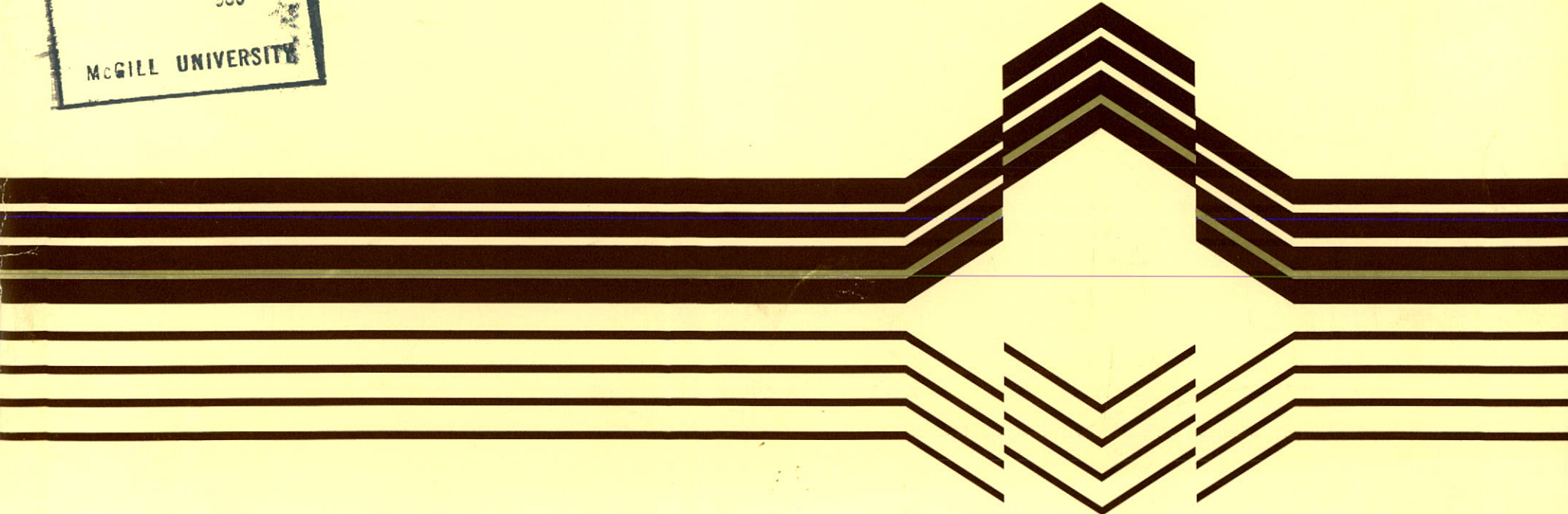




The Little Long Lac
Group of Companies

Annual Report
1979

ROSS LIBRARY
OF MANAGEMENT
1980
MCGILL UNIVERSITY



The Little Long Lac Group of Companies

Annual Report for 1979

Corporate Information

Executive Offices:
Suite 2105, North Tower
Royal Bank Plaza
P.O. Box 156
Toronto, Canada
M5J 2J4
Phone: (416) 865-0722

Transfer Agents:
Canada Permanent Trust Company
Montreal Trust Company

Auditors:
Thorne Riddell

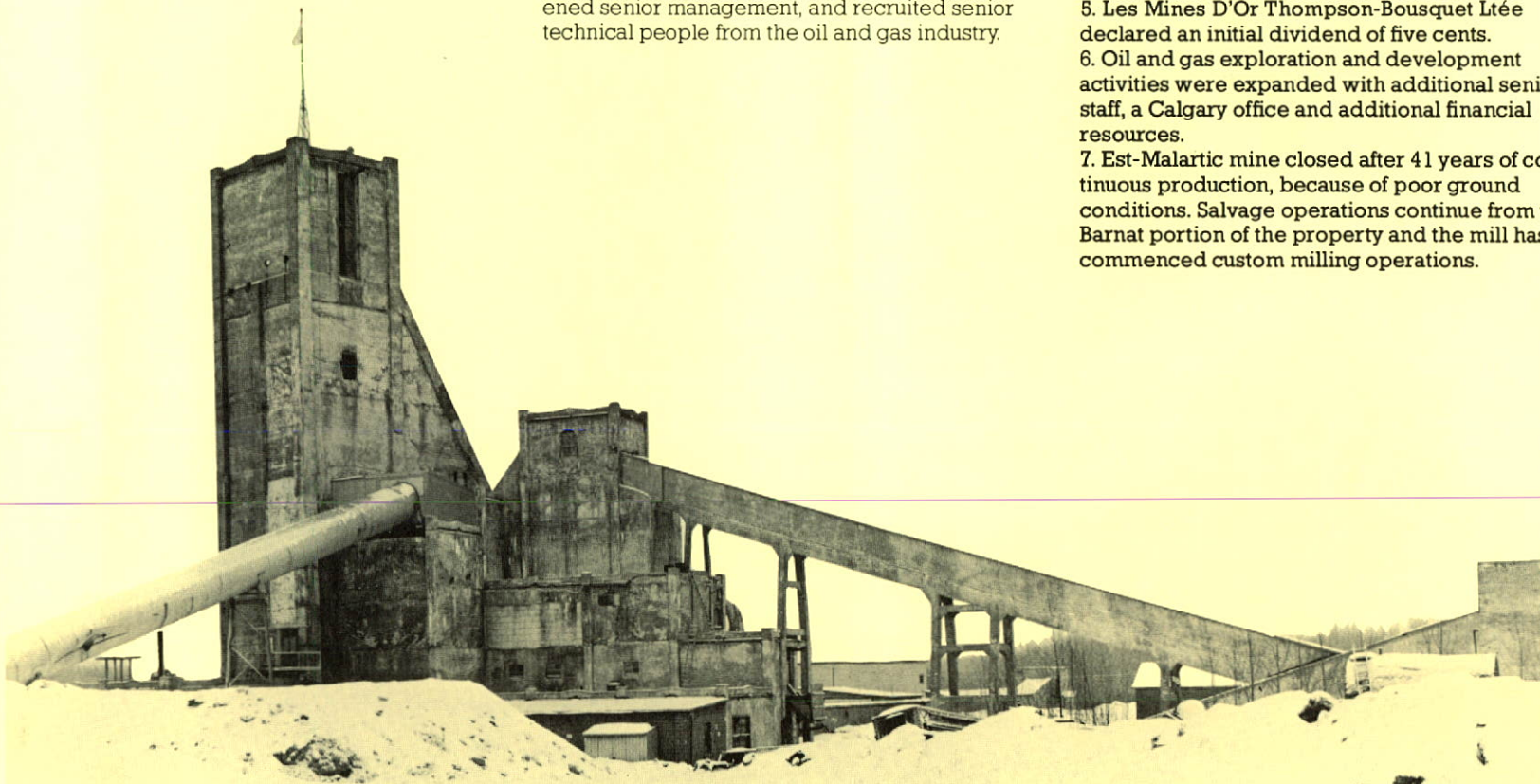
Financial Agents:
A.E. Ames & Co. Limited

Little Long Lac Gold Mines Limited holds a controlling interest in a group of related mineral resource enterprises. These companies are active in gold mining, oil and gas exploration and production, and hold copper and iron ore properties for development. The Group's assets include a diamond tool manufacturing company and a rock quarry operation.

The Group anticipates major growth and development. During the past four years the Group has acquired new properties, including the management and participation in ownership of La Mine Doyon (Silverstack) gold ore body in Northwestern Quebec, and copper porphyries in British Columbia. The Group also acquired interests in producing oil and gas wells, strengthened senior management, and recruited senior technical people from the oil and gas industry.

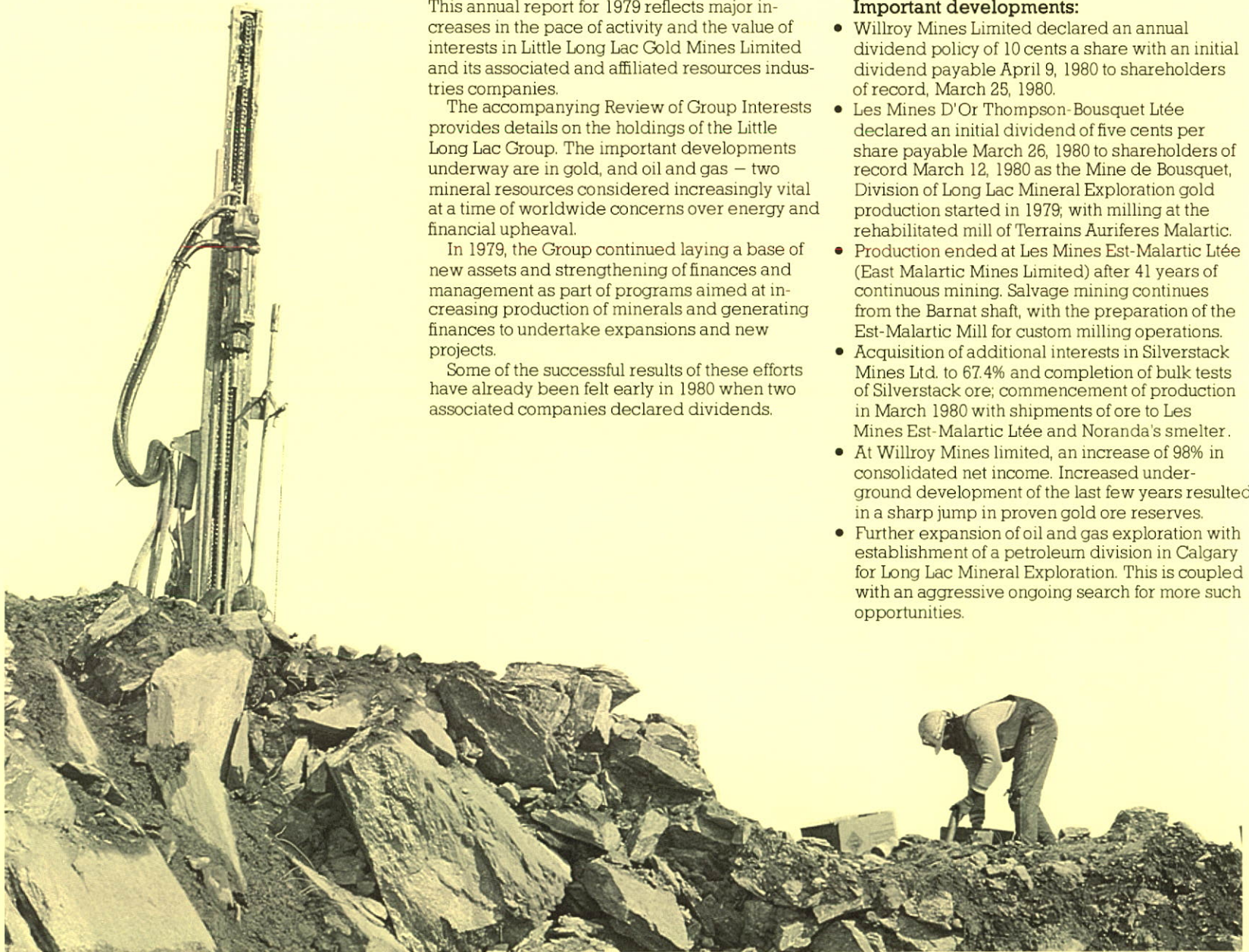
Highlights

1. Total revenues of the Group rose 32% to \$35.7 million from \$26.9 million in 1978.
2. Gold production increased 16% to 120,387 ounces from 103,542 ounces. Average price received for gold was up at \$284.35 an ounce from \$209.46.
3. Two new gold mines were brought into production — Mine de Bousquet in 1979 and Mine Doyon, the Silverstack/SOQUEM Joint Venture, in March 1980.
4. Willroy Mines Limited had a 98% rise in consolidated net income and a further increase in gold ore reserves. Willroy directors declared an initial dividend and announced an annual policy of 10 cents a share.
5. Les Mines D'Or Thompson-Bousquet Ltée declared an initial dividend of five cents.
6. Oil and gas exploration and development activities were expanded with additional senior staff, a Calgary office and additional financial resources.
7. Est-Malartic mine closed after 41 years of continuous production, because of poor ground conditions. Salvage operations continue from the Barnat portion of the property and the mill has commenced custom milling operations.



*Headframe at
Est-Malartic Mine.*

Directors' Report to the Shareholders



*Air Track Drill and
Charge Man loading
explosives prior to
blasting at La Mine
Doyon open pit mine.*

This annual report for 1979 reflects major increases in the pace of activity and the value of interests in Little Long Lac Gold Mines Limited and its associated and affiliated resources industries companies.

The accompanying Review of Group Interests provides details on the holdings of the Little Long Lac Group. The important developments underway are in gold, and oil and gas – two mineral resources considered increasingly vital at a time of worldwide concerns over energy and financial upheaval.

In 1979, the Group continued laying a base of new assets and strengthening of finances and management as part of programs aimed at increasing production of minerals and generating finances to undertake expansions and new projects.

Some of the successful results of these efforts have already been felt early in 1980 when two associated companies declared dividends.

Important developments:

- Willroy Mines Limited declared an annual dividend policy of 10 cents a share with an initial dividend payable April 9, 1980 to shareholders of record, March 25, 1980.
- Les Mines D'Or Thompson-Bousquet Ltée declared an initial dividend of five cents per share payable March 26, 1980 to shareholders of record March 12, 1980 as the Mine de Bousquet, Division of Long Lac Mineral Exploration gold production started in 1979; with milling at the rehabilitated mill of Terrains Auriferes Malartic.
- Production ended at Les Mines Est-Malartic Ltée (East Malartic Mines Limited) after 41 years of continuous mining. Salvage mining continues from the Barnat shaft, with the preparation of the Est-Malartic Mill for custom milling operations.
- Acquisition of additional interests in Silverstack Mines Ltd. to 67.4% and completion of bulk tests of Silverstack ore; commencement of production in March 1980 with shipments of ore to Les Mines Est-Malartic Ltée and Noranda's smelter.
- At Willroy Mines limited, an increase of 98% in consolidated net income. Increased underground development of the last few years resulted in a sharp jump in proven gold ore reserves.
- Further expansion of oil and gas exploration with establishment of a petroleum division in Calgary for Long Lac Mineral Exploration. This is coupled with an aggressive ongoing search for more such opportunities.

Little Long Lac Group

This Group of companies with common management and interrelated share ownerships has substantial and growing assets.

Total revenues of all companies in 1979 were \$35.7 million principally from the production of gold, with some oil and gas.

The Group's mines produced 120,387 ounces of gold, an increase from 103,542 ounces in 1978. Average price for gold at \$284.35 an ounce compared with an average of \$209.46 an ounce the previous year.

With activities and interests stepped up in oil and gas projects in Canada and the U.S., revenues from participations in oil and gas production totalled \$390,000. Both production and prices were higher during 1979.

The Little Long Lac Group has had underway important expansions and new mine projects. In 1979, total expenditures on mineral exploration and development were \$3.8 million. As well, \$7.6 million was spent on oil and gas exploration in both Canada and the U.S.A.

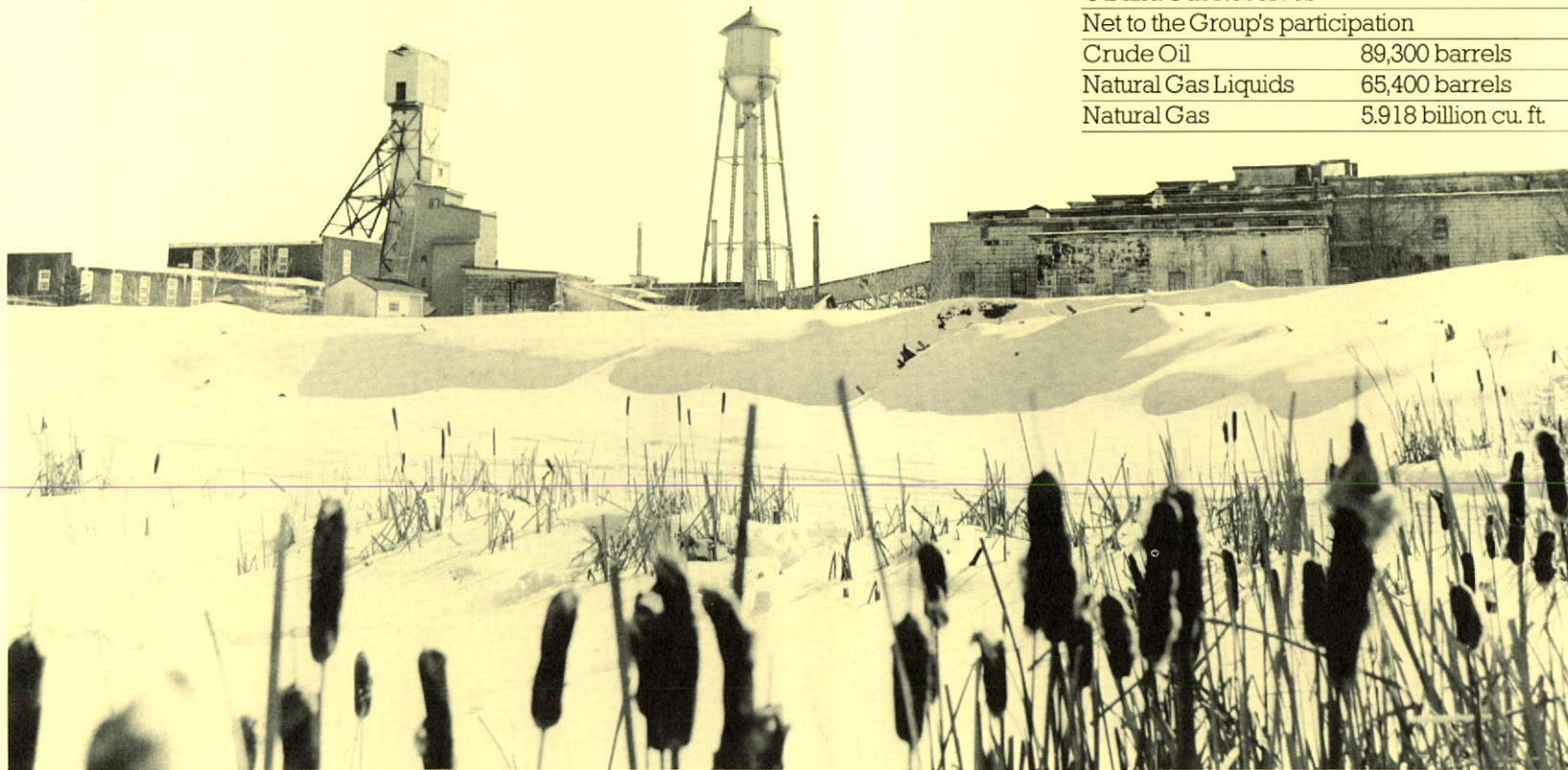
These preparations for accelerated growth have been financed from internal resources and bank loans. Your Directors have placed considerable emphasis on wider financial relationships with bankers and the Group's investment brokers, A.E. Ames & Co. Limited.

As a matter of interest, over the last 13 years, capital expenditures and mining investments undertaken by Long Lac Mineral Exploration Limited totalled \$21.3 million.

Among the Group's assets are a large number of mineral properties and processing plants. These include three gold mills, strategically located in relation to the Group's own properties which have the potential for early production. These mills are an integral part of the plans being made to increase gold production within the Group at an early and opportune time.

Reports of associated and affiliated companies show that within the Group, ore reserves in production are as follows:

	Short	Oz. gold/
	Tons	ton
Proven Ore Reserves	2,830,000	0.23
Probable Ore Reserves	850,000	0.24
Oil and Gas Reserves		
Net to the Group's participation		
Crude Oil	89,300 barrels	
Natural Gas Liquids	65,400 barrels	
Natural Gas	5.918 billion cu. ft.	



Headframe and mill at the Macassa gold mine – Kirkland Lake, Ontario.

Directors' Report

Outlook

The immediate outlook for your Company is linked with gold, an industry which has been part of our history. The Little Long Lac Group traces its involvement in gold mining and exploration back to the exciting gold discoveries of the 1920's and 1930's. Although current metal production is mainly gold, other metals were produced by the Group in the 1960's and 1970's; zinc, copper, lead and uranium.

World markets for gold are extremely strong with an increasing trend among nations to use gold in a more important role in monetary policies. Prevailing prices exceeding \$500 (U.S. Currency) an ounce are the equivalent of about \$600 an ounce Canadian.

The financial resources being generated by the 14,000 ounces of monthly production are supporting development of new mines, and ventures in the resource industries.

Other gold properties are under continuing review. An especially interesting project

involves possible treatment of gold-bearing tailings from the famous Lake Shore and Wright-Hargreaves mines at Kirkland Lake. These tailings are estimated to contain almost 300,000 ounces of gold, 60% of which appears to be recoverable.

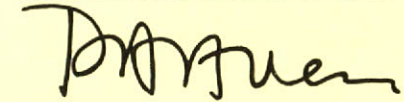
In anticipation of increased activity within the Group, steps have been taken to strengthen internal management and further additions to management and improvements to the organization are planned.

For the longer term, plans emphasize broadening activities in all resource industries including metals other than gold, and oil and gas. The Group is seeking opportunities in Canada and elsewhere so that our experienced professional staff and financial resources can be more advantageously used.

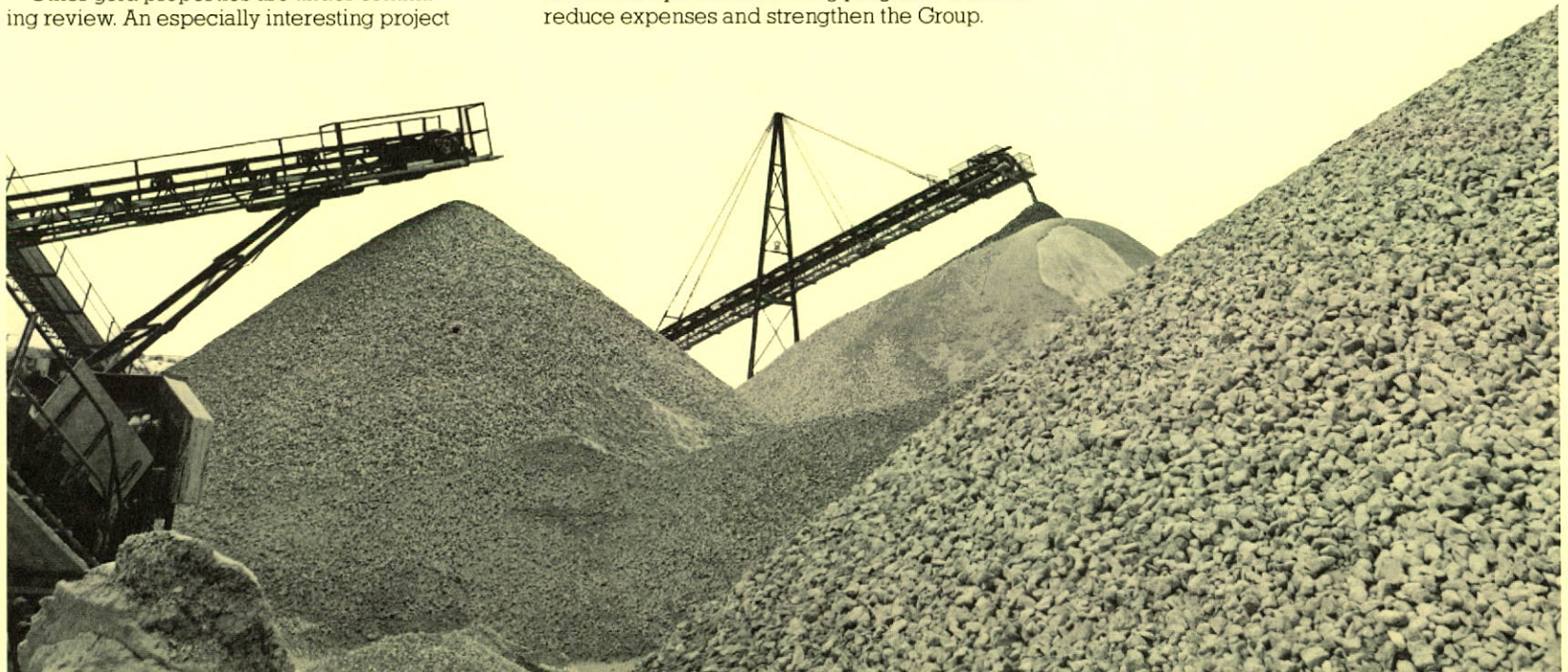
It is hoped that eventually it will be possible to streamline the Lac Group's complex corporate structure as part of continuing programs to further reduce expenses and strengthen the Group.

The progress achieved to date is the result of the outstanding efforts of everyone associated with Little Long Lac and affiliated and associated companies. Sincerest appreciation is expressed to all employees.

On behalf of the Board of Directors,



P.A. Allen
Chairman and President
Little Long Lac Gold Mines Limited



*Conveyors and
storage piles at Milton
Limestone, a division
of Willroy Mines
Limited.*

Review of Lac Group Interests

Year Ending December 31, 1979.

Little Long Lac Gold Mines Limited

Listed: T.S.E., M.S.E.

A combined 32.33% interest is held by the Little Long Lac Group (including 6.5% by Lake Shore Mines, Limited, 10.5% by Les Terrains Aurifères Malartic (Québec) Limitée and 13.5% by Wright-Hargreaves Mines, Limited).

Net income for 1979 totalled \$709,692 or 21 cents per share. This includes extraordinary income of \$82,897 or 3 cents per share and compares to \$587,081 of net income or 17 cents per share in 1978. The 1978 net income included extraordinary income of \$121,369 equivalent to 3 cents per share.

The working capital deficiency was caused by the increased investment to 45% in your Company's principal subsidiary, Lake Shore Mines, Limited, as well as increased advances to Long Lac Mineral Exploration Limited for mineral exploration and oil and gas exploration which were financed with a bank loan. Long Lac Mineral plans to repay outstanding advances now totalling \$878,646 within the year.

Beginning on January 1, 1980, Little Long Lac Gold Mines ceased charging management fees to Companies within the Lac Group. All the Group Companies now pay their share of management and head office expenses directly.

Lake Shore Mines, Limited

Listed: T.S.E., M.S.E., AMEX (unlisted trading privileges)

A combined 47.2% interest is held by the Little Long Lac Group (including 44.9% by Little Long Lac Gold Mines).

In 1979 Lake Shore had a consolidated net income of \$1,495,796 or 29 cents per share compared to \$1,400,140 or 27 cents per share for 1978. The income includes \$185,867 of extraordinary items for 1979 compared to \$173,908 for 1978.

The mill rehabilitation cost of \$1,807,726 results from consolidation of Terrains Aurifères Malartic, 74.4% owned by Lake Shore, with Lake Shore's statements. This deferred expenditure will ultimately be recovered from custom milling charges to Est-Malartic and the Mine de Bousquet Division of Long Lac Mineral Exploration Limited. Custom milling revenue also results from Terrains Aurifères Malartic's consolidation with Lake Shore and was received for milling Mine de Bousquet ore and Barnat ore from Est-Malartic.

During 1979 Lake Shore increased its investment in Willroy to 49.5%, in Wright-Hargreaves to 37.7%, and in Terrains Aurifères Malartic to

75.3%. The Company also advanced \$1,118,632 to Long Lac Mineral Exploration Limited for mineral and oil and gas exploration by that Company. Long Lac Mineral plans to repay these advances within the year.

Lake Shore is a former leading Canadian gold producer. The Kirkland Lake area tailings deposits and mineral rights have been retained.

In association with Wright-Hargreaves Mines, Limited, Lake Shore has underway a detailed re-evaluation of the Kirkland Lake tailings deposits. Advanced soil sampling techniques are being used to obtain samples for comprehensive metallurgical testing.

Earlier studies indicated a total of 3,967,000 tons of tailings located on surface with an average gold content of 0.076 ounces per ton.

Indications are that milling, without roasting, could recover about 60% of the contained gold.

Lake Shore joins with other members of the Little Long Lac Group in mining and oil and gas projects. It participates equally with Wright-Hargreaves in oil and gas exploration in the U.S. During 1979 Lake Shore spent \$557,579 on this exploration, and for 1980 a further \$300,000 has been budgeted.



Headframe at Mine de Bousquet, Quebec.

Review of Lac Group Interests

Year Ending December 31, 1979.

Willroy Mines Limited

Gold Producer, Listed. T.S.E.

A 67.99% interest is held by the Group (including 49.5% held by Lake Shore Mines).

Consolidated net income rose in 1979 to \$3,333,116 or 42 cents per share from \$1,682,611 or 21 cents per share in 1978. These figures are after spending \$2,397,644 in 1979 on exploration and development and \$606,129 in 1978. The net income for 1979 included extraordinary income of \$387,466 whereas 1978 figures included \$379,495.

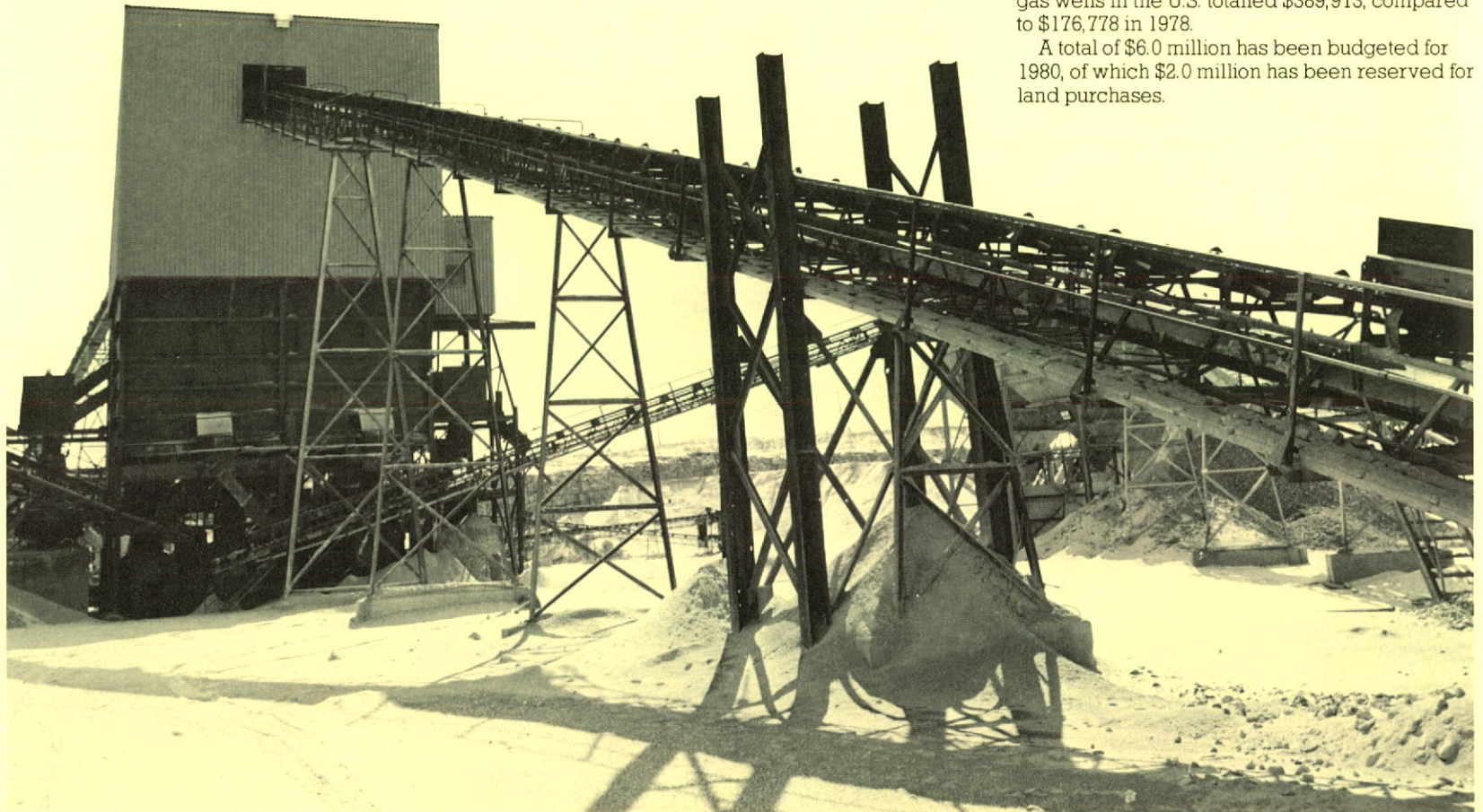
As a result of increased revenue for gold during 1979 there was a significant increase in both income taxes and mining taxes to a total of \$2,287,860 up from \$1,012,522 for 1978. The Company has continued its policy of forward selling of its anticipated gold production, at the end of March 1980 the net forward sales totalled 38,425 oz. at an average price of \$617.54 (Canadian funds) per oz.

In March 1980, the Directors declared an annual dividend policy of 10 cents per share. The first dividend was declared payable on April 9, 1980 to shareholders of record on March 26, 1980.

Oil and Gas Division

During 1979 Willroy spent \$5,236,899 on oil and gas exploration both in Canada and the U.S.A. During 1979 Willroy participated in drilling 35 oil and gas wells in Canada and the U.S. This resulted in 7 oil wells, 9 gas wells and 19 dry holes. Willroy's net interest is 1.5 oil wells and 0.8 gas wells. Consultants have estimated Willroy's oil and gas reserves, after all royalties, as 89,300 barrels of oil, 65,400 barrels of natural gas liquids and 5.918 billion cubic feet of natural gas. Oil and gas income from seven oil wells and a unitized gas field in Alberta and four oil wells and three gas wells in the U.S. totalled \$389,913, compared to \$176,778 in 1978.

A total of \$6.0 million has been budgeted for 1980, of which \$2.0 million has been reserved for land purchases.



*Conveyors and
secondary crusher at
Milton Limestone,
Ontario.*

Macassa Division

The Macassa gold mine at Kirkland Lake, Ontario produced 52,798 oz. of gold and 8,278 oz. of silver from 105,510 tons of ore compared to 54,388 oz. of gold and 10,165 oz. of silver in 1978 from 111,416 tons of ore. The slight decrease in tonnage mined results from the need to move ore longer distances to the shaft and mining taking place at greater depths.

Average mill recovery increased to 96.85% from 95.79% in 1978. Proven ore reserves at December 31, 1979 rose 55.9% over reserves at the close of 1978. In two years, proven ore reserves have increased 253.6%.

During 1979 the Company purchased the Davis claim to the west of the existing mining operation. Early in 1980 the Thompson-Pollock claim, being the next claim to the west, was purchased as well. These two adjacent properties will permit further expansion of the mining operation to the west along favourable structures.

Proven Reserves, December 31, 1979

	Short tons	Oz. gold/ton
Broken	7,565	0.519
In Place	357,440	0.574
Total	365,005	0.573
Probable	160,635	0.507

Proven Reserves, December 31, 1978

	Short tons	Oz. gold/ton
Broken	9,275	0.454
In Place	224,800	0.517
Total	234,075	0.514
Probable	176,950	0.507

Milton Limestone Division

Operations at Willroy's Milton Aggregates Division improved in 1979 with a 24% increase in rock shipments. An addition is being made to the plant to permit washing of aggregate to meet government specifications for concrete and to increase plant flexibility.



Miners drilling off a round in Macassa gold mine.

Review of Lac Group Interests

Year Ending December 31, 1979.

Les Terrains Aurifères Malartic (Québec) Limitée

Custom Gold Mill

Listed: T.S.E.

A 76.6% interest is held by the Group (75.3% by Lake Shore Mines).

Previously "Malartic Gold Fields", this company operates a gold milling plant at the site of its former producing mine in the Malartic area of Northwestern Quebec.

During 1979 the Company showed a consolidated net loss of \$100,621 or 2 cents per share compared to a net profit of \$244,226 or 5 cents per share in 1978. In 1978 the net income included an extraordinary gain of \$181,055 whereas there was none for 1979. Mill startup proceeded from a level of 500 tons per day in June to 1050 tons per day by year end, custom treating Mine de Bousquet and Barnat ore.

The results for 1979 include an interest in the earnings less losses of an associated company of \$536,874 compared to \$47,257 on the same basis for 1978.

The working capital deficiency of \$2,227,500 at the end of 1979 was financed by a bank loan, which loan will be repaid from custom milling revenues. Outstanding advances to Long Lac Mineral Exploration Limited for that Company's

mineral and oil and gas exploration totalled \$439,302. It is planned that these advances will be repaid by Long Lac Mineral within the year.

During 1979 Les Terrains Aurifères spent \$1,807,726 on rehabilitation of its gold mill in northwest Quebec which, with \$388,410 spent in 1978, totalled \$2,196,136 to bring the mill to 1000 tons per day capacity. Further expenditures of \$900,000 are expected in 1980 to increase the capacity to 1600 tons per day with an ultimate throughput target of 2000 tons per day in 1981.

Under the contract with Mine de Bousquet, Les Terrains Aurifères receives 5% of the contained gold and 50 cents per ton until prior expenditures on the mill have been recovered. In addition, when possible, ore from Est-Malartic's Barnat shaft is being milled at cost plus \$1 per ton.

The company's custom mill is a particularly valuable asset for processing gold ore from Long Lac Mineral's, Mine de Bousquet and Les Mines Est-Malartic Ltée, Barnat shaft. Les Terrains Aurifères continues to contribute to Long Lac Mineral.

Wright-Hargreaves Mines, Limited

Listed: T.S.E., M.S.E.,

AMEX (unlisted trading privileges)

A 46% interest is held by members of the Little Long Lac Group (including 37.7% by Lake Shore Mines).

During 1979 the Company showed a net loss of \$159,368 or 2 cents per share which compares to a net income of \$285,152 or 3 cents per share for 1978. The loss for 1979 resulted from increased advances to Long Lac Mineral Exploration Limited for mineral exploration and for a separate oil and gas program in the U.S.A.

At the end of 1979 Wright-Hargreaves had outstanding advances of \$439,302 to Long Lac Mineral. It is planned that these advances will be repaid by Long Lac Mineral within the year.

Wright-Hargreaves is a former Kirkland Lake gold producer and its tailings area is included in the feasibility study of gold recovery underway with Lake Shore.

Wright-Hargreaves participates in mining exploration and oil and gas projects generated by the Little Long Lac Group. The Company spent \$557,579 on exploration for oil and gas in the U.S. in 1979. For 1980 plans are for a further investment of \$300,000.

A surface exploration program on Wright-Hargreaves's Arntfield, Quebec claims, a former producer, will commence in the spring. All information on underground workings is being reviewed because of the increased price of gold.



Load Hall Dump Machine dumping a load near the headframe at Mine de Bousquet, Quebec.

Les Mines Est-Malartic Ltée

Gold Producer and Custom Mill

A 50.83% interest is held by companies in the Little Long Lac Group (including 42.7% by Les Terrains Aurifères Malartic (Québec) Limitée).

A gold producer in the Malartic area of Quebec, this company had net income in 1979 of \$1,350,933, equal to 33 cents per share, compared with \$124,773 or 3 cents a share in 1978. This increase is attributable to an improved operating profit prior to termination of operations. Income taxes rose dramatically to \$854,000 in 1979 from nil in 1978.

During 1979 Les Mines Est-Malartic advanced \$197,173 to Long Lac Mineral Exploration Limited for mineral and gas exploration by that company. At the end of 1979 the outstanding advances to Long Lac Mineral totalled \$439,302. It is planned that these advances will be repaid by Long Lac Mineral within the year.

At the end of September 1979 mining operations at the Company's gold mine in northwestern Quebec were suspended due to hazardous ground conditions. In October the Barnat shaft operation was re-opened on a salvage basis at 250-500 tons per day with milling being carried out at the Terrains Aurifères Malartic mill.

During 1979, 387,966 tons of ore were processed to produce 32,681 oz. of gold and 8,760 oz. of silver. The average gold price received in 1979 was \$276.22 per oz. and the average price received for silver was \$10.55 per oz.

At the end of 1979 ore reserves at the Barnat shaft operation were:

Reserves, December 31, 1979

	Short tons	Oz. gold/ton
Proven	118,314	0.076
Probable	126,485	0.079

Terms of a contract with Long Lac Mineral were finalized in March 1980 where Est-Malartic would act as a custom mill for gold ore from La Mine Doyon open pit mine, owned jointly by SOQUEM and Silverstack Mines Limited, at an initial rate of 500 tons per day.

This mill is a valuable asset with potential use as a custom milling facility for both members of the Group and other gold mines in northwestern Quebec. Est-Malartic continues to contribute to Long Lac Mineral.

Other companies in the Lac Group

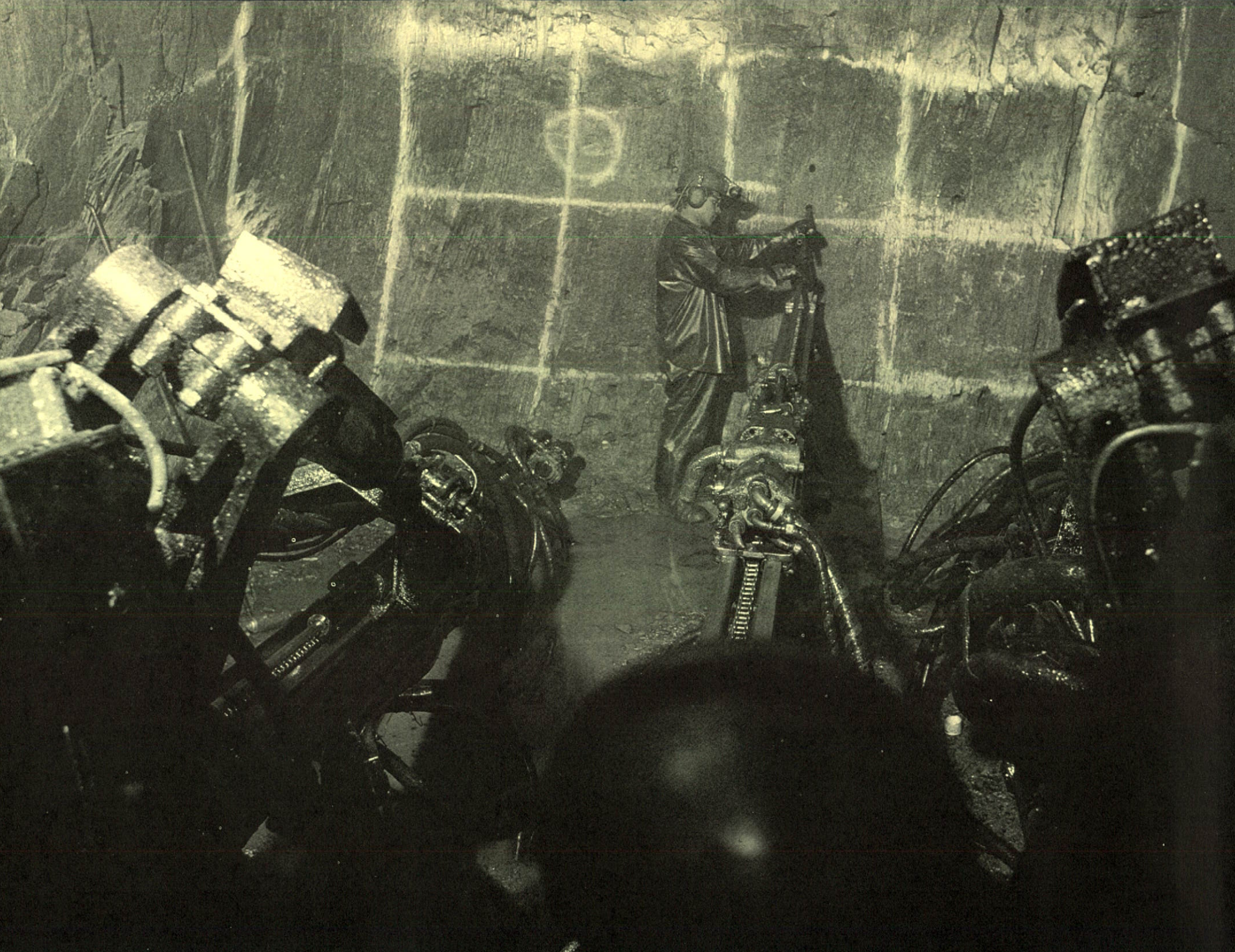
Mount Wright Iron Mines Company Ltd. is 34.3% held by Little Long Lac Gold Mines Limited.

Mount Wright has extensive iron ore interests in the Labrador trough. The company has underway a legal action against Cominco Limited claiming \$9.0 million with respect to Mount Wright's 1% interest in the Rubiales lead-zinc-silver mine in Spain which started production in 1977.

Great Whale Iron Mines Limited has large iron deposits southeast of the Great Whale River and east of Hudson Bay in Northern Quebec. Previous exploration, drilling and railway and other studies have been financed jointly by Little Long Lac, Wright-Hargreaves and Les Terrains Aurifères Malartic (Québec) Limitée.



Miners moving Air Track Drill to new set up location at La Mine Doyon open pit, Quebec.



Exploration and Development

Long Lac Mineral Exploration Limited

Private Company:

Mining, oil and gas, manufacturing.

The individual corporate members of the Little Long Lac Group of companies have, since 1967, combined their resources in fixed proportions to discover, develop and manage mineral resources through Long Lac Mineral. Total expenditures from commencement exceed \$21 million.

The shareholder companies have also contributed funds to acquire non-depreciable assets such as shares of other companies. The interest of each shareholder in share investments is proportionate to the percentage ownership of shares now issued. The interest of each shareholder in all other assets and operations is proportionate to its contributions to exploration and development expenditures. The percentage interests at the end of 1979 were as follows:

Interests at December 31, 1979		
	Percentage Interest	Shares
Lake Shore Mines, Limited	26.316%	27.322%
Little Long Lac Gold Mines Limited	21.053%	20.497%
Willroy Mines Limited	21.053%	20.497%
Wright-Hargreaves Mines, Limited	10.526%	10.248%
Les Mines Est-Malartic Limitée	10.526%	10.526%
Les Terrains Aurifères Malartic Limitée	10.526%	11.187%
Total	100.000	100.000

Mine de Bousquet Division

The Mines de Bousquet (Thompson-Bousquet) Division started production in July 1979. Current production rate is 750 tons daily with ore being treated at Les Terrains Aurifères Malartic Limitée custom milling plant. This mine was financed into production with \$7 million of non-recourse bank financing.

Les Mines D'Or Thompson-Bousquet Ltée have a 40% interest in net profits from this new mine after the discoverer-developer, Long Lac Mineral, has recovered its prior expenditures. In the interim, Thompson-Bousquet receives a 10% advance royalty.

In the last 5 months of 1979, 120,509 short tons of ore were milled at the Est-Malartic and Terrains Aurifères mills to recover 28,072 oz. of gold for an average recovery of 94.9%.

During the year mine exploration and development increased ore reserves substantially. During 1979 the three compartment shaft and ore and waste passes were completed. The shaft bottom is at 1225 feet with five stations cut at 190 foot intervals. Development has advanced to the 3rd level with plans in place for driving the 5th level during 1980 to permit deeper exploration of No. 3 zone. Development of the low grade No. 5 zone and exploration of No. 4 zone are also planned for 1980.

Reserves, December 31, 1979		
	Short tons	Oz. gold/ton
Proven	954,861	0.169
Probable	559,545	0.200

Reserves, December 31, 1978		
	Short tons	Oz. gold/ton
Proven	418,725	0.208
Probable	418,649	0.208

Ore reserves include a 20% dilution allowance

Petroleum Division

In late 1979 Long Lac Mineral established its own oil and gas exploration division in Calgary with recruitment of two senior oil and gas exploration geologists. Initial plans call for an annual budget of \$3.0 million.

By the end of 1979 this Division had participated in drilling 5 wells in Canada and the U.S. of which two in Alberta were cased as potential gas wells.

By year end, the Division had an interest in 34,000 gross acres (3,052 net).



*Facing page
Jumbo Operator
preparing to drill off a
round in the
Thompson-Bousquet
gold mine.*

*Headframe at Macassa
gold mine, Kirkland
Lake.*

Mineral Exploration

Exploration Activities

Direct exploration expenditures during 1979 amounted to \$1.21 million versus \$1.19 million in 1978. Drilling was conducted on 6 properties in Western Canada and the United States, 2 properties in Ontario and 1 property in Northwestern Quebec.

Northwestern Quebec

Geological, geophysical and geotechnical studies have largely been completed on the 35,000 acre parcel of land to the west of Silverstack and Thompson Bousquet. A considerable number of interesting anomalies have been identified and during 1980 a major drilling program will be conducted.

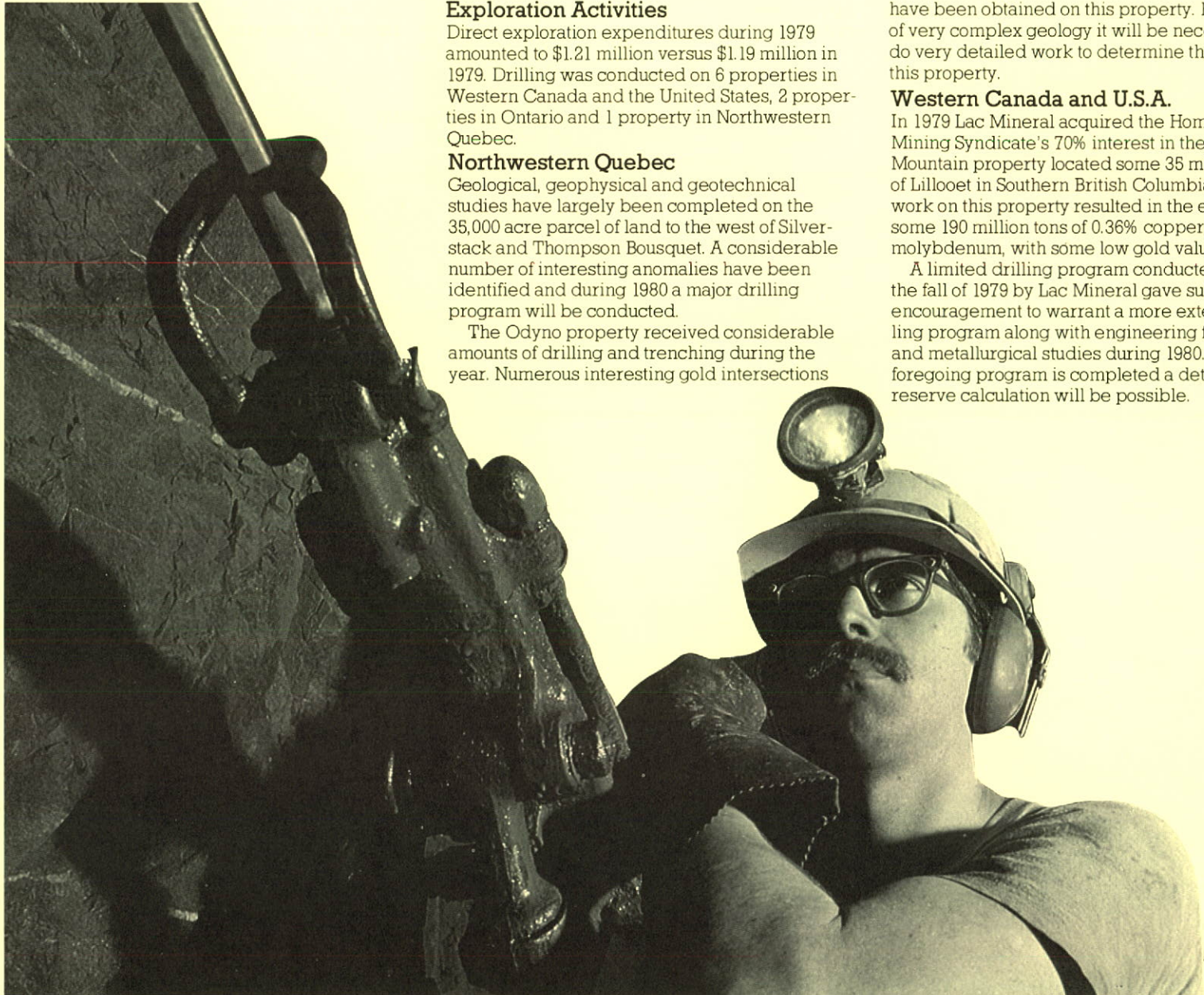
The Odyne property received considerable amounts of drilling and trenching during the year. Numerous interesting gold intersections

have been obtained on this property. Because of very complex geology it will be necessary to do very detailed work to determine the merit of this property.

Western Canada and U.S.A.

In 1979 Lac Mineral acquired the Homestake Mining Syndicate's 70% interest in the Poison Mountain property located some 35 miles north of Lillooet in Southern British Columbia. Previous work on this property resulted in the estimate of some 190 million tons of 0.36% copper, 0.10% molybdenum, with some low gold values.

A limited drilling program conducted during the fall of 1979 by Lac Mineral gave sufficient encouragement to warrant a more extensive drilling program along with engineering feasibility and metallurgical studies during 1980. Once the foregoing program is completed a detailed ore reserve calculation will be possible.



*Jock-leg operator at
work in Macassa gold
mine.*

Subsidiary and Associated Companies

Owned by Long Lac Mineral

Les Mines D'Or Thompson-Bousquet Ltée Unlisted — (trades over the counter in Montreal) Long Lac Mineral Exploration has a 71.21% interest.

Net income for 1979 totalled \$226,789 or 10.7 cents per share compared to a net loss of \$6,750 for 1978. The bulk of the income resulted from royalty income received from Long Lac Mineral for bullion produced from the Mine de Bousquet operation.

In March 1980 an initial dividend of 5 cents per share was declared payable on March 26, 1980 to shareholders of record on March 12, 1980.

Les Mines D'Or Thompson-Bousquet is entitled to a 40% interest in the net profits of the Mine de Bousquet once Long Lac Mineral has recovered prior expenditures. Until these expenditures are fully recovered Thompson-Bousquet receives an advance royalty of 10%.

Copper Giant Mining Corporation Ltd. Porphyry Copper Prospect Listed: V.S.E.

A 52.16% interest is held through Long Lac Mineral

Copper Giant has a 30% carried interest in the 180 claim Poison Mountain property.

This prospect, 35 miles northwest of Lillooet, B.C. has potential for a large tonnage open pit copper mine with some contained gold and molybdenum.

Lamage Limited

Secondary industry, manufacturing.

A 51% interest is held by Long Lac Mineral Lamage is a North Bay, Ontario, manufacturer of high quality diamond tools used in the mining and construction industries. Sales have been increasing and the company now is profitable. It's principal product is a disposable diamond drill bit, patented worldwide and made with synthetic diamonds.

Silverstack Mines Limited

Gold Producer

Listed: M.S.E.

A 67.4% interest is held through Long Lac Mineral.

At the end of 1979 Silverstack had deferred expenditures with respect to its share of La Mine Doyon, owned jointly with SOQUEM, totalling \$1,806,388 compared to \$1,490,494 at the end of 1978.

During 1979 a 53,150 ton bulk sample was processed at Noranda's copper smelter at Rouyn, Quebec and at the gold mill of Les Mines Est-Malartic Ltée near Malartic, Quebec. Noranda processed 25,410 short tons of ore, as flux for the smelter, which graded 0.288 oz. of gold per ton and recovered 6898.6 oz. of gold. The Est-Malartic mill processed 27,740 short tons grading 0.300 oz. per ton and recovered 7338.3 oz. of gold under a variety of operating conditions.

Silverstack's net revenue from the bulk sample testing totalled \$1,073,530 after allowance for income and mining taxes of \$1,237,175. To the end of 1979 Silverstack's share of exploration and development expenditures plus purchase of fixed assets for La Mine Doyon totalled \$2,537,510. Arrangements have been made for a bank loan to cover any further capital or operating expenses during start-up of the open pit mining operation.

In March 1980 a custom milling contract for 500 tons per day was arranged with Les Mines Est-Malartic Ltée and trucking and custom milling began on March 5, 1980.

At the same time, a sale contract was signed with Noranda Mines Ltd. for the purchase of up to 300,000 tons annually of La Mine Doyon ore for use as flux in the Noranda smelter.

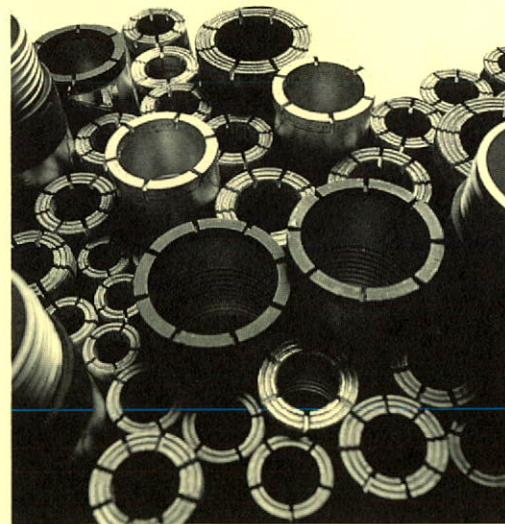
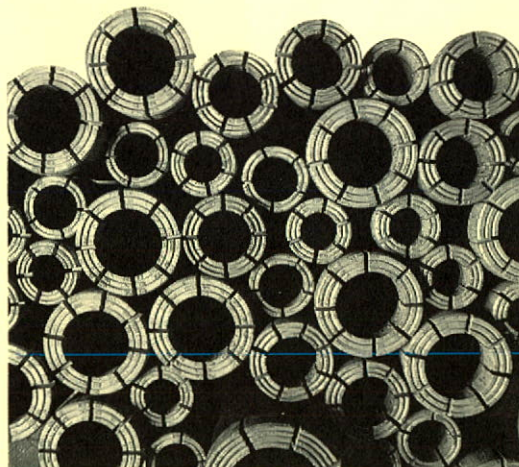
By March the open pit mine had been developed to the point where production could be sustained and the Quebec government had granted a mining lease and the necessary environmental permits.

The indicated stripping ratio for the open pit reserves is 4.3 tons of waste rock and unconsolidated overburden per ton of ore.

Ore reserves at La Mine Doyon

December 31, 1979

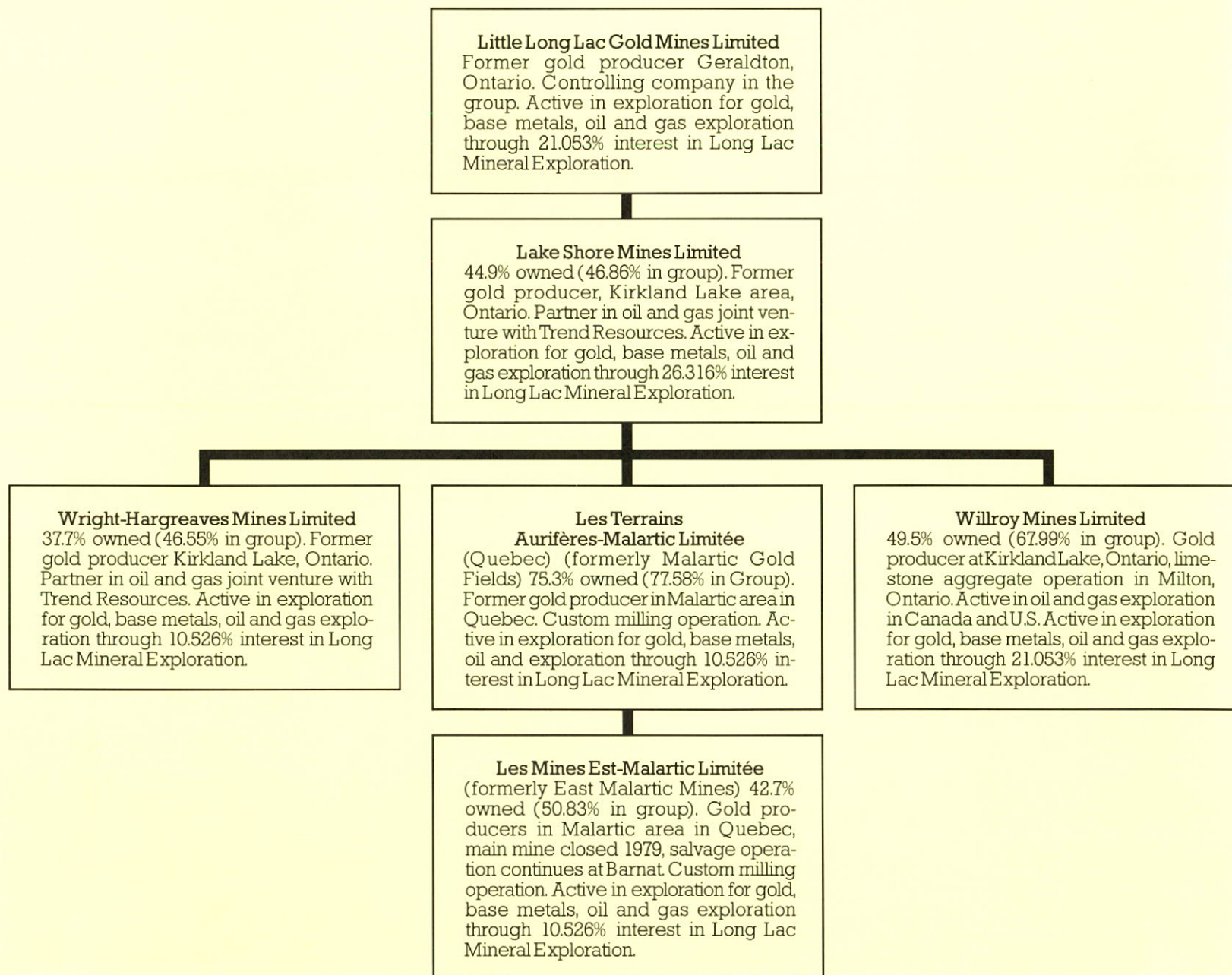
	Short tons	Oz. gold/ton
Open Pit Reserves	2,786,672	0.186
<i>(includes 15% dilution allowance)</i>		
Potential Underground Reserves	1,569,930	0.157
<i>(includes 20% dilution allowance)</i>		



Disposable synthetic diamond drill bits manufactured by Lamage Limited in North Bay, Ontario.

The Lac Group of Companies

Year Ending December 31, 1979.



Note:

- Oil and Natural Gas*
- 1. Willroy, a Joint Venture in Calgary with Sunburst Resources and another with Citadel Resources.*
 - 2. Lac Mineral has its own office in Calgary.*
 - 3. Lake Shore and Wright-Hargreaves Joint Venture with Trend Resources.*

Long Lac Mineral Exploration Limited
(Lac Mineral) Mineral Exploration, Mining and Oil and Gas; Operator for joint operations, operating Mine de Bousquet division and Mine Doyon both in Cadillac, Quebec; Oil and Gas division in Calgary, exploring for minerals across Canada, offices in Toronto, Malartic, Calgary, Vancouver.

Copper Giant Mining Corporation Limited

52.16% owned, owns 30% carried interest in Poison Mountain copper porphyry in British Columbia and has a 10% limited partnership interest in Lode Star Gold Mines Ltd. in Arizona.

Silverstack Mines Limited

67.43% owned. Open pit gold producer in Cadillac, Quebec, has a 50% interest in La Mine Doyon which is managed by Lac Mineral under a joint venture agreement with SOQUEM.

Les Mines D'Or Thompson Bousquet Limitée

72.94% owned, has a 40% interest in net profit from production from the Mine de Bousquet division operated under an agreement with Lac Mineral.



Miner and Back Hoe on ridge at La Mine Doyon, Quebec.

