ANNUAL REPORT 99

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...THROUGH OPTIMIZATION

Placer Dome's core of outstanding performers was tested by low gold prices yet continued to produce record operating results. We are embarking upon the new millennium with a drive and focus sharper than ever before. Through concerted efforts to reduce costs and to optimize our 15 mines around the globe, we remained one of the lowest-cost gold producers in the world while increasing our production in 1999 to a record 3.15 million ounces.

The year 2000 and beyond will see us continue the drive to upgrade the quality of our portfolio of assets in order to maintain this competitive advantage. Our overall objectives are to improve our financial performance and to increase total shareholder return.

We will continue to provide investors with highly liquid exposure to gold through our listings on the New York, Toronto, Australian and Swiss Stock Exchanges, as well as the Paris Bourse under the symbol PDG.

SUCCESSES IN 1999

- FOCUS ON CASH FLOW AND EARNINGS
- FOUNDATION OF OUTSTANDING PERFORMERS
- LARGE RESERVE BASE MEANS STABILITY AND LONGEVITY
- SELECTIVE GROWTH EMPHASIZING QUALITY
- UNLOCKING THE POTENTIAL OF NEW ASSETS WILL CREATE VALUE

Though it was a difficult year across the gold industry with gold prices contributing to negative shareholder returns from most producers, Placer Dome achieved some significant milestones in 1999:

- Record production of 3.15 million ounces;
- Continued low production costs of $159/oz cash cost and $231/oz total cost;
- Completion of 2 major acquisitions that have more than doubled our reserves to 66 million ounces;
- Successfully completed the restructuring of the South Deep gold mine in South Africa and reduced cash production costs to an average $213/oz in the fourth quarter of 1999;
- Completion of the new shaft at Campbell mine in Canada will allow access to new reserves;
- Balanced hedging program successfully shielded investors from bottom of the gold price trough, earning $210 million for the year. Reduced activity in 2000 will increase the long-term exposure to gold price.

FINANCIAL (in millions except per share amounts)[1]	1999	1998	1997
Sales	$ 1,162	$ 1,145	$ 1,095
Mine operating earnings[2]	339	357	147
Exploration expense	56	90	99
Operating earnings (loss) before unusual items[3]	197	191	(39)
Net earnings (loss)	35	50	(264)
Cash flow from operations	346	372	203
Cash invested in property, plant and equipment	204	227	340
Cash and short-term investments	204	547	314
Shareholders' equity	1,639	1,612	1,525
PER COMMON SHARE			
Net earnings (loss)	$ 0.11	$ 0.15	$ (0.85)
Dividends	0.10	0.10	0.30
PRODUCTION[1]			
The Corporation's share:			
Gold—ounces (thousands)	3,149	3,111	2,742
Cash production cost (dollars per ounce)	159	153	218
Total production cost (dollars per ounce)	231	224	297
Silver—ounces (millions)	10.8	10.4	5.7
Copper—pounds (millions)	267.1	228.4	182.9
Ore reserves (millions of ounces of gold)	65.9	39.0	37.2
STAKEHOLDERS			
Number of shares outstanding at December 31 (millions)[1]	327	326	316
Number of shareholders on record	19,191	18,746	20,179
Number of employees[4]	12,000	7,300	7,200

(1) Financials and production have been restated to reflect Getchell merger and the adoption of U.S. Generally Accepted Accounting Principles (GAAP). See note 1 on page 68.
(2) Comprises sales less cost of sales and depreciation and depletion.
(3) Comprises mine operating earnings less general and administrative, exploration and technology and resource development expenses.
(4) Includes 100% of employees of joint ventures we manage and excludes employees of contractors engaged by Placer Dome.

Throughout the report, all dollar amounts are stated in United States currency.

NEW LEADERSHIP FOR A NEW MILLENNIUM

JOHN WILLSON'S MESSAGE

In 1999 Placer Dome became a substantially different company. Through our concerted efforts to realize our strategic objectives, we concluded the two acquisitions that will help drive our future—the South Deep joint venture in South Africa and the Getchell mine in Nevada. This same strategic plan to return greater value to our shareholders drove our response to 20-year lows in the gold price. We sharpened the focus of our corporate activities and reduced discretionary spending.

The acquisitions, both with large reserve and resource bases, were aimed at giving the company the opportunity to add long-term high quality assets that would become new staples of our business. They are at different stages of demonstrating their potential to fulfill this role.

The cutbacks in overhead, including the staff reductions in our highly successful mine-building group, put Placer Dome amongst the most competitive of its peers on an overhead cost per ounce of production basis.

We also sharpened our exploration focus to improve cost effectiveness while maintaining an aggressive global stance.

We made a major advance towards our sustainability goals by publishing our first Sustainability report. We, like others, are learning much as we progress. We established ourselves among the sustainability leaders in the global mining industry. We are a charter member of the Global Mining Initiative, which will target the sustainability performance of the world's mining industry, an exhilarating challenge.

We had a good year on the operating front with some exceptional performances such as Cortez, Granny Smith and Zaldívar. Our safety record continues to be excellent on a year over year basis, and where we added new operations there was improvement over previous history. But eight fatalities at the newly acquired operations under our management, six in South Africa and two at Getchell, is totally unacceptable.

The price of gold continues to confound. While physical demand has reached all time highs and mining supply has flattened, the actions of the official sector in selling and loaning their gold at bargain levels has, despite the very positive actions taken by European central banks to limit these activities, continued to depress the price well below the long-term, all-up cost of producing gold. Through the World Gold Council, we continue to influence actions in the global market to enhance the demand for gold.

Personally, I have reached my retirement goals, and while I regret leaving Placer Dome at such an exciting time in its history, I am delighted that Jay Taylor, with long experience in our industry and in our company, will be taking the reins when I retire in April.

I want to thank our employees for their tenacity, patience and understanding as they have continued to push the envelope of performance in a time of enormous uncertainty. Thanks in part to our high performance culture initiative, we are far more productive than we have ever been.

And to our shareholders, many thanks for your support. My belief is that your continued loyalty will be handsomely rewarded.

JOHN M. WILLSON
Chief Executive Officer

JOHN WILLSON AND JAY TAYLOR

JAY TAYLOR'S MESSAGE

Placer Dome's roots extend back to the early years of the 20th century, and as the new President of this strong, robust company, I am looking forward to the challenges ahead.

Gold mining remains our focus and our strength. We believe that gold continues to present excellent opportunities for shareholders and we have taken a strong stand in support of our product. We have ceased adding any new hedge positions in 2000 and as a result, we expect to see our hedge book reduced by at least two million ounces of gold by the end of the year. We will not rely on price increases to drive our profitability and future growth, however. We will focus on the fundamentals of the business we want to be in — the business of quality, long-lived, low-cost gold mines.

It is my belief that we can become the very best gold mining company to invest in, to work for and to do business with, but we're not there yet. Our operating performance was excellent once again in 1999, but our total shareholder return was inadequate, as it was for many companies in our sector. It will be my job to create additional value for investors by continuing to optimize existing mines and dealing decisively with assets that do not meet our financial criteria through disciplined closures or divestitures where necessary.

We will maintain a conservative financial strategy that will preserve our strong balance sheet and access to capital. As new acquisition opportunities increasingly become available in the emerging world, we will improve our capacity to manage the risks associated with expansion into these countries. We will remain disciplined in our investment of capital.

In short, we will be a leaner company that works smarter with what it has and we will augment our portfolio selectively, adding quality reserves. Every investment we make will return our cost of capital plus an appropriate premium.

This means we will refine our strategic approach to exploration and acquisitions. While growth in the past has meant the addition of reserves and resources, our focus on value means growth in the future will be defined by financial yield. Exploration will focus on replacing 70% of annual production each year through mine-site exploration and will narrow its search for generative projects to key metallogenic belts. Acquisitions will be evaluated for strategic fit, but above all else, they must provide a yield in excess of the cost of capital. If they don't, we won't buy them. We will not create or reinvest in marginal mines.

To optimize existing mines we will continue to look for ways to reduce operating costs through investment in new technology and through continued reduction in discretionary spending.

A significant amount of our efforts in 2000 and beyond will be devoted to this optimization of existing assets, particularly the recent acquisitions, South Deep and Getchell.

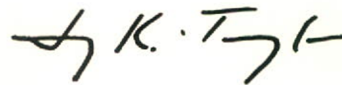
South Deep in South Africa is well under way and on track after the completion of an optimization study. Having met our cost targets for the end of 1999, we fully expect to reach our objectives of 700,000 ounces of total annual production at cash costs of approximately $160/oz by 2003 when the new South Deep shaft is completed.

Getchell will be the focus of approximately one-third of our exploration budget in 2000 as concentrated exploration and development continue. Planning is underway for an expanded operation that will reduce future production costs.

At other mines in our portfolio, particularly those that are reaching maturity, we will need to be disciplined in our approach once they no longer provide a return in excess of the capital needed to sustain them. We will look at every alternative to add value to these assets.

In short, we will be a leaner, more focused company that will be profitable even at low points in the gold price cycle, thereby giving investors a premium return when prices rise. Shareholder value will be our watchwords. I look forward to reporting back to you on our progress.

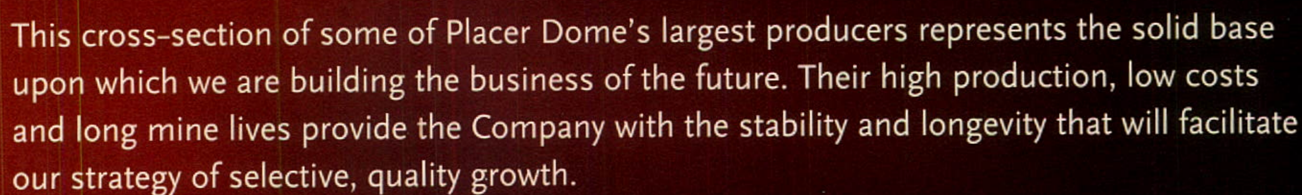
Finally, I would like to thank John Willson for his leadership over the past seven years. John has presided over some of the most significant changes and growth this company has ever experienced. We are indebted to John for his creative efforts to realize Placer Dome's full potential and his insight and wisdom will be missed.



JAY K. TAYLOR
President

CLOSE-UP

KEY PRODUCERS IN 1999



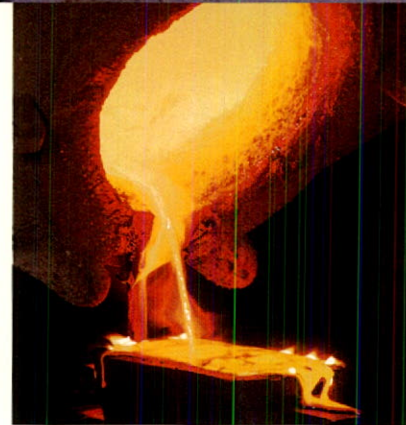
This cross-section of some of Placer Dome's largest producers represents the solid base upon which we are building the business of the future. Their high production, low costs and long mine lives provide the Company with the stability and longevity that will facilitate our strategy of selective, quality growth.

Each of these four mines reached a milestone in 1999 and we believe they represent the kind of performance and results we will need to achieve our goals. The CAMPBELL mine in Canada, for example, completed the new Reid shaft in this, its 50th year of continuous operation. The CORTEZ mine in the U.S. continued its stellar performance with record high production of 1.3 million ounces (800,000 for PDG) at a record-low cash cost of $48/oz. GRANNY SMITH of Australia has a new lease on life in the Wallaby deposit and is slated to complete a feasibility study on the new find early in 2000. PORGERA remains the largest gold mine in Papua New Guinea and Australia, having increased production to over 750,000 ounces.

We intend to continue our drive to optimize these mines as part of our strategy to upgrade the overall quality of our portfolio of assets, ensuring continued production of 3 million ounces annually at a cash cost that remains below $200/oz.

50

CAMPBELL MINE CELEBRATED 50 YEARS OF CONTINUOUS PRODUCTION IN 1999.



CAMPBELL

For Campbell, 1999 was a year focused on cost reductions and increased efficiencies. Thanks to these efforts, the mine produced 262,015 ounces of gold at a cash cost of $145/oz despite lower than expected grade.

Production is expected to increase in 2000 and beyond to the 280,000 to 300,000 ounces range, due to the completion of the Reid shaft as well as an increase in grade. The Reid shaft was completed in November after 50 months of construction. This state-of-the-art shaft consists of two 10.4 tonne skips that travel at 10 meters per second, easily accommodating Campbell's hoisting needs of 2,500 tonnes per day. The new shaft has already proven its ability to overcome the bottleneck at the old #1 shaft, which traditionally has been a hurdle to production.

The new shaft also gives new life to Campbell's exploration potential. The ability to drill from the 33, 36 and 39 levels opens up 550 vertical m (1,800 feet) of exploration potential never before accessible. In the year 2000 we expect to complete 30,480 m (100,000 feet) of exploration diamond drilling and 900 m (2,900 feet) of exploration drifting.

CORTEZ

Cortez (60%) continued its unparalleled performance in 1999 with record high production of 797,115 ounces of gold for Placer Dome's account at a cash cost of $48/oz and a total cost of $109/oz. Mine personnel also continued their record safety performance, once again collecting the Nevada Mining Association's award as the safest open-pit mine in Nevada.

This outstanding asset continues to impress with its exploration potential. New mineralization at the Pediment deposit across the valley from Pipeline has yielded proven and probable reserves of 26.2 million tonnes of gold grading 1.2 g/tonne for 1.0 million ounces. This resource is amenable to open-pit mining and is currently open in three directions.

In 1999, exploration success replaced all of the mine's 1999 production and identified an additional 300,000 ounces of reserves. Cortez will continue to produce gold for well under $100/oz in cash costs into the next decade.

CORTEZ SETS NEW RECORDS IN 1999, PRODUCING A TOTAL 1.3 MILLION OUNCES OF GOLD AT $48/OZ.

$48

GRANNY SMITH

Granny Smith (60%) once again had an outstanding year and continues to be Australia's lowest-cost gold producer, contributing 313,855 ounces of gold to Placer Dome's account. The mine produced at a cash cost of $98/oz and a total cost of just $106/oz. The mine also received the 1999 award for environmental excellence among Western Australian mines and was named Digger of the Year as the best operation.

The bright outlook for Granny Smith continues to come from exploration. The mine has produced a total of 3 million ounces since its commissioning in 1990, and recent discoveries at the Wallaby deposit have the potential to add several million more ounces of reserves.

A feasibility study on the Wallaby deposit is due to be completed in the first quarter of 2000. We expect that it will require less than $150 million to generate total annual production of 350,000 ounces of gold per year at a total cost of approximately $180/oz, starting in 2001.

GRANNY SMITH HAS A NEW LEASE ON LIFE WITH THE POTENTIAL TO ADD 3.8 MILLION OUNCES OF NEW RESERVES IN 2000.

3,800,000

PORGERA

In 1999, Porgera (50%) confirmed its status as the largest gold mine in Papua New Guinea and Australia and one of the world's major low-cost gold producers. The mine yielded 754,754 ounces of gold in total (377,377 to PDG) at a cash cost of $175/oz. During this period, mine personnel also worked three million man-hours without a lost-time accident.

Gold production in 2000 is again expected to total roughly 750,000 ounces, a level this mine can sustain for many years to come. Mining is now conducted exclusively by open pits, although exploration work is continuing from a drainage tunnel that will provide access to ore occurrences known to exist at depth.

PORGERA CONTINUES TO PRODUCE 750,000 OUNCES PER YEAR, HALF TO PDG'S ACCOUNT.

750,000

REALIZING POTENTIAL

While we continue to upgrade our assets through optimization, through the divestiture of properties that do not meet our criteria or through creative, well-managed closure of mature mines, we also recognize the need to add quality ounces that will contribute to cash flow and earnings.

In 1997 Placer Dome began to intensify its world-wide search for quality gold assets to replace reserves. In 1999 we added those reserves. We successfully concluded a joint venture with Western Areas Limited for 50% of the SOUTH DEEP gold mine in South Africa and a merger with Getchell Gold Corp. for their GETCHELL mine in Nevada. These two acquisitions have more than doubled our reserves to some 66 million ounces.

One of our greatest successes in 1999 comes from South Africa. By adhering to our sustainability principles and our commitment to open, consultative business practices, we have successfully completed a restructuring of the operation at South Deep and a reduction in the workforce that allowed us to lower our cash costs dramatically, averaging $213/oz in the fourth quarter. A completed optimization study has laid the foundation for substantial growth in production and profitability as we implement the next phase of the mine plan.

At Getchell, exploration activity continues to deliver excellent results. Upon taking control of the property in June, the Company began an aggressive exploration program focusing on the N Zone where four separate mineralized zones have been identified. All of these zones remain open along strike to the north and south. Drilling has also intersected what is believed to be southern extensions of the N Zone directly underneath the existing Turquoise Ridge mine, more than doubling the strike length of the zone. The Corporation remains confident that this property will play a major role in its future.

SOUTH DEEP

On April 1, 1999 Placer Dome capitalized on one of the most extraordinary opportunities in gold mining today. For $8 per ounce of reserves in acquisition costs, Placer Dome now owns half of an orebody that is 5 km long, 2 km wide and up to 60 m thick, the largest gold deposit in the Witwatersrand basin, containing proven and probable reserves of 58.9 million ounces.

One of the immediate priorities for the joint venture was the completion of an optimization study that examined every aspect of the business, from technical issues to AIDS and its impact on productivity. Safety was a clear and immediate priority and the team is working hard to instill a culture of safer and smarter work practices throughout the operation.

It was clear from the outset that any modernization of the mine would have to include more mechanized mining methods and would necessitate a restructuring of the very large workforce. While this is always a painful process that put an understandable strain on the newly developing relationship between the joint venture partners and the mine's unions, a 35% reduction in the workforce, from 8,000 employees to 5,100 employees was completed successfully. The mine is now partnering with the unions to develop a retraining program that will return 70% of the displaced workers to the economy within two years.

The optimization study has charted a clear course for South Deep for the transition from the current annual total production of 350,000 ounces out of the 38-year old existing shaft complex to the mechanized operation of 700,000 ounces per year from the new South Deep shaft system starting in 2003.

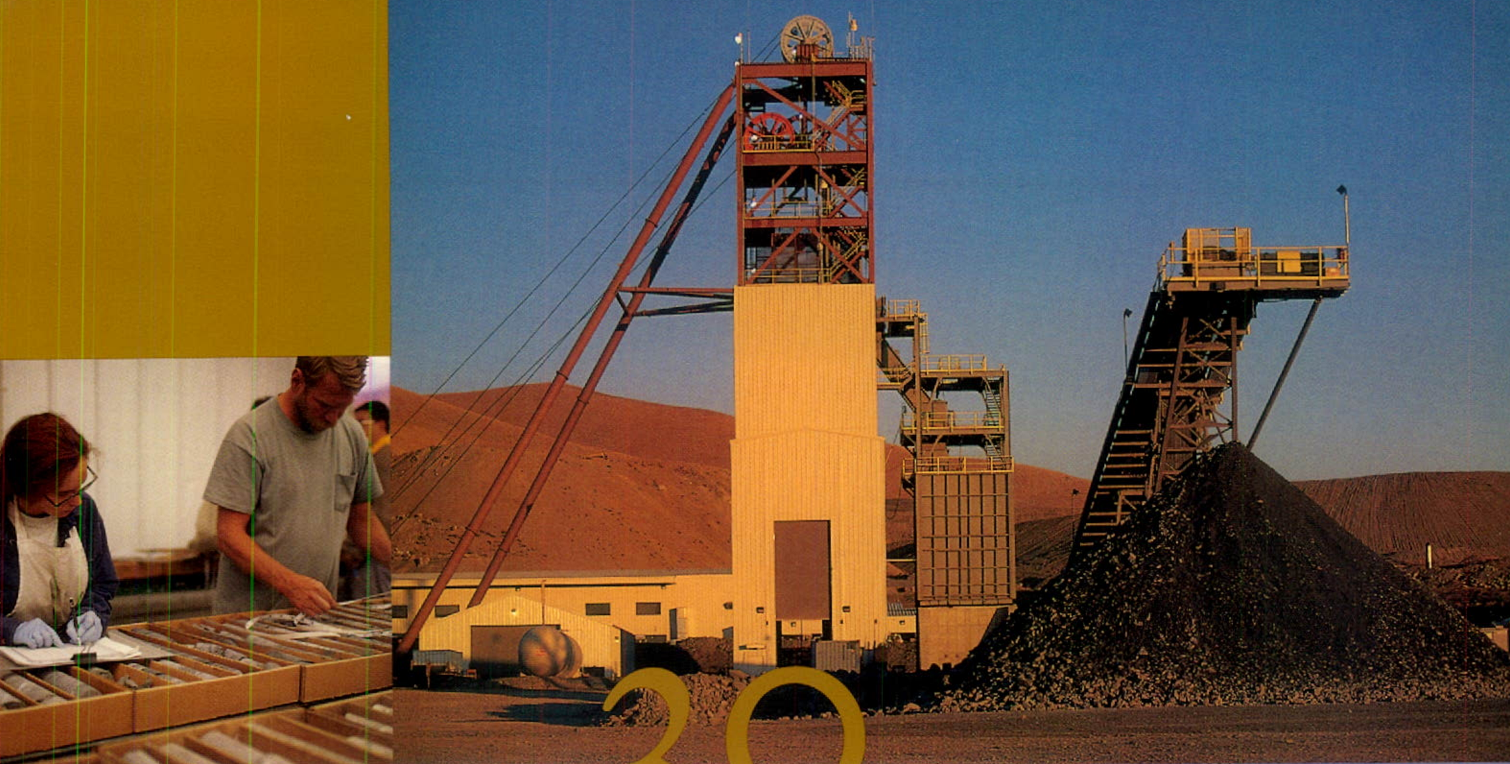
Plans call for the expansion of the mill complex by December, 2001 that will increase throughput by one million tonnes annually to 2.6 million tonnes per year. Coupled with the completion of the conversion to mechanization by the end of 2002, we expect to increase productivity by 63%, lowering average cash costs to $160/oz and average total costs to $180/oz over the next four years.

Building on the successes of the operation to date and the very positive outlook of the optimization study, the joint venture has commissioned an expansion study that will take the next two years to complete. The objective of the study is to examine the feasibility of incorporating the excess hoisting capacity and very large reserve base into a production profile that will maximize the net present value and long-term profitability of this world-class deposit.

We believe that South Africa's long history of mining coupled with its stable, well-established legal system and sophisticated financial services sector make this area of the world a vital force in gold mining. We are proud to be the first North American gold miner to invest in South Africa and look forward to the significant contribution this mine will make to Placer Dome's future success.

60,00,000

THE SOUTH DEEP MINE CONTAINS TOTAL PROVEN AND PROBABLE RESERVES OF 59 MILLION OUNCES.



MORE THAN 30 DRILL RIGS ARE WORKING TO PROVE UP GETCHELL'S POTENTIAL.

GETCHELL

On May 27, 1999 Placer Dome announced the completion of a merger with Colorado-based miner Getchell Gold Corporation. This transaction afforded the Corporation access to one of the most exciting exploration plays in Nevada.

Upon taking over management of the property in June, we quickly determined that a revised development strategy was required to optimize the operation. As a result, we ceased milling in order to focus on the completion of infrastructure that would allow us to delineate and develop the N Zone and other primary targets.

Engineering studies have confirmed the potential for large-scale mining of the N Zone. The size, dimensions and ground quality within the zone all lend themselves to long hole mining, which will have a significant impact on operating costs. The Corporation will focus its efforts during 2000 on the development of this zone, putting more than 30 drill rigs to work throughout the year. Given this priority, the Company has decided not to restart operations at the existing plant capacity. In order to optimize the value of the property, the Company is preparing a plan for an expanded operation combining production from the Getchell, Turquoise Ridge and N Zone deposits that will reduce future costs.

We continue to be excited by this property's potential to become a long-lived, low-cost producer that will be a significant contributor to Placer Dome's base of production well into the next millennium.

ENSURING A GOLDEN FUTURE

As we come to the end of the 20th century, we recognize that there are three elements crucial to the longevity and success of the mining industry. EXPLORATION is the lifeblood of mining, and without the discovery of new deposits, there can be no long-term mining industry. SUSTAINABILITY is crucial to the earth's ability to absorb our activities and for future generations to benefit from the gold we produce. TECHNOLOGY, we believe, is the bridge between the first two elements, allowing us to find and produce gold in new, more sustainable ways.

EXPLORATION

Exploration remains a crucial part of our strategy of selective growth in the future. Our Exploration team has narrowed its focus and is concentrating on adding value to the Corporation in two ways:

- replacing 70% of annual production each year through mine-site exploration;
- adding 10–15 million ounces of quality reserves from new projects capable of returning 20–30% on cash invested when put into production.

The Exploration group had a very successful year in 1999 on the Minex front, increasing reserves substantially at four of our mines: Bald Mountain, Cortez, Musselwhite and Zaldívar.

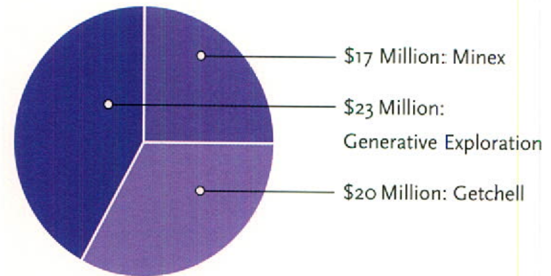
In 2000, nearly a third of its budget and a significant portion of Exploration's work will focus on delineating resources and reserves at Getchell. The Corporation will spend approximately $20 million during the year, employing more than 30 drill rigs to test known and newly discovered extensions to target areas.

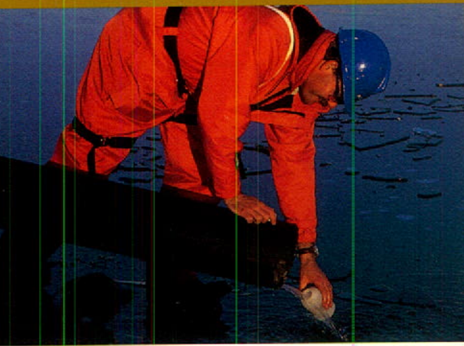
Exploration also continues its vital role in our acquisitions strategy, providing the crucial assessments of a property's potential quality and value. In addition to this work, the Corporation will spend some $23 million on generative exploration to uncover new finds in targeted metallogenic belts.

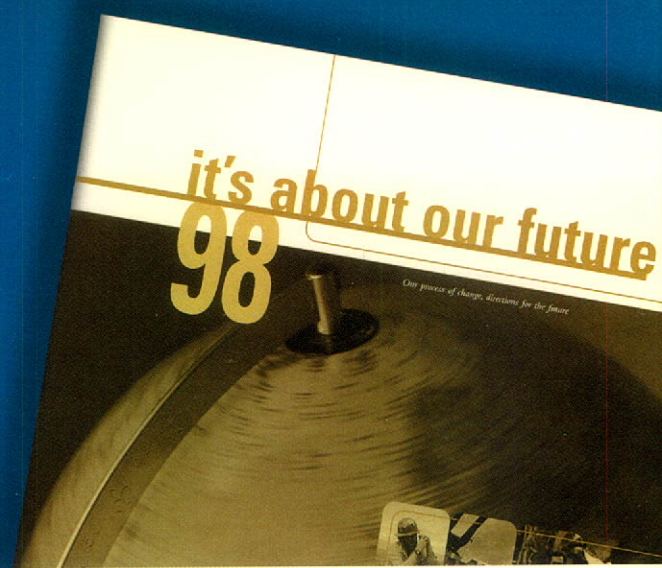
In applying more stringent criteria than ever before in assessing a project's investment potential, we scaled back work on a number of properties that remain in our portfolio but which do not meet that criteria at the present time. This resulted in the reduction of activities at Donlin Creek in Alaska. The Mulatos and Las Cristinas properties remain suspended as they do not meet our development criteria relative to other opportunities currently available.

For 2000 and beyond, the watchword in Exploration will continue to be quality. Properties that do not meet thresholds will be terminated in favour of those that continue to pass our economic tests. We believe this disciplined approach to the acquisition of new ounces will improve our ratio of success and will contribute substantially to the upgrading of our portfolio of assets over the long term.

EXPLORATION EXPENDITURES IN 2000 WILL TOTAL $60 MILLION







While exploration finds the gold we require for mining in the future, Sustainability is the underlying value that will allow us to mine what we find.

In 1999 we published our first Sustainability report to provide a benchmark of our performance in ensuring environmental protection, social progress and economic benefits to those most directly affected by our operations, as well as to our shareholders. The year 2000 will see us report on our first year of progress, and will also see us take a new tack in reporting.

Based on a great deal of discussion with a wide variety of stakeholders, we are learning that reporting on our progress in the traditional way necessarily means providing information based on our own point of view. To be truly transparent and to allow our stakeholders to assess our performance for themselves, we will be reporting our progress against our 1999 commitments in two different ways. A short written report will provide our assessment of our progress and any trends we see emerging. Our website will carry all of the detailed data our sites collect and will be available to everyone so that they may make their own assessments and draw their own conclusions.

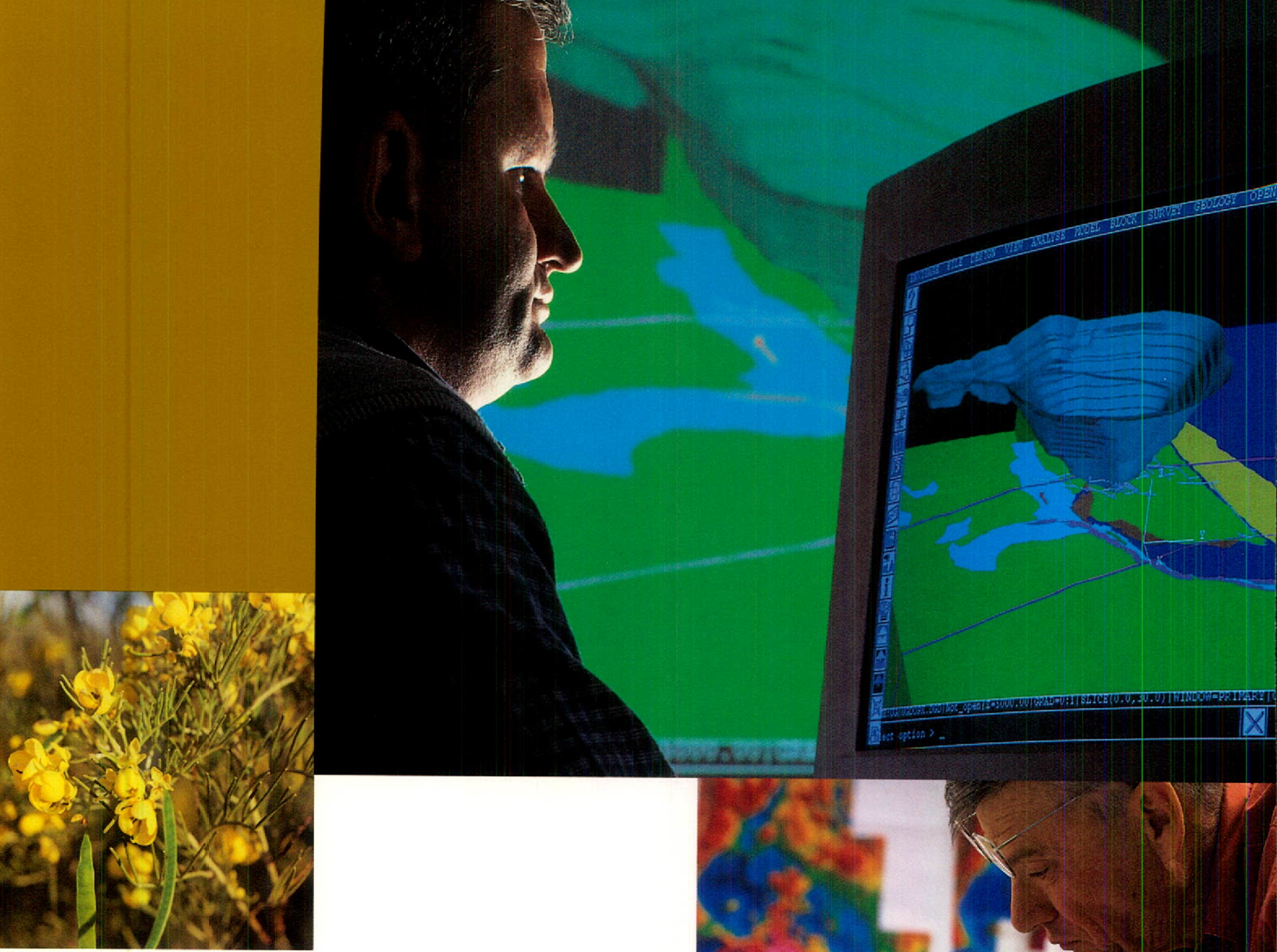
We are moving towards adopting performance measurements that will allow us and others to monitor and verify our progress on economic, environmental and social objectives. From this we hope to build on the dialogue we have initiated with non-governmental organizations and other stakeholders to continue to improve our performance and the benefits we believe we can all share.

SUSTAINABILITY

In 1999, the Corporation concluded a program of environmental system assessments that reviewed tailings management, operational issues and mine closure planning. No major incidents or systems failures occurred during the year. Placer Dome spent $32 million for various environmental measures in 1999, including $2 million for capital projects and $14 million for closure costs and the remainder on current environmental costs.

Our drive to improve safety at our operations has been extended to the South Deep and Getchell mines, both of which suffered tragic fatalities in 1999. South Deep had six fatalities during the year, and two men died at Getchell. This is unacceptable and intensive efforts are underway to improve conditions at the two mines and to instill a culture that places safety first.

Excluding these two mines, the employee accident record across the remaining Placer Dome mines in 1999 continued to improve with an average 0.4 lost-time injuries per 200,000 hours worked, compared with 0.6 in 1998 and 0.8 in 1997. For Placer Dome employees and contractors combined, the accident record in 1999 averaged 0.5 lost-time injuries per 200,000 hours worked, compared with 0.6 in 1998 and 1.0 in 1997. There were no fatalities at these operations.



TECHNOLOGY

The development of new technology is essential to our ability to find economically viable gold deposits and society's willingness to let us process the ore. For 1999 and 2000 combined we have budgeted up to $17 million for new research.

We believe we can develop better ways to mine and process gold more cheaply and with less risk and disturbance to the environment. We also expect our Research team to provide solutions to operating issues that will assist in lowering costs by 2% per year over the next five years starting in 2001. Three significant projects currently underway to achieve those cost reductions are:

- a software system designed to improve grade control;
- alternative materials handling methods;
- pre-concentration that would reject barren rock before it reaches the mill for processing.

One of the long-term, strategic breakthrough projects underway is the investigation of heap bio-oxidation of low-grade refractory gold ores. Biotechnology uses micro-organisms such as bacteria to oxidize the sulphide minerals and liberate the gold, which can then be recovered by conventional means.

Success in any one of these short or long-term projects has the potential to significantly reduce our cost of producing gold, while improving the public's acceptance of mining. For us, technology will be one of the keys to truly sustainable mining.

FINANCIALS RESULTS IN DETAIL

Gold Ore Reserves

(Proven and Probable)

Operating mines, mines under development and exploration properties

The Corporation's share at December 31, 1999 calculated at $325/oz. gold

	Tonnes (000s)	Grade (g/t)	Contained kg (000s)	Contained ozs (000s)
Australia				
Granny Smith	7,513	2.6	19.6	632
Kidston	7,999	1.5	11.7	375
Osborne	9,351	1.0	9.6	310
Canada				
Campbell	4,044	14.5	58.8	1,889
Dome	29,974	1.8	53.7	1,725
Musselwhite	9,410	5.8	54.5	1,752
Chile				
La Coipa	29,451	1.0	29.5	948
Mexico				
Mulatos (exploration stage) (1)	31,919	1.6	49.5	1,593
Papua New Guinea				
Misima	19,635	1.0	19.2	619
Porgera	51,707	3.2	166.9	5,365
South Africa				
South Deep (2)	116,806	7.8	915.9	29,447
United States				
Bald Mountain	29,547	1.4	40.1	1,290
Cortez	103,096	1.7	173.7	5,585
Getchell (3)	16,385	12.3	201.7	6,484
Golden Sunlight	5,489	2.8	15.2	489
Venezuela				
Las Cristinas (4)	193,702	1.2	231.1	7,430
The Corporation's Share			2,050.7	65,933

(1) Mine development has been deferred due to inadequate gold prices.

(2) The Corporation acquired a 50% joint venture interest in the South Deep Mine from Western Areas Limited in April 1999. The South Deep ore reserves at December 31, 1999 are based on the reserves calculated by Western Areas Limited at December 31, 1998, depleted to reflect 1999 production. The reserves as determined by Western Areas Limited at December 31, 1998 were calculated at a gold price of $260 per ounce. The South Deep reserves were not generated under the supervision of the Qualified Persons but are the best estimates currently available and, in the opinion of the Qualified Persons, are reasonable estimates.

(3) The Corporation acquired 100% of Getchell Gold Corporation on May 27, 1999 with a reported reserve of 6.6 million ounces. The Corporation immediately began an exploration program to verify and expand those reserves and to fully delineate the orebody. This program has significantly increased our understanding of the deposit but is not yet complete. Accordingly, the Corporation will defer its reserve estimation until additional delineation work is completed. The Getchell ore reserves at December 31, 1999 are based on the ore reserves calculated by Getchell Gold Corporation at December 31, 1998, depleted to reflect 1999 production. The reserves as determined by Getchell Gold Corporation at December 31, 1998 were based on a gold price of $325 per ounce and at a gold price of $300 per ounce, ore reserves would decrease less than 5%. The Getchell reserves were not generated under the supervision of the Qualified Persons. Work currently in progress under their supervision is expected to confirm this reserve estimate.

(4) Placer Dome currently has a 95% interest in Las Cristinas, but CVG has an option to acquire up to its original ownership interest of 30%. Placer Dome believes that CVG presently has the intention to maintain its original interest. Construction of the Las Cristinas mine was suspended in July 1999 due to changed gold market conditions and inadequate gold prices.

Definitions

The Corporation's ore reserves are calculated as at December 31, 1999 using an appropriate cut-off grade associated with an average long-term gold price of $325 per ounce, and incorporate the current and/or expected mine plans and cost levels at each property. Analysis at a gold price of $300 per ounce indicated a reduction in life of mine production of approximately 6%, which primarily related to reductions of 18% at Cortez, 10% at Porgera, 10% at La Coipa and 20% at Las Cristinas. Reductions at other mines were each less than 5% and aggregated 541,000 ounces.

An ore reserve is that part of a mineral deposit (resource) which can be legally mined at a profit under specified economic conditions that are generally accepted by the mining industry under current economic conditions, demonstrated by at least a preliminary feasibility study based on measured mineralized material (measured resources) and indicated mineralized material (measured resources) only. The qualified persons responsible for reserve calculations are shown on page 26.

Proven reserves means, for the part of a deposit which is being mined or developed or which is the subject of a mining plan, the estimated quantity and grade of that part of a measured mineralized material (measured resource) for which the size, grade and distribution of values, together with technical and economic factors, are so well established that there is the highest degree of confidence in the estimate.

Probable reserves means the estimated quantity and grade of that part of a measured or indicated mineralized material (measured or indicated resource) for which the economic viability has been demonstrated by adequate information on engineering, operating and economic factors, with sufficient accuracy to be used as a basis for decisions on further development and significant capital expenditures.

Contained kilograms and contained ounces are estimates of the metal contained in the mineralized material or mineral deposit and have been calculated as the product of estimated tonnes times grade expressed in kilograms (1,000 grams) and ounces (31.1035 grams per ounce). These figures are before allowances for processing losses, but do include allowances for mining dilution and the percentage of mineralized material extracted

Gold in Other Mineralized Material

(Measured and Indicated)[1]
Operating mines, mines under development and exploration properties
The Corporation's share at December 31, 1999

	Tonnes (000s)	Grade (g/t)	Contained kg (000s)	Contained ozs (000s)
Australia				
Granny Smith	26,763	2.8	74.2	2,385
Kidston	26,060	0.7	18.0	578
Osborne	674	0.8	0.5	17
Canada				
Campbell	1,485	5.8	8.6	278
Dome	44,538	2.1	94.1	3,026
Musselwhite	1,297	5.6	7.2	232
Chile				
La Coipa	12,781	1.1	13.6	436
Mexico				
Mulatos (exploration stage)[2]	14,778	1.3	19.1	614
Papua New Guinea				
Misima	14,595	0.9	12.6	405
Porgera	31,485	1.9	59.0	1,898
South Africa				
South Deep[3]	—	—	—	—
United States				
Bald Mountain	28,785	1.5	44.4	1,429
Cortez	64,849	1.2	77.7	2,498
Donlin Creek (exploration stage)[4]	65,386	2.9	191.5	6,155
Getchell[5]	—	—	—	—
Golden Sunlight	26,150	2.0	51.2	1,646
Venezuela				
Las Cristinas[6]	78,403	0.9	72.9	2,344
The Corporation's Share			744.6	23,941

(1) These are in addition to gold ore reserves.

(2) Mine development has been deferred due to inadequate gold prices.

(3) As reported by the Placer Dome Western Areas Joint Venture, based on a gold price of $260 per ounce, the measured and indicated resource including reserves at December 31, 1999 was 536,993 tonnes at a grade of 4.5 grams of gold per tonne containing 2.4 kilograms (77.2 million ounces) of gold.

(4) Exploration property.

(5) The Corporation acquired 100% of Getchell Gold Corporation on May 27, 1999. The Corporation immediately began an exploration program to verify and expand reserves and to fully delineate resources. This program has significantly increased our understanding of the deposit but is not yet complete. Accordingly, the Corporation will defer its resource estimation until additional delineation work is completed.

(6) Placer Dome's 70% share currently has a 95% interest in Las Cristinas, but CVG has an option to acquire up to its original ownership interest of 30%. Placer Dome believes that CVG presently has the intention to maintain its original interest. Construction of the Las Cristinas mine was suspended in July 1999 due to changed gold market conditions and inadequate gold prices.

Definitions

Other mineralized material (reserves) have been calculated as at December 31, 1999 using an appropriate cut-off grade associated with an average long-term gold price of $325/oz. and incorporates relevant assessment criteria to determine the appropriate category. An assessment of other mineralized material (resources) at a $300/oz. gold price indicated an increase in contained ounces of gold of approximately 13% due to ore reserves being reclassified to other mineralized material.

With respect to exploration properties and mines under development (Donlin Creek, Las Cristinas and Mulatos), significant capital expenditures would be required for mine construction prior to the start of commercial production.

Definitions, continued

Mineralized material or a mineral deposit (resource) is a mineralized body which has been delineated by appropriate drilling and/or underground sampling to support an estimated tonnage and average grade of metal(s) such that extraction at a profit is currently or potentially possible. A mineralized body (resource) does not qualify as a reserve until a comprehensive evaluation, based upon unit cost, grade, recoveries and other factors, demonstrates economic feasibility. Consequently, although the potential exists, there is no assurance that such mineralized material or mineral deposits (resources) will ever become ore reserves. The qualified persons responsible for mineralized material (resource) calculations are shown on page 26. References to mineralized material or gold-bearing material in the Corporation's annual information form are equivalent to material described as "mineral resources, measured and indicated" under the Australasian Code for Reporting of Mineral Resources and Ore Reserves.

Measured mineralized material (resources) means the estimated quantity and grade of that part of a deposit for which the size, configuration and grade have been well established by observation and sampling of outcrops, drill holes, trenches and mine workings. Indicated mineralized material (resource) means the estimated quantity and grade of that part of a deposit for which the continuity of grade, together with the extent and shape, are so established that a reliable estimate of grade and tonnage can be made.

Contained kilograms, contained ounces, contained tonnes and contained pounds are estimates of the metal contained in the mineralized material or mineral deposit and have been calculated as the product of estimated tonnes times grade expressed in kilograms (1,000 grams) and ounces (31.1035 grams per ounce) or tonnes (2,205 pounds) and pounds as appropriate. These figures are before allowances for mining and processing losses. Until final positive feasibility studies are completed, there is no assurance that any of these quantities will be produced.

OTHER METALS ORE RESERVES

(Proven and Probable)

The Corporation's share at December 31, 1999 calculated at $5.50/oz of silver and $.90/lb of copper

	Tonnes (000s)	Grade (g/t)	Contained kg (000s)	Contained ozs (000s)
Silver				
La Coipa	29,451	67.4	1,985	63,832
Misima	19,635	9.1	179	5,770
The Corporation's Share			2,164	69,602

	Tonnes (000s)	Grade (%)	Contained kg (tonnes)	Contained lbs (millions)
Copper				
Las Cristinas	193,702	0.141	272,511	601
Osborne	9,351	2.958	276,599	610
Zaldívar [1]	375,897	0.763	2,867,332	6,321
The Corporation's Share			3,416,442	7,532

(1) The Corporation acquired the remaining 50% of Zaldívar from its joint venture partner on December 13, 1999.

Other Metals in Mineralized Material

(Measured and Indicated)

The Corporation's share at December 31, 1999

	Tonnes (000s)	Grade (g/t)	Contained kg (000s)	Contained ozs (000s)
Silver				
La Coipa	12,781	30.1	384,767	12,371
Misima	14,595	4.4	63,570	2,044
The Corporation's Share			448,337	14,415

	Tonnes (000s)	Grade (g/t)	Contained kg (000s)	Contained lbs (millions)
Copper				
Las Cristinas	78,403	0.104	81,312	179
Osborne	674	1.974	13,296	29
Zaldívar	340,795	0.410	1,397,449	3,081
The Corporation's Share			1,492,057	3,289

1999 Year End Reserves and Resources Qualified Persons

The qualified persons responsible for the ore reserves and other mineralized material (resource) calculation are as follows:

Asset	RESOURCES		RESERVES	
	Qualified Persons (i)	Title	Qualified Persons (i)	Title
Bald Mountain	Jim Brady	*Senior Mine Geologist*	Terry Munson	*Chief Engineer*
Campbell	Stuart Morris	*Chief Geologist*	Raymond Swanson	*Senior Production Geologist*
Cortez	R. Hays	*Chief Geologist*	Britt Buhl	*Chief Mine Engineer*
Dome	Mort Shannon	*Chief Geologist*	Danny Battiston	*Chief Engineer*
Donlin Creek	Rob Pease	*Manager Advanced Projects PDX*		
Getchell	John Porterfield Tom Stubens	*Chief Geologist* *R2 Exploration Manager*	Rob Usher	*Chief Engineer*
Golden Sunlight	Paul Buckley	*Chief Mine Engineer*	Paul Buckley	*Chief Mine Engineer*
Granny Smith	Malcolm Titley	*Senior Mine Geologist*	Geoff Fenton	*Mine Superintendent*
Kidston	Brendan Myers	*Senior Mine Geologist*	Brendan Myers	*Senior Mine Geologist*
La Coipa	Jose Luis Illanes	*Chief Mine Geologist*	Carlos Pizarro	*Mine Superintendent*
Las Cristinas	Chris Keech	*Senior Geologist REG*	Peter Beaudoin	*Senior Mine Engineer PDD*
Misima	Dave Crimeen	*Senior Mine Geologist*	Dave Crimeen	*Senior Mine Geologist*
Mulatos	Keith Blair	*Senior Geologist*	Marc Isto	*Mulatos Project Director*
Musselwhite	Marc Lauzier	*Chief Geologist*	Marc Lauzier	*Chief Geologist*
Osborne	Frank Tullemans	*Geological Team Leader*	Frank Tullemans	*Geological Team Leader*
Porgera	Mike Johnston	*Chief Geologist*	Mike Johnston	*Chief Geologist*
South Deep	Deon Van Der Heever	*Chief Geologist*	Phil Hopkins	*Technical Manager*
Zaldívar	Joge Aceituno	*Chief Geologist*	Eduardo Jofre	*Chief Mining Engineer*

(i) A Qualified Person is an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, development or production activities and assessment, or any combination of these, including experience and technical responsibility appropriate to the particular mining project; and who is a member in good standing of a recognized professional association, or who in Placer Dome's opinion has equivalent prerequisite qualifications and experience.

Gold Mines—Consolidated Production and Operating Summary

Mine	Placer Dome's share % of mine production	Year	Millfeed (000's tonnes)	Cost per tonne milled	Grade (g/t/%)(2)	Recovery (%)	Production (kg/t)(2)	Production (oz/lbs)(2)	Cost per oz/lb cash(2,3)	Cost per oz/lb total(2,3,4)	Mine operating earnings(5)
			Placer Dome's Share(1)								
Gold											
Canada											
Campbell	100%	1999	560	$ 94	15.1	96.2	8,150	262,015	$ 145	$ 201	$ 19
		1998	545	$ 92	18.1	95.8	9,460	304,161	$ 127	$ 165	$ 40
Detour Lake(6)	100%	1999	621	23	3.4	91.1	1,911	61,453	226	234	3
		1998	1,356	26	3.5	91.8	4,371	140,530	247	255	5
Dome	100%	1999	4,307	20	2.5	93.8	10,207	328,149	200	260	6
		1998	4,165	20	2.6	93.5	10,231	328,939	196	252	14
Musselwhite	68%	1999	830	48	5.6	95.2	4,429	142,387	175	281	(1)
		1998	813	48	5.5	94.8	4,228	135,924	178	288	—
United States											
Bald Mountain(7)	100%	1999	3,360	10	2.0	67.0	3,281	105,475	200	304	(3)
		1998	2,843	10	2.3	70.0	4,045	130,053	148	218	9
Cortez	60%	1999	2,301	38	11.2	89.5	24,793	797,115	48	109	127
		1998	2,286	44	9.0	93.9	21,251	683,235	58	147	93
Getchell(8)	100%	1999	410	134	9.5	88.3	3,451	110,954	394	494	(24)
		1998	537	131	11.2	90.5	5,500	176,833	321	397	(17)
Golden Sunlight	100%	1999	2,275	24	2.4	82.5	4,504	144,801	218	380	(16)
		1998	2,186	23	2.7	82.4	4,929	158,483	131	313	(4)
Papua New Guinea											
Misima(11)	80%	1999	4,994	10	1.1	90.7	4,930	158,502	253	317	(5)
		1998	4,082	12	1.3	90.9	4,626	148,732	268	317	(3)
Porgera	50%	1999	2,802	40	5.4	77.9	11,738	377,377	175	295	(6)
		1998	2,874	32	5.3	75.3	11,303	363,404	166	250	18
Australia											
Granny Smith	60%	1999	2,483	13	4.5	87.5	9,762	313,855	98	106	52
		1998	2,485	15	4.7	87.9	10,154	326,450	101	112	60
Kidston	70%	1999	5,088	11	1.1	80.3	4,640	149,171	294	372	(20)
		1998	4,792	10	1.1	80.4	4,094	131,619	281	358	(12)
Osborne(9)	100%	1999	1,512	—	0.9	75.9	1,010	32,475	—	—	—
		1998	1,493	—	0.9	71.2	970	31,178	—	—	—
Chile											
La Coipa(10)	50%	1999	2,356	25	0.6	84.1	1,255	40,346	162	253	6
		1998	2,103	26	0.9	83.2	1,594	51,234	147	247	12
South Africa											
South Deep(12)	50%	1999	508	67	7.8	97.4	3,878	124,682	259	274	—
Metals hedging revenue		1999									210
		1998									160
Total gold		1999					97,939	3,148,756	$ 159	$ 231	$ 342
		1998					96,756	3,110,775	$ 153	$ 224	$ 363

See notes on page 28

Copper Mines—Consolidated Production and Operating Summary

Mine	Placer Dome's share % of mine production	Year	Placer Dome's Share[1] Millfeed (000's tonnes)	Cost per tonne milled	Grade (g/t/%)[2]	Recovery (%)	Production (kg/t)[2]	Production (oz/lbs)[2]	Cost per oz/lb cash[2,3]	Cost per oz/lb total[2,3,4]	Mine operating earnings[5]
Copper											
Osborne[9]	100%	1999	1,512	46	2.9	95.4	42,247	93,139	$ 0.52	$ 0.75	$ (7)
		1998	1,493	44	2.6	93.4	35,989	79,341	0.60	0.82	(9)
Zaldívar[7], [12]	50%/100%	1999	7,854	14	1.3	n/a	78,891	173,924	0.39	0.61	3
		1998	6,768	15	1.6	n/a	67,602	149,037	0.45	0.68	—
Metals hedging revenue		1999									1
		1998									11
Total copper		1999					121,138	267,063	$ 0.44	$ 0.67	$ (3)
		1998					103,591	228,378	$ 0.53	$ 0.76	$ 2
Other		1999									—
		1998									(8)
Consolidated Mine Operating Earnings[5]		1999									$ 339
		1998									$ 357

(1) Figures represent Placer Dome's share of the results of mines owned by the Corporation and its subsidiaries and a pro-rata share of joint ventures. All dollar amounts are in U.S. currency. See page 46 of this report for the Corporation's ownership interests.

(2) Gold grades are shown as grams per tonne; copper grades are shown as a percentage. Gold production is shown as kilograms and ounces while copper production is shown as tonnes and thousands of pounds. Costs for gold are shown per ounce while costs for copper are shown per pound.

(3) Calculated in accordance with the Gold Institute Standard, total cash production costs include direct mining expenses, stripping and mine development adjustments, third party smelting, refining and transportation costs, by-product credits, royalties and production taxes. Effective in the fourth quarter of 1999, realized currency hedging, which was previously included in consolidated cash cost per ounce, has been excluded from the consolidated cash production costs. Prior year mine cash costs have been restated for comparative purposes.

(4) Calculated in accordance with the Gold Institute Standard, total production costs comprise total cash production cost plus depreciation, depletion and reclamation provisions.

(5) Figures represent 100% of the results of mines owned by the Corporation and its subsidiaries and a pro-rata share of joint ventures. "Consolidated operating earnings", (and the related sub-totals), in accordance with accounting principles generally accepted in the United States, exclude the pro-rata share of non-controlled incorporated joint ventures, La Coipa and Zaldívar (up until December 13, 1999—see note 12 below). Mine operating earnings comprise sale, at the spot price, less cost of sales including reclamation costs, depreciation and depletion for each mine, in millions of United States dollars.

(6) The Detour Mine closed down on June 14, 1999 with the depletion of ore after 16 years of operations.

(7) Recovery percentage is not susceptible to accurate measurement at heap leach operations.

(8) On May 27, 1999, the Corporation merged with Getchell Gold Corporation ("Getchell"), which operates the adjoining Getchell and Turquoise Ridge mines in Nevada, United States. The merger is treated as a pooling of interests, therefore prior years statistics have been restated to include Getchell. In 1998, production includes pre-production of 15,756 ounces related to Turquoise Ridge. In response to a new operating plan, the mill at the Getchell Mine was shut down in July 1999 pending further development drilling and completion of an expansion study which may incorporate the existing mill.

(9) Osborne produces copper concentrate with gold as a by-product.

(10) Gold and silver are accounted for as co-products at La Coipa Mine. Gold equivalent ounces are calculated using a ratio of the silver market price to gold market price for purposes of calculating costs per equivalent ounce of gold. At La Coipa, millfeed, grade, recovery and production for silver were 2,356,000 tonnes, 178.0 grams of silver per tonne, 76.3% and 10,285,000 ounces (319,899 kilograms), respectively, for 1999 and 2,103,000 tonnes, 195.9 grams of silver per tonne, 74.8% and 9,907,000 ounces (308,142 kilograms), respectively, for 1998.

(11) Silver is a by-product at the Misima Mine. At Misima, millfeed, grade, recovery and production for silver were 6,242,000 tonnes, 7.1 grams of silver per tonne, 44.1% and 632,000 ounces (19,657 kilograms), respectively, for 1999, and 5,103,000 tonnes, 7.0 grams of silver per tonne, 51.5% and 583,000 ounces (18,133 kilograms), respectively, for 1998.

(12) Effective April 1, 1999, the Corporation acquired a 50% interest in Western Areas Mine in South Africa. On December 13, 1999, the Corporation increased its ownership in the Zaldívar copper mine in Chile to 100% by acquiring the remaining 50% of Compañía Minera Zaldívar.

Cautionary Note

Some of the statements contained in the annual report are forward-looking statements, such as estimates and statements that describe the Corporation's future plans, objectives or goals, including words to the effect that the Corporation or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results relating to among other things, reserves, resources, results of exploration, capital costs and mine production costs could differ materially from those currently anticipated in such statements by reason of factors such as the productivity of the Corporation's mining properties, changes in general economic conditions and conditions in the financial markets, changes in demand and prices for the minerals the Corporation produces, litigation, legislative, environmental and other judicial, regulatory, political and competitive developments in domestic and foreign areas in which the Corporation operates,technological and operational difficulties encountered in connection with the Corporation's mining activities, labour relations matters and costs, and other matters discussed under "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Management's discussion and analysis ("MD&A") of the financial condition and results of operations of Placer Dome Inc. should be read in conjunction with the audited consolidated financial statements and the notes thereto. The Corporation prepares and files its consolidated financial statements and MD&A in United States ("U.S.") dollars and in accordance with U.S. generally accepted accounting principles ("GAAP"). The consolidated financial statements and MD&A in accordance with Canadian GAAP, in U.S. dollars, are included in the Proxy Statement and filed with various Canadian regulatory authorities. (See note 1 of the consolidated financial statements for more information on the adoption of U.S. GAAP which came into effect on January 1, 1999.)

On May 27, 1999, the Corporation completed a merger with Getchell Gold Corporation ("Getchell") that resulted in the Corporation owing 100% of the Getchell gold property in Nevada. The merger was treated as a pooling of interests under U.S. GAAP and accordingly all prior periods' results have been restated to include the results of Getchell. (See note 3 of the consolidated financial statements for further information.)

Overview

The consolidated net earnings for 1999 were $35 million or $0.11 per share, compared with net earnings of $50 million or $0.15 per share in 1998 and a loss of $264 million or $0.85 per share in 1997. Excluding unusual items as noted below, consolidated net earnings were $115 million ($0.35 per share) for 1999, $93 million ($0.29 per share) for 1998, and a loss of $28 million ($0.09 per share) for 1997. The 1999 results include mine asset write-downs and increased reclamation provisions net of taxes and minority interests of $40 million (1998—nil; 1997—$216 million), common share investment write-downs of $19 million (1998—$11 million), a $10 million charge for the cumulative effect of a change in accounting policy related to start-up costs, and a $38 million after-tax charge related to merger and restructuring costs. In 1999, the mark-to-market adjustment for open metals call positions (commencing from July 1, 1999) and foreign currency derivatives resulted in an increase in after-tax earnings of $27 million compared with losses of $32 million and $20 million in 1998 and 1997, respectively. Cash flow from operations amounted to $346 million ($1.06 per share) compared with $372 million ($1.15 per share) in 1998 and $203 million ($0.65 per share) in 1997. In 1999, the return on net assets[i] was 6.5% compared with 7.1% in 1998 and a negative return of 10.7% in 1997.

In 1999, in response to the continuing weak market conditions for gold, the Corporation took a series of steps to maintain strong cash flows and financial flexibility. The Corporation reduced exploration expenditures from $90 million in 1998 to $56 million in 1999, a further reduction from the $99 million level in 1997. The Corporation reduced its exploration, project development and corporate staff by over 200 employees during the course of the year at an after-tax cost of $15 million. As well, the Corporation is continuing its review of mine business plans to minimize expenditures and commitments.

Operating earnings before write-downs and merger and restructuring costs were $197 million in 1999 compared with $191 million in the previous year and a loss of $39 million in 1997. The increase over 1998 levels is due to a 14% reduction in discretionary spending, partially offset by a 5% decrease in mine operating earnings. Mine operating earnings were $339 million in 1999 compared with $357 million in 1998 and $147 million in 1997. Despite higher sales volumes for gold and copper, mine operating earnings in 1999 were negatively impacted by lower average realized prices for gold and copper and higher production costs for gold compared with 1998.

The Corporation ended the year with $204 million in cash and short-term securities compared with $547 million at the end of 1998, reflecting the purchase of 50% of the South Deep gold mine and the remaining 50% of the Zaldívar copper mine. At year-end, the Corporation had $945 million of total debt outstanding compared with $968 million in 1998.

Consolidated gold production amounted to 3.21 million ounces in 1999, compared with 3.15 million ounces in 1998 and 2.79 million ounces in 1997. The 2% increase from 1998 production levels is primarily due to higher production from the Cortez Mine and the inclusion of production from Placer Dome Western Areas Joint Venture ("South Deep") commencing April 1, 1999, offset by reduced production at a number of the mines.

In 1999, the consolidated average cash production cost for gold was $163 per ounce, compared with $157 per ounce in 1998 and $223 per ounce in 1997. The higher average cash production cost in 1999 is primarily attributed to higher cost production from Getchell (prior to its mill closure) and South Deep as well as from six other (consolidated) gold mines.

In 2000, the Corporation expects consolidated gold production to be approximately 3.0 million ounces at an average cash production cost of about $165 per ounce and a total cost of $245 per ounce.

(i) Return on net assets is defined as pre-tax earnings adjusted for the inclusion of equity earnings of associates and exclusion of long-term financing charges divided by operating net assets.

Financial Results of Operations in Detail

(Unless otherwise stated, the following information relates to consolidated statistics or to amounts included in the consolidated financial statements. The reporting of per ounce production costs is in accordance with the "Gold Institute Production Cost Standard".

Gold

Gold Statistics	1999	1998	1997
Revenues (millions of dollars)	$ 1,094	$ 1,080	$ 994
Mine operating earnings (millions of dollars)	$ 342	$ 362	$ 144
Production (thousands of ounces)			
Consolidated	3,212	3,153	2,790
Placer Dome's share	3,149	3,111	2,742
Sales (thousands of ounces)			
Consolidated	3,192	3,145	2,782
Placer Dome's share	3,128	3,105	2,744
Consolidated production costs ($ per ounce)			
Cash cost	$ 163	$ 157	$ 223
Total cost	$ 233	$ 226	$ 302
Average price realized ($ per ounce)	$ 342	$ 345	$ 358
Average spot price ($ per ounce)	$ 279	$ 294	$ 331

In 1999, gold mine operating earnings decreased by 6% to $342 million as an increase in sales volumes was more than offset by higher production costs and lower average realized prices. The average consolidated cash and total production costs per ounce increased by 7% to $163 and 4% to $233, respectively, in 1999 compared with 1998. In 1998, gold mine operating earnings increased by 151% from 1997 as a result of an increase in sales volumes and lower production costs, partially offset by lower average realized prices.

Gold revenues increased by 1% in 1999 to $1,094 million as an increase in sales volumes was mostly offset by a decline in the average realized price resulting from a decrease in the gold spot price. During 1999, the Corporation sold 3.19 million ounces compared with 3.14 million ounces in 1998. The increase in sales volumes primarily reflects higher production as a result of higher grades at the Cortez Mine in the U.S. and the acquisition of a 50% joint venture interest in South Deep on April 1, 1999. The average spot price of gold decreased 5% in 1999 to $279 per ounce from the 1998 average spot price of $294 per ounce. As a result of its gold price hedging program, the Corporation realized an average price of $342 per ounce on gold sales in 1999, 23% above the average spot price and generated hedging revenues of $210 million. This compares with a realized price of $345 per ounce in 1998.

Canada

In Canada, gold production in 1999 decreased by 115,550 ounces, or 13%, to 794,004 ounces with only the Musselwhite Mine achieving higher production compared with the prior year. Production at the Campbell Mine in 1999 decreased by 14% to 262,015 ounces due to a 17% lower head grade, consequently cash production costs per ounce increased to $145 compared to $127 in the prior year. At the Dome Mine, production of 328,149 ounces were in line with 1998 levels as record mill throughput was offset by lower grades while cash and total production costs of $200 and $260 per ounce, respectively, were slightly higher than the prior year. At the Musselwhite Mine, the Corporation's share of production increased by 5% to 142,387 ounces in 1999 compared with 1998 due to higher grades and mill throughput, and cash and total costs declined slightly due to the increased production. In 1999, gold production at the Detour Lake Mine decreased by 56% to 61,453 ounces as the mine closed down on June 14, 1999 with the depletion of ore after 16 years of operations. Cash production costs per ounce decreased to $226 from $247 in 1998 due to a reduction in operating costs

In 1998, gold production in Canada decreased 10% to 909,554 ounces compared with 1,009,924 ounces in 1997. The production decrease is primarily due to the sale of the Kiena and Sigma mines in September 1997, offset by higher production from the Detour Lake Mine and a full year's of production from the Musselwhite Mine which commenced commercial production on April 1, 1997. All mines achieved lower per unit cash and total production costs in 1998 compared with 1997, partly due to the strengthening of the U.S. dollar relative to the Canadian dollar which had a positive impact on the cash production costs.

United States

In the United States, gold production of 1,158,345 ounces in 1999 was marginally higher than 1998 as the production increase at the Cortez Mine was offset by lower production at each of the other U.S. mines. The Corporation's share of production at the Cortez Mine increased by 17% to a record 797,115 ounces compared to the prior year as grade increased 25% to 11.2 grams per tonne and also because production in the first half of 1998 was hampered by de-watering in the Stage I pit. Cortez continues to be the lowest cash cost producer of all Placer Dome's mines achieving a cash production cost of $48 per ounce for the year compared with $58 per ounce in 1998. In July 1999 the Getchell Mine suspended mining at Turquoise Ridge and shut down the mill in order to focus on exploration and development. As a result, the Getchell Mine produced 110,974 ounces of gold in 1999, a decrease of 37% from the prior year. Cash costs in 1999 increased 23% to $394 per ounce due to a 15% decrease in the head grade and the capitalization of a portion of the Turquoise Ridge development costs in 1998. Underground operations continued through to February 2000 at the Getchell Mine, with ore stockpiled for later processing. Mining and milling will remain suspended pending further development drilling and completion on an expansion study. The revised work program has resulted in a workforce reduction of over 300 employees from 630 employees. Production at the Golden Sunlight Mine decreased by 9% to 144,801 ounces compared to 1998 due to lower grade. Cash production costs per ounce increased by 66% to $218 due to the production decrease and a reduction in the amount of mining costs deferred resulting from a decision not to proceed with Stage 5B. At the Bald Mountain Mine, production at 105,475 ounces was 19% lower than the prior year due to lower grades. Correspondingly, cash costs increased 35% to $200 per ounce.

In 1998, gold production in the U.S. increased 65% to 1,148,604 ounces compared with 696,768 ounces in 1997 due primarily to the Cortez Mine. Placer Dome's share of production from the Cortez Mine increased by 438,451 ounces to 683,235 ounces compared to 1997 due to a full year of production from the new mill and from the Pipeline pit which commenced production in March and June 1997, respectively. Cash production costs per ounce decreased to $58 compared with $128 per ounce in 1997. The non-cash component of production cost per ounce increased by 27% to $89 due to higher depreciation and depletion charges related to the new mill and Pipeline pit. In 1998 all U.S. mines achieved lower per unit cash and total production costs compared with 1997.

Australia and Papua New Guinea

Operations in Australia and Papua New Guinea contributed 1,134,935 ounces to consolidated gold production in 1999, 4% higher than 1998, with all mines achieving higher production except for the Granny Smith Mine. At the Kidston Mine, consolidated production increased 13% to 213,101 ounces compared to the prior year due primarily to increased mill throughput resulting from softer ore being processed from the low-grade stockpiles and the Eldridge Pit. The ore head grade has also improved as mining approaches the main orebody of the Eldridge deposit. However, cash cost per ounce increased by 5% to $294 due to the capitalization of a portion of the Eldridge Pit development costs in 1998. At the Porgera Mine, the Corporation's share of production of 377,377 ounces in 1999 was 4% higher than 1998 while cash production costs per ounce increased by 6% to $175. The Granny Smith Mine was Placer Dome's second lowest cost gold producer producing 313,855 ounces in 1999, a 4% reduction from 1998 levels as a result of lower grades and recoveries. Despite lower production, unit cash costs declined by 3% to $98 per ounce due to lower costs and operational efficiencies. Gold production from the Misima Mine at 198,127 ounces was 7% higher than the prior year reflecting a 22% increase in mill throughput offset by a 13% decline in head grade due to feeding an increased proportion of low-grade stockpiles. As a result, cash production cost per ounce declined by 6% to $253.

In 1998, gold production from Australia and Papua New Guinea at 1,094,974 ounces was 1% higher than 1997 as production increases at the Granny Smith, Porgera and Osborne mines were mostly offset by decreases at the Kidston and Misima mines. The Granny Smith Mine continued to benefit from higher grades in 1998 with gold production increasing by 10% over 1997 to 326,450 ounces (the Corporation's share). Cash production costs per ounce were $101 compared to $140 in 1997, a reduction of 28% due to the increased production. All mines achieved lower per unit cash and total production costs in 1998 compared with 1997, partly due to the strengthening of the U.S. dollar relative to the Australian dollar which had a positive impact on the cash production costs. In April 1997, Placer Dome Asia Pacific Limited (formerly Placer Pacific Limited) which held the Australia and Papua New Guinea mining interests became a wholly-owned subsidiary after the Corporation completed the acquisition of the 24.8% minority interest. In January 1997, Placer Dome completed the acquisition of the outstanding shares of Highlands Gold Limited which has a 25% direct interest in the Porgera Mine, increasing its effective interest in the Porgera Mine to 50%.

Chile

At La Coipa Mine (which is equity accounted for), the Corporation's share of production was 40,346 ounces of gold and 10.3 million ounces of silver in 1999 compared with 51,234 ounces and 9.9 million ounces respectively in 1998, and 105,247 ounces and 5.1 million ounces respectively in 1997. Production from the Chimberos silver orebody, which commenced in July of 1998, was concluded this August with the production of a total of 32 million ounces. Cash costs per equivalent ounce of gold for 1999 increased 10% to $162 compared with $147 in the prior year, reflecting the lower level of silver production. In 1998, production was adversely affected by a SAG mill bull gear failure that caused the mill to shut down for a total of 23 days. The new bull gear, which was expected to be operational by the third quarter of 1999, has been rejected because it did not meet Placer Dome's quality specifications. Work has commenced on a second gear, and delivery is expected to be in the third quarter of 2000. La Coipa is operating with a temporary replacement gear and the impact on production has been minimal. An insurance settlement of $20 million (100% basis) was agreed to with the insurers in the first quarter of 1999 ($3 million related to physical damage and $17 million related to business interruption.). Of Placer Dome's 50% share of the business interruption, $2 million was included in income in 1999 and $6 million in 1998, and the balance will be included in income in 2000.

South Africa

The Placer Dome Western Areas Joint Venture was formed on April 1, 1999. Since the commencement of the joint venture operations, a number of key initiatives have been implemented to improve safety, mine productivity and operating costs. Restructuring of the operations is on-going and involves both labour and non-labour cost centres. The Corporation's 50% share of production for 1999 was 124,682 ounces at a cash cost of $259 per ounce. Over the last three quarters, cash costs have improved from $320 per ounce in the second quarter to $213 per ounce in the fourth quarter.

Consolidated Gold Production Costs per Ounce

Consolidated cash and total production costs per ounce of gold are presented below, in accordance with the Gold Institute Standard, for the years ended December 31, 1999, 1998 and 1997. Consolidated cash and total production costs per ounce for gold mine operations have been derived from amounts included in sales revenues, cost of sales and depreciation and depletion in the Consolidated Statements of Earnings.

	1999	1998	1997
Direct mining expenses	$ 175	$ 183	$ 246
Stripping and mine development adjustment	(19)	(32)	(28)
Third party smelting, refining and transportation costs	1	1	2
By-product credits	(2)	(1)	(2)
Cash operating costs per ounce	155	151	218
Royalties	5	4	4
Production taxes	3	2	1
Total cash costs per ounce	163	157	223
Depreciation	37	40	52
Depletion (i)	27	25	23
Reclamation and mine closure	6	4	4
Total production costs per ounce	$ 233	$ 226	$ 302

(i) Includes the amortization of deferred stripping costs.

Consolidated Gold Production Costs per Ounce

Consolidated cash and total production costs per ounce for gold mine operations have been derived from amounts included in sales revenues, cost of sales and depreciation and depletion in the Consolidated Statements of Earnings as follows:

(in millions of dollars except production and cost per ounce)	1999	1998	1997
Cost of sales related to gold operations	$ 547	$ 509	$ 638
By product credits included in sales revenue	(6)	(5)	(6)
Inventory adjustments	—	(2)	—
Reclamation costs	(19)	(12)	(11)
Other	(3)	(3)	(5)
Production costs for purposes of calculating the cash production cost per ounce	$ 519	$ 487	$ 616
Gold produced (000's ozs.) (i)	3,179	3,106	2,760
Cash production cost per ounce	$ 163	$ 157	$ 223
Depreciation and depletion related to gold operations	$ 204	$ 203	$ 207
Reclamation costs	19	11	11
Non-cash production costs for purposes of calculating the total production cost per ounce	$ 223	$ 214	$ 218
Gold produced excluding Osborne (000's ozs.) (i)	3,179	3,106	2,760
Non-cash production cost per ounce	$ 70	$ 69	$ 79
Total production cost per ounce	$ 233	$ 226	$ 302

(i) Excludes pre-production ounces as well as production by Osborne as it produces copper concentrate with gold as a by-product.

Other Metals

Copper statistics (consolidated)	1999	1998	1997
Revenues (millions of dollars)	$ 61	$ 58	$ 59
Production (millions of pounds)	109.4	79.3	80.7
Mine operating earnings (loss) (millions of dollars)	$ (3)	$ 2	$ (9)
Average price realized ($ per pound)	$ 0.71	$ 0.84	$ 0.96
Average spot price ($ per pound)	$ 0.71	$ 0.75	$ 1.03

Copper revenues increased by 5% in 1999 reflecting a 23% increase in sales volumes offset by a 15% decline in the average realized price. Placer Dome's realized price for copper in 1999 was $0.71 per pound compared to $0.84 in 1998, reflecting lower hedging revenue and a 5% decline in spot copper prices. The Osborne Mine produced 93.1 million pounds (42,247 tonnes) of copper in 1999, an increase of 17% over 1998 due to higher grades and recovery. Cash production costs per pound, net of by-product credits for gold produced, at $0.52 were 13% lower than the prior year. In 1998, copper revenues were marginally lower than 1997 levels as a 2% increase in sales volumes and lower smelting charges were more than offset by a 12% decline in average realized prices. Placer Dome's share of copper production, including production from the Zaldívar Mine ("Zaldívar"), was 267.1 million pounds (121,138 tonnes) in 1999 and 228.4 and 186.7 million pounds (103,591 tonnes and 84,704 tonnes) in 1998 and 1997, respectively. On December 13, 1999, the Corporation completed the acquisition of the remaining 50% of Compañía Minera Zaldívar ("CMZ") from its joint-venture partner. With the full ownership of CMZ, the investment, which was accounted for on an equity basis prior to the acquisition, has been fully consolidated since that date. In 1999, the Corporation's share of copper production from Zaldívar improved 13% over 1998 levels to 173.9 million pounds (78,891 tonnes), equating to 20% over its 125,000 tonnes per annum design capacity (100%). This increase was attributed to operating improvements that increased copper recoveries. Cash costs at $0.39 per pound were 13% lower than prior year due to the higher copper production and cost reduction initiatives. Total costs were $0.61 per pound in 1999 compared with $0.68 in 1998. In 1998, the Corporation's share of copper production from Zaldívar increased 41% over 1997 levels to 149.1 million pounds (67,602 tonnes), and cash costs declined 27% to $0.45 per pound. The production increase was due to the completion of the fines flotation plant which reduced the loss of ultra fine ore and the mill reaching full productive capacity at the end of 1997.

Silver revenues in the last three years have been consistently between $5 to $6 million with average realized price per ounce of $5.98 for 1999, $5.67 for 1998 and $5.48 for 1997 compared with average spot prices of $5.22, $5.54, and $4.88 per ounce for each of the respective years. Placer Dome's share of silver production, including production from La Coipa Mine, was 10.8 million ounces in 1999 and 10.4 million and 5.7 million ounces for 1998 and 1997, respectively.

General and Administrative Expenses

General and administrative expenses were $45 million in 1999 compared with $49 million in 1998 and $54 million in 1997. The 8% and 17% reduction from 1998 and 1997 levels reflect the Corporation's continuing efforts to reduce costs. As a result of corporate restructurings during this period, corporate and regional offices have been reduced by approximately 100 employees.

Exploration Expense

Exploration expense aggregated $56 million in 1999 compared with $90 million in 1998 and $122 million (net $99 million) in 1997. Exploration expense in 1999 included expenditures of $13 million on the Getchell property in Nevada, $4 million on the Donlin Creek property in Alaska, $5 million for exploration in West Africa and $13 million for exploration at mine sites. Exploration expense in 1998 included expenditures of $7 million on Donlin Creek, $6 million on the Aldebarán property in Chile (excluding acquisition and feasibility costs), and $11 million and $6 million for exploration in Peru and West Africa, respectively. In 1997, offset against exploration expense of $122 million was $23 million (net) received from the Government of Kazakhstan as a settlement of the $35 million refundable deposit made by the Corporation in 1995 and which was included in 1995 exploration expense.

Technology, Resource Development and Other Expenses

Technology, resource development and other expenses were $41 million in 1999, $27 million in 1998, and $33 million in 1997. The 1999 expense included $14 million for the feasibility study associated with the Aldebarán property (1998—$21 million) and holding costs of $15 million and $5 million related to Getchell and the Las Cristinas project in Venezuela, respectively. The 1997 expense included $20 million for a right to acquire a 51% interest in the Aldebarán property.

Merger and Restructuring Costs

In 1999, the Corporation incurred merger and restructuring costs of $49 million, comprising of $18 million ($16 million after tax) related to the merger with Getchell and $31 million ($22 million after tax) related to restructuring costs at the Corporate and regional offices, the Getchell and South Deep mines and the Las

Cristinas project. In response to weak gold market conditions, the Corporation reduced its exploration, project development and corporate staff by over 200 employees by the end of the year.

Write-downs of Mining Interests

Impairment evaluations for the operating assets consists of comparing the estimated undiscounted future net cash flows for each asset with its carrying value and where the cash flows are less, a write-down to estimated fair value is recorded. In 1999, using a gold price of $290 per ounce for short lived mines and the initial 2 years for longer life mines and $325 per ounce for later years, a write-down of $27 million was required at the Golden Sunlight Mine. The write-down at Golden Sunlight resulted from a decision not to proceed with the development of Stage 5B, reducing the mine life to approximately two years. While the estimates incorporated in the cash flow calculations for the asset impairment evaluations were based on historic and anticipated processing costs and operational results, these variables are subject to a number of uncertainties including the ultimate gold content of the ore, the efficiency of the gold recovery and the ultimate costs to extract and process the ore. Should the gold price not recover to the $325 per ounce level over the longer term or should some of the other assumptions prove incorrect, additional asset impairment provisions would likely be required. In 1999, the Corporation also recorded other provisions of $19 million, with $14 million related to additional provisions for post closure reclamation at certain of the Corporation's existing and past mining interests.

No write-downs were recorded in 1998. In 1997, due to the low gold price environment and the risk of continuing low gold prices, Placer Dome evaluated its properties and investments and determined that write-downs of the carrying values of certain assets were required. The charge of $296 million ($216 million after taxes and minority interests) in 1997 included write-downs related to certain property, plant and equipment, ore stockpiles, certain common share investments in mining companies and other assets, as well as certain corporate provisions. The calculations incorporated a $300 per ounce gold price for short lived mines, stockpiled ore and the initial 2 years for longer life mines, and a $350 per ounce gold price for later years.

In June 1998, the U.S. Financial Accounting Standards Board issued its Statement of Financial Accounting Standards No.133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133") which requires recognition of all derivative instruments on the balance sheet and measurement at fair value. The Corporation anticipates that it will adopt SFAS 133 on or before January 1, 2001. With the adoption of SFAS 133, the carrying values of operating mines and development properties will be reassessed using estimated future metal spot prices.

Non-hedge Derivative Gains(Losses)

In 1999, the Corporation recorded non-hedge derivative gains of $46 million and losses of $54 million and $30 million in 1998 and 1997, respectively. Included is these amounts were unrealized gains of $40 million in 1999, and unrealized losses of $34 million and $38 million in 1998 and 1997, respectively, primarily related to the mark-to-market adjustments for foreign currency derivatives. Effective July 1, 1999, the Corporation changed its accounting policy with respect to its metal call options sold whereby call options which are not part of a put/call collar strategy are marked-to-market with the changes in value recorded in income as they arise. In the second half of 1999, the impact was an increase in pre-tax earnings of $3 million recorded in non-hedge derivative gains (losses).

Investment and Other Income

In 1999, investment and other income were $13 million compared to $31 million in 1998. Included in investment and other income were write-downs related to investments in the common shares of mining companies of $19 million in 1999 and $11 million in 1998. Interest income declined by $7 million to $27 million, primarily due to a decline in investment balances in 1999 compared with 1998. Investment and other income of $74 million in 1997 included a net pre-tax gain of $21 million on the sale of the Endako Mine and the Val d'Or gold mining assets and substantially higher interest income due to higher interest rates and interest earning balances.

Interest and Financing Expense

Interest and financing costs were $82 million in 1999 compared with $76 million in 1998 and $77 million in 1997. Of these amounts, $2 million were capitalized in each of the years 1999, 1998 and 1997 in connection with construction projects. The increase over 1998 levels is due to higher short-term interest expenses and a full year of insurance premiums related to political risk coverage.

Other Items Affecting Earning

Effective tax rates on pre-tax accounting earnings, prior to the consideration of the effect of write-downs of mining interests were 47% in 1999, 60% in 1998 and 12% in 1997 (see note 8 to the consolidated financial statements).

Equity in earnings of associates represents Placer Dome's equity share in the results of the Zaldívar Mine up until December 13, 1999 when it became a wholly owned subsidiary and La Coipa Mine. Equity in the results of associates was $23 million in 1999, compared with $19 million and $13 million in 1998 and 1997, respectively.

In 1999, the Corporation changed its accounting policy with respect to start-up costs with the adoption of America Institute of Certified Public Accountants Statement of Position 98-5 on the Costs of Start-Up Activities. This was applied prospectively with prior years' adjustments totaling $10 million after-tax recorded in the current year, with $8 million being related to the Getchell Mine.

Financial Condition and Liquidity

Cash From Operations

Cash flow from operations was $346 million in 1999, $372 million in 1998, and $203 million in 1997. Excluding the effect of changes in operating assets and liabilities, cash from operations decreased to $308 million in 1999 compared with $359 million in 1998 and $186 million in 1997. The decrease of 14% in 1999 compared with 1998 reflects lower mine operating earnings and the $49 million of merger and restructuring costs, partially offset by lower discretionary spending.

Investing Activities

Total funds invested in property, plant and equipment were $204 million in 1999, $227 million in 1998, and $340 million in 1997. Capital spending in 1999 included outlays of $14 million for the construction and equipment costs at the Las Cristinas Mine in Venezuela prior to cessation of construction in July, $14 million for the Corporation's share of South Deep shaft development costs, and $92 million for Placer Dome's share of deferred development costs primarily at the Getchell, Cortez, and Porgera mines. Capital spending in 1998 included outlays of $65 million for the construction of the Turquoise Ridge Mine at Getchell, $20 million for the construction and equipment costs at the Las Cristinas Mine, $7 million on depth development at the Campbell Mine, and $88 million for Placer Dome's share of deferred development costs primarily at the Cortez, Getchell, Porgera and Kidston mines. In 1997, capital spending included outlays of $32 million, $32 million, $44 million and $24 million, for Placer Dome's share of the construction and equipment costs at the Cortez, Getchell, Musselwhite and Las Cristinas mines, respectively, $11 million on depth development at the Campbell Mine, and $19 million for shaft and underground facilities at the Osborne Mine.

Acquisitions of mining assets in 1999 included the purchase, on April 1, of a 50% joint venture interest in South Deep at a cost of $252 million, and the purchase of the remaining 50% interest, on December 13, of Compañia Minera Zaldívar at a cost of $251 million ($209 million net of cash acquired). On May 27, 1999, the Corporation also completed a merger with Getchell through a share exchange of 2.45 Placer Dome Inc. shares for each Getchell share. The merger has been accounted for as a pooling of interests. Investment acquisitions in 1998 included $29 million for the acquisition of a 16.8% interest in Vengold Inc. In 1997, the Corporation completed the acquisition of Highlands Gold Limited (which commenced in 1996) at a cost of $192 million for a total purchase price of $344 million. Also in 1997, the Corporation acquired the 24.8% of Placer Pacific shares it did not already own by offering 0.066 of a share of the Corporation for each of the Placer Pacific shares owned by the public, and incurred transaction costs of $5 million.

In 1999, investing activities also included the receipt of $20 million (1998—$40 million; 1997—$40 million) for the repayment of loans from a joint venture partner, and net receipt of $14 million (1998—$6 million, 1997—$9 million) for the repayment of loans from Compañia Minera Zaldívar.

In 1998, sale proceeds included $23 million for the disposal of shares of Westmin Resources Limited. In 1997, sale proceeds included $113 million related to the sale of the Endako, Kiena and Sigma mines, and $96 million related to the sale of the Highlands Pacific exploration properties.

Financing Activities

Consolidated short and long-term borrowings were $945 million at December 31, 1999, compared to $968 million at the end of 1998. During 1999, the Corporation assumed $48 million of additional debt through its acquisitions, extinguished $39 million of long-term debt at a cost of $37 million, repaid $25 million of short-term debt, and entered into $3 million of new capital leases. In 1999, the Corporation also repaid $10 million of long-term accrued interest on certain debts, the effect of which was reflected within operating activities. During 1998, there were long-term debt repayments of $21 million, of which $19 million related to Placer Dome Asia Pacific Limited's (formerly Placer Pacific Limited) bank loan. In 1997, net long-term debt repayments totaled $65 million primarily related to Placer Dome Asia Pacific Limited's bank loan and debt acquired in the Highlands Gold acquisition.

Cash Resources and Liquidity

At December 31, 1999, Placer Dome had cash and short-term investments of $204 million resulting in working capital of $236 million, compared with $547 million and $609 million, respectively, at the beginning of the year. Of Placer Dome's cash and short-term investments, $189 million was held by the Corporation and its wholly-owned subsidiaries and $15 million by other subsidiaries. The Corporation has a fully committed credit facility of $750 million with an international consortium of banks through to 2001. The funds are available for general corporate purposes. Including the $750 million facility, at December 31, 1999, Placer Dome had approximately $838 million of unused bank lines of credit available, including, undrawn bank lines of credit for subsidiary companies, the majority of which are term facilities, of $88 million.

Capital expenditures in 2000 are expected to be approximately $200 million, including $35 million at Getchell and $45 million at South Deep.

Forward Sales, Options and Other Commitments

Placer Dome enters into financial agreements (financial instruments) with major international banks and other international financial institutions in order to manage underlying revenue and cost exposures arising from fluctuations in commodity prices, foreign currency exchange rates and interest rates. Contracts include forward sales, spot deferred contracts and options, which, with the exception of call options, commit counterparties to prices payable at a future date. The Corporation does not hold or issue financial instruments or derivative financial instruments for trading purposes or to create hedge positions in excess of forecast identifiable exposures. Also, there are no margin call provisions in any of the metal derivative counterparty agreements.

The majority of the Corporation's derivative instruments relate to gold production. The Corporation employs forward sales contracts including spot deferred contracts and options to manage future prices for anticipated gold production. This derivative program is managed centrally with oversight provided by a Hedging Committee of senior financial management, chaired by the Executive Vice-President and CFO, who regularly review the strategy, contract positions and performance with the President and CEO and the Board of Directors. Specific limits are set as a declining percentage of planned gold production in each of the next 15 years. These limits are set out in a Hedging Policy approved by the Board of Directors. Under its derivative program, Placer Dome has established the minimum prices it expects to receive in the future for a portion of metal sales, through a combination of forward sales including spot deferred contracts and options. The following table details the Corporation's consolidated gold and silver derivative position as at December 31, 1999:

	Quantity (millions of ozs.)	Average Price ($/oz.)
Gold		
Forward contracts[1]	7.4	$ 430
Put options purchased	0.8	$ 262
Call options sold[2]	2.5	$ 341
Silver		
Forward contracts[1]	3.8	$ 6.49
Put options purchased	5.9	$ 5.72
Call options sold[2]	4.0	$ 7.57

(1) Forward contracts include fixed forward, spot deferred and fixed interest floating lease rate forward contracts. For average prices realized: fixed forward contracts are based on the price at the maturity of the contract; spot deferred contracts are based on an assumed contango rate to the maturity of the contract; fixed interest floating lease rate forward contracts are contracts where the interest rate is fixed and the metal borrowing cost is floating. For the above average prices realized there is an assumed lease rate to the maturity of the contract.

(2) Placer Dome has changed its accounting policy with respect to certain of its call options sold. In the fourth quarter of 1999, $3 million of non-hedge derivative gains were recorded. (See note 2(b) of the consolidated financial statements)

On December 31, 1999 based on the spot gold price of $290 per ounce and a spot silver price of $5.34 per ounce, the mark-to-market value of Placer Dome's precious metals derivative position was approximately $372 million. The amount reflects the maximum value that could have been received from counterparties if the contracts were closed out at year end and is not an estimate of future gains which depend on various factors including contango and interest rates, gold lease rates and the then prevailing spot price. In addition to the mark-to-market value of the Company's precious metals derivative position, $19 million is included on the Company's balance sheet as deferred revenue, of which $18 million will be recognized as revenue in 2000.

For copper, should the Corporation have closed out its copper derivative program on December 31, 1999 the cost would have been approximately $5 million based on a spot copper price of $0.84 per pound. Refer to note 16 in the consolidated financial statements for further details regarding Placer Dome's hedging program for copper.

Forward sale commitments under the derivative program represent approximately 40%, 19% and 5%, and put options under the derivative program represent approximately 25%, 23% and 25% of 2000 projected gold, silver and copper production, respectively.

Although Placer Dome maintains its ability to take advantage of increases in metal prices through its derivative program, its ability to gain from future increases in metal prices potentially may be reduced during the period between the date that the commitment is made and the designation date of the sale.

Based on December 31, 1999 foreign exchange rates (CAD/USD—1.4433; AUD/USD—1.5293), should the Corporation have closed out its currency derivative program, the cost would have been approximately $22 million ($72 million on December 31, 1998). For further details on the foreign currency hedging program, refer to note 16 in the consolidated financial statements.

Risks and Uncertainties

Placer Dome's profitability is dependent primarily on the quantity of metals produced, metal prices, operating costs, interest rates on borrowings and investments and exploration and general and administrative expenditure levels. Global primary gold production is lower than primary gold demand. However, in view of the substantial above ground stocks of gold, the price of gold is determined primarily by the mobilization of these stocks, approximately 25% of which are held by central banks and financial institutions. Accordingly the price of gold is exposed to the risk of decline should above ground stocks, either through selling or lending gold come into the market. Since Placer Dome operates internationally, exposure also exists to fluctuations in currency exchange rates, political risk and varying levels of taxation. Inflation has not had any material adverse impact on Placer Dome's operations over the last three years.

Placer Dome seeks to manage the exposures through its currency and commodity derivative program, and by maintaining appropriate liquidity and a prudent level of debt. Placer Dome also manages risks through its global geographic diversification and operates through a decentralized management structure whereby regional management addresses local and regional issues. Placer Dome manages its exposure to political risk in many ways including social and economic programs in host countries, the purchase of political risk insurance, and, in some cases, through project financing. In 1998, Placer Dome obtained political risk insurance coverage with a consortium of international insurers for its investments in developing countries around the world. The policy provides Placer Dome an aggregate coverage of $400 million for political risk per country over a five-year term. Placer Dome is subject to significant taxes and organizes its business to minimize its tax liability over the long-term.

Placer Dome competes with other mining companies for mining claims and leases on exploration properties and the acquisition of gold mining assets. Placer Dome undertakes investments in various countries around the world only when it is satisfied that the risks and uncertainties of operating in different cultural, economic and political environments are manageable and reasonable relative to the expected benefits.

Environmental laws and regulations are continually evolving in all regions in which Placer Dome conducts its activities. Placer Dome has a policy of sustainable development and an organization that continues to administer Placer Dome's environmental protection standards and commitment to the communities who are impacted by Placer Dome's activities. The Corporation is not able to determine the impact of future changes in environmental laws and regulations on its future financial position due to the uncertainty surrounding the ultimate form such changes may take. As mining operations continue to update and clarify their closure plans and as environmental protection laws and administrative policies are changed, Placer Dome will revise the estimate of its total obligations and may be obliged to provide further security for mine reclamation costs. In the U.S., there have been several recent legislative developments which, if finalized and enacted, could reasonably be expected to restrict significant expansions and significantly increase regulatory obligations and compliance costs with respect to exploration, mine development, mine operations and closure. The Corporation continues to formulate possible strategies and consider alternatives to respond to the potential adverse impact of such legislative developments. (See note 18(c) of the consolidated financial statements for further information.)

On July 15, 1999, Minera Las Cristinas C.A. ("Minca"), a joint venture between the Corporation (70%) and the Corporación Venezolana de Guayana ("CVG", 30%), suspended construction of the Las Cristinas gold mine project in Venezuela due to changed gold market conditions and lower prices. The work contract between CVG and Minca, under which Minca holds the right to explore for and exploit gold from the Las Cristinas property, allows for a suspension of the project for a period of 12 months. After this period, CVG could commence proceedings to rescind the contract if no agreement is reached. On August 4, 1999, Minera Albino, C.A. ("Albino"), filed with the Supreme Court of Venezuela a complaint challenging the work contract. The Trial Court of the Administrative Chamber of the Supreme Court rejected the complaint on the basis that Albino did not have legal standing to sue. Albino has appealed that finding. No decision on the appeal has been announced. Pursuant to a 1999 amendment to the Venezuela Mining Law, on December 22, 1999, Minca applied to the Venezuelan Ministry of Energy and Mines to convert the work contract into a concession. Should any of these developments evolve in a manner that is unfavourable to the Corporation, the Corporation's investment in Las Cristinas, which at December 31, 1999 was $116 million, may become impaired.

The Corporation's share of proven and probable reserves at year-end 1999, calculated using an appropriate cut-off grade associated with an average long-term gold price of $325 per ounce, was estimated to be 65.9 million ounces of gold. Analysis at a gold price of $300 per ounce indicated a reduction in life of mine production of approximately 6% which primarily related to reductions of 18% at Cortez, 10% at Porgera, 10% at La Coipa and 20% at Las Cristinas. Reductions at other mines were each less than 5% and aggregated 541,000 ounces.

Year 2000 Issue

The Corporation completed a formal review of the Year 2000 computer issue. The review comprised of two phases. The first phase was an inventorying and risk assessment of all hardware, software and equipment control systems at mine sites, exploration and corporate offices that could potentially be Year 2000 non-compliant. Prioritized through the risk assessment process, the second phase consisted of specific testing and where necessary, the re-programming or replacement of software and/or hardware. Migration and/or conversion of non-compliant critical systems were completed during the fourth quarter of 1999. An assessment of the readiness of third parties, such as customers, suppliers and others, was also completed and where significant risks existed, contingency plans were developed to minimize potential impact.

The Corporation believes it has taken all reasonable and prudent steps to protect its assets and operations from the impact of the Year 2000 issue. To date, there have been no known adverse effects at any of the operations or at the corporate and regional offices. While the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 issue that may affect the Corporation have been fully resolved. The Corporation believes exposure to business disruptions remains, but does not expect it would have a material impact on the Corporation's results of operations, liquidity and financial condition. To date, the cost of the project has not been material, and the Corporation does not expect any future costs to be material.

For other discussions on commitments and contingencies, see note 18 to the consolidated financial statements.

MARKETS

Gold

The gold market may have reached a critical turning point in 1999. Gold prices remained very weak in the first nine months of last year, falling to $253.79, the lowest level since 1978. The darkest period for gold prices may well have been in May and June, when prices dropped $20 following the announcement by the Bank of England that it would begin selling 13.3 million ounces of gold in bimonthly public auctions of around 800,000 ounces per auction.

Even as the price moved to new lows, the fundamentals were turning more supportive of gold prices. By August the tone of the market was clearly changing, with one prominent bullion trading operation taking delivery of a large volume of gold via the New York Comex futures exchange. This was seen as a public display of bullishness toward gold by a large participant in this market. Prices remained somewhat anemic in early September, but began moving upward later in the month. Prices rose into and following the second gold auction by the Bank of England in the final week of September. Demand continued to build, while the rise in prices began to pressure proprietary traders and speculators to cover their sometimes-massive short positions in the gold forwards and futures markets. When a group of European central banks announced a broad-ranging agreement outlining their gold sales and leasing policies for the next five years in late September, waves of short-covering and fresh investor buying pushed gold prices quickly higher. Gold went from $264.70 on September 24 to $339 on October 5.

Prices ultimately subsided, dropping back to a low of $276.20 on December 6. Prices stabilized for a short time, but in February 2000 began rising once again, touching $326.90 at one point.

One view growing in prominence is that the tone of the gold market may have shifted. After nearly three years of declining gold prices, taking gold from $418 in late 1996 to $253 in the middle of 1999, prices may be more likely to rise in the future than to continue that decline. Furthermore, the two upward moves in gold prices, in September and October 1999 and then again in February of this year, may be indicative of the likely trend in gold prices in the months ahead. The physical market is seen as being rather thinly supplied, and vulnerable to rapid increases, followed by partial retracements.

The gold price was pushed lower over the past few years by a confluence of several trends: Higher central bank sales, lower investment demand, and massive short selling by speculative elements.

The period of high central bank gold sales was ending even as prices declined, with net sales by central banks falling from 20.0 million ounces in 1997 to 14.6 million ounces in 1998 and perhaps no more than 7.4 million ounces in 1999. While actual central bank gold sales were declining, concern about future sales limited investment buying of gold, encouraged mining companies to protect themselves against lower prices by selling forward, and contributed to an overall negative market sentiment toward the future of gold. All of this opened the gold market to short-selling, with the bulk of such technically based speculative trades coming from proprietary trading desks at banks and brokerage companies.

Over the course of 1999 attitudes began shifting, however. First, the decline in central bank gold sales became increasingly apparent in the physical market as time progressed, tightening supplies. This was accentuated by the public announcements by the Bank of England, The European Central Bank, the International Monetary Fund, and other government institutions, which helped to outline the future course of central bank gold policies. All of this increased transparency ultimately helped convince investors, producers, and others that central bank disposals did not represent as great a threat to future gold prices as had been thought.

Fabrication demand meanwhile continued to be strong, around historically high levels. This was partly due to the decline in gold prices, which made gold jewelry extremely affordable. More important to gold use trends was the overall strong economic growth pattern in most parts of the world in 1999. As disposable income rises and barriers to buying gold, either as adornment or investment, fall in more countries, consumers are stepping up their gold purchases. This has been the pattern in Europe, where the move toward a single economy has removed tax barriers to gold purchases, as well as in the Middle East, many Asian countries, and parts of Latin America and Africa.

Demand suffered slightly in some markets, notably Italy and India. In total, fabrication demand for gold totaled approximately 101.1 million ounces in 1999, down slightly from the record 104.0 million ounces used in 1998. A rebound is projected this year, despite the possibility of higher prices, as economic growth is projected to continue, if not accelerate, in many gold-using regions.

The growth rate in total supply from both mine output and scrap recovery meanwhile slowed markedly in 1999. Total supply rose a mere 1.1% last year, to 105.6 million ounces, after a 13.7% increase the year before. Indeed, the rate of increase in gold supply was the lowest since 1994, the year after gold had made its previous cyclical low in prices. Mine production continues to expand, as more efficient, lower cost production is replacing older, less efficient mining operations.

Looking forward, gold this year should see further tightening in its fundamentals. Supply may rise, but a renewed advance in jewelry demand, stronger investment demand, and continued low central bank disposals may outpace the availability of physical supply. Meanwhile, the economic factors and financial market trends that importantly influence whether investors want to add some gold to their portfolios may be supportive of increased gold demand. While no major disruptions are expected in most economic zones of the world, there are many factors that suggest some marginal increase in investor interest in buying gold insurance for their stock and bond portfolios. In a tight market, it would only take a small increase in investment demand to continue the trend in prices that began to emerge in September 1999.

Silver

The silver market provided a bit of something for everyone in 1999. Some market participants expressed disappointment that silver prices did not rise sharply. They had expected silver prices to rise, based on a view that this market's supply and demand fundamentals, and a continued drawing down of inventories, should push prices higher at some point. Others took heart in the resilience silver prices showed in 1998 and 1999, remaining above $4.80 for most of this time even as copper, gold, oil, and many other commodities reached their lowest prices since the late 1970s or early 1980s. Additionally, the price of silver tended to move in a range from $5.00 to $5.80 over the course of 1999, providing shorter-term investors and traders several opportunities to profit from shorter term price moves.

Meanwhile, the fundamentals of the silver market continue to show large annual shortfalls of newly refined supply compared to the amounts of silver being used by industrial fabricators.

Silver is used in numerous applications. Silver use has risen in most applications and countries. Silver use in jewelry and sterlingware returned mixed results in 1999,with weakness in some national markets being offset by increased use in other markets. Silver also is used in photography, discussed in the next paragraph, where use is rising. Silver use in many other applications, including electronic connectors, mirrors, bearings, solders, and chemical process catalysts, has been rising, boosted by strong economic growth trends and the fact that silver prices have remained low, keeping this metal an affordable raw material.

One of the largest uses is in photographic films and papers. Attention has focused on the potential threat to this sector from digital photography, but so far the advent of digital photography has proven a boon to silver. Silver use in photography is rising at rates above its historical trend. Part of this is due to the introduction of the Advanced Photo System ("APS") by a consortium of film and camera manufacturers in the middle 1990s. The APS systems provide for better pictures and ease of reproductions. While each frame of film uses less silver that traditional 35 mm film, the increase in the number of pictures being taken, and the number of reprints being made, has more than offset this. Additionally, the use of digital photography also is said to be contributing to the increased use in silver, much as the advent of computers has exponentially increased the use of paper in offices. Digital photography often starts with silver-bearing film and sometimes ends with prints being made on silver-bearing papers, and the increases in digital photography are boosting silver use to some extent.

While demand has been rising, supply also has been increasing. Most newly refined silver comes from sources that are relatively price inelastic. A large portion comes as by-product from copper, gold, lead, and zinc mines, and thus is more sensitive to demand and prices for these metals than it is to silver prices. Additionally, perhaps a third of the amount of silver refined each year comes from scrap. Much of this is photographic material, although there also is a great deal of old jewelry, sterlingware, and other industrial products that yield silver at the ends of their useful lives. The refining costs from these secondary sources are relatively low, while environment regulations require recycling of these materials. Thus, this source of supply also is relatively price insensitive. Furthermore, as the amount of silver being used increases, the amount of silver being recovered from old materials rises proportionately.

Copper

The copper price began in 1999 to stage what may be the beginning of an extended recovery from their sharp decline in previous years. Copper prices dropped precipitously from $1.22 in June 1997 to $0.61 in March 1999. After establishing a solid base, copper prices began rising in the second quarter 1999. Prices reached as high as $0.86 in January 2000.

The cause of the decline was several-fold, but it included increased supplies from numerous sources, a sharp reduction in demand following the 1997–1998 Asian economic crises, and a sudden, sharp increase in market-available inventories.

Producers responded quickly to these conditions, closing some existing production and deferring several new mine projects and expansions. In total, more than 400,000 tonnes of annual production capacity was quickly closed or deferred. This helped staunch the flow of metal into inventories. Fabrication demand meanwhile recovered, as real industrial output continued to rise in North America and registered strong increases in both Europe and parts of Asia. After rising sharply in 1997 and 1998, market inventories peaked in the second quarter of 1999, and have been rather stable since then.

The outlook for copper includes a continued increase in fabrication demand, relatively stable increases in total supply as some new mines proceed to production, and a renewal of some speculative interest in this metal by institutional investors and proprietary traders.

While most copper market participants felt that the low prices of 1998 were unsustainably low, many were equally surprised by the extent and speed of the recovery in prices. The strength of the rebound, which is expected to extend through the current year, reflects the speed with which producers reacted to the reduced demand earlier, cutting supplies and thus limiting the extent of the inventory build-up.

Outlook

Overview

Consolidated gold production for 2000 is expected to be approximately 3.0 million ounces due primarily to the absence of production from the Getchell Mine and lower grades at the Granny Smith and Cortez mines, partially offset by a full year of production from the South Deep Mine in South Africa. As a result, cash and total production costs per ounce are expected to rise to about $165 and $245, respectively. Based on existing reserves, it is expected that the Misima Mine will cease operations in the fourth quarter of 2000 and the Kidston and Golden Sunlight mines will cease operations in 2001 and in early 2002, respectively. Depending on future gold prices, both the Misima and Kidston mines have low-grade ore stockpiles which may be processed after existing ore reserves are depleted.

In February 2000, the Corporation announced that it has suspended its hedging activities in expectation of improving gold market sentiment and reduced producer hedging. The Corporation will continue to manage its existing positions but the hedge book will be reduced by at least two million ounces of gold by the end of 2000.

At the Getchell Mine, the Corporation commenced an aggressive exploration program in June 1999 focusing on the N Zone. Engineering studies have confirmed the potential for large-scale long-hole mining of this zone which would have a significant impact on operating costs. Consequently, the Corporation has decided not to restart operations at the existing capacity, and will optimize the value of the property by developing an expanded operation combining production from the Getchell, Turquoise Ridge and N Zone deposits that may incorporate the existing mill.

In 2000, the Corporation plans to maintain its exploration program at around $60 million, of which approximately $20 million relates to Getchell and $17 million to mine site exploration. At Getchell, exploration will continue to focus on upgrading and defining the known reserves with particular emphasis on the N Zone. In 2000, the Corporation also plans to spend $60 million on technology, resource development and other, including $33 million on care and maintenance associated with Getchell and Las Cristinas and $12 million on technology initiatives. The technology initiative is aimed at research and development for better methods of mining and processing gold at lower costs and with less risk and disturbance to the environment.

At the Las Cristinas property in Venezuela, following financing approval from the Corporation's joint venture partner, CVG, construction of the mine resumed in May 1999 but was suspended on July 15, 1999 due to uncertainty with respect to future gold prices. The construction of the project will remain suspended until the gold price environment stabilizes to levels similar to those when the project was originally approved in August 1996. Currently, the Corporation is evaluating other options for developing the project, the results of which are expected in the second quarter of 2000.

The sensitivity of annual net earnings to key price increases based on metal prices of $300 per ounce for gold, $5.50 per ounce for silver and $0.80 per pound for copper and projected 2000 sales volumes is estimated as follows:

	Price change $	Net earnings (millions of $)	Earnings per share $
Gold	30.00/oz.	22	0.07
Silver	0.50/oz.	2	0.01
Copper	0.08/lb.	30	0.09

Taxation

Placer Dome's profitability is dependent to a considerable extent on the level of taxation. The following table summarizes expected 2000 effective tax rates based on tax laws enacted as at December 31, 1999 for mining earnings in the principal jurisdictions in which operations are located. The summary excludes the additional Canadian taxes payable when certain foreign source mining earnings are remitted to Canada. The tax bases for mining taxes and royalties and withholding taxes differ from the tax bases for income taxes, so that the effective overall tax rates are not necessarily the sum of the various tax rates in each jurisdiction.

	Income tax	Mining tax or royalty	Withholding tax	Effective overall tax rate to Placer Dome
Canada				
Ontario	32.0% (i)	17.0% (ii)	—	49.0%
United States				
Montana	20.0% (iii)	2.4%	5.0%	24.0% (iii)
Nevada	20.0% (iii)	5.0%	5.0%	24.0% (iii)
Australia				
Queensland	34.0%	1.7% (v)	—	34.0% (vi)(ix)
Western Australia	34.0%	1.3% (vii)	—	34.0% (vi)(ix)
Papua New Guinea	35.0% (iv)	2.0% (viii)	15.0%	44.8% (vi)
Chile	15.0%	—	20.0%	35.0%
South Africa	41.0% (x)	—	—	41.0%

(i) Canadian federal rate, including surtax, reduced by resource allowance, plus provincial rate, reduced by resource allowance where applicable.

(ii) Reduced by processing allowances. The income base subject to tax varies from province to province.

(iii) U.S. federal Alternative Minimum Tax rate, which is generally relevant for U.S. mining companies, plus the applicable state tax rate. The effective rate for Nevada and Montana does not include the mining tax, which is based on gross proceeds in Montana and net proceeds in Nevada. No Montana income tax has been included in the effective income tax rate as the company has tax losses in this state which offset projected income from that state.

(iv) Basic rate for earnings not subject to Additional Profits Tax.

(v) Gross sales tax on metal sold. The Queensland rate varies based on gold and copper prices and the U.S. dollar to Australian exchange rate. During 1999, it varied from 1.5% to 1.7%.

(vi) The effective tax rate excludes the royalty which is imposed on metal sold.

(vii) A royalty of 1.25% of the spot value of gold sold was applicable effective July 1, 1998.

(viii) Gross sales tax on metal sold. The Papua New Guinea rate increased from 1.25% to 2% effective July 1, 1996. The 2% is an allowable tax deduction. Papua New Guinea value added tax legislation came into effect from July 1, 1999 and was accompanied by a reduction in customs duty. A 4% mining levy (on assessable income from mining operations) came into effect from July 1, 1999. The mining levy (which is tax deductible) had been introduced as a result of the zero-rating of the mining sector for VAT purposes and to compensate the government for the loss of customs duty revenue. In the 2000 National Budget presented on 30 November 1999 the 4% levy was replaced with a new formula to achieve a tax neutral outcome arising from the customs duty reforms undertaken in conjunction with the introduction of VAT. The new tax is not based on revenues or income.

(ix) Legislation has been passed to reduce the corporate tax rate to 34% effective January 1, 2000. The rate will be further reduced to 30% effective January 1, 2000.

(x) Income taxes on gold mining income are formula based in the Republic of South Africa and therefore sensitive to the profitability of the mine. Gold mining companies may elect on initial filing to use one of two formulas, one subject to a secondary distribution tax ("STC") and the other which is not subject to STC. Placer Dome has elected the later alternative. The income tax rate disclosed is the estimated weighted average tax rate over the life of the South Deep Mine.

Outlook by Country

Canada

In Canada, production in 2000 is expected to be in line with 1999, as planned production increases at each of the Canadian mines will be offset by the loss of production resulting from the closure of the Detour Lake Mine. At the Campbell Mine, gold production is expected to be 8% higher than 1999 due to higher grades. Unit cash costs are expected to decrease by 5% and unit non-cash costs by 10% reflecting a full year's of depreciation on the new shaft. Production at the Dome Mine is expected be about the same as 1999. In 2000, the Corporation's share of production at the Musselwhite Mine is expected to increase by about 10% due to higher grades with a corresponding decrease in unit cash costs. Unit non-cash costs are anticipated to decline by 25% reflecting the increase in ore reserves at the property.

United States

In the United States, production in 2000 is anticipated to be 25% lower than 1999 due to lower production from Cortez and the absence of production from Getchell. The Corporation's share of production from the Cortez Mine is expected to decline by 35% due to a decline in grades by about 30%. Cash and total production costs are expected to rise to about $70 and $170 per ounce, respectively. The Cortez Mine is in the final stages of receiving permitting for South Pipeline and is not aware of any issue that will prevent the issuance of the appropriate State and Federal permits. At the Bald Mountain Mine, production is expected to increase 40% over 1999 production levels with full production from Mooney Basin. Cash and total costs per ounce are expected to remain substantially the same. Gold production at the Golden Sunlight Mine is expected to increase by 25% due to higher grades. Cash costs are expected to decline as a result of the decision to suspend Stage 5B development.

Australia and Papua New Guinea

In 2000, production from operations in Australia and Papua New Guinea is expected to be in line with 1999. At the Kidston Mine, production is expected to increase by 45% due to higher grades as mining reaches the main orebody of the Eldridge deposit. Correspondingly, unit cash costs are expected to decline by 35%. Production from the Porgera Mine is expected to be in line with the 1999 level while cash costs are expected to rise by about 20%. At the Granny Smith Mine, production is expected to be approximately 30% lower than 1999 due to a decline in grades. Unit cash costs are expected to be about $200 per ounce. At the Misima Mine, production is expected to increase by 5% due to higher grades. It is anticipated that mining will be reduced progressively during the year and cease in October 2000. But milling is expected to continue to 2004 with the processing of stockpiled ore depending on the price of gold. Cash costs are expected to be 10% below 1999 levels due to increased production and reduced mining costs.

Copper production at Osborne is anticipated to be approximately 10% higher than in 1999 due to improvements in head grade. Cash costs are expected to improve with the increase in production.

Chile

At the 50%-owned La Coipa Mine, operations in 2000 will involve mining of the Coipa gold-silver orebodies, after completion of mining of the Chimberos silver orebody in 1999. As a result, production is expected to increase by 75% for gold and decrease by 40% for silver. Also, production in 2000 will benefit from a pre-crushing system commissioned in October 1999 that has increased throughput to 16,400 tonnes per day. Unit cash costs are expected to rise by about 15% due to the lower level of silver production.

In 2000, the Corporation's share of copper production from the Zaldívar Mine is expected to almost double due to the acquisition of the remaining 50% interest from its joint venture partner in December 1999. It is expected that production level at the mine (on a 100% basis) will be about the same as in the previous year. Cash costs are expected to rise due to lower production and planned maintenance. In 2000, Zaldívar will continue its exploration program that began in 1999, which focused on areas within the current pit design and resulted in an increase in contained copper of 35% over 1998 reserves. The results of the program will be input into Zaldívar's geological model and used to develop a new life of mine plan expected in the first quarter of 2001. Zaldívar will also continue the dynamic stacking/leaching project started in 1999 to improve stacking efficiencies and recovery performance. Additional expenditures will be made during 2000 to implement secondary leaching of material removed from the dynamic leaching pad to further improve recoveries.

South Africa

Production from South Deep is expected to be 40% higher primarily due to a full year of ownership but also due to higher grades. Cash costs are expected to decline by 20% to about $210 per ounce resulting from operational initiatives undertaken in 1999.

At South Deep, the focus over the next several years will be the development of the South Deep shaft system which is currently underway and consists of a main shaft and an adjacent ventilation shaft. The South Deep shaft system has a planned hoisting capacity of 235,000 tonnes per month and is scheduled to commence hoisting from the main shaft by mid-2002 with the commissioning of the ventilation shaft by mid-2003. Plans also call for the completion of a mill expansion by December 2001 that will increase annual mill capacity by one million tonnes to 2.6 million tonnes. As well, a two-year expansion study is underway to evaluate opportunities to increase production beyond these levels after 2003.

Management's Responsibility for Financial Reporting

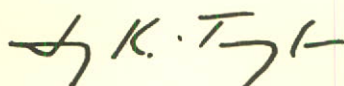
To the Shareholder of Placer Dome Inc.:

The consolidated financial statements and all information in the Annual Report are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management based on information available to February 24, 2000 and are in accordance with accounting principles generally accepted in the United States. Financial information presented throughout the Annual Report is consistent with the data presented in the consolidated financial statements.

A system of internal accounting and administrative controls is maintained by management in order to provide reasonable assurance that financial information is accurate and reliable. The internal audit department of the Corporation conducts an ongoing program of review and evaluation of these controls and regularly reports on its findings to management and the Audit Committee.

The Audit Committee of the Board of Directors is composed of five outside Directors, and meets with management, the internal auditors and the independent auditors to assure that management is maintaining adequate financial controls and systems and to approve the annual and quarterly consolidated financial statements of the Corporation. The Audit Committee also reviews the audit plan of the independent auditors and discusses the results of their audit and their audit report prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by Ernst & Young, Chartered Accountants, who were appointed by the shareholders. The auditors' report outlines the scope of their examination and their opinion on the consolidated financial statements.



Jay K. Taylor
President and Chief Executive Officer
February 24, 2000
Vancouver Canada

Rex J. McLennan
Executive Vice President
and Chief Financial Officer

Report of Independent Chartered Accountants

To the Shareholders of Placer Dome Inc.:

We have audited the consolidated balance sheets of Placer Dome Inc. as at December 31, 1999 and 1998 and the consolidated statements of earnings (loss), shareholders' equity and cash flows for each of the years in the three year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Canada. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Placer Dome Inc. as at December 31, 1999 and 1998 and the results of its operations and its cash flows for each of the years in the three year period ended December 31, 1999 in accordance with accounting principles generally accepted in the United States.

As discussed in Note 2 to the consolidated financial statements, the Company changed its policies on accounting for start-up costs and metal call options sold during 1999.

On February 24, 2000, we reported separately to the shareholders of Placer Dome Inc. on the financial statements for the same period, prepared in accordance with accounting principles generally accepted in Canada.

Vancouver, Canada
February 24, 2000

Ernst & Young, LLP
Chartered Accountants

Consolidated Statements of Earnings (Loss)

Years ended December 31 (millions of United States dollars, except share and per share amounts, U.S. GAAP)	1999	1998 (restated–note 1)	1997 (restated–note 1)
Sales (note 20(b))	$ 1,162	$ 1,145	$ 1,095
Cost of sales	594	557	721
Depreciation and depletion (note 20(b))	229	231	227
Mine operating earnings (note 20(b))	339	357	147
General and administrative	45	49	54
Exploration	56	90	99
Technology, resource development and other	41	27	33
Merger and restructuring costs (notes 3(a), 4)	49	—	—
Write-downs of mining interests (note 5)	46	—	296
Operating earnings (loss)	102	191	(335)
Non-hedge derivative gains (losses) (notes 2(b), 6)	46	(54)	(30)
Investment and other income (note 7)	13	31	74
Interest and financing expense	(80)	(74)	(75)
Earnings (loss) before taxes and other items	81	94	(366)
Income and resource taxes (note 8)	(62)	(62)	75
Equity in earnings of associates	23	19	13
Minority interests	3	(1)	14
Change in accounting policies (note 2(a))	(10)	—	—
Net earnings (loss)	$ 35	$ 50	$ (264)
Comprehensive income	$ 39	$ 42	$ (268)
Per common share			
Net earnings (loss)	$ 0.11	$ 0.15	$ (0.85)
Diluted net earnings (loss)	$ 0.11	$ 0.15	$ (0.85)
Dividends	$ 0.10	$ 0.10	$ 0.30
Weighed average number of common shares outstanding (millions)			
Basic	326.0	323.7	312.2
Diluted	329.7	326.7	314.6

(See accompanying notes to consolidated financial statements)

Consolidated Balance Sheets

Assets

December 31 (millions of United States dollars, U.S. GAAP)	1999	1998 (restated–note 1)
Current assets		
Cash and cash equivalents	$ 191	$ 431
Short-term investments	13	116
Accounts receivable	158	194
Inventories (note 9)	175	100
	537	841
Investments (note 10)	88	533
Other assets (note 11)	94	141
Deferred income and resource taxes (note 8(e))	76	67
Property, plant and equipment (note 12)	2,464	1,534
	$ 3,259	$ 3,116

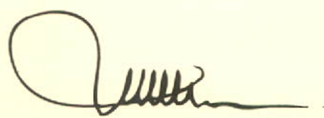
Liabilities and Shareholders' Equity

December 31 (millions of United States dollars, U.S. GAAP)	1999	1998 (restated–note 1)
Current liabilities		
Accounts payable and accrued liabilities (note 13)	$ 224	$ 176
Short-term borrowings	31	25
Income and resource taxes payable	37	27
Current portion of long-term debt and capital leases (note 14)	9	4
	301	232
Long-term debt and capital leases (note 14)	905	939
Deferred credits and other liabilities (note 15)	163	177
Deferred income and resource taxes (note 8(e))	224	125
Minority interests in subsidiaries	27	31
Commitments and contingencies (note 18)		
Shareholders' equity		
Share capital	1,247	1,231
Preferred shares—unlimited shares authorized, no par value, none issued		
Common shares—unlimited shares authorized, no par value, issued and outstanding 327,486,254 shares (1998—325,504,910 shares)		
Retained earnings	365	358
Accumulated other comprehensive income	(25)	(29)
Contributed surplus	52	52
Total shareholders' equity	1,639	1,612
	$ 3,259	$ 3,116

(See accompanying notes to consolidated financial statements)

Approved by the Board

ROBERT M. FRANKLIN
Director



JOHN M. WILLSON
Director

Consolidated Statements of Shareholders' Equity (restated–note 1)

(millions of United States dollars, except share amounts, U.S. GAAP)	Common Shares (note 19) Shares (000's)	Amount	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income: Cumulative Translation Adjustment	Unrealized Gains on Securities	Total Shareholders' Equity
Balance, December 31, 1996	302,626	$ 937	$ 52	$ 671	$ (30)	$ 13	$ 1,643
Equity offering	2,450	48	—	—	—	—	48
Exercise of share options	80	1	—	—	—	—	1
Stock issued for acquisition of Placer Pacific minority interest	10,345	172	—	—	—	—	172
Employee share purchase plans	136	3	—	—	—	—	3
Loss	—	—	—	(264)	—	—	(264)
Common shares dividends	—	—	—	(74)	—	—	(74)
Other comprehensive income	—	—	—	—	1	(5)	(4)
Balance, December 31, 1997	315,637	1,161	52	333	(29)	8	1,525
Equity offering	9,805	70	—	—	—	—	70
Exercise of share options	63	—	—	—	—	—	—
Net earnings	—	—	—	50	—	—	50
Common shares dividends	—	—	—	(25)	—	—	(25)
Other comprehensive income	—	—	—	—	—	(8)	(8)
Balance, December 31, 1998	325,505	1,231	52	358	(29)	—	1,612
Exercise of share options	1,981	16	—	—	—	—	16
Net earnings	—	—	—	35	—	—	35
Common shares dividends	—	—	—	(28)	—	—	(28)
Other comprehensive income	—	—	—	—	—	4	4
Balance, December 31, 1999	327,486	$ 1,247	$ 52	$ 365	$ (29)	$ 4	$ 1,639

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows

Years ended December 31 (millions of United States dollars, U.S. GAAP)	1999	1998 (restated–note 1)	1997 (restated–note 1)
Operating activities			
Cash from operations (note 17(a))	$ 346	$ 372	$ 203
Investing activities			
Property, plant and equipment	(204)	(227)	(340)
Investment acquisitions	—	(29)	(11)
Purchase of South Deep assets (note 3(b))	(252)	—	—
Purchase of Compañía Minera Zaldívar (note 3(b))	(209)	—	—
Purchase of Highlands Gold Limited common shares (note 3(d))	—	—	(192)
Purchase of Placer Pacific Limited minority interest (note 3(c))	—	—	(5)
Short-term investments	103	(71)	4
Disposition of assets and investments (notes 3(d), 7)	4	32	239
Investments in incorporated joint ventures	14	6	9
Loans to joint ventures	20	40	40
Other, net	10	10	8
	(514)	(239)	(248)
Financing activities			
Short-term debt	(25)	8	(33)
Long-term debt and capital leases			
Borrowings	3	—	8
Repayments	(37)	(21)	(73)
Common shares issued	16	70	52
Dividends paid			
Common shares	(28)	(25)	(74)
Minority interests	(1)	(3)	—
	(72)	29	(120)
Increase (decrease) in cash	(240)	162	(165)
Cash			
Beginning of year	431	269	434
End of year	$ 191	$ 431	$ 269

(See accompanying notes to consolidated financial statements)

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

1. Nature of Operations and Summary of Significant Accounting Policies

Placer Dome Inc. ("the Corporation"), and subsidiary companies and joint ventures (collectively, "Placer Dome") are engaged in gold mining and related activities, including exploration, extraction, processing, refining and reclamation. Gold, Placer Dome's primary product, is produced in Canada, the United States ("U.S."), Australia, Papua New Guinea, South Africa and Chile, and sold to the world market. Placer Dome also produces and sells significant quantities of copper and silver.

Placer Dome's cash flow and profitability is dependent primarily on the quantity of metals produced, metal prices, operating costs, interest rates on borrowings and investments and exploration and general and administrative expenditure levels. Since Placer Dome operates internationally, exposure also arises from fluctuations in currency exchange rates, political risk and varying levels of taxation. While Placer Dome seeks to manage these risks, many of these factors are beyond its control.

The U.S. dollar is the principal currency of measure of all Placer Dome's operations and for the consolidated financial statements of the Corporation. Effective January 1, 1999, Placer Dome Inc. changed its primary accounting standard from Canadian generally accepted accounting principles ("GAAP") to U.S. GAAP in order to provide information on a more comparable basis with a majority of the companies in the gold mining industry peer group. Consequently, the consolidated financial statements of Placer Dome Inc. have been prepared in accordance with U.S. GAAP, on a consistent basis for all periods presented. The consolidated financial statements in accordance with Canadian GAAP (in U.S. dollars) are included in the Proxy Statement and filed with various Canadian regulatory authorities. Also in 1999, the merger between Placer Dome and Getchell Gold Corporation was accounted for as a pooling of interest, and accordingly all prior years' results have been restated to include Getchell results.

The significant accounting policies used in these U.S. GAAP consolidated financial statements are as follows:

Basis of Presentation

The consolidated financial statements include the accounts of the Corporation and its majority-owned subsidiaries and a proportionate share of the accounts of unincorporated joint ventures in which Placer Dome has an interest.

The following table sets forth the Corporation's indirect ownership of its mining interests:

	December 31, 1999
Through majority owned subsidiaries	
Bald Mountain	100%
Campbell	100%
Detour Lake[i]	100%
Dome	100%
Getchell (note 3(a))	100%
Golden Sunlight	100%
Kidston	70%
Las Cristinas	70%
Misima	80%
Osborne	100%
Zaldívar (note 3(b))	100%
As interests in unincorporated joint ventures	
Cortez	60%
Granny Smith	60%
Musselwhite	68%
Porgera	50%
South Deep (note 3(b))	50%
Equity Accounted for investment	
La Coipa	50%

(i) The Detour Mine closed down in June 1999 with the depletion of ore after 16 years of operations.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires the Corporation's management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Actual results may differ from those estimates.

Revenue Recognition

Revenue is recognized in the accounts when the product is in a saleable form and a sales agreement has been entered into. Sales of copper concentrate are based on specific sales agreements and may be subject to adjustment upon final settlement following sales quotational periods. Such adjustments to revenue are recorded in the period of final settlement. Gains and losses realized on derivative financial instruments used to hedge metal price risk are recognized in sales revenue on the original designation date.

Financial Instruments

Placer Dome employs derivative financial instruments, including forward contracts and options to manage exposure to fluctuations in metal prices and foreign currency exchange rates.

For metals production, derivative financial instruments are intended to reduce the risk of falling prices on Placer Dome's future sales, and, in the case of purchased options, allow Placer Dome to benefit from higher precious metal and copper prices. Gains and losses on forward sales, including spot deferred contracts and certain options that effectively establish prices for future production, are recognized on the original designation date. Net option premiums paid or received on options purchased or written that form part of a put/call collar strategy are deferred and included in the Consolidated Balance Sheet as Other Assets or Deferred Credits and Other Liabilities. These items are recognized in income when the related hedged transactions occur.

Commencing July 1, 1999, the Corporation changed its accounting policy with respect to its metal call options sold. Under the new policy, call options which are not part of a put/call collar strategy are marked-to-market with the change in value recorded in current earnings (note 6).

Foreign currency derivative financial instruments, such as forward contracts and options, are used to manage the effects of exchange rate changes on foreign currency exposures. These derivative financial instruments do not qualify for hedge accounting and are marked-to-market at each balance sheet date with the change in value included in income in the period.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

In June 1998, the U.S. Financial Accounting Standards Board issued its Statement of Financial Accounting Standards No.133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133, which will become effective for all fiscal quarters of all fiscal years beginning after June 15, 2000, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts. SFAS 133 requires recognition of all derivative instruments on the balance sheet as either assets or liabilities with measurement at fair value. Changes in the fair value of derivatives are recorded each period in the current earnings or other comprehensive income, depending on the intent and nature of the derivative instrument. Management believes that under SFAS 133, changes in unrealized gains and losses on most of the Corporation's derivative activities will qualify for hedge accounting and accordingly will be recorded in other comprehensive income. There are many complexities to this new standard and the Corporation currently is evaluating the impact that SFAS 133 will have on its reported financial results and positions. The effects of adopting the new standard are not reasonably determinable at this time, nor has the Corporation determined how it will account for the transition provisions contained in SFAS 133. The Corporation will adopt SFAS 133 on or before January 1, 2001. With the adoption of SFAS 133, the carrying values of operating mines and development properties will be reassessed using estimated future metal spot prices.

Environmental Protection and Rehabilitation Costs
Expenditures relating to environmental protection and land reclamation programs undertaken during mine operations are charged against earnings as incurred or where costs relate to more than one year, are accrued over the related period. Estimated post closure costs including site rehabilitation and long-term acid drainage treatment costs are charged against earnings over the estimated life of the mine. It is possible that the Corporation's estimates of its ultimate reclamation liabilities could change as a result of changes in regulations, extent of environmental remediation required, means of reclamation or cost estimates.

Foreign Currency Translation
For each entity, transaction amounts denominated in foreign currencies (currencies other than U.S. dollars) are translated into U.S. dollars at exchange rates prevailing at the transaction dates. Carrying values of non-U.S. dollar monetary assets and liabilities are adjusted at each balance sheet date to reflect the U.S. exchange rate prevailing at that date. Gains and losses arising from restatement of foreign currency monetary assets and liabilities at each period end are included in earnings.

The cumulative translation adjustment ("CTA") within Accumulated Other Comprehensive Income relates to the CTA balance of the Corporation prior to its adoption of the U.S. dollar, in 1997, as the principal currency of measure for all operations. Earnings adjustments to the CTA balance are recorded on the substantial disposition or liquidation of a mine property or investment.

Exploration and Development
Exploration costs are charged against earnings as incurred. Significant costs related to property acquisitions are capitalized until the viability of the mineral property is determined. When it has been established that a mineral deposit is commercially mineable and a decision has been made to formulate a mining plan (which occurs upon completion of a positive economic analysis of the mineral deposit), the costs incurred to develop a mine on the property and further exploration costs associated with the deposit prior to the start of mining operations are capitalized. Capitalized amounts may be written down if future cash flows, including potential sales proceeds, related to the property are projected to be less than the carrying value of the property.

Effective January 1, 1999, Placer Dome adopted American Institute of Certified Public Accountants ("AICPA") Statement of Position 98-5, Reporting on the Costs of Start-Up Activities ("SOP 98-5"). Under SOP 98-5, costs incurred during the start-up phase of a project are expensed as incurred (note 2). On-going development expenditures on producing properties are charged against earnings as incurred. Major development expenditures incurred to expose the ore, increase production or extend the life of an existing mine are capitalized.

Capitalization of Financing Costs
Financing costs, including interest, are capitalized when they arise from indebtedness incurred, directly or indirectly, to finance development and construction activities on properties that are not yet subject to depreciation or depletion. Financing costs are charged against earnings from the time that mining operations commence.

Income and Resource Taxes
The provisions for income and resource taxes are based on the liability method. Deferred taxes arise from the recognition of the tax consequences of temporary differences by applying statutory tax rates applicable to future years to differences between the financial statements carrying amounts and the tax bases of certain assets and liabilities. The company records a valuation allowance against any portion of those deferred income tax assets that it believes will, more likely than not, fail to be realized. On business acquisitions, where differences between assigned values and tax bases of assets acquired and liabilities assumed exist, the Corporation recognizes the deferred tax assets and liabilities for the tax effects of such differences. Deferred withholding taxes are provided on the unremitted net earnings of foreign subsidiaries and associates to the extent that dividends or other repatriations are anticipated in the future and will be subject to such taxes.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

1. Nature of Operations and Summary of Significant Accounting Policies, continued

Net Earnings and Dividends per Common Share
The calculations of net earnings and dividends per common share are based upon the weighted average number of common shares of the Corporation outstanding each year. Where outstanding stock options dilute earnings per share, diluted earnings per share are calculated and disclosed.

Cash and Cash Equivalents
Cash and cash equivalents include those short-term money market instruments which, on acquisition, have an original term to maturity of three months or less.

Investments
Short-term investments, all of which are categorized as available for sale, are carried at the lower of cost and quoted market value.

Investments in shares of incorporated companies, in which Placer Dome's ownership is greater than 20% but no more than 50% are accounted for by the equity method.

Investments in shares of other companies are classified as available-for-sale investments. Unrealized gains and losses on these investments are recorded in accumulated other comprehensive income as a separate component of shareholders' equity, unless the declines in market values are judged to be other than temporary in which case the losses are recognized in income currently.

Inventories
Product inventories are valued at the lower of average production cost and net realizable value.

In-process inventories, including ore stockpiles, are valued at the lower of average production cost and net realizable value, after a reasonable allowance for further processing costs.

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

Property, Plant and Equipment
Property, plant and equipment are carried at cost less depreciation and depletion, including costs associated with properties under development.

Assets in use in commercial production are subject to depreciation and depletion over their estimated economic lives, on the bases described below.

Mineral properties, capitalized development and stripping costs, buildings and machinery:

- where total reserves are not determinable because ore bearing structures are open at depth or are open laterally, the straight-line method is applied over the estimated life of each mine.
- where the mine operating plan calls for production from well-defined ore reserves, the unit-of-production method is applied.

Mobile and other equipment:

- straight-line method is applied over the estimated life of the asset, currently up to 11 years.

Annually, or more frequently as circumstances require (such as a decrease in metal prices, an increase in operating costs or a decrease in mineable reserves), reviews are undertaken to evaluate the carrying values of operating mines and development properties. Estimated undiscounted future net cash flows from each mine and non-operating property are calculated using estimated future production, sales prices (considering historical and current prices, price trends and related factors), operating capital and costs and reclamation costs. If it is determined that the future cash flows from a mine or non-operating property are less than the carrying value, a write-down to the estimated fair value is made with a charge to earnings.

The Corporation's estimates of future cash flows are subject to risks and uncertainties. It is reasonably possible that changes in estimates could occur which may affect the expected recoverability of the Corporation's investments in mineral properties.

2. Change in accounting policies

(a) Effective January 1, 1999, Placer Dome adopted AICPA Statement of Position 98-5, Reporting on the Costs of Start-Up Activities ("SOP 98-5"). Under SOP 98-5, costs incurred during the start-up phase of a project are expensed as incurred. This was applied prospectively with prior years adjustments totaling $10 million after-tax recorded in the current year.

(b) Commencing July 1, 1999 Placer Dome changed its accounting policy with respect to its metal call options sold. Prior to July 1, all metal call options were given hedge accounting treatment in accordance with common industry practice, whereby the change in market value and premium received were deferred until the original designation date. Under the new policy, call options which are not part of a put/call collar strategy ("net call position") will be marked-to-market with the change in value recorded in earnings currently. For the second half of 1999, the impact was an increase in pre-tax earnings of $3 million recorded in non-hedge derivative gains (losses). The mark-to-market value of the net call position in the future will be affected by the then spot prices of gold and silver, the length of time to expiry of the options, metal price volatility and interest rates in the market at the time of valuation.

3. Business Acquisitions and Mergers

(a) On May 27, 1999, Placer Dome announced completion of the merger that resulted in the Placer Dome Group owning a 100% interest in Getchell Gold Corporation ("Getchell"). The merger of the Corporation and Getchell which operates the adjoining Getchell and Turquoise Ridge gold mines in Nevada, United States, was effective May 27, 1999 and is accounted for as a pooling of interests, which combines, at book value, the net assets and operations of the two companies. Getchell shareholders received 2.45 Placer Dome Inc. shares for each Getchell share. With 30.8 million Getchell shares outstanding, the Corporation issued 75.5 million additional common shares to former shareholders of Getchell. Merger costs of $18 million ($16 million after tax) were expensed in the second quarter of 1999.

The following tables sets forth results of operations of the previously separate companies for the periods before the combination.

	Placer Dome	Getchell	Adjustments	Combined
Six months ended June 30, 1999 (unaudited)				
Revenue	$ 528	$ 29	$ —	$ 557
Net earnings (loss)	$ 59	$ (32)	$ (16)[i]	$ 11
Year ended December 31, 1998				
Revenue	$ 1,093	$ 52	$ —	$ 1,145
Net earnings (loss)	$ 61	$ (11)	$ —	$ 50
Year ended December 31, 1997				
Revenue	$ 1,030	$ 65	$ —	$ 1,095
Net earnings (loss)	$ (245)	$ (19)	$ —	$ (264)
As at December 31, 1998				
Common shares	$ 940	$ —	$ 291	$ 1,231
Retained earnings (deficit)	410	(52)	—	358
Accumulated other comprehensive income	(29)	—	—	(29)
Contributed surplus	52	291	(291)	52
Total shareholders' equity	$ 1,373	$ 239	$ —	$ 1,612

(i) Expenditures incurred to effect the merger.

(b) The following table sets forth on a proforma basis, the results of Placer Dome, had the acquisition of the South Deep Mine and Compañía Minera Zaldívar occurred on January 1, 1998 (millions of dollars except per share amounts).

	Placer Dome	South Deep Mine[i]	Compañía Minera Zaldívar[ii]	Adjustments[iii]	Combined
Year ended December 31, 1999					
Revenue	$ 1,162	$ 13	$ 213	$ —	$ 1,388
Net earnings (loss)	35	2	(13)	10	34
Earnings per share	0.11	n/a	n/a	n/a	0.10
Year ended December 31, 1998					
Revenue	$ 1,145	$ 55	$ 225	$ —	$ 1,425
Net earnings (loss)	50	4	(25)	(2)	27
Earnings per share	0.15	n/a	n/a	n/a	0.08

(i) On April 1, 1999, the Placer Dome Western Areas Joint Venture was formed to develop and operate South Deep Mine. The operation is a 50:50 joint venture, between Placer Dome and Western Areas of Johannesburg, South Africa. To acquire its 50% interest, Placer Dome paid Western Areas a cash consideration of $248 million, and is obligated to make further payments to Western Areas of 1.75% on 50% of annual production for the life of the mine, plus an additional 1.75% on 50% of annual production exceeding one million ounces. The Corporation also incurred $4 million of acquisition and related costs. The total $252 million acquisition cost, which includes final adjustments on closing, has been allocated to the mineral rights that principally comprise of the South Deep ore body ($197 million) and net operating assets ($55 million).

(ii) On November 11, 1999 the Corporation exercised a right of first refusal to acquire the remaining 50% of Compañía Minera Zaldívar ("CMZ") from its joint venture partner for cash consideration of $251 million ($209 million net of cash acquired). The acquisition was completed on December 13, 1999, and has been accounted for as a purchase with the full purchase price allocated to the net operating assets. Prior to this transaction, the investment in CMZ was accounted for on an equity basis.

(iii) Adjustments include the reversal of income earned on the joint venture partner share of loans by the Corporation to CMZ, the elimination of CMZ debt assumed by the Corporation on acquisition, and the cost related to lower cash balances.

(c) On November 27, 1996 the Corporation announced its offer to acquire the 24.8% of Placer Pacific Limited's shares it did not already own by offering 0.066 of a Placer Dome Inc. share for each of the Placer Pacific Limited shares owned by the public. The acquisition of the minority interest has been accounted for as a purchase effective April 11, 1997, the date the offer closed. The total purchase price of 24.8% of Placer Pacific held by the minority shareholders was $177 million including $172 million for 10.3 million newly issued shares of the Corporation and $5 million of transaction costs. The acquisition cost has been allocated to the operating assets ($136 million, primarily the Porgera Mine), exploration properties ($33 million) and the gold hedge position ($8 million).

(d) On November 27, 1996 the Corporation also announced its offer to acquire the 67% of Highlands Gold Limited ("Highlands Gold") shares it did not already own by offering $0.75 Australian per common share for each of the Highlands Gold shares outstanding. The Corporation acquired 33% of the outstanding shares of Highlands Gold for cash consideration of $112 million prior to the takeover offer. At December 31, 1996 the Corporation owned 244 million shares of Highlands Gold with a cost of $145 million representing 43.2% of the issued and outstanding shares of Highlands Gold. The acquisition of Highlands Gold was effectively completed in January 1997 and has been accounted for as a purchase as of January 1, 1997, and the results of the operations have been included since that date. The acquisition cost of $344 million has been allocated to the operating assets ($189 million), exploration properties ($131 million) and other assets, including the gold hedge position and the receivable from the Papua New Guinea government for the sale of the 5% interest ($24 million).

Concurrent with the acquisition of Highlands Gold, the Corporation entered into an agreement with Highlands Pacific Limited ("Highlands Pacific"), an unrelated party, for the sale of certain exploration properties. Highlands Pacific completed its underwriting to secure financing on April 8, 1997. The Corporation sold the exploration properties and other assets to Highlands Pacific for proceeds of approximately $96 million, with no gain or loss recorded on the disposition.

4. Merger and Restructuring Costs

Merger and restructuring costs for the year ended December 31, 1999 of $49 million ($38 million after tax) were comprised of $18 million ($16 million after tax) related to the merger with Getchell and $31 million ($22 million after tax) related to restructuring costs at the Corporate and regional offices, the Getchell and South Deep mines and the Las Cristinas project. In response to gold market conditions, the Corporation reduced its exploration, project development and corporate staff by over 200 employees by the end of the year.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

5. Write-downs of Mining Interests

The Corporation performs periodic property evaluations to assess the recoverability of its mining properties and investments. In 1999, the Corporation determined that a write-down of the carrying values of certain assets were required at the Golden Sunlight Mine. Due to continued low gold prices, development of Stage 5B at the mine ceased resulting in the write-off of $27 million of deferred development. In 1999, the Corporation also recorded other provisions of $19 million, of which $14 million was related to additional provisions for post-closure reclamation for certain of the Corporation's existing and past mining interests. The after-tax cost of the write-downs totaled $40 million.

In 1997, following a year long decline in the gold price, the Corporation determined that write-downs of the carrying values of certain assets were required. A $296 million charge, which consisted of the following, was recorded (before taxes and minority interests): Detour Lake Mine ($40 million), Kidston Mine ($37 million), Misima Mine ($31 million), Dome Mine ($20 million), exploration properties associated with the acquisition of Highlands Gold and Placer Pacific ($98 million), investment in shares of mining companies and certain corporate provisions ($34 million), and deferred development and stockpiled ore at other mines ($36 million). The write-downs, after taxes of $67 million and minority interests of $13 million, totaled $216 million.

6. Non-hedge Derivative Gains (Losses)

Details of non-hedge derivative gains (losses) are as follows:

Years ended December 31	1999	1998	1997
Realized non-hedge derivative gains (losses)			
Metals [i]	$ 14	$ —	$ —
Currency	(8)	(20)	8
Unrealized non-hedge derivative gains (losses) [ii]			
Metals [i]	(10)	—	—
Currency	50	(34)	(38)
	$ 46	$ (54)	$ (30)

(i) Commencing July 1, 1999, Placer Dome changed its accounting policy with respect to its metal call options sold. See note 2 for further information.

(ii) See note 16 for additional disclosure related to Placer Dome's derivative program.

7. Investment and Other Income

Consolidated investment and other income comprises the following:

Years ended December 31	1999	1998	1997
Interest income	$ 27	$ 34	$ 38
Write-downs on investments in common shares of mining companies	(19)	(11)	—
Gains on investments [i]	2	5	25
Other	3	3	11
	$ 13	$ 31	$ 74

(i) In 1997, the Corporation realized a $21 million gain, on proceeds of $113 million on its sale of the Val d'Or gold mining assets, including the Kiena and Sigma Mines, and the Endako molybdenum mine.

8. Income and Resource Taxes

(a) Details of income and resource tax expense (reduction) related to operations are as follows:

Years ended December 31	1999	1998	1997
Income taxes			
Current			
Canada	$ 8	$ 2	$ 6
Foreign	49	47	8
Deferred			
Canada [i]	20	1	(82)
Foreign	(11)	5	(13)
	66	55	(81)
Mining taxes—Canada			
Current	5	5	12
Deferred	(9)	2	(6)
	(4)	7	6
	$ 62	$ 62	$ (75)

(i) For 1997, includes a provision of $25 million for taxes payable upon repatriation of funds to Canada.

(b) The provision for income taxes is based on pre-tax income (loss) before minority interests, equity in earnings of associates and cumulative effect of change in accounting policies as follows:

Years ended December 31	1999	1998	1997
Canada	$ (50)	$ (55)	$ (171)
Foreign	131	148	(195)
	$ 81	$ 93	$ (366)

(c) The reconciliation of the combined Canadian federal and provincial statutory income tax rates to the effective tax rate on earnings before taxes and other items is as follows:

Years ended December 31	1999	1998	1997
Combined basic statutory tax rate [i]	45.6%	45.6%	(45.6%)
Non-taxable portion of investment (gains) losses	(1.0)	0.3	(6.1)
Non-deductible portion of asset write-downs	11.8	7.0	20.9
Expenses not deductible for income tax purposes [ii]	8.9	33.0	5.4
Mining and other resource taxes	19.1	7.0	1.6
Resource allowance	(8.8)	(9.6)	(1.6)
Depletion	(13.6)	(2.5)	(0.9)
Foreign earnings subject to different tax rates [iii]	(23.8)	(15.1)	3.3
Change in valuation allowance (note 8(e))	55.3	(1.7)	(6.4)
Canadian tax provided on unrepatriated earnings	—	—	6.8
Other	(17.0)	2.0	2.1
Effective tax rate	76.5%	66.0%	(20.5%)

(i) Canadian federal income tax rate and weighted average of Canadian provincial income tax rates, including surtaxes.

(ii) Comprising primarily non-deductible depreciation, amortization and depletion and non-deductible exploration expenditures.

(iii) After taking into account applicable withholding taxes. At December 31, 1999, withholding taxes have not been provided on approximately $148 million of undistributed earnings of foreign subsidiaries as these earnings have been or are intended to be permanently reinvested, or upon repatriation will not give rise to withholding taxes. Based on current withholding tax rates, taxes of approximately $23 million would be payable upon actual repatriation.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

(d) Deferred income and resource taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The sources of temporary differences in operations and the related deferred income tax amounts are as follows:

Years ended December 31	1999	1998	1997
Depreciation and amortization	$ (15)	$ 1	$ (38)
Exploration and development	(2)	(7)	8
Write-downs of mining interests	3	—	(41)
Taxes on repatriation of funds	—	—	25
Tax losses	(22)	(6)	(33)
Other	36	20	(22)
	$ —	$ 8	$ (101)

(e) Components of deferred income and resource tax assets and liabilities comprise:

Years ended December 31	1999	1998
Deferred income and resource tax assets		
Tax losses and credits	$ 481	$ 240
Other	174	203
Valuation allowance	(256)	(171)
Total deferred income tax assets	399	272
Deferred income and resource tax liabilities		
Capital assets	446	236
Other	92	86
Total deferred income tax liabilities	538	322
Net deferred tax liability	$ 139	$ 50
Net deferred tax liability consists of:		
Current deferred tax assets	(19)	(19)
Long-term deferred income and resource tax assets	(76)	(67)
Current deferred tax liabilities	10	11
Long-term deferred income and resource tax liabilities	224	125
	$ 139	$ 50

Loss and tax credit carry forwards in total amount to $1,464 million, of which $386 million expires between 2000 and 2014 and $1,078 million does not expire. The losses which do not expire include $491 million of capital losses realized in prior years in Australia. The Australian capital losses will largely be eliminated in 2000 as a result of a corporate reorganization in progress.

At December 31, 1999, Chilean subsidiaries had prior years' net operating losses available amounting to $498 million for Chilean income tax purposes.

At December 31, 1999, certain U.S. subsidiaries had prior years' net operating losses available amounting to $198 million for regular tax purposes and $129 million for alternative minimum tax ("AMT") purposes. The subsidiaries also have $37 million of AMT credits for which a valuation allowance has been provided against. These losses expire in 2010 through 2014. In 1999, U.S. net operating losses of $39 million (1998—$45 million, 1997—nil) for regular income tax purposes were utilized. Placer Dome has Australian and Canadian non-capital loss carry-forwards of $27 million and $66 million, respectively, the Canadian losses which are due to expire in 2003 through 2006.

(f) The Corporation utilizes internal financing arrangements which require the payment of interest. Depending on the jurisdictions involved, withholding taxes may have to be paid. During 1999, withholding taxes of $7 million related to inter-company loans were accrued for (1998—$6 million, 1997—$2 million).

(g) Income and resource tax payments (refunds) were $35 million, $37 million, and $(19) million in 1999, 1998, and 1997, respectively.

9. Inventories

Inventories comprise the following:

Years ended December 31	1999	1998
Product inventories	$ 26	$ 11
Metal in circuit	52	19
Current ore stockpiles	24	11
Materials and supplies	73	59
	$ 175	$ 100

10. Investments

Investments other than those included in current assets comprise the following:

Years ended December 31	1999	1998
Compañia Minera Zaldívar (i)	$ —	$ 399
Compañia Minera Mantos de Oro (i)	77	111
Vengold Inc.	6	18
Other	5	5
	$ 88	$ 533

(i) Investments accounted for using the equity method are Compañia Minera Mantos de Oro ("MDO") and prior to December 13, 1999 Compañia Minera Zaldívar which became a wholly owned subsidiary of the Corporation at that date.

11. Other Assets

Other assets comprise the following:

Years ended December 31	1999	1998
Ore stockpiles (i)	$ 74	$ 35
Sale agreement receivable (ii)	9	14
Loans to joint venture partners (iii)	—	100
Other	47	51
	130	200
Current portion of other assets	(36)	(59)
	$ 94	$ 141

(i) Includes $24 million (1998—$11 million) of stockpiled ore which is expected to be processed in the following twelve months.

(ii) In March 1993, a Heads of Agreement was reached with the Papua New Guinea Government (the "State") which provides for the purchase by the State of an additional 15% equity interest in the Porgera Joint Venture effective March 1, 1993 (5% from each of the then non-government joint venture partners). The agreed purchase price of 139 million kina is payable to the Porgera Joint Venturers out of the State's share of future after tax proceeds of the mine. Title to the equity sold passes to the State in 1% lots as and when sufficient pro-rata mine proceeds have been earned. The 15% equity interest in the Porgera Joint Venture was included in Orogen Minerals Limited, which was privatized by the Papua New Guinea Government in 1996. In September 1996, the final agreement between the parties was signed. In 1997, Placer Dome acquired an additional 5% sale agreement receivable with its purchase of Highlands Gold.

(iii) The amount at December 31, 1998 represents joint venture partner's share of loans by the Corporation to Compañia Minera Zaldívar, of which $40 million was current and bore interest at LIBOR plus 1.5% per annum. These loans became inter-company loans when Compañia Minera Zaldívar became a wholly-owned subsidiary of Placer Dome upon its acquisition of the outstanding 50% interest on December 13, 1999 (note 3(b)) and were fully eliminated at year end.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

12. Property, Plant and Equipment

(a) Details of Placer Dome's property, plant and equipment are as follows:

	December 31, 1999			December 31, 1998		
	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Mineral properties and deferred development	$ 2,061	$ (736)	$ 1,325	$ 1,494	$ (557)	$ 937
Mine plant and equipment	2,289	(1,150)	1,139	1,458	(861)	597
	$ 4,350	$(1,886)	$ 2,464	$ 2,952	$(1,418)	$ 1,534

Mineral properties and deferred development include construction and capitalized costs relating to properties not in commercial production of $471 million at December 31, 1999 and $323 million at December 31, 1998. The significant components of the December 31, 1999 balance are $287 million (1998—$16 million) related to the Getchell Mine operating assets, (the operations were suspended in July 1999 pending further development drilling and completion of an expansion study which may incorporate the existing mill), nil (1998—$149 million) for the development of Turquoise Ridge at the Getchell Mine, $120 million (1998—$106 million) for the Las Cristinas gold deposit in Venezuela, $46 million (1998—nil) for the development of the South Deep Shaft at the South Deep Mine, $16 million (1998—$13 million) for the South Pipeline gold deposit in the United States, and nil (1998—$39 million) for the development of the Reid Shaft at the Campbell Mine. Placer Dome is funding substantially all of the Las Cristinas project costs through the construction phase, however, the joint venture partner, Corporación Venezolana de Guayana ("CVG"), can maintain its original ownership interest (30%) by paying the balance of its share of costs after construction is complete. Placer Dome believes that CVG presently has the intent to maintain its original interest.

(b) Property plant and equipment (net) and additions thereto by country are as follows:

	Property, Plant & Equipment December 31		Additions to Property, Plant & Equipment Years ended December 31		
	1999	1998	1999	1998	1997
Chile (note 3(b))	$ 682	$ 5	$ 1	$ 1	$ —
United States	542	570	99	139	149
South Africa (note 3(b))	353	—	26	—	—
Papua New Guinea	338	359	37	28	41
Canada	273	307	16	21	80
Australia	155	186	11	17	46
Venezuela	120	106	14	20	24
Mexico	1	1	—	1	—
	$2,464	$1,534	$ 204	$ 227	$ 340

13. Accounts Payable and Accrued Liabilities

December 31	1999	1998
Trade payables	$ 71	$ 55
Accrued employee salaries and benefits	45	34
Deferred commodity hedging credits (note 15(i))	32	19
Bullion bank payable	20	12
Other	56	56
	$ 224	$ 176

14. Long-term Debt and Capital Leases

The weighted average interest rate on long-term debt and capital leases was 7.7% in 1999, 7.7% in 1998 and 7.7% in 1997. Interest expense on long-term debt and capital leases included in earnings was $72 million in 1999, $71 million in 1998, and $73 million in 1997. Interest and financing expense excludes capitalized amounts of $2 million in 1999, $2 million in 1998 and $2 million in 1997. Interest payments were $85 million in 1999, $71 million in 1998, and $73 million in 1997.

The Corporation has a fully committed credit facility of $750 million with an international consortium of banks through to July 1, 2001. The funds are available for general corporate purposes. Including the $750 million facility, at December 31, 1999, Placer Dome had unused bank lines of credit of $838 million (including A$5 million and Cdn $63 million). The majority of these facilities are long-term at interest rates determined with reference to LIBOR which at December 31, 1999 was 6% (three-month term).

Consolidated long-term debt and capital leases comprise the following:

December 31	1999	1998
Placer Dome Inc.		
Bonds		
May 15, 2003 at 7.125% per annum	$ 200	$ 200
June 15, 2007 at 7.125% per annum	100	100
June 15, 2015 at 7.75% per annum	100	100
Preferred Securities (note 14(a))		
Series A, December 31, 2045 at 8.625% per annum	200	200
Series B, December 31, 2045 at 8.5% per annum	85	100
Medium-term notes (note 14(b))	200	200
Placer Dome Western Areas Joint Venture (note 14(c))	5	—
Getchell Gold Corporation— Promissory note	—	29
Capital leases (note 14(d))	24	14
	914	943
Current portion	(9)	(4)
	$ 905	$ 939

(a) Series A and Series B Preferred Securities are redeemable by the Corporation, in whole or in part, on or after December 17, 2001 and December 17, 2006, respectively, at the principal amount plus accrued and unpaid interest to the date of redemption (hereafter referred to as the "Maturity Amount"). The Corporation may, at its option, pay the Maturity Amount by delivering Common Shares, in which event the holder of the Securities shall be entitled to receive a cash payment equal to the Maturity Amount from proceeds of the sale of the Common Shares on behalf of

the holder. Holders of the Securities will not be entitled to receive any Common Shares in satisfaction of the obligation to pay the Maturity Amount.

During 1999, the Corporation repurchased and cancelled $15 million of the Series B Preferred Securities at a cost of $13 million.

(b) The interest rates range from 6.1% to 8.0% and the notes mature between 2001 and 2026.

(c) The loan is denominated in South African Rand (the Corporation's share—30 million Rand) and bears interest at 16.45% per annum with interest calculated quarterly in arrears. The loan and interest are repayable on May 22, 2001.

(d) The Group is obligated under capital leases for mobile mining equipment for remaining terms ranging from one to four years. All capital lease agreements provide that the Group can purchase the leased equipment at fair value at the end of the lease term. At December 31, 1999 and 1998, $22 million and $12 million respectively, of leased property was included in plant and equipment, net of $21 million and $8 million, respectively, of accumulated depreciation and depletion.

Future capital lease payments and future minimum lease payments under non-cancelable operating leases with initial or remaining lease terms in excess of one year as of December 31, 1999 are as follows:

Year ended December 31, 2000	$ 10
Year ended December 31, 2001	6
Year ended December 31, 2002	7
Year ended December 31, 2003	4
Year ended December 31, 2004	2
Total minimum lease payments	29
Less amounts representing interest	(5)
Present value of minimum capital lease payments	24
Less current portion	(9)
Long-term capital lease obligation	$ 15

15. Deferred Credits and Other Liabilities

Deferred credits and other liabilities comprise the following:

December 31	1999	1998
Reclamation and post-closure obligations (note 18(a))	$ 103	$ 72
Deferred commodity hedging credits[(i)(ii)]	34	41
Deferred non-hedge derivatives (note 6)	32	72
Other obligations and provisions[(iii)]	27	12
	196	197
Current portion of deferred credits and other liabilities	(33)	(20)
	$ 163	$ 177

(i) Deferred commodity hedging credits include the premiums received for call options sold that are part of a put/call collar strategy. The deferred amounts are recognized in income when the related sale occurs.

(ii) The Corporation repurchased 110,000 ounces of its gold hedge position for pre-tax gains totaling $19 million of which $18 million will be included in 2000 earnings.

(iii) Other obligations and provisions include accrued liabilities for pensions and deferred compensation (note 21).

16. Fair Value of Financial Instruments with Off-Balance Sheet Risk

The following table presents the carrying amounts and estimated fair values of Placer Dome's financial instruments:

	December 31, 1999		December 31, 1998	
	Carrying Value	Fair Value[(i)]	Carrying Value	Fair Value[(i)]
Financial Assets				
Cash	$ 191	$ 191	$ 431	$ 431
Short-term investments	13	13	116	116
Investments other than equity investments	11	11	23	23
Loans to joint venture partners	—	—	100	100
Metal contracts	(15)	367	13	586
Financial Liabilities				
Short-term and long-term debt and capital leases	945	834	968	982
Foreign currency contracts and options	22	22	72	72

(i) Year-end quoted market prices for specific or similar instruments were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value. For metal and currency contracts and options, the fair value is calculated using the spot and forward prices and volatilities as at year-end.

Placer Dome enters into financial agreements (financial instruments) with major international banks and other international financial institutions in order to manage underlying revenue and cost exposures arising from fluctuations in commodity prices, foreign currency exchange rates and interest rates. Financial instruments which subject Placer Dome to market risk and concentrations of credit risk consist primarily of cash and short-term investments, forward contracts and option contracts for currencies and metals. Placer Dome places its cash and short-term investments in high quality securities issued by government agencies, financial institutions and major corporations and limits the amount of credit exposure by diversifying its holdings.

The Corporation only uses over-the-counter instruments in its derivative program. These instruments are relatively straightforward contracts and involve little complexity as derivative instruments. The Corporation is exposed to credit risk in the event of non-performance by counterparties in connection with its currency and metal forward and option contracts. The Corporation does not obtain any security to support financial instruments subject to credit risk but mitigates this risk by dealing only with a diverse group of financially sound counterparties and, accordingly, does not anticipate loss for non-performance. The Corporation continually monitors the market risk of its derivative activities.

16. Fair Value of Financial Instruments with Off-Balance Sheet Risk, continued

At December 31, 1999, Placer Dome's consolidated metals derivative program consists of:

	2000	2001	2002	2003	2004	2005	2006+
Gold (ooo's ounces):							
Spot deferred contracts							
Amount hedged	850	412	268	75	115	36	160
Average price (i) ($/oz.)	435	465	450	535	441	458	384
Fixed forward contracts							
Amount hedged	253	188	80	200	200	250	400
Average price (i) ($/oz.)	436	458	379	381	381	386	381
Fixed interest floating lease rate contracts							
Amount hedged	64	640	488	270	85	154	2,241
Average price (i) ($/oz.)	480	350	435	414	458	494	456
Put options purchased (ii)							
Amount hedged	727	60	—	—	—	—	—
Average price ($/oz.)	260	300	—	—	—	—	—
Call options sold (ii)							
Amount hedged	792	210	150	200	170	210	785
Average price ($/oz.)	321	370	335	371	374	349	339

Call options for the years subsequent to 2000 include 510,000 ounces of calls which expire in 2000. In the event these calls are exercised they will be converted to forward sales. The forward price achieved will depend on the interest and lease rates prevailing at the date of exercise.

	2000	2001	2002	2003	2004	2005	2006+
Silver (ooo's ounces):							
Forward sales commitments							
Amount hedged	1,250	700	1,350	500	—	—	—
Average price (i) ($/oz.)	7.59	5.40	6.36	5.62	—	—	—
Put options purchased (ii)							
Amount hedged	1,550	1,360	2,300	650	—	—	—
Average price ($/oz.)	6.26	5.61	5.49	5.50	—	—	—
Call options sold							
Amount hedged	1,200	1,360	800	650	—	—	—
Average price ($/oz.)	7.00	7.70	7.95	7.90	—	—	—
Copper (millions of pounds):							
Fixed forward contracts							
Amount hedged (iii)	12.7	—	—	—	—	—	—
Average price ($/lb.)	0.82	—	—	—	—	—	—
Put options purchased							
Amount hedged	101.4	—	—	—	—	—	—
Average price ($/lb.)	0.78	—	—	—	—	—	—
Call options sold							
Amount hedged	114.6	—	—	—	—	—	—
Average price ($/lb.)	0.88	—	—	—	—	—	—

(i) Forward contracts include:

a) Spot deferred forward contracts—a forward sale which will accrue contango until the intended delivery date of the contract. The rate at which contango accrues will be determined by U.S. dollar interest rates less gold lease rates existing at the time of each rollover. The average price reflects the expected value to maturity of the contracts.

b) Fixed forward contracts—a forward contract where the interest rate and gold lease rate of the contract are fixed to the maturity of the contract.

c) Fixed interest floating lease rate contracts—a forward sale which has the U.S. dollar interest rate fixed to the maturity of the contract. Gold lease rates are reset at rollover dates ranging from 3 months to 3 years. The average price reflects the expected value to maturity of the contracts based on assumed gold lease rates.

(ii) Put and call options are disclosed based on the intended delivery date of the option. The expiry date of the option may differ from the intended delivery date.

(iii) Dependent on market conditions, additional forward contracts may exist for the year 2000 totalling 9,900,000 pounds at prices greater than $0.82 per pound.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

Forward sales contracts establish a selling price for future production at the time they are entered into, thereby limiting the risk of declining prices but also limiting potential gains on price increases.

Put options purchased by the Corporation establish a minimum sales price for the production covered by such put options and permit the Corporation to participate in any price increases above the strike price of such put options.

Call options sold by the Corporation provide the buyer with the right, but not the obligation, to purchase production from the Corporation at a predetermined price on the exercise date of the option.

Call options purchased by the Corporation provide the Corporation with the right, but not the obligation, to purchase the commodity from the counter-party at a predetermined price on the exercise date of the option.

The actual gain or loss to be realized on the commodity hedging contracts will be determined by the spot price on the maturity of the contracts.

At December 31, 1999, Placer Dome's consolidated foreign currency derivative program consists of:

	2000	2001	2002	2003+
Canadian Dollars (millions USD)				
Fixed forward contracts				
Amount	$ 93	$ 54	$ 15	$ 8
Average rate (CAD/USD)	1.4608	1.4702	1.5121	1.5177
Call options purchased				
Amount	2	9	16	14
Average rate (CAD/USD)	1.4774	1.4989	1.4981	1.5207
Put options sold				
Amount	4	9	16	14
Average rate (CAD/USD)	1.4892	1.5478	1.5598	1.5925
Australian Dollars (millions USD)				
Fixed forward contracts				
Amount	52	1	—	—
Average rate (AUD/USD)	1.5238	1.5640	—	—
Call options purchased				
Amount	84	36	59	70
Average rate (AUD/USD)	1.4280	1.3922	1.3714	1.3682
Put options sold				
Amount	94	72	68	82
Average rate (AUD/USD)	1.4282	1.3837	1.3922	1.4023
South African Rand (millions USD)				
Fixed forward contracts				
Amount	6	—	—	—
Average rate (ZAR/USD)	6.3060	—	—	—
Call options purchased				
Amount	6	—	—	—
Average rate (ZAR/USD)	6.1500	—	—	—
Put options sold				
Amount	6	—	—	—
Average rate (ZAR/USD)	6.3617	—	—	—

Fixed forward contracts establish an exchange rate of U.S. dollar to the operating currency of the region at the time they are entered into, thereby limiting the risk of exchange rate fluctuations. Call options purchased by the Corporation establish a minimum exchange rate for converting U.S. dollars to the operating currency of the region for the amount hedged, but permit the Corporation to participate in any further weakness in the hedged currency.

Put options sold by the Corporation provide the buyer with the right, but not the obligation, to purchase U.S. dollars from the Corporation at a predetermined exchange rate on the exercise date of the options.

Foreign currency derivative financial instruments do not qualify for hedge accounting and are marked-to-market at each balance sheet date with the change in value included in income in the period. See notes 1 and 6 for additional disclosures related to financial instruments and derivative financial instruments.

17. Supplementary Information

(a) A reconciliation of net earnings to cash from operations is as follows:

Years ended December 31	1999	1998	1997
Net earnings (loss)	$ 35	$ 50	$ (264)
Depreciation and depletion	229	231	227
Unrealized (gains) losses on foreign currency and option contracts	(53)	34	38
Deferred income and resource taxes	(13)	7	(101)
Deferred options	(9)	8	2
Deferred reclamation obligation	11	2	1
Equity earnings and dividends	26	10	14
Change in accounting policy	10	—	—
Minority interests	(3)	1	(14)
Investment gains	(2)	(5)	(29)
Write-downs of mining interests and investments	65	11	296
Other items	12	10	16
Non-cash items	273	309	450
Accounts receivable	37	(26)	82
Inventories	(17)	10	16
Other assets	5	—	(1)
Accounts payable and accrued liabilities	3	20	(66)
Income and resource taxes payable	10	9	(14)
Change in non-cash operating assets and liabilities	38	13	17
Cash from operations	$ 346	$ 372	$ 203

(b) The following table presents additional financial information related to proportionate interests in joint ventures and equity investments.

	Proportionate Interests in Joint Ventures(i)		Equity Investments(ii)	
	1999	1998	1999	1998
Current assets	$ 149	$ 120	$ 18	$ 81
Non-current assets	889	644	97	497
Current liabilities	88	68	7	83
Non-current liabilities	350	156	79	453

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

17. Supplementary Information, continued

	Proportionate Interests in Joint Ventures (i)			Equity Investments (ii)		
	1999	1998	1997	1999	1998	1997
Revenues	$ 497	$ 477	$ 296	$ 174	$ 185	$ 172
Cost and expenses	344	287	267	176	196	184
Earnings (loss) before taxes and other items	153	190	29	(2)	(11)	(12)
Net earnings (loss) before effect of change in accounting policy	133	149	5	(6)	(14)	(13)
Net earnings (loss) after effect of change in accounting policy	132	149	5	(5)	(14)	(13)

(i) Includes the Corporation's joint venture interests in the Musselwhite, Cortez, Granny Smith, and Porgera mines in 1997 and 1998, and also the South Deep Mine in 1999.

(ii) Includes the Corporation's equity investments in La Coipa Mine in 1997, 1998 and 1999, and in the Zaldívar Mine, for the periods 1997 to December 13, 1999 until it became a wholly-owned subsidiary.

(c) The consolidated financial statements in accordance with Canadian GAAP (in U.S. dollars) are included in the Proxy Statement and filed with various Canadian regulatory authorities. The following is a reconciliation of the net earnings (loss) between the U.S. and Canadian basis:

Years ended December 31	Consolidated statements of earnings (loss)(i) 1999	1998	1997
Net earnings (loss), U.S. basis	$ 35	$ 50	$ (264)
Adjustments to:			
Equity earnings(iii)	2	2	3
Investment income(vii)	—	—	(27)
Foreign currency contracts and options(vi)	(32)	20	25
Amortization of translation losses(v)	—	—	(8)
Payments on preferred securities(iv)	14	14	14
Depreciation and depletion(iii)	(1)	—	—
Write-downs of mining interests(vii)(ix)	—	—	(26)
Income tax (FAS 109) adjustments(ii)	—	7	5
Technology and resource development(viii)	—	—	10
Getchell results prior to merger and related merger costs(x)	32	12	19
Change in accounting policy(xi)	10	—	—
Net earnings (loss), Canadian basis	$ 60	$ 105	$ (249)

(i) The investment for CMZ (50% ownership until December 13, 1999 when it increased to 100%), MDO (50%), and Minera Las Cristinas C.A. ("Minca") (70%) are incorporated joint ventures which are accounted for by the equity method if they are a 20% to 50% interest and fully consolidated if they are more than 50%. Under the Canadian basis these are proportionately consolidated.

(ii) SFAS 109, Accounting for Income Taxes, requires the use of the liability method for income taxes compared with the deferral method followed under the Canadian basis.

(iii) Under the U.S. basis, a portion of all interest costs incurred must be capitalized as part of the cost of a project under development, and subsequently amortized when operations commence. Under the Canadian basis, interest is capitalized on a mine development project only if interest arises on indebtedness incurred to finance the project, or is centrally financed.

(iv) As disclosed in note 14(b), Preferred Securities are included as part of long-term debt. Under the Canadian basis the Preferred Securities would be classified as shareholders' equity, and accordingly the related interest expense is reclassified to dividends.

(v) Results for 1997 under the Canadian basis reflect the amortization of the foreign currency translation adjustment.

(vi) As the U.S. dollar is the currency of measure under the U.S. basis, the foreign currency contracts and options are marked-to-market, with the result recorded in income currently.

(vii) The losses in 1997 have been increased by $61 million ($27 million in investment income and $34 million in the write-down of mining interests) related to the cumulative translation adjustment balance. Under the U.S. basis, SFAS 52, Foreign Currency Translation requires that the cumulative translation account be included in income only in the period during which the sale or liquidation of the property or investment occurs. Under the Canadian basis, the cumulative translation balance related to each property is considered to be realized when a closure plan for the property is announced or on the substantial disposition, liquidation or closure of a mine, property or investment.

(viii) Under the U.S. basis, feasibility costs are capitalized when it has been determined that a commercially mineable deposit has been identified and a decision has been made to formulate a mining plan. This would usually occur upon completion of a feasibility study indicating the existence of such a deposit. Under the Canadian basis, when it has been established that a mineral property has development potential, the costs incurred to develop a mine or the property, and further exploration costs prior to the start of mining operations are capitalized.

(ix) Under the U.S. basis, assets considered as impaired are written down to fair value. Under the Canadian basis, the 1997 impairment provision was calculated on an undiscounted basis. The 1997 results have been reduced by a $13 million ($8 million after tax) write-down under Canadian GAAP.

(x) Under the Canadian basis, the Getchell combination was accounted for on a purchase method compared with the pooling of interests method for U.S. GAAP. Under the purchase method, results of operations were a component of the book value acquired, whereas, under the U.S. basis they are included in current earnings. Merger related costs are expensed under the pooling method and capitalized under the purchase method.

(xi) Effective January 1, 1999, Placer Dome adopted AICPA Statement of Position 98-5, Reporting on Costs of Start-Up Activities ("SOP 98-5"). Under SOP 98-5, costs incurred during the start-up of a project are expensed as incurred. This was applied prospectively with prior years adjustments totalling $10 million after-tax recorded in the current year. Under the Canadian basis, start-up cost are capitalized until commercial production (80% capacity) is achieved.

18. Commitments and Contingencies

(a) Although the ultimate amount of reclamation and other post-closure obligations to be incurred for existing and past mining interests is uncertain, Placer Dome has estimated these costs to be $220 million as at December 31, 1999, and has accrued through charges to earnings of $28 million, $7 million, and $7 million in 1999, 1998, and 1997, respectively. The aggregate obligation accrued to December 31, 1999 of $103 million (1998—$72 million) is included with Deferred credits and other liabilities (note 15).

Regulatory authorities in certain jurisdictions require that security be provided to cover the estimated reclamation obligations:

(i) Placer Dome has provided security for site rehabilitation and long-term acid drainage treatment at the closed Equity Silver Mine pursuant to the terms of an amended reclamation permit issued by the British Columbia provincial government in 1996. At December 31, 1999, the security provided totaled Cdn$25 million. As provided for under the amended reclamation permit, the level of security will be reviewed approximately every 3 to 5 years with the next review scheduled for the year 2000.

(ii) The Golden Sunlight Mine in Montana has been required by the state government to provide security of $55 million by way of a bond for reclamation obligations. This bond has been guaranteed by the Corporation. The bonding requirement is to be increased to $62 million by the year 2004. Placer Dome's assessment of the ultimate post-closure expenditures is that they will be substantially less than the $62 million bonding requirement.

(iii) The Cortez (100%), Getchell and Bald Mountain mines in Nevada have provided securities totaling $53 million by way of bonds for reclamation obligations to the state government. The bonds have been guaranteed by the Corporation.

(iv) Placer Dome Asia Pacific has provided bank guarantees totaling A$25 million, the majority of which were provided to the Queensland Government for post closure reclamation costs.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

(b) In June 1995, Placer Dome U.S. Inc. won a jury verdict against ECM, Inc. ("ECM") concerning charges of fraud and misrepresentation in connection with the negotiation of a lease of certain mining claims controlled by ECM. These mining claims are now known to contain most of the South Pipeline gold deposit. ECM appealed the jury findings before the U.S. Court of Appeals, as well as a summary judgement on other issues granted by the District Court before the trial. In December 1997, a decision on this appeal was received. While the U.S. Court of Appeals affirmed a 1995 jury verdict that Placer Dome acted properly in acquiring claims on which the deposit was discovered, it said the trial court should not have summarily dismissed one claim made by ECM regarding a 1987 lease agreement which provided for royalties to ECM. Upon remand of the case to the District Court in Nevada, the District Court Judge issued an order in August 1998 defining the remaining claims and issues to be litigated. In September 1998, ECM petitioned the Court of Appeals for a Writ of Mandamus to require the District Court to hear a broader set of claims and issues as espoused by ECM, and to remove the existing judge from the case. This petition was denied by the Court of Appeals in February 1999. Thereafter, the District Court agreed to consider one other claim by ECM for alleged breach of an implied property law covenant.

Placer Dome will defend the remaining action. On September 30, 1999, Placer Dome U.S. Inc., for itself and for the Cortez Joint Venture, moved for summary judgement on ECM's two remaining claims for remand, the timing of which motion will be determined by the District Court in Nevada.

(c) Much of the Corporation's reserves and operations within the U.S. occur on unpatented lode mining claims and mill sites that are on federal lands pursuant to the federal mining laws. Issues affecting mining and processing on such federal lands have been raised recently by the U.S. government. The U.S. Department of Interior ("Interior Department") issued a legal opinion on November 7, 1997, which limited the number of mill sites which could be located based upon a one-to-one ratio between the number of mill sites and the associated mining claims. Mill site claims (used for ancillary activities such as mine offices and waste disposal) are limited to a maximum size of 5 acres, while lode mining claims are limited to a maximum size of 20.66 acres. In November of 1999, the U.S. Congress, as part of the fiscal year 2000 Interior Appropriations legislation, precluded the Interior Department from applying the mill site ratio requirement to those mining operations which had an approved or pending plan of operations as of the date of the 1997 Solicitor's opinion. In addition, the Interior Department's 1997 legal opinion states that other discretionary land acquisition and permitting mechanisms may be used by mining companies to obtain needed lands for ancillary mining purposes. The Corporation continues to follow these developments to determine the full impact and to formulate possible responses in the event that future expansions of existing mines are affected.

In February of 1999 the Interior Department proposed revisions to the 43 C.F.R. Subpart 3809 regulations which govern reviews and approvals of mining plans of operations. This proposed rule would increase the Bureau of Land Management's regulatory authority and impose new requirements for mining operations on federal lands. If this regulatory proposal is finalized, it will likely increase our regulatory obligations and compliance costs with respect to exploration, mine development, mine operations, and closure.

(d) The Golden Sunlight Mine is presently a co-defendant with the Montana Department of Environmental Quality ("DEQ") in a lawsuit filed in the Montana District Court by five environmental groups against the Record of Decision that was issued on June 29, 1998. The lawsuit alleges that the expansion approval by DEQ violates certain Montana regulations and the Montana Constitution because the permit conditions do not include more stringent reclamation requirements, primarily the backfilling of the open pit, which cost was estimated at approximately $20 million. The plaintiff groups filed a Motion for Summary Judgement on the issues and a ruling on the Motion was made on February 16, 2000. The court ruled that the Montana Metal Mine Reclamation Act required the DEQ to impose a partial pit backfilling requirement. Golden Sunlight will continue to contest this ruling and further proceedings will be required to determine the effect of this ruling for Golden Sunlight. Mining in accordance with the permit is expected to continue during these proceedings.

(e) Until its divestment on March 21, 1997, the Corporation owned 39.9% of Marcopper Mining Corporation ("Marcopper"), a publicly traded Philippine Corporation. In March 1996, operations were suspended at the Marcopper Mine due to an accidental discharge of mill tailing through a drainage tunnel. As a result of the accident, the Corporation wrote off its investment in Marcopper and recorded net provisions totaling $43 million in 1996. The provision, which is net of tax and insurance recoveries, included 100% of the then estimated total cost of repairing the drainage tunnel, establishing a compensation fund and mitigating the environmental impact of the accident.

Work on installing a permanent plug for the drainage tunnel is complete however river clean-up has been temporarily suspended pending review of the Environmental Impact Assessment ("EIA") study completed in March 1999 and issuing of an Environment Compliance Certificate. Suspension of river cleanup activity remained in effect throughout 1999 as a decision of the EIA has not yet been taken by the Philippines Department of Environmental and Natural Resources. The Corporation cannot predict with certainty the final costs of the off-site clean-up and the remediation of the impact of the tailing released into the river, the amount of time necessary to accomplish such tasks or the extent to which contributions will be available from insurers. The Corporation does not believe, based on the available information, that the costs associated with the river clean-up will differ materially from amounts presently accrued. While some of the insurers have denied coverage, the Corporation believes that it has valid claims under the policies and is taking the necessary steps to recover amounts owing to it.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

18. Commitments and Contingencies, continued

During the four-year period of Placer Dome's continued involvement in the remediation of the Boac river, Placer Dome has become aware of other environmental issues on the Marcopper mine-site. Placer Dome is prepared to voluntarily engage in discussions with stakeholders in a process that would be designed to determine what work needs to occur and to establish a plan for addressing the issues. At this time the extent of work required, the amounts Placer Dome may choose to expend and the timing of any such expenditures is not known.

(f) On July 15, 1999, Minera Las Cristinas C.A. ("Minca"), a joint venture between the Corporation (70%) and the Corporacion Venezolana de Guayana ("CVG", 30%), suspended construction of the Las Cristinas gold mine project in Venezuela due to changed gold market conditions and inadequate gold prices. The work contract between CVG and Minca, under which Minca holds the right to explore for and exploit gold from the Las Cristinas property, allows for a suspension of the project for a period of 12 months. After this period, CVG could commence proceedings to rescind the contract if no agreement is reached. On August 4, 1999, Minera Albino, C.A. ("Albino"), filed with the Supreme Court of Venezuela a complaint challenging the work contract. The Trial Court of the Administrative Chamber of the Supreme Court rejected the complaint on the basis that Albino did not have legal standing to sue. Albino has appealed that finding. No decision on the appeal has been announced. Pursuant to a 1999 amendment to the Venezuela Mining Law, on December 22, 1999, Minca applied to the Venezuelan Ministry of Energy and Mines to convert the work contract into a concession. Should any of these developments evolve in a manner that is unfavourable to the Corporation, the Corporation's investment in Las Cristinas, which at December 31, 1999 was $116 million, may become impaired.

(g) At December 31, 1999, Placer Dome has outstanding commitments aggregating $10 million under capital expenditure and exploration programs.

(h) Placer Dome is subject to various investigations, claims and legal and tax proceedings covering a wide range of matters that arise in the ordinary course of business activities. Each of these matters is subject to various uncertainties and it is possible that some of these matters may be resolved unfavourably to Placer Dome. The Corporation has established accruals for matters that are probable and can be reasonably estimated. Management believes that any liability that may ultimately result from the resolution of these matters in excess of amounts provided will not have a material adverse effect on the financial position or results of operations of the Corporation.

19. Share Capital

(a) Share options

At December 31, 1999, the Corporation had five stock based incentive plans. The following table describes the five plans:

	Reserved Shares (000's)	Options granted Shares (000's)	Options exercisable Shares (000's)
1987 LTIP (i)	n/a	76	76
1996 LTIP (i)	n/a	1,119	1,119
1996 LTIP Directors (ii)	n/a	65	65
	5,315	1,260	1,260
1987 Stock Option Plan (iii)	25,000	10,715	4,729
1993 Directors Plan (iii)	720	510	405
	31,035	12,485	6,394

(i) Under the Placer Dome Inc. (Getchell) Amended and Restated Long-Term Incentive Plan as Amended and Restated May 27, 1999 ("1987 LTIP") and the Placer Dome Inc. (Getchell) 1996 Long-Term Equity Incentive Plan ("1996 LTIP"), options were granted at an exercise price equal to the market price on the date of the grant. The Getchell Board of Directors at its discretion, determined the vesting period. All options expire no later than ten years from the grant date. The options were assumed by the Corporation upon the merger on May 27, 1999. No future grants will be made from these plans.

(ii) Under the Placer Dome Inc. (Getchell) 1996 Stock Option Plan for Outside Directors ("1996 LTIP Directors") options were granted to outside directors at an exercise price equal to the market price on the date of the grant. The options vest over one to three years. All options expire five years after the date of grant. The options were assumed by the Corporation upon the merger on May 27, 1999. No future grants will be made from this plan.

(iii) Under the 1987 Stock Option Plan and the 1993 Non-Employee Directors Stock Option Plan ("1993 Directors Plan"), options to purchase common shares of the Corporation may be granted to employees and directors of the corporation and its subsidiaries for terms up to ten years at an exercise price equal to the market price prevailing on the day immediately preceding the date of the grant.

The following table contains information with respect to all option plans:

	Options issued in CAD$		Options issued in US$	
	Shares (000's)	Price CAD$/share	Shares (000's)	Price US$/share
Options outstanding, December 31, 1996	3,613	$ 12.00 – 39.75	2,380	$ 1.33 – 19.44
Granted	2,373	20.45 – 29.35 (i)	958	8.27 – 20.41 (ii)
Exercised	(36)	12.00 – 27.38	(44)	4.67 – 13.47
Surrendered or expired	(729)	12.00 – 39.25	(279)	11.94 – 19.44
Options outstanding, December 31, 1997	5,221	12.00 – 39.75	3,015	1.33 – 20.41
Granted	2,623	17.55 – 19.45 (i)	1,064	3.67 – 10.31 (ii)
Exercised	(34)	12.00 – 17.55	(29)	1.33 – 4.67
Surrendered or expired	(261)	17.50 – 39.25	(359)	5.33 – 19.49
Options outstanding, December 31, 1998	7,549	12.00 – 39.75	3,691	2.73 – 20.41
Granted	4,582	14.65 – 19.60 (i)	—	—
Exercised	(96)	12.00 – 23.35	(1,885)	2.73 – 15.82
Surrendered or expired	(810)	12.00 – 39.75	(546)	5.23 – 20.41
Options outstanding, December 31, 1999	11,225	12.00 – 39.75	1,260	3.67 – 20.41

(i) The weighted average fair value of CAD$ options granted in 1999, 1998 and 1997 was $6.74, $7.34 and $10.32 per share respectively.

(ii) The weighted average fair value of US$ options granted in 1998 and 1997 was $4.96 and $7.80 per share respectively.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

The following table summarizes information about share options outstanding:

December 31, 1999

Range of exercise prices	Options outstanding Shares (000's)	Average Life (years)	Weighted Average Price	Options exercisable Shares (000's)	Weighted Average Price
CAD$ options					
$12.00-$19.45	7,157	7.8	$ 17.36	1,423	$ 16.91
$20.45-$25.00	451	4.0	$ 23.42	389	$ 23.20
$25.15-$32.62	2,937	6.0	$ 28.70	2,642	$ 28.69
$33.00-$39.75	680	6.2	$ 38.98	680	$ 38.98
	11,225	7.1	$ 21.88	5,134	$ 26.37
US$ options					
$2.04-$8.16	117	6.2	$ 5.67	117	$ 5.67
$8.17-$12.24	251	4.1	$ 9.06	251	$ 9.06
$12.25-$16.33	481	5.0	$ 13.02	481	$ 13.02
$16.34-$20.41	411	1.8	$ 16.67	411	$ 16.67
	1,260	3.9	$ 12.74	1,260	$ 12.74

At the beginning of 1999, the Corporation also had 9,800 debenture options at option prices ranging from US$3.11 to US$3.98 and 178,380 stock appreciation rights ranging from US$2.73 to US$4.67. During 1999, all debenture options were surrendered and all stock appreciation rights were exercised.

(b) Placer Dome first adopted a shareholders' rights plan (the "Rights Plan") in 1990. The current Rights Plan was approved by shareholders at the 1998 annual meeting. Under the Rights Plan, each Placer Dome Common Share carries with it the right to purchase shares in Placer Dome, at a discounted price, under certain circumstances and in the event of particular hostile efforts to acquire control of Placer Dome. The rights are currently not exercisable and rights certificates will not be distributed unless certain specified events cause the rights to separate from the Placer Dome Common Shares. Pending separation, the rights are evidenced by and trade with the Placer Dome Common Shares. The rights will expire no later than the termination of Placer Dome's annual meeting in 2001. The rights may be redeemed at a price of Cdn$0.001 per right prior to a specified event but in certain cases, only following approval by a majority of the votes cast by independent shareholders at a special meeting of shareholders.

If a person or group acting in concert acquires 20% or more of Placer Dome Common Shares in a transaction that is not a "Permitted Bid" or a "Competing Permitted Bid", the rights will become exercisable and entitle the holders thereof (other than the acquiring person or group) to purchase the Placer Dome Common Shares at a 50% discount from the market price. The rights are not triggered by a "Permitted Bid", which is essentially a takeover bid made on substantially identical terms to all shareholders for all or less than all of their shares. The "Permitted Bid" must be made by way of a circular bid in compliance with securities laws and must comply with other conditions, including the condition that any shares not be taken up for 60 days following the bid and then, only if more than 50% of the then outstanding Placer Dome Common Shares held by independent shareholders have been tendered to the bid. A "Competing Permitted Bid" is a take-over bid made after a Permitted Bid has been made and prior to its expiry that satisfies all of the provisions of a Permitted Bid, except that it must remain open for acceptance until at least the later of 21 days and the expiry of the outstanding Permitted Bid. The entering into of certain revocable lock-up agreements to tender Placer Dome Common Shares into a takeover bid will not trigger the rights.

Under the present policies of the Toronto Stock Exchange and Canadian provincial securities authorities, the adoption of a rights plan is subject to shareholder confirmation.

(c) The Corporation has five share option plans which reserve shares of common stock for issuance to employees and directors. The Corporation has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation. Accordingly, no compensation cost has been recognized for the share option plans. Had compensation cost for the Corporation's five share option plans been determined based on the fair value at the grant date for awards in 1999, 1998 and 1997 consistent with the provisions of SFAS No. 123, the Corporation's earnings and earnings per share on a U.S. basis would have been reduced to the pro forma amounts indicated below:

Years ended December 31	1999	1998	1997
Earnings (loss)—as reported	$ 35	$ 50	$ (264)
Earnings (loss)—pro forma	9	34	(277)
Earnings (loss) per share—as reported	0.11	0.15	(0.85)
Earnings (loss) per share—pro forma	0.03	0.11	(0.89)

The assumption regarding the share options issued to employees in 1999 was that 33% of such options vested in 1999.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model discounted for lack of liquidity with the following weighted-average assumptions used for grants:

December 31	1999	1998	1997
Dividend yield	0.80%	0.60%	1.06%
Expected volatility	30%	30%	30%
Risk-free interest rate	6.40%	6.40%	6.64%
Expected lives	10 years	10 years	10 years
Liquidity discount factor	25%	25%	25%

20. Business Segments

Substantially all of Placer Dome's operations are within the mining sector. Due to geographic and political diversity, Placer Dome's mining operations are decentralized whereby Mine General Managers are responsible for business results and regional corporate offices provide support to the mines in addressing local and regional issues. Major products are gold, silver and copper produced from mines located in Canada, the U.S., Australia, Papua New Guinea, South Africa and Chile.

(a) Product segments

Years ended December 31	Sales by metal 1999	1998	1997
Gold	$ 1,094	$ 1,080	$ 994
Copper	61	58	59
Silver	6	5	6
Molybdenum[(i)]	—	—	36
Other	1	2	—
	$ 1,162	$ 1,145	$ 1,095

(i) In 1997, the Corporation's only molybdenum producing property, Endako Mine in Canada, was sold.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

20. Business Segments, continued

(b) Segment profit (loss)[vi]

Years ended December 31	Sales[i]			Depreciation and Depletion			Mine Operating Earnings[ii]		
	1999	1998	1997	1999	1998	1997	1999	1998	1997
Canada									
Campbell	$ 70	$ 91	$ 105	$ 12	$ 10	$ 7	$ 19	$ 40	$ 52
Detour Lake	18	41	41	—	1	19	3	5	(21)
Dome	92	99	105	18	19	25	6	14	15
Kiena[iii]	—	—	22	—	—	5	—	—	2
Musselwhite[iii]	39	40	31	14	14	11	(1)	—	—
Sigma[iii]	—	—	21	—	—	1	—	—	(2)
Endako[iii]	—	—	36	—	—	2	—	—	10
	219	271	361	44	44	70	27	59	56
United States									
Bald Mountain	28	39	41	8	7	8	(3)	9	4
Cortez[iii]	219	197	77	44	57	15	127	93	28
Getchell[v]	32	47	59	10	12	11	(24)	(17)	(27)
Golden Sunlight	42	46	53	19	25	24	(16)	(4)	1
	321	329	230	81	101	58	84	81	6
Papua New Guinea									
Misima	59	58	75	12	8	13	(5)	(3)	(1)
Porgera	103	107	119	44	30	32	(6)	18	2
	162	165	194	56	38	45	(11)	15	1
Australia									
Granny Smith	85	97	98	3	4	8	52	60	49
Kidston	60	56	64	16	14	20	(20)	(12)	(29)
Osborne	56	56	69	20	19	19	(7)	(9)	(9)
	201	209	231	39	37	47	25	39	11
Chile									
Zaldívar[iv]	13	—	—	2	—	—	3	—	—
South Africa									
South Deep[iv]	34	—	—	2	—	—	—	—	—
Reconciling Items									
Metal hedging revenue	211	169	79	n/a	n/a	n/a	211	169	79
Other	1	2	—	5	11	7	—	(6)	(6)
	212	171	79	5	11	7	211	163	73
	$ 1,162	$ 1,145	$ 1,095	$ 229	$ 231	$ 227	$ 339	$ 357	$ 147

(i) Of the metal sales from mines located in Canada for the years 1999, 1998 and 1997, $139 million, $112 million and $84 million, respectively, were domestic sales, and $80 million, $159 million and $277 million, respectively, were export sales to the United States. All other sales were primarily to the United States.

(ii) Mine operating earnings are defined as sales, less cost of sales, including reclamation costs, depreciation and depletion.

(iii) The Sigma, Kiena and Endako mines were sold in 1997. The Musselwhite Mine and the Pipeline Mine at Cortez commenced commercial production in 1997.

(iv) On April 1, 1999, Placer Dome acquired a 50% interest in the Placer Dome Western Areas Joint Venture. On December 13, 1999, Placer Dome completed the acquisition of the remaining 50% of the Zaldívar Mine. Prior to this time, Placer Dome owned 50% of the Zaldívar Mine, and it was equity accounted for.

(v) Operations at Getchell were suspended in July 1999 pending further development drilling and completion of an expansion study.

(vi) Included in equity in earnings of associates is $14 million (1998—$11 million, 1997—$18 million) and $6 million (1998—$12 million, 1997—$6 million) for operating earnings related to the Zaldívar Mine and La Coipa Mine respectively.

December 31, 1999, 1998 and 1997 (all amounts are in millions of United States dollars, except where otherwise indicated, U.S. GAAP)

21. Pension Plans

Placer Dome has both defined benefit and defined contribution pension plans covering substantially all of its employees. Pension benefits are based, in defined benefit plans, on employees' earnings and/or years of service. The defined benefit plans are funded currently by contributions from the Corporation or its subsidiaries, based on periodic actuarial estimates and statutory requirements. Contributions to defined contribution plans are based on specified percentages of salaries.

Pension expenses are comprised of:

Years ended December 31	1999	1998	1997
Defined benefit plans:			
Service costs (benefits earned during the period)	$ 8	$ 8	$ 9
Interest costs on projected benefit obligations	9	8	8
Expected return on plan assets	(10)	(10)	(10)
Amortization of experience loss (gain)	—	(1)	(2)
	7	5	5
Defined contribution plans	1	—	1
	$ 8	$ 5	$ 6

The status of defined benefit plans as at December 31, 1999 and 1998 is as follows:

	Plans where assets exceed accumulated benefits		Plans where accumulated benefits exceed assets	
December 31	1999	1998	1999	1998
Change in plan assets				
Fair value of plan assets at beginning of year	$ 81	$ 110	$ 30	$ 24
Actual return on plan assets	12	(16)	1	6
Employer contribution	1	2	1	2
Benefits paid	(8)	(8)	(3)	(2)
Other	6	(7)	—	—
Fair value of plan assets at end of year	92	81	29	30
Change in benefit obligation				
Benefit obligation at beginning of year	60	64	49	44
Service cost	5	5	3	2
Interest cost	4	5	4	3
Actuarial loss (gain)	(4)	(1)	2	4
Benefits paid	(8)	(8)	(3)	(2)
Other	4	(5)	1	(2)
Benefit obligation at end of year	61	60	56	49
Plan assets in excess of (less than) projected benefit obligations	31	21	(27)	(19)
Unamortized January 1, 1986 deficit (surplus)	(2)	(2)	—	—
Unamortized experience loss (gain)	(11)	(1)	4	—
Accrued net pension asset (liability)[(i)]	$ 18	$ 18	$ (23)	$ (19)

(i) Substantially all of the $23 million (1998—$19 million) which is unfunded relates to plans that, at this time, cannot be funded in a tax efficient manner. Funding of these plans are made as benefits are paid.

In determining the present value of accumulated plan benefits and current service pension cost as of December 31, 1999, the weighted average discount rates and expected rates of return on plan assets used vary from 7% to 8% (1998—6.75% to 8%) and the salary escalation rates assumed vary from 4% to 5% (1998—3.5% to 5%). The rates used reflect management's and actuarial assessments of the economic conditions in each of the countries in which Placer Dome operates. The amortization periods for unrecognized gains, losses, surpluses and deficits associated with pension plans vary from two years to 21 years and are based on the expected average remaining service life of each employee group.

22. Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date.

Management developed and implemented a plan to address the expected effects of the Year 2000 Issue on the company. As at December 31, 1999, the company completed the identification of computer systems that required modification or replacement and completed the migration and/or conversion of the non-compliant critical systems. An assessment of the readiness of third parties, such as customers, suppliers and others, was also completed and where significant risks existed, contingency plans were developed to minimize potential impacts.

To date, there have been no known adverse effects at any of the operations or at the corporate and regional offices. Although the change in date has occurred, it is not possible to conclude that all aspects of the Year 2000 Issue that may affect the Corporation, including those related to customers, suppliers, or other third parties, have been fully resolved.

23. Comparative Figures

Certain amounts for 1998 and 1997 have been reclassified to conform with the current year's presentation.

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(millions of United States dollars, except per share amounts or as otherwise indicated)	1999	1998	1997	1996	1995
Earnings—					
Sales	$ 1,162	$ 1,145	$ 1,095	$ 1,067	$ 1,003
Cost of sales	594	557	721	682	589
Depreciation and depletion	229	231	227	169	149
Mine operating earnings	339	357	147	216	265
General and administrative	45	49	54	56	56
Exploration	56	90	99	101	112
Technology, resource development and other	41	27	33	—	—
Merger and restructuring costs	49	—	—	—	—
Write-down of mining interests	46	—	296	98	—
Operating earnings	102	191	(335)	(39)	97
Non-hedge derivative gains (losses)	46	(54)	(30)	—	—
Investment and other income	13	31	74	71	44
Interest and financing expense	(80)	(74)	(75)	(40)	(6)
Earnings (loss) before taxes and others items	81	94	(366)	(8)	135
Income and resource taxes	(62)	(62)	75	(21)	(62)
Equity in earnings (loss) of associates	23	19	13	(30)	19
Minority interests	3	(1)	14	(11)	(20)
Change in accounting policies	(10)	—	—	7	—
Net earnings (loss)	$ 35	$ 50	$ (264)	$ (63)	$ 72
Per common share					
Net earnings (loss)	$ 0.11	$ 0.15	$ (0.85)	$ (0.21)	$ 0.25
Dividends per common share	$ 0.10	$ 0.10	$ 0.30	$ 0.30	$ 0.30
Weighted average number of common shares outstanding (millions)	326.0	323.7	312.2	302.5	285.4
Financial position[4]—					
Cash and short-term investments	$ 204	$ 547	$ 314	$ 473	$ 430
Other current assets	333	294	268	342	280
Investments	88	533	556	732	598
Other assets	170	208	243	344	381
Property, plant and equipment	2,464	1,534	1,582	1,386	1,136
Total assets	$ 3,259	$ 3,116	$ 2,963	$ 3,277	$ 2,825
Current liabilities	$ 301	$ 232	$ 225	$ 248	$ 182
Long-term debt	905	939	934	990	569
Deferred credits and other liabilities	163	177	128	86	78
Deferred income and resource taxes	224	125	119	164	91
Minority interest in subsidiaries	27	31	32	146	136
Shareholders' equity	1,639	1,612	1,525	1,643	1,769
Total liabilities and equity	$ 3,259	$ 3,116	$ 2,963	$ 3,277	$ 2,825
Return on shareholders' equity[2]	2%	3%	(17%)	(4%)	4%
Working capital	$ 236	$ 609	$ 357	$ 567	$ 528
Long-term debt to total capitalization[3]	31%	33%	34%	33%	22%

Notes to Five-Year Performance Summary

1. Amounts in this table reflect the following significant transactions:

(i) The Golden Sunlight Mine ceased milling operations due to ground movement from June 14, 1994 to February 5, 1995.

(ii) The dilution of Gibraltar Mines Limited from 44.4% to 30.9% in August 1995.

(iii) The commencement of commercial production at the Osborne Mine and the Zaldívar Mine on August 1 and November 1, 1995, respectively.

(iv) The suspension of operations at the Marcopper Mine in 1996 due to an accidental discharge of mill tailing. The mine ceased operations and remains closed. The Corporation wrote-off the investment and recorded provisions totalling $43 million relating to Marcopper. In March 1997, the Corporation divested its interest in Marcopper.

(v) The sale of its 30.8% interest in Gibraltar for $59 million resulting in an after tax gain of $11 million.

(vi) The purchase of 100% (1996—43.2%) of the shares of Highlands Gold Limited, a company which owns 25% of the Porgera Mine.

(vii) The issuance in 1996 of $300 million of preferred securities.

(viii) The purchase of the 24.8% minority interest of Placer Pacific Limited completed on April 11, 1997.

(ix) The sale of the Kiena, Sigma and Endako mines in the second and third quarters of 1997, resulting in $1 million after tax gain.

(x) The commencement of commercial production at the Pipeline deposit and the Musselwhite Mine on March 1, 1997 and April 1, 1997, respectively.

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(millions of United States dollars, except per share amounts or as otherwise indicated)	1999	1998	1997	1996	1995
Cash flows—					
Cash from operations	$ 346	$ 372	$ 203	$ 181	$ 166
Investing activities—					
Property, plant and equipment	(204)	(227)	(340)	(447)	(356)
Investment acquisitions	(461)	(29)	(208)	(189)	(10)
Short-term investment	103	(71)	4	(7)	107
Dispositions	4	32	239	63	5
Loans to joint ventures	20	40	40	30	(6)
Investments in incorporated joint ventures	14	6	9	14	(97)
Other	10	10	8	2	34
Financing activities—					
Short and long-term debt, net	(59)	(13)	(98)	455	319
Common shares issued	16	70	52	6	147
Other					
Dividends	(29)	(28)	(74)	(79)	(87)
Effect of exchange rates	—	—	—	7	4
Increase(decrease) in cash	$ (240)	$ 162	$ (165)	$ 36	$ 226

MINING OPERATIONS

Results of the Corporation, its subsidiaries and a pro-rate share of joint ventures.

	1999	1998	1997	1996	1995
Production—					
Gold (thousand of ozs.)					
Consolidated	3,212	3,153	2,790	2,260	2,206
The Group's share	3,149	3,111	2,742	2,085	2,030
Silver (million of ozs.)					
Consolidated	1	1	1	1	1
The Group's share	11	10	6	7	5
Copper (million of lbs.)					
Consolidated	109	79	81	97	34
The Group's share	267	228	183	181	97
Molybdenum (million of lbs.)					
Consolidated and Group's share	—	—	7	15	14
Average selling price realized—					
Gold ($/oz.)					
The Group's share	341	344	357	402	393
Average cash production cost—					
Gold ($/oz.)					
Consolidated	163	157	223	257	232
The Group's share	159	153	218	249	228

Notes to Five-Year Performance Summary, continued

(xi) The Getchell Mine in the U.S. temporarily suspended operations in July 1999.

(xii) The acquisition on April 1, 1999 of a 50% in the Placer Dome—Western Areas Joint Venture, which owns and operates the South Deep gold mine in South Africa.

(xiii) The acquisition on December 13, 1999 of the remaining 50% of Compañia Minera Zaldívar which owns and operates the Zaldívar copper mine in Chile.

2. Comprises net earnings (loss) divided by the average of beginning and ending shareholders' equity for each year.

3. Total capitalization comprises long-term debt and other non-current liabilities, deferred income and resource taxes, minority interests in subsidiaries and shareholders' equity.

4. See Note 15 to the consolidated financial statements for information concerning certain commitments and contingencies at December 31, 1999.

Market Information

The Corporation's Common shares are listed on the New York Stock Exchange in the United States, on the Toronto Stock Exchange in Canada, the Australian Stock Exchange in Australia, the Paris Bourse in France and the Swiss Exchange in Switzerland. The shares are listed under the stock symbol PDG.

International Depository Receipts, representing the Corporation's Common shares, are listed on the Brussels Bourse in Belgium.

The Corporation's 8 5/8 Series A Preferred Securities, due December 31, 2045, are listed on the New York Stock Exchange.

The Toronto Stock Exchange and the New York Stock Exchange are the principal exchanges on which the Corporation's Common shares are traded. The quarterly high and low sale prices for the common shares of the Corporation for 1999 and 1998 are shown on page 68.

The Corporation's regional entities comprise Placer Dome Asia Pacific of Sydney, Australia; Placer Dome Canada of Toronto, Canada; Placer Dome Latin America of Santiago, Chile; and Placer Dome U.S. of Denver, U.S.A. The Corporation's mines have been designated business units accountable to the regional entities for their individual business performance.

Shareholders

As of December 31, 1999, the Corporation had 327,486,254 common shares issued and outstanding and 19,191 shareholders of record. The articles and by-laws of the Corporation contain no restrictions on the right to hold or vote the Corporation's common shares. There are no limitations under the laws of Canada on the rights of foreign shareholders and, in particular, no restriction on the remittance of dividends or other payments to non-resident shareholders, subject to applicable withholding taxes discussed below.

Shareholders' Rights Plan

At the Corporation's Annual and Special Meeting of Shareholders held on April 15, 1998, the shareholders confirmed the adoption of an updated shareholders' rights plan reflecting the evolution of rights plans over the years. The replacement plan took effect on February 18, 1998 (the date of its adoption by the Board) and will expire at the termination of the annual meeting of the Corporation in 2001. Pursuant to the plan, each common share of the Corporation carries with it the right to purchase one additional common share at an initial exercise price of $90. The rights are not currently exercisable and rights certificates will not be distributed unless certain specified events cause the rights to separate from the common shares and become exercisable. Pending separation, the rights are evidenced by and trade with the common shares.

If a person or group acting in concert acquires 20% or more of the common shares of Placer Dome in a transaction that is neither a "Permitted Bid", nor a "Competing Permitted Bid", the rights will become exercisable and entitle the holders thereof (other than the acquiring person or group) to purchase shares of Placer Dome at a 50% discount from the then market price. (For example, if the market price of the common shares was $20, a holder could purchase nine common shares at the exercise price of $90.)

The rights are not triggered by a "Permitted Bid", which is essentially a bid made on substantially identical terms to all shareholders for all or less than all of their shares. The "Permitted Bid" must be made by way of a circular bid in compliance with applicable securities laws, and must comply with certain other conditions, including the condition that shares not be taken up for 60 days following the bid and then only if more than 50% of the then outstanding common shares held by independent shareholders have been tendered to the bid. A "Competing Permitted Bid" is a take-over bid made after a Permitted Bid has been made and prior to its expiry that satisfies all of the provisions of a Permitted Bid, except that it must remain open for acceptance until at least the later of 21 days and the expiry of the outstanding Permitted Bid.

Subject to approval by affirmative vote of a majority of the votes cast by independent shareholders represented at a meeting of shareholders (or by the holders of rights, as applicable), the Board may redeem all of the rights for $0.001 per right. The Board may also waive the operation of the Plan with respect to certain limited events.

In adopting the plan, the Board was concerned with the need to protect Placer Dome's shareholders from unfair takeover strategies to which the Corporation and its shareholders may be particularly vulnerable because of the different securities laws applicable in Canada and the United States. The plan is intended to provide shareholders with sufficient time to assess and evaluate a takeover bid, and allow the Board where appropriate to explore, develop and evaluate alternatives to maximize the value to shareholders.

A summary of the plan and a copy of the Rights Agreement creating it may be obtained by making a written request to the Secretary at Placer Dome's corporate office.

Dividends

Dividends of $0.05 per common share were paid on March 22 and September 20, 1999. A semi-annual dividend of $0.05 per common share was declared on February 24, 2000, payable on March 27, 2000 to shareholders of record on March 10, 2000.

Dividends are declared in United States dollars. However, shareholders with addresses in Canada and Australia are paid the equivalent amount in Canadian or Australian dollars. For currency conversion purposes, the commercial bank buying rate for Canadian and Australian dollars in New York at noon on the declaration date is used. Cash dividends paid to non-residents of Canada are subject to Canadian withholding tax at the rate of 25%. Under the terms of tax conventions, shareholders resident in the United States and Australia are subject to withholding tax of 15%.

The decision to pay dividends and the amount thereof is at the discretion of the Board of Directors and is governed by such factors as earnings, capital requirements and the operating and financial condition of the Corporation.

SHARE PRICE HIGHS AND LOWS

The Toronto Stock Exchange

(Canadian Dollars)	1999		1998	
	High	Low	High	Low
First Quarter	20.14	15.75	20.66	15.45
Second Quarter	22.75	14.91	22.50	15.85
Third Quarter	25.95	13.66	22.45	12.20
Fourth Quarter	25.16	15.00	27.20	16.50

The New York Stock Exchange
Composite Transactions

(United States Dollars)	1999		1998	
	High	Low	High	Low
First Quarter	13.50	10.38	14 3/16	10 3/4
Second Quarter	15.62	10.12	15 11/16	10 3/4
Third Quarter	17.50	9.19	14 13/16	7 7/8
Fourth Quarter	17.06	10.19	17 7/8	10 9/16

Directors

THOMAS A. BUELL [3,4]
Delta, British Columbia,
Canada
Consultant

G. BERNARD COULOMBE [2,3]
Asbestos, Quebec, Canada
President and CEO,
JM Asbestos Inc.

JOHN W. CROW [1]
Toronto, Ontario, Canada
President, J & R Crow Inc.

GRAHAM FARQUHARSON [2]
Toronto, Ontario, Canada
President, Strathcona Mineral Services Limited

ROBERT M. FRANKLIN [1,4]
Willowdale, Ontario, Canada
President, Signalta Capital Corporation; Chairman of the Corporation

DAVID S. KARPIN [2]
Stonnington, Victoria,
Australia
Consultant; Chairman,
Karpin Slaughter Limited

ALAN R. MCFARLAND [1]
New York, New York, U.S.A.
Managing Member,
McFarland, Dewey & Co. LLC

CLIFFORD L. MICHEL [3,4]
Gladstone, New Jersey, U.S.A.
Partner, Cahill Gordon & Reindel

ROBERT M. OGILVIE [1,3]
Caledon East, Ontario,
Canada
Chairman and CEO,
Toromont Industries Ltd.

EDYTHE A. (DEE) PARKINSON-MARCOUX [2,4]
Canmore, Alberta, Canada
President and CEO,
Ensyn Energy Corp.

J. DONALD ROSE
Vancouver, British Columbia,
Canada
Vice-President, Secretary and General Counsel of the Corporation

JAY K. TAYLOR
Vancouver, British Columbia,
Canada
President of the Corporation

VERNON F. TAYLOR III [4]
Oak Creek, Colorado, U.S.A.
Private Investor;
The Chart Group L.P.

G. WILLIAM THOMPSON [2]
Seattle, Washington, U.S.A.
Business Consultant

J. KELLEY WILLIAMS [1]
Jackson, Mississippi, U.S.A.
Chairman and CEO,
ChemFirst Inc.

JOHN M. WILLSON
Vancouver, British Columbia,
Canada
CEO of the Corporation

WILLIAM G. WILSON [3]
County Dublin, Ireland
Business Consultant

Chairman Emeritus

FRASER M. FELL
Toronto, Ontario, Canada

Directors Emeriti

ALBERT E. GAZZARD
Sydney, Australia

ALLEN T. LAMBERT. O.C.
Toronto, Ontario, Canada

ALFRED POWIS
Toronto, Ontario, Canada

H. RICHARD WHITTALL
Vancouver, Ontario, Canada

Committee memberships

(1) Audit Committee
(2) Safety, Sustainability and Environment Committee
(3) Human Resources and Compensation Committee
(4) Corporate Governance Committee

* Mr. Brack left the Company on December 31, 1999.
** Mr. Fraser will be leaving the Company at the end of March, 2000.
*** Mr. Smolik and Mr. Trythall retired as of December 31, 1999.

Officers

IAN G. AUSTIN
Executive Vice-President, Strategic Development

GEORGE BRACK*
Vice-President, Corporate Development

DOUGLAS J. FRASER**
Vice-President, Sustainable Development

ELISEO GONAZLEZ-URIEN
Executive Vice-President, Exploration

JAMES K. GOWANS
Vice-President, Human Resources

WILLIAM (BILL) M. HAYES
Executive Vice-President, United States and Latin America

REX J. MCLENNAN
Executive Vice-President and Chief Financial Officer

GAVIN S.C. MURRAY
Vice-President, Sustainability Leadership

BRUCE B. NICOL
Vice-President and Controller

J. DONALD ROSE
Vice-President, Secretary and General Counsel

DAVID S. SMITH
Vice-President, Corporate Relations

STEPHEN J. SMITH
Vice-President and Treasurer

T. JAMES SMOLIK***
Senior Vice-President, Project Development

JAY K. TAYLOR
President

W.A. (BILL) TRYTHALL***
Vice-President, Evaluations

JOHN M. WILLSON
Chief Executive Officer

D.W. (DICK) ZANDEE
Executive Vice-President, Asia Pacific

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5460 South Quebec Street
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Englewood, Colorado
U.S.A. 80111
Tel: (303) 771-9000
Fax: (303) 771-1075

Principle Business Units (Operating Mines)

ASIA PACIFIC

Granny Smith Mine
Laverton,
Western Australia, Australia
Bill Plyley,
Mine General Manager

Kidston Mine
Near Cairns,
Queensland, Australia
Phil MacIntyre,
Mine General Manager

Misima Mine
Misima Island,
Papua New Guinea
Arthur Hood,
Mine General Manager

Osborne Mine
Near Townsville,
Queensland, Australia
George Paspalas,
Mine General Manager

Porgera Mine
Near Mt. Hagen,
Papua New Guinea
Evert van den Brand,
Mine General Manager

CANADA

Campbell Mine
Balmertown, Ontario
Joc O'Rourke,
Mine General Manager

Dome Mine
South Porcupine, Ontario
Keith Boyle,
Mine General Manager

Musselwhite Mine
Near Pickle Lake, Ontario
Sam Coetzer,
Mine General Manager

LATIN AMERICA

La Coipa Mine
Near Copiapó, Chile
Juan Carlos Alfaro,
Mine General Manager

Zaldívar Mine
Near Antofagasta, Chile
Kenneth Graf,
Mine General Manager

SOUTH AFRICA

South Deep Gold Mine
Near Johannesburg,
South Africa
Gordon Miller,
Mine General Manager

UNITED STATES

Bald Mountain Mine
Near Elko, Nevada
Allan Frank,
Mine General Manager

Cortez Mine
Near Elko, Nevada
Tony Jensen,
Mine General Manager

Getchell Mine
Near Winnemucca, Nevada
Michael Winship,
Mine General Manager

Golden Sunlight Mine
Whitehall, Montana
Doug Bailey,
Mine General Manager

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Montreal, and
Calgary, Canada

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Canada M5C 2W9

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PERPETUAL REGISTRARS LIMITED
Sydney, Australia
Tel: (02) 9285–7100

Investor Relations and Form 40-F

Investor Relations enquiries should be directed to Ron Stewart, Manager of Investor Relations, at the Corporation's Head Office, telephone (604) 661–3779 or, toll free in North America, 1–800–565–5815. Copies of the Corporation's 1999 Annual Information Form, including Management's Discussion and Analysis of Financial Condition and Results of Operations, and annual report on Form 40-F filed with the Securities and Exchange Commission of the United States, are available from CIBC Mellon Trust Company, Toronto, 1–800–387–0825. An Analysts' Supplement of detailed information on the Corporation's operations is available from the Investor Relations Department of the Corporation by collect courier.

Enquiries as to Shares and Dividends

Enquiries relating to shares or dividends should be directed to CIBC Mellon Trust Company, Toronto, 1–800–387–0825.

Auditors

ERNST & YOUNG LLP
CHARTERED ACCOUNTANTS
Vancouver, British Columbia
Canada

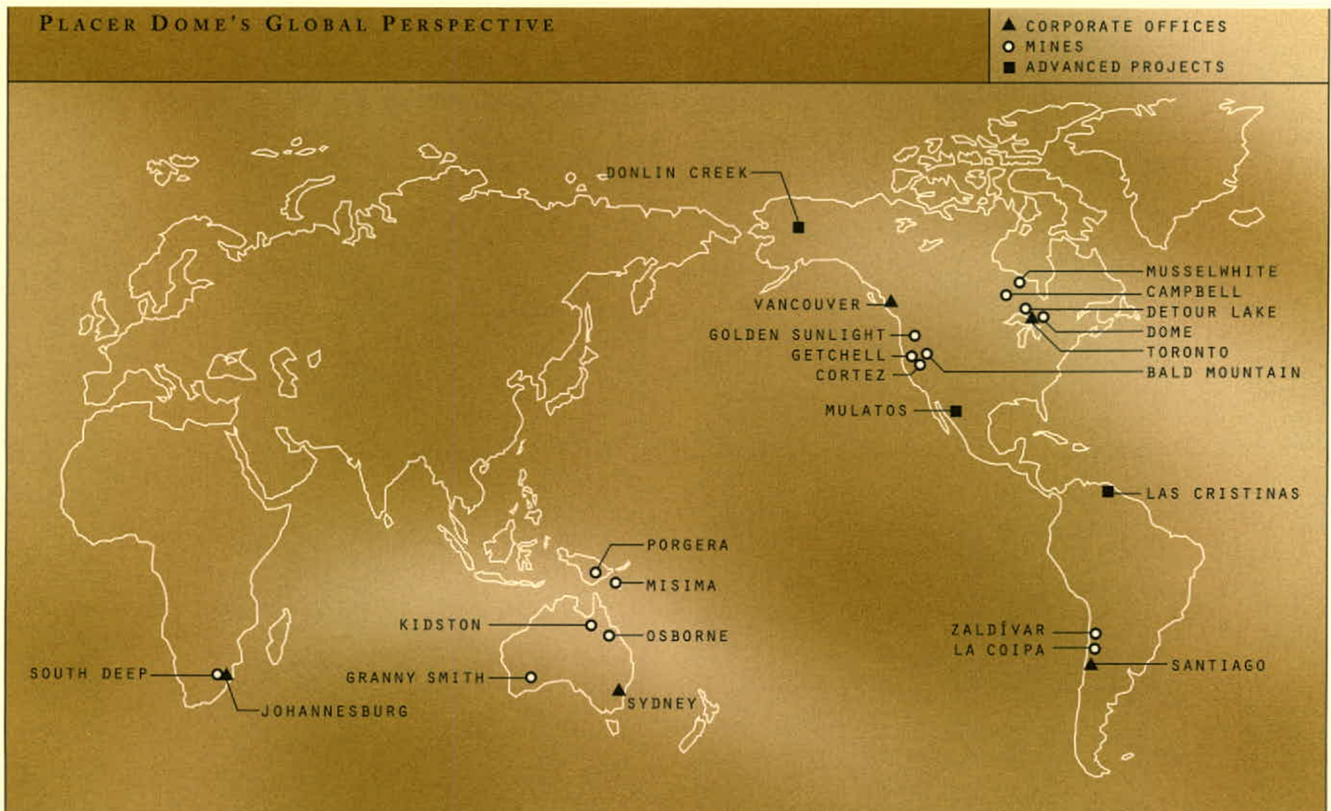
2000 Annual Meeting

The 2000 Annual Meeting of Shareholders of the Corporation will be held on Thursday, April 20, 2000 at 10.00 a.m. (EST) in the Essex Ballroom of the Sheraton Centre Hotel, 123 Queen Street West, Toronto, Ontario, Canada.

Supplementary Financial Information
Quarterly Financial Data

(millions of United States dollars, except per share amounts or as otherwise indicated)	Quarters Ended (unaudited) March 31	June 30	Sept. 30	Dec. 31	Full Year
1999					
Sales	$ 276	$ 281	$ 290	$ 315	$ 1,162
Operating earnings	51	5	38	8	102
Net earnings	10	1	17	7	35
Net earnings per common share	0.03	—	0.06	0.02	0.11
1998 (1)					
Sales	$ 264	$ 281	$ 303	$ 297	$ 1,145
Operating earnings	30	41	69	51	191
Net earnings (loss)	16	(14)	14	34	50
Net earnings (loss) per common share	0.05	(0.04)	0.04	0.10	0.15

(1) Effective January 1, 1999, Placer Dome Inc. changed its primary accounting standard from Canadian generally accepted accounting principles ("GAAP") to U.S. GAAP in order to provide information on a more comparable basis with a majority of the companies in the gold mining industry peer group. Consequently, the consolidated financial statements of Placer Dome Inc. have been prepared in accordance with U.S. GAAP, on a consistent basis for all periods presented. The consolidated financial statements in accordance with Canadian GAAP (in U.S. dollars) are included in the 2000 Management Proxy Circular and Statement and filed with various Canadian regulatory authorities. Also in 1999, the merger between Placer Dome and Getchell Gold Corporation was accounted for as a pooling of interest, and accordingly all prior years' results have been restated.



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