# PAMOUR PORCUPINE MINES,

## LIMITED

## ANNUAL REPORT 1984

noranda group

| | | |
|---|---|---|
| Common shares issued | 7,006,424 — | 100% |
| Common shares registered in the names of: | | |
| — Noranda | 3,413,017 — | 48.71% |
| — 1293 other Canadians | 3,135,855 — | 44.76% |
| — 643 others | 457,552 — | 6.53% |

Pamour Porcupine Mines, Limited, 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.

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 in and to the east of the Timmins-Porcupine area.

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. Ores belonging to a number of other companies are also shipped to and treated in the mills on a toll basis. A new custom milling circuit will commence operations in 1985. The Company's custom assaying facility was also expanded this year to meet demand.

Pamour operations employ some 700 people in the Timmins-Porcupine area.

# PAMOUR PORCUPINE MINES, LIMITED

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

**DIRECTORS**

| | |
|---|---|
| P. R. Clarke | Toronto |
| D. H. Ford | Toronto |
| J. M. Gordon | Toronto |
| J. Conrad Lavigne | Timmins |
| The Rt. Honourable Roland Michener | Toronto |
| R. P. Riggin | Toronto |
| D. E. G. Schmitt | Toronto |
| A. G. Slade | Sudbury |
| J. C. White | Toronto |

**HONORARY DIRECTOR**

| | |
|---|---|
| A. W. Stollery | Toronto |

**OFFICERS**

| | |
|---|---|
| J. M. Gordon | President |
| W. M. O'Henly | Secretary |
| E. K. Cork | Treasurer |
| M. C. Proctor | Comptroller |
| W. W. Holmes | General Manager |
| B. C. Bone | Assistant Treasurer |

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

| | |
|---|---|
| W. W. Holmes | General Manager |

**TRANSFER AGENT AND REGISTRAR:**

Canada Permanent Trust Company, Toronto and Montreal

**ANNUAL MEETING**

April 18, 1985 — 12:00 noon (Toronto Time),
Royal York Hotel, Toronto

## DIRECTORS' REPORT TO SHAREHOLDERS

This 51st Annual Report includes the audited financial statements of the Company for the year ended December 31, 1984, information and statistical data regarding operations, metal markets, development projects, property location maps and other matters of interest to shareholders.

The price of precious metals declined throughout the year, and made it an extremely difficult one as the operations attempted to adjust. The combination of continuing high interest rates, the strength of the U.S. dollar compared to other currencies, and the expectation of lower inflation led to a fall in the price of gold from $U.S. 407 in March to $U.S. 303 in December.

Revenue decreased to $51.1 million, 5% lower than that generated in 1983. Operating costs increased to $53.1 million, 13% higher than in 1983, resulting in a net loss of $8.3 million after exploration and development costs, royalties, interest expense and depreciation and amortization. With the expectation of favourable gold prices early in 1984, stress was placed on increased ore production at all operations. Ores treated from Pamour mines increased to 1.5 million tons, 200,000 tons over the 1983 throughput, but lower grades of ore limited gold production to 103,800 ounces, only slightly in excess of the 1983 production.

With the decreasing price of gold, operating strategies had to be revised and production at the high cost No. 3 and Timmins Underground mines was suspended in the third quarter, and the Schumacher mine was put on a salvage basis.

No dividend was paid during the year.

### OPERATIONS SUMMARY
**— Production — Earnings — Employees**

| | | 1980 | 1981 | 1982 | 1983 | 1984 |
|---|---|---|---|---|---|---|
| Ores mined and treated | — '000 tons | 1,826 | 1,758 | 1,637 | 1,306 | 1,509 |
| Production in concentrate and bullion — | | | | | | |
| Gold | — ounces .... | 113,809 | 103,232 | 119,523 | 101,969 | 103,804 |
| Silver | — ounces .... | 56,508 | 59,285 | 72,342 | 58,361 | 61,958 |
| Copper | — '000 lbs. . . . | 3,808 | 3,451 | 702 | 288 | 347 |
| Ores and concentrates treated for others on a toll basis | — tons ..... | 133,800 | 147,400 | 170,000 | 229,800 | 293,700 |
| Revenue from production | — $000 ..... | 78,388 | 65,787 | 56,108 | 53,508 | 51,068 |
| Net earnings (loss) | — $000 ..... | 7,880 | (11,770) | (1,303) | 2,630 | (8,250) |
| Average number of employees | ..... | 1,110 | 1,278 | 1,019 | 991 | 892 |
| Payroll and benefits | — $000 ..... | 27,937 | 34,845 | 31,695 | 28,135 | 33,055 |
| Supplies and services | — $000 ..... | 30,718 | 36,423 | 31,491 | 23,379 | 24,679 |

During the first half of the year, ore production was from five underground mines and the Timmins surface pits. These ores were treated in the two concentrators. Excess capacity was used to treat ores and concentrates from other shippers on a toll basis. This latter tonnage increased to 16% of the total throughput.

## METAL MARKETS

### GOLD

| Western World Balance — '000,000 Troy Ounces | 1982 Year | 1983 Year | 1984 Est. | 1985 Est. |
|---|---|---|---|---|
| Supply — Mines: | 32.6 | 35.0 | 35.4 | 36.5 |
| — Communist bloc | 6.6 | 2.9 | 5.0 | 5.0 |
| — Net Banks/I.M.F. | (3.2) | 3.8 | 2.0 | 1.0 |
| Total Supply | 36.0 | 41.7 | 42.4 | 42.5 |
| Consumption — Industrial | 30.1 | 26.9 | 29.5 | 30.0 |
| — Coin | 5.3 | 5.7 | 6.5 | 6.8 |
| Total Consumption | 35.4 | 32.6 | 36.0 | 36.8 |
| Surplus | 0.6 | 9.1 | 6.4 | 5.7 |

In the early part of 1984, it was felt that the $400 level would hold, but the continued strength of the U.S. dollar and the perception that the industrialized world was successfully reversing the inflationary spiral resulted in both investors and speculators viewing the market negatively.

The gold market was also adversely affected by the surplus oil supply and the downward pressure on the OPEC oil price. The situation was further compounded by the decision of the British and Norwegians to abandon their producer price and base their sales on the spot market price. Lower oil revenues also precipitated some gold dishoarding by OPEC members.

Since the above factors are still very much in evidence, the near-term outlook is not optimistic. However, there is a limit as to how high the U.S. dollar can rise, and there is some belief that a downward trend is not too far away. There is also a minority consensus that the only solution to the U.S. budget deficits will be to re-inflate and gold will ultimately benefit.

## SILVER

### Western World Balance — '000,000 Troy Ounces

| | 1982 Year | 1983 Year | 1984 Est. | 1985 Est. |
|---|---|---|---|---|
| Supply — Primary | 285.1 | 312.7 | 318.0 | 330.0 |
| — Secondary | 108.3 | 139.4 | 147.0 | 150.0 |
| — U.S. Stockpile | 2.0 | 11.8 | 5.0 | 10.0 |
| Total Supply | 395.4 | 463.9 | 470.0 | 490.0 |
| Consumption | 370.0 | 373.0 | 405.0 | 410.0 |
| Surplus | 25.4 | 90.9 | 65.0 | 80.0 |

The silver price followed the gold price down and continues to react to movements in the gold price. The fundamentals for silver are not good as supply continues to exceed industrial and coinage demand. Primary production, particularly from Mexico and Peru, continues to rise, although consumption also rose during the year, particularly in Japan. Stocks on the three terminal exchanges dropped during the year from 198.4 million ozs. to 186.6 million ozs.

The U.S. senate has adopted an amendment which calls for the disposal of 10 million ozs. of stockpile silver for coinage purposes over the fiscal years 1985-1986. A final decision on this amendment has not yet been made.

It is unlikely that the silver price will move in an opposite direction to gold.

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## OTHER INTERESTS

### Canadian Arrow Mines Limited (46%)

Low gold prices negated any further mining activities during the year being carried out on the property in Hislop Township leased to Pamour.

## OUTLOOK

High interest rates and the strength of the U.S. dollar continue to influence the price of gold, while the Persian Gulf war, fears of a banking crisis, third world debt problems and concerns regarding inflation have little impact. With the gold price forecast to increase only marginally during the year, 1985 will be a critical one for Pamour.

To partially offset the decreasing gold price, an aggressive forward selling program was followed during 1984. Contracts maturing amounted to 66,500 ozs., and resulted in a gain of $3.4 million over the spot price. At year end, 57,000 ozs. of 1985 production had been sold forward at an average price of $U.S. 370.

The emphasis for 1985 must be to increase ore grade mined and to lower operating costs. Productivity increased by 10% in 1984 to 6.6 tons per manshift, and must be further enhanced. The mineral inventory was reexamined in 1984, and minor adjustments made. Careful control of dilution should enable each operation to mine at its reserve grade. The mines are maintained in good physical condition, and are capable of efficient operation. When the price of gold permits, the suspended operations can be returned to production.

Exploration continued in the Porcupine area, and in proximity to the operating mines, to replace mined mineral inventory. Underground development at the properties continues to upgrade the inventory from probable and possible to the proven category. These programs led to the delineation of mineable material adjacent to the No. 1 mine site currently being tested metallurgically.

Pamour Analytical Services, part of the new business development group, continues to operate at capacity, and in April, the GoMill facility will be operational. The combination of these two units will provide first-rate analysis and processing services to the Timmins-Porcupine area. Increased treatment of ores from outside shippers should result from these additions.

This has been a particularly trying year for all those involved with the Company. On behalf of the Directors and Officers, I wish to express appreciation to the employees for their efforts during the year.

On Behalf of the Board

J. M. Gordon
President.

Toronto, Ontario
February 13, 1985

## GENERAL MANAGER'S REPORT TO SHAREHOLDERS

### Operations

Mining operations produced 1,509,114 tons of ore containing 0.079 ounce of gold per ton. An additional 293,651 tons of ore and concentrates were processed for six customers on a toll basis.

The 1984 lost time injury frequency increased to 2.8 per 200,000 work hours from 2.7 in 1983, but remained lower than the average for the Ontario mining industry. Safety performance at No. 1 Mine, No. 3 Mine, and in the area plant departments was excellent. Modular training programs to upgrade skills, workforce involvement in planning and decision making, effective health and safety committees, and cooperation from all employees helped to reinforce the attitude toward safe working conditions and procedures.

A reduction in ore grade in the second quarter at all properties, a declining price for gold, and the failure of the Timmins Underground Mine to meet expectations led to the decision to suspend operations at that property as well as at the No. 3 Mine. The Schumacher Mine was put on a salvage basis. The workforce declined from 962 employees at the beginning of the year to 738 at year end. Overall productivity improved ten percent and in the fourth quarter averaged 7.7 tons per work shift as compared to the 6.6 average for the full year 1984. This productivity increase has been sufficient to offset the loss of tonnage from the suspension of the two operations.

### Mineral Inventory

An independent audit of the mineral inventory was done during the year and the proven inventory was increased slightly to 2,774,000 tons containing 0.087 ounce of gold per ton compared to the previous 0.092 ounce per ton. The probable and possible inventory is an additional 5.8 million tons containing 0.094 ounce of gold per ton available for mining at the operating sites and at the mines where operations have been suspended. Diamond drilling, development and stope preparation continued at the high rate established in 1983.

### Exploration

The Nighthawk Lake area is being explored under terms of a joint venture agreement with Noranda. Two other similar joint venture agreements were initiated during 1984. The Company has continued to assess, with a sonic drill testing program, the value of its tailings areas in the Porcupine. Treatable tonnages have been identified, but limited mill capacity has delayed processing.

A test pit was developed at the No. 1 Mine site in the fourth quarter. Initial results on this low grade inventory are encouraging. Approximately 180,000 tons will be mined in 1985 as a bulk test to verify drill indicated grades.

### Business Development

A business development group has been established to identify diversification opportunities. The Company now operates a successful custom analytical services business, and is developing a custom shop fabrication business. Other activities, complementary to in-house skills and assets, are being assessed.

For many years, another growing business has been custom milling on a toll basis for other companies. Construction proceeded on schedule under the agreement with the Government of Ontario regarding the GoMill program to permit development of a dedicated metallurgical circuit for processing ores. This circuit will be operational early in the second quarter of 1985.

### General

The environment for good communications, cooperation and participation established in 1979 with the introduction of the employee profit sharing plan has been enhanced by employee involvement projects and by increased communication of operating results through meetings and newsletters. The improved level of operational understanding of all employees has contributed greatly to Pamour. The ideas, efforts and general cooperation of all employees have been very much appreciated.

W. W. Holmes,
General Manager.

Toronto, Ontario
February 13, 1985

## PRODUCTION STATISTICS, DEVELOPMENT AND PROVEN MINERAL INVENTORY FOR YEAR 1984

| **Mines** | | No. 1 | No. 3 | Schumacher | Ross | Timmins | Others | Totals | |
|---|---|---|---|---|---|---|---|---|---|
| **Mill Sites** | | No. 1 | | Schumacher | | | | 1984 | 1983 |
| Ores milled — tons | (000's) | 647 | 59 | 275 | 237 | 289 | 2 | 1,509 | 1,306 |
| Average rate per day | — tons | 1,774 | 161 | 754 | 649 | 792 | 5 | 4,123 | 3,578 |
| Ore grade | | | | | | | | | |
| Gold | — oz/ton | 0.069 | 0.118 | 0.082 | 0.094 | 0.080 | 0.061 | 0.079 | 0.090 |
| Copper | — % | — | — | — | 0.120 | — | — | 0.020 | 0.022 |
| Gold in bullion and concentrate | — oz. | 40,412 | 6,197 | 20,042 | 17,875 | 19,174 | 104 | 103,804 | 101,969 |
| Copper in concentrate | — tons | — | — | — | 173 | — | — | 173 | 144 |
| Silver in bullion and concentrate | — oz. | 11,910 | — | 10,122 | 39,926 | — | — | 61,958 | 58,361 |
| Mill Recoveries — Gold | — % | 88.5 | — | 85.3 | — | — | — | 86.8 | 86.6 |
| Employees at year end | — No. | 291 | 12 | 86 | 97 | 10 | 242 | 738 | 962 |
| Productivity — per manshift | — tons | 9.5 | 3.4 | 7.2 | 9.2 | 13.2 | 0.03 | 6.6 | 6.0 |
| Development — drifts and raises | — ft. | 5,287 | 119 | 992 | 3,180 | 103 | — | 9,681 | 7,744 |
| Stope preparation | — ft. | 10,879 | 1,865 | 2,679 | 1,161 | 1,573 | — | 18,157 | 19,389 |
| Diamond drilling | — ft. | 55,153 | 7,066 | 12,654 | 26,265 | 16,005 | — | 117,143 | 126,994 |
| **Proven Mineral Inventory (at December 31)** | | | | | | | | | |
| Tons | — 000's | 1,674* | 39 | 80 | 570 | 411** | — | 2,774 | 2,754 |
| Grade — gold | — oz/ton | 0.072 | 0.137 | 0.085 | 0.124 | 0.093 | — | 0.087 | 0.092 |

*Includes #3 Pit — No. 1 Mine Reserves
**Includes Timmins Underground and Surface Reserves

# PAMOUR PORCUPI

(Incorporated unde

## BALANCE SHEET AS A

### ASSETS

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| | $ | $ |
| **Current Assets** | | |
| Accounts and settlements receivable — | | |
| Associated companies | **2,361** | 1,041 |
| Other trade | **279** | 733 |
| Bullion and concentrates | **3,448** | 6,026 |
| Stores | **3,747** | 3,045 |
| Prepaid expenses and deposits | **189** | 207 |
| | **10,024** | 11,052 |
| **Investments (note 2)** | **5,061** | 5,171 |
| **Fixed Assets (note 7)** | | |
| Plant, buildings, equipment and townsite — at cost | **27,878** | 26,635 |
| Accumulated depreciation | **16,597** | 14,686 |
| | **11,281** | 11,949 |
| Mine properties — at cost, less accumulated amortization | **73** | 112 |
| Deferred development — at cost, less accumulated amortization of $1,870,000 (1983 — $1,114,000) | **5,995** | 6,439 |
| Deferred exploration | **168** | 200 |
| | **17,517** | 18,700 |
| | **32,602** | 34,923 |

### AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of Pamour Porcupine Mines, Limited as at December 31, 1984 and the statements of earnings and 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.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

February 1, 1985
Toronto, Canada

Coopers & Lybrand
Chartered Accountants

IE MINES, LIMITED

he laws of Canada)

**DECEMBER 31, 1984**

## LIABILITIES

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| | $ | $ |
| **Current Liabilities** | | |
| Accounts payable | **10,162** | 7,992 |
| Due to associated companies — | | |
| Secured loan (note 3) | **15,010** | 8,740 |
| Trade accounts | **790** | 1,058 |
| Income and production taxes | **588** | 1,020 |
| | **26,550** | 18,810 |
| **Taxes Provided Not Currently Payable** | **379** | 2,190 |
| **Provision for Severances (note 4)** | **1,080** | 1,080 |
| | **28,009** | 22,080 |

## SHAREHOLDERS' EQUITY

| | | |
|---|---|---|
| **Capital Stock** | | |
| Authorized — | | |
| Unlimited number of common shares | | |
| Issued and fully paid — | | |
| 7,006,424 common shares | **8,492** | 8,492 |
| **Retained Earnings (Deficit)** | **(3,899)** | 4,351 |
| | **4,593** | 12,843 |
| | **32,602** | 34,923 |

SIGNED ON BEHALF OF THE BOARD

P. R. Clarke
Director

J. M. Gordon
Director

## STATEMENT OF EARNINGS AND RETAINED EARNINGS
### FOR THE YEAR ENDED DECEMBER 31, 1984

| | 1984 | 1983 |
|---|---|---|
| | (in thousands; except per share data) | |
| | $ | $ |
| **Revenue** | | |
| Gross value of bullion and concentrates produced | **53,670** | 55,506 |
| Less: Treatment and marketing costs | **2,602** | 1,998 |
| | **51,068** | 53,508 |
| **Expenses** | | |
| Cost of production | **53,072** | 46,884 |
| Royalties | **1,085** | 1,718 |
| Administration | **574** | 625 |
| Depreciation and amortization | **2,706** | 2,314 |
| Exploration and development | **3,390** | 2,727 |
| | **60,827** | 54,268 |
| **Loss from Operations** | **(9,759)** | (760) |
| **Investment Income (Expense)** | | |
| Dividends from associated companies | **455** | 511 |
| Share of loss in associated company | **(110)** | — |
| Interest — short-term | **(1,087)** | (1,231) |
| Gain on sale of investments, net of write-down | **—** | 2,058 |
| | **(742)** | 1,338 |
| **Earnings (Loss) Before the Following** | **(10,501)** | 578 |
| **Taxes recoverable** | | |
| Income | **596** | 793 |
| Production | **1,655** | 445 |
| **Earnings (Loss) Before Extraordinary Item** | **(8,250)** | 1,816 |
| **Extraordinary Recovery of Taxes** | **—** | 814 |
| **Net Earnings (Loss) for the Year** | **(8,250)** | 2,630 |
| **Retained Earnings — Beginning of Year** | **4,351** | 1,721 |
| **Retained Earnings (Deficit) — End of Year** | **(3,899)** | 4,351 |
| **Earnings (Loss) Per Share — Before Extraordinary Item** | **(1.18)** | .26 |
| **Earnings (Loss) Per Share — After Extraordinary Item** | **(1.18)** | .38 |

## STATEMENT OF CHANGES IN FINANCIAL POSITION
### FOR THE YEAR ENDED DECEMBER 31, 1984

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| | $ | $ |
| **Cash was obtained from (used in)** | | |
| Operations | | |
| Earnings (loss) before extraordinary item | **(8,250)** | 1,816 |
| Depreciation and amortization | **2,706** | 2,314 |
| Taxes provided not currently payable | **(1,811)** | (1,159) |
| Share of loss in associated company | **110** | — |
| Deferred exploration written-off | **152** | — |
| Gain on sale of investments, net of write-down | **—** | (2,058) |
| Change in working capital* | **2,498** | 2,748 |
| | **(4,595)** | 3,661 |
| Proceeds on sale of fixed assets | **291** | 4 |
| Proceeds on sale of investments | **—** | 6,972 |
| Extraordinary recovery of taxes | **—** | 814 |
| | **(4,304)** | 11,451 |
| **Cash was used for** | | |
| Additions to fixed assets | **1,534** | 541 |
| Deferred exploration expenditures | **120** | 200 |
| Deferred development expenditures | **312** | — |
| | **1,966** | 741 |
| **Increase (Decrease) in Secured Loan** | **6,270** | (10,710) |
| **Secured Loan — Beginning of Year** | **8,740** | 19,450 |
| **Secured Loan — End of Year** | **15,010** | 8,740 |

***For the purposes of this statement, working capital does not include the secured loan.**

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 1984

**1. Accounting Policies**

(a) Bullion and concentrates
The company records as revenue the estimated realizable value of bullion and concentrates awaiting sale.

(b) Stores inventory
Stores inventory is valued at the lower of cost and replacement cost.

(c) Investments
Investments in companies in which the company has significant influence are accounted for by the equity method. All other investments are carried at cost.

(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 unit of production method is used. Development expenditures are written off as incurred, except where they represent start-up costs on major new projects. These development expenditures are deferred until the properties are brought into production, at which time they are amortized on a unit of production basis, or until the properties are abandoned, at which time they are written-off.

(e) Exploration
Exploration expenditures are charged against current earnings unless they relate to properties from which a productive result is reasonably certain or on which work is in process.

(f) Taxes
The company provides for income and production taxes by the tax allocation method. Under this method, timing differences between reported and taxable income (related principally to claiming capital cost allowances and deferred development expenditures for tax purposes in excess of amounts written-off in the accounts) result in the provision for taxes which are not currently payable.

Potential tax savings arising from losses incurred are not reflected in earnings in the year they arise unless there is virtual certainty that they will be realized.

**2. Investments**

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| | $ | $ |
| Shares in associated companies — at cost (quoted market value: 1984 — $13,695,000; 1983 — $20,765,000) | 4,759 | 4,759 |
| Shares in associated companies — accounted for using the equity method | 302 | 412 |
| | 5,061 | 5,171 |

At December 31, 1984, the investments include 550,091 common shares of Noranda Inc. with a quoted market value of $9,420,000 and 300,000 shares of Kerr Addison Mines Limited with a quoted market value of $4,275,000.

**3. Related Party Transactions**

During the year, the company had business transactions with Noranda Inc. and with certain of Noranda's subsidiary and associated companies. Transactions related to the processing and sale of mine products were effected at rates set out in contractual agreements, such agreements being similar to those commonly used in the industry. Purchases of operating supplies were at normal market prices. Charges for services were at rates which approximated the actual cost of providing the services.

Details of 1984 and 1983 transactions are as follows:

| | 1984 | 1983 |
|---|---|---|
| | (in thousands) | |
| Noranda charges to Pamour | $ | $ |
| Smelting and refining tolls | 1,808 | 1,169 |
| Purchases of operating supplies | 789 | 591 |
| Management and data processing services | 717 | 562 |
| Pamour charges to Noranda | | |
| Milling tolls | 259 | 53 |
| Engineering, exploration and sundry services | 168 | 154 |

The balances shown as receivable from and payable to associated companies resulting from the above transactions are current and normal under the terms of the various agreements.

The company participates with Noranda and associated companies in a short-term investment pool. At the year-end, the company was indebted through this pool to associated companies to the extent of $15,010,000 (1983 — $8,740,000). Interest is charged or credited at market rates.

The loan is evidenced by a demand debenture in favour of Noranda, secured by a floating charge on all the company's undertaking, property and assets.

**4. Provision for Severances**

The amount of $1,080,000 was provided against earnings in the years 1974 to 1979, and will be used to cover severances which might be payable to employees in the event of a partial or total shutdown of operations.

**5. 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.

**6. Commitments**

(a) At December 31, 1984, authorized capital expenditures amounted to approximately $605,000. Of this amount, $434,000 is required to complete a custom gold milling facility on which the company has expended $1,166,000 up to the end of 1984. Upon the successful completion of this facility in 1985, the company will receive an interest-free loan of $950,000 from the Government of Ontario, forgiveable over a five year period. When received, the loan will be used to reduce the capital cost of the facility.

(b) From time to time, the company sells gold for future delivery at set dates and prices. These transactions are not reflected in the accounts until the delivery date. At December 31, 1984, the company had committed to sell 57,000 ounces of gold in 1985 at prices averaging U.S. $370 per ounce.

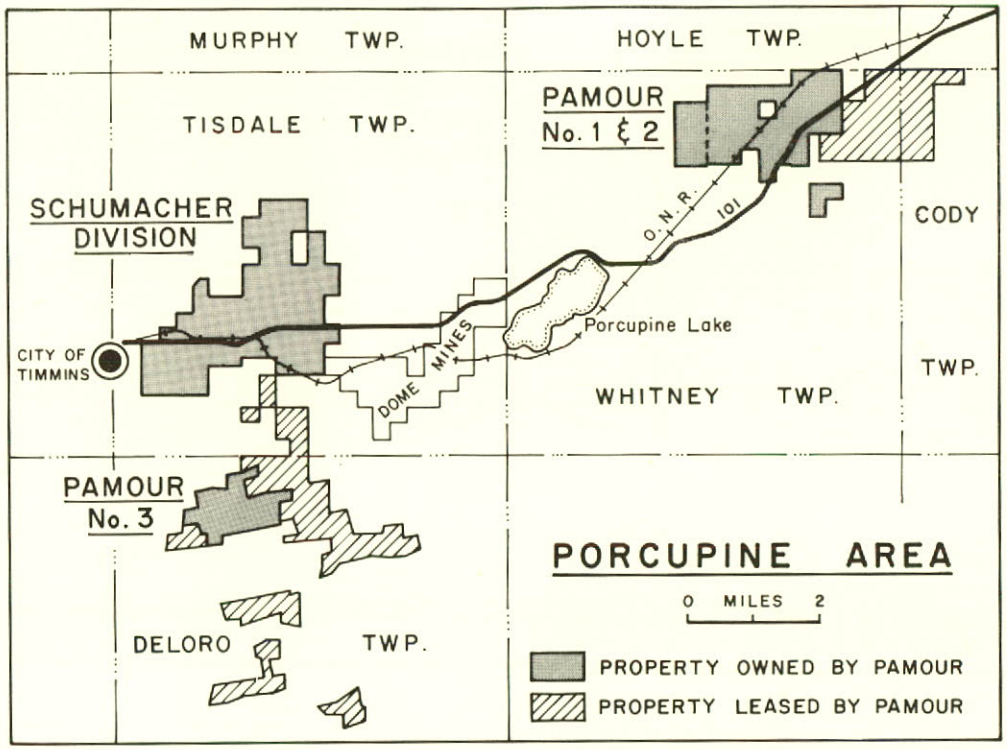
**7. Recovery of Costs**

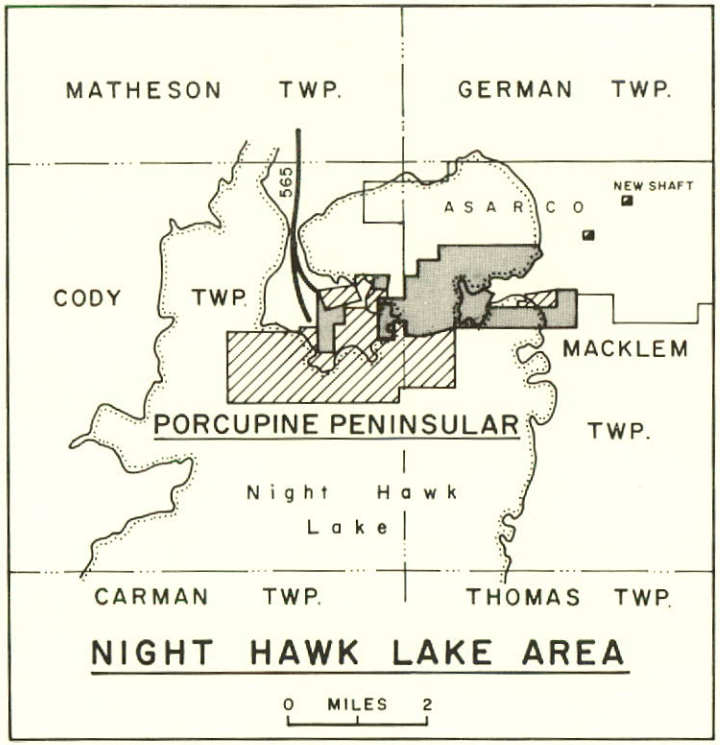
Included in fixed assets are buildings, equipment and deferred development costs having a net book value of $11,292,000 which represent the unrecovered investment in the Timmins Underground Mine. Operations at this mine were suspended during the fourth quarter of 1984 because they were not profitable at prices then prevailing. This mine is being maintained in good condition but the recovery of this investment is dependent upon a substantial improvement in the market price for gold.

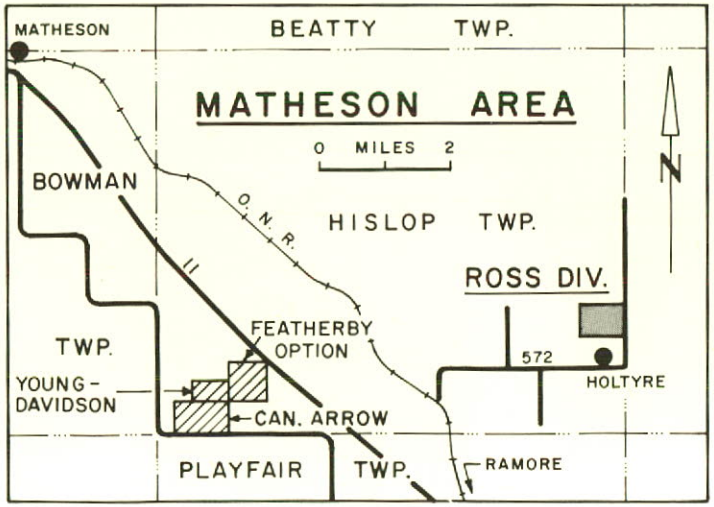
**8. Income Taxes**

(a) At December 31, 1984, the company has available for carry-forward operating losses amounting to approximately $9,700,000 which may be applied against taxable incomes of the years 1985 to 1991, and capital losses of $11,600,000 which may be applied against capital gains in any year. The future tax benefits arising from these losses have not been recognized in the financial statements.

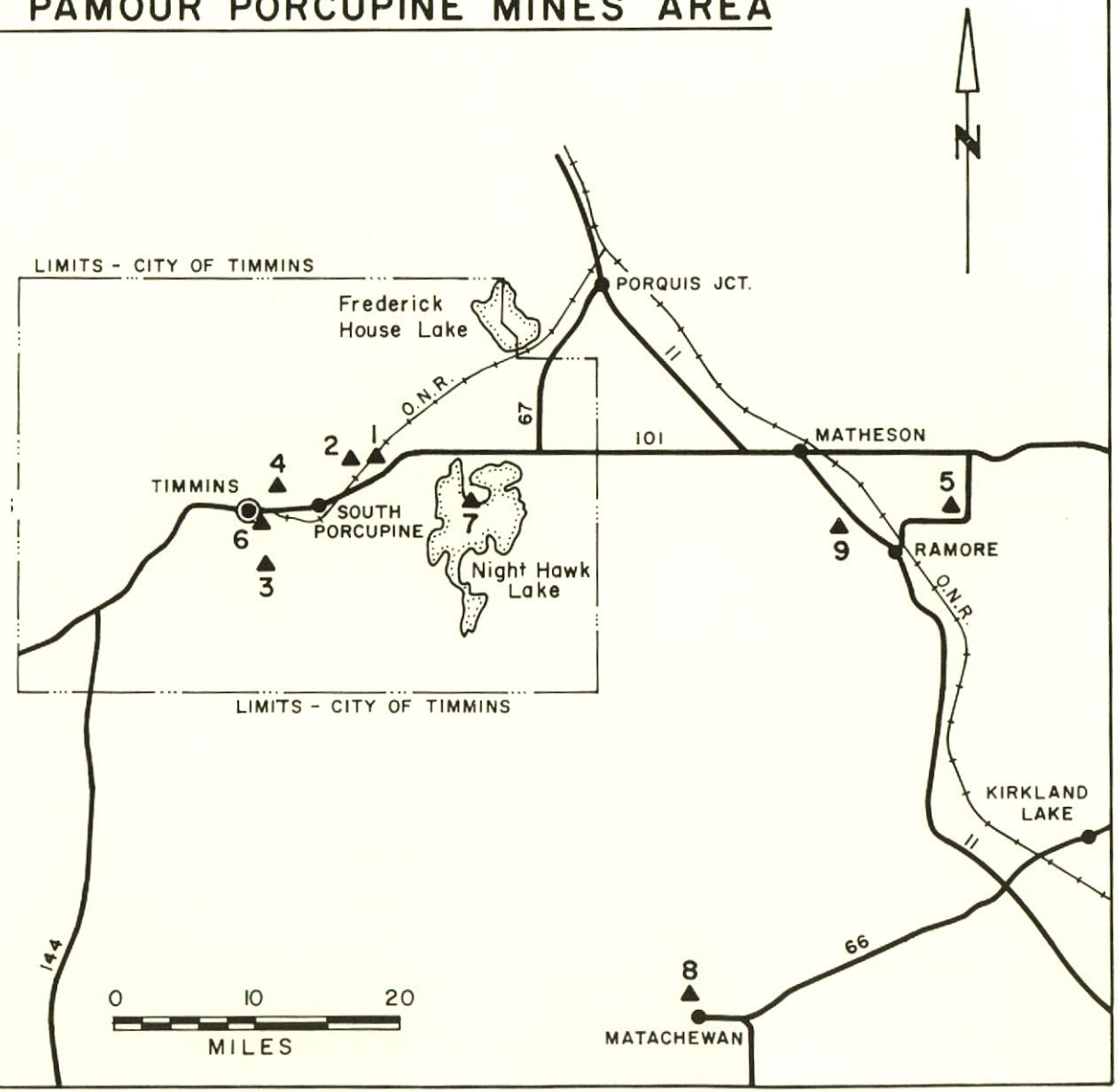
(b) The income tax recovery for 1984 based upon the loss before taxes of $10,501,000 and the combined statutory Federal and Ontario income tax rate of 50% would amount to $5,250,000. However, in the absence of virtual certainty as to realization, the actual recovery has been limited to the amount of income tax remaining in the accounts at the end of 1983, which was $596,000.


MURPHY TWP.
HOYLE TWP.
TISDALE TWP.
PAMOUR
No. 1 & 2
SCHUMACHER
DIVISION
O. N. R.
101
CODY
CITY OF
TIMMINS
DOME MINES
Porcupine Lake
TWP.
WHITNEY TWP.
PAMOUR
No. 3
PORCUPINE AREA
0 MILES 2
DELORO TWP.
PROPERTY OWNED BY PAMOUR
PROPERTY LEASED BY PAMOUR


MATHESON TWP.
GERMAN TWP.
565
NEW SHAFT
ASARCO
CODY TWP.
MACKLEM
PORCUPINE PENINSULAR
TWP.
Night Hawk
Lake
CARMAN TWP.
THOMAS TWP.
NIGHT HAWK LAKE AREA
0 MILES 2


MATHESON
BEATTY TWP.
MATHESON AREA
0 MILES 2
N
BOWMAN
O. N. R.
HISLOP TWP.
11
ROSS DIV.
FEATHERBY
OPTION
TWP.
572
HOLTYRE
YOUNG-
DAVIDSON
CAN. ARROW
PLAYFAIR TWP.
RAMORE

# MAP OF PAMOUR PORCUPINE MINES AREA




## 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. PENINSULAR & GOLD HAWK PROPERTIES
8. MATACHEWAN PROPERTIES
9. CANADIAN ARROW PROPERTY

# PAMOUR PORCUPINE MINES, LIMITED

P.O. Box 45, Commerce Court West
Toronto, Ontario, Canada M5L 1B6

## NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TAKE NOTICE that the Fifty-First Annual Meeting of the Shareholders of PAMOUR PORCUPINE MINES, LIMITED will be held in the Quebec Room at the Royal York Hotel, in the City of Toronto, Ontario on Thursday, the 18th day of April, 1985, at the hour of 12:00 noon (Toronto Time) for the following purposes:

(i) to receive reports and financial statements,

(ii) to elect directors,

(iii) to appoint auditors and to authorize the directors to fix their remuneration and,

(iv) to transact such other business as may properly come before the Meeting.

A copy of the Annual Report and the financial statements for the year ended December 31, 1984 to be submitted to the Meeting is forwarded herewith.

Shareholders who are unable to attend the meeting in person are requested to date, sign and return the enclosed form of proxy in the return envelope provided.

DATED this 1st day of March, 1985.

By Order of the Board,

W. M. O'HENLY,
Secretary.

# PAMOUR PORCUPINE MINES, LIMITED

## INFORMATION CIRCULAR

This Information Circular accompanies the Notice of the Annual Meeting of the Shareholders of Pamour Porcupine Mines, Limited (the "Company") to be held on April 18th, 1985, and is **furnished in connection with the solicitation by the management of the Company of proxies for use at such meeting.** Solicitation will be primarily by mail but proxies may also be solicited personally by regular employees of the Company. The costs of solicitation of proxies on behalf of the management will be borne by the Company.

### VOTING OF PROXIES

Shares represented by properly executed proxies in favour of the persons whose names are printed therein will be voted for or withheld from voting in accordance with the choice specified in the proxy but, if no choice is specified, such shares will be voted:

(i) **for the election as directors of the Company of the persons listed below under the heading "Election of Directors";**

(ii) **for the appointment of Coopers & Lybrand as auditors of the Company and authorizing the directors to fix their remuneration;**

(iii) **for such action as the nominee thinks fit with respect to any other matter that may properly come before the meeting.**

A proxy in the form enclosed with the Notice of Meeting confers discretionary authority with respect to amendments or variations to the matters identified in the Notice of Meeting or other matters which may properly come before the meeting.

A proxy in the form enclosed with the Notice of Meeting may be revoked by an instrument in writing, including another proxy, duly executed by or on behalf of the shareholder and deposited with the Company prior to the commencement of the meeting or with the chairman of the meeting.

### VOTING SHARES AND PRINCIPAL HOLDER

At the close of business on March 1, 1985, 7,006,424 common shares without nominal or par value were outstanding. Each share entitles the holder thereof to one vote at the meeting. Shareholders of record on April 18th, 1985, the date of the meeting, are entitled to vote thereat.

The management of the Company understands that Noranda Inc. beneficially owns or exercises control or direction over 3,413,017 shares which represent approximately 48.7% of the voting shares of the Company.

### ELECTION OF DIRECTORS

It is proposed to nominate the persons listed below for election as directors of the Company to serve until the next Annual Meeting of the Shareholders of the Company or until their successors are duly elected or appointed, unless any such person is not available to act as a director in which event a substitute may be nominated.

| Proposed Nominee | Principal Occupation | Director Since | Number of Shares owned of the Company |
|---|---|---|---|
| *P. R. Clarke<br>Director | Company Director | 1983 | 1 |
| D. H. Ford<br>Director | Senior Vice-President — Comptroller, Noranda Inc. | 1983 | 1 |
| *J. M. Gordon<br>President and Director | Group Vice-President, Noranda Inc. | 1980 | 1 |
| *J. Conrad Lavigne<br>Director | President, JCL Corporation Broadcast Consultant | 1978 | 1,001 |
| *The Right Honourable Roland Michener<br>Director | Barrister | 1962 to 1964 and since 1974 | 100 |
| R. P. Riggin<br>Director | Senior Vice-President — Corporate Relations, Noranda Inc. | 1983 | 1 |
| D. E. G. Schmitt<br>Director | Mining Engineer — Consultant | 1965 | 4,512 |
| A. G. Slade<br>Director | Mining Engineer | 1984 | 1 |
| J. C. White<br>Director | Group Vice-President, Noranda Inc. | 1980 | 51 |

* Members of the Audit Committee.

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

## DIRECTORS' AND OFFICERS' REMUNERATION

| | NATURE OF REMUNERATION EARNED FOR 1984 | | |
|---|---|---|---|
| | Directors' Fees | Salaries | Total |
| REMUNERATION OF DIRECTORS | | | |
| (a) Number of directors: 9 | | | |
| (b) Body Corporate incurring the expense: | | | |
| Pamour Porcupine Mines, Limited | $ 29,400 | Nil | $ 29,400 |
| REMUNERATION OF OFFICERS | | | |
| (a) Number of officers: 7 | | | |
| (b) Body Corporate incurring the expense: | | | |
| Pamour Porcupine Mines, Limited | Nil | Nil* | Nil* |
| TOTALS | $ 29,400 | Nil | $ 29,400 |

* With the exception of the General Manager, the Company does not pay its officers directly. Management functions, including head office and general administration services, are performed for the Company by Noranda Inc. for a fee. The fee for these services for 1984 was $410,000.

Noranda Inc. also maintains directors' and officers' liability insurance, which coverage includes officers and directors of the Company as a company in the Noranda Group, at no additional charge to the Company.

Aggregate amount of all remuneration payments other than payments reported above proposed to be made in future by the Company to directors and to officers of the Company pursuant to existing arrangements .....$ Nil.

The names and addresses of the insiders of Noranda Inc. are: J. W. Bird, Box 1090, Fredericton, New Brunswick; J. L. Cockwell, Suite 4800, Commerce Court West, Toronto, Ontario; J. C. Dudley, 3701-521 Fifth Avenue, New York, N.Y., U.S.A.; J. T. Eyton, Q.C., Suite 4800, Commerce Court West, Toronto, Ontario; Brian Flemming, Q.C., 1583 Hollis Street, Halifax, Nova Scotia; P. L. Fowler, P.O. Box 4000, Noranda, Quebec; D. Goldman, P.O. Box 338, Place d'Armes Station, Montreal, Quebec; Pierre Lamy, 1981 McGill College Ave., Montreal, Quebec; M. Lefebvre, Murdochville, Quebec; D. S. McGiverin, 35th Floor, 2 Bloor Street East, Toronto, Ontario; W. D. McKeough, P.O. Box 2001, Chatham, Ontario; P. C. McLeod, Manitouwadge, Ontario; Camille Marcoux, Suite 3500, 1155 Dorchester Boulevard West, Montreal, Quebec; P. M. Marshall, 255-5th Avenue South West, Calgary, Alberta; D. E. Mitchell, O.C., 639-5th Avenue South West, Calgary, Alberta; André Monast,

Q.C., 1150 Claire-Fontaine Street, Quebec, Quebec; Fernand Paré, 925 Chemin St. Louis, Quebec, Quebec; M. R. Toivanen, 860 Cadieux Blvd., Valleyfield, Quebec; Antoine Turmel, O.C., Suite 500, 800 Dorchester Boulevard West, Montreal, Quebec; H. R. Whittall, Suite 500, 1066 West Hastings Street, Vancouver, British Columbia; W. P. Wilder, P.O. Box 90, First Canadian Place, Toronto, Ontario; H. M. Wright, 1444 Alberni Street, Vancouver, British Columbia; Wm. Allan, A. G. Balogh, W. J. Barbour, B. C. Bone, E. K. Cork, G. H. Corlett, W. G. Deeks, D. H. Ford, F. Frantisak, J. M. Gordon, B. H. Grose, J. A. Hall, K. C. Hendrick, J. O. Hinds, F. X. Koch, G. M. Penna, T. E. Phelps, Alfred Powis, O.C., R. P. Riggin, Q.C., W. E. Stubbington, L. J. Taylor, H. V. Thomson, L. S. Tigert, J. C. White and A. H. Zimmerman, P.O. Box 45, Commerce Court West, Toronto, Ontario. The management of Noranda Inc. has advised the Company that at February 21, 1985, Brascade Resources Inc. owned 55,543,898 common shares (43.3%) of Noranda Inc.

**APPOINTMENT OF AUDITORS**

As indicated above, the persons whose names are printed in the form of proxy enclosed with the Notice of Meeting intend to vote for the reappointment of Coopers & Lybrand as auditors of the Company and to authorize the directors to fix their remuneration.

**OTHER BUSINESS**

The management of the Company is not aware of any matters to come before the meeting other than those referred to in the Notice of Meeting.

**DIRECTORS' APPROVAL**

The contents of this Information Circular and the sending thereof have been approved by the directors of the Company.

W. M. O'HENLY,
Secretary.

DATED this 1st day of March, 1985.

Printed in Canada