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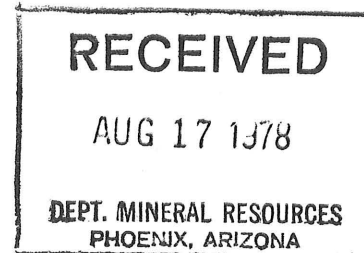
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HECLA
MINING COMPANY



SECOND QUARTER REPORT

Six Months Ending

June 30, 1978

To The Shareholders Of Hecla Mining Company:

OPERATING RESULTS

The Company's loss in the second quarter of 1978 is estimated to be \$2,189,793, or \$0.31 per share. This compares with a net loss for the first quarter of 1978 of \$1,960,947, or \$0.28 per share, and with a net loss of \$1,228,781, or \$0.18 per share, for the second quarter of 1977.

Consolidated net loss for the first six months of 1978 was \$4,150,740, or \$0.59 per share, as compared to a loss for the first six months of 1977 of \$2,192,321, or \$0.31 per share, excluding equity in net loss of Granduc Mines Limited.

Hecla's share of the second quarter loss at the Lakeshore Mine, which has been on a standby status since early September 1977, was \$3,381,375. This amount includes interest on bank loans of \$1,526,184 and depreciation charges of \$771,000. The balance of the loss of \$1,084,191 is attributable to Lakeshore stand-by costs which included payroll expense, minimum royalty payments, property taxes, insurance, power costs, and miscellaneous supplies, partially offset by sales of some remaining copper inventory. The loss in the first quarter of 1978 was \$3,136,907, which included interest on bank loans of \$1,416,820 and depreciation charges of \$771,000.

Since the First Quarter 1978 Report to Shareholders, which described an "agreement in principle" with The Superior Oil Company, two letters have been written to the shareholders.

The first letter, dated May 31, 1978, noted that The Superior Oil Company had elected to withdraw from the proposed transactions outlined in the "agreement in principle." In that letter, I stated that my understanding of Superior's reason for termination of the agreement was that Superior was reluctant to assume the cost of Hecla's obligation at the Lakeshore copper mine in Arizona, and I also noted we would continue to work with our financial advisors to consider alternative actions which might be taken by the Company.

The second letter, dated July 11, 1978, stated that the Company and its lending Banks agreed to amend the present Credit Agreement to defer the principal and interest payments due July 1, 1978 to September 30, 1978. Negotiations are presently being held with the Banks for the purpose of restructuring the debt to a long-term basis. The letter also noted (1) that Lakeshore had been placed on a custodial basis to substantially reduce holding costs; (2) that the Company had made a decision to dispose of its interest in the Lakeshore Mine; (3) that steps had been taken to close our three outside exploration offices; and (4) that a reduction of staff was being made at corporate headquarters in Wallace, Idaho.

Hecla is carrying its 50 percent interest in Lakeshore at a net book amount of approximately \$101 million. When the final disposition of Lakeshore is known, we will make an appropriate readjustment of this amount. Assuming that the Lakeshore disposition results in a substantial loss to the Company, the book carrying amount will be written down, but we are not able at this time to accurately quantify such write-down. If a major adjustment is required, the Company will consider a quasi-reorganization under which various other properties will be appropriately revalued. As promptly as possible after we have in hand the necessary facts to make a proper decision we will so inform our shareholders.

We are continuing to solicit bids for our interest in the Lakeshore Mine and have received expressions of interest by several companies.

On Friday, August 4, 1978, The El Paso Company announced its intention to dispose of its 50 percent interest in the Lakeshore Mine, and further stated that its decision will result in El Paso's recording a one-time after-tax charge against its 1978 income of approximately \$55 million.

NORTH IDAHO OPERATIONS

The Lucky Friday, Star-Morning Unit and Sunshine Unit Area operations continued normally during the second quarter with satisfactory overall results.

Hecla's share of principal metals contained in metallic concentrates produced from North Idaho Operations for the first six-month periods of 1978 and 1977 were as follows:

| First Six Months | Tons of Ore Milled | Ounces Silver | Tons Lead | Tons Zinc |
|---------------------|--------------------------|------------------|--------------|--------------|
| 1978 | 155,781 | 1,992,649 | 10,366 | 3,617 |
| 1977 | 153,686 | 1,830,589 | 12,370 | 3,899 |

METAL PRICES

During the first six months of 1978 the Handy & Harman average price of silver was \$5.12 per ounce; the lead price averaged 32.3 cents per pound; the zinc price averaged 29.4 cents per pound; and copper averaged 63.53 cents per pound.

ANNUAL MEETING

It is anticipated that the 1978 annual meeting of shareholders will be held sometime during late fall, at which time we should be able to report to the shareholders more definitively on the outlook and plans for the Company.

MANAGEMENT

As announced previously, we have discontinued Hecla's exploration program outside the Coeur d'Alene mining district and have completed reductions in the corporate staff at Wallace, Idaho.

With cessation of exploration activity, Mr. H. E. Harper, Vice President-Exploration, plans to take early retirement from the Company but will be retained on a consulting basis so that his knowledge, experience and judgment will be available to Hecla in the future.

Mr. Gordon M. Miner, Senior Vice President, has elected to leave the Company but has agreed to stay on in his present position until about the end of the year, at which time an orderly transition of his duties will have occurred.

Mr. James H. Hunter, Vice President and General Manager of the Lakeshore Mine, retired on July 1, 1978.

Mr. William A. Griffith has been named Executive Vice President and Chief Operating Officer of the Company, effective July 24, 1978. His responsibilities will embrace all of the operational and administrative functions of the Company.

Wallace, Idaho
August 9, 1978

W. H. LOVE
President and Chief
Executive Officer

HECLA MINING COMPANY AND WHOLLY OWNED SUBSIDIARIES

Consolidated Statements of Operations

For the Six-Month Periods Ended June 30, 1978 and June 30, 1977

| | SIX MONTHS ENDED | |
|--|----------------------|----------------------|
| | June 30, 1978 | June 30, 1977 |
| | (Note 1) | |
| Income: | | |
| Sales of concentrates and products | \$15,255,920 | \$29,182,750 |
| Gain on sale of investments | — | 578,313 |
| Interest and other income | 36,741 | 119,802 |
| Equity in net loss of Granduc Mines, Limited | — | (352,100) |
| | <u>15,292,661</u> | <u>29,528,765</u> |
| Costs and expenses: | | |
| Cost of sales and other expenses not shown | | |
| separately | 13,398,670 | 27,664,218 |
| Exploration | 516,000 | 618,000 |
| Property and excise taxes | 909,895 | 1,387,071 |
| Depreciation, depletion and amortization | 1,633,032 | 2,342,344 |
| Interest on bank loans | 2,943,004 | 2,089,353 |
| | <u>19,400,601</u> | <u>34,100,986</u> |
| Loss from operations before | | |
| income tax benefits | <u>(4,107,940)</u> | <u>(4,572,221)</u> |
| Estimated income taxes (benefits) | | |
| Currently payable | 42,800 | 73,900 |
| Deferred (Note 2) | — | (2,101,700) |
| | <u>42,800</u> | <u>(2,027,800)</u> |
| Net Loss | <u>\$(4,150,740)</u> | <u>\$(2,544,421)</u> |
| Net loss per share | <u>\$ (0.59)</u> | <u>\$ (0.36)</u> |

Notes (1) Unaudited and subject to year-end audit adjustments.

(2) It is not anticipated that previously provided deferred income taxes will reverse from timing differences during 1978. In 1977 net deferred tax benefits resulted from the carryback of available net operating losses against deferred taxes provided in prior years.

Average metal prices:

| | | |
|--|---------|---------|
| Silver — (per ounce, Handy & Harman, N.Y.) | \$ 5.12 | \$ 4.62 |
| Lead — (per pound, M.W. U.S. Producer) | 32.33c | 29.93c |
| Zinc — (per pound, Prime Western delivered) | 29.43c | 36.26c |
| Copper — (per pound, M.W., U.S. Producer, refined) | 63.53c | 73.78c |

HECLA MINING COMPANY

Box 320

WALLACE, IDAHO 83873

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Lakeshore Mine (file)



HECLA

MINING COMPANY

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DEPT. MINERAL RESOURCES
PHOENIX, ARIZONA

First Quarter Report

Three Months Ending

March 31, 1979

To Our Shareholders:

OPERATING RESULTS

Hecla achieved excellent earnings during the first quarter of 1979, with unaudited net income of \$5,450,358 (\$0.78 per share).

The 1979 first quarter earnings compared with a net loss of \$1,960,947 (\$0.28 per share) during the same period in 1978, and with net income of \$3,272,000 (\$0.47 per share) during the fourth quarter of 1978, which income included \$632,000 (\$0.09 per share) from the sale of the Company's interest in the Liard-Schaft Creek property in British Columbia.

Corporate debt was reduced from \$51,000,000 at the beginning of the first quarter of 1979 to \$47,800,000 at the end of the quarter. During the past two quarters the outstanding principal of the debt has been reduced by \$9,963,000.

NORTH IDAHO OPERATIONS

The Lucky Friday Mine and the Star-Morning Unit Area, operated by Hecla, continued normal operations during the first quarter and achieved very good results. The tonnage and grade of ore mined at the Lucky Friday was somewhat higher than that during the same period of 1978, reflecting the high-grade ore being developed on the west end of the vein. Tonnage and grade of ore mined at the Star Mine were also somewhat higher than during the same period of 1978. Earnings from Hecla's share of production by the Sunshine Unit Area also were improved compared to the same period of 1978.

Hecla's share of principal metals contained in concentrates for the comparable three-month period of 1979 and 1978 are as follows:

| | Tons of Ore Milled | Ounces Silver | Tons Lead | Tons Zinc |
|------------------------------------|--------------------------|------------------|--------------|--------------|
| January 1 to March 31, 1979 | 84,952 | 1,152,415 | 6,755 | 2,161 |
| January 1 to March 31, 1978* | 74,340 | 974,952 | 4,852 | 1,682 |

*The Lucky Friday Mine was closed by a labor strike from March 2 to March 26, 1978.

METAL PRICES

During the first quarter of 1979 the Handy & Harman silver price averaged \$7.04 per ounce; the lead price averaged 43.4 cents per pound; and the zinc price averaged 35.8 cents per pound. Comparable figures for the first quarter of 1978 were \$5.05 per ounce for silver, 33 cents per pound for lead, and 29.85 cents per pound for zinc.

Silver and lead prices reached all-time highs during that quarter. The silver price rose from \$5.97 per ounce on January 2 to a high of \$7.925 per ounce on February 22 and ended the first quarter of 1979 at \$7.43 per ounce.

The lead price rose from 38 cents per pound on January 2 to a new all-time high of 48 cents per pound on March 13, and the price remained at that level through the balance of the quarter.

An annual silver review has been prepared by one of Hecla's employees, and is available to interested shareholders by writing the Company.

SUNSHINE LITIGATION

In mid-March Sunshine Mining Company and Hecla jointly announced that their respective Boards of Directors had ratified a series of five agreements which eliminate several long-standing operational conflicts and which will result in the dismissal of practically all litigation between the parties. The agreements will benefit all parties with interests in the Sunshine Mine Area, and Hecla management is pleased that these problems have finally been resolved in a satisfactory manner.

LISBON VALLEY PROJECT

Union Carbide Corporation, as operator of this uranium project, continued exploration and development drilling with encouraging results. Underground development is scheduled to begin shortly, with production planned to start in late 1981 or early 1982. Hecla's one-half of the project costs is being provided from the Company's current earnings.

LAKESHORE MINE

The Papago Tribe has leased the Lakeshore ore body to Noranda Exploration, Inc., a wholly-owned subsidiary of Noranda Mines Limited of Canada. Noranda has purchased the Lakeshore plant and other assets on the site from the Hecla-El Paso partnership for approximately \$9.4 million cash and other minor considerations. The Hecla-El Paso partnership moved off the property on April 1, 1979, and no longer has any operations or personnel in Arizona. The only significant continuing obligations of the Hecla-El Paso partnership are for a portion of 1979 ad valorem taxes on the Lakeshore facilities and some continuing obligations under a power supply agreement. In taking over the Lakeshore property, Noranda assumed liability for a portion of the power supply liability, and negotiations to terminate the remainder are continuing.

GRANDUC MINES

Although Hecla wrote off its investment in Granduc Mines, Limited, in 1977, it continues to own 35.4% of the outstanding common stock and all of the redeemable preferred stock. Hecla also holds unsecured 5½% notes, which were issued to Hecla by Granduc in exchange for preferred shares purchased from Hecla in 1974, and unsecured notes for unpaid dividends. Granduc Mines, Limited, which owns the Granduc Mine located north of Stewart, British Columbia, recently negotiated an agreement with Esso Minerals Canada, pursuant to which Granduc would sell its interest in the mine, retaining a 15% defined share of net proceeds after recoupment by Esso of all costs from January 1, 1979, forward. As a part of the overall negotiations, Hecla and the former lessees of the Granduc Mine agreed to reduce the remaining debt owed them by one-half and to receive non-interest-bearing notes repayable from a defined portion of Granduc's share of proceeds from Esso. This agreement is subject to approval by Granduc shareholders. It is not possible to project what proceeds, if any, may be realized by Hecla as a result of this agreement.

ANNUAL MEETING

The 1979 Annual Meeting is scheduled to be held at the Ridpath Hotel in Spokane, Washington, at 9 a.m. on May 4, 1979.

The shareholders are again being asked to approve authorization of 1,000,000 shares of preferred stock, which will require the affirmative vote of two-thirds of the outstanding shares. A similar proposal at the time of the last annual meeting on January 16, 1979, failed because too small a percentage of outstanding stock was voted, although 89% of those voting approved the proposal. If the Preferred Stock authorization is approved, it will enable the Company to use preferred stock in lieu of cash to pay a part of the interest due under the existing bank credit agreement, thus conserving cash which can then be used for reduction of the debt principal, with consequent interest savings to Hecla. We urge all shareholders, particularly those who hold their shares in brokers' accounts, to vote their proxies and mail them promptly.

Wallace, Idaho
April 16, 1979

W. H. LOVE
President and
Chief Executive Officer

HECLA MINING COMPANY and WHOLLY OWNED SUBSIDIARIES

Consolidated Statements of Operations [Unaudited]

For the Three-Month Periods Ended March 31, 1979 and March 31, 1978

| | Three Months Ended | |
|---|---------------------|-----------------------|
| | March 31, 1979 | March 31, 1978 |
| | | (Note 1) |
| Income: | | |
| Sales of concentrates and products | \$ 11,845,124 | \$ 6,660,383 |
| Interest and other income | 232,265 | 10,800 |
| | <u>12,077,389</u> | <u>6,671,183</u> |
| Costs and expenses: | | |
| Cost of sales and other expenses not shown separately | 4,633,195 | 4,016,116 |
| Interest on bank loans | 1,098,888 | 1,416,820 |
| General and administrative expenses | 527,856 | 443,633 |
| Exploration | 43,292 | 258,000 |
| Property and excise taxes | 236,800 | 305,874 |
| | <u>6,540,031</u> | <u>6,440,443</u> |
| Income from continuing operations before income taxes | 5,537,358 | 230,740 |
| Provision for income taxes: | | |
| Currently payable | 87,000 | 21,600 |
| Tax effect of loss carryforwards | 1,656,700 | — |
| | <u>1,743,700</u> | <u>21,600</u> |
| Income from continuing operations on a fully taxed basis | 3,793,658 | 209,140 |
| Income tax credit: | | |
| Reduction of provision for income taxes arising from carryforward of prior years operating losses | 1,656,700 | — |
| Discontinued operations: | | |
| (Loss) from Company's share of operations of the Lakeshore Mine, net of income tax benefits | — | (2,170,087) |
| Net income (loss) | <u>\$ 5,450,358</u> | <u>\$ (1,960,947)</u> |
| Net income (loss) per share: | | |
| Continuing operations | \$ 0.54 | \$ 0.03 |
| Income tax credit: | 0.24 | — |
| Discontinued operations | <u>—</u> | <u>(0.31)</u> |
| | <u>\$ 0.78</u> | <u>\$ (0.28)</u> |

Notes:

- (1) Sales, operating expenses, other income, other expenses and tax provision of discontinued operations have been reclassified to a single line item.

Notes to the financial statements as of December 31, 1978 substantially apply to these interim financial statements and are not repeated here.

HECLA MINING COMPANY and WHOLLY OWNED SUBSIDIARIES

Consolidated Balance Sheets [Unaudited]

March 31, 1979 and March 31, 1978

| ASSETS | March 31 | |
|--|---------------|----------------|
| | 1979 | 1978 |
| Current assets | | |
| Cash | \$ 1,194,408 | \$ 1,810,613 |
| Due from sales of products | 9,525,828 | 5,041,701 |
| Inventories, lower of average cost or net realizable value | 599,014 | 1,094,301 |
| Prepaid expenses and other assets | 683,495 | 892,995 |
| Total current assets | 12,002,745 | 8,839,610 |
| Investments and interests in mining properties | 515,830 | 515,830 |
| Properties, plants and equipment at cost less accumulated depreciation, depletion and amortization | 2,733,541 | 3,851,397 |
| Net assets of discontinued operations (Note 1) | — | 105,388,659 |
| Other assets | 518,827 | 275,618 |
| Total assets | \$ 15,770,943 | \$ 118,871,114 |

| LIABILITIES | | |
|---|------------|---------------|
| Current liabilities | | |
| Current portion of notes payable to banks | \$ — | \$ 11,000,000 |
| Accounts payable and accrued taxes and expenses | 7,608,075 | 6,519,814 |
| Total current liabilities | 7,608,075 | 17,519,814 |
| Notes payable to banks, non-current | 47,800,000 | 44,000,000 |
| Deferred income taxes | — | 7,741,853 |
| Pension plan reserves | 1,872,195 | 2,079,136 |
| Net reserve for discontinued operations | 369,449 | — |
| Total liabilities | 57,649,719 | 71,340,803 |

| SHAREHOLDERS' EQUITY (DEFICIT) | | |
|---|---------------|----------------|
| Common stock, 25c par value, authorized 20,000,000 shares, issued 6,988,959 shares | 1,747,239 | 1,747,239 |
| Capital surplus | 28,273,073 | 28,273,073 |
| Earnings (deficit) retained in the business | | |
| Beginning balance | (77,346,726) | 19,473,666 |
| Net income (loss) for the three-month period | 5,450,358 | (1,960,947) |
| Ending balance | (71,896,368) | 17,512,719 |
| Deduct, common stock reacquired at cost, 245 shares | (2,720) | (2,720) |
| Total shareholders' equity (deficit) | (41,878,776) | 47,530,311 |
| | \$ 15,770,943 | \$ 118,871,114 |

Notes:

- (1) Properties, plants and equipment, reserves for depreciation and amortization, current assets, other assets, and current liabilities have been reclassified to a single line item.

Notes to the financial statements as of December 31, 1978 substantially apply to these interim financial statements and are not repeated here.

HECLA MINING COMPANY and WHOLLY OWNED SUBSIDIARIES

Consolidated Statements of Changes in Financial Position [Unaudited]

For the Three-Month Periods Ended March 31, 1979 and March 31, 1978

| | Three Months Ended | |
|---|--------------------|----------------|
| | March 31, 1979 | March 31, 1978 |
| Source of funds: | | |
| Funds provided (used) by operations | | |
| Continuing operations | \$ 3,838,112 | \$ 254,590 |
| Income tax credit | 1,656,700 | — |
| Discontinued operations | — | (2,170,087) |
| Increase (decrease) in pension plan reserve | (27,283) | (59,950) |
| Reduction in net assets of discontinued operations | — | 1,040,633 |
| Decrease in working capital | — | 6,707,185 |
| | 5,467,529 | 5,772,371 |
| Application of funds: | | |
| Current portion of notes payable to banks | \$ — | \$ 5,500,000 |
| Bank loan repayments | 3,200,000 | — |
| Property additions | 627,148 | 282,572 |
| Reduction in reserve for discontinued operations | 340,095 | — |
| Increase (decrease) in other assets | 274,135 | (10,201) |
| Increase in working capital | 1,026,151 | — |
| | \$ 5,467,527 | \$ 5,772,371 |

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1978

HECLA MINING COMPANY

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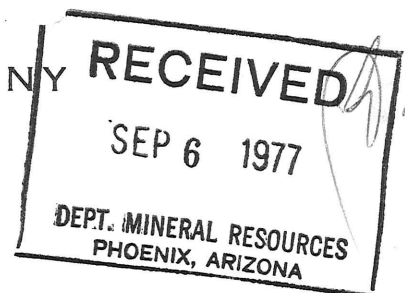
WALLACE, IDAHO 83873



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HECLA MINING COMPANY

P. O. Box 320
WALLACE, IDAHO 83873
208 752-1251



August 29, 1977

DEAR SHAREHOLDER:

The following is the text of a News Release issued today:

Hecla Mining Company announced today that operations at the Lakeshore Mine will be temporarily suspended on September 4, 1977, due to an accumulation of unsold copper and the current low price for copper. Operations on a curtailed basis are expected to resume October 31, 1977.

W. H. Love, President, said that the smelters who buy and treat Lakeshore copper precipitate have been closed since July 1 by a labor strike, which has caused an excessive backup of copper inventory at the Lakeshore plant. He also stated that since May, 1977, the U.S. Producer price for copper has declined 14c to 60c per pound, and that the Commodity Exchange and LME prices have declined about 17c to 53c per pound in the same period. Prices at these levels are not adequate to cover the direct costs of Lakeshore production.

About 1,500 employees will be laid off from the total crew of 1,630 people. During the suspension period certain maintenance in the metallurgical plant which can only be accomplished during a shutdown will be completed so that operations can proceed without interruption when the plant is restarted.

When operations are resumed, it is presently planned to produce on a curtailed basis, and it is anticipated that about 800 of the laid-off employees will be recalled.

The Lakeshore Mine is a joint venture of Hecla Mining Company and The El Paso Natural Gas Company, with Hecla as the operating partner.

W. H. LOVE,
*President and
Chief Executive Officer*

HECLA MINING COMPANY

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Fairgrounds
Phoenix AZ 85007

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PHOENIX, ARIZONA

noranda

NINE MONTHS INTERIM REPORT
1981
RELEVÉ INTÉrimAIRE TRIMESTRIEL
1981

Noranda Mine Limited

For the first time in nearly 30 years, Noranda incurred a loss on operations during the third quarter of 1981. In spite of gains of \$42 million on the sale of investments, earnings were only \$27 million and, after preferred dividends, a profit of 14¢ per share (or 23¢ per share fully diluted) was recorded.

High interest rates and depressed economic conditions have resulted in extremely weak demand for virtually all commodities produced by the Noranda group, and in constant dollars prices are now generally well below the levels that prevailed during the 1975-77 recession. In addition, strikes and production interruptions in the B.C. forest industry, at the Horne smelter and the Tara mine had an adverse impact during the quarter of approximately \$21 million after taxes, while molybdenum inventory write-downs reduced net earnings by a further \$12 million.

For the first nine months, net earnings were \$208 million compared with \$322 million for the same period of 1980. Of this \$208 million, \$119 million resulted from gains on sales of investments and only \$89 million arose from operations. On a per share basis, earnings for the nine months were \$1.87 (or \$1.93 fully diluted) compared with \$3.21 for the same period in 1980. Mining and metallurgical and forest products divisions were the most severely affected, but earnings from manufacturing were also below year-earlier levels.

The immediate outlook for earnings is difficult. Although fourth quarter results from operations should be somewhat better than those of the third quarter, they will not be satisfactory and no significant improvement is expected during the first half of 1982.

During the quarter \$142.3 million of preferred shares were redeemed as the result of the holders exercising their retraction rights. The \$500 million of new capital resulting from the sale of treasury shares to Brascade Resources was received in October, and accordingly is not reflected in the third quarter statement of changes in financial position. The net result is that the year end balance sheet will reflect a strong financial position which will assist Noranda in weathering the uncertain economic conditions which lie ahead.

In these circumstances your Directors have declared a dividend of 35¢ per share payable December 15 to shareholders of record November 20. For those who elect to receive their dividends in stock, a price of \$21.69 was established.

Toronto, Ontario,
November 13, 1981.

| DIVISIONAL RESULTS | Third Quarter | | Year to Date | |
|--------------------------------|---------------|-------|--------------|-------|
| | 1981 | 1980 | 1981 | 1980 |
| | (\$ Millions) | | | |
| Mining and metallurgical | 0.6 | 101.4 | 45.5 | 233.2 |
| Manufacturing | 18.9 | 23.4 | 50.6 | 56.4 |
| Forest products | (11.8) | 21.0 | 102.1 | 55.2 |
| Earnings before borrowing cost | 7.7 | 145.8 | 198.2 | 344.8 |
| * Less: cost of borrowing | (19.3) | 9.9 | (9.3) | 22.6 |
| Earnings | 27.0 | 135.9 | 207.5 | 322.2 |

* Net of investment income

Mines Noranda Lim. De

Pour la première fois depuis presque 30 ans, Noranda a encouru une perte des revenus d'exploitation au cours du troisième trimestre 1981. En dépit des bénéfices de 42 millions de \$ sur la vente d'investissements, les bénéfices n'ont été que de 27 millions de \$ et, après paiement de dividendes sur les actions privilégiées, la société a réalisé un profit de 14 ¢ par action (ou 23 ¢ par action entièrement diluée).

Les taux d'intérêt élevés et des conditions économiques défavorables ont entraîné une demande extrêmement faible de pratiquement toutes les marchandises fournies par le groupe Noranda et, en dollars fixes, les prix actuels sont généralement bien inférieurs à ceux qui prévalaient pendant la période récessive de 1975 à 1977. De plus, les grèves et les arrêts de production survenus dans l'industrie forestière en Colombie-Britannique, à l'usine de smeltage de la Horne et à la mine Tara, ont eu, au cours du trimestre, un effet négatif sur les revenus de la société. Ces derniers ont été réduits d'environ 21 millions de \$ après déduction d'impôts. Enfin, les relevés d'inventaire de molybdène ont diminué les bénéfices nets de 12 millions de \$ supplémentaires.

Pour les 9 premiers mois, les bénéfices nets se sont chiffrés à 208 millions de \$ contre 322 millions de \$ pour la même période en 1980. De ces 208 millions de \$, 119 millions de \$ proviennent d'investissements, et 89 millions de \$ seulement proviennent des exploitations. Traduits en actions, ces revenus pour les 9 mois en question sont de 1.87 \$ (ou 1.93 \$ par action entièrement diluée), comparé à 3.21 \$ pour la même période en 1980. Ce sont les secteurs des produits miniers, métallurgiques et forestiers qui ont été les plus sévèrement touchés, mais les bénéfices provenant de la fabrication ont

également été inférieurs à ceux de l'exercice précédent.

Dans l'immédiat, les perspectives de bénéfices sont peu encourageantes. Bien que les résultats du quatrième trimestre provenant des exploitations devraient être quelque peu supérieurs à ceux du troisième trimestre, ils resteront néanmoins tout à fait insatisfaisants, et on ne prévoit aucune amélioration d'importance pour le premier semestre de 1982.

Au cours du trimestre, une somme de 142.3 millions de \$ a été remboursée aux détenteurs d'actions privilégiées ayant exercé leur droit de rétraction. Un montant de 500 millions de \$ de nouveaux capitaux, provenant de la vente d'actions auto-détenues à la Brascade Ressources, a été reçu en octobre, et n'a donc pas influencé l'état de l'évolution de la situation financière. Il en résulte que le reste de l'exercice financier reflètera une position financière solide qui permettra à Noranda de conserver un certain élan malgré les circonstances incertaines et affaiblies sous lesquelles cette dernière poursuit ses exploitations.

Dans ces circonstances, vos administrateurs ont déclaré un dividende de 35 ¢ par action payable le 15 décembre aux actionnaires inscrits le 20 novembre. Pour les actionnaires qui choisiront de recevoir leur dividende en actions, une somme de 21.69 \$ a été fixée.

Toronto (Ontario)
Le 13 novembre 1981

| RÉSULTATS PAR SECTEUR | Troisième trimestre | | Année | |
|---------------------------------------|-----------------------|-------|-------|-------|
| | 1981 | 1980 | 1981 | 1980 |
| | (millions de dollars) | | | |
| Exploitation minière et métallurgique | 0.6 | 101.4 | 45.5 | 233.2 |
| Exploitation manufacturière | 18.9 | 23.4 | 50.6 | 56.4 |
| Exploitation forestière | (11.8) | 21.0 | 102.1 | 55.2 |
| Bénéfices avant les frais d'emprunts | 7.7 | 145.8 | 198.2 | 344.8 |
| * Moins les frais d'emprunts | (19.3) | 9.9 | (9.3) | 22.6 |
| Bénéfices | 27.0 | 135.9 | 207.5 | 322.2 |

* Net du revenu d'investissement

CONSOLIDATED STATEMENTS

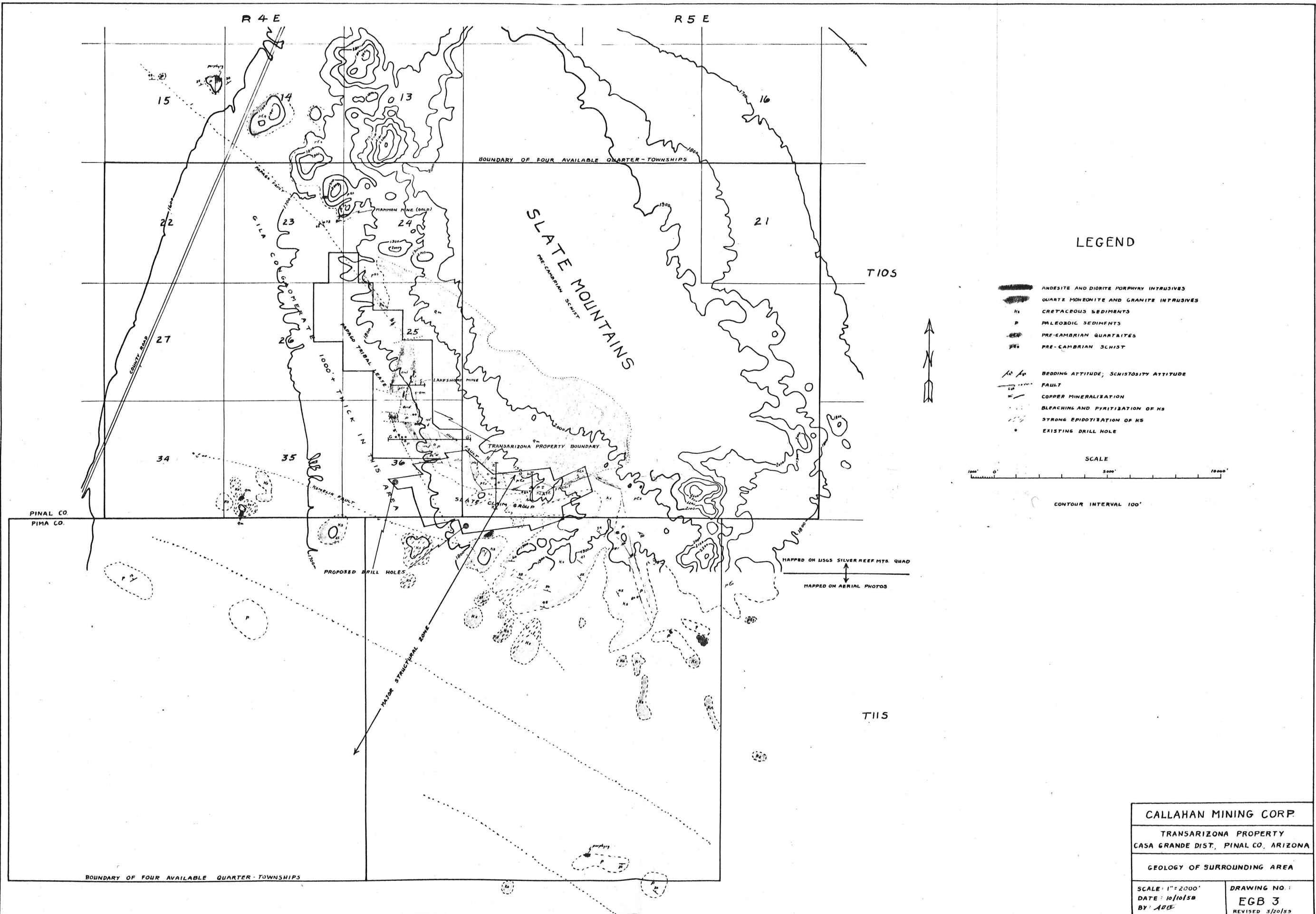
ÉTATS CONSOLIDÉS

| | Third Quarter Troisième trimestre | | Year-to-date Année à ce jour | | |
|--|--|---------------|---------------------------------|----------------|---|
| EARNINGS | 1981 | 1980 | 1981 | 1980 | BÉNÉFICES |
| | (\$ Millions) (millions de dollars) | | | | |
| Revenues | 580.7 | 698.8 | 2,124.3 | 2,123.5 | Revenus |
| Expense | | | | | Dépenses |
| Cost of metal production and products sold | 475.5 | 521.5 | 1,660.4 | 1,503.8 | Production de métaux et produits vendus |
| Depreciation and amortization charges | 40.4 | 30.6 | 114.2 | 94.9 | Amortissement |
| Exploration written off | 27.0 | 14.7 | 78.0 | 45.5 | Exploration radiée |
| Cost of borrowing | 30.3 | 12.5 | 66.0 | 43.2 | Frais d'emprunts |
| Income and production taxes | 2.8 | 49.0 | 116.8 | 195.8 | Impôts sur le revenu et la production |
| Minority interest in profits of subsidiaries | 1.2 | 1.7 | 13.0 | 24.2 | Participation minoritaire aux bénéfices des filiales |
| | <u>577.2</u> | <u>630.0</u> | <u>2,048.4</u> | <u>1,907.4</u> | |
| Earnings of Noranda and subsidiary companies | 3.5 | 68.8 | 75.9 | 216.1 | Bénéfices de Noranda et de ses filiales |
| Gain on sale of investments | 41.7 | — | 118.2 | — | Profit sur la vente des investissements |
| Gain on sale of assets | — | 46.8 | — | 46.8 | Profit sur la vente de biens |
| Share of after tax profits in associated companies | (18.2) | 20.3 | 13.4 | 59.3 | Participation aux bénéfices des compagnies associées (Taxes déduites) |
| | <u>27.0</u> | <u>135.9</u> | <u>207.5</u> | <u>322.2</u> | Bénéfices |
| Earnings per share — primary | \$0.14 | \$1.34 | \$1.87 | \$3.21 | Revenu net par action — primaire |
| Earnings per share — fully diluted | \$0.23 | — | \$1.93 | — | Revenu net par action — entièrement dilué |

| | Third Quarter Troisième trimestre | | Year-to-date Année à ce jour | | |
|---|--|--------------|---------------------------------|--------------|--|
| CHANGES IN FINANCIAL POSITION | 1981 | 1980 | 1981 | 1980 | ÉVOLUTION DE LA SITUATION FINANCIÈRE |
| | (\$ Millions) (millions de dollars) | | | | |
| Source of Funds | | | | | Source des fonds |
| From operations | 68.6 | 162.8 | 277.0 | 471.0 | Exploitations |
| Long-term financing | 221.0 | 36.0 | 375.1 | 53.0 | Financement à long terme |
| Acquisition of Maclaren Power and Paper Company | — | — | — | 105.1 | Acquisition de la Compagnie d'énergie & de papier Maclaren |
| Sale of investment in B.C. Forest Products | — | — | 180.7 | — | Vente de l'investissement dans la British Columbia Forest Products |
| Other (net) | 10.7 | (4.4) | 33.8 | (1.1) | Divers (nets) |
| | <u>300.3</u> | <u>194.4</u> | <u>866.6</u> | <u>628.0</u> | |
| Use of Funds | | | | | Utilisation des fonds |
| * Investment in MacMillan Bloedel | — | — | 192.1 | — | * Investissement dans la MacMillan Bloedel |
| Fixed assets, projects under construction | 146.5 | 71.0 | 390.9 | 178.4 | Immobilisation, projets en cours |
| Dividends — shareholders | 50.3 | 31.5 | 121.2 | 95.3 | Dividendes — actionnaires |
| — minority interest | 2.5 | 2.8 | 9.2 | 20.8 | — participation minoritaire |
| Current maturities of long-term debt | 24.4 | 7.5 | 37.2 | 91.9 | Partie exigible des dettes à long terme |
| Investments and advances (net) | (.1) | 7.8 | 30.5 | 45.4 | Placements et avances (nets) |
| Deferred expenditures | 40.2 | 1.0 | 76.8 | 59.1 | Dépenses reportées |
| Redemption of Preferred Shares | 142.3 | — | 142.3 | — | Remboursement des actions privilégiées |
| | <u>406.1</u> | <u>121.6</u> | <u>1,000.2</u> | <u>490.9</u> | |
| Working capital increase (decrease) | (105.8) | 72.8 | (133.6) | 137.1 | Augmentation du fonds de roulement (diminution) |

* Net of issue of Preferred shares of \$500,700,000

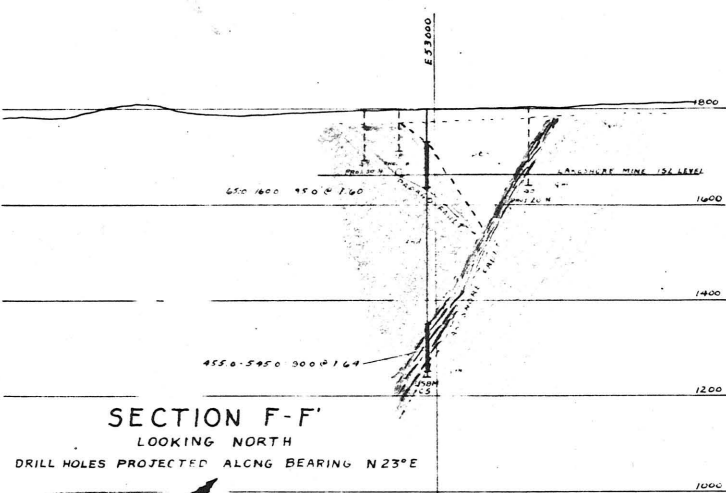
* Net de l'émission d'actions privilégiées de 500 700 000 de \$



LEGEND

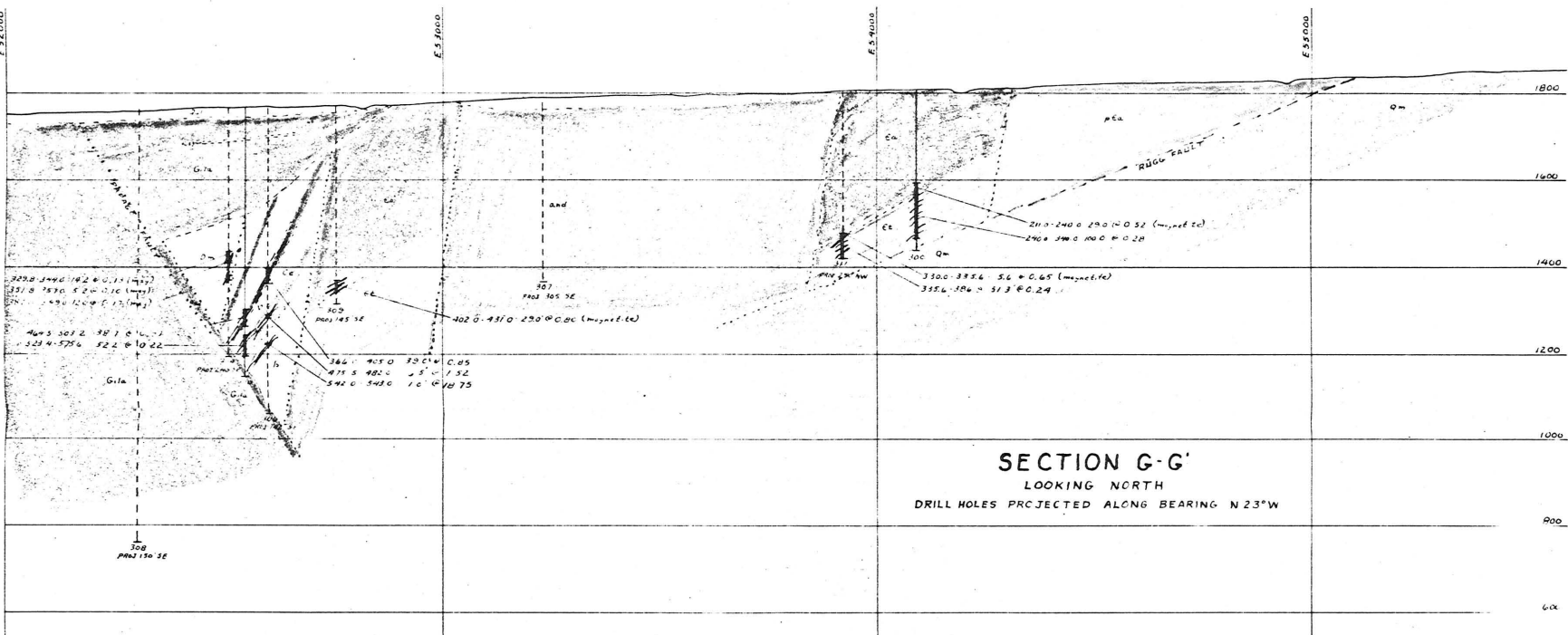
- Q₁ QUATERNARY ALLUVIUM
- G_{1a} GILBERT LUTITE
- C_{1a} CRETACEOUS SEDIMENT
- C_{1b} CARBONIFEROUS ESCARRECA FORMATION, LIMESTONE
- D₁ DEVONIAN MARTIN FORMATION
- C₂ CAMBRIAN ABRICO FORMATION
- C₃ CAMBRIAN TROY QUARTZITE
- PE₁ PRE-CAMBRIAN APACHE GROUP (QUARTZITE)
- PE₂ PRE-CAMBRIAN SCHIST
- AN₁ ANDESITE
- Q₂ QUARTZ MONZONITE
- COPPER ORE; MINERALIZATION
- FAULT: KNOWN, INFERRED
- CONTACT: KNOWN, INFERRED
- DRILL HOLE: ON SECTION, PROJECTED, ASSAYED ZONE
- ASSAY DATA: INTERVAL LENGTH, %Cu, %Mo (WHERE ASSAYED)

SCALE



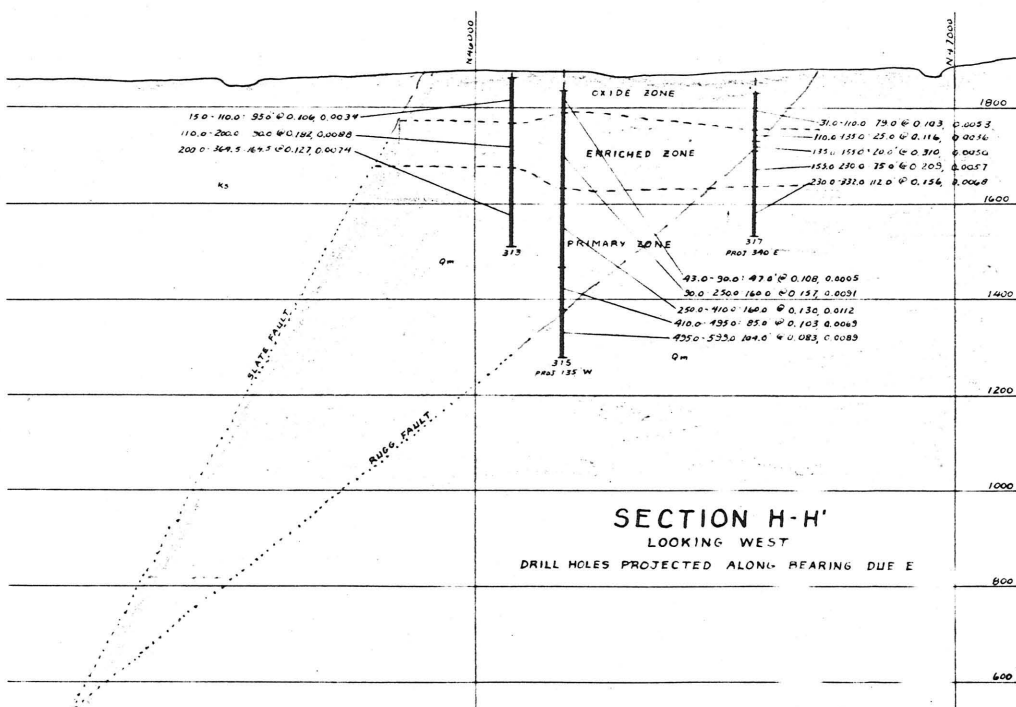
SECTION F-F'

LOOKING NORTH
DRILL HOLES PROJECTED ALONG BEARING N23°E



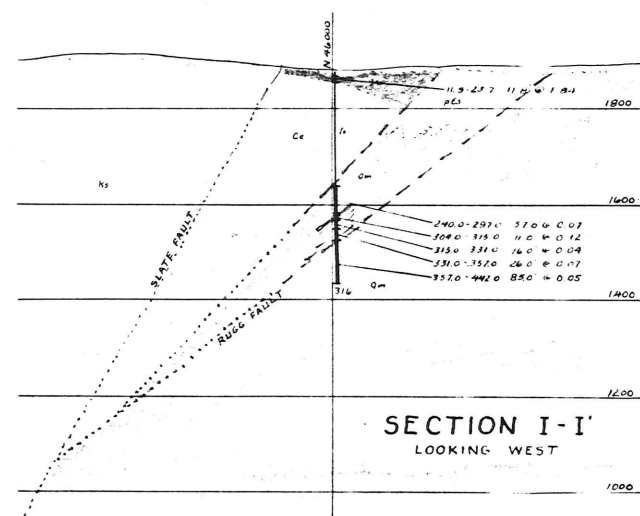
SECTION G-G'

LOOKING NORTH
DRILL HOLES PROJECTED ALONG BEARING N23°W



SECTION H-H'

LOOKING WEST
DRILL HOLES PROJECTED ALONG BEARING DUE E

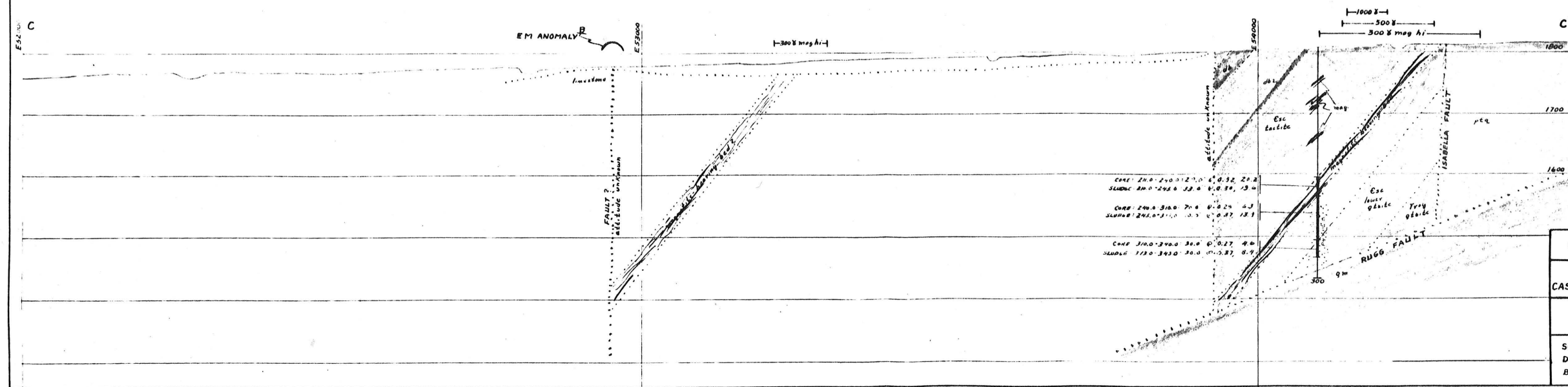
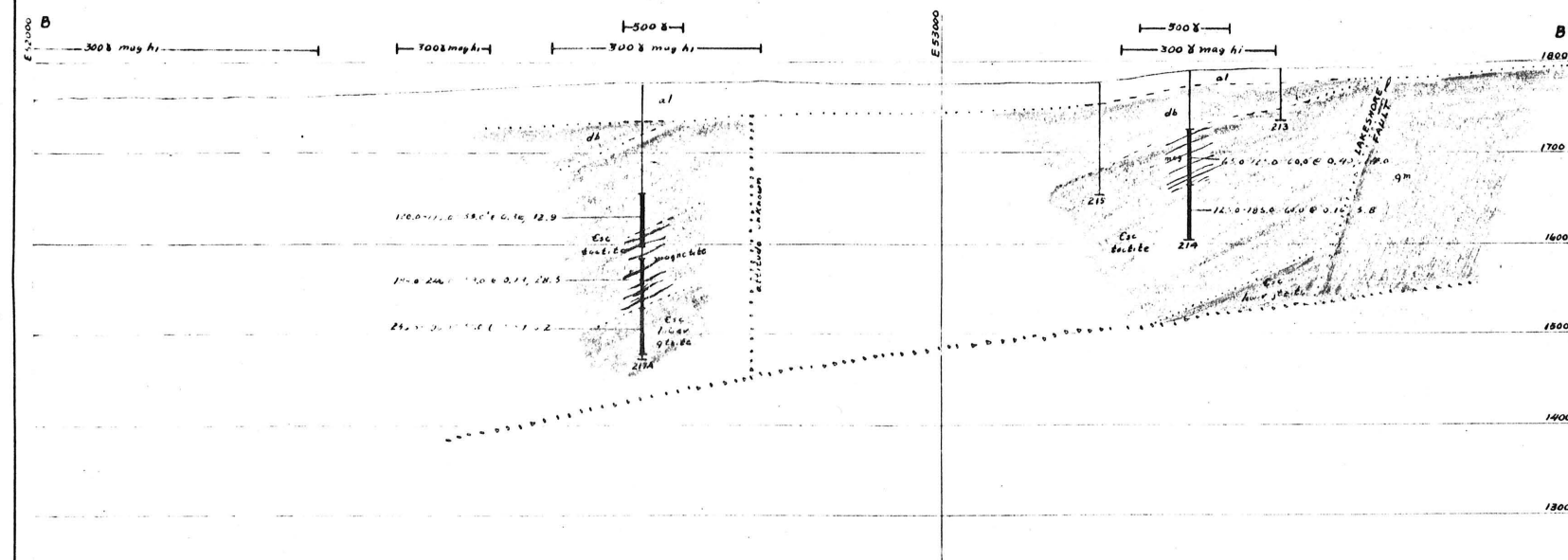
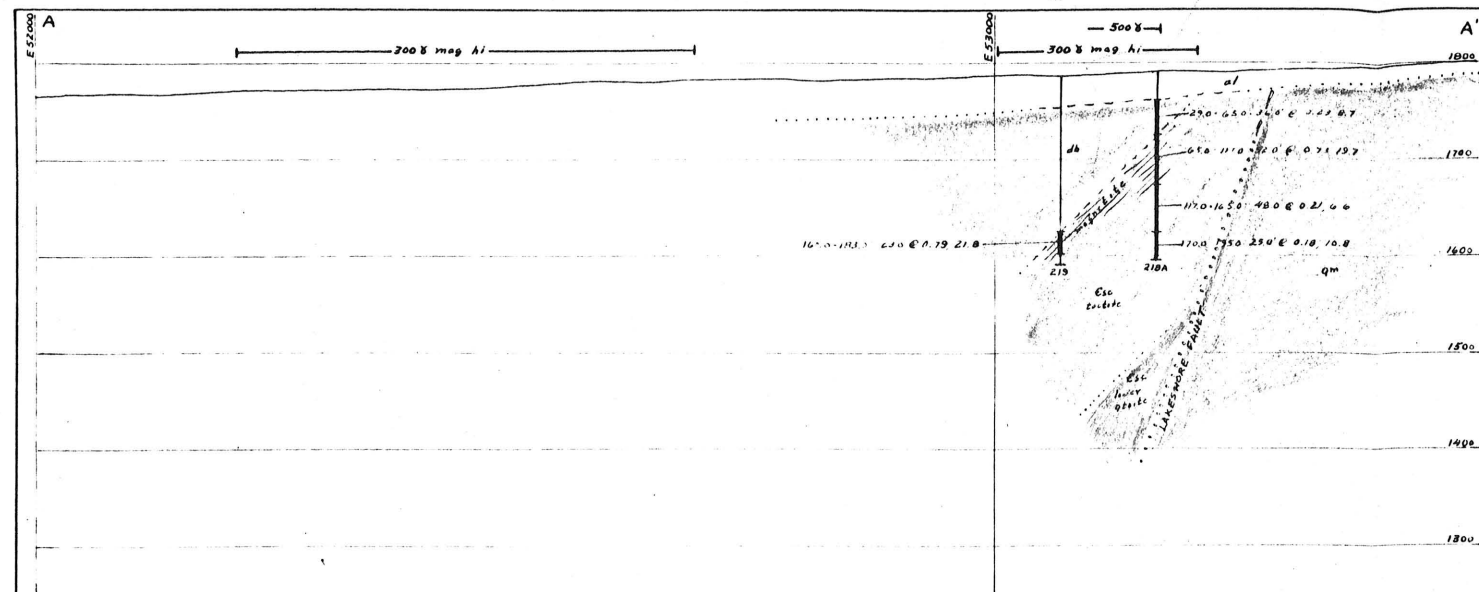


SECTION I-I'

LOOKING WEST

| | |
|--|--------------------|
| CALLAHAN MINING CORP. | |
| TRANSARIZONA PROPERTY CASA GRANDE DIST. PINAL CO. ARIZONA | |
| CROSS SECTIONS F-F', G-G', H-H', I-I' | |
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| DATE: 3/20/53 | |
| BY: JJA | |

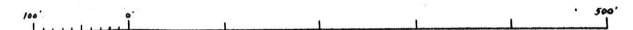
PLATE III *Johnson*



LEGEND

- al QUATERNARY ALLUVIUM
- Esc CARBONIFEROUS ESCABROSA FM
- qm CAMBRIAN SANTA CATALINA FM
- Troy CAMBRIAN SANTA CATALINA FM, BASE TROY QUARTZITE
- Pre-Cambrian PRE-CAMBRIAN QUARTZITE
- Andesite DIABASE ANDESITE
- Quartzite QUARTZ MONZONITE
- Copper Mineralization COPPER MINERALIZATION
- Fault Known, Inferred FAULT: KNOWN, INFERRED
- Contact Known, Inferred CONTACT: KNOWN, INFERRED
- Drill Hole Assay Data: Interval, Length, % Cu, % Fe DRILL HOLE ASSAY DATA: INTERVAL, LENGTH, % Cu, % Fe

SCALE



CALLAHAN MINING CORP.

TRANSARIZONA PROPERTY
CASA GRANDE DIST, PINAL CO, ARIZONA

CROSS SECTIONS
A-A', B-B', C-C'

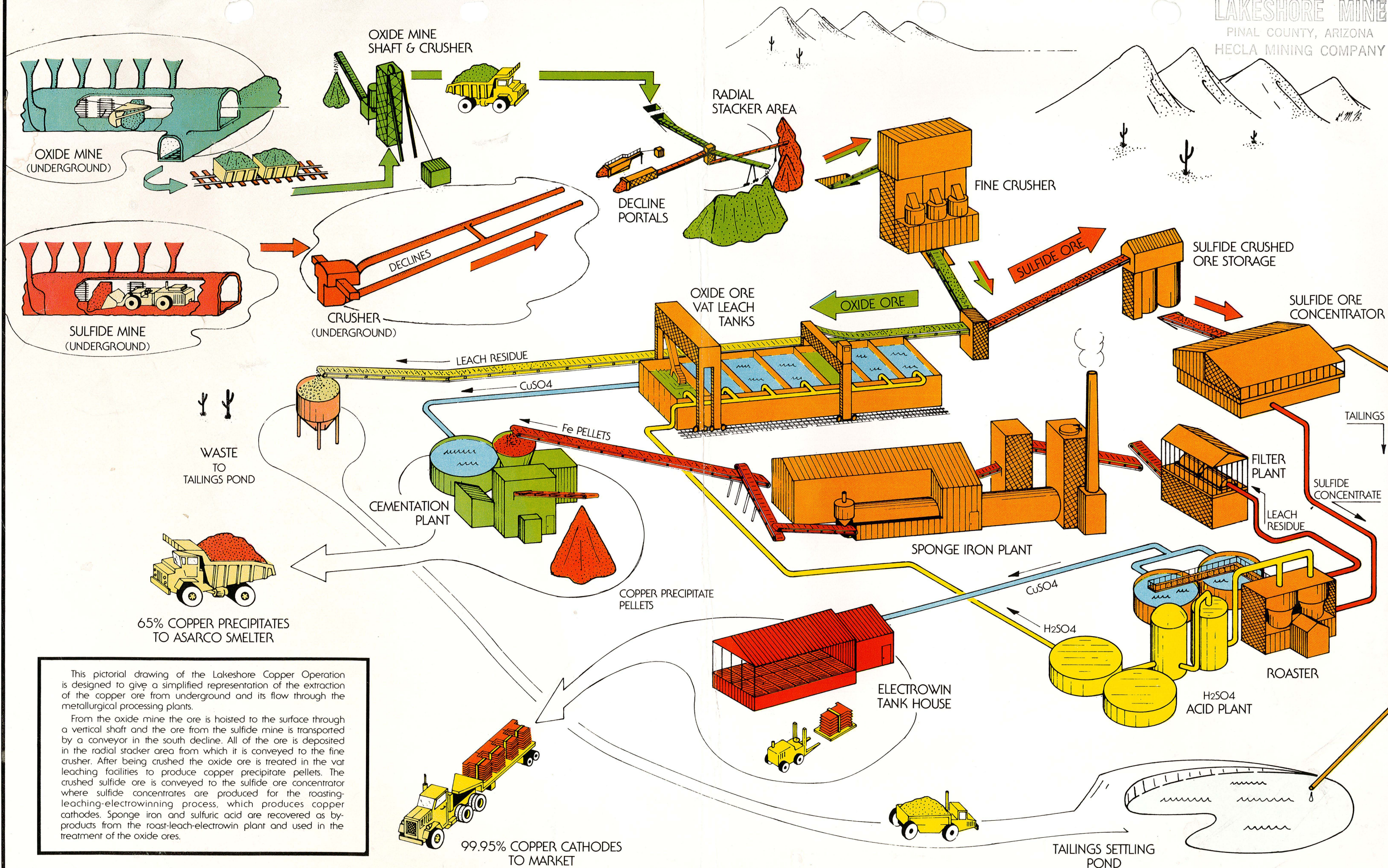
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BY: ABE

DRAWING NO.:
EGB 2

PLATE IV Lakeshore



FIG. 7 - FILTER CAKE



This pictorial drawing of the Lakeshore Copper Operation is designed to give a simplified representation of the extraction of the copper ore from underground and its flow through the metallurgical processing plants.

From the oxide mine the ore is hoisted to the surface through a vertical shaft and the ore from the sulfide mine is transported by a conveyor in the south decline. All of the ore is deposited in the radial stacker area from which it is conveyed to the fine crusher. After being crushed the oxide ore is treated in the vat leaching facilities to produce copper precipitate pellets. The crushed sulfide ore is conveyed to the sulfide ore concentrator where sulfide concentrates are produced for the roasting-leaching-electrowinning process, which produces copper cathodes. Sponge iron and sulfuric acid are recovered as by-products from the roast-leach-electrowin plant and used in the treatment of the oxide ores.