



**Bulolo:** One of the dredges



# Fifty years ahead

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From gold in New Guinea to copper in Canada via Colombia, Placer Development has filled the past fifty years with activity in many lands. Today this Canadian company has interests in Australia, the Philippines, and the United States, and is actively exploring in many areas. Here is an outline of what has happened since 1926, the principal operations of 1976, and a look at the people and policies that give Placer a future

**McDermitt:** The plant area





**Bululo:** Waterhouse, Harris, F W Griffin, C A Banks with the first bullion

## PLACER DEVELOPMENT LIMITED

# a brief history of Placer's growth

The history of Placer Development Limited is a story of people, rather than a record of properties acquired and operations developed, though naturally it is in the field of mineral resource extraction that Placer has grown to its stature today.

There were very many people along the way who built Placer Development, all of them important though relatively few rose to places of prominence in the mining world. One who did, and who became Lieutenant Governor of British Columbia, was Charles Arthur Banks,

one of the co-founders of the company. A letter elsewhere in this issue recalls Mr Banks in 1915/16 when he was manager of the Jewel Mine, near Greenwood, BC.

In January 1926, in Vancouver, Charles Banks met William Addison Freeman, president of the Austral-Malay Tin Company. Banks then managed the BC Silver Company for the London-based Victoria Mining Syndicate. It appears that the two men had many common interests, and it was soon agreed that a company should be formed,

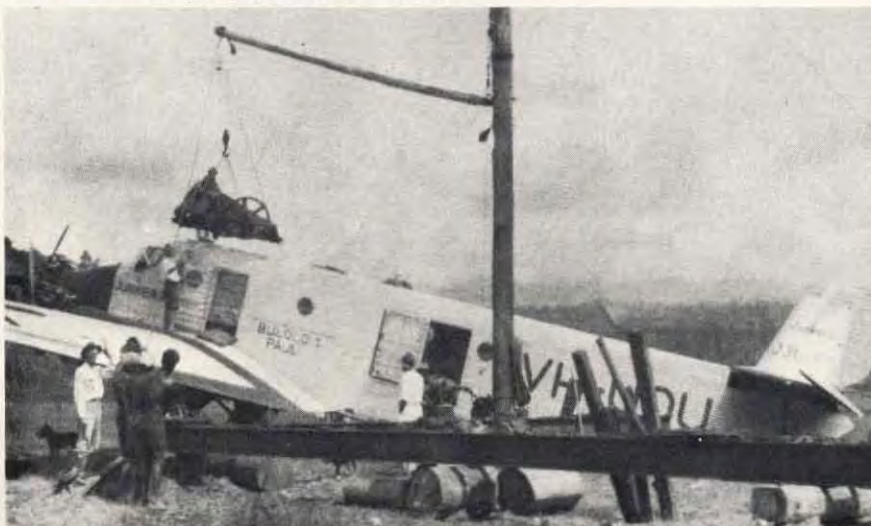
with Banks as managing director, joined by Frank W Griffin (a well-known dredge designer of San Francisco) and Harold Peake (a dredging engineer who had an option on a placer gold property in Alaska), as directors.

Vancouver was chosen as headquarters of the company, because Banks lived there and because Canadian tax laws at that time were favourable. Placer Development Limited was incorporated in British Columbia on 26 May 1926 with \$200,000 in share capital and an extensive charter. Soon after this, offices were opened in San Francisco and in Sydney, Australia, and two more mining engineers were added to the board (Leslie Waterhouse, Australia, and Frank Short, US placer expert).

It was decided to concentrate initially on placer mining, but initial results from exploration of properties in Alaska, BC, the USA, and Colombia were disappointing. However, in 1928, Freeman acquired, from Cecil Levein, 1500 acres of leases containing alluvial gold on the Bululo River and tributaries in New Guinea. After test drilling, further leases were acquired, Placer's capitalization was increased in 1929 to \$500,000, and a prospecting company, Clutha Development Ltd, was acquired in Australia.

The advent of the business depression of the '30s caused the Australian government to cancel a promised road to the Bululo Valley, but Charles Banks airlifted machinery components by Junkers G31 trimotor planes to a local airstrip, and the first re-assembled steel bucket dredge started to operate in 1932. By the end of the 1930s there were seven more dredges, hydro-electric power, machine shop, and facilities for more than 1000

**Bululo:** Unloading equipment from aircraft





**Salmo:** Jersey lead-zinc mine portal area

employees at the site. Charles Banks received the American Mining and Metallurgical Society's gold medal in 1938 for pioneering air transportation in mining.

In 1935, when world conditions were depressed, Placer's net profit rose from \$108,000 to \$1.5-million. New ventures included Canadian Exploration Limited (Canex), formed to conduct mineral exploration in Canada; oil leases in Texas; gold reclamation in Australia; Pato Consolidated Gold Dredging and Asnazu Gold Dredging, in Colombia. Nechi Gold Dredging was added in

1936, and the Colombian operations, in an adverse equatorial climate, were successful.

The 1939-46 war set Placer back; mining and exploration in Australia, Canada, and the USA were abandoned. In 1942 the Bulolo aircraft and some facilities were destroyed, but the dredges survived, except for deterioration. Although Bulolo was operating again in 1947, there were various setbacks.

The Pato operations in Colombia are credited with keeping Placer alive during the war years. Field manager Vic Bramming and chief engineer Ben Bar-

raza kept three of five dredges in operation.

#### THE EMERALD MINE

After the war it was decided to diversify, and ventures included coal in Australia, wood products at Bulolo, and oil in Texas. Most important was the 1947 acquisition of the Emerald underground tungsten mine near Salmo, southern British Columbia.

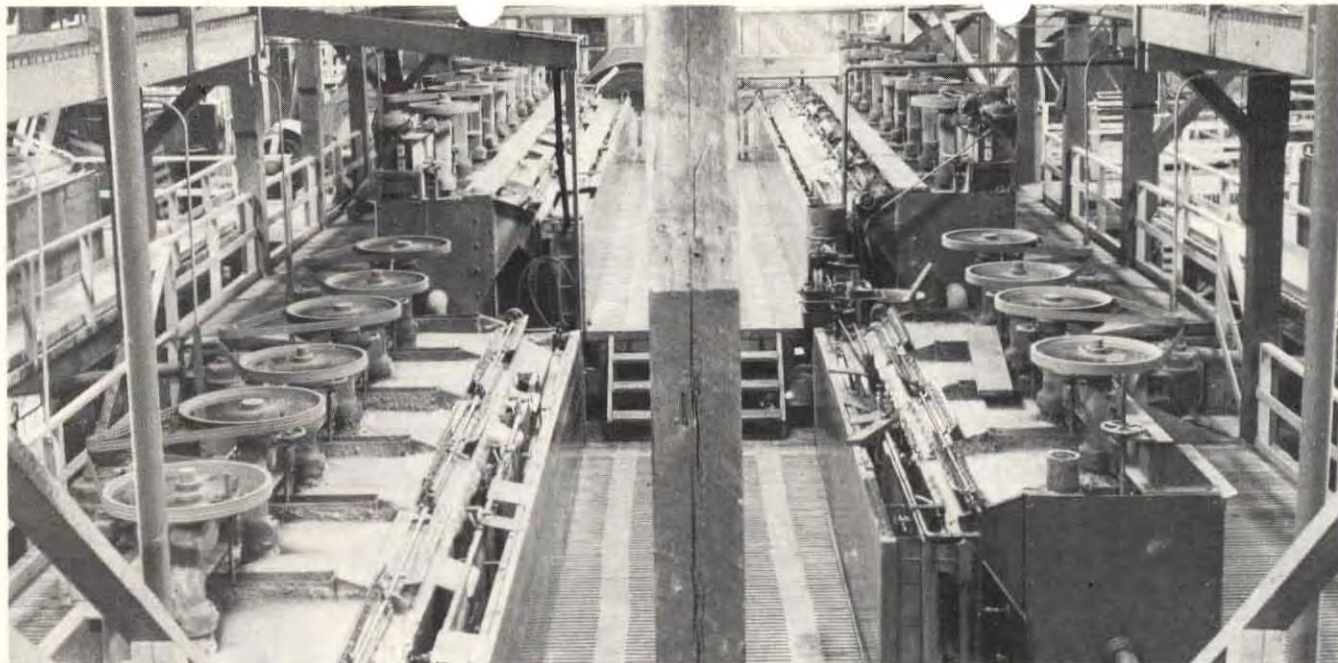
Large iron-stained gossans on Iron Mountain had been observed during prospecting in 1895. In 1908, John Wald-beser worked the Emerald lead-zinc mine (and produced 426 tons of lead ore valued at \$7000). Iron Mountain Ltd operated the Emerald lead-zinc mine 1910-25, but production was suspended in 1926 because of low metal prices. In 1924/5 Arthur Lakes was appointed consulting geologist, and was joined by his brother Harold. Following further exploration in 1936 and 1938-40, Harold Lakes returned to the property in 1941. Scheelite was known to occur in samples from the property, and Harold Lakes discovered commercial quantities in an old adit at the north end of the Emerald.

In 1942 the Wartime Metals Corporation took over and operated the property as the Emerald Tungsten project, but this closed down in October 1943 after only six weeks of operation, and lay dormant until January 1947, when Canadian Exploration Ltd bought 41 mineral claims, buildings, and equipment. The tungsten mine was reopened in June 1947, and in its first six months of operation realized a profit of \$178,000. In December 1948 the mill was converted to handle lead-zinc ore from the Jersey zone.

In 1951, during the Korean war, the

**Salmo:** Mucking machine operating in a drift slash





Salmo: The lead-zinc mill



Salmo: Cone crusher in tungsten mill

federal government bought two blocks of ground with a view to a joint production of tungsten (Canex mined the ore at a fixed fee). In September 1952, Canex bought back the two blocks and enlarged the mill (built and equipped by the government). Also during 1952, provision was made to enlarge the lead-zinc mill from about 1000 to 2200 tons/day, the tungsten mill was enlarged from 250 to 650 tons/day, the mine was further developed and trackless equipment was introduced underground.

Production of Emerald tungsten continued until 1958, when the mine was closed, though tungsten was again produced in 1970-3 from the Invincible and East Dodger zones.

Lead-zinc was produced during the years 1960 to 1970.

Overall the Emerald operation, or the Salmo mine as it was also called, was a valuable contributor to Placer. One estimate gives round figures of \$55-million for the value of tungsten produced, and some \$80-million in lead-zinc.

One of the key people during the early Salmo period was John D Simpson, an Australian mining engineer who joined Placer in 1939. He worked in New Guinea and South America, and became president in 1957, a notable year in the company's growth. 'JD' became chairman of the board of Placer in 1964 and retired from that post in April 1975.

Both from the official accounts of the company and from talking to people who knew him, it appears that J D Simpson was highly regarded, for his technical and business ability it is true, but particularly for being able himself to work as part of a team and to inspire others, of all origins and occupations, to work well together. The expression 'team spirit' repeatedly crops up in conversation about the formative years at Salmo (when many Placer people got their grounding) and about current operations and future hopes.

#### EXPANSION FROM THE 50s

In the early days, much of the direction for Placer operations had come from San Francisco, but in 1957 there started a major expansion in Vancouver.

The wholly-owned subsidiary Amex (American Exploration and Mining Co, now Placer Amex Inc) was created in the United States; it obtained an interest in the Evan Jones Coal Co, in Alaska, and Iron Age mine in California.

In Canada, Placer test-drilled the Craigmont copper property, near Merritt, BC. From this, Placer, Noranda, and Peerless Oil obtained bank loans and proceeded to develop the Craigmont mine, which is described elsewhere in this issue.

In 1960, Placer bought S & M Fox, an Australian mining and manufacturing

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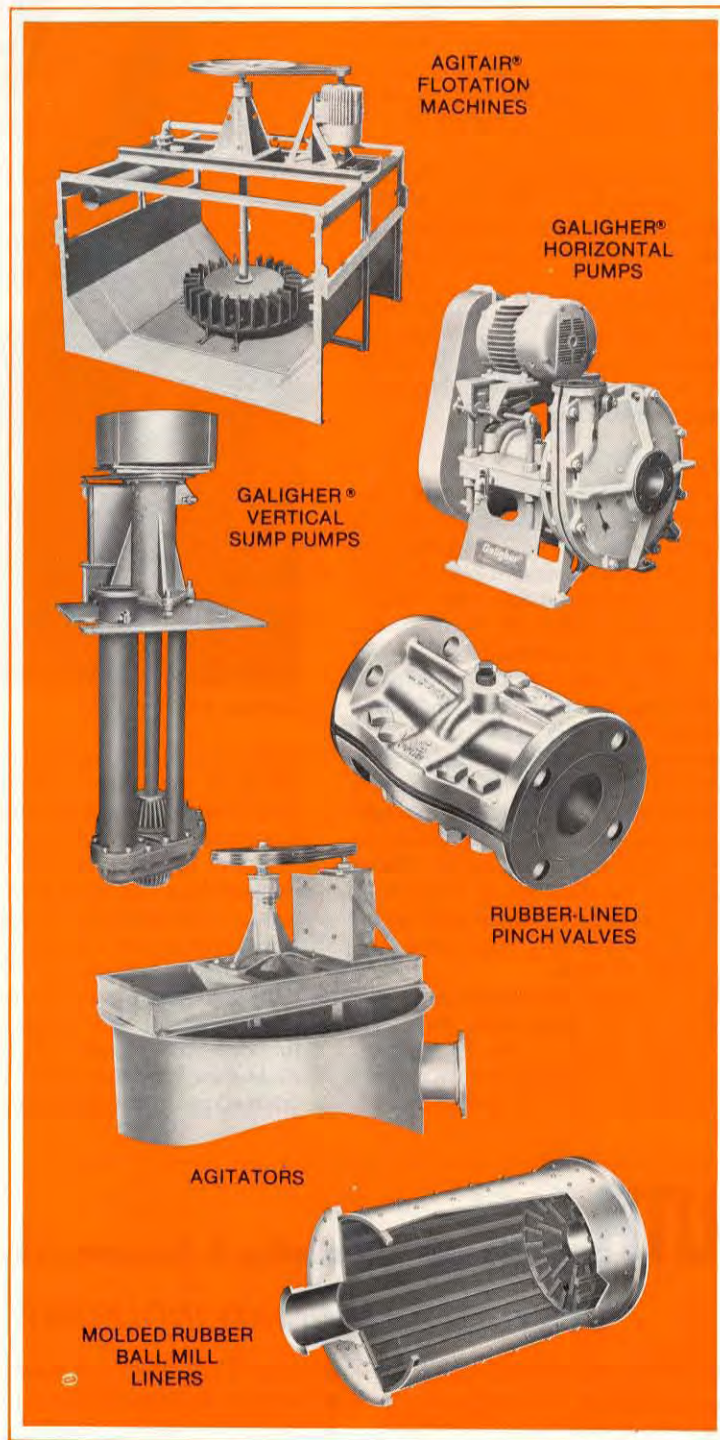
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## Fifty years

company, which is still operating successfully.

In 1964 the company's stock (then \$50 a share) was split 2-for-1 and authorized capital increased to 8-million shares. The Craigmont venture aroused interest in financial circles, and Placer negotiated an agreement in 1963 to develop the molybdenite deposits near the village of Endako, BC. With long-term contracts arranged, \$22-million was invested in equipping the property and building housing and facilities at nearby Fraser Lake.

The Endako mill started producing in 1965, expanded in 1967, and in 1970 Endako and Placer amalgamated. The Endako operation is described in a separate article.

Meanwhile, Placer had joined Noranda and others in financing the Mattagami zinc-copper mine in north-western Quebec, which Noranda brought to production in 1964.

### THE 1960s/1970s

The gold dredging operations were coming to an end in several areas: Asnazu, in Colombia, closed in 1957, and the New Guinea dredges stopped in 1965. In 1966 Bulolo was amalgamated with Placer. The Evan Jones operation in Alaska was closed, and other interests were sold from time to time, including Placer's shareholding in Pato (1962) and some Australian holdings in 1965.

Between 1965 and 1968 annual exploration expenditures rose from \$1-million to \$5-million, and properties were sought all around the world. What is regarded as a third period of expansion for Placer came under the direction of Thomas H McClelland, former general manager of Pato and Asnazu, who succeeded 'JD' as president in 1964.

The two major developments in this period were the Marcopper Mine, on Marinduque Island, in the Philippines, which started production in 1969, and the large Gibraltar mine in central British



Cortez: Pouring gold

Columbia, which began producing in the spring of 1972 (ahead of schedule and under budget). These two operations are described in more detail in this issue.

Other interests included the Terramonte lead-zinc mine in northern Portugal, cattle-ranching in New Guinea and Australia, and the Cortez low-grade gold mine in Nevada. In 1973, the year the Salmo mine closed, Terramonte also closed and the New Guinea cattle and timber holdings were sold. The Cortez Gold mine (in which Placer had a 28.3% interest) ran out of mill ore early in 1976,

though leaching continued in low-grade stockpiles during the year.

The latest producer in the family is the McDermitt Mine (Placer 51%) in northern Nevada, which started to produce mercury in June 1975. The clay-like ore is mined from an open pit, by self-loading scrapers push-assisted by bulldozers; intermittent blasting loosens the harder opalite ore, which serves as a grinding medium in the autogenous mill. The concentrator, about a half-mile from the pit, mills the material, and the resulting concentrate is furnace to vaporize the mercury, which is condensed and collected. Design capacity is 20,000 flasks a year; ore reserves at end-1975 were estimated at 2,950,000 tons averaging 10 pounds/ton mercury, or sufficient for 20 years at design capacity.

### CHANGING FORTUNES

The years 1973/4 marked a short period of economic boom, which were of great benefit to Placer and others, but which led to subsequent adversities for the mining industry. In 1973 Placer's net earnings rose to \$71.8-million (\$16.6million in 1972); both Marcopper and Gibraltar were able to repay their large development loans sooner than expected, and to start paying dividends.

The now familiar greed induced in federal and provincial governments by

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## Fifty years

this boom period has adversely affected the prospects for mining development in Canada by the withdrawal of tax incentives and the failure to recognize that mining booms do not continue, but are inevitably followed by lean years.

Because of the effect of taxation on long-range planning, Placer is looking for development in countries where tax legislation is more favourable and future investment is more assured.

In April 1975, Thomas H McClelland was appointed chairman of the board, and was succeeded as president and chief executive officer by Ross G Duthie (former vice-president project developments), another practical mining man. James H Eastman became vice-president project developments; Anthony J Petrina was appointed vice-president operations following the retirement of Charles L Pillar.

To quote from the 1975 annual report: 'In 50 years Placer Development Limited has grown from a little mining company primarily concerned with placer gold into a large, diversified, international mining corporation employing close to 3,000 people in far-flung areas of the world. Despite war and depression it has paid a dividend every year since 1933. Each of the Company's original shares has multiplied into 60 shares worth approximately \$1300 at current market value, and have paid a total of \$662 in dividends.'

Judging from past experience, the teamwork and delegation of authority to make decisions, the general quality of management, and an indefinable but important 'Placer people' feeling, it is no idle platitude to say that Placer should be able to cope with the problems of the next 50 years better than most.



**J Douglas Little**  
Executive vice-president



**Thomas H McClelland**  
Chairman

### REFERENCES

Several of the operations of Placer Development have been discussed in some detail in *Western Miner* (WM) over the years. Included are:

Craigmont plans for production: WM Aug 1960 p44.

The Craigmont mine; by Fred H Stephens (location, geology, mine, mill, people) WM 1960 Dec p28-44.

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Open-pit mining at Craigmont; by R E Hallbauer: WM 1962 Jan p26.

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Endako Mines; by Fred H Stephens

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The Gibraltar opening: WM 1972 July p52.

Maintenance at Craigmont Mines: WM 1975 July p9-16.



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