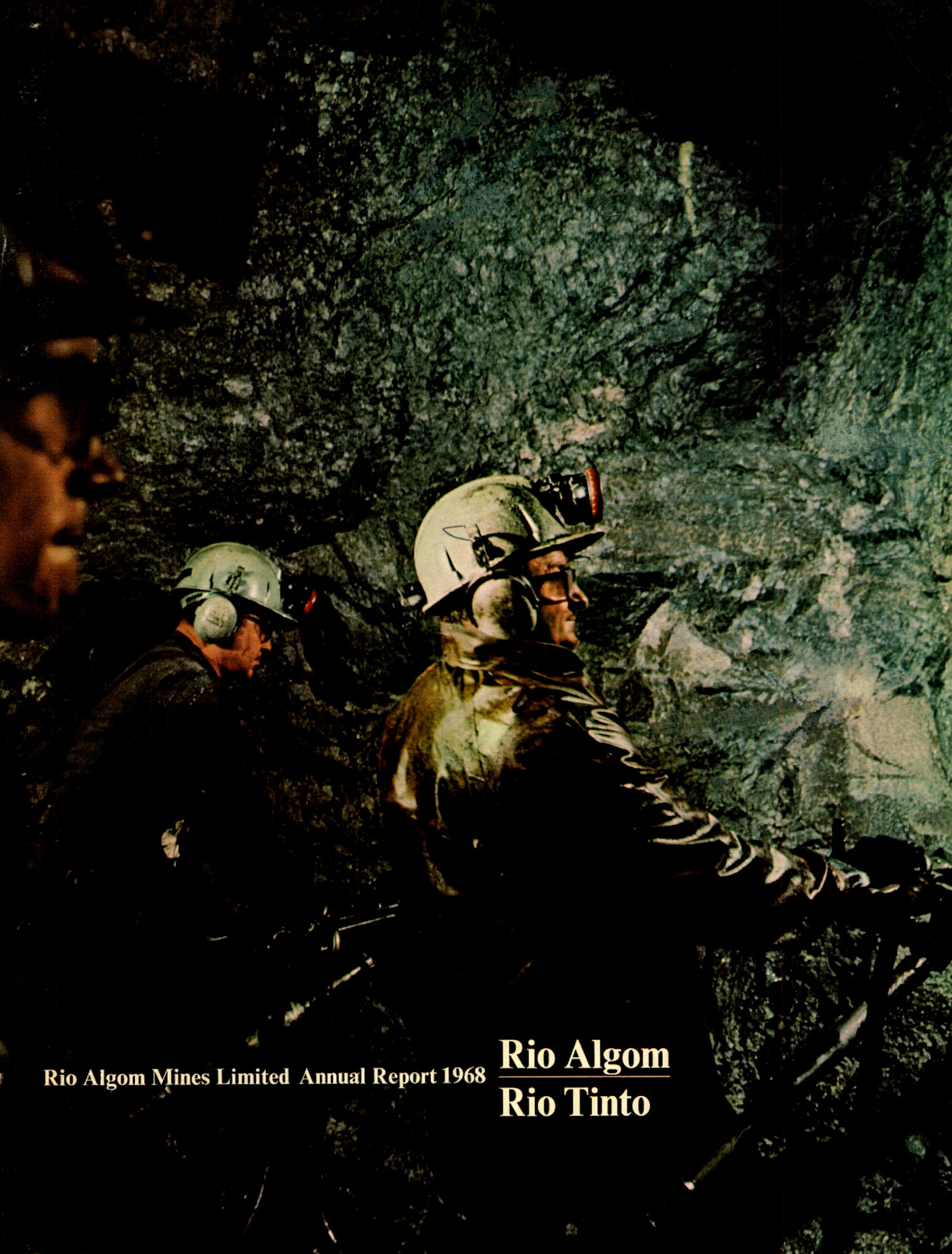

Rio Algom Mines Limited Annual Report 1968

Rio Algom

Rio Tinto

RIO ALGOM MINES LIMITED

120 Adelaide Street West,
Toronto 1, Canada

Index

Cover Photographs:
Front: Underground drilling at New Quirke uranium mine, Elliot Lake, Ontario.
Back: 60-ton heat of stainless steel pours at Atlas Steels' Tracy, Quebec plant.

Highlights of the Year's Consolidated Operations

YEAR ENDED DECEMBER 31, 1968
($000's omitted)

	1968	*1967*
Sales	$ 145,825	*$ 149,848*
Net earnings	$ 13,012	*$ 11,259*
Per share of common stock	99¢	*94¢*
Dividends paid on common stock	$ 4,900	*$ 4,593*
Per share	40¢	*40¢*
Working capital, year end	$ 88,779	*$ 75,741*
Ratio of current assets to current liabilities	4.1 to 1	*2.6 to 1*
Common shareholders' equity	$ 143,132	*$ 135,879*
Total common shares outstanding at December 31	12,249,584	*12,249,159*
Equity per share of common stock outstanding	$ 11.68	*$ 11.09*
Production		
Uranium oxide (pounds)	2,293,222	*2,576,865*
Copper in concentrate (pounds)	35,261,910	*32,788,267*
Zinc in concentrate (pounds)	13,559,337	*19,980,149*
Steel (tons)	147,103	*135,352*
Number of employees at December 31	5,445	*5,215*

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RIO ALGOM MINES LIMITED

Officers

Sir Val Duncan	Chairman
R. D. Armstrong	President
G. R. Albino	Executive Vice-President, Corporate Staff
W. P. Arnold	Executive Vice-President, Mining Operations
O. S. Leslie	Executive Vice-President, Steel Operations
A. C. Turner	Secretary
K. L. Perry	Counsel
H. A. Pakrul	Corporate Finance Manager
A. G. Goodeve	Treasurer

Directors

G. R. Albino	Toronto	Executive Vice-President of the Company
W. A. Arbuckle	Montreal	President, Arbuckle, Govett & Co. Ltd.
*R. D. Armstrong	Toronto	President of the Company
W. P. Arnold	Toronto	Executive Vice-President of the Company
*Henry Borden, CMG, QC	Toronto	Chairman, British Newfoundland Corporation Limited
J. Ian Crookston	Toronto	President, Nesbitt, Thomson and Company, Limited
*Sir Val Duncan, OBE	London, England	Chairman of the Company and Chairman, The Rio Tinto-Zinc Corporation Limited
J. G. Edison, QC	Toronto	Partner, Edison, Aird and Berlis
Donald Gordon, CC, CMG	Montreal	President, British Newfoundland Corporation Limited
*Sam Harris	New York, U.S.A.	Partner, Strasser, Spiegelberg, Fried and Frank
L. A. Lapointe, QC	Montreal	President, Miron Company Ltd.
O. S. Leslie	St. Catharines	Executive Vice-President of the Company
*B. R. MacKenzie, QC	Toronto	Partner, Fasken & Calvin
D. J. McParland	Montreal	President, Churchill Falls (Labrador) Corporation Limited
Leo Model	New York, U.S.A.	Chairman and Chief Executive, Model, Roland & Co., Inc.
F. A. Petito	New York, U.S.A.	Partner, Morgan Stanley & Co.
*J. Herbert Smith	Toronto	President, Canadian General Electric Company Limited
Sir Mark Turner	London, England	Deputy Chairman, Kleinwort, Benson Ltd.
*R. W. Wright	London, England	Deputy Chairman, The Rio Tinto-Zinc Corporation Limited

*Member of the Executive Committee

The Annual Meeting

The Company will hold its Annual Meeting on Friday, April 11, 1969 at 10:00 a.m. Eastern Standard Time, in the Ontario Room, Royal York Hotel, 100 Front Street West, Toronto, Ontario, Canada.

Directors' Report

Your Directors are pleased to submit this report on the operations and financial position of the Company for the year ended December 31, 1968.

Financial

Consolidated net earnings for 1968 were $13,012,000 as compared with net earnings of $11,259,000 for 1967. Net earnings per share on the average number of common shares outstanding were 99¢ in 1968 and 94¢ per share in 1967, in both cases after provision for dividends on preference shares.

Included in net earnings for 1968 is extraordinary income of $4,943,000 resulting from a gain of $3,984,000 on the sale of the Company's total shareholdings of British Newfoundland Corporation Limited and Churchill Falls (Labrador) Corporation Limited and the receipt of $959,000 representing the net management fee applicable to prior years received from these companies in 1968.

Net earnings from operations decreased from $11,259,000 in 1967 to $8,069,000 in 1968. The decrease of $3,190,000 is the net result of a decline of $7,415,000 in earnings of the Mining Division offset in part by an increase of $1,227,000 in Steel Division earnings together with reductions in corporate expenses, net interest costs and taxes. The reduction in Mining Division earnings is attributable mainly to revenue from uranium operations being lower than last year. As referred to in last year's Annual Report, in accordance with terms of the master Eldorado contract, production for delivery of lower priced parcels began in late May. In addition, a loss of uranium production was caused by a twenty-nine day strike at Elliot Lake which occurred in August 1968.

During 1968 dividends of $870,000 on preference shares and $4,900,000 on common shares were paid. Dividends on common shares were paid at the same rate of 40¢ per share as in 1967 and represented 37.7% of consolidated net earnings.

Bank loans were reduced during the year from $14,382,000 to $9,808,000. Of the reduction, $3,025,000 relates to loans for Anglo-Rouyn Mines Limited and Mines de Poirier Inc. The loans of these two companies, which at their maximum totalled $13,000,000, had been reduced to $8,025,000 at the end of 1968.

Working capital increased by $13,038,000 and totalled $88,779,000 at the end of the year. The net excess of assets over liabilities increased to $158,132,000 from $150,879,000. During the year, the Company expended $13,131,000 on capital projects and $685,000 on development projects.

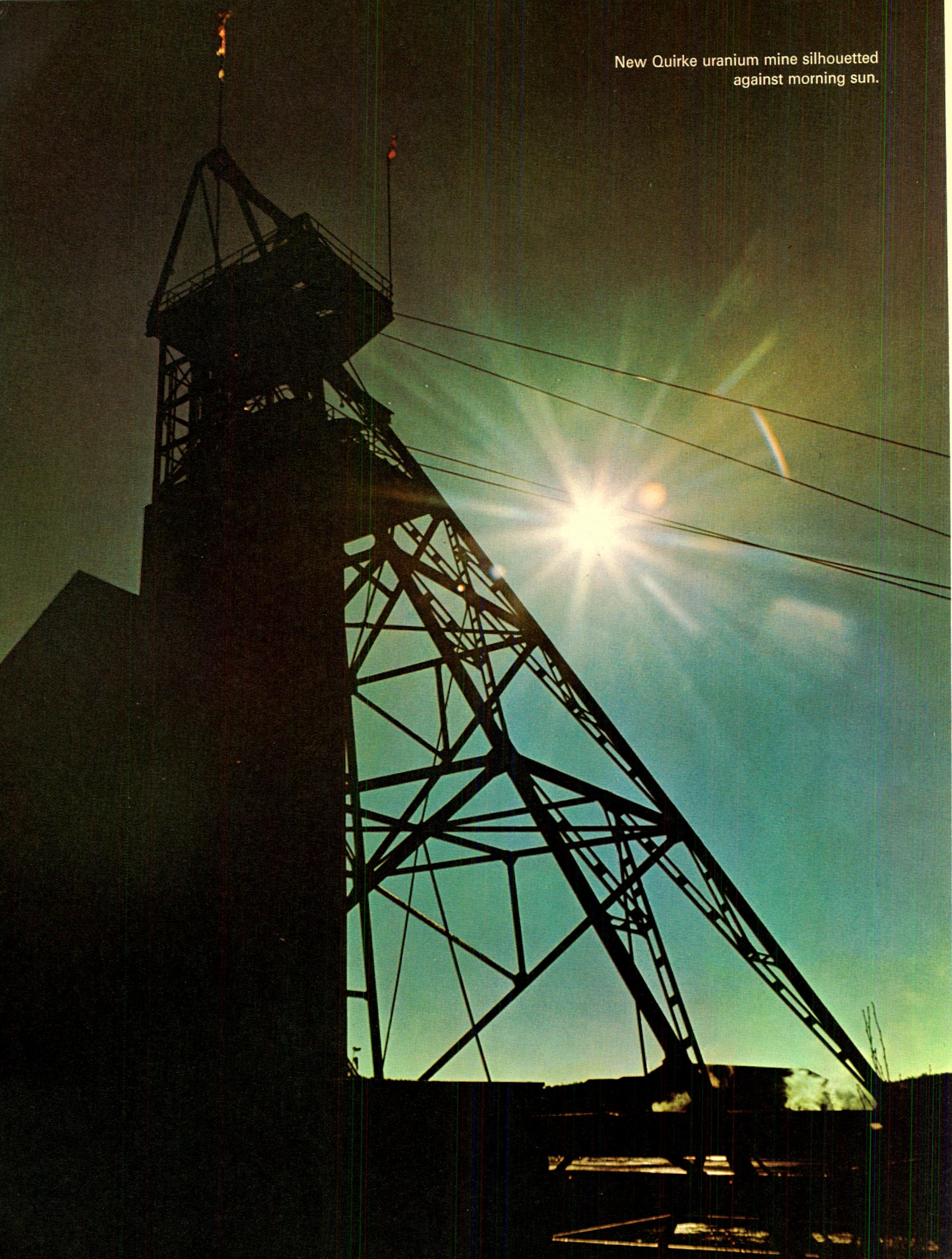
Under the terms of its uranium sales contract with Eldorado Nuclear Limited, net advance payments of $11,138,000, made to the Company in prior years, became due in 1968 and were applied against uranium deliveries made in 1968. Advance payments of $2,125,000 remain to be repaid as at December 31, 1968; of this amount, $1,192,000 is due in 1970 and $933,000 in 1971.

Mining

The first stage of a long-term program to reactivate certain of the Company's uranium properties at Elliot Lake was substantially completed in 1968. This involved rehabilitation of the Old Quirke mine, reactivation and expansion of the Old Quirke mill and development of the New Quirke mine. Operations were transferred from Nordic to the Quirke facilities during the third quarter. The mill is processing production ore from the Old Quirke mine together with development ore and a small but increasing volume of production ore from the New Quirke mine.

The second stage of the reactivation of Elliot Lake properties is planned for completion in 1972. This reactivation program will permit an orderly increase in production capacity required to meet deliveries under contracts which had been signed previously with the United Kingdom Atomic Energy Authority, Ontario Hydro, and eight Japanese electric utilities. Under these contracts additional capacity will need to be brought into production at Elliot Lake during 1972. As the uranium market increases, additional production capacity will be brought on stream.

An extensive exploration program for uranium begun in the United States in 1966 brought its first positive results last year. In late 1968 a decision was taken to bring a new mine, to be operated by a wholly-owned United States subsidiary, into production in Utah. Planning has been completed for an annual rate of approximately 1,200,000 pounds of uranium oxide. The development of the uranium property and shaft sinking is expected to commence in 1969. The mine is scheduled to begin production in 1972. Deliveries will commence in that year to the Duke Power Company of Charlotte, North Carolina at the rate of 500,000 pounds of uranium oxide


New Quirke uranium mine silhouetted against morning sun.

per year from July 1972 to June 1978. Discussions are being held with other potential customers for the sale of the balance of the output from the property.

The detailed investigation program carried out during the past several years on the Lornex Mining Corporation Ltd. copper-molybdenum prospect in the Highland Valley area of British Columbia was completed towards the end of 1968. The comprehensive evaluation report developed from this investigation indicates that the estimated total capital investment to bring the property into production at a rate of 38,000 tons of ore per day would be $120,000,000, which amount includes expenditures made to date. Annual production would be in the order of 109,500,000 pounds of copper in concentrate and 2,500,000 pounds of molybdenum in concentrate. At these production rates the mine would have a life of approximately 21 years. Negotiations are currently in progress with potential purchasers of the Lornex concentrates and with financing sources for the purpose of determining whether product sales and financing arrangements can be negotiated on bases which would warrant developing the Lornex mineral claims for production.

During the past several years, substantial and increasing amounts of funds have been devoted to seeking, finding and proving new orebodies in Canada and in the United States. Exploration work is being carried out by the Company on its own account and also through participation in joint exploration ventures with other companies. Such programs centre on the search for uranium and base metals. The Company is actively and continually examining new exploration prospects. In 1968, the net exploration cost of the Company was $1,257,000 a 22.5% increase over 1967 and more than double the 1966 exploration expenditures of $627,000. This expenditure does not include development costs relating to the Utah uranium or the Lornex copper-molybdenum projects.

Steel

The continued improvement in operating results of the Tracy plant was again the principal reason for the increase in Steel Division operating earnings. Sales by the Division reached a record high in 1968, despite the generally soft market for specialty steels, which continued until late in the year. The Welland plant sales volume was lower and product mix declined in the year, compared to 1967, and caused a decrease in the profit earned by this plant. Market conditions improved during the last quarter and the order backlog for both Welland and Tracy at the end of 1968 was better in terms of both tonnage and product mix than at the end of the previous year. A further improvement in operating results is expected for 1969 if general economic conditions are favourable.

The construction program at the Tracy plant as now planned was completed in 1968 with the installation of a stream vacuum degassing unit which was brought into production in the fourth quarter. A major long-term program for improving the technological capability, reducing costs, and upgrading the product mix of the Welland plant, which was initiated in 1967, is progressing on schedule and will continue through 1969 and several subsequent years.

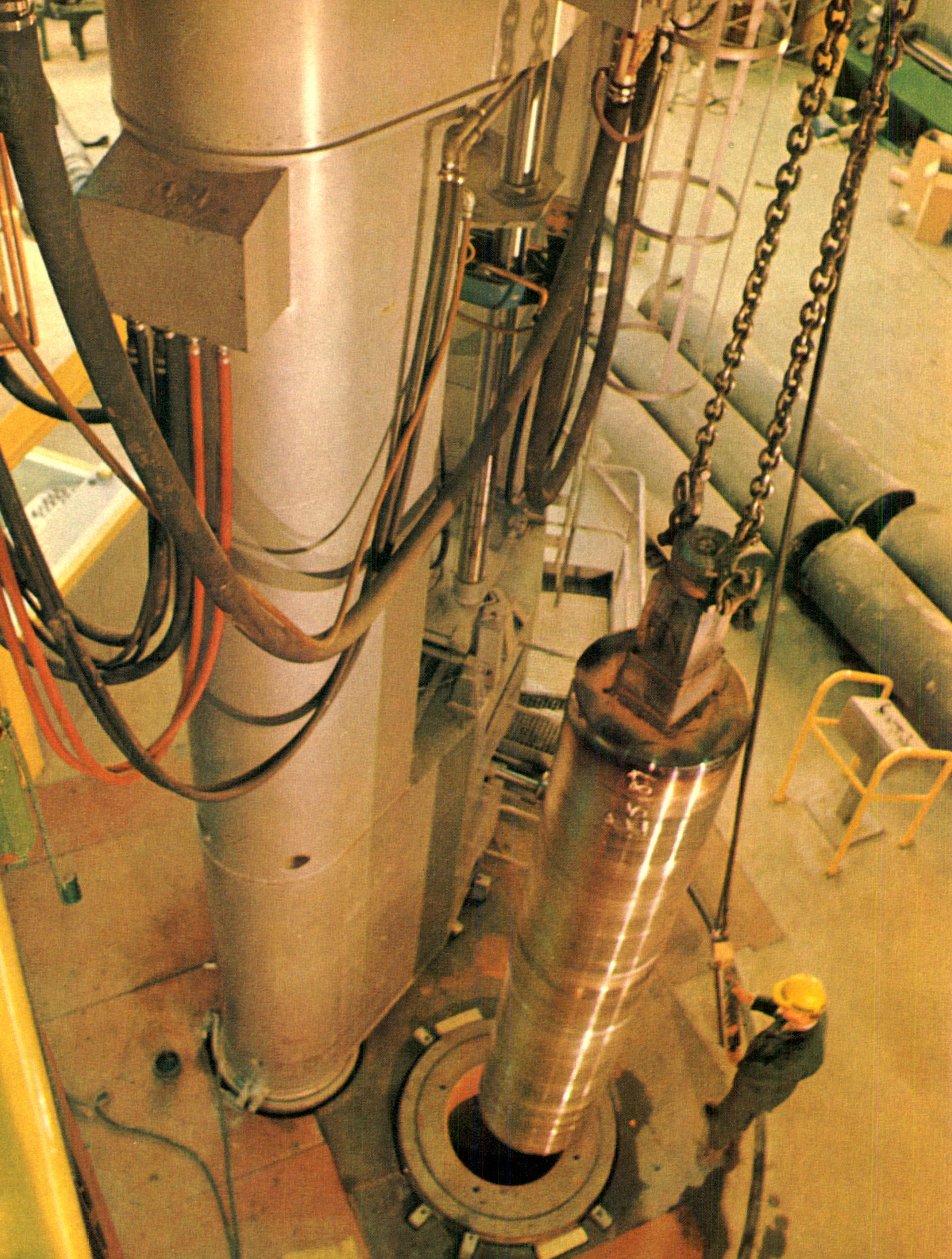
Other Interests

In August 1968, the Company's total shareholdings of Churchill Falls (Labrador) Corporation Limited (Churchill Falls) were sold to British Newfoundland Corporation Limited (Brinco) and the Company's total shareholdings in Brinco were sold to a new Canadian company formed by The Rio Tinto-Zinc Corporation Limited and Bethlehem Steel Corporation. Effective January 1, 1969 the Company assigned and transferred to a company, established by The Rio Tinto-Zinc Corporation Limited to provide administrative services to certain of its affiliated companies, its responsibility for providing supervisory management services and its right to receive a management fee.

The decision to sell these interests was made based on the amount of additional investment in Brinco and Churchill Falls which would have been required from the Company and the period of time before dividends could be expected as compared to the substantial alternative opportunities that exist in the mining field. A total of $16,134,735 in cash was received from the sale of these interests. In accordance with the terms of the management contract signed in February 1967, a total fee of $2,167,123 less interim payments was received in 1968 by the Company in respect of services rendered up to December 31, 1968.

Future Outlook

The improvement in Steel Division operating results which began in 1967 developed further in 1968 and is



Atlas Steels new vacuum arc remelting unit produces extra high-quality steels for aerospace industry. Here an ingot is prepared for melting.

expected to continue in 1969 if economic conditions remain favourable. Production of uranium concentrates will be increased by approximately one-third in 1969. This increase is required to provide product for commencement of deliveries to the Japanese utilities at the rate of 1,000,000 pounds of uranium oxide concentrate per year and for the delivery of 186,000 pounds of uranium oxide concentrate to Canadian Westinghouse Company Ltd. under a contract obtained late in 1968. Copper prices are subject to a wide variety of diverse factors and their movement is not predictable.

The growth in worldwide demand for uranium for nuclear power is developing, as expected, at a rapid rate throughout the world. A decline in the rate of ordering of nuclear power stations by American utilities in 1968, after an extremely high rate in the previous year, was anticipated, but the United States Atomic Energy Commission has confirmed its prior projections of the expected rapid growth of nuclear power in the United States.

The inherent advantages of nuclear power in industrial Europe as a whole have now become so widely recognized that the rate of nuclear expansion in that area is expected to accelerate in the fairly near future, and a significant increase in the number of orders for nuclear stations is anticipated in Europe during 1969. The commitment to nuclear power by some of the smaller European nations appears greater than had been previously recognized. Up to now, the future for uranium has been predicated primarily on the growth in the use of nuclear energy for electric power. In addition, there are projects being examined throughout the world to develop other uses for nuclear energy.

Meanwhile, it has become increasingly clear that major additions to known low cost uranium ore reserves will have to be proven and developed relatively soon if sufficient production capacity is to be available, on a global basis, to meet long-term growth in demand. It is still expected that demand will start to exceed supply from total production capacity available to the non-communist countries by the mid 1970's.

It is considered that the Company is in a unique position to benefit from the rapidly-increasing world demand for uranium. It has established a sizeable forward order position which assures continuity of operations and which will support the orderly expansion of production at Elliot Lake. The Company's uranium holdings in Canada rank with the largest low cost uranium reserves in the world. These reserves are to a large extent uncommitted in spite of the backlog of approximately 50 million pounds. Also, since production will come from several mines, the Company has a flexible production capability. In addition to its Canadian uranium reserves, the development of the Utah property, the production from which is only partially committed, has the effect of establishing the Group as a supplier to United States consumers.

Organization

During the year Mr. G. R. Albino was promoted from Vice-President and Executive Assistant to the President to become Executive Vice-President, Corporate Staff, and Mr. W. P. Arnold and Mr. O. S. Leslie, who had been Vice-Presidents and General Managers of Operations of the Mining and Steel Divisions respectively were promoted to Executive Vice-Presidents in charge of these operations. These promotions were made in recognition of the high standard of performance of these officers and the assumption by them of increased responsibilities.

Mr. G. Baker, who had been Vice-President, Administration since 1964, and Secretary since 1960, resigned effective January 1, 1969 to take up new duties as General Manager of Tinto Holdings Canada Limited and the Canadian company established by The Rio Tinto-Zinc Corporation Limited to provide administrative services to certain of its affiliated companies. Mr. A. C. Turner, formerly Controller, on February 28, 1969 was appointed Secretary in succession to Mr. Baker.

The dispersed nature of the Company's operations means that it is dependent for its success on the efforts of a large number of people applying a wide variety of skills in furtherance of the Company's objectives. Your Directors wish to express their appreciation to all members of the Company for their effective efforts during the past year.

On behalf of the Board
R. D. Armstrong
President

Toronto, Canada
February 28, 1969

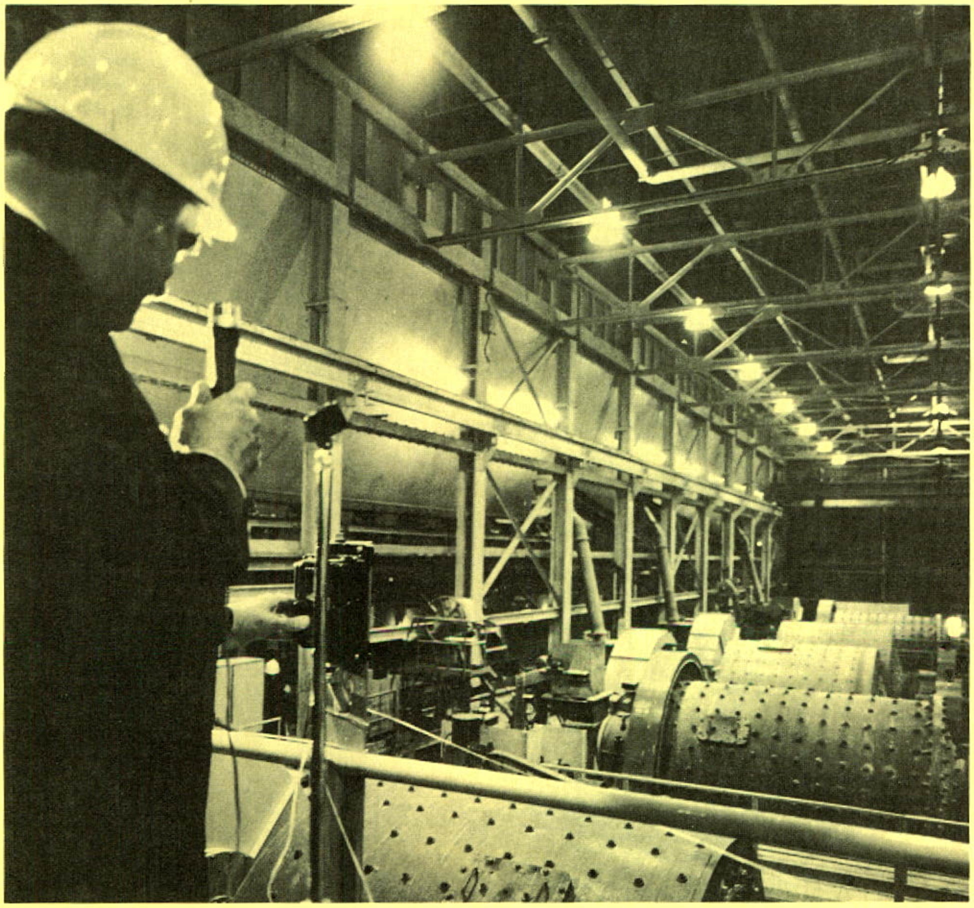
Atlas Alloys cuts metal to customer specifications at 60,000° F.

A New Mine is opened...

. . . officially by Ontario Prime Minister John P. Robarts. The Premier triggered the hoisting of 9½ tons of ore to inaugurate operations at New Quirke uranium mine at Elliot Lake on October 30, 1968. Witnesses to the ceremony included from the left, Peter Robertson, Foreman who assisted the Premier in operating hoist control, Dr. Maurice Foster, Algoma M.P., and Allan F. Lawrence, Ontario Minister of Mines.

Following his arrival at Elliot Lake airport Premier Robarts was escorted to a waiting car by Rio Algom President R. D. Armstrong. Also present to welcome the Premier were, from left, E. W. Cheeseman, Manager, Rio Algom uranium mines at Elliot Lake and Sir Mark Turner, Deputy Chairman of the Rio Tinto-Zinc Corporation Limited.

Elliot Lake Reeve Alcide Alemany welcomed to Elliot Lake, the guests who attended the official opening. On the platform with Mr. Alemany were, from left, Mr. Armstrong, Dr. Foster, Mr. Cheeseman, and Sir Mark Turner.



Out-of-town guests attending the official opening leave the Mining and Nuclear Museum where they were welcomed to the township by Reeve Alemany and Dr. Foster.

Quirke mill, shut down since 1960, was officially re-opened by Premier Robarts. The Premier pushed a button which set in operation the mill's mammoth grinding circuit.

Winter view of New Quirke, in foreground, and the Quirke mill. Construction of a semi-automatic, ore-hauling electric train line connecting the mine and mill began last year. The line is designed to move 200 tons of ore per trip in 13 cars, each with a 15-ton capacity.

Auditors' Report

To the Shareholders of Rio Algom Mines Limited:

We have examined the consolidated statement of financial position of Rio Algom Mines Limited as at December 31, 1968 and the consolidated statements of earnings, retained earnings and source and disposition of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1968 and the results of their operations and the source and disposition of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,	COOPERS & LYBRAND
February 19, 1969	Chartered Accountants

RIO ALGOM MINES LIMITED

(Incorporated under the laws of Ontario)

Consolidated Statement of Financial Position

DECEMBER 31, 1968

($000's omitted)

	1968	*1967*
CURRENT ASSETS:		
Cash	$ 2,976	*$ 1,103*
Short term investments, at cost, and deposits	37,599	*38,501*
Marketable securities, at cost less reserve of $600,000 (note 8) (market value, 1968—$739,000; 1967—$442,000)	442	*442*
Receivables	26,059	*28,220*
Due from affiliated and associated companies	230	*318*
Inventories and concentrates awaiting shipment (note 2)	48,977	*54,322*
Prepaid expenses	1,150	*1,567*
Total	117,433	*124,473*
Less:		
CURRENT LIABILITIES:		
Bank loans (note 3)	9,808	*14,382*
Accounts payable and accrued liabilities	17,674	*18,595*
Due to affiliated and associated companies	126	—
Provision for income taxes including Provincial mining taxes	829	*2,176*
Preference share dividend payable January 1	217	*217*
Long term debt due within one year (note 7)	—	*13,362*
Total	28,654	*48,732*
WORKING CAPITAL	88,779	*75,741*
Shares in and advances to associated companies—		
Shares, at cost less provision for losses	42	*6,057*
Advances	—	*3,540*
Plant and equipment, less depreciation (note 4)	74,952	*73,797*
Mining properties and preproduction expenditures, less amortization (note 5)	15,958	*11,669*
Other costs applicable to future periods (note 6)	19,634	*23,042*
TOTAL ASSETS LESS CURRENT LIABILITIES	199,365	*193,846*
Deduct:		
Long term debt (note 7)	40,125	*42,125*
Minority shareholders' interests in subsidiary companies	1,108	*842*
	41,233	*42,967*
EXCESS OF ASSETS OVER LIABILITIES	$158,132	*$150,879*
OWNERSHIP EVIDENCED BY (note 8):		
Capital stock	$ 87,438	*$ 87,427*
Contributed surplus	19,381	*19,381*
Retained earnings	51,313	*44,071*
Total	$158,132	*$150,879*

Approved on behalf of the Board:

J. H. Smith, Director R. D. Armstrong, Director

Consolidated Statement of Earnings

YEAR ENDED DECEMBER 31, 1968

($000's omitted)

	1968		*1967*	
REVENUE:				
Revenue from mine production, sales of steel and other products	$145,825		*$149,848*	
Investment and other income	2,455		*1,118*	
	148,280		*150,966*	
EXPENSES:				
Cost of production, selling, general and administrative expenses	123,744		*119,625*	
Interest and amortization of discount and financing expenses (note 6)	3,197		*3,548*	
Depreciation and amortization (notes 4, 5, 6 and 12)	11,276		*14,058*	
Exploration expenditures	1,257		*1,026*	
	139,474		*138,257*	
	8,806		*12,709*	
Provision for income taxes including Provincial mining taxes (note 10)	481		*1,227*	
Earnings before adjustment for minority interest in subsidiary companies	8,325		*11,482*	
Minority interest in profits of subsidiaries	256		*223*	
NET EARNINGS FROM OPERATIONS	8,069		*11,259*	
Earnings per common share before extraordinary items		59¢		*94¢*
Extraordinary items:				
Gain on sale of investments	3,984		—	
Management fee applicable to prior years, less interim payments	959		—	
	4,943		—	
NET EARNINGS FOR THE YEAR	$ 13,012		*$ 11,259*	
Net earnings per common share		99¢		*94¢*

Consolidated Statement of Retained Earnings

YEAR ENDED DECEMBER 31, 1968

($000's omitted)

	1968	*1967*
BALANCE, beginning of year	$ 44,071	*$ 40,338*
Net earnings for the year	13,012	*11,259*
	57,083	*51,597*
DEDUCT:		
Dividends on preference shares	870	*870*
Dividends on common shares	4,900	*4,593*
Transfer to reserve for marketable securities (note 8)	—	*600*
Expense of common share capital issue	—	*1,463*
	5,770	*7,526*
BALANCE, end of year	$ 51,313	*$ 44,071*

Consolidated Statement of Source and Disposition of Funds

YEAR ENDED DECEMBER 31, 1968

($000's omitted)

	1968	*1967*
SOURCE OF FUNDS:		
Net earnings for the year	$ 13,012	*$ 11,259*
Add depreciation, amortization and other charges (net) to operations not involving current outlay of funds	12,046	*14,369*
Total from operations	25,058	*25,628*
Investments in associated companies (net)	9,555	*(5,765)*
Transfer to reserve for marketable securities	—	*(600)*
Issue of common shares (net of issue expense)	11	*42,247*
	34,624	*61,510*
DISPOSITION OF FUNDS:		
Expenditures (net) for fixed assets, preproduction and development	13,131	*9,440*
Increase in development projects	685	*3,406*
Dividends on preference shares	870	*870*
Dividends on common shares	4,900	*4,593*
Reduction of long term advances (net)	—	*11,138*
Reduction of long term debt	2,000	*2,491*
	21,586	*31,938*
INCREASE in working capital	$ 13,038	*$ 29,572*

Notes to Consolidated Financial Statements

December 31, 1968

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiary companies except the following:

(i) Wholly-owned housing companies which have been excluded because the investment is of doubtful value. The investment in the housing companies has been completely amortized as explained in note 5. The losses of these companies in the year 1968 amounted to $11,916; and

(ii) Partially owned companies which have been excluded because the companies are inactive or are in the exploration and development stage and have had no profits or losses since acquisition.

The accounts of consolidated foreign companies are stated in Canadian dollars on the following basis:

Fixed assets and related depreciation at exchange rates in effect at date of acquisition;

Long term advances and capital stock at rates in effect at time of transactions;

Other assets and liabilities at year end rates; and

Revenues and expenses (other than depreciation) at average rates in effect during the year.

2. INVENTORIES AND CONCENTRATES AWAITING SHIPMENT

This consists of:

	1968	1967
Inventories—		
Steel, other metals, raw materials and supplies	$42,697,023	$44,647,692
Mine supplies	3,005,787	2,763,415
Total inventories	45,702,810	47,411,107
Concentrates awaiting shipment	3,274,426	6,910,542
	$48,977,236	$54,321,649

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. Mine supplies are valued at cost less provision for loss on disposal of surplus supplies.

Concentrates awaiting shipment are valued at selling price.

3. BANK LOANS

Mines de Poirier Inc., consolidated and wholly-owned by the company, had a bank loan outstanding of $5,575,000 at December 31, 1968 secured by the pledge of a debenture issued under a trust deed of hypothec, mortgage and pledge charging the undertaking and all the assets of that company.

Anglo-Rouyn Mines Limited, consolidated and 58% owned by the company, had a bank loan outstanding of $2,450,000 at December 31, 1968 secured by way of assignment of ore concentrates, supplies, etc., under Section 88 of the Bank Act, a registered general assignment of accounts receivable and a first mortgage bond of $4,100,000.

4. PLANT AND EQUIPMENT

Plant and equipment consists of:

	1968	1967
Buildings, machinery and equipment and construction in progress, at cost	$242,402,396	$235,041,953
Less accumulated depreciation	169,525,134	162,726,797
	72,877,262	72,315,156
Land, at cost	2,074,659	1,481,790
	$ 74,951,921	$ 73,796,946

The following accounting policies are being followed in connection with the depreciation charges of the company:

(i) Fixed assets of the Mining Division:

(a) Depreciation is being provided on fixed assets on the basis of the shorter of physical life or economic life, as estimated for the individual mining units, the economic life to be adjusted from time to time as conditions warrant; and

(b) With respect to uranium assets the policy referred to in (a) above was implemented in May of 1968. Prior to that time the unamortized cost, at July 1, 1960, of uranium plant and equipment and subsequent capital expenditures insofar as such expenditures related to the facilities necessary to produce the poundage to be delivered under Eldorado contracts referred to below, was depreciated on the basis of total poundage of uranium oxide to be delivered under Eldorado contracts (excluding the Eldorado-British contract received in 1962 and the Government stock-pile contracts received in 1963 and 1965); these fixed assets were fully depreciated by May 1968, when sufficient poundage had been produced to fulfill final delivery commitments under the above-noted Eldorado contracts.

(ii) Fixed assets of the Steel Division:

Fixed assets are being 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	6-2/3% per annum

5. MINING PROPERTIES AND PREPRODUCTION EXPENDITURES

This consists of:

	1968	1967
Mining properties, at cost	$ 6,594,317	$ 5,967,918
Less accumulated amortization	5,830,425	5,602,159
	763,892	365,759
Preproduction expenditures, at cost less amortization	15,194,154	11,303,617
	$15,958,046	$11,669,376

Mining properties and preproduction expenditures are being amortized on the same basis as depreciation is being provided, as described in Note 4 (i) (a). Costs of certain uranium mining properties, preproduction expenditures, right to deliver under sales contract and housing costs, incurred in respect of the particular Eldorado contracts referred to in Note 4 (i) (b), were fully amortized by May 1968.

6. OTHER COSTS APPLICABLE TO FUTURE PERIODS

This includes the following:

	1968	1967
Development projects, at cost	$ 3,162,738	$ 5,018,040
Discount and financing expenses, at cost less amortization	1,818,197	2,322,945
Excess of acquisition cost over adjusted book value of Atlas Steels assets, less amortization	14,653,292	15,700,392
	$19,634,227	$23,041,377

The following accounting policies are being followed in connection with amortization of other costs applicable to future periods:

(i) Development projects are carried forward as assets while the projects are considered to be of value to the company. All exploration expenditures have been written off. The amount expended on the Utah uranium property, which is being brought into production, was transferred to the asset classification, mining properties and preproduction expenditures set out in Note 5;

(ii) Discount and financing expenses are being amortized on a straight line basis over the life of the Sinking Fund Debentures of the company, which mature on April 1, 1983. Discounts realized on purchase for redemption of debentures have been applied to reduce the unamortized balance of discount and financing expenses; and

(iii) Excess of acquisition cost over adjusted book value of Atlas Steels assets is being amortized on a straight line basis over a 20 year period which commenced January 1, 1963.

7. LONG TERM DEBT

	1968	1967
Advances on future deliveries of uranium concentrates	$ 2,125,000	$13,262,500
Less portion included in current liabilities	—	11,137,500
	2,125,000	2,125,000
5½% Serial Debentures Series A	—	2,000,000
5¾% Sinking Fund Debentures Series A, maturing on April 1, 1983	38,000,000	40,224,000
	38,000,000	42,224,000
Less portion included in current liabilities	—	2,224,000
	38,000,000	40,000,000
	$40,125,000	$42,125,000

At December 31, 1968 the advance payments received from Eldorado Nuclear Limited on the account of future deliveries of uranium concentrates, after net repayment of $11,137,500 in 1968, totalled $2,125,000 collaterally secured by $2,941,178 issued and outstanding Non-Interest-Bearing Performance Bonds due March 31, 1974. The Performance Bonds are secured by a charge on the uranium assets of the company located at Elliot Lake and uranium concentrates produced but not delivered. As the deferred poundage is delivered the Bonds are being surrendered to the company. The advances of $2,125,000 are repayable in 1970 and 1971.

The company has agreed to make sinking fund payments for the retirement of the Sinking Fund Debentures as follows:

$2,000,000 on October 1 in each of the years 1969 to 1978; and
$2,500,000 on October 1 in each of the years 1979 to 1982.

At December 31, 1968, $2,000,000 principal amount had been purchased to meet the sinking fund requirements in 1969.

8. OWNERSHIP

Ownership was evidenced by:

	1968	1967
Capital stock		
Authorized:		
500,000 First Preference Shares with a par value of $100 each, issuable in series		
15,000,000 Common Shares without par value		
Issued:		
150,000 $5.80 Cumulative Redeemable First Preference Shares Series A (redeemable at premiums ranging from 5¾% to 1%)	$ 15,000,000	$ 15,000,000
12,249,584 Common Shares (12,249,159 at December 31, 1967)	72,437,504	72,427,092
	87,437,504	87,427,092
Contributed surplus	19,381,472	19,381,472
Retained earnings	51,313,400	44,071,068
Total	$158,132,376	$150,879,632

(i) During the year:
(a) 400 Common Shares were issued for $9,856 cash under a Stock Option Plan; and
(b) 25 Common Shares were issued for $556 cash on the exercise of 25 Series C Warrants.

(ii) At December 31, 1968, 247,829 Common Shares were reserved:

(a) 99,600 shares, of which 25,000 shares were reserved during the year, under a Stock Option Plan. Outstanding options have been granted to employees to purchase:

20,100 shares at a price of $24.64 per share on or before March 30, 1977; and

35,500 shares (options on 39,000 shares granted during 1968, of which options on 3,500 shares were subsequently extinguished) at a price of $28.35 per share on or before April 1, 1978.

(b) 148,229 shares for holders of Series C Warrants, issuable at $22.25 per share on or before April 1, 1971.

(iii) In 1967 an amount of $600,000 was appropriated from retained earnings as a reserve to reduce the carrying value of marketable securities to approximate market value at December 31, 1967. The reserve will be restored to retained earnings when such marketable securities are sold at which time any gain or loss will be recorded in earnings.

(iv) There are restrictions on the payment of dividends in the provisions attaching to the $5.80 Cumulative Redeemable First Preference Shares Series A and the company's trust indenture relating to the Series A Debentures contains certain covenants which limit the payment of any dividends as well as the assumption of additional long term liabilities.

9. COMMITMENTS AND CONTINGENT LIABILITIES

The following commitments and contingent liabilities were outstanding at December 31, 1968:

(i) Estimated total cost to complete capital projects was approximately $4,650,000 (committed approximately $2,000,000);

(ii) Minimum annual rentals upon real property leased to the company and/or its subsidiaries with original terms extending beyond December 31, 1971, exclusive of certain expenses such as real estate taxes, insurance, etc., amounted to approximately $484,000. The leases are for varying periods, the longest lease extending to 1990 and include options for renewal;

(iii) The company is obligated in each year commencing April 1, 1969 to set aside as a retirement fund, subject to certain limitations, an amount equal to 2% of the original aggregate par value of the Preference Shares Series A. The retirement fund will be used to purchase or redeem Preference Shares Series A subject to certain limitations; and

(iv) A wholly-owned consolidated subsidiary of the company intends to spend an additional amount of approximately $15,000,000 to bring its Utah uranium property into production. Bank financing for the project is currently under discussion.

10. INCOME TAXES

Because the company did not claim depreciation or mine development expenses during the tax exempt periods of its mines, it has available sufficient of such expenses to eliminate taxable income for the year. A balance of unclaimed expenses is available which can be used to reduce future years' taxes, although the amount cannot be determined at the present time. The company does not intend to provide for income taxes so long as the accumulated amount of these expenses claimed for tax purposes is less than the accumulated amount recorded in its accounts.

Full provision has been made for Provincial mining taxes and the income taxes of subsidiary companies.

11. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

During the year ended December 31, 1968 the aggregate direct remuneration paid or payable by the company and its consolidated subsidiaries to the directors and senior officers of the company was $527,763.

12. DEPRECIATION AND AMORTIZATION

Provisions for depreciation and amortization relating to plant and equipment, mining properties and preproduction expenditures and other costs applicable to future periods were:

	1968	1967
Plant and equipment	$ 6,965,530	$ 7,967,000
Mining properties and preproduction expenditures	3,262,820	5,044,089
	10,228,350	13,011,089
Excess of cost over adjusted book value of assets acquired	1,047,100	1,047,100
	$11,275,450	$14,058,189

13. PENSION FUND

A revaluation of the Rio Algom Pension Plan was carried out as at January 1, 1968 and a "single premium" costing method adopted rather than the "level premium-entry age normal" method employed prior to that date. On the basis adopted the company's pension plans are considered to be fully funded; the annual pension expense is charged against earnings in the year of payment.

14. COMPARATIVE FIGURES

The 1967 figures shown in the financial statements differ in certain respects from those previously reported by reason of the reclassification for comparative purposes of certain items contained therein.

Comparative Consolidated Earnings by Divisions

YEAR ENDED DECEMBER 31, 1968

($000's omitted)

	1968	*1967*
MINING DIVISION		
Revenue from mine production	$ 35,282	*$ 44,823*
Expenses:		
Cost of production and administration	21,278	*20,201*
Depreciation and amortization	6,262	*9,726*
Exploration expenditures	1,257	*1,026*
Minority interest in profits of subsidiary	253	*223*
Total expenses	29,050	*31,176*
Net earnings from operations before taxes	6,232	*13,647*
STEEL DIVISION		
Revenue from sales of steel and other products	110,543	*105,025*
Expenses:		
Cost of production, selling and administration	100,578	*96,968*
Depreciation	3,903	*3,225*
Amortization of excess of cost over adjusted book value of assets acquired	1,047	*1,047*
Minority interest in profits of subsidiary	3	—
Total expenses	105,531	*101,240*
Net earnings from operations before taxes	5,012	*3,785*
CORPORATE DIVISION		
Expenses:		
Costs of administration	1,888	*2,456*
Interest	3,035	*3,386*
Amortization of discount and financing expenses	162	*162*
Depreciation	64	*60*
Total expense	5,149	*6,064*
Less investment and other income	2,455	*1,118*
Net expense for the year	(2,694)	*(4,946)*
NET EARNINGS FROM OPERATIONS BEFORE PROVISION FOR TAXES	8,550	*12,486*
Provision for taxes:		
Provincial mining taxes	63	*990*
Income taxes	418	*237*
	481	*1,227*
NET EARNINGS FROM OPERATIONS	8,069	*11,259*
Add extraordinary items	4,943	—
NET EARNINGS FOR THE YEAR	$ 13,012	*$ 11,259*

Report on Operations

Mining Division

The Mining Division profit for the year before providing for mining taxes was $6,232,000 compared to $13,647,-000 in 1967. Total revenue of $35,282,000 was $9,541,-000 lower than the 1967 revenue of $44,823,000.

Revenue and earnings from uranium operations were significantly lower than for the previous year primarily because of the impact of lower selling prices applicable to uranium poundage produced, commencing in late May, for delivery under the master Eldorado contract. In addition, production was adversely affected by a twenty-nine day strike at Elliot Lake.

Total copper revenue was higher than in the previous year as a result of increased production. Average copper prices were about the same as in 1967. This improvement in production levels was substantially offset by increased costs and earnings were approximately at the same level as in 1967.

Uranium

The Nordic mine and mill operated at capacity until vacation shutdown in mid-July when milling operations ceased. The operation of the Old Quirke mine and mill commenced as scheduled on July 29 with the transfer of operations from Nordic to the Quirke site being effected without difficulty, except that a strike which started on August 14 forced the shutdown of all uranium operations for twenty-nine days. Although the transfer imposed complex mine scheduling problems, the enlarged mill at Old Quirke is now operating at above its rated capacity of 3,700 tons per day.

A total of 1,167,000 tons of ore was milled during the year. The average recovered grade, including development and preproduction ore and uranium oxide recoveries when the Nordic mill circuit shut down, was 1.96 pounds of uranium oxide per ton and the average recovery rate was 93.3%. The decline in average recovered grade as compared to 1967 was the expected result of the planned mining of fringe areas in the Nordic mine as the orebody was exhausted at presently developed levels and the processing of development ore from the New Quirke mine. This was partly offset by the higher grade Old Quirke ore which was mined at a progressively higher rate in the last half of the year.

A total of 2,293,000 pounds of uranium oxide was produced including 96,000 pounds from underground leaching at Nordic and at the Old Quirke mine. Deliveries totalling 2,402,000 pounds of uranium oxide were made under the master contract with Eldorado Nuclear Limited.

The shaft at the New Quirke mine was completed in the first quarter of the year and ore and waste passes and ventilation raises are being driven. Ore development was commenced on the 2nd and 3rd levels in the second quarter. Construction of a semi-automatic electric railway for the haulage of ore from the new mine to the Quirke mill was completed in February 1969. Production from this mine will be increased to 2,200 tons per day during 1969 and to 3,200 tons in 1970. A daily mining rate of 5,200 tons, part of which will be milled at another property, is planned for 1971 and in that year production from the New Quirke mine will replace that from the Old Quirke mine, the reserves of which will have been exhausted.

Late in 1968 an order was received from Canadian Westinghouse Company Ltd. for 186,000 pounds of uranium oxide to be delivered in nine equal lots during 1969 and early 1970. At the year-end commitments were outstanding for future delivery of approximately 50 million pounds of uranium oxide to be produced from Canadian properties. The annual rate of deliveries under these contracts will require additional capacity by the early 1970's. Plans are being made to develop further production capacity as market conditions warrant.

Detailed feasibility studies of the Utah uranium property located near Moab, Utah were completed in March. A letter of intent was received in October from the Duke Power Company of Charlotte, North Carolina for the purchase of 3,000,000 pounds of uranium oxide in concentrate to be delivered in equal annual quantities over a six-year period commencing in 1972, and the decision was taken to bring the property into production.

The Utah mine will be operated by a wholly-owned United States subsidiary. The mine and mill are designed to produce approximately 1,200,000 pounds of uranium oxide per year from the flat lying orebody which is 2,500 feet below surface. Site preparation is in progress and sinking of the ventilation and production shafts is scheduled to start in 1969. This is the first commercial sale of

Above: Utah uranium property which is scheduled to begin production in 1972.

Exploration crew in Northern Quebec where a concerted search for uranium is underway.

uranium in the United States by the Group. It was made possible by the development of the Utah property since the current policy of the United States Atomic Energy Commission prohibits the enrichment of imported uranium in the United States for domestic (U.S.) consumption.

Base Metals

Production for all copper and zinc properties totalled 35,262,000 pounds of payable copper in concentrate and 13,559,000 pounds of payable zinc in concentrate compared to 32,788,000 and 19,980,000 pounds respectively in the previous year.

Pronto Mine

The mill treated 259,000 tons of ore and 9,286,000 pounds of payable copper in concentrate were produced; an increase in production of 9.4% compared to 1967. Average mill head grade was 1.9% and average mill recovery was 96.4%, the same as in the previous year.

During the year an incline was driven down from the lowest working level to gain access to an additional 75,000 tons of ore. The lowest working depth is now 4,010 feet or 125 feet below the 21st level. All development for the orebody has been completed and the mine is on a terminal production program with operations expected to end early in 1970.

Mines de Poirier Inc.

This mine produced 15,185,000 payable pounds of copper in concentrate and 13,559,000 payable pounds of zinc in concentrate from the milling of 567,000 tons of ore. The average mill head grade was 1.5% copper and 2.1% zinc compared to 1.3% and 2.7% respectively in 1967. Metal recoveries in the mill were 92.8% for copper and 67.6% for zinc compared to 92.0% and 69.1% respectively in the previous year. A program has been implemented to gradually eliminate the milling of zinc bearing ore as more profitable copper ore becomes available in sufficient quantity to fill the mill. Custom milling continued on a satisfactory basis and 242,000 tons of this ore were treated.

The plant continued to improve in performance but operating costs per ton of ore increased by reason of more extensive use of selective mining methods, as well as expenditures on development of new ore adjacent to the present main workings. This development work has provided access to approximately 500,000 tons of copper ore of higher grade than that currently being mined.

The shaft was deepened 989 feet to its planned bottom of 2,850 feet, providing seven new level stations. Ore and waste passes are being driven and, when completed, work will proceed from these levels to investigate the downward extension of the main ore zone.

Anglo-Rouyn Mines Limited

Concentrates containing 10,791,000 pounds of payable copper were produced from the milling of 280,000 tons of ore. The mill head grade averaged 2.1% copper and average mill recovery was 96.1% compared to 1.9% and 95.7% in 1967. Production of gold and silver was 10,478 ounces and 57,775 ounces respectively.

Operating costs per ton milled were higher than in the previous year largely by reason of the change in mining method from blast hole to shrinkage mining together with increased labour costs. The change in mining method reduced dilution and contributed to the improvement in average grade of ore produced. Labour rates increased early in the year and continuing shortage and turnover of underground labour adversely affected the rate of production and labour costs. A new diesel generator was put into service at mid-year, and will provide more reliable and lower cost power.

The economic feasibility of mining ore reserves to the east and west of the orebody currently being mined is now being examined.

Exploration

The Company's net expenditure on exploration in 1968 was $1,257,000, exclusive of development expenditures on the Utah and Lornex projects, compared with $1,026,000 in 1967 and $627,000 in 1966. Long-term exploration programs, initiated in 1967, were extended in the search for uranium and base metals in Canada and the United States.

Drilling was carried out on uranium claims in the Elliot Lake area and investigations were carried out on claims held on uranium prospects in other areas of Ontario. A major exploration project in northern Quebec being carried out in conjunction with Soquem, the Quebec government sponsored exploration company, has been concentrated on sediments similar to those in which uranium is found at Elliot Lake. Work in this area in 1969 will be directed towards determination of whether these occurrences have commercial value. Extensive drilling on uranium prospects in three regions of Wyoming continued in 1968 in partnership with Mitsubishi Metal Mining Company; a follow-up program is planned for 1969.

A long-term general reconnaissance program, directed toward identification of copper mineralization which commenced in 1967 in British Columbia, was extended to include three new regions of interest. Geological and geophysical investigations were continued in the search for base metals in northern Saskatchewan, northwestern Ontario and the Maritime Provinces in Canada and areas of the northeast and southeast United States.

Development Projects

The detailed investigation of the Lornex copper-molybdenum prospect in the Highland Valley area of British Columbia was completed towards the end of 1968. The program included underground drilling and cutting of drives to provide more precise information as to ore grade together with metallurgical testing in a pilot mill to provide information as to milling methods and recovery of metals.

A comprehensive report was developed in which it is estimated that a capital investment of $120,000,000, including expenditures to date, would be required to bring the mineral claims into production at a rate of 38,000 tons of ore per day. Annual production would be in the order of 109,500,000 pounds of copper in concentrate and 2,500,000 pounds of molybdenum in concentrate and production life is estimated at approximately 21 years at this rate. Negotiations are currently in progress with potential purchasers of Lornex concentrates and with financing sources for the purpose of determining whether product sale and financing arrangements can be negotiated on bases which would warrant developing the Lornex mineral claims for production.

Research and Development

During the year technical and analytical services were provided on a continuing basis to operating departments as required. A major program was initiated directed at increasing the effective production capacity of mills through beneficiation of ore prior to processing. This program is particularly significant in relation to the increase in production which will be required to fulfil current sales commitments and anticipated market opportunities.

Employee Relations

At December 31, 1968 there were 1,862 employees in the Mining Division (including all consolidated subsidiaries) of whom 1,362 were production workers and 500 were engaged in executive, technical, administrative and clerical functions.

Following a twenty-nine day strike by Elliot Lake uranium production workers, a two-year contract was signed effective May 16, 1968 which provided for substantial increases in wages and benefits and implementation of a pension plan commencing January 1, 1969.

A three-year agreement, effective December 22, 1968, was negotiated with the production workers of the Mines de Poirier copper-zinc mine. At the Anglo-Rouyn copper mine, an agreement was entered into with hourly rated employees with effect from October 23, 1968 until November 30, 1970.

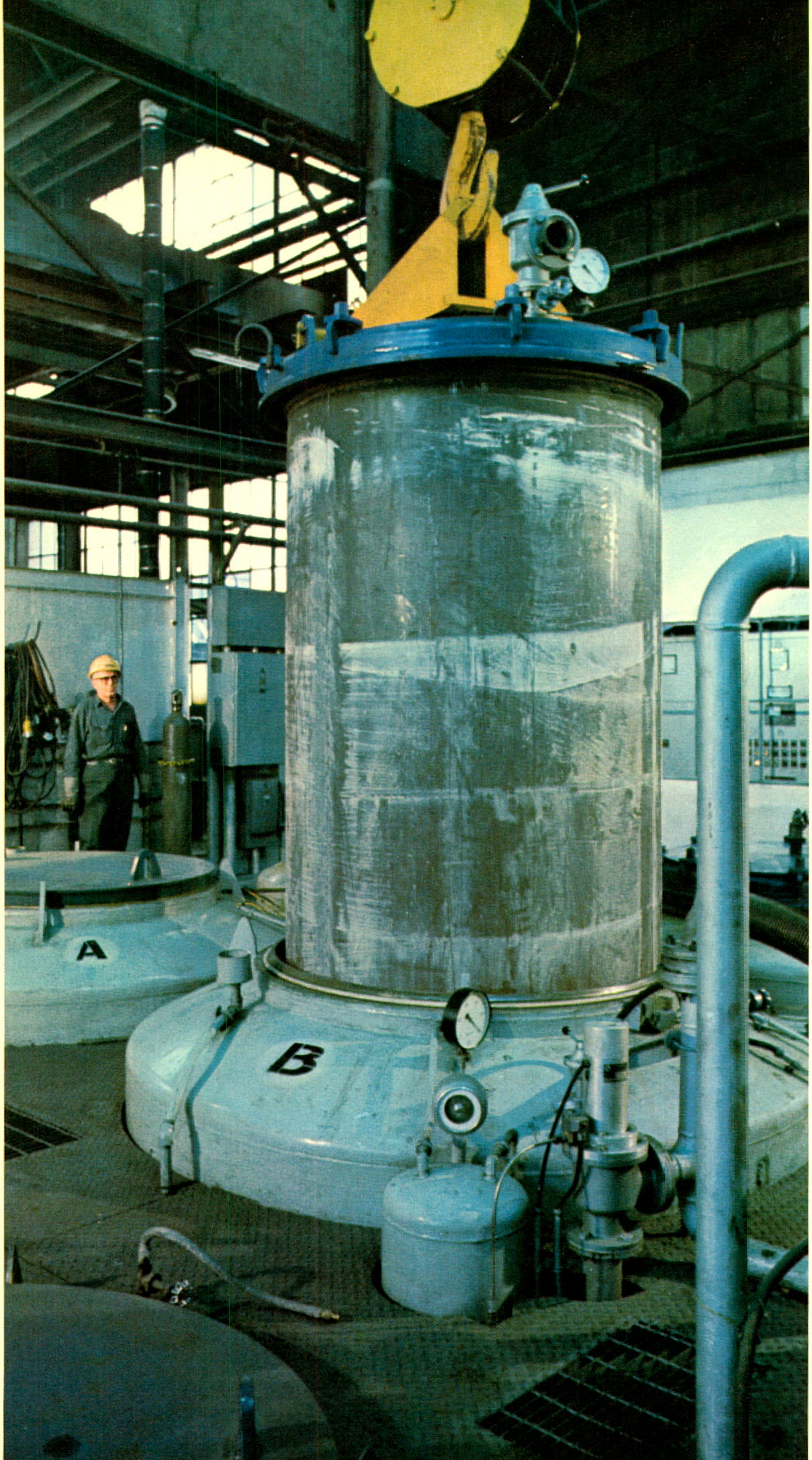
Although there was a continued shortage of skilled miners and tradesmen, the supply of labour was generally satisfactory.

Steel Division

The Steel Division profit before income taxes for 1968 was $5,012,000 as compared with $3,785,000 in 1967, an increase of $1,227,000, or 32.4%. The profits in each year are stated after deduction of $1,047,000, representing the annual charge for amortization of the excess of acquisition cost over adjusted book value of the Atlas Steels assets purchased as at December 31, 1962.

Total sales of all products, including metal products purchased by warehousing subsidiaries for resale reached a record high of $110,543,000 in 1968, an increase of 5.3% over 1967. Sales of flat-rolled products from the Tracy plant again increased substantially over the previous year and more than offset decreases in sales from the Welland plant and the Canadian warehousing division.

The net increase in Steel Division operating profit is again attributable in large measure to increased output and continuing operating improvements of the Tracy plant. Profit on Welland products was adversely affected by reduced sales of higher margin specialty steels, particularly in the Canadian market. Sales and profit performance of the international warehousing subsidiaries was generally satisfactory.



Retort containing high-speed steel wire is removed from Atlas Steels' new vacuum annealing unit.

Sales and Marketing

A market plan which was implemented to meet import competition and to penetrate selected export markets produced satisfactory increases in sales of stainless sheet and strip. This program was largely responsible for maintaining overall domestic sales in 1968 at a higher level than in 1967 and also resulted in increased export sales of these products.

Sales by the Canadian warehousing division were below expectations in 1968 but gained strength in the fourth quarter and order backlogs have increased. New cost and inventory control programs were instituted during 1968 and are expected to improve performance in 1969.

Partially as a result of the setback in the development program for supersonic air transports in the United States, sales by Atlas Titanium were lower than in 1967. However, at year-end there was an indication that titanium sales would resume an upward trend in 1969.

The order backlog position has strengthened, particularly in higher value products, and was substantially higher at the end of 1968 than at the beginning of the year despite the increase in shipments made during the year.

Manufacturing

Production volume at the Tracy plant continued to increase and substantial reductions in manufacturing cost per ton were achieved. The installation of stream vacuum degassing equipment was completed in the third quarter and was brought into full production during the fourth quarter. Results to date indicate that this process will substantially improve slab quality and overall yield and will reduce the cost of subsequent finishing operations. The planetary mill is now being operated on a scheduled production basis and will convert an increasing percentage of slab production to hot band during 1969. It is anticipated that output from the Tracy plant will increase substantially again in 1969.

At the Welland plant the relatively low production levels encountered in late 1967 continued through the first part of 1968 and affected the plant's operating performance. However, the order position strengthened and improved operating results were achieved in the fourth quarter. If economic conditions remain favourable, operations at near capacity are anticipated in 1969 with continued emphasis being placed on attaining an improved product mix. The first stage of the major modernization program to upgrade product mix was completed in 1968; it included the installation of new vacuum annealing facilities and will enable the Company to compete more effectively in the marketing of high speed steels. The addition of a second consumable electrode vacuum arc melt furnace doubled the capacity for production of certain high alloy steels. The modernization program will continue at an accelerated rate in 1969 with major emphasis on in-process heating facilities and the start of a modern cold draw bar finishing facility. The program as now planned will require capital expenditures of approximately $30,000,000 over the next few years.

Research and Development

In 1968 the research and development program was more strongly directed toward the development of new, improved specialty steel products to support the planned improvement of product mix. Technological effort was directed to steels which reduce the cost of processing in the customer's plant or result in products with longer life. Programs of this type undertaken in 1968 were directed toward developing stainless steel bar products with better machinability, die casting mould alloys with longer life, more easily formed stainless steel sheet products and high speed tool steels which respond more uniformly to machining and heat treatment. In 1968 the laboratory scale studies of a new approach to electroslag melting of quality steels were completed and the construction of a pilot plant was begun. The pilot plant experiments are expected to result in the development of a process for improving the qualities and reducing the cost of producing a broad range of tool and alloy steels.

Employee Relations

The Steel Division employed 3,496 people at December 31, 1968 of whom 2,195 were engaged in production, 602 were engaged in sales and marketing and 699 were performing executive, administrative or clerical functions.

The labour contract covering hourly-rated employees at the Welland plant, who are members of the Canadian Steel Workers' Union, expired on February 17, 1968. A new contract was signed covering a period of two years providing increases of approximately 58 cents per hour over the contract period. During negotiations there was a work stoppage of approximately three days.

The agreement between the Company and the United Steel Workers of America, representing the office, clerical and technical employees at the Welland plant and offices, expired on December 31, 1968; the agreement for the Tracy plant and office employees expired on January 31, 1969. New contracts are currently being negotiated.

Rio Algom Divisions and Affiliates

Canada

MINING

Head Office—Toronto, Ontario
Operating properties in Elliot Lake area; Old Quirke, New Quirke, Nordic and Pronto
Anglo-Rouyn Mines Limited, La Ronge, Saskatchewan
Mines de Poirier Inc., Joutel, Quebec

EXPLORATION

Rio Tinto Canadian Exploration Limited, (Riocanex)
Head Office—Toronto, Ontario
Branch Offices—Vancouver, B.C., Noranda, P.Q.

STEEL

Atlas Steels Company, Head Office—Welland, Ontario
Plants at Welland, Ontario and Tracy, Quebec

TITANIUM

Atlas Titanium, Head Office and Plant—Welland, Ontario

METAL DISTRIBUTION

Atlas Alloys, Head Office—Toronto, Ontario
Service Centres at Toronto, Etobicoke, Winnipeg, Montreal, Windsor, Edmonton, Vancouver

United States

MINING

Rio Algom Corporation, Wilmington, Delaware
Property at Moab, Utah

EXPLORATION

Rioamex, Division of Atlas Alloys Inc., Cleveland, Ohio

METAL DISTRIBUTION

Atlas Alloys Inc., Head Office and Service Centre—Cleveland, Ohio

Overseas

METAL DISTRIBUTION

Atlas Steels (England) Limited, Luton, England
Atlas Steels (Australia) Pty. Limited, Melbourne, Australia
Atlas Steels S.A., Lausanne, Switzerland
Aceromex Atlas S.A., Mexico City, Mexico
Agents or Distributors in other countries

Principal Associates

United Kingdom

The Rio Tinto-Zinc Corporation Limited
6 St. James's Square, London, S.W.1

Imperial Smelting Corporation Limited
1 Redcliff Street, Bristol

RTZ Metals Limited
6 St. James's Square, London, S.W.1

Capper Pass & Son Limited
Melton Works, North Ferriby, Yorkshire

Borax (Holdings) Limited
Borax House, Carlisle Place, London, S.W.1

Anglesey Aluminium Limited,
Cleveland House, 19 St. James's Square,
London, S.W. 1

Commonwealth of Australia

Conzinc Riotinto of Australia Limited
The Zinc Corporation Limited
New Broken Hill Consolidated Limited
The Broken Hill Associated Smelters Pty. Limited
Sulphide Corporation Pty. Limited
Comalco Industries Pty. Limited
Hamersley Iron Pty. Limited
Mary Kathleen Uranium Limited
CRA Engineering Pty. Limited
95 Collins Street, Melbourne

Republic of South Africa

Rio Tinto Holdings Limited
Palabora Mining Company Limited
Unicorn House, 70 Marshall Street,
Johannesburg

United States of America

The Pyrites Company, Inc.
P.O. Box 1188, Christina Avenue
Wilmington, Delaware 19899

Alloys and Chemicals Corporation
4365 Bradley Road, South West
Cleveland 9, Ohio 44109

Ireco Chemicals
3000 West 8600 South,
West Jordan, Utah 84084

United States Borax & Chemical Corporation
3075 Wilshire Boulevard, Los Angeles
California 90005

Spain

Compañia Española de Minas de Rio Tinto, S.A.
Alcala 95, Madrid 9

Rio Tinto Patiño, S.A.
Zurbano 76, Madrid 3

Japan

Rio Tinto-Zinc (Japan) Limited
Shin Toyko Building,
2, 3-Chome, Marunouchi, Chiyoda-Ku,
Toyko 100

Miscellaneous Corporate Information

Head Office	120 Adelaide St. West, Toronto 1, Ontario, Canada
Principal Bankers	Canadian Imperial Bank of Commerce, Toronto
Solicitors	Fasken & Calvin, Toronto Strasser, Spiegelberg, Fried & Frank, New York
Auditors	Coopers & Lybrand, Chartered Accountants, Toronto
Registrars and Transfer Agents	Common Shares Canada Permanent Trust Company, Toronto, Montreal, Winnipeg, Calgary and Vancouver The Canadian Bank of Commerce Trust Company, New York Preference Shares and Series "C" Warrants Canada Permanent Trust Company, Toronto, Montreal, Halifax, Winnipeg and Vancouver
Shares Listed	Toronto Stock Exchange, Toronto Montreal Stock Exchange, Montreal American Stock Exchange, New York

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