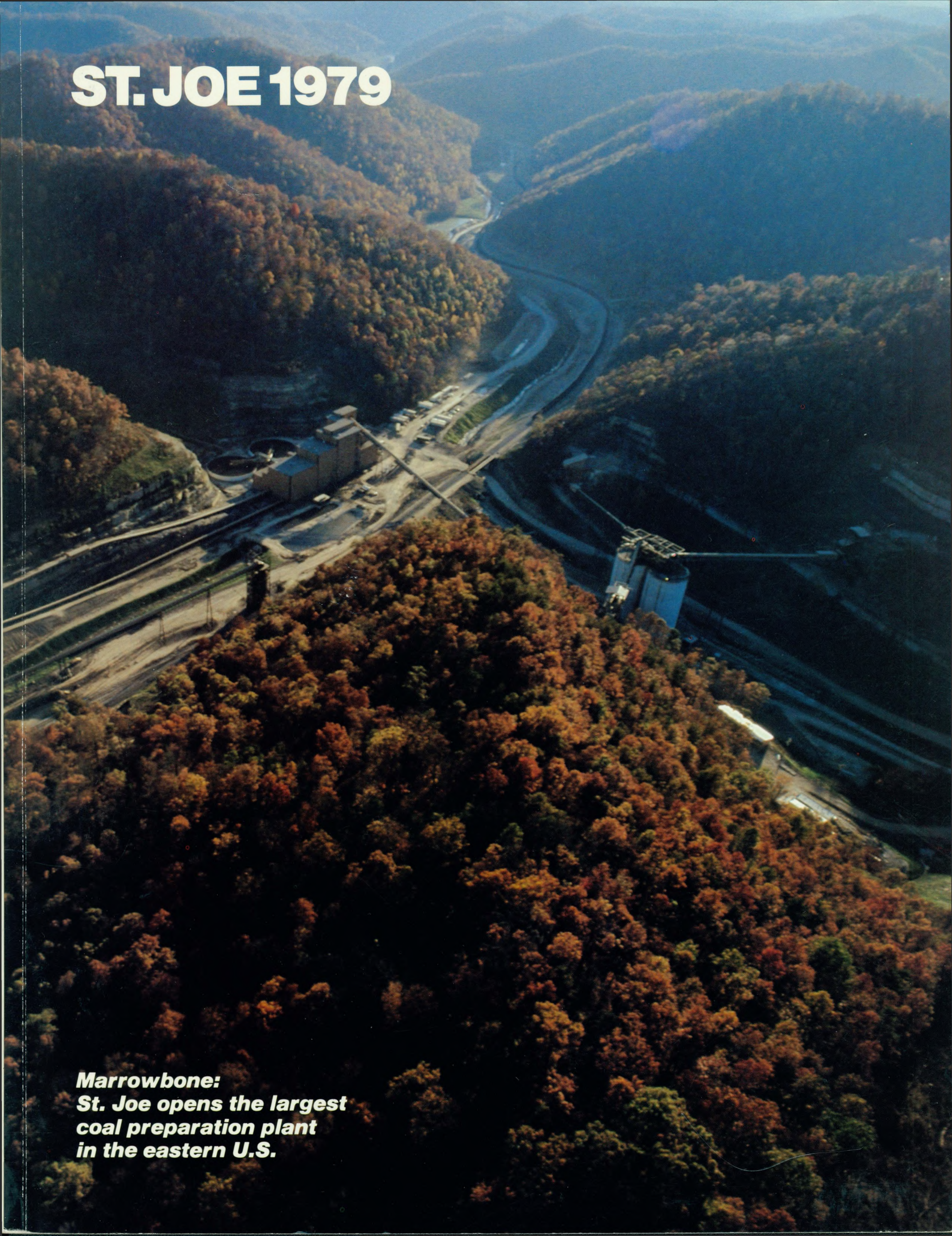
ST. JOE 1979



Marrowbone:
St. Joe opens the largest coal preparation plant in the eastern U.S.

Meeting Government's Challenge

St. Joe cannot escape the problems created by excessive regulation and unwise legislation, but the Company believes that these problems are manageable.

For example, under the voluntary wage and price guidelines, coal, oil, gas and ores are not subject to the price standard. St. Joe disagrees with the Government's interpretation that lead metal is subject to the standard, but, in any case, the current guidelines should not cause St. Joe's lead operations any particular problems during this year.

Extremely onerous, and unnecessarily stringent, EPA and OSHA lead standards are now in effect. These standards pose serious problems for lead producers because they cannot be met with present technology. Along with the rest of the lead industry, St. Joe is challenging the standards in the courts and in the Congress. The Company also is working on new lead metal technologies, which could meet the EPA and OSHA standards and enhance St. Joe's highly competitive position.

Another Good Year in 1980

Despite a probable economic down-turn, 1980 should be a year of continued progress toward St. Joe's goals of diversification into energy products and precious metals. Although lead prices have declined as a result of reduced demand, the St. Joe Lead Company is expected to have a very satisfactory 1980. The average price for the year should be within a few cents of the average price in 1979.

St. Joe expects to have another strong year in 1980.

The closing of the old zinc plant should prevent St. Joe from incurring significant losses in zinc in 1980. Coal production is expected to increase by about 2 million tons, virtually all of it steam coal. This new tonnage will be sold at profit margins well above the Massey average for 1979.

El Indio's highly profitable shipments of gold-bearing ore also are expected to increase, even though regular production is not scheduled to begin until 1981. Finally, oil and gas earnings should be helped considerably by Buchan's oil production, a full year's output from the Elmworth-Wapiti gas field and further increases in oil and gas prices.

For all of these reasons, St. Joe expects to have another strong year in 1980.

John C. Duncan
Chairman and Chief Executive Officer

D. Broward Craig
President

February 15, 1980

International Minerals Operating Profit *(millions)*