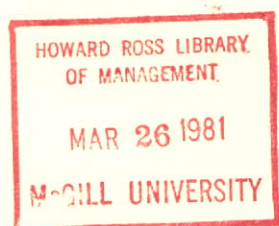


PAMOUR PORCUPINE MINES, LIMITED

ANNUAL REPORT 1980

noranda group



Common shares issued 7,004,977 — 100%

Common shares registered in the names of:

— Noranda	3,412,914	— 48.72%
— 2,007 other Canadians .	3,086,436	— 44.06%
— 1,022 others	505,627	— 7.22%

Pamour Porcupine Mines, one of the Noranda Group of Companies, was incorporated in 1934 under a Federal charter for the purpose of producing gold and other by-product metals from natural mineral deposits. The name Pamour derives from two early prospectors in the Porcupine area of northern Ontario, La Palme, who discovered gold on the property before World War I, and D'Amour, who bought contiguous claims and became his partner.

Production at the No. 1 Mine began in May 1936, with a mill designed to treat 500 tons of ore per day. Since the late 1960's, Pamour has acquired by purchase or lease the mineral rights and some physical assets associated with a number of former producing mines, including properties still remembered as the "Hallnor", "Aunor", "Delnite", "Buffalo Ankerite", "McIntyre", "Coniaurum", "Hollinger", "Ross", "Porcupine Peninsular", "Gold Hawk", "Young-Davidson", and "Matachewan Consolidated".

Exploration, development, and mining work was done on most of these properties in 1980. Ores are transported to and treated in two large concentrating plants, the No. 1 and the Schumacher mills, with a combined capacity in excess of 5,500 tons per day.

Pamour operations employ some 1,200 persons and thereby contribute substantially to the support of the Timmins/Porcupine area with its population of 47,740.

Because of a firm faith in the real value of gold, the Company is a founding member and supporter of the Gold Institute/L'Institut de l'Or, an international association of leading producers, refiners, marketers of bullion, and manufacturers of gold products. This Institute researches, assembles and disseminates technical and industrial information relating to gold usage.

PAMOUR PORCUPINE MINES, LIMITED

EXECUTIVE OFFICE ADDRESS:
P.O. BOX 45, COMMERCE COURT WEST
TORONTO, ONTARIO M5L 1B6

DIRECTORS

J. M. Gordon	Saskatoon
J. A. Graham	Omeme, Ontario
J. Conrad Lavigne	Timmins
The Rt. Honourable Roland Michener	Toronto
J. J. Rankin	Toronto
D. E. G. Schmitt	Toronto
J. M. Slack	Toronto
A. W. Stollery	Toronto
J. C. White	Toronto

OFFICERS

D. E. G. Schmitt	President
J. M. Slack	Vice-President and General Manager
B. H. Grose	Secretary
E. K. Cork	Treasurer
D. H. Ford	Comptroller

MINE OFFICE P.O. Bag 2010, Timmins, Ontario P4N 7E7

A. A. Adamson	Assistant General Manager
W. W. Holmes	Mines Manager

TRANSFER AGENT AND REGISTRAR:

Canada Permanent Trust Company, Toronto and Montreal

ANNUAL MEETING

April 16, 1981 — 11:30 A.M. (Toronto Time),
Royal York Hotel, Toronto

DIRECTORS' REPORT TO SHAREHOLDERS

This 47th Annual Report includes the financial statements of the company and the auditors' report and notes thereon, for the year ended December 31, 1980; and a summary of operations with statistical data relative to production, development, and mineral inventory.

The consolidated net earnings for the year 1980 were \$7,880,000 as compared to \$9,553,000 in 1979 when the application of prior years' losses had the effect of reducing income taxes by \$1,903,000. The income from our Porcupine Mines operation was \$13,129,000 as compared to \$12,750,000 in 1979. Investment income was also higher at \$2,204,000 as compared to \$1,857,000 in 1979, and net earnings before taxes and extraordinary items were \$15,333,000; some \$726,000 higher than last year. Income and production taxes reduced the net earnings to \$7,880,000 or \$1.12 per share.

Four dividends of 15¢ per share were paid in March, June, September, and December, making a total of 60¢ per share for the year. Since April 1980, shareholders who elected to do so have been entitled to receive their dividends in the form of common shares in lieu of cash. Some \$4.2 million were paid in cash bringing the total of dividends paid since 1936 to \$22.68 million.

METAL MARKETS — 1980

The year was one of erratic fluctuation in prices for the company's products, — gold, copper and silver.

GOLD

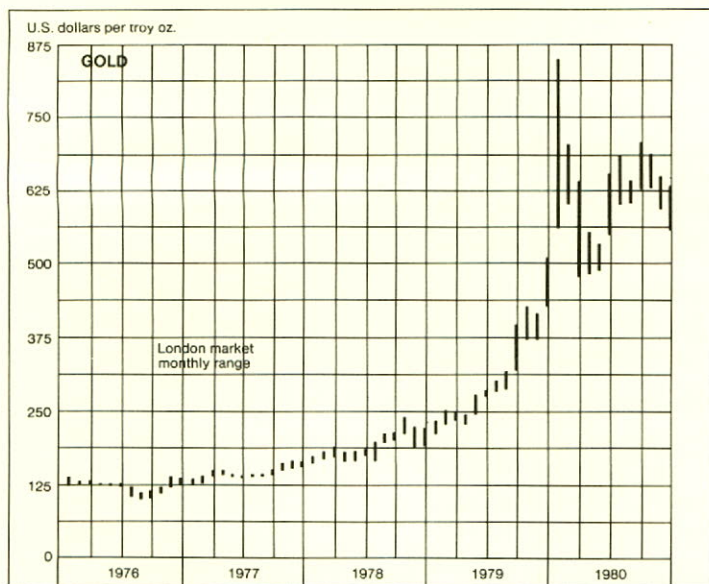
Western World Balance — '000,000 Troy Ounces

	1978	1979	1980	1981 Est.
Supply — Mines — Western World	31.4	30.9	29.7	31.2
— Communist Bloc	13.1	7.4	4.8	6.8
— Net Bank/IMF	11.6	18.4	5.8	5.0
Total supply	56.1	56.7	40.3	43.0
Consumption — Industrial	41.8	35.9	26.0	23.0
— Coinage	9.2	10.4	8.6	12.0
	51.0	46.3	34.6	35.0
Surplus	5.1	10.4	5.7	8.0

The reduced supply of gold during 1980 was due to smaller deliveries by the Communist bloc and the cessation in May of the International Monetary Fund auctions.

The price for gold rose from U.S.\$559.50 per troy ounce on January 1, to a record high of U.S.\$850 by January 21, and fell to a low of \$481 in late March. These major fluctuations were due primarily to massive speculation, although political tension in the Middle East, escalating OPEC oil prices and sharply higher U.S. inflation were contributing factors.

The price recovered to U.S.\$711 in September. Profit taking and reports of Soviet sales to the West for the first time since December 1979, brought the price down to a range of \$550-600 at the year-end. The average London 2nd fix for 1980 was U.S.\$612.56.



COPPER

Western World Balance — '000 Short Tons

	1978	1979	1980	1981 Est.
Supply	7,662	7,837	7,783	8,063
Demand	7,955	8,277	7,913	7,832
Stocks	1,666	1,226	1,096	1,327

Copper consumption dropped for the first time in 5 years, initially in the U.S.A., where fabricators cut back on inventories in response to the declining automotive and construction sectors, and later in European countries as the recession began to have an effect during the second half of the year. The strike of miners in the U.S.A. removed from mine production some 350,000 short tons, and resulted in declining stocks despite the drop in consumption. LME prices were strong in the first quarter peaking at U.S.\$1.37 per pound, but closed the year at 86¢. The Canadian producer's price at the beginning of 1980 was \$1.29 and \$1.05 at the end.

SILVER

Western World Balance — '000,000 Troy Ounces

	1978	1979	1980	1981 Est.
Supply — Primary	262.6	260.8	269	280.0
— Secondary	154.5	131.7	235	170.0
	417.1	392.5	504	450.0
Consumption	433.5	432.8	390	425.0
Surplus (Deficit)	(16.4)	(40.3)	114	25.0

Supplies in 1980 increased as higher prices attracted large quantities of scrap to the market and, at the same time, consumer demand fell sharply.

Silver was influenced by the same factors as gold rising to a record U.S. \$49.45 per ounce in January and then collapsing to \$10.80 on May 22. The price recovered to U.S. \$24.25 in September but profit taking and high interest rates brought it down to \$15.65 by the year end. The average Handy & Harman price for 1980 was U.S. \$20.63 per ounce.

OTHER INTERESTS

Canadian Arrow Mines

Pamour acquired 1,650,000 shares and under a lease agreement prepared the property to begin production in 1981 from a small open pit.

Mining Corporation of Canada

Pamour has a founding interest and a 25% share of the profit in this mining services contracting company which amounted to \$229,000 in 1980.

Mining Corporation also manages and produces gold ore from the Joburke property, some 70 miles west of Timmins. This ore is trucked to a Pamour mill for treatment on a toll basis. Pamour's share of the profit from Joburke was \$85,000 in 1980.

In addition, Mining Corporation manages and operates the Camlaren Project, a small salvage operation to recover remnants of gold from this property some 50 air miles east of Yellowknife in the North West Territories. Due to a variety of difficulties this operation has not been as successful as anticipated. Pamour has advanced \$1.7 million for this project, and its share of the losses on the operation has been \$881,000.

Ontario Mine Project — Park City, Utah, U.S.A.

Pamour has a 50% interest in the rehabilitation and development program to bring this silver, lead, zinc mine to production at a rate of 750 tons per day. Difficult ground conditions and poor productivity have put this project 6 months behind schedule, and substantially increased the preproduction costs. Pamour's share of advances to date has been \$10.1 million and an additional \$3.3 million will be required to attain the scheduled production by late 1981.

OPERATIONS — Timmins/Porcupine Area

Production — Earnings — Employees

	1976	1977	1978	1979	1980
Ores treated — '000 tons	1,892	1,997	2,000	1,712	1,826
Production					
— Gold — ounces	155,880	164,267	161,372	136,964	113,809
— Copper — '000 pounds	6,359	6,186	3,753	3,409	3,808
— Silver — '000 ounces	62.3	63.1	71.5	48.3	46.5
Gross value of products — \$000	23,302	30,647	40,582	58,278	78,613
Net earnings (loss) — \$000	(6,179)	128	5,199	9,553	7,880
Wages, salaries and benefits — \$000	16,034	15,001	17,472	21,584	27,937
Supplies and services purchased — \$000	12,217	14,028	14,142	16,717	30,718
Average number of active employees	1,072	911	977	1,022	1,100

Higher prices for gold permitted the mining and treatment of lower grade ores and consequently some further and necessary additions to proven ore reserves. The mineral inventory now contains some 4.3 million tons in 7 separate mine locations with overall average grade of .082 ounce of gold per ton, plus 0.21% copper which is recoverable as a by-product from the Schumacher and Ross mine ores. Expenditures on exploration and development to replace the 1.83 million tons that was extracted and add another 364,000 tons to proven reserves increased to \$3.6 million.

One of the more significant discoveries resulted from re-examination of the records and underground Hollinger workings on our Timmins property. Approximately 25% of the old workings were reviewed and studied with the conclusion that there is a potential for development of some 2.1 million tons averaging 0.12 ounce of gold per ton in narrow vein deposits, and the possibility of applying bulk mining methods to larger lower grade zones. A decision was made to appropriate \$15 million for the erection of a mining plant and to rehabilitate the old Main Shaft and thereby proceed with development for production at a rate of 850 tons per day by late 1982. The proven reserves, include for the first time, 292,000 tons averaging 0.12 ounce of gold per ton for this property.

Considerable exploration work has been done in the Matachewan area under lease agreements covering the Young-Davidson and Matachewan Consolidated properties. There appears to be potential for significant tonnages of low grade gold-bearing material, but the investigations are not yet complete.

Expenditures on replacement and upgrading of operating equipment and plant were a substantial \$4.5 million. Renovation of the grinding section in the Schumacher mill removed one of the limitations on throughput and tonnage to that mill has been increasing during the last 6 months.

OUTLOOK

Production of gold was substantially lower than in 1979. The grade of our mineral inventories suggests that approximately 13 tons of ore must be mined and treated to recover one ounce of gold. Accordingly, for a continuing profitable operation in an inflationary environment, and in the interests of all concerned, it is essential that our productivity be improved. To achieve the maximum economic utilization of our natural mineral resources, in which we take pride, our people and our facilities must perform at a high level of efficiency, and our production of gold must be increased. With many years of experience; an appreciation of the extremely erratic distribution of gold in the hard rock formation of the Porcupine area; an extensive acreage of mineral rights in close proximity to former gold producers, and with the perceptions, talents, and skills of our exploration people, we expect to find many still undiscovered deposits of viable grades.

At year-end, the markets for precious metals were indicating weakness and uncertainty, but we continue to have faith in the intrinsic value of gold as a metal. The factors in the world's economic and political environment which led to the persistent upsurge in prices through extreme fluctuation in the last decade, will eventually have a more stabilizing influence with continuing opportunity to buy and sell in freely competitive world markets.

EMPLOYEES

The Porcupine area is one of the best places in the world to mine, and mining is important to Timmins, a city of 32,000 people. We are proud to have 325 Pamour members of the Porcupine Division of the Noranda Quarter Century Club, and 285 of them still active in the area. We have repeatedly acknowledged the loyal support, productive effort, and good will of our people at the mine sites. This year it is of interest again that we are among the leaders in this Province for effective implementation of Modular Training, a system which is designed to safely introduce new employees to our team, and to upgrade the qualifications of regular employees in the safe and efficient extraction of minerals. The frequency of lost time injuries at Pamour is one of the lowest amongst all mines in Ontario.

The PEP Sharing Plan (Pamour employees deferred profit sharing plan) which came into effect on January 1, 1979, has developed favourably under the management of 5 Trustees of long experience with the Company. Through this plan, all employees after one year of continuous service have become beneficially interested in the success of our operation. The profit allocation to the Plan for the fiscal year 1980 was \$2.1 million.

Again, we express appreciation to all employees and to those within the Noranda Group on whom we rely for counsel, advice, and other Corporate services. Their willing efforts and understanding support have contributed to another successful year.

On Behalf of the Board

Toronto, Ontario
February 10, 1981

D. E. G. Schmitt
President

GENERAL MANAGER'S REPORT TO THE DIRECTORS

The following report summarizes the work done and the conditions prevailing at nine mining sites, from which ores were drawn to feed the two concentrators. The tabulation on the facing page provides statistical data for each mine site. The column headed "Others" includes ores from the Gold Hawk, preproduction material from the Arrow and the No. 2 mines. An additional 133,761 tons of material trucked from other sources was treated on a toll basis.

Exploration and Development

Exploration and development continued at a high level as metal prices permitted implementation of some longer range mineral inventory programs. Four new projects were initiated. At Gold Hawk a small open pit was developed and mined out. A low grade open pit was developed on the Arrow property and at year end was ready for production of 15,000 tons per month grading 0.066 ounce of gold per ton. The No. 2 mine was re-opened and production will begin in 1981. Work on the Timmins underground mine project was initiated.

Ross mine development and drilling from the 3150' level confirmed the downward continuity of ore zones.

Mineral Inventory

Proven ore reserves were increased to 4,308,000 tons averaging 0.082 ounce of gold per ton and 0.21% copper. There are some 10.3 million additional tons of probable and possible material of similar grade, and potential for further success has been indicated.

Mining and Milling

The total tonnage treated increased by 200,000 tons as the replacement of grinding units and the crushers in the Schumacher mill proceeded. New equipment to replace obsolete units, and to improve plant operations will have an impact on productivity.

General

The number of employees increased to 1,271 due to training for increased activity and new projects. The modular training system is used at all Pamour operations and productivity declined to 5.9 tons per manshift worked, due to the increase in project activity and increased numbers being trained. The safety record continues to be excellent largely due to the training effort.

The effects of inflation on labour and material costs, and the increase in project activity resulted in a 32% increase in the mine site cost per ton of ore treated.

I wish to express my thanks to mine management and to all employees for their continued efforts, and support of the operation.

J. M. Slack
General Manager.

Toronto, Ontario
February 10, 1981

Production Statistics

Mines and Mill Sites		No. 1 (Mill)	No. 3	Ross	Schumacher (Mill)	Timmins	Matach- ewan	Others	Totals	
									1980	1979
Ores treated	— tons	618,231	94,772	204,140	514,370	267,437	43,341	83,789	1,826,080	1,702,900
Average rate per day	— tons	1,689	259	558	1,405	731	118	229	4,989	4,666
Average grade										
Gold	— oz/ton	0.081	0.131	0.089	0.062	0.044	0.076	0.049	0.074	0.090
Copper	— %	—	—	0.162	0.381	—	—	—	0.118	0.118
Concentrate produced	— tons	—	—	—	—	—	—	—	8,261	7,558
Copper in concentrate	— pounds	—	—	485,220	3,332,840	—	—	—	3,808,060	3,409,480
Gold in bullion and concentrate	— ounces	44,380	11,177	15,192	26,537	10,020	2,947	3,556	113,809	136,358
Silver in bullion and concentrate	— ounces	—	—	24,434	22,086	—	—	—	46,520	48,349
Recoveries										
Gold	— %	89.9	89.97	83.49	83.68	84.77	89.90	88.89	87.28	88.97
Copper	— %	—	—	73.16	83.67	—	—	—	82.17	84.83
Silver — estimated	— %	—	—	60.00	60.00	—	—	—	60.00	60.00
Productivity in tons per manshift	—	—	—	—	—	—	—	—	5.9	6.4
Employees at year end	— number	423	115	89	538	24	6	76	1,271	1,066

Development Advances

Drifts and raises	— feet	2,109	335	285	4,713	—	—	1,309	8,751	10,357
Stope preparation	— feet	16,705	1,742	3,025	8,141	—	—	419	30,032	30,145
Diamond drilling	— feet	26,432	20,386	17,446	53,135	—	6,248	8,449	132,096	91,742

Proven Mineral Inventory at December 31, 1980

	— mine sites	No. 1	No. 3	Ross	Schumacher			Other	Totals	
					Gold	Copper			1980	1979
Tons		1,547,000	192,000	655,000	119,000	1,248,000		547,000	4,308,000	3,944,300
Gold	— oz/ton	0.086	0.177	0.108	0.152	0.034		0.099	0.082	0.081
Copper	— %	—	—	0.13	—	0.68		—	0.28	0.275

PAMOUR PORCUPINE

(Incorporated under

CONSOLIDATED BALANCE SHEET

ASSETS	1980	1979
	(in thousands)	
	\$	\$
Current Assets		
Cash	16	350
Bullion and concentrates	20,621	14,350
Accounts receivable	561	87
Due from associated companies	—	2,734
Stores — at cost	4,280	2,919
Prepaid expenses and deposits	319	182
	<u>25,797</u>	<u>20,622</u>
 Investments (note 2)	 <u>9,649</u>	 <u>7,512</u>
 Fixed Assets		
Plant, buildings, equipment and townsite — at cost	20,399	14,938
Accumulated depreciation	9,907	7,738
	<u>10,492</u>	<u>7,200</u>
 Mine properties — at cost, less amortization	 365	 375
Deferred development	8,627	1,396
	<u>19,484</u>	<u>8,971</u>
	<u>54,930</u>	<u>37,105</u>

AUDITORS' REPORT

We have examined the consolidated balance sheet of Pamour Porcupine Mines, Limited as at December 31, 1980 and the consolidated statements of earnings, retained earnings 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.

MINES, LIMITED

(In accordance with the laws of Canada)

AS AT DECEMBER 31, 1980


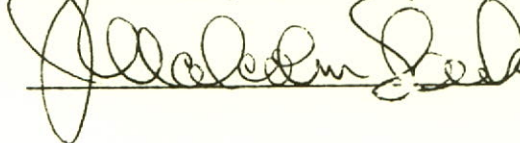
LIABILITIES

	1980	1979
	(in thousands)	
	\$	\$
Current Liabilities		
Accounts payable	10,881	8,887
Due to associated companies	5,251	—
Income and production taxes payable	10,191	4,108
Notes payable — current portion	597	584
	<u>26,920</u>	<u>13,579</u>
Taxes Provided Not Currently Payable	2,019	1,804
Notes Payable — Long-Term (note 4)	597	1,168
Provision for Redundancy	1,080	—

SHAREHOLDERS' EQUITY

Capital Stock (note 3)	8,469	8,388
Retained Earnings	15,845	12,166
	<u>24,314</u>	<u>20,554</u>

SIGNED ON BEHALF OF THE BOARD

Director

Director

54,930

37,105

TO THE SHAREHOLDERS

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 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 applied on a basis consistent with that of the preceding year.

February 6, 1981
Toronto, Canada

Coopers & Lybrand
Chartered Accountants

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1980

	1980	1979
	(in thousands)	
	\$	\$
Revenue		
Gross value of bullion and concentrates produced	81,330	58,278
Less: Treatment and marketing costs	2,942	2,056
	<u>78,388</u>	<u>56,222</u>
Expenses		
Cost of production	54,051	36,560
Royalties	2,930	1,438
Administrative expenses	431	256
Depreciation and amortization	2,167	1,298
Exploration and development	3,580	2,044
Provision for employees deferred profit sharing plan	2,100	1,876
	<u>65,259</u>	<u>43,472</u>
Operating Income	<u>13,129</u>	<u>12,750</u>
Investment Income		
Gain on sale of investments	—	561
Dividends from associated companies	1,147	1,000
Share of earnings in associated company	229	121
Other dividends	12	9
Interest	816	166
	<u>2,204</u>	<u>1,857</u>
Net Earnings Before Taxes and Extraordinary Item	<u>15,333</u>	<u>14,607</u>
Income and Production Taxes	<u>7,453</u>	<u>6,957</u>
Earnings Before Extraordinary Item	<u>7,880</u>	<u>7,650</u>
Extraordinary Item		
Reduction of income taxes on application of prior years' losses	—	1,903
Net Earnings for the Year	<u>7,880</u>	<u>9,553</u>
Earnings Per Share — Before Extraordinary Item	<u>\$1.12</u>	<u>\$1.09</u>
Earnings Per Share — After Extraordinary Item	<u>\$1.12</u>	<u>\$1.36</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

FOR THE YEAR ENDED DECEMBER 31, 1980

	1980	1979
	(in thousands)	
	\$	\$
Balance — Beginning of Year	12,166	4,713
Net earnings for the Year	7,880	9,553
	<u>20,046</u>	<u>14,266</u>
Dividends paid	4,201	2,100
Balance — End of Year	<u>15,845</u>	<u>12,166</u>

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 1980

	1980	1979
	(in thousands)	
Source of Funds	\$	\$
Income from operations before extraordinary item	7,880	7,650
Add: Items not involving the outlay of cash —		
Depreciation and amortization	2,167	1,298
Earnings of associated company	(229)	(121)
Gain on sale of investments	—	(561)
Deferred income and production taxes	215	1,804
	<u>10,033</u>	<u>10,070</u>
Provision for redundancy reclassified to long term	1,080	—
Proceeds on sale of investments	—	1,074
Issue of notes	—	1,168
Issue of shares	81	—
Reduction of income taxes on application of prior years' losses	—	1,903
Sale of fixed assets	116	47
	<u>11,310</u>	<u>14,262</u>
Application of Funds		
Investment in associated companies	1,554	—
Advance to associated company	354	150
Dividends	4,201	2,100
Deferred preproduction	7,231	1,396
Additions to fixed assets — net	5,565	4,731
Reduction of notes payable	571	—
	<u>19,476</u>	<u>8,377</u>
	(8,166)	5,885
Working Capital — Beginning of Year	<u>7,043</u>	<u>1,158</u>
Working Capital (Deficiency) — End of Year	<u>(1,123)</u>	<u>7,043</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1980

1. Accounting Policies

(a) Basis of consolidation

The consolidated financial statements include the accounts of Pamour Porcupine Mines, Inc., a wholly-owned subsidiary, incorporated in 1979.

(b) Translation of foreign currencies

Foreign currency assets and liabilities of the company and its subsidiaries are translated into Canadian dollars as follows:

Working capital at exchange rates prevailing at the end of the period;

Fixed and other long-term assets and long-term debt on the basis of historic rates of exchange.

(c) Bullion and concentrates

The company records as revenue the estimated realizable value of bullion and concentrates awaiting settlement, in transit and on hand.

(d) Depreciation and amortization

Depreciation of plant, buildings, equipment and townsite, and amortization of mine properties are provided at rates designed to write off the capital costs associated with each mine over its estimated productive life. Generally the straight-line method is used. Development expenditures are written off as incurred except for the subsidiary, Pamour Porcupine Mines, Inc. Its development expenditures are deferred until the properties are brought into production, at which time they will be amortized on a unit of production basis, or until the properties are abandoned, at which time deferred expenditures will be written off.

(e) Income Taxes

The company uses the deferral method of income tax allocation. Income taxes are provided at current rates for all items included in the statement of earnings regardless of the period when such items are reported for income tax purposes. No adjustment is made to deferral income taxes for subsequent changes in income tax rates.

2. Investments

	1980	1979
	\$	\$
Shares in associated companies — at cost (quoted market value — \$33,725,000)	8,000,000	6,445,000
Shares in and advances to an associated company at cost adjusted by the company's equity in income or losses since the date of investment	1,174,000	592,000
Other shares at cost (quoted market value — \$362,000)	475,000	475,000
	<u>9,649,000</u>	<u>7,512,000</u>

3. Capital Stock

During the year the company was continued under the Canada Business Corporations Act. Under the Articles of Continuance, the company's shares are without nominal or par value and are authorized in unlimited number. The following changes to the capital structure of the company occurred during the year:

- (a) the 6,786,103 Class A common shares were converted to 6,786,103 common shares.
- (b) the 213,897 Class B common shares were reclassified to 213,897 common shares.
- (c) subsequent to the conversion 4,977 common shares were issued by way of stock dividends for approximately \$81,000.

As at December 31, 1980, 7,004,977 common shares were issued and fully paid at a value of \$8,469,585.

4. Notes Payable

Pamour Porcupine Mines, Inc., as part of the purchase price for the Park City Venture, is obligated to pay U.S.\$500,000 on August 21, 1981 and August 21, 1982.

5. Restatement of Comparatives

Certain of the 1979 figures have been reclassified, where necessary, to conform to the 1980 financial statement presentation.

6. Related Party Transactions

During the year the company purchased approximately \$4.9 million of production supplies, fixed assets and services from associated companies. In addition the company provided milling services to an associated company.

The company has entered into a sales agency agreement under which Noranda Sales Corporation Limited sells all the company's mine products. For this service the company paid \$15,000 during the year.

Noranda Mines Limited acts as manager and provides technical assistance and services to the company. During the year \$247,000 was paid to reimburse Noranda Mines Limited for these services.

The company participates with various associated companies in a short term investment pool. At year end, the company was indebted through this pool to associated companies to the extent of \$4,555,000 (1979 — \$3,410,000 was due from associated companies). In addition the company receives or pays interest on its daily outstanding balance or overdraft in this fund.

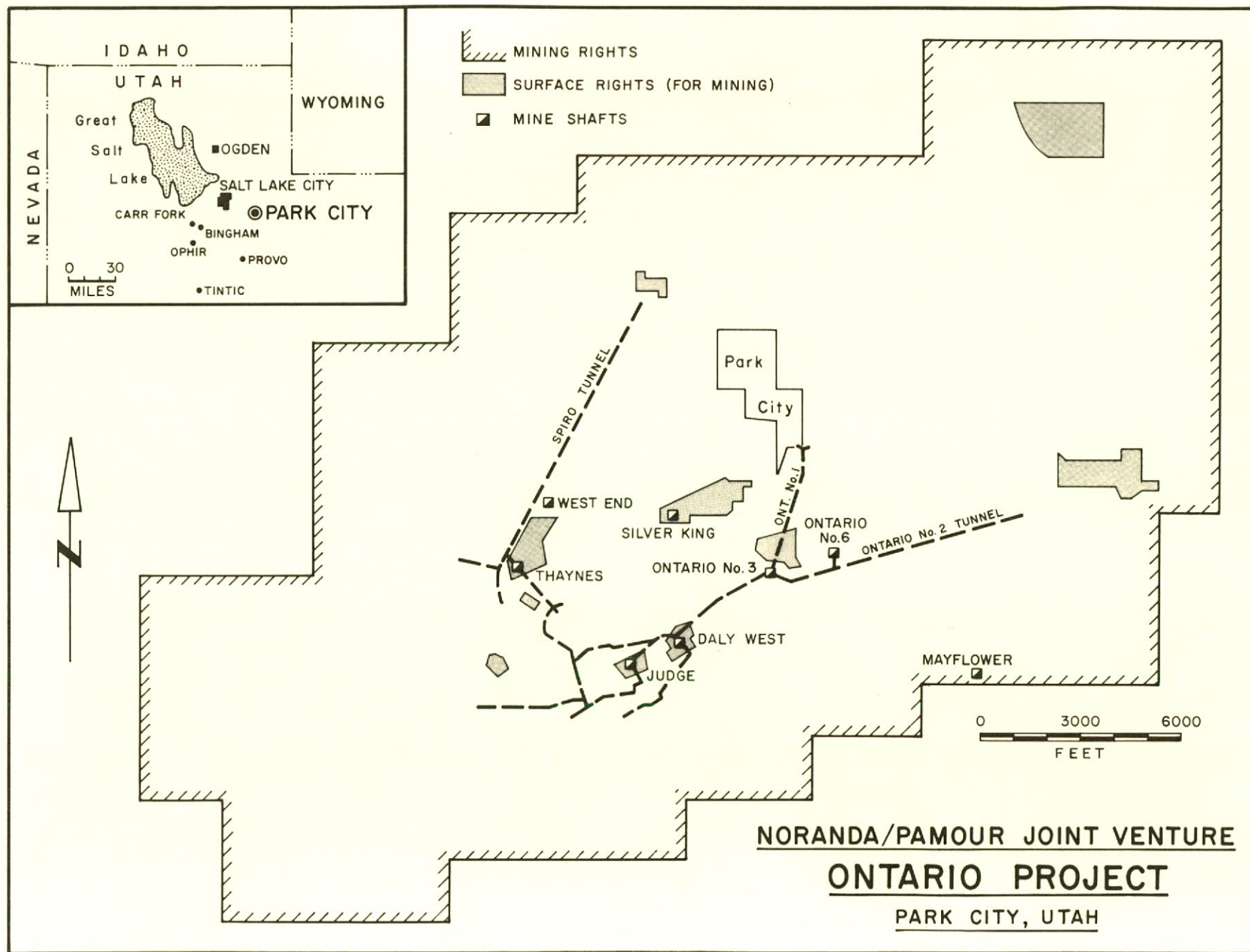
Under the terms of an agreement the company has advanced \$851,000 to an associated company as at December 31, 1980. Interest is charged annually on the outstanding balance.

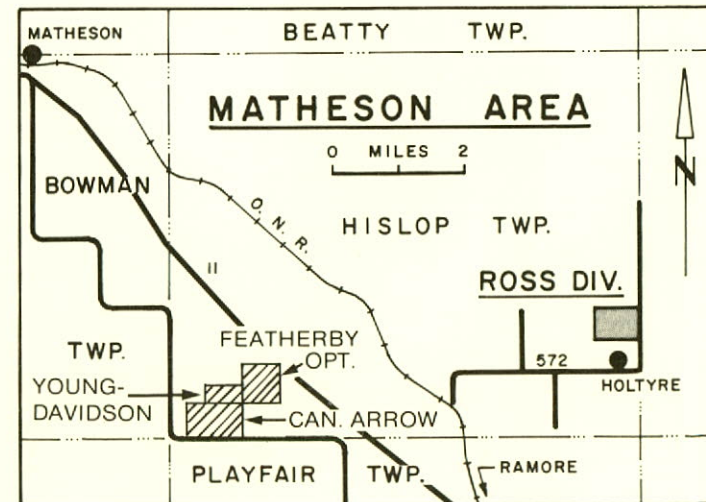
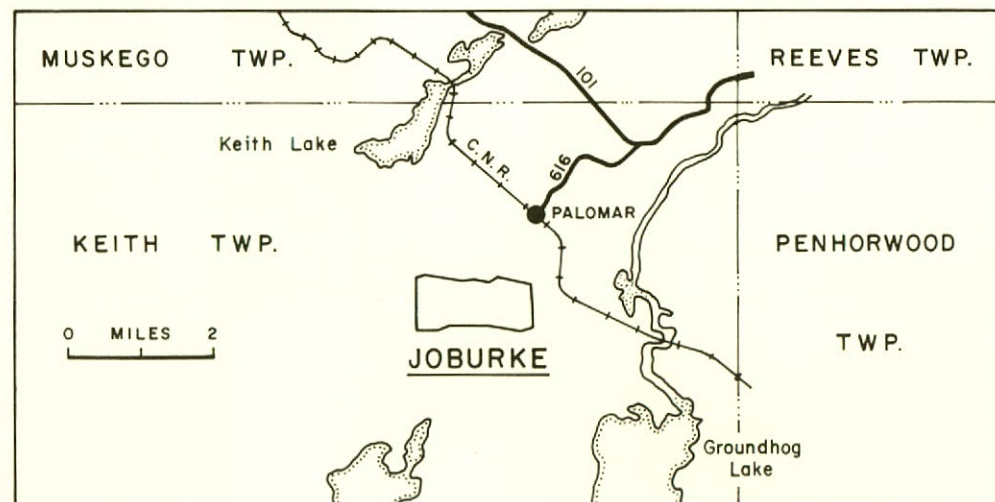
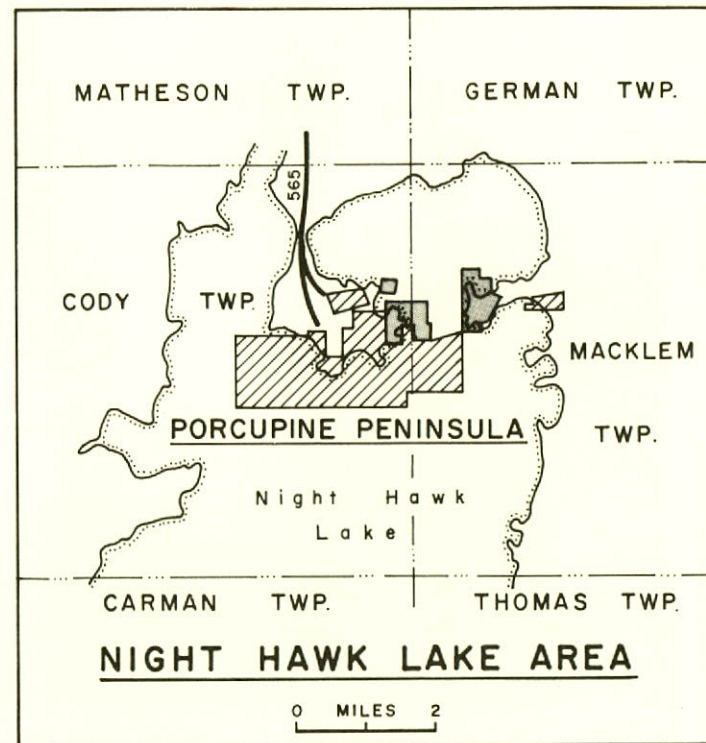
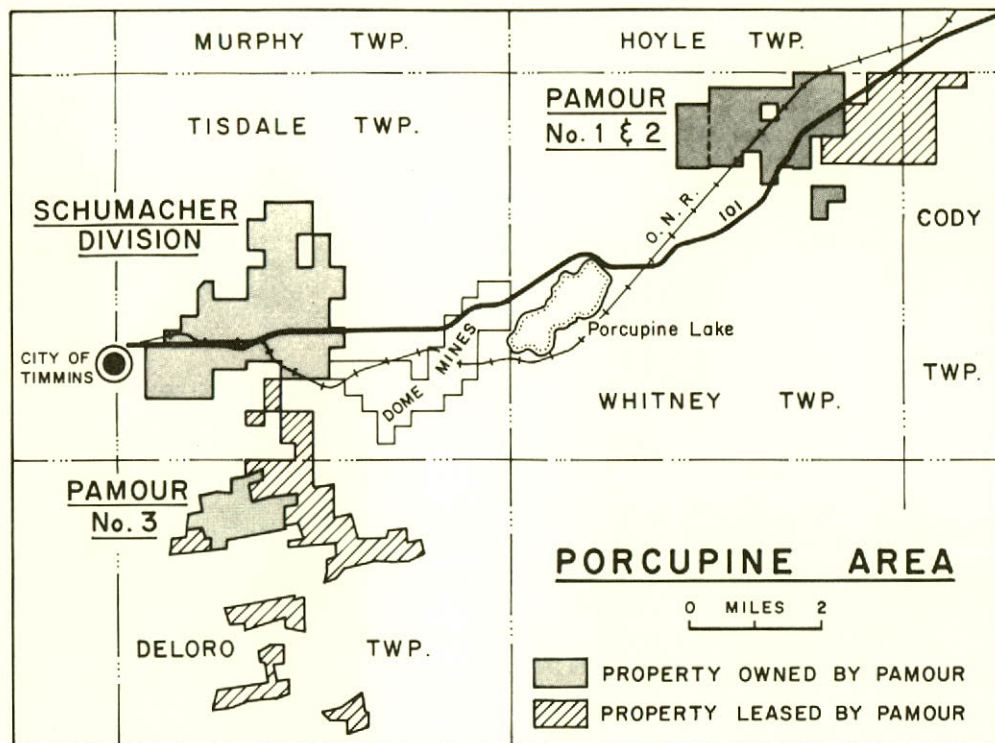
7. Segmented Information

The company operates in what is considered to be a single industry, principally mining for gold and other metals. Its products are sold mainly in Canada.

8. Capital Commitments

At December 31, 1980, authorized capital expenditures amounted to approximately \$16,000,000.





MAP OF PAMOUR PORCUPINE MINES AREA

0 10 20
MILES



LEGEND

1. PAMOUR No.1 MINE & MILL
2. PAMOUR No.2 MINE
3. PAMOUR No.3 MINE
4. SCHUMACHER MINE & MILL
5. ROSS MINE
6. TIMMINS MINE
7. PENINSULA & GOLD HAWK PROPERTIES
8. JOBURKE PROPERTY
9. MATACHEWAN PROPERTIES
10. CANADIAN ARROW PROPERTY

