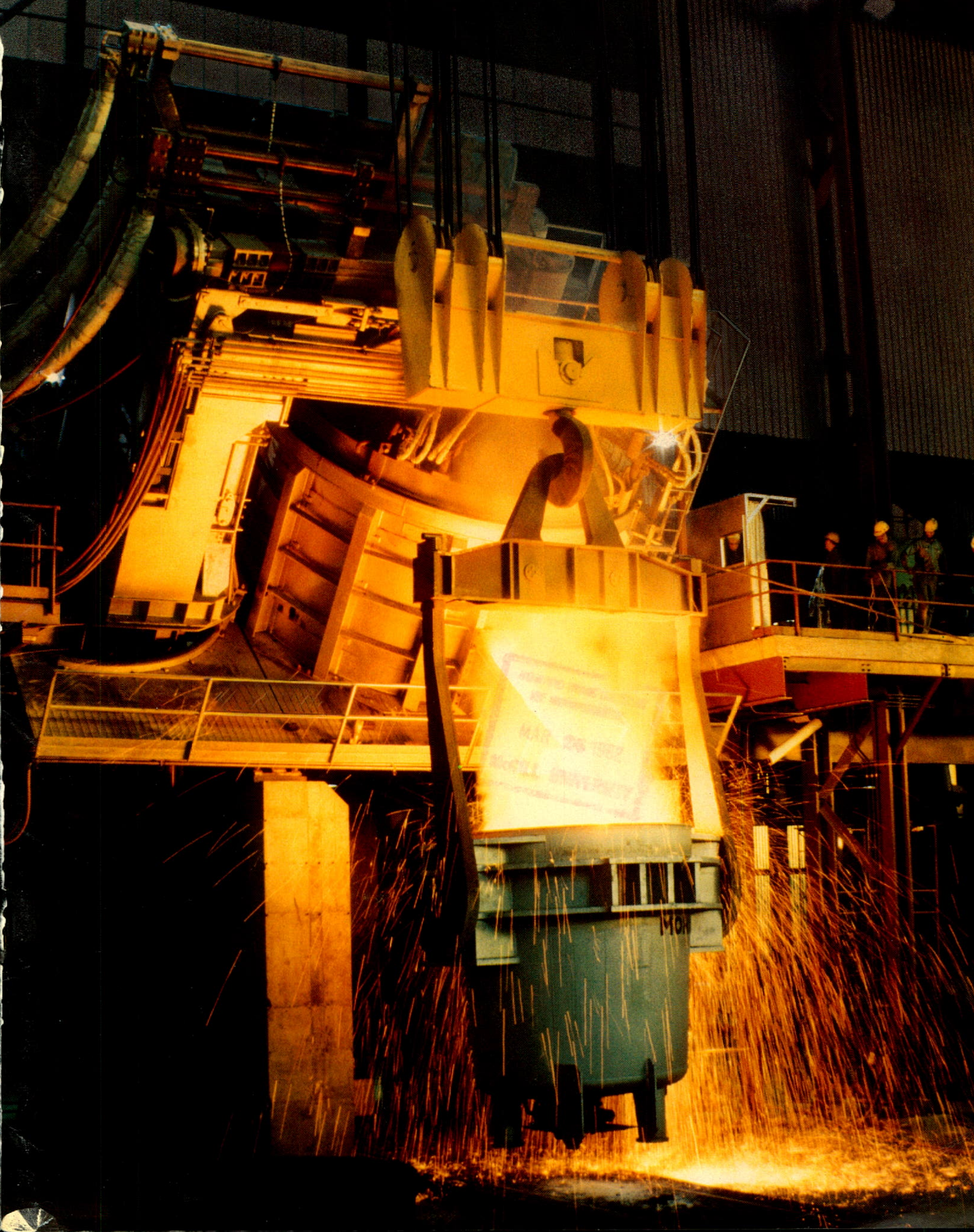
Rio Algom

Annual Report 1981



The Corporation

Rio Algom and its subsidiaries are engaged in two principal lines of business: mining operations and steel operations.

Rio Algom's mining operations consist of the exploration for and mining of ores and minerals and its principal products are uranium oxide, copper and molybdenum. Uranium oxide in concentrates is produced from the Quirke and Panel mines at Elliot Lake, Ontario and, through a wholly owned subsidiary, the Lisbon mine near Moab, Utah. Copper and molybdenum in concentrates is produced from the Lornex Mining Corporation Ltd. (68.1% owned by Rio Algom) mine located in the Highland Valley area of British Columbia. Exploration is conducted by subsidiaries in Canada, the United States, South America, Australia and Europe.

The steel operations consist of the production and marketing of stainless and specialty steels. Production is carried on at the Atlas Steels plants in Welland, Ontario and Tracy, Quebec. Marketing of these products is carried on directly by the Atlas Steels mill sales group and through the Atlas Alloys metals service centre network with facilities across Canada and in the United States, United Kingdom, Mexico and Australia. Atlas Alloys also markets a broad range of other metal products.

Annual Meeting

An Annual and General Meeting of Shareholders of Rio Algom Limited will be held on Wednesday, April 28, 1982 at 10:00 a.m. (Toronto time) in the Carmichael/Jackson Room, The Westin Hotel, 145 Richmond Street West, Toronto, Ontario, Canada

Cover:
Sixty tons of molten steel is poured from electric arc furnace at Atlas Steels' plant in Welland, Ontario as the first step in the production of a variety of stainless, tool and alloy steel products.

Rio Algom Limited

Highlights of 1981 Consolidated Operations

(Thousands of dollars except per share data)

	1981		1980	
Revenue:				
Uranium	**$281,865**	**31%**	$225,855	27%
Copper-molybdenum	**150,929**	**16**	173,738	20
Steel	**485,490**	**53**	447,898	53
Consolidated revenue	**$918,284**	**100%**	$847,491	100%
Operating profit:				
Uranium	**$ 69,235**	**49%**	$ 26,404	15%
Copper-molybdenum	**38,681**	**27**	96,904	56
Steel	**34,752**	**24**	49,387	29
Total operating profit	**$142,668**	**100%**	$172,695	100%
Net earnings	**$ 65,832**		$ 77,488	
Per share of common stock	**$ 4.36**		$ 5.20	
Dividends paid on common stock	**$ 21,332**		$ 21,332	
Per share of common stock	**$ 1.50**		$ 1.50	
Working capital, year end	**$315,928**		$285,218	
Ratio of current assets to current liabilities	**2.7 to 1**		2.8 to 1	
Common shareholders' equity	**$488,795**		$447,974	
Return on average common shareholders' equity	**13.23%**		17.53%	
Total common shares outstanding at December 31	**14,221**		14,221	
Equity per share of common stock outstanding	**$ 34.37**		$ 31.50	

Contents

Directors' Report to the Shareholders

George R. Albino
Chairman and President
of the Corporation

Revenue for 1981 increased by 8% over that attained in 1980, but earnings declined by 15%, mainly attributable to an adverse international and domestic economic environment. Copper and molybdenum prices fell substantially from their 1980 levels, resulting in a significant decline in the earnings of Lornex Mining Corporation Ltd., 68.1%-owned by Rio Algom. The steel manufacturing and metals distribution activities experienced strong competitive conditions in North America and, despite volume gains, earnings were lower. These negative influences more than offset improved earnings from uranium operations.

Nevertheless, major accomplishments occurred, all directed at future profitable growth. Lornex completed its major expansion program on schedule and under budget. The Stanleigh mine re-activation at Elliot Lake is proceeding on plan. Atlas Steels embarked on a long-term program to further improve its competitive position. Atlas Alloys continued to expand its metals service product range and distribution network.

Financial Position

Consolidated revenue in 1981 was $918.3 million compared to $847.5 million in 1980. Consolidated net earnings for 1981 were $65.8 million ($4.36 per common share) compared to $77.5 million ($5.20 per common share) in 1980. Dividends paid on common stock at $1.50 per share maintained the 1980 level. Common shareholders' equity at December 31, 1981 totalled $488.8 million ($34.37 per share), an increase of 9% over the comparable 1980 level of $448.0 million ($31.50 per share).

Cash and short-term deposits were $65.4 million at December 31, 1981 compared to $96.1 million a year earlier, the decrease representing principally the $48.4 million invested during the year on the final phase of the Lornex expansion program. The other major element in the year's total capital expenditures of $176.3 million was the construction and development of the Stanleigh mine and related facilities at Elliot Lake.

Outlook

The Canadian economy exhibited considerable strength during the first half of 1981, only to be followed by the onset of a recession in the third quarter — one that seems destined to continue well into 1982. Considering the multiplicity of negative forces that currently prevail, any recovery is unlikely to begin before the latter part of the year.

The Lornex copper/molybdenum operations in British Columbia were adversely affected by lower prices for both metals in 1981 compared with the previous year. Based on the average monthly London Metal Exchange prices, copper in 1981 averaged U.S. $0.79 per pound compared with U.S. $0.99 in 1980. However, with its expanded facility in operation, Lornex is well placed to benefit from increases in the prices of copper and molybdenum from their present depressed levels.

In its uranium operations the Corporation enjoyed a more favourable sales contract mix in 1981 as compared with the previous year. Although spot prices for uranium were at low levels in 1981, such prices apply to a very small portion of world trade in uranium. The general nature of Rio Algom's uranium business is based more on long-term supply contracts with electrical utilities. These arrangements, together with continuing efficient large-scale mining operations at Elliot Lake and production reliability, were all factors that favourably influenced operating earnings in 1981. Production from the Stanleigh mine is scheduled to commence in mid-1983.

Atlas Steels' plants in Welland, Ontario and Tracy, Quebec together achieved record production of stainless and specialty steels. To some extent this reflected a labour dispute in the Canadian primary steel industry. However, the effects of higher output were not sufficient to offset erosion of profit margins caused by intense price competition in view of the weaknesses in the automotive, farm machinery and construction sectors, markets traditionally serviced by Atlas Steels. The net result was an increase in sales but a lower operating profit than was achieved in 1980. As a result of a sharp decline in demand for steel, earnings for the first quarter of 1982 will be reduced compared to 1981. Prospects for the steel operation for the full year are largely dependent on improved economic circumstances in key markets; at best this seems unlikely to occur until late in the year.

While Atlas Alloys also enjoyed increased sales in 1981 its operating profit was adversely affected by severe price competition in North America. Difficult trading conditions are likely to persist for the metals service centre distribution operations for most of 1982.

Directors and Organization

Mr. Ray W. Ballmer will join Rio Algom early in March as Chief Operating Officer. At the Annual Meeting it is intended that Mr. Ballmer be elected to the Board of Directors of Rio Algom in place of Mr. Douglas C. New who is not presenting himself for re-election. It is then intended that the Board will elect Mr. Ballmer as President and Chief Operating Officer of the Corporation.

Mr. Lorne H. Hunter was appointed Vice-President, Western Mining Operations. Previously he had been Vice-President, General Manager of Lornex.

Appreciation

Much was accomplished during 1981 in building for the future of the Corporation while maintaining a sound financial position at a time of considerable economic uncertainty. The Directors take pleasure in expressing their appreciation to all of the people in the Rio Algom group whose efforts have made this possible.

On behalf of the Board of Directors

G. R. Albino
Chairman and President

Toronto, Canada
February 26, 1982

Review of Operations

Uranium

(in thousands)	**1981**	1980
Revenue	**$281,865**	$225,855
Operating profit	**$ 69,235**	$ 26,404

Revenue and operating profit were higher in 1981 primarily because of a more favourable sales contract mix and improved operating efficiencies, particularly at the Panel facilities at Elliot Lake.

Uranium — Elliot Lake

Comparative operating data are as follows:

	Quirke		Panel	
	1981	1980	**1981**	1980
Tons of ore processed (thousands)	**2,322**	2,434	**1,106**	1,006
Average tons processed per day	**6,726**	6,975	**3,123**	3,063
Average recovery per ton (lbs.)	**2.1**	2.1	**2.0**	1.7
Average mill recovery (%)	**94.7**	95.5	**93.9**	88.2
Pounds of uranium oxide produced (thousands)	**4,763**	4,886	**2,148**	1,897
Pounds of uranium delivered (thousands)	**6,936**(1)	5,978(1)		

(1) Deliveries from both Quirke and Panel.

The Quirke mine and mill continued to operate efficiently. Production was adversely affected by a shortage of skilled miners and early in November was disrupted for four days by a major power outage. The Panel operation had start-up problems in the first half of 1980 but performance has improved. By the end of 1981 the mine and mill were operating near rated capacity and there was a significant improvement in mill recovery compared to the previous year. In September production at both operations was affected by a two day strike at the end of labour negotiations. Operating costs rose significantly during the year, particularly for labour. At December 31, 1981 contracts were held to deliver approximately 56.2 million pounds of uranium oxide from the Quirke and Panel operations until 1995.

Construction and development work on the Stanleigh mine and mill which began in 1979 continued as planned. Production is scheduled to commence in mid-1983. As previously announced on October 7, 1981 Ontario Hydro exercised a provision under a contract between the parties which will require a deferral in scheduled deliveries of uranium oxide for the Stanleigh mine of approximately 15% during the period 1983 to 2004. Total deliveries of approximately 72 million pounds to be made until approximately 2020 will remain the same.

Under the 1978 housing program to provide accommodation for Stanleigh mine employees a total of 142 units had been provided at year end, of which 36 units were constructed in 1981. Construction of an additional 360 units is scheduled for 1982. Rio Algom and Denison Mines Limited have provided financial assistance to the Town of Elliot Lake to augment and improve the existing sewage and water systems in order that further residential lands may be developed to accommodate the necessary housing.

The Milliken, Lacnor and Nordic properties which have been shut down for some years contain substantial uranium deposits which may be commercially recoverable depending upon the course of future economic conditions. General studies regarding the most effective means of developing these properties are complete.

The new safety system initiated in Elliot Lake in 1980 has resulted in considerable improvement in overall mine safety in 1981. Early in the year the Elliot Lake operation became a member of the International Loss Control Institute and their safety and loss program known as the 5 Star Program was adopted. Eighty percent of management from the executive level to second line supervision attended seminars on the program during the year. In December a safety audit was conducted, under the guidance of a consultant from the Institute, by a committee consisting of representatives of Rio Algom, United Steelworkers of America, bargaining agent for hourly rated employees at Elliot Lake, and the Ontario Ministry of Labour. Results of the audit placed the operations at a 3 Star Level, Rio Algom being one of two mining companies in Canada to have attained this rating under this program.

Construction and development work on the Stanleigh uranium mine and mill moved ahead. Here a section of the coarse ore conveyor system is set in place at the mine headframe.

Uranium — Lisbon

At the Lisbon mine in Utah 910,000 pounds of uranium oxide was produced in 1981 compared to 1,099,000 pounds in 1980. The operation continued to be profitable. With the completion during the year of deliveries under contract and in view of the currently depressed state of the uranium market, production and the work force at the Lisbon mine were reduced by approximately fifty per cent in October 1981. Sales contracts are being sought for current production and the mine is operating efficiently at the reduced rate.

Copper-Molybdenum

(in thousands)	1981	1980
Revenue	**$150,929**	$173,738
Operating profit	**$ 38,681**	$ 96,904

Revenue and operating profit of Lornex Mining Corporation Ltd., 68.1% owned by Rio Algom, were lower mainly because of lower metal prices and investment income combined with an increase of 15% in the cost per ton milled.

Comparative operating data are as follows:

	1981	1980
Tons of ore milled (thousands)	**22,861**	17,678
Average tons milled per operating day	**62,634**	48,302
Average mill head grade		
copper	**0.415%**	0.411%
molybdenum	**0.015%**	0.017%
Average mill recovery		
copper	**89.8%**	89.8%
molybdenum	**72.5%**	81.4%
Payable metal in concentrate produced (thousands)		
copper (pounds)	**164,730**	126,346
molybdenum (pounds)	**4,790**	4,813
silver (ounces)	**590**	507
Payable metal in concentrate delivered (thousands)		
copper (pounds)	**141,669**	135,298
molybdenum (pounds)	**3,821**	4,790

The decline in revenue from production resulted primarily from lower prices for copper, molybdenum and silver, partly offset by increased copper production. The gross revenue price realized per payable pound of copper averaged Cdn.$0.94 in 1981 as compared to $1.15 in 1980 and of molybdenum averaged Cdn.$6.71 in 1981 as compared to $10.05 in the previous year. Silver averaged Cdn.$10.60 per ounce in 1981 compared to $21.59 in 1980.

An expansion of facilities to increase production capacity from 48,000 to approximately 80,000 tons per day was begun in 1980. Operation of the expanded facilities commenced on August 1, 1981 and minor problems only were encountered during the start-up period. The average operating cost per ton of ore milled increased to $3.59 in 1981 from $3.13 in 1980. The primary reasons for the increase were higher costs for labour, power, fuel, materials and services as well as costs associated with the start-up of the plant expansion.

Net capital expenditures of Lornex in 1981 were $57.1 million compared to $95.8 million in the previous year. The 1981 total comprised $48.4 million for expansion of mining and milling facilities, $3.6 million for construction of a molybdenum leach plant and $5.1 million for normal equipment replacements. The expansion of facilities was completed on schedule at a cost lower than the estimated $160 million. During the last three months of 1981 the mill throughput averaged 83,000 tons per day. The expanded facility is well placed to benefit from increases in prices for the metals it produces.

Early in 1981 Lornex established an exploration department based in Vancouver. Exploration expenditures during the year were $590,000. Currently it is involved in several exploration projects in western Canada.

A copy of the Lornex Annual Report for 1981, including the financial statements and notes thereto, will be provided upon request.

Lornex' expanded facilities went into operation on August 1, 1981. The mill's throughput during the last three months of 1981 averaged 83,000 tons of ore per day, compared with previous production of approximately 48,000 tons.

Minerals Exploration

Exploration expenditures by Rio Algom and its subsidiaries, including expenditures related to the Sage Creek coal property in British Columbia and to the Cerro Colorado copper project in Chile, were $12.7 million compared with $10.7 million in 1980.

In Canada a more aggressive approach was taken with regard to known mineralized occurrences while primary exploration activity was de-emphasized. Riocanex Inc., the Canadian exploration arm of Rio Algom, based in Toronto and from its regional offices in Toronto and Vancouver and district offices in St. John's, Newfoundland and Fredericton, New Brunswick, was active in Newfoundland, Quebec, Ontario, Manitoba, British Columbia, the Yukon and Northwest Territories. Five property agreements were made, diamond drilling totalling 11,000 meters was completed on eleven properties and two independent exploration organizations were sponsored. Geological and geophysical research projects totalling $335,000 were sponsored at seven Canadian universities and two Canadian industrial organizations.

A pre-feasibility study of the Cape Ray gold property in southwestern Newfoundland completed in 1981 indicated that for the project to be economically viable a higher gold price than that currently prevailing would be necessary and the indicated 770,000 tons of open-pittable material grading 0.09 recoverable ounces of gold per ton would need to be increased. It was decided to idle the project until the price of gold increases significantly.

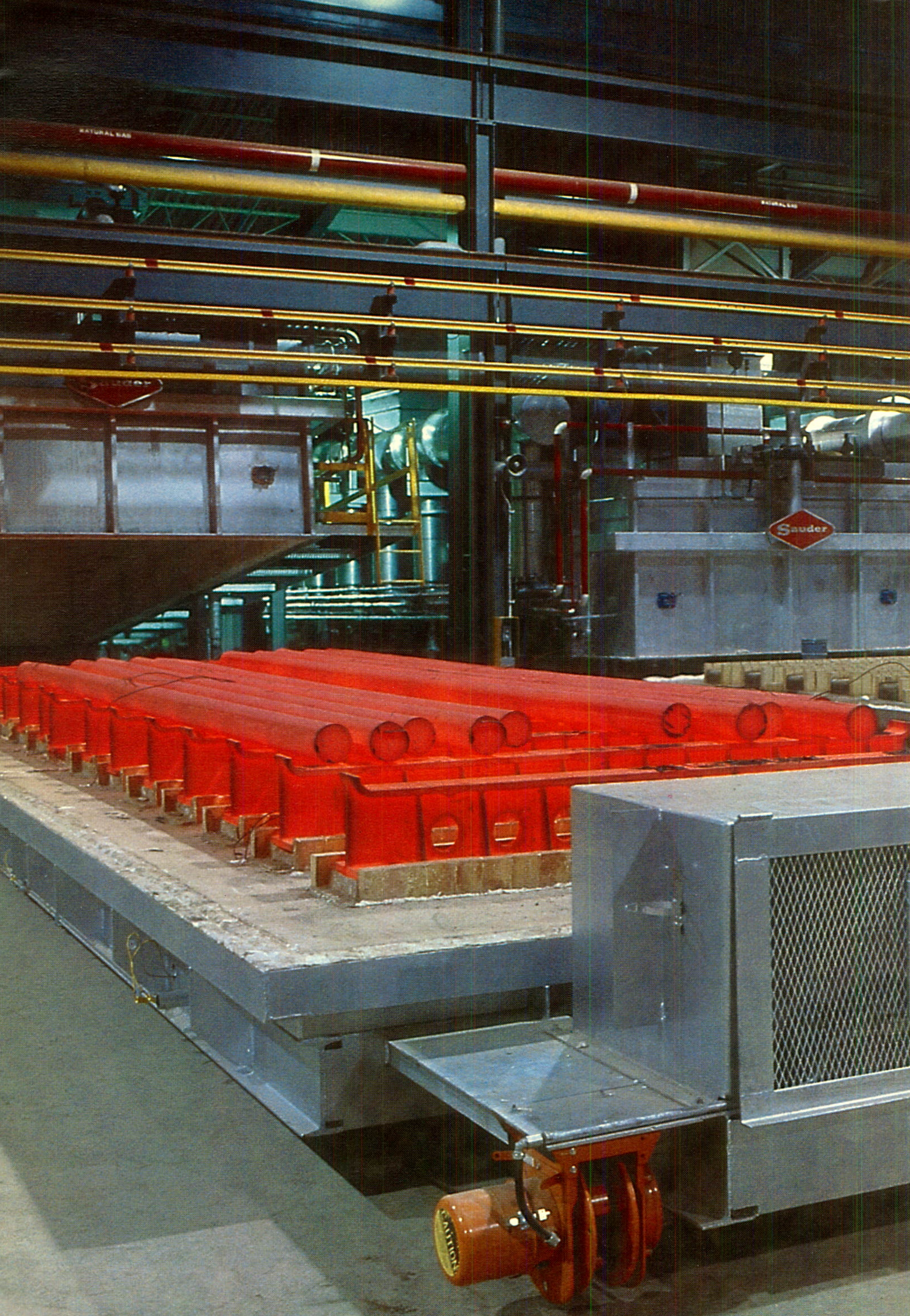
Further diamond drilling was carried out on the molybdenum property in northwestern Ontario held by Pidgeon Molybdenum Mines Limited in which Rio Algom and the Dickenson Mines Limited Group have equities of approximately 60% and 30%, respectively. An open-pittable deposit of 15 million tons grading 0.1% molybdenum is indicated. Economic analysis indicated that a significantly higher molybdenum price than is presently available would be required and work on the property has been suspended.

Diamond drilling continued on a property in the Nelson area of southern British Columbia by the Aylwin Joint Venture in which Riocanex and BP Canada each has a 50% interest. The drilling indicated 7 million tons grading 0.4% copper, 1.5 grams of gold and 6.6 grams of silver per ton. Drilling in 1982 will test for grade improvement at depth.

During 1981 exploration was carried out through subsidiaries in Argentina, Australia, Chile and Spain. A Chilean subsidiary obtained an option to purchase a copper prospect in northern Chile known as Cerro Colorado. This property had previously been explored by another company using diamond drilling and an exploration adit. Further work carried out in 1981 included diamond drilling, exploration for water and bench scale and pilot plant metallurgical studies. Results have been encouraging and work on this property is continuing.

Progress was made during 1981 to bring the Sage Creek coal property in southeastern British Columbia into production as a steam coal project; Rio Algom has a 60% interest in this property. Market areas and customers for steam coal were identified and negotiations are underway. Operations planning and environmental studies were accelerated and the required environmental assessment report was made to the British Columbia government in January, 1982. Approval of the report would allow the project to proceed if suitable sales contracts, transportation and financing can be arranged.

A Riocanex geologist examines an outcrop while a helicopter, the workhorse of modern exploration, stands by. Exploration was carried out in Canada and other countries.


Sauder

Steel

(in thousands)	**1981**	1980
Revenue	**$485,490**	$447,898
Operating profit	**$ 34,752**	$ 49,387

Revenue from sales of stainless and specialty steel products manufactured by Atlas Steels and metal products marketed by Atlas Alloys increased in 1981. Operating profit was lower primarily because of weak markets, strong price competition and increased costs.

Atlas Steels

Atlas Steels is the only fully integrated producer of specialty and stainless steel in Canada, with plants in Welland, Ontario and Tracy, Quebec.

At its Welland facility sales increased in 1981 mainly because of strong demand for low alloy bar and billet products, sales of which were especially strong in Canada in the first nine months of the year.

For specialty and stainless steel products demand was weak in 1981 because of depressed conditions in the automotive and farm implement sectors of the economy. Under the Canada/United States Auto Pact, Canada has experienced significant and probably permanent losses of high alloy and other specialty steel markets in recent years. This reflects Canada's increasing overall auto parts deficit with the United States. Generally, high alloy steel products are the more profitable products of the Welland plant.

For the most part Atlas Steels was able to offset the lower volume demand resulting from the weak automotive end use sector. This was the result of increased sales to customers in the United States market.

Overseas demand for specialty steels was weak, reflecting depressed economic conditions. This resulted in low price levels and increased competition in the domestic market from foreign mills. Imports are continually monitored to ensure that they enter Canada at fair market value.

At the Tracy plant, which produces stainless sheet and strip products, production and sales were substantially higher in 1981 than in the previous year. In 1980 sales were adversely affected by the aftermath of a nine month strike which ended in December, 1979. Market share in Canada, lost as a result of the strike, was regained in time through concerted effort. Customers require and expect reliability from their steel suppliers. The successful completion of labour negotiations in late 1981 without disruption of production was therefore significant and gratifying.

In summary Atlas Steels' operations in 1981 produced satisfactory results in spite of significant obstacles. Both manufacturing plants operated efficiently and achieved record production. Operating profit was lower primarily because of a continuing cost/price squeeze and a decrease in the proportion of sales of higher-alloyed and higher-priced specialty steel products.

Further progress was made in energy conservation at both plants and consumption of electrical power and natural gas was reduced.

In 1981 safety performance improved over the excellent results recorded in the previous year. Based upon lost-time injury frequency, the Welland plant was the safest steel plant in Ontario. Latest reports show that it is also the safest steel plant in North America in its category.

At the end of the year the order backlog of both plants was at a relatively low level, and operating rates have been reduced. Production levels for the balance of the year will be adversely affected by unexpected United States Congressional action which has the effect of denying duty-free access to the United States defence industry market for low and high alloy specialty steels produced by Atlas Steels.

Glowing red hot, large diameter alloy steel bars emerge from a "heat treat" furnace in Atlas Steels' new $11 million bar finishing facility in Welland, Ontario. The furnace, one of five such units installed, treats bars up to 35 feet in length and eight inches in diameter.

Atlas Alloys

The Atlas Alloys metals service centre group increased its sales for the sixth consecutive year. However, a weak economy in North America created severe price competition, which combined with higher operating costs, resulted in reduced profit margins.

In Canada a new satellite warehouse opened late in 1980 in Saint John, New Brunswick and a new distribution centre in St. John's, Newfoundland generated additional sales and earnings. These bring the total number of facilities of Atlas Alloys to 14 organized into three sales regions in each of which sales increased despite difficult business conditions.

Demand for construction materials for the resource-based process industries remained strong. A new sales group formed to sell pipe valves and fittings in Alberta had a successful year. The lower demand from the general manufacturing sector, particularly for all segments of the transportation industry, resulted in an extremely competitive market and reduced profit margins. However, market share was maintained.

Sales by the United States operation, particularly sales of tool steel, were seriously affected by the downturn in the automotive, agricultural machinery and housing industries. Intense competition was experienced from imported tool steels which presently hold 45% of the United States market. The service centre network was expanded with the opening of a new facility in Rochester, New York.

Sales and earnings of the Australian operation again reached record levels. The wire drawing plant at Melbourne continued to operate at a high level during the year and record sales were achieved. In August the business of a company in Melbourne engaged in the distribution of stainless steel fasteners was acquired. This acquisition will increase and diversify the product lines marketed by the five metal service centres in Australia.

In Mexico both sales and earnings increased in 1981. In the latter part of the year there was evidence that general economic activity was slackening, reflecting the softness in the petroleum and petroleum related industries. During the year distribution of aluminum was added to the product line and additional in-plant processing equipment was installed. These product and service additions permit the Mexican subsidiary, Aceromex-Atlas, to compete more aggressively in the sheet and plate markets for both aluminum and stainless steel products.

Operations in the United Kingdom have not been satisfactory because of depressed market conditions. Negotiations for the sale of the business are underway.

Both Atlas Alloys and Atlas Steels were suppliers for the construction of C-I-L House located in Willowdale, Ontario. Atlas Alloys provided the stainless steel used in the building's elevators. Atlas Steels supplied Imperial Finish stainless steel from its Tracy, Quebec plant to clad the exterior of the seven-storey structure.

Employees

The approximate number of persons employed at December 31, 1981 and 1980 by Rio Algom and its subsidiaries by major operations was as follows:

	1981	1980
Uranium	**2,799**	2,816
Steel	**3,764**	3,441
Copper/molybdenum	**1,092**	942
Exploration	**40**	56
Corporate	**116**	123
Total	**7,811**	7,378

Labour contracts in respect of mining operations are in effect in the Elliot Lake area for production, maintenance, office and technical employees until September 1, 1984 and at the Lornex mine for production, maintenance, office and technical employees until June 30, 1982. A new contract is being negotiated at the Lisbon mine to replace the contract with production and maintenance employees which expired on February 28, 1982.

Labour contracts in respect of steel operations are in effect at the Welland plant for office and technical employees until August 31, 1982; at the Tracy plant for production and maintenance employees until November 30, 1984 and for office and technical employees until January 31, 1985. A new contract is being negotiated at the Welland plant for production and maintenance employees to replace a contract which expired on February 16, 1982.

Ontario's first female millwright, Linda Lou Nelson is seen on the job in the Quirke uranium mine plant. A graduate of the mine's 4-year millwright apprenticeship program, she is also the mother of two boys.

The principal accounting policies followed by Rio Algom Limited and its subsidiaries are summarized hereunder to facilitate a comprehensive review of the consolidated financial statements contained in this report.

Basis of Consolidation

The consolidated financial statements for the years ended December 31, 1981 and 1980 include the accounts of all significant subsidiary corporations.

For the year ended December 31, 1979 the accounts of Rio Algom's United States subsidiaries were not consolidated with those of Rio Algom because of a court injunction obtained by Westinghouse Electric Corporation ("Westinghouse") on January 24, 1979 which restricted the movement of funds out of the United States. The settlement with Westinghouse in March, 1981 provided for the dissolution of this injunction and accordingly under generally accepted accounting principles the accounts of Rio Algom's United States subsidiaries are consolidated herein commencing with the year ended December 31, 1980. In addition the earnings of the United States subsidiaries for the year ended December 31, 1979, amounting to $3.5 million, were included in Rio Algom's consolidated earnings for 1980.

As a result of the foregoing the consolidated financial statements for the years 1981, 1980 and 1979 are not fully comparable.

Translation of Foreign Currency Accounts into Canadian Dollars

The accounts in foreign currencies are stated in Canadian dollars on the following basis:

Current assets and current liabilities at year-end exchange rates; all other assets and any related depreciation and long-term liabilities at rates in effect at time of transactions; and revenues and expenses (other than depreciation) at average rates for the year.

Valuation of Inventories and Concentrates Awaiting Shipment

Inventories of steel, other metals, raw materials and supplies are valued at the lower of cost and market. Cost is determined generally at average or standard costs which approximate actual. Market for steel and other metals is net realizable value and for raw materials and supplies is replacement cost. Intercompany profits have been excluded from these inventories.

Concentrates awaiting shipment are valued at estimated realizable metal prices.

Depreciation and Amortization

The Corporation charges depreciation and amortization on the following basis:

(i) Mining fixed assets:
Fixed assets are depreciated on the basis of the shorter of physical life or economic life, as estimated for each mining unit; economic life is adjusted from time to time as conditions warrant.

(ii) Steel fixed assets:
Fixed assets are depreciated on the straight line method based on engineering estimates of the lives of the assets at the following rates:

Buildings	4% per annum
Plant and equipment	6⅔% per annum

Mining properties and preproduction expenditures are amortized on the same basis as mining fixed assets are depreciated.

Excess of acquisition cost over adjusted book value of Atlas Steels assets is amortized on a straight line basis over a period ending in 1982.

Capitalization of Interest

The Corporation follows the policy of capitalizing net interest costs during construction or development only on those projects for which funds have been borrowed; this would normally apply only to such major new projects from beginning of construction or development up to the commencement of commercial operations. In these cases interest earned on borrowed funds during the development and construction period is applied against the interest expense to reduce the amount of interest costs capitalized. Such net interest costs are capitalized because it is considered that they would not have been incurred if the project had not been undertaken and therefore are properly part of the capital cost of the total project.

Mineral Exploration and Development Costs

Exploration costs are written off as incurred. Expenditures on development projects are capitalized while the projects are considered to be of value to the Corporation.

Income and Mining Taxes

The Corporation provides for deferred income and mining taxes on all significant timing differences which represent the tax effects of revenue and expense items reported for tax purposes in periods different than for accounting purposes. Investment tax credits claimed for federal income tax purposes are treated as a reduction of the current year's income tax expense.

Earnings per Common Share

Earnings per common share are stated after provisions for dividends on preference shares and are based on the weighted average number of shares outstanding during each year; the earnings per common share for 1979 have been restated to reflect the amalgamation of Rio Algom Limited and Preston Mines Limited.

Consolidated Statement of Earnings
(Thousands of dollars)

Rio Algom Limited
(Incorporated under the laws of Ontario)

Years Ended December 31	**1981**	1980	1979
Revenue:			
Revenue from mine production and sales of steel and other products	**$918,284**	$847,491	$710,729
Expenses:			
Cost of mine production and steel sales	**654,170**	568,695	433,504
Selling, general and administration	**73,973**	63,323	47,157
Interest (net) (note 13)	**109**	(7,837)	4,200
Depreciation and amortization (note 14)	**55,387**	50,983	38,150
Exploration	**12,722**	10,710	9,063
	796,361	685,874	532,074
Earnings before taxes and minority interests	**121,923**	161,617	178,655
Income and mining taxes (note 15)			
Current	**12,510**	18,705	73,137
Deferred	**36,165**	44,653	11,460
	48,675	63,358	84,597
Earnings before adjustment for minority interests in subsidiary corporation	**73,248**	98,259	94,058
Minority interests in net earnings of subsidiary corporation	**7,416**	20,771	18,364
Net earnings for the year (note 12)	**$ 65,832**	$ 77,488	$ 75,694
Earnings per common share	**$ 4.36**	$ 5.20	$ 5.02

Consolidated Statement of Retained Earnings
(Thousands of dollars)

Years Ended December 31	**1981**	1980	1979
Balance, beginning of year	**$361,954**	$310,017	$254,192
Add net earnings for the year	**65,832**	77,488	75,694
	427,786	387,505	329,886
Deduct:			
Dividends on preference shares	**3,856**	3,547	527
Dividends on common shares	**21,332**	21,332	19,342
Amalgamation expenses (net of tax)	**—**	672	—
	25,188	25,551	19,869
Balance, end of year	**$402,598**	$361,954	$310,017

Consolidated Balance Sheet
(Thousands of dollars)

December 31	1981	1980
Assets		
Current:		
Cash and short term deposits	$ 65,357	$ 96,089
Receivables and prepaid expenses (note 3)	139,047	109,904
Inventories and concentrates awaiting shipment (note 4)	298,291	237,485
	502,695	443,478
Plant and equipment (note 5)	459,319	343,816
Construction in progress, at cost	196,361	194,225
Mining properties and preproduction expenditures (note 6)	74,433	70,136
Excess of acquisition cost over adjusted book value of Atlas Steels assets, less amortization	1,040	2,087
Debenture discount and financing expenses, less amortization	—	551
Investment in affiliated corporation, at cost (note 11 (e))	6,966	6,966
	$1,240,814	$1,061,259

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Rio Algom Limited as at December 31, 1981 and 1980, and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial position for each of the three years in the period ended December 31, 1981. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1981 and 1980, and the results of its operations and changes in its financial position for each of the three years in the period ended December 31, 1981, in accordance with generally accepted accounting principles in Canada applied on a consistent basis.

Toronto, Canada
February 24, 1982

Coopers & Lybrand
Chartered Accountants

	1981	1980
Liabilities		
Current:		
Bank loans and overdrafts	**$ 26,178**	$ 7,200
Accounts payable and accrued liabilities	**133,573**	125,344
Income and mining taxes	**27,016**	25,716
	186,767	158,260
Long term debt (note 7)	**98,834**	105,483
Advances from Ontario Hydro (note 8)	**162,237**	82,741
Deferred income and mining taxes	**198,431**	162,266
Minority shareholders' interests in subsidiary corporation	**57,975**	55,834
Capital Stock and Retained Earnings		
First preference shares (note 9)	**8,549**	8,704
Second preference shares (note 9)	**39,226**	39,997
Common shares (note 9)	**49,179**	49,179
Contributed surplus	**37,018**	36,841
Retained earnings	**402,598**	361,954
	$1,240,814	$1,061,259

Approved on behalf of the Board:
W. Moodie, Director
G. R. Albino, Director

Consolidated Statement of Contributed Surplus

(Thousands of dollars)

Years Ended December 31	1981	1980	1979
Balance, beginning of year	$ 36,841	$ 36,468	$ 36,335
Profit on purchase of preference shares for cancellation	177	373	133
Balance, end of year	$ 37,018	$ 36,841	$ 36,468

Consolidated Statement of Changes in Financial Position

(Thousands of dollars)

Years Ended December 31	1981	1980	1979
Source of Funds:			
Earnings before adjustment for minority interests in subsidiary corporation	$ 73,248	$ 98,259	$ 94,058
Add items included in earnings not involving current outlay of funds:			
Depreciation, amortization and other charges (net)	55,938	50,540	38,335
Deferred income and mining taxes	36,165	44,653	11,460
Funds provided by operations	165,351	193,452	143,853
Advances received from Ontario Hydro	79,496	54,141	26,680
Housing loans and mortgages (net)	(173)	15,915	6,599
Repayment of advances to affiliated corporation	—	5,932	3,480
Prepaid royalties recovered	—	—	1,549
Reinstatement of investment in U.S. subsidiaries $27,234 less plant and equipment $7,766 (note 1)	—	19,468	—
Working capital at January 1, 1979 of U.S. subsidiaries not consolidated (note 1)	—	—	(17,946)
	244,674	288,908	164,215
Disposition of Funds:			
Expenditures (net) for plant and equipment, construction in progress, mining properties and preproduction	176,276	182,200	120,994
Dividends on common shares	21,332	21,332	19,342
Dividends on preference shares	3,856	3,547	527
Payment of Lornex dividends to minority shareholders	5,275	10,551	5,275
Purchase of preference shares for cancellation	749	3,880	567
Reduction of long term debt:			
Rio Algom Limited debentures	6,476	3,518	3,839
Bank loans of subsidiary corporation	—	—	24,351
	213,964	225,028	174,895
Increase (decrease) in Working Capital	30,710	63,880	(10,680)
Working Capital, beginning of year	285,218	221,338	232,018
Working Capital, end of year	$315,928	$285,218	$221,338

1 Accounting Policies

The information on page 16 presents a summary of the principal accounting policies and is an integral part of these consolidated financial statements.

2 Amalgamation

On January 30, 1980 the shareholders of Rio Algom Limited and Preston Mines Limited approved an amalgamation agreement between Rio Algom and Preston, dated as of December 17, 1979, which prescribed the terms and conditions under which the two corporations were amalgamated effective at the close of business on January 30, 1980; the amalgamated corporation operates under the name of Rio Algom Limited. Since the amalgamation was a combination of two corporations under common control it was accounted for in a manner similar to a pooling of interests. The accompanying consolidated financial statements for 1979 have been restated to include the results of operation of Rio Algom and Preston on a combined basis.

3 Receivables and Prepaid Expenses

Receivables and prepaid expenses include guaranteed non-interest bearing bank drafts maturing on various dates between April 1, 1982 and June 30, 1983. These drafts amounted to $32.0 million at December 31, 1981 after deducting a discount of $4.3 million, based on imputed interest rates varying between 14½% and 16%.

4 Inventories and Concentrates Awaiting Shipment

	1981	1980
	(in thousands)	
Mining operations —		
Concentrates awaiting shipment	**$123,074**	$ 87,700
Mine supplies	**36,429**	28,290
	159,503	115,990
Steel operations —		
Steel, other metals, raw materials and supplies	**138,788**	121,495
	$298,291	$237,485

5 Plant and Equipment

	1981	1980
	(in thousands)	
Buildings, at cost	**$327,049**	$260,317
Machinery and equipment, at cost	**476,488**	383,432
	803,537	643,749
Less accumulated depreciation	**346,590**	301,826
	456,947	341,923
Land, at cost	**2,372**	1,893
	$459,319	$343,816

Plant and equipment includes $35,855,000 in respect of assets of mines presently idle which have been fully depreciated.

6 Mining Properties and Preproduction Expenditures

	1981	1980
	(in thousands)	
Mining properties, at cost	**$ 9,996**	$ 9,988
Less accumulated amortization	**9,025**	8,847
	971	1,141
Preproduction expenditures, at cost	**180,769**	168,739
Less accumulated amortization	**107,307**	99,744
	73,462	68,995
	$ 74,433	$ 70,136

7 Long Term Debt

	1981	1980
	(in thousands)	
Rio Algom Limited Sinking Fund Debentures (a)		
—6¾% Series A maturing on April 1, 1983	**$ 6,030**	$ 7,680
Less portion included in current liabilities	**2,030**	680
	4,000	7,000
—11½% Series B maturing on July 15, 1995	**43,523**	46,999
Housing loans and mortgages payable (b)	**52,099**	52,023
Less portion included in current liabilities	**788**	539
	51,311	51,484
	$ 98,834	$105,483

(a) The Corporation is required to make sinking fund payments for the retirement of the Sinking Fund Debentures in principal amounts as follows:

Series A — $3,000,000 on October 1, 1982; and
Series B — $2,500,000 on July 15, 1982 to 1994 inclusive.

The Sinking Fund Debentures are secured under a trust deed by a first floating charge upon the property and assets, present and future, of the Corporation.

(b) The housing loans and mortgages payable carry interest rates varying from 8¾% to 19¾%.

(c) After allowing for prepayments, sinking fund and other requirements over the next five years amount to $2,818,000 in 1982, $5,984,000 in 1983, $4,100,000 in 1984, $4,264,000 in 1985 and $5,432,000 in 1986.

8 Advances from Ontario Hydro

	1981	1980
	(in thousands)	
Balance owing at December 31 . .	**$162,237**	$ 82,741

Under an agreement concluded in January 1978, Ontario Hydro has agreed to make interest-free advances of the funds required to bring the Stanleigh Project into production, and the funds necessary for the working and sustaining capital requirements of the Stanleigh Project. The funds advanced are to be repaid to Ontario Hydro over the delivery period, estimated to begin in mid-1983, in amounts approximately equal to the amortization allowance included in the base price, as defined in the agreement, of uranium delivered. The advances are secured by a non-recourse first charge against the Stanleigh Project assets.

9 Capital Stock

Authorized:

435,487 First Preference Shares of the par value of $100 each, issuable in series.
24,014,701 Second Preference Shares of the par value of $5 each, issuable in series.
25,000,000 common shares without par value.

	First Preference Shares[a]		Second Preference Shares[a]		Common Shares	
Issued:	Number	Amount	Number	Amount	Number	Amount
		(000's)		(000's)		(000's)
Balance, December 31, 1978	95,022	$ 9,502	—	$ —	13,511,269	$99,204
Issued in 1979[b]	—	—	—	—	5,925	147
Purchased for cancellation in 1979[c]	7,006	700	—	—	—	—
Balance, December 31, 1979	88,016	8,802	—	—	13,517,194	99,351
Issued in January, 1980[b]	—	—	—	—	1,500	37
Balance, January 30, 1980	88,016	8,802	—	—	13,518,694	99,388
Shares owned by Preston cancelled on amalgamation[d]	—	—	—	—	(5,920,640)	(6,057)
Issued on conversion of Preston common shares[d]	—	—	8,830,499	44,152	6,622,875	(44,152)
Purchased for cancellation subsequent to amalgamation[c] [d]	(976)	(98)	(831,081)	(4,155)	—	—
Balance, December 31, 1980	87,040	8,704	7,999,418	39,997	14,220,929	49,179
Purchased for cancellation in 1981[c] [d]	(1,553)	(155)	(154,218)	(771)	—	—
Balance, December 31, 1981	85,487	$ 8,549	7,845,200	$39,226	14,220,929	$49,179

(a) The issued preference shares are comprised as follows:
(i) $5.80 Cumulative Redeemable First Preference Shares Series A (redeemable at premiums ranging from 2% to 1%); and
(ii) 8.5% Cumulative Redeemable Second Preference Shares Series A (redeemable at premiums ranging from 2% to 0.5%).

(b) 1,500 common shares were issued for $37,000 cash in 1980 and 5,925 common shares were issued for $147,000 cash in 1979 under a Stock Option Plan.

(c) 1,553 First Preference Shares were purchased for cancellation in 1981, 976 shares were purchased in 1980 and 7,006 shares in 1979 at costs of $85,000, $59,000 and $568,000 respectively. The Corporation's obligations for the years 1982 to 1984 inclusive referred to in note 11 (c) (i) have been fulfilled.

(d) (i) In order to effect the amalgamation with Preston (see note 2) 8,830,499 Second Preference Shares and 6,622,875 Common Shares were issued to the Preston common shareholders and 5,920,640 Rio Algom common shares owned by Preston were cancelled.
(ii) 154,218 Second Preference shares were purchased for cancellation in 1981 and 831,081 shares were purchased subsequent to the amalgamation in 1980 at costs of $664,000 and $3,822,000 respectively. The Corporation's obligation due February 28, 1981 referred to in note 11 (c) (ii) below has been fulfilled and $70,000 is being applied toward the 1982 requirement.

(e) There are restrictions on the payment of common share dividends in the provisions attaching to the Preference Shares and the Corporation's trust indentures relating to the Series A and Series B Debentures.

10 Pension Plans

Most employees are covered by either contributory or non-contributory pension plans. The funds of each of the various pension plans are administered by a corporate trustee or an insurance company. Total pension expense is charged against earnings in the year of payment to the trustee or insurance company and amounted to $11,822,000 in 1981, $9,688,000 in 1980 and $9,288,000 in 1979. A comparison of uninsured accumulated plan benefits and plan net assets as at the respective valuation dates, varying from January 1, 1979 to January 1, 1980, for the Corporation's defined benefit plans is represented below:

Actuarial value of uninsured accumulated plan benefits:

	1981	1980
	(in thousands)	
(i) Pension plans		
Vested	**$59,423**	$59,072
Nonvested	**17,972**	16,771
(ii) Plans for which above information has not been segregated:		
Vested and nonvested	**9,055**	9,508
	$86,450	$85,351
Net assets at valuation date available for uninsured benefits	**$60,982**	$60,092

The weighted average assumed rate of return used in determining the above actuarial value of accumulated plan benefits was 5.89% per year.

Additional pension benefits are also provided for certain groups of employees through group annuity contracts. Such benefits are fully funded.

The unfunded liability for pension funds at December 31, 1981 is estimated at $28,267,000 ($21,866,000 at December 31, 1980). This is presently being funded over a period of 15 years expiring in 1996.

11 Commitments and Contingencies

(a) Estimated total cost to complete capital projects as at December 31, 1981 was approximately $29,317,000 (committed $6,676,000). These figures do not include the Stanleigh Project for which funds are being provided by interest-free advances from Ontario Hydro and by mortgages for the housing units to the extent practicable.

(b) The Corporation is committed to total minimum rentals in the amount of $18,310,000 under operating leases for land and buildings which expire from 1982 to 1999. Commitments are $1,600,000 per annum for each of the next four years and $1,200,000 in 1986.

(c) So long as Preference Shares are outstanding, the Corporation is obligated to set aside each year, on the dates indicated, the following amounts as a retirement fund to be used to purchase or redeem Preference Shares:
(i) First Preference Shares — $300,000 on April 1; and
(ii) Second Preference Shares — $2,207,625 on February 28.

(d) At December 31, 1981 the Corporation was committed to repurchase from Ontario Hydro, during 1984 and 1985, 1.3 million pounds of U_3O_8. The purchase price will be essentially equal to the price paid by Ontario Hydro for advance deliveries of U_3O_8 in 1980 and 1981, adjusted for inflation in accordance with applicable price indices.

(e) The shares representing the Corporation's investment in an affiliated corporation have been pledged as security for debt owing by that affiliated corporation.

(f) The Corporation had the following contingent liabilities as at December 31, 1981:
(i) The Corporation is contingently liable under an outstanding letter of credit amounting to U.S. $18 million at December 31, 1981, guaranteeing delivery of the unshipped balance of the 4 million pounds of uranium oxide which the Corporation has agreed to sell and deliver to Westinghouse Electric Corporation (See also note 17(a).);
(ii) A contingent liability to buy back houses and mobile home lots at Lornex's Logan Lake townsite for $2,904,000 until December 31, 1982; the cost of the buyback declines by 5% per annum thereafter; and
(iii) Mortgage guarantees of $4,762,000 on new housing also in Logan Lake.

(g) In July 1981 the Corporation was served with a summons alleging that between September 1, 1970 and April 1, 1978 it unlawfully conspired with other named persons to lessen unduly competition in the production, manufacture, purchase, sale or supply in Canada of uranium, uranium oxide, and other uranium substances contrary to Section 32(1) (c) of the Combines Investigation Act. Counsel has advised that the maximum penalty, if found guilty, would not likely be more than one million dollars. The preliminary hearing has been tentatively scheduled for May 17, 1982, in The Provincial Court of the Judicial District of York, Province of Ontario. The Corporation intends to defend vigorously against the prosecution of this charge.

(h) In December 1981 Washington Public Power Supply System (WPPSS), a municipal corporation and a joint operating agency of The State of Washington, commenced an action in the United States District Court for the Western District of Washington in which ten defendants were named including Rio Algom Limited. The complaint alleges that the defendants and their co-conspirators have combined, conspired and contracted together to, amongst other things, restrain trade and commerce in mining, milling and sale of uranium among the several states and foreign nations in violation of Section 1 of the United States Sherman Anti Trust Act. WPPSS is seeking termination of an uranium supply contract with one of the named defendants and treble damages against all defendants in an unstated amount. The Corporation intends to file an appearance in the action and intends to contest the plaintiff's claim vigorously. Until such time as further proceedings are taken the Corporation is unable to estimate the amount of damages being sought.

12 The Effect of Applying United States Generally Accepted Accounting Principles

Generally accepted accounting principles in the United States require: (1) the restatement of earnings of prior periods to include the results of unconsolidated subsidiaries when a change occurs in the consolidated entity such as set forth under the accounting policy, "Basis of Consolidation", (2) the recording of investment tax credits as they arise, (3) amalgamation expenses to be charged to earnings, and (4) for the year ended December 31, 1979, conversion of long term debt at year-end rates of exchange. The effect of applying U.S. generally accepted accounting principles on consolidated net earnings is as follows:

	1981	1980	1979
		(in thousands)	
Net earnings for the year, as reported	**$65,832**	$77,488	$75,694
Add (deduct):			
Net earnings of United States subsidiaries	**—**	(3,520)	3,520
Investment tax credits	**9,000**	12,600	—
Amalgamation expenses (net of tax)	**—**	(672)	—
Gain on conversion of long term debt at year-end rates of exchange	**—**	—	3,506
Net earnings for the year (adjusted on a U.S. basis)	**$74,832**	$85,896	$82,720

13 Interest (net)

	1981	1980	1979
		(in thousands)	
Interest on demand bank loans	**$ 4,349**	$ 1,678	$ 1,006
Interest on long term debt	**12,498**	11,111	11,657
Interest capitalized	**(543)**	(329)	(957)
Investment and other income	**(16,195)**	(20,297)	(7,506)
Net interest expense (income)	**$ 109**	$ (7,837)	$ 4,200

14 Depreciation and Amortization

	1981	1980	1979
			(in thousands)
Plant and equipment	**$46,573**	$44,184	$31,971
Mining properties and preproduction expenditures	**7,767**	5,752	5,132
Excess of acquisition cost over adjusted book value of Atlas Steels assets acquired	**1,047**	1,047	1,047
	$55,387	$50,983	$38,150

15 Income Taxes

Earnings before taxes and minority interests consisted of:

	1981	1980	1979
			(in thousands)
Canadian	**$114,708**	$150,577	$173,605
Foreign	**7,215**	11,040	5,050
	$121,923	$161,617	$178,655

The timing differences giving rise to deferred taxes principally relate to depreciation and preproduction expenses and it is not practical to determine these amounts separately. A reconciliation of the weighted average Canadian income tax rates and the effective rate of income and mining taxes is as follows (different rates of income tax apply to income from mining, manufacturing and other sources):

	1981	1980	1979
Weighted average Canadian income tax rates	**49.0%**	49.2%	49.6%
Increase (decrease) resulting from:			
Provincial mining taxes	**7.9**	9.5	11.1
Depletion allowances	**(6.3)**	(6.3)	(4.2)
Resource allowances	**(7.7)**	(6.5)	(8.7)
Inventory allowances	**(1.7)**	(1.1)	(0.9)
Investment tax credits	**(1.7)**	(3.3)	(1.6)
Exempt income*	**(1.3)**	(0.8)	—
Amalgamation tax adjustment**	**—**	(2.0)	—
Sundry	**1.7**	0.5	2.0
Effective rate of income and mining taxes	**39.9%**	39.2%	47.3%

*Exempt income principally relates to the non-taxable portion of capital gains.

**The amalgamation tax adjustment relates to an unrecorded tax debit of Preston Mines Limited. The debit arose from loss carry forwards and unclaimed tax depreciation in Preston prior to amalgamation. Because of the amalgamation the appropriate part of this adjustment was recorded in the accounts in 1980.

At December 31, 1981, the Corporation has $21.6 million (1980 — $12.6 million) of investment tax credit carry forwards which are available for offset against future taxable income. Such carry forwards, if unused, will expire between the years 1982 and 1986.

16 Business Segment Data

The operations of the Corporation and its subsidiaries may be grouped into segments. The primary operations of each segment are as follows:

Business Segment	Operations
Uranium	Underground mining and milling of uranium ore and sale of uranium concentrates.
Copper-molybdenum	Open pit mining and milling of copper and molybdenum ore and sale of concentrates.
Steel	Manufacture and/or distribution of stainless steels, machinery and other steels and other metal products.

As explained in Rio Algom's accounting policies the accounts of Rio Algom's two United States subsidiaries were not consolidated with those of Rio Algom for the year ended December 31, 1979. Accordingly, most of the figures reported in this Business Segment Data section for 1979 are not fully comparable with those of 1981 and 1980; the uranium and steel segments are both affected in this respect.

Revenue from mine production and sales of steel and other products, by segment, are as follows (all are to customers outside the Corporation except 1979 steel sales of $9.6 million to an unconsolidated United States subsidiary);

	Year Ended December 31		
	1981	1980	1979
			(in thousands)
Uranium	**$281,865**	$225,855	$157,206
Copper-molybdenum	**150,929**	173,738	190,572
Steel	**485,490**	447,898	362,951
Consolidated	**$918,284**	$847,491	$710,729

The operating profit of each segment is as follows:

	Year Ended December 31		
	1981	1980	1979
			(in thousands)
Uranium	**$ 69,235**	$ 26,404	$ 43,265
Copper-molybdenum	**38,681**	96,904	124,296
Steel	**34,752**	49,387	31,694
	142,668	172,695	199,255
Deduct:			
Exploration	**12,722**	10,710	9,063
Corporate expenses	**7,914**	8,205	7,337
Interest (net)	**109**	(7,837)	4,200
	20,745	11,078	20,600
Earnings before taxes and minority interests	**$121,923**	$161,617	$178,655

Operating profit is revenue less applicable operating expenses. In computing operating profit none of the following items has been deducted: exploration, general corporate expenses, interest expense (net of investment and other income) and minority interests in net earnings of a subsidiary.

During the last three years the following products contributed to consolidated revenue in the percentages shown:

	Year Ended December 31		
	1981	1980	1979
Uranium	**31%**	27%	22%
Copper-molybdenum	**16**	20	27
Stainless steels	**20**	23	20
Machinery steels	**12**	9	12
Other metal products	**21**	21	19
	100%	100%	100%

Identifiable assets of each segment are as follows:

	December 31		
	1981	1980	1979
			(in thousands)
Uranium	**$ 372,081**	$ 346,358	$ 312,979
Copper-molybdenum	**332,989**	212,146	252,869
Steel	**290,270**	263,572	237,620
Segment identifiable assets	**995,340**	822,076	803,468
General corporate assets	**245,474**	239,183	95,306
Total assets	**$1,240,814**	$1,061,259	$ 898,774

Segment identifiable assets are those assets that are used in the operations of each segment. General corporate assets are principally cash and short term deposits, construction in progress, investment in an affiliated corporation and, in 1979, investment in and amounts receivable from United States subsidiary corporations.

Depreciation, depletion and amortization expense of each segment is as follows:

	Year Ended December 31		
	1981	1980	1979
			(in thousands)
Uranium	**$30,706**	$32,616	$19,529
Copper-molybdenum	**15,027**	9,601	9,278
Steel	**9,578**	8,621	9,215
Segment depreciation, depletion and amortization expense	**55,311**	50,838	38,022
General corporate depreciation	**76**	145	128
Total depreciation, depletion and amortization expense	**$55,387**	$50,983	$38,150

Net capital expenditures of each segment including capitalized interest are as follows:

	Year Ended December 31		
	1981	1980	1979
			(in thousands)
Uranium (a)	**$ 17,283**	$ 19,530	$ 69,736
Copper-molybdenum (a) . .	**57,085**	95,814	8,657
Steel (a)	**14,352**	11,829	7,418
Segment capital expenditures	**88,720**	127,173	85,811
Stanleigh uranium project (a)	**87,371**	54,862	34,914
General corporate capital expenditures	**185**	165	269
Total capital expenditures (net)	**$176,276**	$182,200	$120,994

(a) Includes expenditures on construction in progress.

Rio Algom's foreign operations are conducted by subsidiaries in four countries (three countries in 1979, excluding the United States of America); domestic divisions make export sales in various parts of the world. Details of foreign and domestic revenue are as follows:

	Year Ended December 31		
	1981	1980	1979
			(in thousands)
Domestic operations (Canada) (a) (b) . . .	**$812,508**	$744,605	$668,827
Foreign operations — United States (except for 1979), Australia, United Kingdom and Mexico	**105,776**	102,886	41,902
Consolidated revenue	**$918,284**	$847,491	$710,729

(a) Includes export revenue from sales to customers outside the Corporation (and in 1979 revenue from sales to a United States subsidiary) of approximately $391,440,000, $327,089,000 and $347,513,000 in 1981, 1980 and 1979 respectively, as follows:

	Year Ended December 31		
	1981	1980	1979
			(in thousands)
Japan	**$116,397**	$108,502	$ 92,517
United States	**185,526**	67,534	86,034
United Kingdom	**33,937**	85,719	66,969
Other countries	**55,580**	65,334	101,993
	$391,440	$327,089	$347,513

(b) Does not include revenue from inter-company sales to foreign operations of $4,671,000 in 1981, $7,816,000 in 1980 and $1,262,000 in 1979.

Operating profit by domestic and foreign operations is as follows:

	Year Ended December 31		
	1981	1980	1979
			(in thousands)
Domestic (Canada) . .	**$133,816**	$160,021	$192,386
Foreign	**8,852**	12,674	6,869
Operating profit of segments	**$142,668**	$172,695	$199,255

Identifiable assets of Rio Algom's foreign operations totalled $78,417,000, $78,073,000 and $25,363,000 at December 31, 1981, 1980 and 1979 respectively.

17 Related Party Transactions

During the year ended December 31, 1981 the Corporation participated in the following transactions with related parties:

(a) On March 17, 1981, the Corporation as a defendant in a civil antitrust action relating to the marketing of uranium commenced by Westinghouse Electric Corporation ("Westinghouse"), together with several defendants in such action (including The Rio Tinto-Zinc Corporation Limited (RTZ), the beneficial owner of 52.75% of the Corporation's common shares, and RTZ's subsidiary R.T.Z. Services Limited), entered into an agreement with Westinghouse providing for the settlement of such action. The terms of the settlement as applicable to the Corporation included the sale and delivery to Westinghouse, at a firm price, subject to escalation provisions, of 4 million pounds of uranium oxide. Under a separate agreement between R.T.Z. Services Limited and the Corporation, R.T.Z. Services Limited agreed to contribute to the settlement by paying the Corporation an additional firm amount per pound in respect of a substantial portion of the 4 million pounds to be delivered by the Corporation to Westinghouse. During 1981 such amounts aggregated U.S. $9 million (included in 1981 revenue) of which $2.3 million remained unpaid at December 31, 1981.

(b) The Corporation sold to an affiliated corporation a quantity of uranium in concentrates for $29.6 million of which $2.5 million remained unpaid at December 31, 1981. This transaction substituted for a sale to a third party on the same terms and conditions.

(c) The Corporation agreed in November 1981 to purchase an aircraft from R.T.Z. Services Limited for U.S. $1.9 million. This transaction was completed in February 1982. An independent consultant retained by the Corporation has advised that the price approximated market value.

Quarterly Financial Data

The quarterly revenue, gross profit, net earnings and earnings per share as previously reported in unaudited quarterly reports to shareholders are set forth in the following table (millions of dollars, except per share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Year
1981					
Revenue	$226.7	$234.2	$216.8	$240.6	$918.3
Gross Profit	70.8	68.3	58.1	66.9	264.1
Net Earnings	19.2	19.6	12.3	14.7	65.8
Earnings Per Share	1.27	1.31	0.81	0.97	4.36
1980 restated (a)					
Revenue	$227.9	$210.8	$190.2	$218.6	$847.5
Gross Profit	91.4	64.6	58.6	64.2	278.8
Net Earnings	30.4	17.2	13.1	16.8	77.5
Earnings Per Share	2.09	1.13	0.85	1.13	5.20

(a) Figures for 1980 have been restated to include the operations of the Corporation's United States subsidiaries which had not been included in the figures previously published in 1980; the fourth quarter includes the 1979 net earnings of those subsidiaries.

Market Price Range of Common Shares and Dividends Paid

The following table shows the high and low prices for Rio Algom common shares on The Toronto Stock Exchange:

	1981	1980
First Quarter	**$39 1/8-30 6/8**	$37 6/8-25 6/8
Second Quarter	**41 -37 6/8**	32 3/8-28 1/8
Third Quarter	**39 6/8-32 6/8**	39 3/8-32
Fourth Quarter	**41 7/8-33 2/8**	41 6/8-34 4/8

Dividends paid per share during 1981 and 1980:	
November 30, 1981	75¢
June 1, 1981	75¢
November 28, 1980	75¢
May 30, 1980	75¢

At December 31, 1981 there were approximately 10,600 holders of record of the common shares of the Corporation. In recent years, Rio Algom has paid common share dividends on a semi-annual basis. The payment of such dividends in future years must necessarily be determined by the board of directors of the Corporation in the light of future earnings, financial requirements and other relevant factors.

Restrictions on the payment of dividends are contained in the provisions of the Rio Algom First Preference Shares Series A, Rio Algom Second Preference Shares Series A and the trust indenture dated April 1, 1963, as supplemented, covering the issue of the Corporation's Series A and Series B Sinking Fund Debentures. These documents have been filed at the offices of the Securities & Exchange Commission in Washington, D.C.

All non-residents receiving dividends from Rio Algom are subject at the source to 25% Canadian Non-Resident Withholding Tax unless the rate is reduced by tax treaty (e.g. U.S.A. rate is 15%).

Ten Year Review

	1981	1980[i]
Earnings (millions of dollars)		
Revenue	**$918.3**	$847.5
Investment and other income	**16.2**	20.3
	934.5	867.8
Cost of mine production and steel sales	**654.2**	568.7
Selling, general and administration	**74.0**	63.3
Interest expense	**16.3**	12.5
Depreciation and amortization	**55.4**	51.0
Exploration	**12.7**	10.7
	812.6	706.2
Earnings before taxes and minority interests	**121.9**	161.6
Income and mining taxes	**48.7**	63.3
	73.2	98.3
Minority interests in net earnings of subsidiaries	**7.4**	20.8
Net earnings	**$ 65.8**	$ 77.5
Production Data (millions except steel)		
Uranium in concentrate (pounds)	**7.8**	7.9[ii]
Copper in concentrate (pounds)	**164.7**	126.3
Molybdenum in concentrate (pounds)	**4.8**	4.8
Steel (thousands of tons)	**212**	180
Financial Data (millions of dollars except per share data)		
Per share of common stock		
Net earnings	**$ 4.36**	$ 5.20
Dividends	**1.50**	1.50
Equity	**34.37**	31.50
Working capital	**315.9**	285.2
Plant and equipment	**459.3**	343.8
Total assets	**1,240.8**	1,061.3
Return on average total assets	**5.72%**	7.91%
Redeemable preference shares	**47.8**	48.7
Long term debt	**98.8**	105.5
Advances from Ontario Hydro	**162.2**	82.7
Capital expenditures	**176.3**	182.2
Common shareholders' equity	**488.8**	448.0
Return on average common shareholders' equity	**13.23%**	17.53%
Other Data		
Common shares outstanding (millions)	**14.2**	14.2
Number of common shareholders (thousands)	**10.6**	11.5
Number of employees	**7,811**	7,378
Price range of common shares — high	**$41 7/8**	$41 6/8
— low	**$30 6/8**	$25 6/8

1979[(i)]	1978	1977	1976	1975	1974	1973	1972
$710.7	$576.1	$486.6	$401.6	$367.4	$390.6	$314.9	$196.1
7.5	8.5	10.2	10.9	4.3	5.9	2.7	.9
718.2	584.6	496.8	412.5	371.7	396.5	317.6	197.0
433.5	385.2	332.8	271.6	239.4	219.8	172.5	136.2
47.1	45.5	39.6	36.2	31.8	37.2	30.4	21.8
11.7	10.7	9.4	8.5	8.0	8.9	11.8	4.7
38.1	32.3	25.6	20.7	20.4	21.0	20.9	12.9
9.1	6.0	6.4	6.8	6.2	5.1	3.1	2.5
539.5	479.7	413.8	343.8	305.8	292.0	238.7	178.1
178.7	104.9	83.0	68.7	65.9	104.5	78.9	18.9
84.6	38.7	37.7	31.9	35.7	50.6	12.4	2.9
94.1	66.2	45.3	36.8	30.2	53.9	66.5	16.0
18.4	4.6	2.6	5.3	.2	9.8	14.3	(.4)
$ 75.7	$ 61.6	$ 42.7	$ 31.5	$ 30.0	$ 44.1	$ 52.2	$ 16.4
5.5	6.0	5.5	5.5	5.8	6.2	6.2	5.4[(ii)]
134.2	135.4	141.1	145.7	116.8[(ii)]	144.2	129.8	52.7[(ii)]
4.4	4.0	3.8	3.8	3.1	4.0	3.5	.6[(ii)]
193	208	195	161	161	189	182	159
$ 5.02	$ 4.03	$ 2.70	$ 1.91	$ 1.91	$ 3.13	$ 3.77	$ 0.96
1.50	1.29	1.08	1.00	1.00	1.00	0.70	0.40
27.82	23.89	20.77	18.80	17.93	16.77	14.33	10.95
221.3	232.0	227.7	261.8	216.1	156.5	134.8	68.6
347.5	249.0	193.8	143.6	151.6	153.4	158.6	167.9
898.8	760.5	684.1	631.3	542.2	474.5	418.7	382.6
9.34%	8.53%	6.49%	5.37%	5.90%	9.87%	13.03%	4.60%
53.0	53.7	54.5	55.7	51.0	51.3	52.0	52.7
93.1	114.7	122.0	134.0	88.5	63.1	104.2	120.5
28.6	1.9	—	—	—	—	—	—
121.0	89.3	96.1	61.0	29.5	14.3	9.3	33.2
395.6	339.6	295.2	267.1	254.4	214.1	182.9	139.7
19.43%	18.06%	13.63%	10.39%	11.01%	20.57%	29.85%	12.19%
14.2	14.2	14.2	14.2	14.2	12.8	12.8	12.8
12.8	13.5	14.3	14.9	16.1	16.4	17.0	18.3
6,878	6,658	5,922	5,544	5,144	5,362	5,450	5,302
$40	$$39^{2/8}$	$$29^{6/8}$	$$36^{4/8}$	$$34^{2/8}$	$$37^{2/8}$	$$36^{6/8}$	$23
$$25^{6/8}$	$$24^{6/8}$	$$22^{5/8}$	$26	$19	$$18^{7/8}$	$19	$15

Notes

(i) As explained in Rio Algom's accounting policies the accounts of the United States subsidiaries are not included in the data for 1979 and earnings of those subsidiaries amounting to $3,520,000 for that year have been included in the net earnings for 1980.

(ii) (a) The Lornex copper mine and Lisbon uranium mine commenced operations October 1, 1972;
(b) The Anglo-Rouyn copper mine ceased operations Aug. 16, 1972;
(c) The Poirier copper mine ceased operations June 27, 1975;
(d) The Panel uranium mine commenced operations November 1, 1979.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Financial Condition

Liquidity and Capital Resources

Working capital increased by $31 million during 1981 to $316 million and the ratio of current assets to current liabilities decreased slightly to 2.7 to 1 from 2.8 to 1 in 1980. Cash and short term deposits of $65 million were $31 million lower than a year earlier. At December 31, 1981 receivables included $32 million in guaranteed bank drafts which are readily convertible into cash.

In addition to cash flow from operations the Corporation and Lornex have $160 million of operating bank credit lines. Loans outstanding under these lines did not exceed $20 million at any time during the year. As well, subsidiaries located outside of Canada have bank credit lines of approximately $14 million.

Capital expenditures during the year were $176 million. The Lornex expansion was completed on schedule at a cost lower than the estimated $160 million. The Stanleigh Project, which is being funded wholly by Ontario Hydro and through mortgages on the housing properties related to the project, is proceeding as planned.

Dividend payments and preference share and debenture purchases totalled $37.7 million in 1981, a 12% decrease from the prior year primarily reflecting a reduction in dividends paid by Lornex.

The Corporation's sound financial condition combined with its expected level of internally generated funds, existing bank credit lines and funding arrangements for the Stanleigh Project are expected to provide sufficient funds to finance capital expenditure, dividend and working capital requirements currently anticipated for 1982.

At December 31, 1981 long term debt, as a percentage of total shareholders' equity, was 18% compared to 21% one year earlier. This level of debt to equity gives the Corporation considerable borrowing capacity in order to finance new projects.

Results of Operations

Summary

The following table summarizes the Corporation's consolidated revenue and operating profit by business segment and net earnings for each of the three years in the period ended December 31, 1981 (in millions of dollars):

	1981	1980	1979
Revenue:			
Uranium	**$281.9**	$225.9	$157.2
Copper-molybdenum	**150.9**	173.7	190.6
Steel	**485.5**	447.9	362.9
	$918.3	$847.5	$710.7
Operating profit by segment:			
Uranium	**$ 69.2**	$ 26.4	$ 43.3
Copper-molybdenum	**38.7**	96.9	124.3
Steel	**34.8**	49.4	31.7
	$142.7	$172.7	$199.3
Consolidated net earnings	**$ 65.8**	$ 77.5	$ 75.7

As described in note 1 to the consolidated financial statements the foregoing results for the years 1981, 1980 and 1979 are not fully comparable in that the accounts of Rio Algom's United States subsidiaries were not consolidated with those of Rio Algom for 1979; the uranium and steel segments are both affected in this respect. The revenue and net earnings attributable to the U.S. subsidiaries for 1979 were $44.7 million and $3.5 million respectively. Also, as described in note 1, the 1979 net earnings attributable to the U.S. subsidiaries, while not consolidated in 1979, have been included in the consolidated net earnings for 1980; however, this comment does not apply to the revenue shown above.

Revenue

1981 revenue from uranium operations increased by $124.7 million or 79% over the 1979 level; of this increase 45% is attributable to increased prices and 55% to higher production. The price increases occurred mainly in 1981, primarily because of a more favourable sales contract mix. Most of the increase in production took place in 1980, primarily as a result of the Panel mine commencing commercial operations in November, 1979.

Net production revenue from the Lornex copper-molybdenum mine decreased by $39.7 million or 21% from 1979 to 1981 of which $22.8 million occurred in 1981, primarily because of lower prices for copper, molybdenum and silver, partly offset by increased copper production. 1980 net revenue declined by 9%, as compared with 1979, largely due to lower prices realized for molybdenum and reduced copper production, partly offset by higher copper prices and increased production of molybdenum.

Steel revenue for 1979 is not comparable with either 1980 or 1981 because of a nine-month strike in 1979 at the Tracy plant of Atlas Steels and the exclusion of revenue of a United States subsidiary for that year as previously noted. From 1980 to 1981 steel revenue increased by $37.6 million or 8%; most of the increase resulted from higher volumes in both Atlas Steels' manufacturing plants and the metals service centre operations of Atlas Alloys. A weaker product mix, particularly in the manufacturing plants, more than offset the effect of slightly higher selling prices. The level of business of the steel operations is closely related to the state of the Canadian economy; although it recovered during the first half of 1981 from the latter part of 1980, it again declined in the balance of 1981. Some segments of the economy which are important to steel operations experienced unusual weakness, notably automotive, farm machinery and construction.

Operating Profit by Segment
Uranium operating profits increased significantly from 1980 to 1981 primarily because of the increase in revenue noted above and because of improved operating efficiencies, particularly at the Panel facility in Elliot Lake. The Panel operation had start-up problems in the first half of 1980 and this, together with increased amortization charges, was the main reason for the decrease in uranium operating profits from 1979 to 1980.

Copper-molybdenum operating profits in 1981 were less than one-third those of 1979, primarily because of the substantial decrease in net revenue from production referred to above; from 1980 to 1981 those profits declined by $58.2 million or 60% following a 22% decrease from 1979 to 1980. Additional contributing factors were higher costs for labour, power, fuel, materials and services as well as costs associated with the start-up of the Lornex plant expansion.

Profits of the steel operations decreased by $14.6 million or 30% from 1980 to 1981 in spite of increased revenue (as noted above the results 1981, 1980 and 1979 are not fully comparable). A continuing cost/price squeeze resulted in reduced profit margins.

Consolidated Net Earnings
Operating profits of the business segments decreased by $30.0 million or 17% from 1980 to 1981; the reduction in consolidated net earnings was $11.7 million. Income and mining taxes, together with minority interests in Lornex' earnings were lower by $28.0 million partly offsetting increased net interest and exploration costs of $9.7 million.

While operating profits declined by $26.6 million from 1979 to 1980, consolidated net earnings increased by $1.8 million. Net interest income increased by $12 million largely due to significantly higher investment income, particularly at Lornex, and to an initial dividend of $2.9 million received from an affiliated corporation. A decrease of $17.1 million in earnings before taxes and minority interests was more than offset by lower effective tax rates (39% in 1980 vs. 47% in 1979) resulting from expansion-related expenditures, principally at Lornex and Elliot Lake and from the amalgamation of Rio Algom and Preston Mines Limited.

Impact of Inflation and Changing Prices
At the uranium mining operations the major effect of inflation during both 1981 and 1980 was on operating costs, particularly for labour. To a certain extent those effects were ameliorated by the fact that a significant part of production is for delivery under contracts which contain protective mechanisms designed to substantially offset such increases.

The effect of inflation on Lornex revenues in both years was minimal because realization prices are based on world market prices for copper and molydenum and those prices by no means kept pace with inflation; in fact prices for those metals were lower in 1981 than in 1980. In addition, during those two years operating costs rose more than average inflation rates, partly due to increased costs arising from the present labour wage contract that became effective in mid-1980.

With respect to steel manufacturing operations inflation in 1980 had a significant favourable impact on the Tracy plant because the costs of inventories processed in early 1980 were at pre-strike levels, well below 1980 replacement cost. At the Welland plant the prices of certain key raw materials fell during the years 1981 and 1980, thus moderating the effects of cost inflation. In 1981, however, labour and other costs continued to escalate and selling price increases, particularly for stainless products, were not sufficient to offset such increased costs.

Operations

Canada

Mining Operations
Head Office: Toronto, Ontario
Uranium:
Panel, Quirke and Stanleigh mines at Elliot Lake, Ontario
Copper-molybdenum:
Lornex Mining Corporation Ltd., Vancouver, B.C.
Lornex mine at Logan Lake, B.C.

Exploration
Riocanex Inc.
Head Office: Toronto, Ontario
Eastern Canada Office: Toronto, Ontario
Western Canada Office: Vancouver, B.C.
District Offices: Fredericton, N.B. and St. John's, Nfld.

Steel
Atlas Steels
Head Office: Welland, Ontario
Plants: Welland, Ontario and Tracy, Quebec

Metals Distribution
Atlas Alloys
Head Office: Etobicoke, Ontario
Service Centres: Etobicoke, Montreal, Saint John, N.B. and St. John's, Nfld., Windsor, Sarnia, Sudbury, Thunder Bay, Winnipeg, Saskatoon, Edmonton, Calgary, Vancouver and Prince George

United States

Mining
Rio Algom Corporation
Registered Office: Wilmington, Delaware
Uranium:
Lisbon mine at Moab, Utah

Exploration
Rioamex Inc., Denver, Colorado

Metals Distribution
Atlas Alloys Inc.
Head Office: Valley View, Ohio
Service Centres: Valley View, Ohio; Detroit, Michigan; Rockford and Chicago, Illinois; Rochester, N.Y.
Atlas Mill Sales Division, Orchard Park, N.Y.

International

Exploration
Rioaustex Pty. Ltd., North Sydney, Australia
Compania Minera Cerro Colorado S.A. Santiago, Chile
Compania Minera Riochilex Ltda., Santiago, Chile
Rioibex S.A., Madrid, Spain

Metals Distribution
Atlas Alloys Limited, Luton, Beds., England
Atlas Steels (Australia) Pty. Limited, Melbourne, Australia
Aceromex-Atlas S.A., Mexico City, Mexico
Agents or Distributors in other countries

Corporate Information

Head Office
120 Adelaide Street West, Toronto, Ontario, Canada M5H 1W5

Auditors
Coopers & Lybrand, Chartered Accountants, Toronto

Registrars and Transfer Agents
Common Shares
Canada Permanent Trust Company, Toronto, Montreal, Winnipeg, Regina, Calgary and Vancouver
The Canadian Imperial Bank of Commerce Trust Company, New York

First and Second Preference Shares
Canada Permanent Trust Company, Toronto, Montreal, Halifax, Winnipeg, and Vancouver

Shares Listed (Symbol ROM)
Common Shares
Toronto Stock Exchange, Toronto
Montreal Stock Exchange, Montreal
American Stock Exchange, New York

First and Second Preference Shares
Toronto Stock Exchange, Toronto
Montreal Stock Exchange, Montreal

Form 10-K Annual Report
Rio Algom's Form 10-K annual report for 1981 to the United States Securities and Exchange Commission will be available to shareholders on written request to the Secretary of the Corporation.

Directors

George R. Albino
Chairman, President and Chief Executive Officer of the Corporation, Toronto

James T. Black
President and Chief Executive Officer, The Molson Companies Limited, a brewing, retail distribution and chemical specialties company, Rexdale, Ontario

Sir Alistair Frame
Joint Deputy Chairman and Chief Executive, The Rio Tinto-Zinc Corporation Limited, London, England

Gordon C. Gray
Chairman and Chief Executive Officer, A. E. LePage Limited, Realtors, Toronto

Robert S. Hurlbut
Chairman and President, General Foods Limited, a manufacturer of packaged grocery products, Toronto

David S. R. Leighton
President, The Banff Centre for Continuing Education, Banff, Alberta

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Consultant, Sutton West, Ontario

Douglas C. New
Partner, Fasken & Calvin, Barristers and Solicitors, Toronto

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President, J. K. Reynolds Consultants, Inc. natural resources and corporate consultants, Toronto

John D. Taylor
President and Chief Operating Officer, Simpsons-Sears Limited, a retail enterprise, Toronto

Sir Anthony Tuke
Chairman, The Rio Tinto-Zinc Corporation Limited, London, England

Ross J. Turner
President and Chief Executive Officer, Genstar Corporation, a diversified Canadian company, Vancouver

Officers

Executive

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Chairman, President and Chief Executive Officer

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Senior Vice-President, Finance and Corporate Relations

Robert G. Connochie
Vice-President, Corporate Development

J. Gordon Littlejohn
Vice-President, General Counsel

Alan F. Lowell
Vice-President, Minerals Marketing

Herbert A. Pakrul
Vice-President

Archie C. Turner
Vice-President, Secretary

John Van Netten
Vice-President, Treasurer

J. Douglas French
Controller

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Vice-President, General Manager, Elliot Lake

Lorne H. Hunter
Vice-President, Western Mining Operations

Paul M. Kavanagh
Vice-President, Exploration

J. Edward Moyle
Vice-President, Technical Development

Atlas Steels

Allan V. Orr
Vice-President, General Manager

Harry L. Brien
Vice-President, Engineering

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Vice-President, Manufacturing

Carl E. Ohlson
Vice-President, Sales and Marketing

Gerald L. Sandler
Vice-President, Finance

Atlas Alloys

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Kenneth Collyer
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Vice-President, Marketing

Rio Algom

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