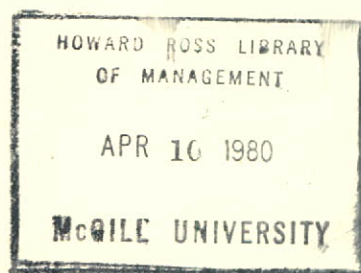


DOMES MINES LIMITED

Annual Report 1979



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Annual Meeting

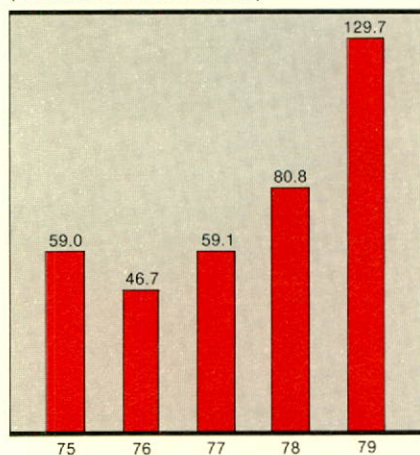
The Annual and Special General Meeting of Shareholders will be held at the Royal York Hotel, Library, Toronto, Ontario on Monday, May 5, 1980 at 11:00 a.m. (Toronto time).

It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual and Special General Meeting which is being mailed to all shareholders.

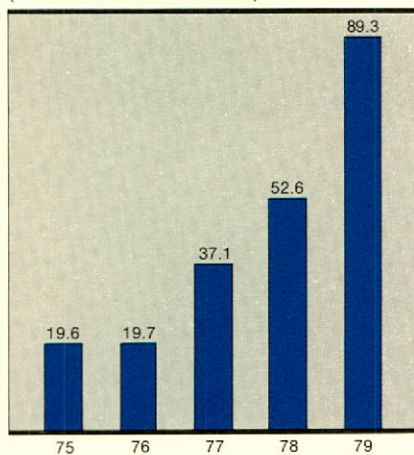
Consolidated Highlights

		<u>1979</u>	<u>1978</u>
Operating Summary	Fine ounces of gold	347,596	350,822
	Tons milled	1,455,000	1,473,000
	Bullion revenue	\$129,716,000	\$80,830,000
	Operating costs	\$44,187,000	\$39,155,000
	Income and mining taxes	\$49,679,000	\$24,386,000
	Net income	\$89,280,000	\$52,568,000
	Financial Position	Working capital	\$64,842,000
Shareholders' equity		\$253,183,000	\$188,959,000
Per Share	Net income	\$5.10	\$2.95
	Dividends	\$0.49^{2/3}	\$0.40
Statistical Data	Number of employees	1,397	1,367
	Number of shareholders	7,540	6,793
	Shares outstanding	19,320,012	19,320,012

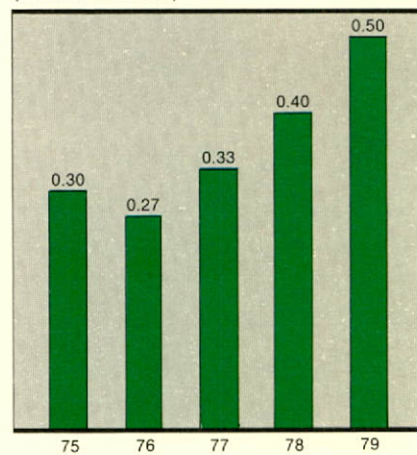
CONSOLIDATED BULLION REVENUE
(in millions of Canadian dollars)



CONSOLIDATED NET INCOME
(in millions of Canadian dollars)



DIVIDENDS PER SHARE
(in Canadian dollars)



Report of the Directors to the Shareholders

Earnings

For Dome Mines, in its seventieth year of production, 1979 was the second year in a row of record sales and earnings. Excluding a deemed gain on the exchange of the Company's long-time investment in Mattagami Lake Mines Limited for shares of Noranda Mines Limited, consolidated net income of \$72,409,000 was up 38 percent over the previous year. As a result of the acquisition of Mattagami by Noranda and in conformity with standard accounting practice, a gain of \$16,871,000 was recorded in the accounts of the Company. This increased net income to \$89,280,000 or \$5.10 per share compared to \$52,568,000 or \$2.95 per share in 1978.

Again in 1979 equity in the earnings of Dome Petroleum Limited accounted for a significant portion (46 percent) of consolidated net income. The Company's 25.6 percent investment in this most active independent Canadian producer continues to provide Dome Mines with widespread exposure in the oil and gas industry.

Expansion Plans

At current price levels, and for that matter at levels significantly lower, the mining of lower average grades of ore is indicated. This may be reflected in a reduced production level with a view to extending mine life or, if justified, in expanded tonnage production at a lower average grade. The second option is currently being proceeded with at Dome Mines where a proposed program to increase production by 50 percent to 3,000 tons per day at a cost of \$50 million was announced recently.

A 30 percent increase in tonnage at Campbell has been in progress since early last year and is expected to be completely on stream by the end of 1981. Detailed reassessment is underway at all the mining operations and further tonnage expansion and /or grade reductions may be indicated at current price levels. It appears that at present costs and at prices in excess of \$450 Canadian, it is possible to mine at a profit virtually all material with gold values in excess of 0.05 ounces per ton.



Malcolm A. Taschereau, President (left) and A. Bruce Matthews, Chairman of the Board.

Though much work remains to be completed, results to date on the Detour Lake deposit in northern Ontario are encouraging and studies are proceeding with a view to reaching a production decision late this year or early in 1981. The deposit appears to have the potential of developing into a major gold producer. Campbell Red Lake Mines Limited is the operator of this joint venture which will be owned by Campbell and Dome as to 25 percent each and Amoco Canada Petroleum Company Ltd. as to 50 percent.

Outlook

During a period of approximately two and one-half years, commencing in mid-summer of 1976, the price of gold on world markets increased at a steady pace of about four dollars per ounce per month and closed

out the year 1978 at \$220 U.S. This increase exceeded 30 percent per year, reflecting the continuing imbalance between supply and demand throughout the world and occurred in spite of regular I.M.F. auctions and restitutions and also U.S. Treasury sales during the period. In 1979 a number of factors combined to increase demand with the result that the price of gold commenced to rise at a logarithmic rate and ended the year at \$512 U.S. per ounce.

These factors were, on the international scene, the increasingly serious situation in Iran and at the end of the year, the events in Afghanistan. In the U.S. there was a growing belief that imposition of rigid economic controls was unlikely, particularly in a pre-election period, and therefore that attempts to control inflation would not meet expectations. U.S. Treasury sales of gold were suspended late in the year and there was a recognition that I.M.F. auctions were scheduled to stop in early 1980. These two sources alone provided more than 30 percent of the estimated total 1979 world consumption of 56 million ounces. Overshadowing all else was the prospect of ever increasing costs of energy and the effects of this on the economic future of the industrialized world.

All of these factors have continued to exert their influence and, since the beginning of 1980, the price of gold increased to a maximum of \$850 U.S. per ounce on January 21st before settling back to a low of \$474 U.S. on March 18. For planning purposes, it is difficult to determine a reasonable price level as it is a composite of some soundly based factors such as expected costs of production, built-in inflation, etc., but to which are added the effects of anxiety and also of speculation.

During the year negotiations were carried out with two precious metal producers located in the western U.S. However, due mainly to market price volatility, successful conclusion of these negotiations was not possible. The Company continues to have an interest in acquiring producing assets in the U.S.

Dividends

With rapidly rising profit levels, dividend rates were increased on three successive occasions during the year. Dividends declared for the year 1979 totalled \$0.497 per share compared to \$0.40 per share the previous year after taking into account the three for one share split effected June 8, 1979.

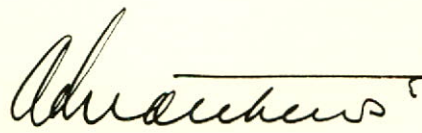
Employee Benefits

The Company and its subsidiaries in 1979 each implemented a plan wherein shares were purchased and distributed to employees at no cost in an amount based on the length of service of each employee. This plan has already increased interest in the efficient operation and growth of the companies.

On October 1, 1979 the pension plans for hourly rated employees were adjusted to improve significantly the benefits to both active and retired employees.

Acknowledgements

The Directors gratefully acknowledge the cooperation and efficiency of all employees.



A. BRUCE MATTHEWS,
Chairman



M. A. TASCHEREAU,
President

March 20, 1980

Management Discussion and Analysis of Consolidated Operations

Consolidated net income for the 1979 year rose to \$89,280,000 or \$5.10 per share from \$52,568,000 or \$2.95 per share in 1978. The increases in income of 70 percent in 1979 and 42 percent in 1978 were the result of higher selling prices for gold bullion, an increase in the share of earnings of Dome Petroleum Limited accounted for by the equity basis, and non-recurring gains on investments.

Bullion Revenue

Bullion revenue for the year of \$129,716,000 was 60 percent higher than in 1978 which in turn was 37 percent higher than the previous year.

Gold production during 1979 totalled 347,596 ounces, a decline of 1 percent from the 350,822 ounces in 1978. In 1978 production was lower than in 1977 by 12,068 ounces or 3 percent. The modest decline in ounces produced, however was more than offset by the significant increases in average revenue per ounce to \$373.18 from \$230.40 in 1978 and \$162.77 in 1977.

During the year the Canadian dollar remained fairly steady at approximately \$0.85 U.S. In 1978 the average rate had been \$0.88 U.S. which was significantly lower than the \$0.94 U.S. in 1977. The decline in the dollar level helped boost revenue in 1978 by approximately 6 percent and by 3 percent in 1979.



F. M. Fell
Secretary

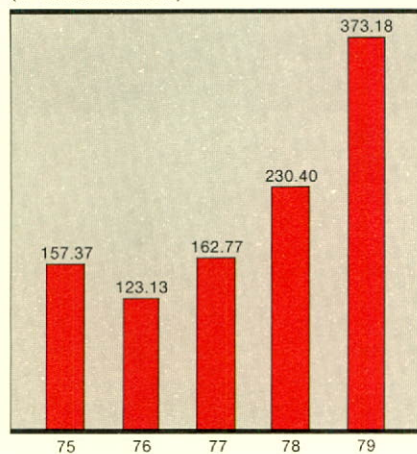


R. B. Hutchison
Treasurer

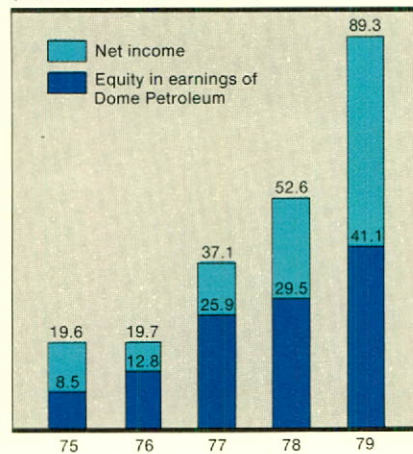


H. D. Scharf
Controller

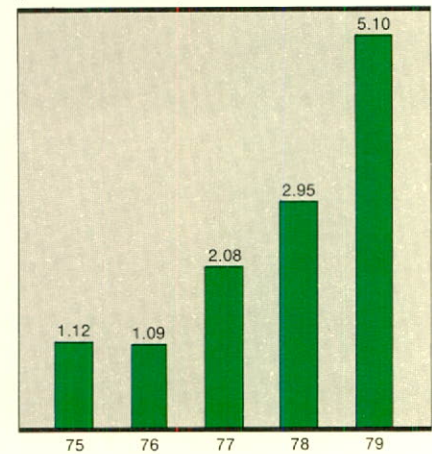
CONSOLIDATED BULLION REVENUE PER OUNCE
(in Canadian dollars)



CONSOLIDATED NET INCOME AND EQUITY IN EARNINGS OF DOME PETROLEUM LIMITED
(in millions of Canadian dollars)



CONSOLIDATED NET INCOME PER SHARE
(in Canadian dollars)



Operating Costs

Operating costs of \$44,187,000 in 1979 were 13 percent higher than the \$39,155,000 recorded in 1978 which in turn was a 13 percent increase from the \$34,683,000 in 1977. These increases reflect higher costs of labour and services and increased development work at the Campbell property. On a consolidated basis the cost of producing an ounce of gold was \$127.12 in 1979, \$111.61 in 1978 and \$95.57 in 1977.

Exploration

The exploration program carried out on behalf of the Company, its subsidiaries and Dome Petroleum Limited was expanded in 1979. Total cost of the program to the Company and its subsidiaries rose to \$2,877,000 in 1979 an increase of 42 percent from the 1978 level of \$2,019,000 which had increased 12 percent from 1977. The Company has for some time been increasing the size of the program, particularly in the provinces of Quebec and Ontario where its existing mines are located because of the favourable tax treatment of exploration expenditures in these jurisdictions.

Interest Income

High interest rates and increased funds available for investment resulted in interest income of \$7,092,000, an increase of 133 percent from last year. In 1978, interest income of \$3,048,000 had declined 18 percent from the previous year as a result of the acquisition of 10.1 percent of the common shares of Denison Mines Limited.

Gain on Investments

During the first quarter of 1979, Mattagami Lake Mines was merged with Noranda Mines Limited. In exchange for its holding of 1,000,000 common shares of Mattagami, Dome Mines received 444,444 Class A shares of Noranda which were subsequently split three for one. The difference between the carrying value of the Mattagami shares and the market value of the Noranda shares received in exchange was included in income as a gain of \$16,871,000 or \$0.96 per share. There was no tax liability to Dome as a result of this transaction. In 1978 the Company had realized gains from the sale of investments of \$4,997,000 before related income taxes.

Foreign Exchange

In the early part of the year, the Company held significant investments in short-term U.S. fixed deposits. A slight recovery in the value of the Canadian dollar vis-a-vis its U.S. counterpart resulted in exchange losses totalling \$604,000. Exchange gains of \$1,274,000 had been realized in 1978 as a result of the Company's decision to invest in U.S. fixed deposits at a time when the value of the Canadian dollar was declining.

Taxes and Mining Duties

In 1979 income taxes increased 88 percent to \$31,851,000 from \$16,904,000 the previous year which in turn was 79 percent higher than in 1977. Mining taxes and duties totalled \$17,828,000 in 1979 and \$7,482,000 in 1978 which represents 22 percent and 19 percent respectively of operating income less outside exploration. In Ontario and Quebec the mining taxes and duties are applied on a graduated scale so that higher earnings in 1979 and 1978 resulted in a higher overall rate being applied.

Canada Tungsten Mining Corporation Limited

Dome Mines' investment in 20.1 percent of Canada Tungsten Mining Corporation Limited is accounted for by the equity method. In 1979 Dome's share of earnings declined 18 percent from \$3,995,000 to \$3,274,000. Dome received dividends of \$1,001,000 in each of 1979 and 1978 from Canada Tungsten.

Dome Petroleum Limited

Dome Mines and its subsidiaries own 25.6 percent of the outstanding common shares of Dome Petroleum Limited after acquiring 22,000 additional shares in late 1979 to bring total holdings to 12,622,000 shares. Using the equity method of accounting for the investment, the share of earnings of Dome Petroleum rose to \$41,143,000, an increase of 40 percent from \$29,487,000 in 1978 which was 14 percent higher than the year earlier. In 1979, earnings of Dome Petroleum accounted for \$2.35 per share or 46 percent of reported net income of \$5.10 per share. In the previous year, Dome Petroleum contributed \$1.66 per share or 56 percent of Dome Mines' earnings.

Review of Dome Mines Operations

	1979	1978
Bullion revenue	\$35,149,000	\$21,782,000
Operating costs	\$19,418,000	\$17,093,000
Operating income less exploration	\$14,395,000	\$3,754,000
Income and mining taxes	\$8,028,000	\$3,132,000
Fine ounces of gold	94,702	94,161
Tons milled	664,000	679,000
Grade treated – ounces/ton	0.148	0.144

Gold production in 1979 at the South Porcupine mine was 94,702 ounces as compared with 94,161 ounces in 1978. The mill treated 663,900 tons averaging 0.148 ounces per ton. Tonnage treated was below last year's level as a result of a two-week strike but improvements in grade and mill recovery offset the loss in production.

Total operating costs were \$29.25 per ton milled in 1979, an increase of 16 percent over the 1978 unit cost. The increase in costs is primarily due to a 16 percent increase in wage rates as of April 18, 1979. A breakdown of unit costs per ton milled by major activity is presented below:

Development	\$ 2.10
Mining	15.16
Milling	5.30
Plant, administration and other	6.69
	<u>\$29.25</u>

Mine Property Exploration

Diamond drilling in the year amounted to 37,637 feet compared with 43,030 feet for 1978. This drilling consisted mainly of short length holes. The purpose of the program included the outlining of vertical or horizontal extensions of known zones and as a guide to mining.

Routine diamond drilling in 1980 is expected to equal the footage drilled in 1979. In addition, on the 29th level at the west end of the property, five diamond drill stations have been cut at 500 foot intervals and present plans include three down holes to the south on each section reaching a depth of 1,200 vertical feet below the 29th or 4,000 foot level. The total footage

drilled as part of this project will depend to some extent on results obtained.

Also on the 29th level, plans are in progress to dewater Number 7 Winze at the eastern end of the property in preparation for exploration of the area between the 4,000 and 5,000 foot elevations.

Development

Development work for the year totalled 6,490 feet, a decrease of 21 percent when compared with 1978, primarily due to a reduction in raise footage. Some ore extensions were encountered but no major new zones were discovered in 1979.

Development and diamond drilling footage according to area and a yearly comparison of totals are presented below:

Area	Drift and Crosscuts	Raises	Total	Diamond Drilling
No. 3 Shaft	1,878	1,348	3,226	14,110
No. 6 Winze	2,136	1,128	3,264	23,527
Total 1979	<u>4,014</u>	<u>2,476</u>	<u>6,490</u>	<u>37,637</u>
Total 1978	<u>4,416</u>	<u>3,850</u>	<u>8,266</u>	<u>43,030</u>

In 1980, two crews, one for drifting and one for stope preparation, will be added to keep up with the increased development requirements resulting from a greater proportion of long-hole stope production.

Ore Reserves

Ore reserves as of December 31, 1979 were estimated to be 1,896,000 tons averaging 0.216 ounces per ton as compared with 1,859,000 tons averaging 0.221 at the end of last year. Details of ore reserves at December 31, 1979 and extraction during the year according to area are shown in the following table:

Area	Reserves		Extraction	
	Tons	Grade	Tons	Grade
No. 3 Shaft	642,000	0.215	392,511	0.154
No. 6 Winze	1,254,000	0.216	271,389	0.141
	<u>1,896,000</u>	<u>0.216</u>	<u>663,900</u>	<u>0.149</u>

Mining

Of the 663,900 tons delivered to the mill in 1979, 637,700 tons averaging 0.151 ounces per ton were produced from stopes and 26,200 tons at 0.093 ounces per ton resulted from development activities. When compared with the previous year, there was a significant increase in ore production from long-hole stoping as shown in the table below:

	<u>1979</u>	<u>1978</u>
Cut-and-fill	33%	46%
Shrinkage	2	3
Long-hole	61	48
Development	4	3
	<u>100%</u>	<u>100%</u>

During the year 15,800 tons of waste rock were excavated, of which 7,600 tons were hoisted to surface. The remaining 8,200 tons were used as backfill in stopes. In addition, 207,000 tons of classified mill tailings were returned to the mine as stope fill.

Mill

The results of milling operations for 1979 with a comparison for 1978 are as follows:

	<u>1979</u>	<u>1978</u>
Tons treated	663,900	679,200
Grade treated – oz./ton	0.148	0.144
Recovered grade – oz./ton	0.142	0.138
Recovery – %	96.2	96.0

The mill was scheduled to operate for 355 days but a fifteen day strike in June reduced this to 340 operating days. Problems encountered in late 1978 with thickening and filtering continued into early 1979 but improved availability of the filters due to a major repair program resulted in an increased daily tonnage rate in 1979. Three used drum filters purchased in 1978 were partially installed in 1979 as part of an extension to the existing mill building. Testing of these filters has now begun and it is expected that they will come on stream in 1980.



An electric load-haul-dump unit operating underground at the Dome mine.

Capital Expenditures

Capital expenditures for the year totalled \$1,057,000, up from \$330,000 in the previous year. The major items, which accounted for \$775,000 of the total, were the mill building extension, partial installation of three used drum filters and the acquisition and partial installation of seven new vacuum pumps. Increased capital expenditures are planned for 1980, including replacement of the water supply system and a start on the modernization of the shops and warehouse facilities.

Staff Changes

Mr. Arthur Hawken, Mill Superintendent and Mr. Harold Millions, his assistant, retired in 1979, the latter after fifty years' service with Dome Mines. They have been replaced by Mr. Ron Colquhoun as Mill Superintendent and Mr. Len Robinson as his assistant. Mr. Frank Huggins, Chief Mine Engineer, retired after 46 years of valuable service. He has been replaced by his assistant, Mr. John Vehkala.

Labour Agreement

An agreement was signed on June 11, 1979 with the United Steelworkers of America for a two-year contract expiring April 18, 1981. The package of wages and fringe benefits amounted to 16 percent in the first year of the contract and a further 11 percent in the second year. This agreement was reached after a two week strike in early June.

General

The total number of employees at the property increased from 619 at the end of 1978 to 650 at the end of 1979. Payments for wages and salaries and other major items are listed below:

Wages and salaries	\$12,039,000
Supplies and services	\$ 6,868,000
Income and mining taxes	\$ 8,028,000

The frequency of compensable injuries in 1979 decreased by 9 percent when compared with 1978.



C. H. Brehaut
Vice-President, Operations



H. V. Pyke
Mine Manager

Mine Expansion

On February 15, 1980 Dome announced plans to proceed with a 50 percent expansion of its gold mining operations at South Porcupine. A conservative price was used in determining the justification for the expansion. The mine currently has a capacity of 2,000 tons per day. The expansion will take place over a four year period at a total cost of approximately \$50 million. This includes a new 5,400 foot shaft, grinding facilities and modifications to the surface plant.

The shaft to be located near the east end of the property will provide coverage of the area towards which mining will progress in the future and will enable the Number 6 internal shaft to be phased out.

A building for new grinding, amalgamation and precipitation sections will be constructed to the south of the existing mill. These sections will completely replace the current obsolete units. Additional requirements for agitation and dewatering will be adjacent to the new building and will be constructed as part of an overall plan to eventually replace all existing mill facilities. Modernization of some of the surface facilities to improve efficiency is also part of the program and a start in this area will be made in 1980. In addition to the economic benefits of mining additional ore, savings in operating costs are expected in all areas by the provision of more modern and efficient facilities.

Review of Campbell Operations

	1979	1978
Bullion revenue	\$70,055,000	\$42,138,000
Operating costs	\$13,211,000	\$11,644,000
Income and mining taxes	\$34,809,000	\$17,910,000
Net income	\$27,319,000	\$17,009,000
Fine ounces of gold	185,005	183,546
Tons milled	300,000	301,000
Grade treated – ounces/ton	0.656	0.653

The Company's 56.8 percent owned subsidiary, Campbell Red Lake Mines Limited, had net income of \$27,319,000 in 1979, an increase of 61 percent from the \$17,009,000 earned in the previous year.

The rise in earnings was primarily a result of increased bullion revenue of \$70,055,000 in comparison to \$42,138,000 in 1978. Revenue per ounce of gold averaged \$378.66 in 1979, up from \$229.58 per ounce in the previous year. The number of ounces produced increased from 183,546 in 1978 to 185,005 in 1979 as a result of improved recovery and the milling of a higher grade of ore.

Operating costs rose 13 percent to \$13,211,000 or \$44.00 per ton milled on approximately the same tonnage as in 1978. In addition to inflationary increases in costs, development work was raised from 9,999 feet to 11,103 feet.

Ore reserves at December 31, 1979 were estimated to be 1,976,500 tons at an average grade of 0.657 ounces per ton, an increase of 77,300 tons during the year.

A \$10.4 million expansion program underway at the property is intended to increase tonnage 30 percent to 390,000 tons per year by the end of 1980. Gold production should rise 15 percent to 212,000 ounces in 1982. The program is progressing satisfactorily and a total of \$3,003,000 was expended in 1979 on capital items related to the expansion.



Map showing the location of the Dome Group's three mines and the Detour Lake property.

Review of Sigma Operations

	1979	1978
Bullion revenue	\$24,512,000	\$16,910,000
Operating costs	\$11,558,000	\$10,418,000
Income taxes and mining duties	\$6,842,000	\$3,344,000
Net income	\$7,446,000	\$4,273,000
Fine ounces of gold	67,889	73,115
Tons milled	491,000	493,000
Grade treated – ounces/ton	0.143	0.153

Net income of Sigma for 1979 was \$7,446,000, an increase of 74 percent from \$4,273,000 in 1978. Dome Mines owns 62.6 percent of this Val d'Or, Quebec producer.

Bullion revenue for 1979 was \$24,512,000 on 67,889 ounces of gold. In 1978 revenue totalled \$16,910,000 on production of 73,115 ounces. Revenue per ounce increased to \$361.05 from \$231.28 in the prior year.

The ounces produced declined as a result of a decrease in the grade of ore treated by the mill.

The number of tons milled was approximately the same as in 1978 although operating costs rose to \$11,558,000 from \$10,418,000, an increase of 11 percent. The increase in costs reflects the cost of wage settlements and increases in the costs of other services and goods.

Ore reserves in place at December 31, 1979 were 940,600 tons at an average grade of 0.202 ounces per ton, an increase of 54,500 tons from the prior year end. In addition, there were 299,300 tons of broken ore in place, a decrease of 76,600 tons.



View of the Sigma mine property with the town of Val d'Or, Quebec in the background.

Exploration

The Company, with varying degrees of participation by subsidiaries Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited and by affiliate Dome Petroleum Limited, carried out its most extensive exploration program to date. Total expenditures excluding the Detour Lake joint venture amounted to \$3 million, an increase of 37 percent over 1978. Participation in the various projects is shared among the companies as follows:

	Prior to Jan. 1, 1977	Projects originating		
		After Jan. 1, 1977		
		Ontario	Quebec	Elsewhere
Dome Mines Limited	40%	50%	NIL	50%
Dome Petroleum Limited	33%	NIL	NIL	NIL
Campbell Red Lake Mines Limited	21%	50%	NIL	40%
Sigma Mines (Quebec) Limited	6%	NIL	100%	10%

The 1979 program included work on 76 Company-managed projects and participation in 12 joint ventures with others. These, which included 26 new projects, were located from coast to coast in Canada and also in the western U.S.A. and Alaska. However, 52 percent of expenditures were on projects in relative proximity to our producing operations in Ontario and Quebec. A total of 1,040 claims were staked, 2,300 miles of airborne and 370 miles of ground geophysical surveys were completed and 150 holes totalling 62,000 feet were core drilled.

Though all base and precious metal deposits were included in the search, emphasis was placed on gold, the Dome group's particular sphere of expertise. Detailed drilling was carried out on two optioned gold prospects in northwestern Quebec and results obtained warrant further work. Two other gold prospects, located in Ontario and in B.C. have also



L. B. Halladay, Chief Geologist (left) and G. S. W. Bruce, Vice-President, Exploration.

responded well to preliminary work. Late in the year, a program involving the staking of a large block of more than 400 claims was undertaken in a former major gold producing area in northern Ontario. Airborne geophysics were completed to be followed by ground surveys and drilling is expected to commence in mid-1980. In the Yukon encouraging results have been obtained on a joint venture tin prospect and work will be continued.

Six full-time geologists and eight support staff are directly employed and field offices are located in Timmins, Ontario and Reno, Nevada. In addition, as particular emphasis is being placed on precious metals search in the area adjacent to Sigma, some work is carried out under the direction of the local mine geologists. The services of geological consultants are frequently contracted for on the west coast and in Alaska.

Detour Lake

Dome Mines Limited and its subsidiary, Campbell Red Lake Mines Limited, have entered into a joint venture agreement with Amoco Canada Petroleum Company Ltd. whereby Dome and Campbell each have the right to earn a 25 percent interest in a claim group in the Detour Lake area of northeastern Ontario on which significant gold-bearing structures have been discovered. The original 26 claims were staked by Amoco in May, 1974 and are located approximately 125 miles northeast of Timmins, Ontario and 8 miles west of the Quebec border.

Agreement

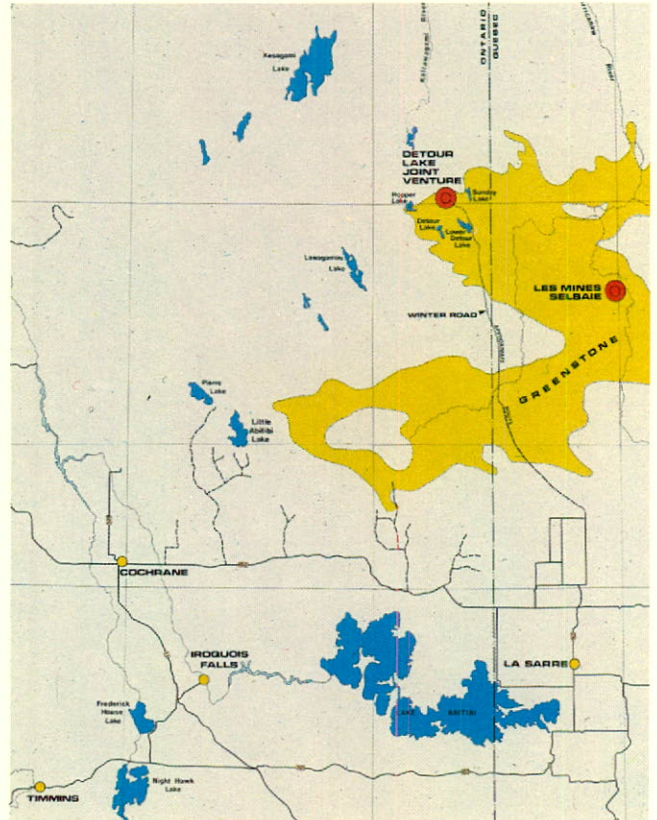
To earn their 25 percent interests, Dome and Campbell must each spend \$5,000,000 on exploration and development work on the claims, of which \$1,000,000 must be spent by April 30, 1980 and \$2,500,000 by October 31, 1980. Campbell is operator of the work program and must submit a development proposal describing the project in terms of production rate, estimated date of commercial production and other details by October 31, 1980.

Early Program

Diamond drilling was started by Amoco in October, 1974 and, after encouraging values were obtained in the first three holes, an additional 362 claims were staked surrounding the original block. Surface drilling continued through to August, 1976 by which time 157,000 feet had been drilled on various geophysical targets. Drilling on the original anomaly accounted for 87 percent of the footage and a major zone was identified which at 1,800 feet below surface was still open to depth.

In October, 1976 a comprehensive study was commissioned which included underground examination of the ore zone, detailed drilling of a segment of the main gold zone, metallurgical test work and engineering studies. The underground work involved 3,000 feet of development and 35,200 feet of diamond drilling. A decline was driven to a level 400 feet below surface at which point three crosscuts were driven across the ore structure for examination and bulk sampling purposes. Diamond drilling was carried out from a drift driven parallel to the zone in the hanging wall.

As a result of this program, reserves were estimated at 6.2 million tons averaging approximately 0.19 ounces



Map showing the location of the Detour Lake property.

of gold per ton. It was obvious that a significant discovery had been made but at the price of gold that existed early in 1979 the economics of the project were in doubt. At this point in time, Campbell and Dome were invited to acquire an interest in the property.

Geology

The gold occurrences are found principally in a quartz fracture zone within basaltic flows on the hanging wall side of a chert horizon. Significant gold values have also been found in the chert horizon and in a talc carbonate zone on the footwall side of the chert horizon.

The outline of the main quartz fracture zone has an indicated strike length of 700 to 900 feet and plunges at 35° from the horizontal. In general, the dip is fairly steep but individual sections, as inferred from diamond drilling, vary from vertical to 45°. The zone has been traced to a vertical depth of 1,800 feet below

surface and the results of deep drilling indicate that the main quartz zone is open to depth.

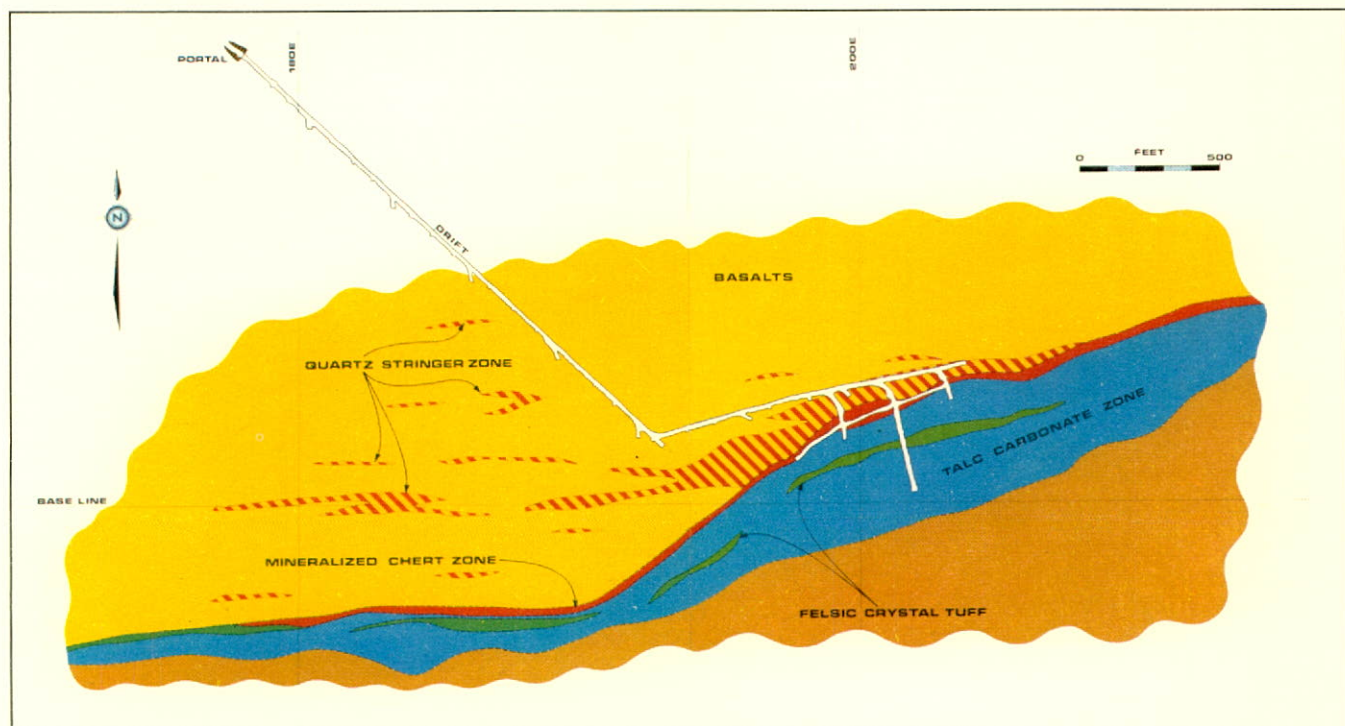
Current Program

The purpose of the current work at the property is to develop an understanding of the nature of the gold occurrences in the quartz fracture zone, the chert horizon and the talc carbonate zone and their relationship to each other. Most of the required development and diamond drilling will be carried out on the 400 foot level along the full length and width of the zones. In addition to the 400 foot level program, development is also underway on the 335 foot level to check the geological hypotheses and ore delineation techniques currently being developed on the lower level. In 1980, 10,000 feet of development work and 40,000 feet of diamond drilling is planned. It is expected that the work as described above will take most of the year to complete. Including engineering studies and support services, project costs for 1980 are estimated to be in the order of \$8,000,000.

Approval was given for work to commence in October, 1979 at which time geological and development

programs were initiated. Mapping and sampling of the existing development headings indicated increased tonnage at a slightly lower grade over the 400 foot strike length originally examined. This has been followed by the driving of a central drift in ore and crosscuts at 50 foot centers between the original openings to confirm earlier mapping and sampling results. During 1979, 1,036 feet of drifting and 4,529 feet of drilling was completed at a total cost to Campbell and Dome of \$802,000. The program to date has been encouraging and limits have yet to be established on three sides.

Up to February, 1980 operations were dependent largely on supplies previously shipped in by Amoco over a winter road from Lasarre, Quebec. The winter road was re-established in early January, 1980 and sufficient supplies and equipment have been delivered to the property to support twelve months of continued operation. The site is not currently accessible by road year round and discussions have been initiated with the Government of Ontario regarding extension of the road system north from the Cochrane /Iroquois Falls area to the property.



Idealized geological plan of the Detour Lake site at the 400 foot elevation.

Accounting Policies

December 31, 1979 and 1978

The following is a summary of the principal accounting policies of Dome Mines Limited ("Dome Mines"). These policies are in accordance with generally accepted accounting principles in Canada and are also, except as disclosed in note 3, in all material respects, in accordance with those generally accepted in the United States.

A. Basis of consolidation

The consolidated financial statements include the accounts of all the subsidiary companies, Dome Exploration (Canada) Limited (wholly-owned), Dome Exploration (U.S.) Limited (wholly-owned), Campbell Red Lake Mines Limited (56.8% owned) and Sigma Mines (Quebec) Limited (62.6% owned).

B. Investments in affiliated companies

(i) Dome Petroleum Limited –

The investment in Dome Petroleum Limited ("Dome Petroleum") is accounted for by the equity method whereby the investment is carried at cost plus the company's share of undistributed earnings since acquisition. The excess of the cost of this investment over the underlying net book value at the various dates of acquisition is attributable to Dome Petroleum's oil and gas reserves, and is being amortized to income by reference to annual production in relation to the estimated recoverable reserves.

Since Dome Mines owns 25.6% (12,622,000 common shares) of Dome Petroleum and Dome Petroleum owns 39.5% (7,628,946 shares) of Dome Mines, these reciprocal shareholdings result in the Company having a 10.1% interest in its own shares. The investment in Dome Petroleum and shareholders' equity are therefore reduced by the allocated portion of the cost which represents this pro rata interest in Dome Mines' shares held by Dome Petroleum, and the equity in the earnings of Dome Petroleum reflected in the consolidated statement of income is based on the earnings of Dome Petroleum excluding the latter's share of earnings of Dome Mines.

The portion of the dividend paid by Dome Mines which is applicable to Dome Mines' pro rata interest in its own shares held by Dome Petroleum is deducted from dividends paid (as reflected in retained earnings) and added to the investment account in Dome Petroleum.

(ii) Canada Tungsten Mining Corporation Limited –

The investment in Canada Tungsten Mining Corporation Limited ("Canada Tungsten") is accounted for by the equity method. Accordingly, the carrying value of this investment reflects Dome Mines' share of earnings since acquisition less dividends received to date. The excess of the cost of the investment over the underlying net book value at the various dates of acquisition is being amortized against Dome Mines' share of earnings at the rate of 15% per annum on a straight-line basis.

C. Valuation of inventories

Bullion on hand and in transit is valued at estimated net realizable value.

Mining and milling supplies are valued at cost determined on an average cost basis.

D. Valuation of investments

Except for the investments in affiliated companies (B above), short-term commercial paper and marketable securities are valued at the lower of cost and market and other investments with a quoted market value are valued at cost. The investment in oil and gas properties is carried at cost (gross expenditure less the frontier exploration allowance incentive) pending the results of exploration on such properties. All other investments are carried at cost except for Panarctic Oils Ltd. (acquired for development work) which has, since January 1, 1973, been carried at the amount expended since that date (with the tax reduction arising as a result of writing these expenditures off for income tax purposes being included with deferred income taxes).

E. Capital assets, depreciation and amortization

Buildings, machinery and equipment are carried at cost. Depreciation on such assets is provided at the rate of 15% per annum on the straight-line method.

Mining claims and properties are at cost less amounts written off and are being amortized at the rate of 15% per annum on the straight-line method.

Upon sale or retirement, the cost of capital assets and the related depreciation or amortization are removed from the accounts and any gain or loss is taken into income.

Repairs and maintenance are charged to operations; major betterments and replacements are capitalized.

F. Exploration and mine development

Exploration costs incurred to the date of establishing that a property has reserves which have the potential of being economically recoverable are charged against earnings. Further exploration costs and mine development expenditures are deferred until the commencement of commercial production and then written off over the estimated life of the property. Development expenditures on producing properties are expensed as incurred.

G. Income and mining taxes

The company follows the tax allocation method of accounting. Under this method, timing differences between accounting income and the amount of income reported for tax purposes (which arise principally as a result of claiming depreciation and exploration at rates differing from those recorded in the accounts) result in provisions for deferred taxes.

Consolidated Statements of Retained Earnings

Years Ended December 31, 1979 and 1978

	1979	1978
Retained earnings, beginning of year	\$175,334,000	\$129,891,000
Net income for the year	<u>89,280,000</u>	<u>52,568,000</u>
	<u>264,614,000</u>	<u>182,459,000</u>
Dividends (1979 – \$0.49 ² / ₃ per share; 1978 – \$0.40 per share – note 7)	9,596,000	7,728,000
Less portion which is applicable to the pro rata interest in Dome Mines' shares held by Dome Petroleum	<u>925,000</u>	<u>603,000</u>
	<u>8,671,000</u>	<u>7,125,000</u>
Retained earnings, end of year	<u>\$255,943,000</u>	<u>\$175,334,000</u>

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Income

Years Ended December 31, 1979 and 1978

	1979	1978
Bullion revenue	<u>\$129,716,000</u>	<u>\$80,830,000</u>
Operating costs:		
Mine, mill and plant	37,050,000	33,458,000
General and administrative	5,501,000	4,298,000
Depreciation and amortization	<u>1,636,000</u>	<u>1,399,000</u>
	<u>44,187,000</u>	<u>39,155,000</u>
Operating income	85,529,000	41,675,000
Outside exploration	<u>2,877,000</u>	<u>2,019,000</u>
	<u>82,652,000</u>	<u>39,656,000</u>
Other income (expense):		
Dividends	3,140,000	3,451,000
Interest	7,092,000	3,048,000
Gain on investments (note 8)	16,863,000	4,997,000
Foreign exchange	<u>(604,000)</u>	<u>1,274,000</u>
	<u>26,491,000</u>	<u>12,770,000</u>
Income before taxes and other items	109,143,000	52,426,000
Income and mining taxes (note 9)	<u>49,679,000</u>	<u>24,386,000</u>
Income after taxes, before other items	59,464,000	28,040,000
Equity in earnings of affiliated companies:		
Dome Petroleum Limited (note 3)	41,143,000	29,487,000
Canada Tungsten Mining Corporation Limited (note 4)	<u>3,274,000</u>	<u>3,995,000</u>
Minority interest in net income of subsidiary companies	<u>(14,601,000)</u>	<u>(8,954,000)</u>
Net income for the year	<u>\$ 89,280,000</u>	<u>\$52,568,000</u>
Net income per share (notes 7 and 10)	<u>\$5.10</u>	<u>\$2.95</u>

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Changes in Financial Position

Years Ended December 31, 1979 and 1978

	1979	1978
Source of working capital:		
Operations –		
Net income for the year	\$89,280,000	\$ 52,568,000
Items not affecting working capital:		
Depreciation and amortization	1,636,000	1,399,000
Deferred income and mining taxes	1,139,000	386,000
Equity in undistributed earnings of –		
Dome Petroleum Limited	(41,143,000)	(29,487,000)
Canada Tungsten Mining Corporation Limited	(2,272,000)	(2,994,000)
Minority interest in income of subsidiaries	14,601,000	8,954,000
Gain on investments (note 8)	(16,871,000)	(2,557,000)
Total from operations	46,370,000	28,269,000
Proceeds on sale of investments		5,521,000
Total	46,370,000	33,790,000
Disposition of working capital:		
Dividends	9,596,000	7,728,000
Dividends paid by subsidiaries to minority interests	6,335,000	4,925,000
Expenditures on capital assets	5,550,000	1,022,000
Investments	1,148,000	32,332,000
Total	22,629,000	46,007,000
Net increase (decrease) in working capital for the year	\$23,741,000	\$(12,217,000)
Changes in components of working capital:		
Increase (decrease) in current assets –		
Cash and bank term deposits	\$37,042,000	\$ 18,668,000
Bullion	8,148,000	2,671,000
Short-term commercial paper	(4,300,000)	(15,193,000)
Marketable securities	(1,101,000)	(2,753,000)
Sundry receivables	(104,000)	35,000
Mining and milling supplies	1,027,000	232,000
	40,712,000	3,660,000
Increase (decrease) in current liabilities –		
Accounts payable and accrued liabilities	1,350,000	(366,000)
Income and other taxes payable	14,839,000	13,440,000
Dividends payable	782,000	2,803,000
	16,971,000	15,877,000
Net increase (decrease) in working capital for the year	23,741,000	(12,217,000)
Working capital, beginning of year	41,101,000	53,318,000
Working capital, end of year	\$64,842,000	\$ 41,101,000

(See accompanying notes to consolidated financial statements)

Consolidated Balance Sheets

December 31, 1979 and 1978

Assets	1979	1978
Current assets:		
Cash, including bank term deposits	\$ 82,148,000	\$ 45,106,000
Bullion (note 2)	17,970,000	9,822,000
Short-term commercial paper	700,000	5,000,000
Marketable securities	1,944,000	3,045,000
Sundry receivables	912,000	1,016,000
Mining and milling supplies	6,149,000	5,122,000
	<u>109,823,000</u>	<u>69,111,000</u>
Investments:		
Affiliated companies –		
Dome Petroleum Limited (note 3)	149,157,000	122,359,000
Canada Tungsten Mining Corporation Limited (note 4)	11,662,000	9,390,000
Other (note 5)	55,949,000	39,045,000
	<u>216,768,000</u>	<u>170,794,000</u>
Capital assets:		
Buildings, machinery and equipment	31,822,000	27,480,000
Less accumulated depreciation	24,874,000	23,421,000
	6,948,000	4,059,000
Mining claims and properties	367,000	143,000
Deferred exploration and development costs (note 6)	802,000	
	<u>8,117,000</u>	<u>4,202,000</u>
	<u>\$334,708,000</u>	<u>\$244,107,000</u>

(See accompanying notes to

Auditors' Report

To the Shareholders of
Dome Mines Limited:

We have examined the consolidated balance sheets of Dome Mines Limited as at December 31, 1979 and 1978 and the consolidated statements of income, retained earnings and changes in financial position for the years 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 consolidated financial statements present fairly the financial position of the company as at December 31, 1979 and 1978 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles consistently applied.

Toronto, Canada,
March 10, 1980.


Chartered Accountants

Liabilities	1979	1978
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,353,000	\$ 3,003,000
Income and other taxes payable	32,728,000	17,889,000
Dividends payable	7,900,000	7,118,000
	<u>44,981,000</u>	<u>28,010,000</u>
Deferred income and mining taxes	3,663,000	2,524,000
Minority interest in subsidiary companies	32,881,000	24,614,000
Shareholders' Equity		
Capital (note 7) –		
Authorized:		
30,000,000 shares without nominal or par value		
Issued:		
19,320,012 shares	31,000,000	31,000,000
Contributed surplus	3,606,000	3,606,000
Retained earnings	255,943,000	175,334,000
	<u>290,549,000</u>	<u>209,940,000</u>
Less Dome Mines' pro rata interest (1979 – 1,916,210 shares; 1978 – 1,511,991 shares – note 7) in the cost of its own shares held by Dome Petroleum Limited (note 3)	37,366,000	20,981,000
	<u>253,183,000</u>	<u>188,959,000</u>
	<u>\$334,708,000</u>	<u>\$244,107,000</u>

(consolidated financial statements)

On behalf of the Board:

 Director

 Director

Notes to Consolidated Financial Statements

December 31, 1979 and 1978

1. Accounting policies

The principal accounting policies followed by the company and its subsidiaries are summarized under the caption "Accounting Policies" (page 14).

2. Bullion

Bullion on hand and in transit is valued at \$578 (Cdn.) per ounce (1978 - \$239 per ounce).

3. Dome Petroleum Limited

(a) Details of the investment in Dome Petroleum are as follows:

	1979	1978
Number of common shares	<u>12,622,000</u>	<u>12,600,000*</u>
Carrying value:		
Cost	\$ 47,487,000	\$ 46,372,000
Dome Mines' pro rata cumulative interest in its own dividends paid to Dome Petroleum	2,200,000	1,275,000
Equity in undistributed earnings	<u>136,836,000</u>	<u>95,693,000</u>
	186,523,000	143,340,000
Less Dome Mines' pro rata interest in its own shares held by Dome Petroleum	37,366,000	20,981,000
	<u>\$149,157,000</u>	<u>\$122,359,000</u>
Market value (which is not necessarily indicative of realizable value)	<u>\$683,166,000</u>	<u>\$301,538,000</u>

*Restated as a result of a four for one subdivision during the year.

The unamortized excess of the cost of the investment over the underlying book value at the various dates of acquisition is \$15,712,000 (1978 - \$16,144,000).

(b) Summarized financial information for Dome Petroleum is as follows:

Financial position -	1979	1978
Assets:		
Current assets	\$ 493,303,000	\$ 338,717,000
Investments -		
Dome Mines Limited (net of Dome Petroleum's pro rata interest in its shares held by Dome Mines of \$75,922,000)	87,165,000	49,115,000
TransCanada PipeLines Limited	423,645,000	165,368,000
Other	26,525,000	14,605,000
Property, plant and equipment (net)	2,070,725,000	1,130,910,000
Other assets	29,130,000	14,655,000
	<u>\$3,130,493,000</u>	<u>\$1,713,370,000</u>
Liabilities:		
Current liabilities	\$ 380,318,000	\$ 248,500,000
Long-term debt	1,332,161,000	577,122,000
Deferred income taxes	309,037,000	208,885,000
	2,021,516,000	1,034,507,000
Shareholders' equity	1,108,977,000	678,863,000
	<u>\$3,130,493,000</u>	<u>\$1,713,370,000</u>
 Results of operations -		
Revenue	<u>\$945,466,000</u>	<u>\$627,320,000</u>
Expense:		
Cost of product	328,118,000	292,117,000
Operating and general	184,763,000	94,124,000
Depreciation	34,015,000	23,750,000
Depletion	28,933,000	7,268,000
Interest on long-term debt	103,675,000	43,609,000
Other interest	7,621,000	2,905,000
Preferred share dividends of subsidiary	22,871,000	2,147,000
	709,996,000	465,920,000
	235,470,000	161,400,000
Deferred income taxes	95,880,000	47,467,000
	139,590,000	113,933,000
Equity in earnings of affiliated companies	42,121,000	11,199,000
Net income for the year	<u>\$181,711,000</u>	<u>\$125,132,000</u>

Subsequent event -

Effective February 1, 1980, Dome Petroleum purchased all the outstanding common shares of Kaiser Petroleum Limited for a net consideration of \$700,000,000.

Certain accounting policies of Dome Petroleum are as follows:

- Dome Petroleum follows the full-cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas and related reserves are capitalized.
- The company follows the policy of capitalizing interest where the related financing can be identified with the purchase or construction of property, plant and equipment including the purchase of mineral rights. Once the facility commences operations or the exploration stage is complete, subsequent interest costs are charged to income.
- The company follows the accounting principle generally accepted in Canada of translating long-term debt payable in U.S. funds at rates prevailing at dates the obligations were incurred. This practice differs from the U.S. accounting principle which requires translation at rates in effect at the year end. As disclosed in Dome Petroleum's annual report, compliance with U.S. accounting principles would have increased long-term debt by \$27,586,000 at December 31, 1979 (1978 - \$31,296,000) and increased their earnings by \$3,555,000 in 1979 and reduced their earnings by \$19,410,000 in 1978. Accordingly, Dome Mines' equity in the earnings of Dome Petroleum and net income would have been increased by \$891,000 in 1979 (\$0.05 per share) and reduced by \$4,912,000 in 1978 (\$0.28 per share) if U.S. accounting principles had been followed.
- The company's investments in Dome Mines Limited and TransCanada PipeLines Limited are accounted for by the equity method.

4. Canada Tungsten Mining Corporation Limited

Details of the investment in Canada Tungsten are as follows:

	1979	1978
Number of shares	<u>1,000,912</u>	<u>1,000,912</u>
Carrying value:		
Cost	\$ 1,152,000	\$ 1,152,000
Equity in undistributed earnings	10,510,000	<u>8,238,000</u>
	<u>\$11,662,000</u>	<u>\$ 9,390,000</u>
Market value (which is not necessarily indicative of realizable value)	<u>\$21,520,000</u>	<u>\$22,270,000</u>

The unamortized excess of the cost of the investment over the underlying book value at the various dates of acquisition is \$119,000 (1978 - \$158,000).

5. Other investments

Details of other investments are as follows:

	1979		1978	
	<u>Book value</u>	<u>Market value</u>	<u>Book value</u>	<u>Market value</u>
With a quoted market value -				
Denison Mines Limited, common shares (1979 - 1,846,800; 1978 - 1,846,800)	\$31,477,000	\$69,256,000	\$31,477,000	\$34,166,000
Noranda Mines Limited, 1,333,332 Class A shares (note 8)	20,444,000	29,667,000		
Mattagami Lake Mines Limited, 1,000,000 common shares (note 8)			3,573,000	15,500,000
	51,921,000	\$98,923,000	35,050,000	\$49,666,000
With no quoted market value -				
Panarctic Oils Ltd., common shares, (1979 - 622,962; 1978 - 605,492)	1,977,000		1,977,000	
Oil and gas properties	1,840,000		1,840,000	
Sundry	211,000		178,000	
Total	\$55,949,000		\$39,045,000	

6. Deferred exploration and development costs

During the year the company agreed to explore certain mining claims held by Amoco Canada Petroleum Company Ltd. in the Detour Lake region of northeastern Ontario. Expenditures to December 31, 1979 are shown as deferred exploration and development costs in these financial statements.

7. Capital

Effective June 8, 1979 the share capital of the Company was subdivided on a three for one basis. In these financial statements the previously reported authorized and issued shares, net income per share and dividends per share have been restated to give effect to this subdivision.

At December 31, 1979, 150,000 shares were reserved for issue to officers and employees under the Key Employee Share Purchase Plan. On October 29, 1979, 71,550 of these shares were allocated at market value. Subsequent to the year end the shares were issued and interest-free loans were provided to the participants to facilitate their purchase.

8. Gain on investments

Included in gain on investments is \$16,871,000 recorded as a result of the exchange of Mattagami Lake Mines Limited shares for shares of Noranda Mines Limited. No income taxes resulted from this transaction.

9. Income and mining taxes

(a) The provision for income and mining taxes consist of:

	1979		1978	
	Current	Deferred	Current	Deferred
Federal income tax	\$23,049,000	\$ 683,000	\$12,280,000	\$250,000
Provincial income tax	7,797,000	322,000	4,238,000	136,000
Provincial mining tax	17,694,000	134,000	7,482,000	
	<u>\$48,540,000</u>	<u>\$1,139,000</u>	<u>\$24,000,000</u>	<u>\$386,000</u>

(b) Income and mining taxes for 1979 on all sources of income are provided at a combined federal and provincial effective rate of 45.5%, a decrease of 1.0% from 1978.

The difference between the combined federal and provincial basic statutory rates and that used in calculating the provision for income and mining taxes is as follows:

	1979		1978	
	On operating income less outside exploration	On other income	On operating income less outside exploration	On other income
Income taxes –				
Basic statutory rate (combined)	48.9%	49.7%	48.7%	48.7%
Less:				
Resource allowance	7.4		7.7	
Depletion	4.1		4.5	
Exempt income*		37.6		20.9
Sundry	2.8		2.9	
	14.3	37.6	15.1	20.9
Effective rate	34.6	12.1	33.6	27.8
Mining taxes – average rate	21.6		18.9	
Combined income and mining tax rate	<u>56.2%</u>	<u>12.1%</u>	<u>52.5%</u>	<u>27.8%</u>

*Exempt income consists principally of dividends from Canadian corporations and the non-taxable portion of capital gains.

10. Earnings per share

Earnings per share are calculated by using the weighted average number of shares outstanding during the year after deducting the company's pro rata interest in its own shares (1979 – 1,813,036; 1978 – 1,507,701 – note 7) held by Dome Petroleum.

11. Quarterly financial data

Summarized quarterly financial data for 1979 and 1978 are as follows (unaudited):

	Quarter ended			
	March 31	June 30	Sept. 30	Dec. 31
	<i>(in thousands except per share)</i>			
1979				
Bullion revenue	\$25,995	\$24,890	\$31,984	\$46,847
Operating income	\$15,658	\$14,065	\$21,039	\$34,767
Equity in earnings of Dome Petroleum	\$ 5,793	\$ 5,939	\$14,449	\$14,962
Net income	\$27,699*	\$11,642	\$21,988	\$27,951
Net income per share (note 7)	\$1.57*	\$0.67	\$1.26	\$1.60
1978				
Bullion revenue	\$18,213	\$16,564	\$23,428	\$22,625
Operating income	\$ 9,027	\$ 6,909	\$13,558	\$12,181
Equity in earnings of Dome Petroleum	\$ 4,916	\$ 3,624	\$11,260	\$ 9,687
Net income	\$10,090	\$ 9,009	\$16,242	\$17,227
Net income per share (note 7)	\$0.57	\$0.51	\$0.91	\$0.96

*The 1979 first quarter results have been restated to include the gain on exchange of Mattagami shares for Noranda shares (note 8).

12. Directors and officers

The aggregate remuneration of the directors and officers of Dome Mines Limited as defined in Section 122.2 of the Canada Corporations Act is as follows:

	1979	1978
To the twelve directors (thirteen in 1978) as directors	\$ 64,500	\$ 39,600
To the eleven officers (thirteen in 1978), three of whom are also directors, as officers*	\$488,000	\$406,000

*Includes \$214,000 (\$176,000 in 1978) received by the officers from the wholly and partially-owned subsidiaries.

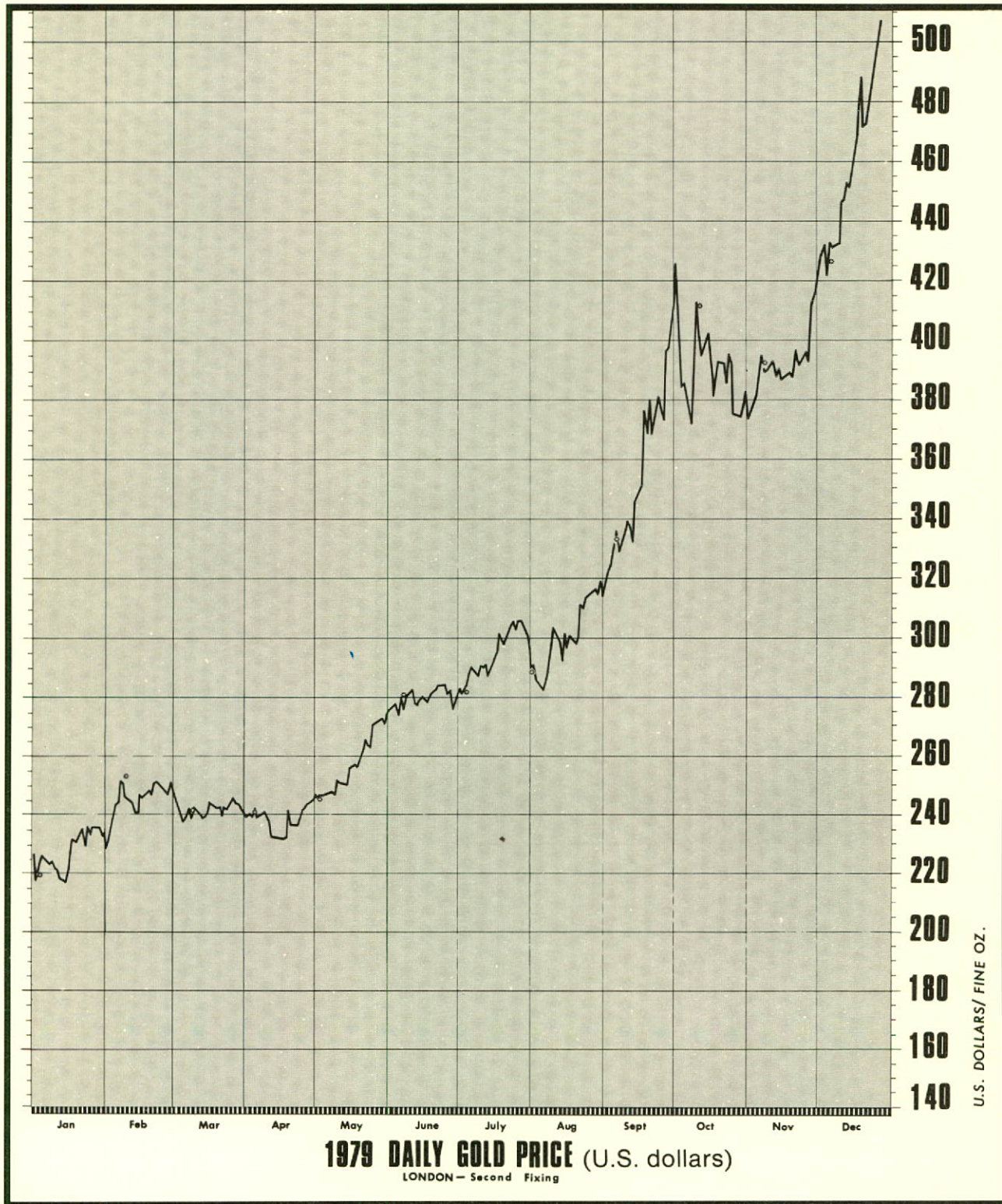
13. Pensions

At the date of the most recent actuarial valuation at December 31, 1977, the market value of all pension fund assets exceeded the actuarially computed value of all obligations to plan members. Pension cost for 1979 was \$1,281,000 (1978 - \$425,000). Included in the 1979 pension cost are improvements in benefits made during the year.

Schedule of Supplementary Information

(in thousands except per share data)

	December 31, 1979				December 31, 1978			
	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited
Dome Mines' ownership		56.8%	62.6%			56.8%	62.6%	
Bullion revenue	\$35,149	\$70,055	\$24,512	\$129,716	\$21,782	\$42,138	\$16,910	\$80,830
Operating expenses:								
Operating costs	18,908	12,212	11,431	42,551	16,690	10,764	10,302	37,756
Depreciation and amortization	510	999	127	1,636	403	880	116	1,399
	19,418	13,211	11,558	44,187	17,093	11,644	10,418	39,155
Operating income	15,731	56,844	12,954	85,529	4,689	30,494	6,492	41,675
Outside exploration	1,336	1,108	433	2,877	935	756	328	2,019
	14,395	55,736	12,521	82,652	3,754	29,738	6,164	39,656
Other income (expense):								
Dividends	2,033	886	221	3,140	1,881	1,256	314	3,451
Interest	1,397	4,681	1,014	7,092	406	2,180	462	3,048
Gain on investments	16,863			16,863	4,990	7		4,997
Foreign exchange	(146)	(385)	(73)	(604)	156	873	245	1,274
	20,147	5,182	1,162	26,491	7,433	4,316	1,021	12,770
Income before taxes and other items	34,542	60,918	13,683	109,143	11,187	34,054	7,185	52,426
Income and mining taxes:								
Federal income tax	3,780	16,318	3,634	23,732	1,647	9,027	1,856	12,530
Provincial income tax	1,433	5,458	1,228	8,119	750	2,928	696	4,374
Provincial mining tax	2,815	13,033	1,980	17,828	735	5,955	792	7,482
	8,028	34,809	6,842	49,679	3,132	17,910	3,344	24,386
Income after taxes, before other items	26,514	26,109	6,841	59,464	8,055	16,144	3,841	28,040
Equity in earnings of affiliates:								
Dome Petroleum	39,328	1,210	605	41,143	28,190	865	432	29,487
Canada Tungsten	3,274			3,274	3,995			3,995
Income before minority interest	69,116	27,319	7,446	103,881	40,240	17,009	4,273	61,522
Minority interest		(11,813)	(2,788)	(14,601)		(7,355)	(1,599)	(8,954)
Dome Mines' share of net income	\$69,116	\$15,506	\$ 4,658	\$89,280	\$40,240	\$ 9,654	\$ 2,674	\$52,568
Amount per share of Dome Mines	\$3.95	\$0.88	\$0.27	\$5.10	\$2.26	\$0.54	\$0.15	\$2.95
Working capital:								
Current assets	\$30,070	\$67,019	\$17,664	\$109,823	\$17,780	\$45,451	\$10,310	\$69,111
Current liabilities	11,610	30,957	7,361	44,981	7,677	20,658	4,121	28,010
	\$18,460	\$36,062	\$10,303	\$64,842	\$10,103	\$24,793	\$ 6,189	\$41,101
Production:								
Tons milled	664	300	491	1,455	679	301	493	1,473
Fine ounces of gold	95	185	68	348	94	184	73	351



Five Year Review

	1979	1978	1977	1976	1975
FINANCIAL					
<i>(in thousands except per share)</i>					
Bullion revenue	\$129,716	\$80,830	\$59,067	\$46,716	\$59,014
Operating costs	44,187	39,155	34,683	32,414	29,817
Operating income	85,529	41,675	24,384	14,302	29,197
Outside exploration	2,877	2,019	1,803	1,722	1,588
	82,652	39,656	22,581	12,580	27,609
Other income	26,491	12,770	4,927	5,004	4,677
Income before the following	109,143	52,426	27,508	17,584	32,286
Income and mining taxes	49,679	24,386	13,738	8,498	15,519
	59,464	28,040	13,770	9,086	16,767
Equity in earnings of –					
Dome Petroleum	41,143	29,487	25,888	12,843	8,451
Canada Tungsten ⁽¹⁾	3,274	3,995	3,039	1,286	147
Minority interest	(14,601)	(8,954)	(5,589)	(3,563)	(5,805)
Net income for the year ⁽¹⁾	\$89,280	\$52,568	\$37,108	\$19,652	\$19,560
Net income per share ⁽¹⁾⁽²⁾⁽³⁾	\$5.10	\$2.95	\$2.08	\$1.09	\$1.12
Dividends declared	\$9,596	\$7,728	\$6,440	\$5,032	\$5,256
Dividends per share ⁽³⁾	\$0.49²/₃	\$0.40	\$0.33 ¹ / ₃	\$0.26 ² / ₃	\$0.30
Working capital	\$64,842	\$41,101	\$53,318	\$50,039	\$53,335
Shareholders' equity ⁽⁴⁾	\$253,183	\$188,959	\$145,211	\$113,999	\$94,537
Shares outstanding ⁽³⁾	19,320,012	19,320,012	19,320,012	19,320,012	17,520,012
Number of shareholders	7,540	6,793	7,029	7,444	7,938

(1) Restated to reflect the adoption of the equity method of accounting for Canada Tungsten.

(2) Calculated using the weighted average number of shares outstanding after deducting the company's pro rata interest in its own shares held by Dome Petroleum.

(3) Restated to reflect the three for one share split June 8, 1979.

(4) Restated to reflect adjustment for prior years' dividends paid by Dome Mines which are applicable to Dome Mines' pro rata interest in its own shares held by Dome Petroleum.

	1979	1978	1977	1976	1975
OPERATIONS					
Dome Mines (Unconsolidated)					
Tons milled	664,000	679,000	686,000	708,000	708,000
Fine ounces	94,702	94,161	94,261	119,504	117,089
Revenue per ounce	\$371.15	\$231.33	\$164.69	\$122.28	\$155.80
Operating cost per ounce	\$205.04	\$181.53	\$152.31	\$120.03	\$121.28
Operating cost per ton	\$29.25	\$25.17	\$20.93	\$20.25	\$20.06
Number of employees	677	645	620	556	756
Campbell Red Lake Mines					
Tons milled	300,000	301,000	297,000	301,000	300,000
Fine ounces	185,005	183,546	191,031	184,610	185,228
Revenue per ounce	\$378.66	\$229.58	\$162.51	\$123.88	\$159.09
Operating cost per ounce	\$71.41	\$63.44	\$55.80	\$51.33	\$43.64
Operating cost per ton	\$44.00	\$38.75	\$35.86	\$31.53	\$26.98
Number of employees	342	338	334	342	315
Sigma Mines					
Tons milled	491,000	493,000	496,000	499,000	497,000
Fine ounces	67,889	73,115	77,598	75,284	72,676
Revenue per ounce	\$361.05	\$231.28	\$161.06	\$122.64	\$155.54
Operating cost per ounce	\$170.25	\$142.50	\$124.58	\$114.15	\$103.65
Operating cost per ton	\$23.52	\$21.12	\$19.48	\$17.23	\$15.14
Number of employees	378	384	377	360	384

Share Information

Dividends

The dividends declared in Canadian dollars on the Company's shares for each quarterly period during 1979 and 1978 are shown below. The figures reflect the three for one share split in June, 1979.

	1979			1978		
	Regular	Extra	Total	Regular	Extra	Total
First Quarter	\$0.06²/₃		\$0.06²/₃	\$0.06 ² / ₃		\$0.06 ² / ₃
Second Quarter	0.08		0.08	0.06 ² / ₃		0.06 ² / ₃
Third Quarter	0.12¹/₂*		0.12¹/₂	0.06 ² / ₃		0.06 ² / ₃
Fourth Quarter	0.12¹/₂	\$0.10	0.22¹/₂	0.06 ² / ₃	\$0.13 ¹ / ₃	0.20
Total	\$0.39²/₃	\$0.10	\$0.49²/₃	\$0.26²/₃	\$0.13¹/₃	\$0.40

*The 1979 third quarter dividend was declared on October 23, 1979.

Principal Markets for Company's Shares

The New York Stock Exchange and The Toronto Stock Exchange are the principal markets in which the Company's shares are traded. Shown below are the high and low sale prices for the Company's shares on these exchanges for the periods indicated. The quotes reflect the three for one share split in June, 1979.

New York Stock Exchange (United States Dollars)	1979		1978	
	High	Low	High	Low
First Quarter	\$33¹/₂	\$24³/₈	\$23 ⁷ / ₈	\$21
Second Quarter	41⁵/₈	27³/₄	26 ⁵ / ₈	21
Third Quarter	47⁷/₈	34³/₈	30 ⁷ / ₈	24 ⁷ / ₈
Fourth Quarter	52	36¹/₄	31 ⁵ / ₈	21 ⁷ / ₈
Toronto Stock Exchange (Canadian Dollars)	1979		1978	
	High	Low	High	Low
First Quarter	\$39¹/₈	\$29⁵/₈	\$26 ¹ / ₄	\$23 ¹ / ₂
Second Quarter	48³/₄	32	29 ⁵ / ₈	24
Third Quarter	56	40¹/₄	35 ³ / ₈	28 ¹ / ₈
Fourth Quarter	60¹/₂	43	37 ³ / ₈	26

Exchange Listings

The Company's shares are listed on The New York Stock Exchange in the United States, on The Toronto and Montreal Stock Exchanges in Canada and are traded on the Paris Bourse.

The shares are also admitted for unlisted trading on the Detroit and Midwest Stock Exchanges in the United States.

Stock symbol: DM

Directors

- † **A. Bruce Matthews,**
Chairman,
Toronto, Ontario
President,
Matthews & Company, Inc.
- Malcolm A. Taschereau,**
President,
Toronto, Ontario
Dome Mines Limited
- † **Fraser M. Fell, Q.C.,**
Secretary,
Toronto, Ontario
Partner, Fasken & Calvin
- † **John P. Gallagher,**
Calgary, Alberta
Chairman and Chief Executive
Officer,
Dome Petroleum Limited
- * **William F. James,**
Toronto, Ontario
Partner, James & Buffam
- Maclean E. Jones, Q.C.,**
Calgary, Alberta
Partner, Jones, Black & Company
- *† **Allen T. Lambert,**
Toronto, Ontario
Retired Chairman,
The Toronto-Dominion Bank
- * **John K. McCausland,**
Toronto, Ontario
Retired Vice-President,
Wood Gundy Limited
- † **Clifford L. Michel,**
New York, U.S.A.
Partner, Cahill Gordon & Reindel
- F. Warren Pershing,**
New York, U.S.A.
Chairman Emeritus,
Pershing Division of
Donaldson, Lufkin & Jenrette
Securities Company
- James B. Redpath,**
Toronto, Ontario
Retired President,
Dome Mines Limited
- William E. Richards,**
Calgary, Alberta
President,
Dome Petroleum Limited

Officers

- A. Bruce Matthews,**
Chairman
- Malcolm A. Taschereau,**
President and
Chief Executive Officer
- C. Henry Brehaut,**
Vice-President, Operations
- G. S. Wallace Bruce,**
Vice-President, Exploration
- Fraser M. Fell, Q.C.,**
Secretary
- Robert B. Hutchison,**
Treasurer
- H. Douglas Scharf,**
Controller
- James E. Alexander,**
Assistant Secretary
- John H. Hough,**
Assistant Secretary
- Harry V. Pyke,**
Manager
- Robert J. Perry,**
General Superintendent

Executive Office

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Location of Mine

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General Counsel

Fasken & Calvin,
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Toronto, Ontario
M5K 1C1

* Member of the Audit Committee

† Member of the Management
Development and Compensation Committee

Annual Reports

Copies of the Annual Reports of the Company, Campbell Red Lake Mines Limited or Sigma Mines (Quebec) Limited are available without charge by writing to Suite 600, 365 Bay Street, Toronto, Ontario, Canada M5H 2V9.

Form 10-K

Copies of the Annual Report on Form 10-K filed with the Securities and Exchange Commission of the United States are available to shareholders without charge by writing to Fraser M. Fell, Secretary, P.O. Box 30, Toronto-Dominion Centre, Toronto, Ontario, Canada M5K 1C1.

