by open pit. The initial pit contains higher grade ore calculated at 8,400,000 t (9,300,000 tons) grading 2.35 g/t (0.07 ozs./ton) gold and 2.45 g/t (0.07 ozs./ton) silver. Estimates of ore reserves may change as new information is developed on the ore body, and as operating costs and metal prices vary.

Exploration is continuing on extensions of the mineralized area. 17,000,000 t (18,740,000 tons) of probable and possible ore reserves indicated by widely spaced drilling, were previously reported along extensions to the main Wise's Hill reserves. Additional shallow drilling at Mac's Knob and North's Knob has allowed a reclassification to a proven and probable category of some of the above reserves. The additional mineable reserves will help to extend the initial period in which oxide ore will be treated.

Real de Angeles
thousands, except grade

	1983	1982*
Financial		
Revenues	**$85,032**	$17,973
Net earnings (loss)	**$23,204**	$ (6,903)
Placer's share of earnings (loss)	**$ 6,264**	$ (3,967)
Operations		
Ore milled — t	**3,734**	1,227
— *tons*	***4,116***	*1,353*
Production in concentrate		
Silver — g	**241,400**	71,000
— *ozs.*	***7,761***	*2,283*
Lead — kg	**27,825**	7,200
— *lbs.*	***61,344***	*15,873*
Zinc — kg	**21,905**	6,800
— *lbs.*	***48,292***	*14,991*
Ore reserves — t	**54,200**	57,600
— *tons*	***59,700***	*63,500*
Grade		
silver — g/t	**76**	74
— *ozs./ton*	***2.22***	*2.16*
lead — %	**1.1**	1.0
zinc — %	**0.97**	0.92

**Commenced operations in 1982.*

Kidston is located in a semi-arid area approximately 488 km (300 miles) west by road from Townsville on the east coast of Queensland. Development will require construction of a high voltage power line from Townsville and the provision of water by the construction of a reservoir on a river 20 km (12 miles) from the site. Placer will be responsible for development and management of the mine which will have a work force of approximately 170.

Manufacturing

Private sector investment in new capital projects was weak in 1983 and the manufacturing divisions experienced losses as a result. Associated Plywood Sales reported poor market demand as building activity slowed and competition increased from off-shore products. Sales of Molybond specialty lubricants fell as activity declined in the mining industries of Australia and Canada. The sale of Placer's remaining one-third interest in Fox Manufacturing will be completed in mid-1984.

Mexico

Real de Angeles
(34% interest)

Now Mexico's largest silver mine, Real de Angeles commenced operations in mid-1982 and exceeded its design capacity of 10,000 t/day mill throughput (11,000 tons/day) in 1983 with an average daily throughput of 10,230 t (11,280 tons). Concentrate containing the silver and lead is sold to a Mexican smelter under a long-term contract. The zinc concentrate is being sold under one-year contracts for export to Europe. Repayments of the mine's development loans are proceeding on schedule.

Plant improvements during the year included work on the reagent feeding system, the filtering section, and the tailing thickener. An exploration programme in the immediate vicinity of the mine did not add to the current estimate of ore reserves.

Exploration

In 1983 expenditures of $9,621,000 on hard mineral exploration were reduced substantially from the 1982 level of $15,609,000. Of this total, 44% was directed to programmes in Canada, 25% in Australasia, 23% in the United States, and 8% in other countries. Exploration was generally directed to continuing low-risk precious metal projects.

Papua New Guinea

At the 50%-owned Misima Island gold prospect, further drilling and surface trenching was carried out in the Umuna area during the year to provide data for an economic analysis of mining this deposit by open pit. The analysis, to be completed in the first half of 1984, will guide the direction of future work on the prospect. Adjacent to the Umuna zone, underground workings were reopened and sampled to test an extension of mineralization which is expected to provide additional reserves of average grade mineralization.

Preliminary estimates of proven and probable reserves, at a cutoff grade of 0.5 g/t (0.015 ozs./ton) gold, are computed at 35,000,000 t (38,600,000 tons) at an average grade of 1.43 g/t (0.042 ozs./ton) gold, and 16.6 g/t (0.48 ozs./ton) silver. There are an additional 7,000,000 t (7,700,000 tons) of possible reserves.

At the 33.3%-owned Porgera gold property in Papua New Guinea, further drilling on the higher grade Zone VII indicates values over a strike length of 500 m, with an average width of 40 m, and depth of 150 m (1,600 x 130 x 500 ft.). The zone is open at depth and to the east. The average undiluted gold grade from limited drilling is 8 g/t (0.23 ozs./ton). The geological reserve estimated for the entire Porgera deposit, at a cutoff grade of 1.5 g/t (0.04 ozs./ton) gold, is unchanged at 59,000,000 t (65,000,000 tons) containing an average of 3.56 g/t (0.10 ozs./ton) gold and 14.4 g/t (0.42 ozs./ton) silver. Further drilling is planned in 1984. Preliminary investigations of metallurgy, site and power requirements were carried out through 1983.

United States

Activities in the United States were targeted primarily on gold and silver.

A lease agreement was obtained on a large group of claims in central Nevada on which there are indications of low-grade gold and copper mineralization amenable to open pit mining. A programme of geochemical sampling and exploration drilling commenced in early 1984.

At the 39.6%-owned Cortez Gold venture in central Nevada, exploration activities were carried out in the vicinity of the Horse Canyon deposit which went into production early in 1983. Nearby on the summit of Mt. Tenabo, rotary drilling has disclosed another zone of gold mineralization up to 30.5 m (100 ft.) thick. On the basis of geological and drilling data thus far, reserves of 540,000 t (600,000 tons) averaging 1.78 g/t (0.05 ozs./ton) gold are inferred.

A U.S.$1,960,000 heap leach test project was developed at the 75%-owned Bald Mountain property in eastern Nevada. This project will provide data on the feasibility of open pit mining and heap leaching of small-tonnage gold deposits on this property. In two months of operations approximately 109 kg (3,500 ozs.) of gold was produced from 60,000 t (66,000 tons) of ore. Exploration drilling, geologic mapping and sampling were continued on other mineralized zones within the Bald Mountain project area. Indicated and inferred ore reserves to date total approximately 2,500,000 t (2,800,000 tons) at 3.1 g/t (0.09 ozs./ton) gold in six deposits.

Exploration for gold was continued at Misima and Porgera in Papua, New Guinea. At Porgera, numerous drill pads similar to the one shown, were built with pick and shovel to allow diamond drilling on the mountain slope.

Canada

In north central Quebec, diamond drill exploration and geological/geophysical surveys continued on several anomalies within the extensive land holdings of the 100%-owned Eastmain property. Gold-bearing mineralization has been indicated by drilling in six locations extending over a strike length of 7 km, (4 miles) within which the initial discovery was located. To date, drill indicated and inferred reserves in the A-B zone (including a 20% dilution factor) are calculated at 1,050,000 t (1,155,000 tons) grading 11.7 g/t gold, 14.7 g/t silver (0.34 ozs./ton gold, 0.43 ozs./ton silver) and 0.26% copper. During 1983 this work was conducted as a joint venture with a crown corporation which may earn a 30% interest in the main property by spending $4,000,000 over a three-year period. In addition, it can earn a 45% interest in the adjacent lands by spending $1,000,000 in the same period. To date, the crown corporation has expended $1,300,000 on the main property and $230,000 on the adjacent lands. Further work is planned for 1984.

Markets

North America's economic recovery in 1983 did not lead to a general increase in demand for mineral products. Demand for some minerals, including copper and molybdenum, was reduced by lower economic activity in western Europe and Japan, continuing high interest rates and a lack of capital spending. The average prices for Placer's precious metals improved, however, over the previous year.

Silver

The average silver price rose in 1983 to U.S.$0.37/g (U.S.$11.44/oz.) compared to the 1982 average of U.S.$0.26/g (U.S.$7.95/oz.). A deterioration in the demand-supply balance became apparent during the year as disappointing industrial consumption, weak investor demand, and rising primary production led to a large increase in inventories. Prices peaked in February 1983, trending downward for the remainder of the year to close at U.S.$0.28/g (U.S.$8.95/oz.).

Gold

Commercial demand for jewellery and industrial fabrication fell in response to higher prices, the higher value of the United States dollar, and lower discretionary incomes in some countries. These factors were offset, however, by rising private demand for coins and bullion, and sharply falling Sino-Soviet exports which led to a more buoyant market, particularly in the early part of the year.

The average London final price in 1983 was U.S.$13.64/g (U.S.$424.25/oz.) compared to the 1982 average of U.S.$12.08/g (U.S.$375.73/oz.). The price at December 30, 1983 was U.S.$12.27/g (U.S.$381.50/oz.).

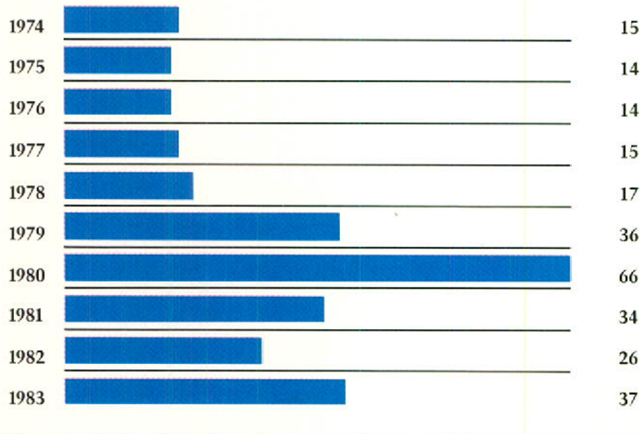
Copper

The average settlement price for copper on the London Metal Exchange in 1983 was U.S.$1.59/kg (U.S.$0.72/lb.) compared with U.S.$1.48/kg (U.S.$0.67/lb.) in 1982. At year-end, however, the price was U.S.$1.43/kg (U.S.$0.65/lb.).

Consumption, at 6,725,000 t (7,410,000 tons) in 1983, was little changed from the previous year. Despite mine production curtailments, refined production increased and stocks held by producers and metal exchanges continued to grow, reaching about 1,200,000 t (1,325,000 tons), or more than twice the minimum stock required, at year-end. Prices showed some recovery in the first half of 1983 but fell in the second half as demand failed to increase. Neither demand nor price is expected to increase significantly in 1984.

In contrast to the market for the refined metal, year-end demand for copper concentrate was

Yearly Average Silver Prices
(U.S. cents/g)



Handy Harman

vigorous as a number of producing mines closed. Improved smelter terms in this market will partially offset low prices in 1984.

Molybdenum

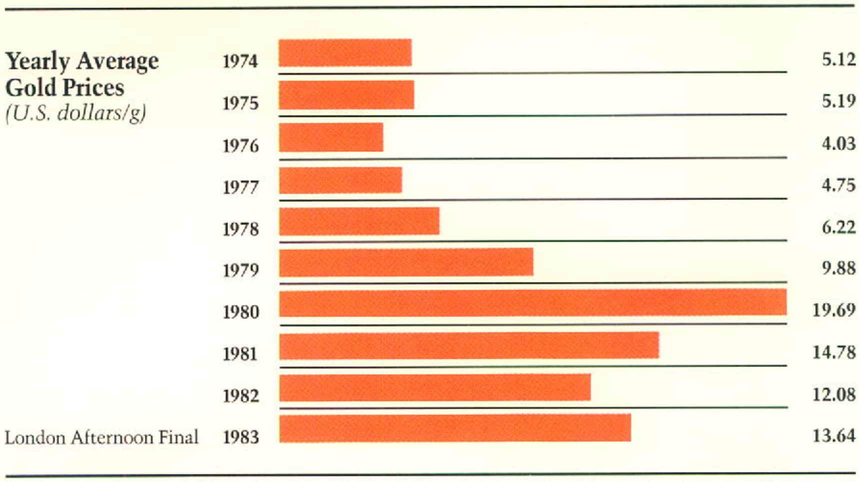
Molybdenum demand remained depressed at approximately the previous year's level of 63,000 t (69,000 tons) despite recovery in the steel industry, which is normally a major user. This recovery was largely confined to non-molybdenum alloys. Molybdenum production was severely depressed at 44,000 t (48,000 tons) as most primary producers were shut down for the entire year. Producer inventories were reduced from some 69,000 t to 48,000 t (76,000 to 53,000 tons).

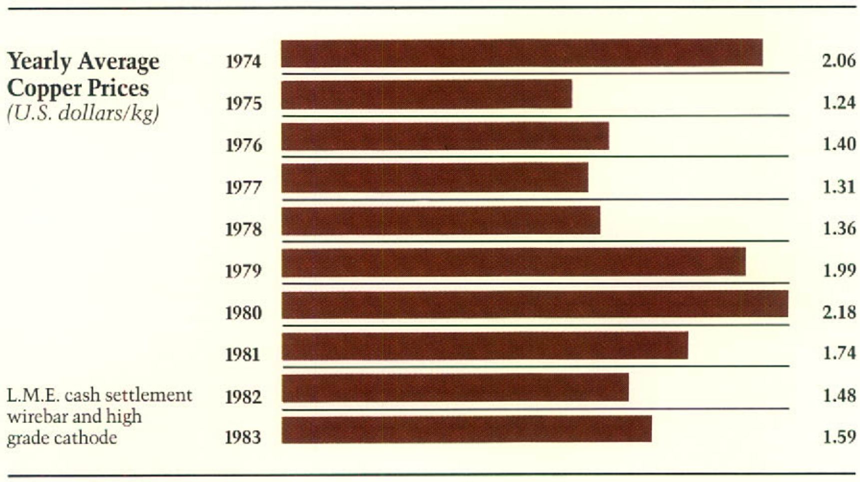
The merchant market price for molybdic oxide averaged U.S.$8.42/kg (U.S.$3.82/lb.) during the year and primary producers, whose high-grade product is usually quoted at a "producer price", were forced to sell near this average, or merchant market level.

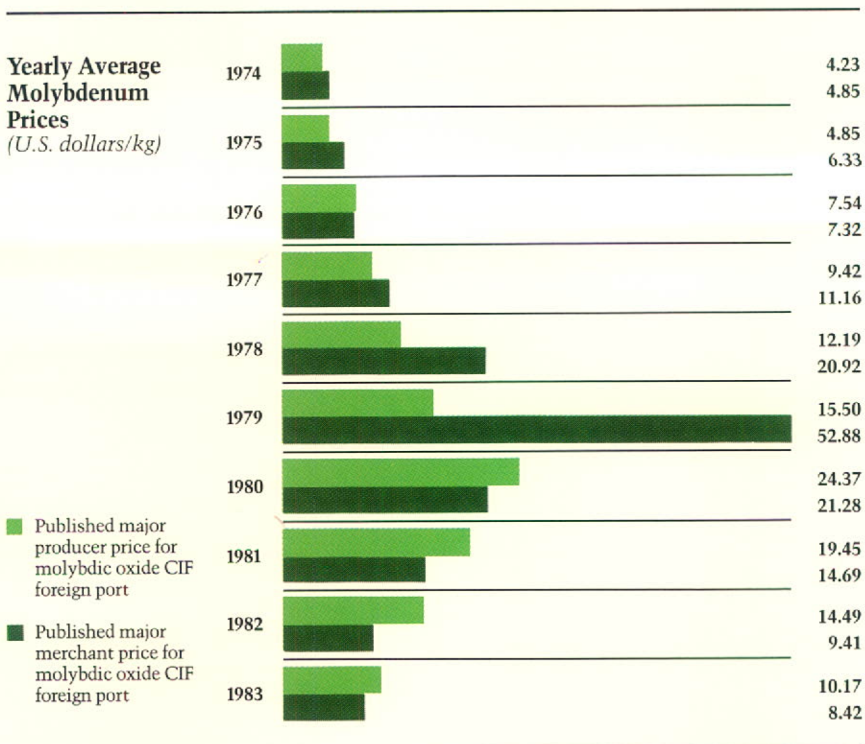
Near the end of the year United States production increased as two new primary mines commenced operations and two large mines resumed production after being shut down. This added production will keep molybdenum in surplus supply and virtually assure the continuation of depressed prices through 1984.

Mercury

Consumption in 1983 was approximately the same as in 1982, but may be in a long-term down-trend. Changes in the process for manufacturing caustic soda are causing secondary supplies to increase. The U.S. General Services Administration continues to sell from its mercury stockpile into a market which is already sufficiently supplied. The average Metals Week, N.Y. Dealer Price declined from U.S.$371/flask in 1982 to U.S.$322 in 1983 and in early 1984 was in the U.S.$300/flask range.







Oil and Gas Operations

Placer CEGO Petroleum Division
(100% interest)

The Placer CEGO Petroleum Division of Calgary, Alberta administers Placer's oil and gas interests which are primarily in Alberta and British Columbia, with some producing properties in Saskatchewan, Oklahoma and Texas.

Earnings and cash flow rose in 1983. The improvement reflected higher oil prices and sales volume, but was partially offset by a further decline in natural gas sales. The Energy Agreement reached in mid-year between federal and provincial governments provides for all oil discovered after 1973 to receive the New Oil Reference price which is similar to the world price. Approximately 80% of Placer CEGO's oil production qualifies for this price.

At a 10% discount rate and using Placer CEGO's proven reserves, a present worth of $273,000,000 was estimated for the company's future net production revenue at December 31, 1983. On a non-discounted basis, the estimate of present worth is $709,000,000. McDaniel & Associates Consultants Ltd., a firm of independent engineering consultants in Calgary, Alberta based the estimates on escalating price assumptions, and future net revenue calculated before income tax but after royalties and the Petroleum and Gas Revenue Tax.

Results of Oil and Gas Producing Activities

	1983	1982	1981
		(in thousands)	
Sales	**$ 58,110**	$ 49,245	$ 38,078
Production (lifting) costs	**6,833**	7,044	6,019
Depreciation and depletion	**10,051**	8,078	8,274
General and administrative	**3,519**	2,912	1,998
	20,403	18,034	16,291
Operating earnings	**37,707**	31,211	21,787
Exploration	**(18,190)**	(11,412)	(7,484)
Revenue taxes	**(5,990)**	(7,236)	(3,656)
Income taxes	**(9,889)**	(11,332)	(9,563)
Earnings from oil and gas producing activities (1)	**$ 3,638**	$ 1,231	$ 1,084
Costs Incurred			
(capital and expense)			
Unproved property acquisitions	**$ 3,257**	$ 14,616	$ 5,294
Exploration	**16,265**	23,370	7,713
Development	**11,850**	4,193	6,669
	$ 31,372	$ 42,179	$ 19,676
Capitalized Costs			
Proved properties	**$119,491**	$107,399	$ 86,173
Unproved properties	**21,199**	23,156	15,942
Equipment	**34,540**	31,818	29,624
	$175,230	$162,373	$131,739
Accumulated depreciation and depletion	**$ 53,083**	$ 43,218	$ 35,206

(1) Earnings from oil and gas producing activities exclude after-tax interest and other income and interest expense experienced by Placer's oil and gas division as well as corporate overhead and interest incurred to acquire oil and gas assets. Substantially all oil and gas producing activities are in Canada except for exploration expenditures incurred in the United States of $15,153,000 in 1983 (1982 — $9,316,000).

Production

A total of 75 development wells (1982 — 32) were drilled resulting in 52 oil wells, 6 gas wells, 10 dry holes, one salt water disposal well, with 6 wells drilling at year-end. In the Fort St. John area of British Columbia, 14 wells in which Placer CEGO has interests varying between 18.31% and 100%, were drilled or drilling at year-end. These resulted in 10 oil wells or potential oil wells, 4 of which were producing at December 31, 1983. Thirty-four wells were drilled in the Neilburg-Buzzard area of Saskatchewan and resulted in 31 potential oil wells and one gas well. Placer CEGO now has interests varying between 12.5% and 25% in 47 wells in this programme. All oil wells are expected to begin production early in 1984.

Development drilling in South Texas was concentrated on the Central Mestena and Escondido prospects to follow-up Yegua gas discoveries. Two wells on the Escondido prospect found oil rather than gas in the Yegua, indicating that this reservoir may not be as continuous as had been anticipated. Further drilling at Escondido is planned for 1984. Development drilling at Central Mestena to evaluate the Yegua sand was unsuccessful although the initial exploration well was productive.

A recent exploration test in the Central Mestina area has found production in the Queen City formation at a depth of 2,960 m (9,700 ft.). The L.Texas W. Coyote No. 1 well, in which Placer CEGO has a 75% interest, is capable of producing 28,300 cu.m (1,000,000 cu. ft.) of gas and 50 barrels of condensate per day. Further drilling is planned in 1984 to determine the lateral extent of this new field discovery.

Exploration

Placer CEGO participated in 34 exploration wells (1982 — 29) resulting in 8 oil wells, 8 gas wells, 10 dry holes, one well dry and converted to injection and salt water disposal and 3 suspended wells with 4 wells still drilling at year-end.

In Canada, three oil and six gas discoveries were made in the Amigo — Shekilie area of Northwestern Alberta, three oil in the Pembina area, and one oil in the Willisden Green area of Central Alberta. Placer CEGO also participated in a gas discovery and a gas-oil discovery both of which are located on the east flank of the Peace River Arch. Further drilling is required to determine their significance.

The operator commenced drilling at two locations on Placer CEGO's Beaufort Sea acreage. The Dome Natiak O-44 well, (25% interest) was drilled to 3,700 m (12,150 ft.) and suspended. Similarly, at the Havik B-41 location, (15% interest) drilling operations were suspended due to worsening ice conditions. These wells may be re-entered during the 1984 drilling season.

Placer CEGO's Canadian land position continued to improve with a number of licenses purchased in the Peace River area and elsewhere in Alberta as part of a continuing programme to upgrade land holdings in Alberta. A modest acreage acquisition programme was also undertaken in Saskatchewan.

In the United States, significant dry hole costs of $11,950,000 were incurred. Placer CEGO participated in a 50%-interest Simpson formation oil discovery in Amorita, Oklahoma early in 1983. The discovery well was placed on production at a rate of 150 barrels per day as was the initial step-out well. Subsequent wells failed to find Simpson production and further drilling has been postponed pending interpretation of new seismic data.

A 5,900 m (19,430 ft.) test on the Driscoll prospect in which Placer CEGO has a 30% interest was abandoned early in 1984 after failing to establish production in the Wilcox formation.

Placer Pacific Pty. Limited is a Company subsidiary through which Placer CEGO is conducting oil and gas exploration in Australia. In 1983 Placer Pacific acquired a 25% interest in an exploration programme in the Surat Basin area of Queensland and by participating in a three-well programme will earn a 12.5% interest in an area of approximately 1,000 sq. km (390 sq. miles). The first well, S.O.C. Bellbird No. 1 was drilled to 2,635 m (8,645 ft.) and has been completed as a Kianga (Permian) oil discovery. In initial production tests the well flowed 42 degree API oil at rates up to 50 bar-

Net Proved Developed Reserves *(1)*

	Oil and natural gas liquids			Natural gas		
	1983	1982	1981	**1983**	1982	1981
	(cubic metres)			*(thousands of cubic metres)*		
January 1	**1,333,200**	1,239,400	1,180,600	**2,550,700**	2,225,400	2,736,000
Revisions to previous estimates	**80,000**	290,900	6,000	**(74,500)**	301,300	(429,700)
Extensions, discoveries and improved recovery	**110,900**	9,300	240,600	**43,400**	151,300	56,600
Production	**(218,200)**	(206,400)	(185,100)	**(103,300)**	(127,300)	(137,500)
Sales of minerals in place	—	—	(2,700)	—	—	—
December 31	**1,305,900**	1,333,200	1,239,400	**2,416,300**	2,550,700	2,225,400
	(barrels)			*(thousands of cubic feet)*		
January 1	**8,385,500**	7,795,500	7,425,800	**90,535,500**	78,987,800	97,110,700
Revisions to previous estimates	**507,800**	1,829,700	38,100	**(2,644,700)**	10,694,200	(15,254,000)
Extensions, discoveries and improved recovery	**697,800**	58,600	1,513,000	**1,539,200**	5,371,100	2,010,600
Production	**(1,372,900)**	(1,298,300)	(1,164,200)	**(3,664,900)**	(4,517,600)	(4,879,500)
Sales of minerals in place	—	—	(17,200)	—	—	—
December 31	**8,218,200**	8,385,500	7,795,500	**85,765,100**	90,535,500	78,987,800

(1) Net proved reserves are estimates which to a high degree of certainty are recoverable at commercial rates under present depletion methods and operating conditions, current prices and costs. No proved undeveloped reserves are provided since a report by independent engineers indicates that all reserves are developed. Substantially all the net reserves are situated in Canada. United States reserves are not presented separately as there are no oil reserves and net natural gas reserves are less than 2% of the total at December 31, 1983.

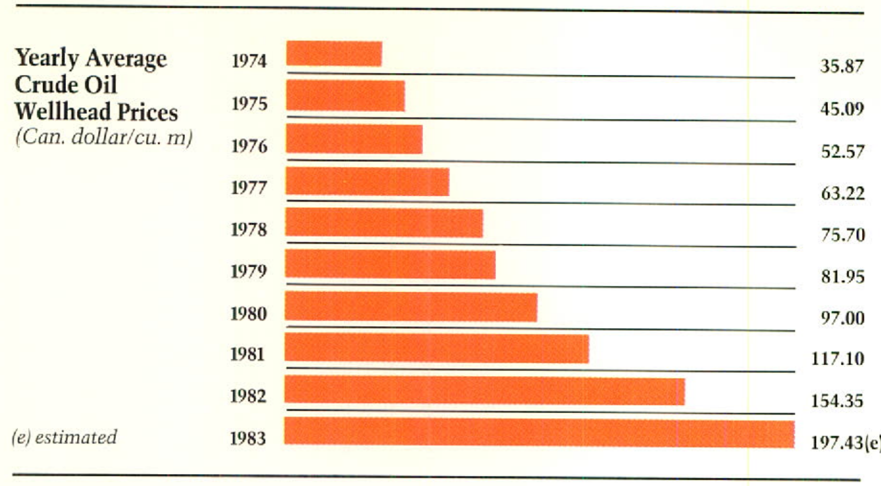
rels/day. Further drilling to evaluate the discovery is planned in 1984.

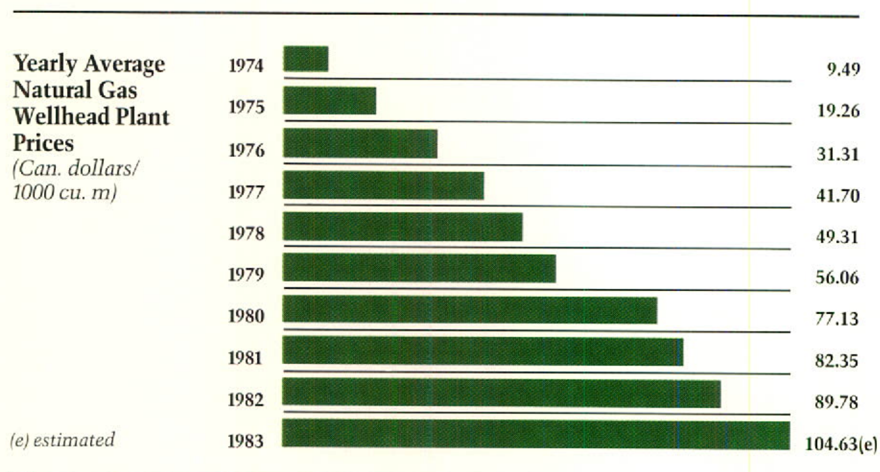
Markets

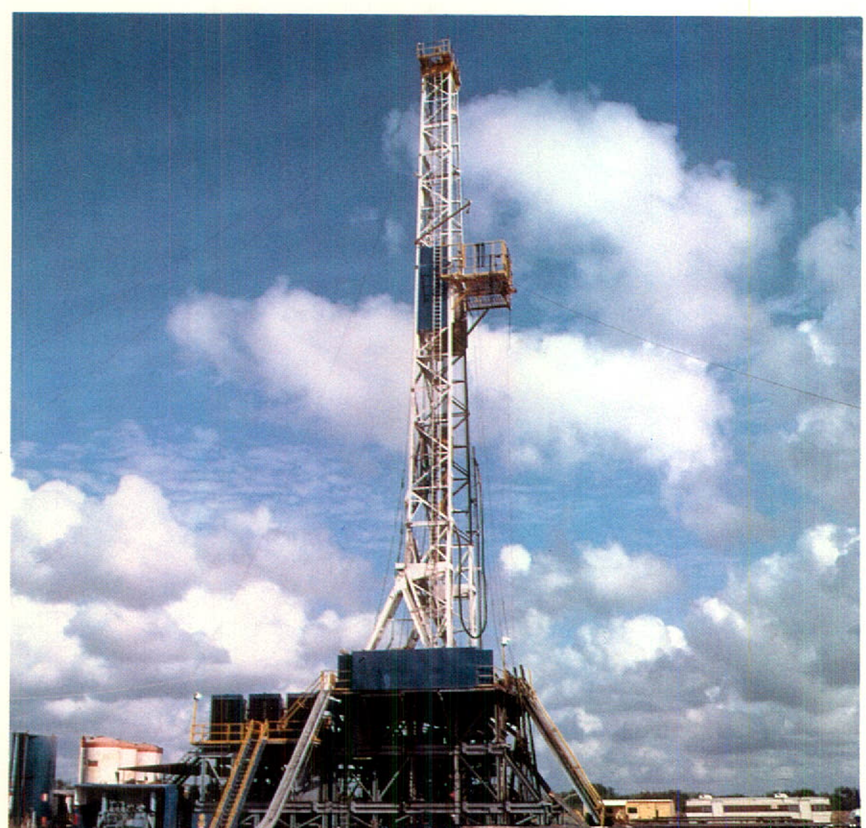
Gas production continued to fall in 1983 due primarily to the mild winter and declining sales in the United States. Little improvement is expected in 1984. The net price for gas sold by Alberta producers at the beginning of 1983 was $2.52/gigajoule (1,000,000 British Thermal Units equals one gigajoule or Gj). Increases during the year were moderate, resulting in a net Alberta price of $2.56/Gj at year-end.

Production of oil and natural gas liquids increased moderately in 1983. Under the "conventional old oil" price structure, pre-1974 production remained relatively stable with an increase of $0.10 to $29.85/barrel on June 1. The price for post-1973 production, designated "special old oil" and based on 75% of the world oil price, was replaced on June 1, 1983 by a price equivalent to world levels and based on average prices and qualities of oil landed at Montreal.

Canadian prices for new oil will be calculated on the basis of averages from 52 different grades of oil sold internationally. There will be no delay in reflecting world price changes in domestic pricing. This will eliminate the three-month lag which previously occurred between changes in world and domestic prices.







An exploration well, in which Placer CEGO has an interest, at work in south Texas.

Management's Report

The management of Placer Development Limited is responsible for the preparation, presentation and integrity of all information in the Annual Report. Management has prepared the Company's consolidated financial statements in conformity with generally accepted accounting principles and has ensured that financial and operating data in the Annual Report are consistent with the consolidated financial statements.

Management has established systems of internal control designed to assure reliable accounting records and protect the Company's assets. The Company's auditors provide an independent review of the internal control system and perform such other auditing procedures as they deem necessary for the purpose of expressing their opinion on the consolidated financial statements. The Audit Committee of the Board of Directors, consisting mainly of non-employee Directors, meets with the independent auditors and management to review the scope of the audit, audit results and the financial statements prior to their submission to the Board of Directors.

The Board of Directors has approved the Directors' Report to the Shareholders and the consolidated financial statements contained in the Annual Report.

Chairman and Chief Executive
Officer and President

Auditors' Report

To the Shareholders of Placer Development Limited:

We have examined the consolidated balance sheets of Placer Development Limited as at December 31, 1983 and 1982 and the consolidated statements of earnings, earnings reinvested in the business and changes in financial position for each of the three years in the period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1983 in accordance with generally accepted accounting principles applied, except for the change in accounting for foreign currency translation, and after giving retroactive effect to the change in accounting for an investment in an associated company, all as explained in Note 2, on a consistent basis.

Price Waterhouse

Chartered Accountants

Vancouver, B.C.,
February 20, 1984

Consolidated Statement of Earnings

Years ended December 31 (in thousands)

	1983	1982*	1981
Revenues			
Sales	**$257,133**	$255,332	$291,025
Net investment gains *(Note 9)*	**13,674**	4,637	3,271
Investment income	**11,617**	6,494	7,584
	282,424	266,463	301,880
Expenses			
Cost of sales	**140,143**	147,378	136,552
Depreciation	**27,702**	18,036	17,886
Depletion	**13,958**	12,989	15,360
Selling, general and administrative	**19,466**	19,118	19,398
Interest *(Note 6)*	**22,413**	44,935	45,337
Exploration	**27,811**	27,021	28,120
	251,493	269,477	262,653
Earnings (loss) before taxes and other items	**30,931**	(3,014)	39,227
Income and resource taxes *(Note 7)*	**7,255**	3,273	25,389
Earnings (loss) before the following	**23,676**	(6,287)	13,838
Equity in after-tax earnings (losses) of associated companies including non-operating gains of $27,600 in 1981 *(Note 4)*	**6,156**	(13,899)	34,202
Minority interests in losses (earnings) of subsidiaries	**(574)**	(94)	884
Net Earnings (loss)	**$ 29,258**	$ (20,280)	$ 48,924
Net Earnings (loss) Per Common Share	**$0.70**	$(0.56)	$1.37

**Restated (Note 2)*

Consolidated Statement of Earnings Reinvested in the Business

Years ended December 31 (in thousands)

	1983	1982	1981
Balance, beginning of year			
As previously reported	**$388,952**	$412,520	$379,656
Equity in loss of an associated company *(Note 2)*	**(3,967)**	—	—
As restated	**384,985**	412,520	379,656
Net earnings (loss)	**29,258**	(20,280)	48,924
Dividends — $0.20 per share (1982 — $0.20, 1981 — $0.45)	**(8,298)**	(7,255)	(16,060)
Share issue expenses, net of income taxes of $3,550	**(3,353)**	—	—
Balance, end of year	**$402,592**	$384,985	$412,520

Consolidated Balance Sheet

December 31 (in thousands)

	1983	1982*
Assets		
Current Assets		
Cash and time deposits	$ 52,478	$ 67,553
Marketable securities, at cost (market — $31,600, 1982 — $27,585)	26,476	26,483
Accounts receivable *(Notes 3 and 12)*	57,393	42,987
Concentrate inventories	62,383	64,987
Supplies and other inventories	24,818	23,636
	223,548	225,646
Investments *(Note 4)*	197,425	203,280
Property, Plant and Equipment *(Note 5)*		
Buildings and equipment	278,825	282,818
Properties and development	161,045	161,897
	439,870	444,715
	$860,843	$873,641

Liabilities and Shareholders' Equity

	1983	1982*
Current Liabilities		
Short-term debt	$ 14,094	$ 9,961
Accounts payable and accrued liabilities	39,500	33,035
Long-term debt due within one year	26,762	42,104
	80,356	85,100
Long-Term Liabilities *(Note 6)*	108,365	295,795
Deferred Income Taxes	58,328	56,866
Minority Interests in Subsidiaries	30,784	24,594
Shareholders' Equity *(Note 8)*		
Share capital	181,991	26,301
Earnings reinvested in the business	402,592	384,985
Unrealized exchange adjustments	(1,573)	—
	583,010	411,286
	$860,843	$873,641

*Restated (Note 2)

Approved by the Board:

C. A. Born, *Director*

T. H. McClelland, *Director*

Consolidated Statement of Changes in Financial Position

Years ended December 31 (in thousands)

	1983	1982	1981
Cash from the Business			
Operations	**$ 92,121**	$ 56,820	$ 83,378
Net decrease (increase) in accounts receivable, inventories and current payables	**(6,518)**	29,664	(90,250)
Sale and liquidation of investments	**28,093**	47,970	9,927
Associated companies' dividends	**1,219**	7,744	12,944
Net cash from the business	**114,915**	142,198	15,999
External Financing			
Common shares issued	**152,337**	2,849	3,634
Long-term debt —			
Issued	**—**	127,722	83,752
Repaid	**(211,330)**	(38,294)	(13,805)
	(58,993)	92,277	73,581
Total cash provided	**55,922**	234,475	89,580
Cash Used			
Property, plant and equipment —			
New mines	**9,962**	51,360	34,699
Other mining	**13,487**	23,339	25,822
Oil and gas	**13,182**	30,767	12,192
	36,631	105,466	72,713
Exploration	**27,811**	27,021	28,120
Dividends	**8,298**	7,255	16,060
Investments	**2,397**	7,279	7,385
	75,137	147,021	124,278
Cash Increase (Decrease)	**$ (19,215)**	$ 87,454	$ (34,698)

"Cash" comprises cash, time deposits and marketable securities less short-term debt.
"Operations" comprises net earnings (loss) before exploration and items not affecting cash.

Notes to Consolidated Financial Statements

December 31, 1983 and 1982

1. Accounting policies

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles. Significant exceptions to United States principles are described in Note 13.

Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Investments in associated companies are reported on the equity method. Under this method the Company records in earnings its share of the net earnings or losses of these companies. The earnings of foreign subsidiary and associated companies are recorded net of withholding taxes.

Foreign currency translation (Note 2)

Assets and liabilities in foreign currencies are translated at year-end rates for Canadian and foreign operations except that non-monetary assets of integrated foreign operations are at historical rates. Revenues and expenses are translated at average rates for the year.

Exchange gains and losses arising from foreign currency translation are included in earnings except for those relating to self-sustaining foreign operations which are included in shareholders' equity as unrealized exchange adjustments and long-term debt of other operations which are amortized over the remaining term of the debt.

Inventories

Concentrate inventories are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Other inventories and supplies are valued at the lower of average cost and replacement cost.

Capitalization of interest

Interest costs on debt for major capital expenditures are capitalized during the construction period.

Exploration and development

Mineral exploration costs are expensed as incurred except that costs are capitalized if economically recoverable ore reserves have been determined. Costs are capitalized for preproduction development for new mines and major development at existing mines.

The successful efforts accounting method is used for oil and gas expenditures. Geological, geophysical and exploratory dry hole costs are expensed as incurred. Lease acquisition and drilling costs are capitalized. On abandonment of a property or impairment in value of an undeveloped property, the capitalized costs are expensed.

Depreciation and depletion

Depreciation of the cost of buildings and equipment is provided over their estimated useful lives on the following bases:

— buildings and machinery, straight-line at rates of 2% to 8%,
— mobile equipment, diminishing-balance at rates of 15% to 36%, and
— oil and gas equipment, unit-of-production.

Depletion of the cost of mining properties, including preproduction development, is provided on a straight-line basis over the estimated life of each mine or twenty years, whichever is shorter. Capitalized mine development costs are 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 proved reserves for each property or field as determined by independent engineers.

Earnings per share

Earnings per share are determined using the weighted average number of common shares outstanding less, in 1982 and 1981, the Company's pro-rata interest in its shares held by Noranda Mines Limited.

2. Changes in accounting practices

Foreign currency translation

Effective in 1983, the Company adopted prospectively the new foreign currency translation method recommended by the Canadian Institute of Chartered Accountants (Note 1).

The principal change is to designate certain foreign operations as self-sustaining entities. Year-end exchange rates are applied to their assets and liabilities and the translation adjustments arising from changes in year-end exchange rates are recorded as a component of shareholders' equity. Previously, only monetary assets and liabilities were translated at the year-end exchange rate and unrealized exchange gains and losses were included in earnings. This change had no significant effect on 1983 consolidated net earnings.

Restatement of investment in associated company

Effective in 1983, in recognition of changes to the Mexican economic environment, the Company adopted retroactively the equity method of accounting for its investment in Minera Real de Angeles. Comparative amounts for investments in associated companies, equity in earnings (losses) of associated companies, consolidated net earnings and earnings reinvested in the business have been restated (Note 4).

3. Changes in operations

In 1983 the consolidated statement of earnings includes the wholly owned Golden Sunlight Mines, Inc. which began operation of its Montana gold mine in January. Production from the Company's Endako molybdenum mine has been suspended since June 5, 1982 pending a reduction of inventory and improved market conditions.

The Equity Silver Mines Limited leach plant was completed during the third quarter of 1982. As a result of lower ore impurity levels and greater market acceptance of the unleached concentrate, leaching operations are to be suspended after April 30, 1984. The leaching facilities will be maintained on a standby basis ready for reactivation should conditions change. Depreciation of the leach plant will continue at $4,700,000 per annum.

The Company sold a 20% interest in its wholly owned subsidiary, Kidston Gold Mines Limited, in December 1983. Kidston owns a gold property in Queensland, Australia on which development began in 1983. The planned cost is approximately $192,000,000. Production is expected to commence in 1985. The sale was made to comply with Australian foreign investment guidelines under which further dispositions will be made in 1984 until the Company's interest in Kidston is reduced to 55%. This sale resulted in a gain of $22,474,000 from total proceeds of $28,093,000 which are included in accounts receivable at December 31, 1983. Under the sales agreement, for a period of eighteen months from commencement of production, the purchaser of the 20% interest has the option to require the Company to repurchase the shares at the original price for resale to other qualifying Australians. Management does not expect that the Company would sustain any loss on such a resale.

4. Investments

	% ownership	Investment 1983	Investment 1982	Equity in net earnings (loss) 1983	Equity in net earnings (loss) 1982	Equity in net earnings (loss) 1981
			(in thousands)			
Associated companies, at equity —						
Real de Angeles	34	**$ 22,002**	$ 14,390*	**$6,264**	$ (3,967)*	$ —
Marcopper	40	**8,807**	17,215	**392**	(3,396)	(1,905)
Fox	33	**3,884**	5,129	**(791)**	(1,854)	(1,650)
Craigmont	45	**3,212**	3,373	**291**	118	457
Zinor	36	**—**	—	**—**	(4,800)	37,300
		37,905	40,107	**$6,156**	$(13,899)	$34,202
Unrealized exchange adjustments		**(1,098)**	—			
		36,807	40,107			
Noranda Mines, at cost	6	**151,005**	151,005			
Other assets, at cost		**9,613**	12,168			
		$197,425	$203,280			

**Restated (Note 2)*

Minera Real de Angeles began operation of its silver/lead/zinc mine in Mexico in 1982.

Marcopper Mining Corporation operates an open pit copper mine in the Philippines. The investment represents the Company's share of the underlying net assets after a write-down of $8,800,000 to reflect an impairment in value in recognition of the Philippine economic environment and current market conditions. The quoted market price for the Company's investment at December 31, 1983 is $13,895,000.

One-third interests in Fox Manufacturing Company were sold in 1981 and 1982 at gains of $4,292,000 and $3,194,000. Under the sales agreement the remaining one-third will be sold in 1984 at a similar gain. Fox manufactures mining and industrial equipment in Australia.

Craigmont Mines Limited completed mining operations during 1982 and is presently being liquidated. The quoted market price for the Company's investment at December 31, 1983 is $3,283,000.

The Company's 36.3% interest in Zinor Holdings Limited, until its dissolution in the 1982 fourth quarter, represented an indirect 6% interest in Noranda Mines Limited. On liquidation, the Company received 7,572,889 Noranda common shares, 292,414 Noranda preferred shares (included in marketable securities) and 949,595 Brascade Resources Inc. preferred shares which were sold in 1982. Equity in net earnings of Zinor in 1981 included non-operating gains of $27,600,000 which represented the Company's share of Zinor's gains related to the issue and sale of Noranda common shares and to Noranda's sale of investments. The quoted market price for the Company's Noranda common shares at December 31, 1983 is $200,682,000.

Combined financial information for associated companies accounted for by the equity method is summarized below:

	1983	1982	1981
		(in thousands)	
Earnings —			
Revenues	**$171,070**	$136,079	$188,490
Equity in Noranda earnings (loss)	**—**	(28,327)	28,554
Expenses and taxes	**(146,556)**	(142,100)	(138,174)
Net earnings (loss)	**$ 24,514**	$ (34,348)	$ 78,870
Balance sheet —			
Current assets	**$ 85,841**	$ 86,605	$ 68,604
Investments and other assets	**7,958**	16,948	622,669
Property, plant and equipment, net	**260,798**	276,640	98,109
	$354,597	$380,193	$789,382
Current liabilities	**$ 64,887**	$ 88,773	$ 76,433
Long-term liabilities	**144,144**	172,314	68,370
Shareholders' equity	**145,566**	119,106	644,579
	$354,597	$380,193	$789,382

5. Property, plant and equipment

	1983	1982
	(in thousands)	
Buildings and equipment, at cost		
Mining —		
Buildings and machinery	**$317,372**	$254,868
Mobile equipment	**76,303**	66,615
Construction in progress	**—**	51,360
Oil and gas equipment	**34,540**	31,818
	428,215	404,661
Less accumulated depreciation	**149,390**	121,843
	$278,825	$282,818
Properties and development, at cost		
Mining	**$ 96,050**	$ 92,942
Oil and gas	**140,690**	130,555
	236,740	223,497
Less accumulated depletion	**75,695**	61,600
	$161,045	$161,897

6. Long-term liabilities

	1983	1982
	(in thousands)	
Long-term debt		
Bank loans (including U.S.$89,024,000, 1982 — U.S.$207,460,000) due 1984-1989	**$110,787**	$321,216
Less amounts due within one year	**26,762**	42,104
	84,025	279,112
Deferred revenues	**18,715**	12,690
Other obligations	**5,625**	3,993
	$108,365	$295,795

Scheduled repayment of the above bank loans for each of the five years through 1988 is as follows: 1984 — $26,762,000, 1985 — $24,214,000, 1986 — $16,378,000, 1987 — $23,258,000, 1988 — $15,890,000.

Interest rates fluctuate with the lenders' prime commercial rates and for U.S. dollar loans, with London or Nassau inter-bank rates. The weighted average interest rate was 10.5% for 1983 (1982 — 15.5%, 1981 — 19.4%). In 1983, interest and exchange loss on long-term debt amounted to $19,914,000 and $527,000 (1982 — $37,843,000 and $1,032,000, 1981 — $37,454,000 and $552,000), excluding interest capitalized in 1982 of $2,255,000.

Certain loan agreements require the maintenance of working capital and shareholders' equity and limit the amount of guarantees, liens, leases and other indebtedness. Long-term debt of $38,572,000 and short-term debt of $12,000,000 of Equity Silver Mines Limited are secured by the assets of that company.

Subsequent to December 31, 1983 the Company obtained a new bank line of credit and as a result the Company and its subsidiaries have unused long-term bank credit lines of $220,000,000. Commitment fees range up to 1/4 of 1% per annum. Interest rates are generally equivalent to rates on the outstanding loans. Certain subsidiaries also had unusued lines of credit providing $28,700,000 for additional short-term borrowings of which up to $28,000,000 may be in the form of banker's acceptances.

7. Income and resource taxes

Income and resource taxes primarily relate to Canadian operations and consist of:

	1983	1982	1981
		(in thousands)	
Income taxes —			
Current	**$ (44)**	$(3,078)	$12,202
Deferred	**1,309**	(885)	9,531
Oil and natural gas revenue taxes	**5,990**	7,236	3,656
	$7,255	$ 3,273	$25,389

The reconciliation between the combined federal and provincial statutory income tax rate in Canada and the effective income tax rate, excluding the oil and natural gas revenue taxes is as follows:

	1983	1982	1981
Combined Canadian income tax rate	**52.0%**	(52.0)%	52.0%
Resource and depletion allowances, net of non-deductible government royalties and resource taxes	**(18.4)**	(56.3)	(4.5)
Non-taxable dividend income and foreign investment gains	**(34.9)**	(27.0)	(4.8)
Foreign exploration, net of earnings from foreign operations	**8.0**	66.4	11.2
Non-deductible depletion	**5.7**	16.3	5.0
Other	**(7.3)**	13.9	2.2
Effective income tax rate	**5.1%**	(38.7)%	61.1%

Deferred income 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:

	1983	1982	1981
		(in thousands)	
Exploration, depreciation and depletion —			
Mining operations	**$6,478**	$(1,982)	$5,767
Oil and gas	**(4,288)**	1,425	3,580
Other	**(881)**	(328)	184
Deferred income taxes	**$1,309**	$ (885)	$9,531

At December 31, 1983, earned depletion of approximately $44,000,000 is available to reduce taxable income of subsidiaries in future years. Recognition has not been given to the potential tax benefit of losses of certain foreign subsidiaries aggregating $66,000,000.

8. Shareholders' equity

Share capital

Authorized share capital is 60,000,000 common shares without par value.

Common shares outstanding and changes are:

	1983	1982	1981
Balance, beginning of year	**36,931,233**	36,735,970	36,512,781
Public share issue	**6,000,000**	—	—
Share option plan	**57,800**	41,300	143,200
Share purchase plan	**35,577**	108,944	56,753
Share dividend plan	**19,678**	45,019	23,236
Balance, end of year	**43,044,288**	36,931,233	36,735,970

Public share issue

On March 29, 1983, 6,000,000 units, each consisting of one common share and one-half common share purchase warrant, were issued at a price of $25.50 per unit and aggregating $153,000,000. Each common share purchase warrant entitles the holder to purchase one common share of the Company for $28.50 on or before September 30, 1986. At December 31, 1983, 3,000,000 warrants were outstanding.

Share option plan

Under the Company's share option plan, ten-year options are granted at market value which may be exercised after a one-year period. Certain options include share appreciation rights which entitle the optionee to receive cash in lieu of shares and terminate the option.

Summary of changes in options outstanding:

	Share Options			Average Option Price per share		
	1983	1982	1981	**1983**	1982	1981
Balance, beginning of year	**257,700**	184,900	127,600	**$17.85**	$17.60	$21.79
Granted	**119,700**	114,900	346,250	**27.57**	18.37	18.60
Exercised	**(57,800)**	(41,300)	(143,200)	**23.79**	18.37	14.71
Cancelled or terminated	**(8,033)**	(800)	(145,750)	**15.39**	7.65	26.48
Balance, end of year	**311,567**	257,700	184,900	**$20.55**	$17.85	$17.60

Share purchase and dividend plans

The Company has a share purchase plan for its salaried employees and contributes one-third of the cost of shares purchased. A share dividend plan provides shareholders with the option of receiving dividends in cash or the equivalent in common shares.

Earnings reinvested in the business

Reinvested earnings include undistributed earnings of associated companies accounted for by the equity method of $4,530,000 at December 31, 1983 (1982 — Nil).

Unrealized exchange adjustments (Note 2)

	1983
Balance, beginning of year	**$ 572,000**
Translation adjustments —	
Subsidiaries	**(1,129,000)**
Associated companies	
Changes in exchange rate	**(4,479,000)**
Write-down of Marcopper	**3,463,000**
Balance, end of year	**$(1,573,000)**

9. Net investment gains

	1983	1982	1981
		(in thousands)	
Sale of interest in Kidston gold property (Note 3)	**$22,474**	$ —	$ —
Sale of Fox Manufacturing Company (Note 4)	**—**	3,194	4,292
Write-down of Marcopper (Note 4)	**(8,800)**	—	—
Other — net	**—**	1,443	(1,021)
	$13,674	$ 4,637	$ 3,271

10. Pension plans

Pension expense includes the current service costs of pension plans for salaried employees and the five-year amortization of past service costs of $5,307,000 arising from benefit changes in 1981 and of an asset revaluation gain of $2,259,000 in 1983. Most plans are funded currently. The 1983 expense is $2,346,000 (1982 — $3,020,000 and 1981 — $2,794,000).

The present value of accumulated pension benefits at 1983 valuation dates was $34,625,000 (1982 — $30,451,000) using rates of return between 6% and 7% and provisions for future salary increases of approximately 6%. At these dates, plan net assets available for benefits were $36,308,000 (1982 — $29,977,000).

11. Lines of business information

The Company operates in the mining and oil and gas industries in Canada and the United States. Major products are silver, gold, copper, molybdenum, crude oil and natural gas.

Industry Segments —	1983	1982	1981
		(in thousands)	
Sales:			
Mining	**$199,023**	$206,087	$252,947
Oil and gas	**58,110**	49,245	38,078
Total sales	**$257,133**	$255,332	$291,025
Operating earnings:*			
Mining	**$ 27,191**	$ 36,448	$ 90,924
Oil and gas	**37,707**	31,211	21,787
Total operating earnings	**64,898**	67,659	112,711
General corporate expense	**(9,034)**	(9,848)	(10,882)
Interest expense	**(22,413)**	(44,935)	(45,337)
Exploration expense			
Mineral	**(9,621)**	(15,609)	(20,636)
Oil and gas	**(18,190)**	(11,412)	(7,484)
Net investment gains and income	**25,291**	11,131	10,855
Earnings (loss) before taxes and other items	**$ 30,931**	$ (3,014)	$ 39,227
Depreciation and depletion:			
Mining	**$ 30,767**	$ 22,226	$ 24,630
Oil and gas	**10,051**	8,078	8,274
General corporate	**842**	721	342
	$ 41,660	$ 31,025	$ 33,246
Capital expenditures:			
Mining	**$ 23,200**	$ 73,570	$ 56,456
Oil and gas	**13,182**	30,767	12,192
General corporate	**249**	1,129	4,065
	$ 36,631	$105,466	$ 72,713
Identifiable assets:			
Mining	**$447,662**	$446,082	$426,822
Oil and gas	**134,395**	127,795	104,682
Total identifiable assets	**582,057**	573,877	531,504
General corporate	**90,974**	108,651	45,568
Investments in associated and other companies	**187,812**	191,113	241,014
	$860,843	$873,641	$818,086

Geographic Area —

	1983	1982 *(in thousands)*	1981
Sales:			
Canadian operations			
Export sales			
Japan**	**$ 76,884**	$ 83,715	$110,116
Europe	**20,840**	15,773	41,963
Other countries	**29,975**	65,456	32,329
	127,699	164,944	184,408
Domestic sales	**67,610**	66,753	73,865
	195,309	231,697	258,273
United States operations	**49,445**	8,976	14,802
Australian operations	**12,379**	14,659	17,950
	$257,133	$255,332	$291,025
Operating earnings:*			
Canadian operations	**$ 48,783**	$ 65,311	$109,121
United States operations	**16,530**	2,966	3,187
Australian operations	**(415)**	(618)	403
	$ 64,898	$ 67,659	$112,711
Identifiable assets:			
Canadian operations	**$423,071**	$461,970	$503,664
United States operations	**117,367**	99,118	16,701
Australian operations	**41,619**	12,789	11,139
	$582,057	$573,877	$531,504

**Represents sales less cost of sales, depreciation, depletion and allocated general and administrative expenses.*
***Includes mining sales to a customer which represent 10%-13% of sales revenues each year.*

12. Related party transactions

The Company provides management, technical and administrative services at cost to certain of its subsidiary and associated companies. Other services are also provided for two associated companies for which fees are received. The Company engages in other transactions with these companies in the ordinary course of business and on similar terms as with unrelated parties.

The Company is associated with the Noranda group of companies. Transactions with this group are limited to certain marketing arrangements, sales and purchasing in the normal course of business.

Accounts receivable at December 31, 1983 include $741,000 (1982 — $3,037,000) owing by associated companies. At December 31, 1983 other assets include interest-free loans made to employees and officers, including a director, of $4,189,000 (1982 — $3,000,000). This amount is secured by Company shares held in trust and by mortgages.

Aggregate direct remuneration paid by the Company and its subsidiaries to its directors and senior officers in 1983 was $1,994,000 (1982 — $1,710,000, 1981 — $1,924,000) of which $158,000 (1982 — $137,000, 1981 — $111,000) consisted of fees paid to directors.

13. Information on United States accounting principles

The significant differences between accounting principles used in these financial statements and those generally accepted in the United States are set forth below .

Items affecting net earnings	**1983**	1982* (per share)	1981
Foreign exchange gains (losses) on long-term debt	**$0.01**	$(0.03)	$0.06
Reclassification to contributed surplus of after-tax earnings of associated companies attributable to an increase in the book value of the Noranda investment as a result of Noranda's treasury share issues	–	–	(0.47)
Interest expense on indirect debt attributable to major construction projects not capitalized, net of income taxes	–	–	0.09
Net increase (decrease)	**0.01**	(0.03)	(0.32)
Net earnings (loss) as reported	**0.70**	(0.56)	1.37
Net earnings (loss) under United States principles	**$0.71**	$(0.59)	$1.05

**Restated (Note 2)*

Items not affecting net earnings

Non-current marketable securities would be recorded at market value at December 31, 1982 and a valuation allowance of $3,334,000 would be included in shareholders' equity under United States practice.

Fox Manufacturing Company would be reported in the United States for each year as discontinued operations rather than as an associated company accounted for by the equity method (Note 4).

14. Subsidiary companies

Active

Incorporated in British Columbia:
- Equity Silver Mines Limited
- Gibraltar Mines Limited
- Molybond Laboratories Limited
- Placer Development (Technical Services) Limited

Incorporated in California, U.S.A.:
- Golden Sunlight Mines, Inc.
- Placer U.S. Inc.
- Placer Coal Inc.

Incorporated in Delaware, U.S.A.:
- Placer CEGO Petroleum Inc.

Incorporated in Australian Capital Territory:
- Placer Exploration Limited

Incorporated in New South Wales, Australia:
- Placer Pacific Pty. Limited

Incorporated in Northern Territory, Australia:
- Kidston Gold Mines Limited

Inactive (including holding companies not carrying on active operations)

Beluga Coal Company
Canadian Exploration Limited
Canadian Export Gas & Oil Inc.
Canadian Export Gas & Oil (U.K.) Ltd.
Canex Placer Limited (in voluntary liquidation)
Compania Minera Placer Development Chile Limitada
Cuisson Lake Mines Ltd.
Fraser Lake Development Limited (in voluntary liquidation)
Minera Placer Argentina S.A.M.I.C.T.y F.
Minera Placer S.A.
Placer CEGO Petroleum Holdings Ltd.
Placer CEGO Petroleum Limited (in voluntary liquidation)
Placer Holdings Pty. Limited
Placer Internationaal B.V.
Placer Nominees Pty. Limited
Placer (P.N.G.) Pty. Limited
Plarex Limited

Inflation and the effects of changing prices

Current cost information is provided in this section as a means of identifying inflation-related factors affecting Placer that may not be apparent from the traditional historical financial statements.

Current cost earnings

Compared to 1983 historical net earnings of $29,258,000, current cost earnings for shareholders are $19,399,000. The main differences are an increase in cost of sales, depreciation and depletion of $16,291,000 and a financing adjustment of $4,873,000.

For comparative purposes, the 1982 current cost amounts are restated for the effect of 1983 inflation by presenting both years in terms of dollars with equivalent purchasing power.

Method

The CICA standard "Reporting the Effects of Changing Prices" is used to develop current cost data.

The effects of changing prices on net earnings are shown by increasing expenses such as cost of sales and depreciation to reflect today's prices for labour, materials and operating facilities. Today's prices primarily represent actual purchase costs adjusted by published indexes of industry price changes. Equity in after-tax earnings of associated companies is not adjusted for current costs.

Consolidated Statement of Earnings

	Historical	Current Cost *(Average 1983 $)*	
	1983	1983	1982
		(in thousands)	
Sales	$257,133	$257,133	$270,541
Net investment income	25,291	25,291	9,932
	282,424	282,424	280,473
Cost of sales	140,143	142,104	160,090
Depreciation	27,702	36,906	27,286
Depletion	13,958	19,084	19,328
Selling, general & administrative	19,466	19,466	20,257
Interest	22,413	22,413	47,612
Exploration	27,811	28,710	28,831
	251,493	268,683	303,404
Earnings (loss) before taxes and other items	30,931	13,741	(22,931)
Income and resource taxes			
— current	5,946	5,946	4,406
— deferred	1,309	1,309	(938)
	7,255	7,255	3,468
Earnings (loss) before the following	23,676	6,486	(26,399)
Equity in after-tax earnings (losses) of associated companies	6,156	6,156	(14,727)
Minority interests in losses (earnings) of subsidiaries	(574)	1,884	2,624
Earnings (loss) on a current cost basis	29,258	14,526	(38,502)
Financing adjustment	—	4,873	9,596
Earnings (loss) for shareholders	$ 29,258	$ 19,399	$ (28,906)

Use of current costs

Most of the concern surrounding historical cost reporting relates to the conclusions that may be drawn as a result of the illusionary overstatement of earnings after periods of inflation. For example, if after periods of large price increases, historical earnings were fully paid out in dividends, a company would not have sufficient cash to replace the items consumed in the production process. Therefore, reporting earnings after providing for the replacement of its assets at current costs may present a more realistic picture of earnings available for dividends and new project investments.

Increase in current costs

The current cost increases of Placer's inventories and property, plant and equipment, shown on the next page as Industry price changes, were $25,115,000 in 1983 and $37,130,000 in 1982. These increases represent the estimated cost to Placer of maintaining its existing level of operations as a result of increases for the specific prices of its assets during the year. The increases will be charged against future sales and it follows that revenues will have to increase to maintain profitability on a current cost basis. However, the prices for Placer's mining products are set in world markets and may not increase at the same rate as costs.

Also shown is the increase in current costs for these items that would occur due to general inflation as measured by the Consumer Price Index. The cost of Placer's assets increased at a rate less than that of general inflation in 1983 and 1982 which suggests that the cost of replacing its operating facilities has not increased at the same rate as general inflation.

Financing adjustment

Because Placer commonly uses debt to finance operating assets,

Selected Consolidated Assets

	Historical	Current Cost (Year-end 1983 $)	
	1983	**1983**	1982
	(in thousands)		
Inventories	**$ 87,201**	**$ 88,232***	$ 99,004
Property, plant and equipment — net	**$439,870**	**$605,649**	$639,619
Net assets (shareholders' equity)	**$583,010**	**$722,975***	$581,489

Other Information

	(Average 1983 $)	
	1983	1982
	(in thousands)	
Increase in current cost amounts of inventories and property, plant and equipment attributable to:		
Industry price changes	**$25,115***	$37,130
General inflation	**$28,792***	$51,939
General purchasing power gain on net monetary liabilities	**$ 7,655**	$19,448

**Written down by $4,424 to reflect a lower recoverable amount for molybdenum inventories.*

the entire increase in current costs is not necessarily chargeable to operations. This benefit provided by debt-holders in 1983, is recognized by way of a financing adjustment to earnings. It is calculated by applying the ratio of average net monetary liabilities to average net monetary liabilities and shareholders' equity on a current cost basis to the 1983 increase in current costs of inventories and property, plant and equipment.

General purchasing power gain

Retaining cash and accounts receivable during a period of inflation produces a purchasing power loss because a fixed amount in one year will purchase fewer goods and services the next year. Conversely, accounts payable and other current liabilities produce a gain if they are repaid by dollars with less purchasing power. In 1983, the Company had a net purchasing power gain of $7,655,000 compared to $19,448,000 in 1982.

Reserves

Companies with operations in the non-renewable natural resource industry have assets with unique features. For example, the values of the mineral and oil and gas reserves are not fully reflected in either the historical or current cost financial information. To further assist in assessing the Company's well-being, reserve quantities for mining and oil and gas properties are included along with other operating data throughout this report.

Quarterly financial data

1983	1st	2nd	3rd	4th	Year
	$ thousands, except per share amounts				
Sales	$62,749	$65,038	$67,851	$61,495	$257,133
Gross profit	23,100	21,269	22,322	8,639	75,330
Net earnings*	2,585	4,745	7,810	14,118	29,258
Per common share:					
Net earnings*	0.07	0.11	0.19	0.33	0.70
Dividends	0.05	0.05	0.05	0.05	0.20
Price on the Toronto Stock Exchange — high	25⅝	25⅝	28¾	24½	28¾
— low	19⅝	21⅛	24⅜	19¾	19⅝
1982					
Sales	$66,312	$61,900	$54,727	$72,393	$255,332
Gross profit	22,979	17,751	7,975	28,224	76,929
Net earnings (loss)*	(2,982)	(9,294)	(8,485)	481	(20,280)
Per common share:					
Net earnings (loss)*	(0.08)	(0.26)	(0.24)	0.02	(0.56)
Dividends	0.05	0.05	0.05	0.05	0.20
Price on the Toronto Stock Exchange — high	15¾	13	17¾	21⅞	21⅞
— low	11¼	10¾	11½	15⅝	10¾

**Restated for retroactive equity accounting of an associated company beginning in the third quarter of 1982.*

Oil and gas

Discounted future cash flows relating to net proved reserves *(1)*

	1983	1982*	1981*
		(in thousands)	
Future cash inflows *(2)*	**$506,108**	$541,124	$424,740
Future production and development costs *(3)*	**(203,115)**	(208,090)	(203,830)
Future income tax expense *(4)*	**(189,772)**	(209,381)	(167,001)
Future net cash flows	**113,221**	123,653	53,909
10% annual discount for estimating timing of cash flows	**(57,302)**	(67,882)	(22,155)
Standardized measure of discounted future net cash flows	**$ 55,919**	$ 55,771	$ 31,754

(1) The Standardized measure complies with United States Financial Accounting Standard No. 69 — Disclosures about Oil and Gas Producing Activities.
(2) Computed by applying year-end prices to the year-end quantities of proved oil and gas reserves.
(3) Computed by estimating the expenditures to be incurred in developing and producing the proved oil and gas reserves based on year-end costs and assuming continuation of existing economic conditions.
(4) Computed by applying year-end statutory tax rates to the future pre-tax net cash flows relating to the proved oil and gas reserves, less the tax basis of the properties involved and adjusted for permanent differences and tax credits and allowances.

Principal sources of change in the discounted future net cash flows during 1983 and 1982 are:

	1983	1982
	(in thousands)	
Sales less production costs	**$(41,998)**	$(34,509)
Changes in prices and production costs	**(7,524)**	26,053
Extensions, discoveries and improved recovery	**14,724**	9,833
Changes in future development costs	**(123)**	663
Revisions of previous quantity estimates	**4,621**	46,122
Accretion of discount	**976**	557
Changes in income taxes	**16,764**	(10,179)
Other	**12,708**	(14,523)
	$ 148	$ 24,017

**Restated to include revisions to quantity estimates applicable to prior years.*

Historical Summary

$ thousands, except per share data

Earnings	1983	1982	1981	1980	1979	1978
Sales	$ 257,133	255,332	291,025	283,370	264,693	143,351
Net investment gains	$ 13,674	4,637	3,271	—	—	—
Investment income	$ 11,617	6,494	7,584	10,446	13,592	8,814
Cost of sales	$ 140,143	147,378	136,552	92,585	84,918	76,596
Depreciation and depletion	$ 41,660	31,025	33,246	23,482	14,019	13,750
Selling, general and administrative	$ 19,466	19,118	19,398	14,421	10,435	9,461
Interest	$ 22,413	44,935	45,337	20,824	8,473	6,354
Exploration	$ 27,811	27,021	28,120	24,155	17,674	12,106
Income and resource taxes	$ 7,255	3,273	25,389	63,804	72,765	21,575
Minority interests	$ (574)	(94)	884	(6,561)	(9,402)	669
Equity in earnings (losses) of associated companies	$ 6,156	(13,899)	34,202	33,302	13,929	13,217
Extraordinary gains (losses)	$ —	—	—	8,068	38,588	(6,025)
Net earnings (loss)	$ 29,258	(20,280)	48,924	89,354	113,116	20,184
Return on shareholders' equity						
Annual average	% 5.9	(4.8)	11.9	25.0	40.8	8.9
Five-year average	% 15.8	16.4	19.3	18.7	15.3	11.8
Per Common Share						
Net earnings (loss)	$ 0.70	(0.56)	1.37	2.52	3.12	0.56
Dividends	$ 0.20	0.20	0.45	0.60	0.42	0.30
Price on the Toronto Stock Exchange — high	$ 28¾	21⅞	26¾	32½	18⅜	9⅝
— low	$ 19⅝	10¾	14	13¾	8½	6⅜
Financial Position						
Current assets	$ 223,548	225,646	191,744	138,684	123,268	98,415
Investments	$ 197,425	203,280	252,747	223,827	160,944	84,750
Property, plant & equipment	$ 439,870	444,715	373,595	337,390	251,126	176,613
Total assets	$ 860,843	873,641	818,086	699,901	535,338	359,778
Current liabilities	$ 80,356	85,100	98,655	76,800	81,357	48,172
Long-term liabilities	$ 108,365	295,795	207,110	157,692	61,741	44,477
Deferred income taxes	$ 58,328	56,866	57,751	48,103	43,034	17,576
Minority interests	$ 30,784	24,594	24,498	25,382	27,158	17,652
Shareholders' equity	$ 583,010	411,286	430,072	391,924	322,048	231,901
Total liabilities and equity	$ 860,843	873,641	818,086	699,901	535,338	359,778
Working capital ratio	2.8:1	2.7:1	1.9:1	1.8:1	1.5:1	2.0:1
Long-term debt to total capitalization*	% 14.2	39.5	31.0	25.6	16.7	17.2
Average shares outstanding (000)	41,519	36,273	35,723	35,525	36,231	36,300
Changes in Financial Position						
Cash sources:						
Operations and dividends	$ 86,822	94,228	6,072	94,074	152,757	71,721
Investments	$ 28,093	47,970	9,927	8,777	—	—
Long-term debt (reduction)	$(211,330)	89,428	69,947	80,514	21,980	10,140
Common shares	$ 152,337	2,849	3,634	1,013	557	319
Total cash provided	$ 55,922	234,475	89,580	184,378	175,294	82,180
Cash uses:						
Capital additions	$ 36,631	105,466	72,713	111,027	87,686	43,630
Exploration	$ 27,811	27,021	28,120	24,155	17,674	12,106
Investments	$ 2,397	7,279	7,385	50,455	45,015	—
Dividends	$ 8,298	7,255	16,060	29,652	18,199	10,893
Total cash used	$ 75,137	147,021	124,278	215,289	168,574	66,629
Increase (decrease) in cash	$ (19,215)	87,454	(34,698)	(30,911)	6,720	15,551

**Total capitalization comprises long-term debt, deferred income taxes, minority interests and shareholders' equity.*

Corporate Information

Annual General Meeting

The Annual General Meeting of Shareholders of the Company will be on Tuesday, May 1, 1984 at Noon in the Plaza Ballroom, Hyatt Regency Hotel, Vancouver, British Columbia.

Offices

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Toronto Office (Exploration)
2600 - 401 Bay Street
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Auditors

Price Waterhouse,
Chartered Accountants,
Vancouver, Canada

Stock Exchange Listings

Common Shares:
Toronto Stock Exchange
Vancouver Stock Exchange
Montreal Stock Exchange
American Stock Exchange
Sydney Stock Exchange
Stock Exchange Association of New Zealand

Common Share Purchase Warrants:
Toronto Stock Exchange
Vancouver Stock Exchange
Montreal Stock Exchange

Transfer Agents and Registrars

National Trust Company, Limited,
Vancouver, Toronto, Montreal, and Calgary, Canada

Professional Share Registries,
(N.S.W.) Pty. Limited,
Sydney, Australia

Registrar and Transfer Company,
New Jersey, U.S.A.

Trustee for Exercise of Common Share Purchase Warrants

National Trust Company, Limited,
Toronto, Montreal, Vancouver, and Calgary, Canada.

The statistics in this report are generally in metric units with the imperial or other unit stated immediately following in brackets in the text and immediately below in italics in the tables.

In the following table are the units and abbreviations used:

Metric unit	Imperial and other equivalent
tonne (t)	= 1.10231 short tons (tons)
kilogram (kg)	= 2.205 pounds (lbs.) or 0.029 flasks
gram (g)	= 0.032151 ounces (ozs.)*
grams per tonne (g/t)	= 0.029167 ounces per short ton (ozs./ton)*
kilograms per tonne (kg/t)	= 29.167 ounces per ton (ozs./ton)*
hectare (ha)	= 2.4710 acres
kilometre (km)	= 0.6214 miles
metre (m)	= 3.2808 feet (ft.)
centimetre (cm)	= 0.3937 inches
cubic metre (cu. m)	= 35.31467 cubic feet (cu. ft.) or 6.2929 barrels

**troy ounces*

IBUSO, KEITH AHLM, KENNETH AHLM, MICHAEL AHLM, CHAUDHRY AHMAD, BEN AINSWORTH, JOHN AITCHISON, PETER AITCHISON, RICK AITCHISON, DON AKHURST, FRANK SISU, SAM AKULSU, FRANK ALCORTA, JOHN ALCORTA, KEVIN ALDRIDGE, DUNCAN ALEXANDER, WENDY ALIANO, RICHARD ALLAIN, MIKE ALLEN, RODNEY ALLEN, TERRY ALLEN, ILL ALMBERG, KARL TRANNSHOFER, DUANE AMBERSON, ETHEL AMBRUST, RUSSEL AMBRUST, ROGER AMELUNXEN, LINDA AMOS, JOHN ANDERSEN, ALBY ANDERSON, CLAUDE ANDERSON, DALE ANDERSON, DENNIS ANDERSON, DOUGLAS ANDERSON, KEVIN ANDERSON, JAMES ANDERSON, PAT ANDERSON, THOMAS ANDERSON, CARL ANDREOZZI, JOHN ANDREW, GORDON ANDREWS, VICTOR ANNING, DONALD ANTHONY, GEORGE ARCHER, JIM ARKELL, NEIL ARMITAGE, STANLEY ARMITAGE, GARY ARMKNECHT, HAROLD ARMKNECHT, LONNIE ARMKNECHT, RICHARD ARMSTRONG, ROY ARNOLD, TED ARTHUR, ARTHUR ASHTED, DAVID ATHERTON, JOHN ATKINSON, PETER ATTARD, CLAUDE AUMOND, SYLVIO AUMOND, ROBERT BAASE, LAURENCE BABAKAN, GERRY BABCOCK, GEOFFREY BACH, STEVE BADROV, JANET BAGGOTT, DOUG BAILEY, LESLIE BAILEY, ARTHUR BAILLIE, STAN BAILLIE, LESLIE BAINES, MOHAMMED BAJWA, TAHIR BAJWA, STAN BALL, STEVEN BALL, WILLIAM BALLINGER, BARRY BAKER, DANIEL BANGHART, JOHN BANMAN, PETER BAPTISTE, BRUNO BARE, GURMAIL BARHA, GEORGE BARKER, MARY BARNES, MITCHELL BARONE, DONALD BARR, RICHARD BARRETT, ARRY BARTLETT, RONALD BARZ, SOHAN BASRA, TAHLOCHAN BASRA, DANA BAUER, RANDELL BAUER, DONALD BAUMAN, FRED BAVLE, GORD BAYLE, JOHN BAXTER, ALLISTER BEATON, TOM BEATTIE, PETER BEAUDOIN, CARLA BECK, LARRY BECK, MELANIE BECKER, LLOYD BECKLEY, LARRY BEEDLE, ROBERT BEEMER, RICHARD BEISON, PETER BEIER, BERNARD BELEC, CHARLES BELL, NORMAN BELL, ROBERT BELL, CLARENCE BELLAND, ARTHUR BELYEA, DAN BENISCH, PETER BENISCH, PAT BENKE, BETTY BENNER, KATHERINE BENNETT, ROBERT BENNETT, JOHN BENNETTS, RONALD BENNETTS, CURLY BERAR, ABRAHAM BERG, BILL BIEBER, BILL BIEBER, FRED BIEBER, RHINY BIEBER, RUDI BIENAS, ROBERT BIGGS, RICHARD BILLITE, SANDY BILLINGS, MORLEY BILUK, GEORGE BINDER, DOUGLAS BINGHAM, MEL BIRD, GARY BISHOP, SUSAN BITTEL, ALEXIS BLACKBURN, ROBERT BLACKSTONE, RICHARD BLADES, HOWARD BLAIR, TOM BLAKE, EDWARD BLAKEBOROUGH, JAMES BLANCHARD, JUDITH BLINKHORN, DARCEY BLOMQUIST, NORM BOBOCEL, FRITZ BOHREN, JOZSEF BOJTOS, JULIAN BOLDY, ELMER BOLSTER, ROBERT BOLTON, BILL BOONE, JOSEPH BORALHO, CARL BORGESON, ALLEN BORN, ELMER BORNEMAN, NEIL BORUTSKI, STEVE BOTTS, VIC BOTTS, ANITA BOUCHER, RONALD BOUCHER, TERRY BOUDREAU, MARK BOUFFLER, RICHARD BOULTON, FRED BOWERS, BOB BOYCE, BOB BRADLEY, OWEN BRADLEY, PETER BRADSHAW, PETER BRANDAW, NEIL BRAZIER, GARY BREEN, RAYMOND BREMNER, DEAN BRIGGS, MARIO BRINONI, RICHARD BROOMFIELD, ART BROWN, DARREN BROWN, DAVID BROWN, MALCOM BROWN, MANUEL BROWN, ROSS BROWN, STEVE BROWN, BRYON BRUCE, DAVID BRUCE, MICHAEL BRUCE, MICHAEL BRUCE, JOHN BRUNETTE, MELVIN BRUNS, SCOTT BRUNSDON, VIC BRYANT, PAUL BUCKLEY, DAVID BUERGE, CARL BUHRKE, TOM BULL, DELBERT BULMER, BRYAN BULOW, HARRIE BUNN, PATRICK BURKE, STANLEY BURKETT, CARL BURKHART, GARY BURKHART, RICKEY BURNETT, JIM BURNS, MARK BURNS, LEONA BURRI, RUDOLF BURRI, JOHN BURROUGHS, JOHN BUSH, BRUCE BUTCHER, ROBERT BUTCHER, REED BUTTARS, JACK BUTTERFIELD, JIM BYER, TIMOTHY BYMAN, RICHARD BYRNES, GARRY BYSOUTH, LYN CALDWELL, CHESTER CALHOUN, JAMES CALVERT, DAVID CAMERON, AILEEN CAMPBELL, LIZ CAMPBELL, JOHN CAMPBELL, RICHARD CAMPBELL, SUE CAMPBELL, ERIC CANNELL, RICHARD CANNON, LADISLAV CAPAK, ERIC CAREW, DONALD CARMICHAEL, DARYL CARMODY, CHARLES CARON, TED CARPENTER, DONNIE CARRA, JERRY CARRA, LARRY CARRA, JACK CARRELL, DAVID CARTER, MICHAEL CARTWRIGHT, FRED CARTY, STEPHEN CASSAN, JAMES CASSIDY, ALFRED CASSIDY, LYNNE CASSIDY, JOHN CASTELLANA, NEIL CATT, NEVILLE CATT, SHANE CAVIES, LARRY CEDERHOLM, TOM CHADWICK, VIOLA CHAMBERLAIN, LINDA CHAMBERS, PAULINE CHANG, ALAN CHAPMAN, STAN CHARTIER, AILA CHATFIELD, NAZIR CHEEMA, ALLEN CHERNENKOFF, WILLIAM CHESTNUT, DANIEL CHEUNG, RANDALL CHIASSON, DONALD CHISHOLM, SALLY CHISHOLM, LEONA CHONG, PRIMUS CHONG, RICH CHOQUETTE, JOANNE CHOW, MARTIN CHOW, CHAD CHURCH, FRANK CLARK, WILLIAM CLARK, EDWARD CLARKE, MIKE CLARKE, RALPH CLEMENTS, ALICE CLIFFORD, ROGER CLOUTIER, ALAN CLYNCH, FRANCIS COGHLAN, BOB COLE, DAVID COLLIER, TAKAYO COLLINGS, JOHN COLLISON, JOHN COLLUM, DAVID COLOMBO, CURLY COLWELL, RUFUS COMBS, HUBERT CONRAD, MARJORIE CONNOR, PETER CONDER, GARRY CONN, VERA CONRON, JIM COONEY, DENNIS COPPARD, SCOTT CORNELL, MARK CORRA, JAMES COSGROVE, AL COTE, JOHN COTTAM, CHRISTOPHER COX, COLIN COX, GLEN COX, MICHAEL COX, LAURA CRABTREE, ALICE CRAIG, HARRY CRAIGE, ALVIN CRANDELL, GEORGE CRAWFORD, MURRAY CRAYSTON, MARTYN CREANEY, LARRY CREMER, AL CRITCHFIELD, ALLEN CROSINA, THOMAS CROSINA, TERRY CROSS, BRIAN CROWHURST, ORLANDO CRUZ, FREDRICK CULLUM, DON CURLEY, JOSEPH CURRY, JAMES CYR, JAN CZAPLA, JAMES CZIRFUSZ, ROBERT DAVIGNON, INGJALD DALFL, BARRY DALTON, JOHN DANIS, FRANK DANN, RICHARD DANN, TIM DANN, JACK DAVEY, DEBORAH DAVID, LORNE DAVID, DAVID DAVIDSON, DAVID DAVIES, GORDON DAVIES, LORNE DAVIES, JAMES DAVIS, JERRY DAVIS, JOEL DAVIS, LEO DAVIS, REX DAVIS, ARTHUR DAY, JR., WAYNE DAY, FRED DAYNEY, KATHY DE BIE, IRIS DE BLOIS, FERDINANDO DECONTO, BLAINE DEGLOW, HARM DEKKER, KENNETH DELINE, DANNY DELORENZO, SALVATORE DEMARE, DENO DEMAS, KATHY DEMPSEY, TED DENNIS, BERNARD DESCHAMPS, FRANCISCO DESOUSA, RICHARD DEWBERRY, BILLY DEXTER, LELAND DEXTER, MIKE DEXTER, PATRICK DEXTER, VIRGIL DICK, EDITH DICKERSON, RUBY DICKMAN, LOUIS DIETZ, IGNACIO DIMEN, FRANK DIRKSEN, JAMES DIXON, MARTYN DOCHERTY, CHRISTOPHER DODDS, JOHN DODGE, LENARD DODSON, ROBERT DOERKSEN, PAT DOLAN, FLOYD DOLPH, GORDY DONALD, BILL DORVAL, CONNIE DORVALL, RON DORVALL, NADIA DOSKOCH, WILLIAM DOSKOCH, PATRICIA DOUGLAS, JOHN DOWLING, CYRIL DOWNEY, JOHN DOYLE, CHRISTOPHER DRAKE, DAVID DRAKE, DON DRAKE, FRIDA DRANEY, DOUG DRIEDIGER, LAWRENCE DRIEDIGER, PETER DRIEDIGER, MAURIE DRISCOLL, HELEN DUBUC, PHILODORE DUBUC, GEORGE DUDAS, DENIS DUFRESNE, ROBERT DUFURRENA, DANIEL DUGAN, KENNETH DUGAN, KENT DUGAN, JAROD DUKE, GRANT DUKESHIRE, MARC DUMANOIR, CAROLE DUMAS, PAT DUMAS, JUSTIN 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EVANS, PAUL EVANS, ROBERT EVANS, STEVEN EVANS, TIMOTHY EVANS, KIRK EVERARD, WILLIAM EXSHAW, LORY FAIRFIELD, MICHAEL FALLAT, MIKE FARNSWORTH, OWEN FARRELL, RON FAUL, EVELYN FAULK, FLOYD FAULKNER, PETER FELTHAM, ROBERT FEMATO, JOHN FENNEMA, FIONA FENTON-CORBETT, RODNEY FERCH, DOUG FERGUSON, TRACY FERGUSON, CARL FERRIN, ALOUI FILIPIC, MARK FISHER, GARY FLEGG, ADRIAN FLEMMING, GORDON FLEMMING, THOMAS FLETCHER, PETER FLISS, DORIS FLOKS, RAYMOND FONTAINE, GARY FORBES, JOHN FORREST, STEPHEN FORSTER, DOUGLAS FOSSEN, MARK FOWLER, WILLIAM FOWLER, DANIEL FRANKLIN, DOUG FRASER, WILFRID FRASER, EUGENE FREDEEN, IVAN FREDRICKSON, MARK FREDRICKSON, JOHN FREEMAN, JOHN FRENCH, MICHAEL FRETWELL, TIM FRIESEN, LIZZY WILLIAM FULLER, TERRANCE FURGASON, PAUL FURRER, BRYAN FYALL, ZIP FYFFE, MARCEL GAGNE, RODERICK GAGNE, BRUCE GALBREATH, RON GALISKY, JOHN GALLO, BILL GALLOWAY, JOSEPH GALVIN, JOHN GAMBLE, NORM GANGNES, ART GANSHORN, MIKE GAREAU, BOBBY GARFIELD, EDMUND GARFIELD, EVERETT GARRIOCH, ROBERT GARWOOD, 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JEFFERY, MICHAEL JEFFERY, DAVE JENKINS, DON JENKINS, JEFF JENKINS, DANIEL JENSEN, DOUG JENSEN, JORGEN JENSEN, LYNN JENSEN, THOMAS JENSEN, DEAN JOHNNY, CHUCK JOHNSON, DAVE JOHNSON, DENNIS JOHNSON, GLENN JOHNSON, GORDON JOHNSON, GROVE JOHNSON, MARLENE JOHNSON, RICHARD JOHNSON, STUART JOHNSON, VERN JOHNSON, VERNAL JOHNSON, DERREK JOHNSTON, JAMES JOHNSTON, JEFF JOHNSTON, JOHN JOHNSTON, PHILIP JOHNSTON, ERNIE JONES, GARTH JONES, JERRY JONES, LARRY JONES, MARLENE JONES, RICHARD JONES, PETER JORDAN, LINDA JORGENSEN, MARK JORGENSEN, JACK JORIMANN, LOUIE JUREDO, BRANKO JURIC, HARVEY JUSTUS, JOHANNA KADOSKI, HELEN KALUK, KENNY KANASHIRO, GURCHET KANDOLA, BARRY KANE, HAROLD KARCHER, JOHN KARSTEN, LORRAINE KATTE, WINSTON KAYE-YELDS, CHRISTOPHER KEECH, CHRISTINE KEEL, DON KELLER, JOHN KELLY, JEAN KELSO, AL KEMP, BRUCE KENNEDY, MAURIE KENYON, KAREN KERNS, TOM KERNS, KATHLEEN KERR, JEANNETTE KERSSENS, DONALD KETCHELL, AUDIE KIEVITS, KEN KILLORN, ED KIMURA, DOUG KING, JIM KING, RICHARD KINTZINGER, MARK KIRKPATRICK, NOEL KIRSHENBAUM, JOHN KIRYCHUK, STANLEY KLASSEN, JACK KLEMO, KLIFF KLEMO, HARVEY KNAPP, DOUG KNIGHT, SUSAN KNOERR, ANN KOENIG, SHARON KOHLS, DALE KOLLN, MIKE KONEN, TOM KONEN, KATHY KOUNTZ, PETER KOWALCZYK, MORRIS KOZICKI, JOHN KRAUSZ, HOWARD KREIN, SHARON KUHARSKI, NORMAN KUNZ, DANICA KURTENBACH, GEORGE KURTZBEIN, HARVEY LABRASH, MARK LACERTE, DONALD LACY, RICHARD LAFORGE, BRUCE LAIRD, SANDY LAIRD, SANDY LAIRD, WILLIAM LAMBE, EDWARD LAMBERT, JEAN-PIERRE LAMBERT, PAUL LAMBERT, ERKKI LAMMI, HARVEY LAMMI, PAUL LAMOUREUX, DICK LAMPSON, MARK LANDFORD, RICHARD LANG, ELVIS LANGFORD, GARRY LANGLOIS, BERNICE LARADE, SKEETER LASA, ED LASH, ERNEST LAUGHINGTON, MARK LAUGHLIN, SANDRA LAVALLIE, BRAD LAVIGNE, RAY LAWRENCE, WELDON LAWRENCE, KERRY LAY, DAVID LEARDO, YVAN LEBLANC, SERGE LEBLANC, DANIEL LECLERC, LISE LEDUC, EARL LEE, DORIS LEE, WAYNE LEGGE, MARK LEICHNITZ, MARION LENTINI, PETER LEOCHKO, ANTONIO LEONARDO, ELIZABETH LEPPINGTON, GORDON LEWIS, KAREN LEWIS, KELLY LEWIS, KENNETH LEWIS, RICHARD LEWIS, HENRY LEWMAN, WARLITO LIBUNAO, WALLY LICAS, DOREEN LIDSTONE, RENE LIEBAERT, JOHN LIMB, LARRY LINDAHL, GUS LINDQUIST, DEAN LINDSAY, KIM LITTLE, JOHN LLOYD, JOHN LOCKYER, REG LOCKYER, DENNIS LOGAN, STEPHEN LOMAX, ELMER LONERGAN, HELEN LOO, JIM LOOMIS, ERIC LOROS, RUPERT LOUGHREN, JOAN LOVELL, IVAN LOW, LINDA LOW, STANLEY LUKASEK, JUNE LUKAWESKY, EDGAR LUKER, PATRICIA LUMB, ART LUNDY, WILLIAM LUNERGAN, QUAYLE LUSTY, DAVID LUSZCZ, TONY LUTEIJN, TAC LY, DENNY LYMAN, DOUG MACANDREW, BRYON MACDONALD, LEWIS MACDONALD, GLEN MACGREGOR, KENT MACINNES, PHIL MACINTYRE, WINSTON MACKAY, ROBIN MACKENZIE, LIONEL MACLEAN, RUTH MACLEAN, VINCENT MACPHERSON, LIZ MACRAE, WAYNE MAGER, ROBERTA MAH, JAY MAISONNEUVE, EDWARD MALCOLM, JOE MALLIA, JOYCE MALLORY, WILLIAM MALLORY, BARRY MALONEY, ANTHONY MANESS, KEVIN MANESS, BRIAN MANN, SUDAGAR MANN, RICHARD MANSFIELD, GUSTAVE MANSON, JIM MARCH, BRADLEY MARCHANT, ART MARE, GAIL MARKLE, GEOFF MARLOW, LEANNE MARSH, IAN MARSHALL, GARY 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