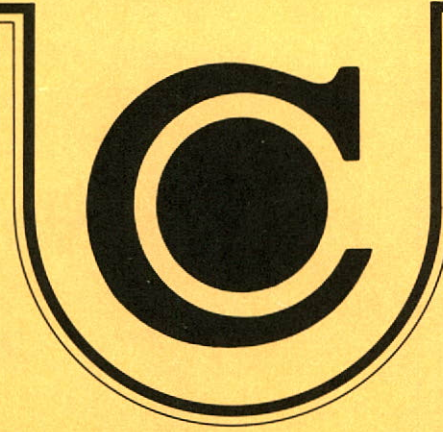


C

Craigmont Mines Limited

Annual Report 1984



HOWARD ROSS LIBRARY
OF MINING
MAY 2 1985
MCGILL UNIVERSITY



Corporate Information

DIRECTORS

WILLIAM ALLAN
Toronto, Ontario
Group Vice-President
Noranda Inc.

C. ALLEN BORN
Vancouver, B.C.
Chairman and Chief
Executive Officer and President
Placer Development Limited

JAMES L. McPHERSON
West Vancouver, B.C.
Vice-President of the Company
Senior Vice-President and
Chief Financial Officer
Placer Development Limited

HENNING A. NORGAARD
Merritt, B.C.
President
Norgaard Ready-Mix Ltd.

ANTHONY J. PETRINA
North Vancouver, B.C.
President of the Company
Senior Vice-President and
Chief Operating Officer
Placer Development Limited

OFFICERS

Anthony J. Petrina, President
James L. McPherson, Vice-President
John A. Eckersley, Secretary
Geoffrey D. Bach, Treasurer
Ted J. Will, Comptroller
Sheryl A. Thomson, Assistant
Secretary

AUDITORS

Pannell Kerr Forster
Chartered Accountants

REGISTRAR AND TRANSFER AGENT

Guaranty Trust Company of
Canada - Vancouver and
Toronto

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange
Vancouver Stock Exchange

ANNUAL MEETING

The Annual General Meeting
of the Company will be
held at 11:00 a.m. on
Thursday, February 7, 1985
in Room 227,
Hotel Vancouver,
900 West Georgia Street
Vancouver, British Columbia

OFFICES

HEAD OFFICE:
1600 - 1055 Dunsmuir Street
Vancouver, B.C.

MAILING ADDRESS:
P.O. Box 49330
Bentall Postal Station
Vancouver, B.C. V7X 1P1
Telephone (604) 682-7082
Telex 04-55-181

MINE OFFICE:
P.O. Box 3000
Merritt, B.C. V0K 2B0

Directors' Report to the Shareholders

Following exhaustion of Craigmont's ore reserves, the last of its copper concentrate was sold in 1982. Since then the mine has been liquidating its assets and reclaiming land in preparation for winding up its affairs.

The Company continues in a profitable position even though no longer an operating mine. Net earnings for the year ended October 31, 1984 were \$1,313,000 or \$0.26 per share on revenues of \$3,609,000. In the same period of 1983 net earnings were \$467,000 or \$0.09 per share on revenues of \$1,832,000.

Revenues were significantly higher as sales volume and price of iron concentrate improved. Oil and gas income, disposals of equipment and supplies, and interest income, also contributed.

The Company paid one dividend of \$0.05 per share in fiscal 1984, amounting to \$254,000. This compares with 1983 dividends of \$1,015,000 or \$0.20 per share. As noted in the 1983 annual report, the policy of paying a regular quarterly dividend has been discontinued and future dividends will be declared as surplus funds become available. A dividend of \$0.60 per share has been declared payable on December 28, 1984 to shareholders of record on December 11, 1984.

At year-end, cash and short-term investments increased to \$4,251,000 (1983 - \$1,602,000), mainly as a result of increased revenues.

Liquidation of Assets

A generally lacklustre economy in western Canada continues to hamper efforts to arrange bulk disposals of Craigmont's assets. There are three types of assets: iron concentrate; buildings, equipment, and land; and oil and gas interests. Regular shipments of iron concentrate were made to customers throughout the year and individual items in the buildings and equipment category were sold. As a result of recent advertisements a number of bids on the oil and gas interests were received, and these are presently being evaluated with the intention of accepting the highest cash offer.

Demand for iron concentrate, used as a cleaning medium by western Canadian coal mines, was stronger than in the previous year since two large coal mines began operations in northeastern British Columbia. Demand from previously established mines also increased moderately and some price improvement occurred. These factors increased sales revenues significantly to \$2,135,000 from \$845,000 in 1983. At fiscal year-end, 500,000 tons of concentrate, representing approximately ten years of sales at current rates, remained in inventory. To date, efforts to sell the entire stockpile at a satisfactory price have not been successful.

Sales of buildings and items of equipment amounted to \$712,000 (1983 - \$854,000), leaving approximately 65% of the assessed value of this asset category to be liquidated. Sales in 1984 included such major items as conveyors, locomotives, an ore carrier, jaw crusher, production drills, crane, and two houses in Merritt.

A three-year option for the use and possible purchase of some of the buildings and land of the former plant site has been granted to an industrial firm. During the option period, property taxes normally payable by Craigmont will be assumed by the option holder. While exercise of the option could delay the winding up of the Company by an additional four or more years, royalty revenues of not less than \$1,000,000 per year could be generated subsequent to exercise. Should the option holder purchase the buildings and land the price could range from \$3,500,000 to \$12,000,000 depending on the size of its operation and there would be no subsequent royalties.

Oil and Gas

Craigmont has interests in five oil wells, one producing gas well and one shut-in gas well in the Willesden Green field, Alberta; one oil well in the Buick Creek field, B.C. and one oil well and two potential shut-in gas wells in the Silverberry area of British Columbia. Dome Petroleum Limited has taken a farm-out on Craigmont's



deep rights in the Willesden Green area and is drilling two deep exploratory test wells. Net earnings from these properties in 1984 amounted to \$256,000 on revenues of \$822,000 (1983 - net earnings of \$72,000 on revenues of \$393,000).

At October 31, 1984 estimates of net proved developed reserves amounted to 77,000 barrels of oil and natural gas liquids, and 1.77 billion cubic feet of natural gas.

Craigmont held interests in 29,124 gross acres (5,202 net acres) of oil and gas leases in Alberta and British Columbia at the end of fiscal 1984. These totals were slightly lower than in the previous year due to the surrender of leases in the Niteal Creek area of British Columbia and conversion to an overriding royalty of a lease in British Columbia's Silverberry area.

Exploration

All exploration has been terminated and the option held by the Company on the Chu Chua copper property north of Kamloops has been dropped.

Reclamation

Craigmont's programme of seeding and fertilizing a total of 770 acres of land previously used in its mining activities is on schedule and expected to be largely completed next year. The total cost will be approximately \$15,000 above the 1982 estimate of \$327,000. Approximately \$281,000 has been expended to date.

Reclamation work in 1984 included new seeding on the tailing pond, open pit and plant areas, with applications of fertilizer on these and previously seeded plots. Dry weather and wind conditions have required additional expenditures to control erosion on the tailing pond. Government approval has been received on the 225 acres reclaimed last year in the open pit area, bringing the total of approved reclamation to 400 acres. Most of the remaining 375 acres are expected to be approved by the end of 1985.

Employee and Community Relations

Five persons were employed by the Company at the mine site on October 31, 1984 while six temporary positions were filled there during the summer months. Payroll and benefit costs for the year amounted to \$230,000 (1983 - \$1,103,000).

As in previous years, Craigmont provided scholarships of \$5,000 in total value to five students who are either resident in the Merritt area or are engaged in mining related studies. A book on the history of the mine was prepared with assistance provided by Craigmont, the British Columbia Museum of Mining and the Nicola Valley Museum-Archives. Copies were distributed to most libraries in the province.

On behalf of the
Board of Directors,

A.J. Petrina
President

Vancouver, B.C.
December 3, 1984

Statement of Earnings

REVENUES	Year ended October 31	
	1984	1983
Sales - iron concentrate	\$2,135,000	\$ 845,000
- oil and gas	822,000	443,000
Interest and other income	279,000	239,000
Disposal of equipment and materials, net of costs	<u>373,000</u>	<u>305,000</u>
	<u>3,609,000</u>	<u>1,832,000</u>
 EXPENSES		
Cost of sales - iron concentrate	442,000	262,000
- oil and gas	288,000	200,000
General and administrative	310,000	302,000
Mine closure and exploration	<u>266,000</u>	<u>312,000</u>
	<u>1,306,000</u>	<u>1,076,000</u>
EARNINGS BEFORE TAXES	<u>2,303,000</u>	<u>756,000</u>
 INCOME TAXES		
Current	1,132,000	62,000
Deferred	<u>(142,000)</u>	<u>227,000</u>
	<u>990,000</u>	<u>289,000</u>
NET EARNINGS	<u>\$1,313,000</u> =====	<u>\$ 467,000</u> =====
 EARNINGS PER SHARE	<u>\$ 0.26</u> =====	<u>\$ 0.09</u> =====

Statement of Earnings Reinvested in the Business

	Year ended October 31	
	1984	1983
BALANCE, BEGINNING OF YEAR	\$5,171,000	\$5,719,000
Net earnings	1,313,000	467,000
Dividends - \$0.05 per share (1983 - \$0.20)	<u>(254,000)</u>	<u>(1,015,000)</u>
BALANCE, END OF YEAR	<u>\$6,230,000</u> =====	<u>\$5,171,000</u> =====



Statement of Financial Position

ASSETS	October 31	
	1984	1983
CURRENT ASSETS		
Cash and short-term investments	\$ 4,251,000	\$1,602,000
Accounts receivable	860,000	800,000
Iron concentrate inventory	3,628,000	4,009,000
Materials and supplies	<u>151,000</u>	<u>233,000</u>
	8,890,000	6,644,000
PROPERTY, BUILDINGS AND EQUIPMENT		
Buildings and equipment	910,000	1,011,000
Less: accumulated depreciation	<u>109,000</u>	<u>73,000</u>
	801,000	938,000
Oil and gas properties, less accumulated depletion of \$430,000 (1983 - \$309,000)....	<u>767,000</u>	<u>887,000</u>
	<u>1,568,000</u>	<u>1,825,000</u>
	<u>\$10,458,000</u>	<u>\$8,469,000</u>
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 339,000	\$ 194,000
Income taxes payable	<u>1,180,000</u>	<u>253,000</u>
	1,519,000	447,000
DEFERRED INCOME TAXES	531,000	673,000
SHAREHOLDERS' EQUITY		
Share capital -		
Authorized:		
6,000,000 common shares, par value \$0.50 each		
150,000 preferred shares, 6% cumulative, redeemable on call, par value \$100 each		
Issued, 5,077,275 common shares	2,178,000	2,178,000
Earnings reinvested in the business	<u>6,230,000</u>	<u>5,171,000</u>
	<u>8,408,000</u>	<u>7,349,000</u>
	<u>\$10,458,000</u>	<u>\$8,469,000</u>
	=====	=====

Approved by the Board:

A.J. Petrina, Director

J.L. McPherson, Director

CRAIGMONT MINES LIMITED

1600 - 1055 Dunsmuir Street
P.O. Box 49330, Bentall Postal Station,
Vancouver, British Columbia, Canada V7X 1P1

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS February 7, 1985

To the shareholders of Craigmont Mines Limited:

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of Craigmont Mines Limited (hereinafter called the "Company") will be held in Room 227, Hotel Vancouver, 900 West Georgia Street, Vancouver, British Columbia, on Thursday, February 7, 1985 at 11:00 a.m. for the following purposes:

1. To have placed before the meeting the report of the directors, a comparative financial statement of the Company for the financial years ended October 31, 1984 and 1983, and the auditors' report;
2. To elect five (5) directors;
3. To appoint auditors and to authorize the directors to fix their remuneration;
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Copies of the comparative financial statements, auditors' report and directors' report to be placed before the meeting are included in the Annual Report enclosed herewith.

If you cannot be personally present, **please complete, date, sign and return** the accompanying separate proxy in the enclosed envelope. In order to be effective, the proxy must be deposited at the office of the Company's Transfer Agent, Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, B.C. V6C 2V7, not less than 48 hours before the time for holding the meeting.

By Order of the Board,

JOHN A. ECKERSLEY
Secretary

Vancouver, British Columbia
November 29, 1984

CRAIGMONT MINES LIMITED

INFORMATION CIRCULAR

SOLICITATION OF PROXIES

The accompanying proxy is solicited by the Management of Craigmont Mines Limited (hereinafter called the "Company") in connection with the Annual General Meeting of Shareholders to be held on Thursday, February 7, 1985 and any adjournments thereof. The solicitation will be by mail and the cost of this solicitation will be paid by the Company.

EXECUTION AND REVOCATION OF PROXIES

The execution of a proxy shall be by the shareholder or his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer or attorney of the corporation. In order to be effective, completed proxies must be deposited at the office of the Company's Transfer Agent, Guaranty Trust Company of Canada, 800 West Pender Street, Vancouver, B.C. V6C 2V7, not less than 48 hours before the time for holding the meeting. **A shareholder desiring to appoint a person (who need not be a shareholder) to represent him at the meeting, other than the persons named in the enclosed proxy, may do so by inserting the name of such other person in the blank space provided in the proxy.**

A proxy may be revoked by an instrument in writing executed by the shareholder or by his attorney authorized in writing or, where the shareholder is a corporation, by a duly authorized officer, or attorney, of the corporation, and delivered either to the Registered Office of the Company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or to the chairman of the meeting on the day of the meeting, or any adjournment thereof, at which the proxy is to be used.

EXERCISE OF DISCRETION BY PROXIES

If there is certainty of instructions in the enclosed proxy, the shares represented thereby will be voted on any poll save where there is a specification to withhold voting and, when the shareholder specifies a choice with respect to any matter, in accordance with the specifications so made. **Where no choice is specified, the shares shall be voted on a poll for the election of five (5) directors, for the appointment of auditors and for authorizing the directors to fix the auditors' remuneration, as stated under those headings in this circular.** The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the meeting. At the time of printing this circular, the Management of the Company knows of no such amendments, variations or other matters to come before the meeting other than the matters referred to in the Notice of Meeting.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

On November 29, 1984 the Company had outstanding 5,077,275 Common shares with a par value of 50¢ per share, each share carrying the right to one vote. Shareholders of record as at the close of business on December 21, 1984 will be entitled to vote at the meeting or any adjournments thereof.

To the knowledge of the directors or senior officers of the Company, only the following shareholders beneficially own, directly or indirectly, shares carrying more than 10% of the voting rights attached to all shares of the Company carrying the right to vote in all circumstances:

<u>Name of shareholder</u>	<u>No. of Shares Held on November 29, 1984</u>	<u>Percentage of Outstanding Shares</u>
Placer Development Limited	2,264,050	44.6
Noranda Inc.	1,000,491	19.7
Total	<u>3,264,541</u>	<u>64.3%</u>

ELECTION OF FIVE DIRECTORS

Action is to be taken at the meeting with respect to the election of five (5) directors to succeed the present directors whose terms of office expire on the day of the meeting, to serve until the next Annual General Meeting or until their respective successors have been elected or appointed. **Unless otherwise instructed, or unless the shareholder's instructions are uncertain as they relate to the election of directors, the persons named in the enclosed form of proxy intend to vote for the persons listed below**, being the persons proposed by the Management of the Company to be nominated for election as directors, all of whom are presently directors of the Company and have served continuously as such since the dates they first became directors as set forth below. All the proposed nominees named below have consented in writing to serve as directors if elected. Advance notice of the meeting was published pursuant to Section 135 of the Company Act in the November 21, 1984 edition of The Province, Vancouver, British Columbia and was further published by delivering a copy thereof to the Vancouver Stock Exchange and the Superintendent of Brokers on November 21, 1984. All of the proposed nominees named below are ordinarily resident in Canada.

Name and Position with the Company	Principal Occupation	Director Since	Shares Beneficially Owned Nov. 29, 1984
WILLIAM ALLAN Director	Group Vice-President, Noranda Inc.*	1982	Nil
C. ALLEN BORN Director	Chairman and Chief Executive Officer and President, Placer Development Limited*	1981	Nil
JAMES L. McPHERSON Vice-President and Director	Senior Vice-President and Chief Financial Officer, Placer Development Limited*	1977	Nil
HENNING A. NORGAARD Director	President, Norgaard Ready-Mix Ltd. (Ready-mix concrete company)	1974	Nil
ANTHONY J. PETRINA President and Director	Senior Vice-President and Chief Operating Officer, Placer Development Limited*	1979	Nil

*Mining Company

NOTE: The information as to shares beneficially owned, directly or indirectly, not being within the knowledge of the Company, has been furnished by the respective nominees individually.

The Company has an audit committee, the members of which are William Allan, Henning A. Norgaard and Anthony J. Petrina.

REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate direct remuneration paid or payable by the Company during the financial year ended October 31, 1984 to the directors and senior officers (as defined by the British Columbia Securities Act) of the Company amounted to \$202,602 of which \$10,000 were directors' fees.

The estimated aggregate cost to the Company, in or in respect of the financial year ended October 31, 1984, of all pension benefits proposed to be paid under any normal pension plan upon retirement at normal retirement age, directly or indirectly, to the directors and senior officers of the Company is nil.

Other than those disclosed herein, there were no remuneration payments made by the Company to the aforementioned persons in or in respect of the financial year ended October 31, 1984.

APPOINTMENT OF AUDITORS

The shareholders will be asked to vote for the reappointment of Pannell Kerr Forster (formerly Campbell Sharp), Chartered Accountants, as auditors of the Company.

AUTHORIZING DIRECTORS TO FIX AUDITORS' REMUNERATION

The Company Act requires that the remuneration of the auditor of a company shall be fixed by ordinary resolution of the shareholders, i.e. one passed by the members of the company in general meeting by a simple majority of the votes cast in person or by proxy, or, if the company so resolves, by the directors. The shareholders will be asked to vote for an ordinary resolution authorizing the directors to fix the remuneration of the auditors, such authorization to expire at the next Annual General Meeting of the Company.

MANAGEMENT CONTRACTS

Placer Development Limited (hereinafter called "Placer"), 1600 — 1055 Dunsmuir Street, Vancouver, British Columbia provides general management and administrative services to the Company. During the financial year ended October 31, 1984 the Company paid to Placer \$210,000 as reimbursement for the actual costs of providing the services.

OTHER BUSINESS

The Management is not aware that any matters will be brought before the meeting other than those set forth in the Notice of Meeting. If other matters are properly brought before the meeting, it is the intention of the persons named in the enclosed proxy to vote the proxy on such matters in accordance with their best judgement. Execution of the enclosed proxy shall not be construed as either approval or disapproval of any of the reports or financial statements referred to in Item 1 of the Notice of Meeting.

Dated the 29th day of November, 1984
Vancouver, British Columbia, Canada

CRAIGMONT MINES LIMITED

FOR IMMEDIATE RELEASE

VANCOUVER, B.C. --- Craigmont Mines Limited announces that it has accepted a cash offer for the sale of all of its oil and gas interests to Comaplex Resources International Ltd. of Calgary, Alberta for \$1,410,000. The sale, which is subject to the purchaser's verification of the assets to be sold, is expected to be finalized by January 31, 1985.

- 30 -

For further information please contact W.D. Thompson at 682-7082 (bus.) or 926-6550 (res.)

Vancouver, B.C.
December 19, 1984

Statement of Changes in Financial Position

FINANCIAL RESOURCES WERE PROVIDED BY	Year ended October 31	
	1984	1983
Operations -		
Net earnings	\$1,313,000	\$ 467,000
Oil and gas depletion and property abandonments	157,000	241,000
Deferred income taxes	(142,000)	227,000
Gain on disposal of property, buildings and equipment	<u>(743,000)</u>	<u>(705,000)</u>
	585,000	230,000
Sale of property, buildings and equipment ...	<u>843,000</u>	<u>881,000</u>
	<u>1,428,000</u>	<u>1,111,000</u>
 FINANCIAL RESOURCES WERE USED FOR		
Dividends	254,000	1,015,000
Property, buildings and equipment	<u>-</u>	<u>146,000</u>
	<u>254,000</u>	<u>1,161,000</u>
 INCREASE (DECREASE) IN WORKING CAPITAL	1,174,000	(50,000)
WORKING CAPITAL, BEGINNING OF YEAR	<u>6,197,000</u>	<u>6,247,000</u>
 WORKING CAPITAL, END OF YEAR	<u>\$7,371,000</u> =====	<u>\$6,197,000</u> =====

Notes to Financial Statements

October 31, 1984

1. Accounting policies

Inventories

Iron concentrate and materials and supplies are valued at the lower of cost and net realizable value.

Depletion

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

Exploration

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

NOTES (Continued)

2. Mine closure

Mine operations ended with the exhaustion of ore reserves early in 1982. The sale of stockpiled iron concentrate, liquidation of assets and reclamation of land continues. The mine buildings and equipment have been stated at cost less accumulated depreciation. The 1983 amounts have been restated to conform to this presentation.

In prior years the Company maintained a staff retirement plan. In preparation for the eventual wind-up of the Company the responsibility for the plan was transferred during the year to Placer Development Limited.

3. Related party transactions

Placer Development Limited owns 44.6% of the common shares of the Company. The Company contracts with Placer for management, technical and administrative services at rates equal to its proportionate share of Placer's costs. During the year, Placer's charges were \$237,000 (1983 - \$188,000) for these services.

4. Remuneration of directors and senior officers

Aggregate direct remuneration paid by the Company to its directors and the five highest paid employees in 1984 was \$203,000 (1983 - \$265,000) of which \$10,000 (1983 - \$11,000) consisted of fees paid to directors. No direct payments were made to officers of the Company as their services are provided by Placer Development Limited.

5. Subsequent event

The Company has granted a three-year option to an industrial firm for use and possession of some of the buildings and land of the former plantsite. If the option is exercised, the option holder will pay the Company a minimum royalty of \$1,000,000 each year thereafter. Either the Company or the option holder may trigger a buy-out of the buildings and land at a price ranging from \$3,500,000 to \$12,000,000, depending on the size of the option holder's operation.

Auditors' Report

To the Shareholders of
Craigmont Mines Limited

We have examined the statement of financial position of Craigmont Mines Limited as at October 31, 1984 and the statements of earnings, earnings reinvested in the business and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at October 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles consistently applied.

Vancouver, Canada
November 23, 1984

PANNELL KERR FORSTER
Chartered Accountants