

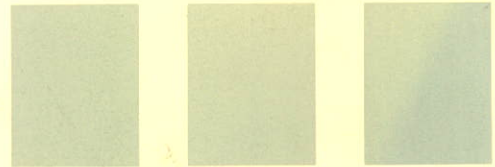
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herritt

Gordon Mines Ltd.

Annual Report



1987





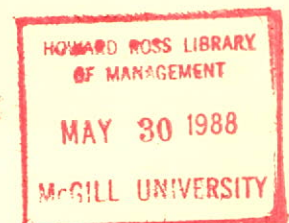
Sherritt is a diversified public company producing commodity and specialty products for sale to both domestic and international markets. Principal activities are the production and marketing of fertilizers and chemicals; refining and sale of metals and the development and marketing of specialty metal products and refining processes.

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### Financial Highlights

	1987	1986 restated
(thousands of dollars, except per share)		
Divisional Operating Earnings (Loss)		
Fertilizers	\$ (469)	\$ 22,920
Metals	13,206	9,211
Special Products	9,676	6,170
Earnings from continuing operations	3,279	3,176
Discontinued operations	2,606	(30,972)
Net earnings (loss)	\$ 5,885	\$(27,796)
Earnings (loss) per common share		
(Loss) from continuing operations	\$ (0.02)	\$ (0.04)
Net earnings (loss)	\$ 0.10	\$ (1.45)
Dividends per common share	\$ 0.105	—
Cash flow from continuing operations	\$21,792	\$ 44,201
Capital expenditures	\$ 8,693	\$ 7,795

Annual Meeting  
Friday  
April 22, 1988  
at 2:30 p.m.  
Commerce Hall  
Commerce Court  
Toronto



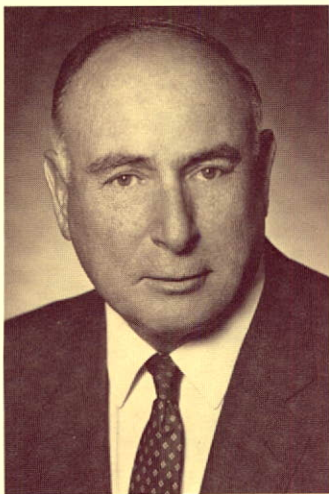


## Report of the Directors



Major actions were taken over the past eighteen months to advance our primary strategic and financial objectives. These actions fall into two categories; firstly, the strengthening of our core businesses and secondly, the disposition of assets which are not critical to the company's future growth and from which proceeds can be applied to improve Sherritt's financial position. ■ ■ Net earnings before preferred dividends amounted to \$5,885,000 in 1987 compared to a loss of \$27,796,000 in 1986. After preferred dividends the company earned 10¢ per common share compared to a loss of \$1.45 per common share in 1986.

**Continuing Operations** Net earnings of \$3,279,000 were realized in 1987 from continuing operations compared to \$3,176,000 in 1986. Continuing operations consist of three business divisions; fertilizers, metals and special products. The metals division is made up of two activities; metal refining and a combined coinage and rolling mill operation. Special products has three business units; specialty metals, external technology and special chemicals. In 1987 both metals and special products groups reported profit increases of close to 50%. Rolling mill and external technology earnings showed exceptional growth and special chemical profits increased as a result of Sherritt's first acquisition in many years, United Chemical Company. Offsetting the excellent performance of these businesses, fertilizer results declined sharply for the second successive year as weak agricultural conditions worldwide continued to adversely affect the fertilizer business in Sherritt's primary markets. ■ ■ Given the disposal of the company's major mining interests, shareholders are being asked, at a Special Meeting being held at the time of the Annual Meeting, to approve a change of name from Sherritt Gordon Mines Limited to Sherritt Gordon Limited. While the nature of the company's activities has changed, they still relate closely to its roots in mining. The new name is better suited to describe the broader range of Sherritt's activities.



**A. R. Latham**

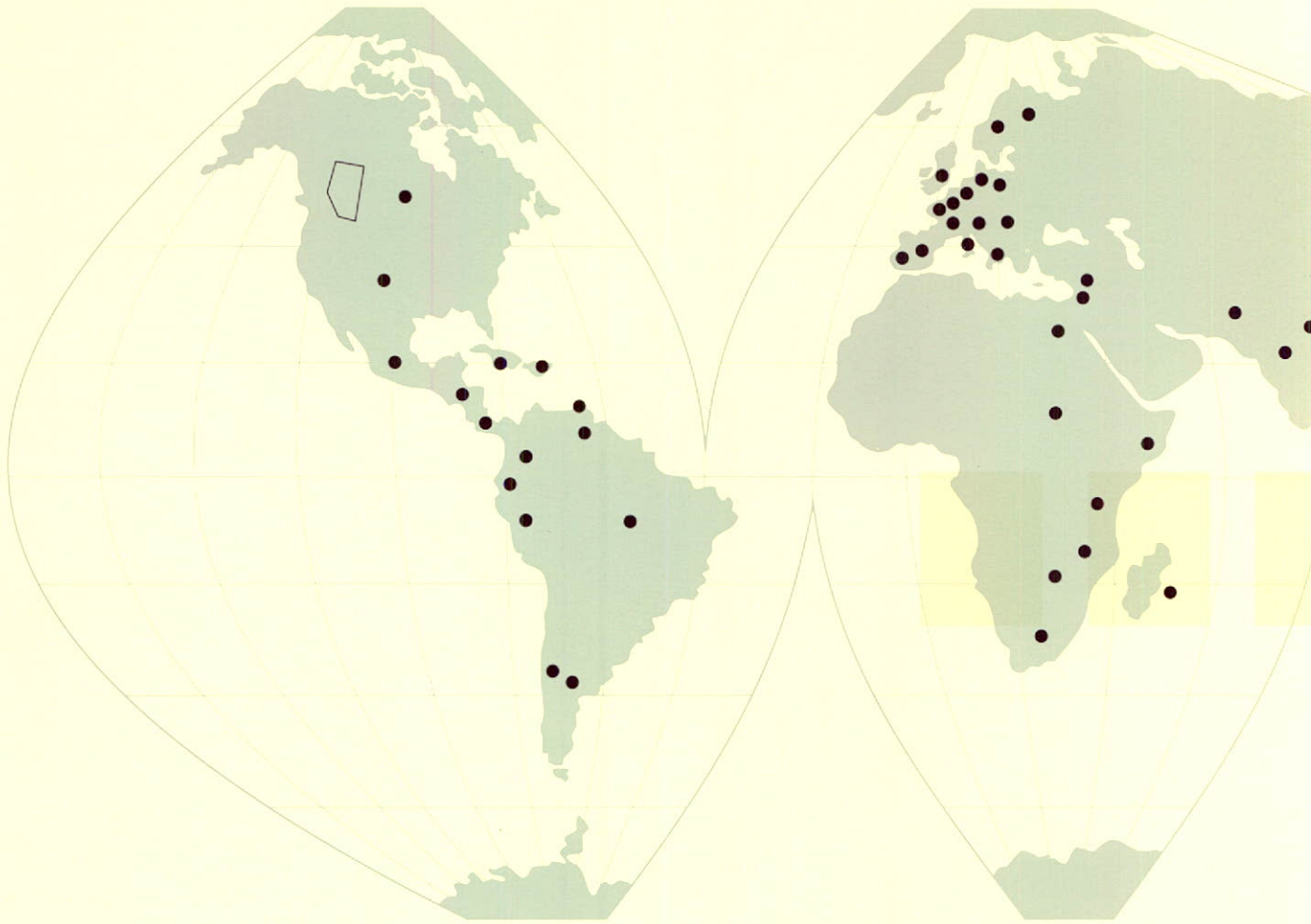
**Strengthening Our Core Businesses** The partnership with Unocal Canada, which was initiated in 1986, had two major impacts on Sherritt. Firstly, Unocal's 50% share of the fertilizer assets and related project financing was removed from Sherritt's balance sheet, resulting in a major improvement in the debt to equity ratio. Secondly, under the partnership arrangements Sherritt acquired ownership of substantial gas reserves for use in our fertilizer operations. Cost savings began to accrue from this



gas ownership in 1987 thereby improving the competitive structure of our fertilizer business. Also during 1987, significant capital commitments were undertaken to strengthen the company's fertilizer marketing network in western Canada. Plans were also in place to add substantial low-cost production capacity in anticipation of improved markets. ■ ■ Sherritt's Metals Division was aided by two major achievements in 1987. Firstly, commercial production of coinage blanks for the Canadian dollar resulted in improved financial performance for our rolling mill operations. Secondly, the formation of a partnership between Sherritt and a metal marketing group to market Sherritt's nickel and cobalt will strengthen the company's relationships with its major metal customers. ■ ■ In the Special Products Division the chemicals area was bolstered by the acquisition of the assets of United Chemicals Limited which supplies water treatment products to growing markets in Saskatchewan and Alberta. With the addition of new facilities and highly experienced staff the external technology business enjoyed a record level of activity. Potential acquisitions are under consideration to accelerate the growth of our profitable specialty metals unit.

**Discontinued Operations** Discontinued operations include the Ruttan Mine, certain oil and gas properties and Sherritt's controlling interest in SherrGold Inc. The profit from discontinued operations of \$2,606,000 includes the net gain on the disposal of these assets, except for SherrGold, which was sold in 1988. Steps were taken during 1987 to dispose of certain assets in accordance with plans outlined at our annual meeting a year ago. The Ruttan Mine, which has for many years been a drain on both Sherritt's cash resources and earnings, has been sold. The transaction, which took many months of planning and negotiation, should be beneficial to all the major parties affected including Sherritt, Hudson Bay Mining & Smelting Co., Limited, the Province of Manitoba and the employees at the Ruttan Mine. ■ ■ Oil and gas assets were sold at a time of strong demand for these assets and the \$24,000,000 proceeds were used for debt reduction. ■ ■ Finally, early in 1988 Sherritt concluded the sale to Hayes Resources Inc. of its controlling interest in SherrGold Inc. This investment,

From its base in Alberta, Sherritt markets products and services to 55 countries worldwide.




Argentina  
Australia  
Austria  
Belgium  
Brazil  
Canada  
Chile  
China  
Colombia  
Costa Rica  
Dominican Republic  
Ecuador  
Egypt  
El Salvador  
Finland  
France  
Germany  
Greece  
Holland

Hong Kong  
Hungary  
India  
Israel  
Italy  
Jamaica  
Japan  
Korea  
Lebanon  
Malawi  
Malaysia  
Mauritius  
Mexico  
Nepal  
Netherlands  
Netherlands Antilles  
New Zealand  
Nicaragua  
Pakistan

Papua New Guinea  
Peru  
Philippines  
Poland  
Portugal  
Somalia  
South Africa  
Spain  
Sweden  
Switzerland  
Taiwan  
Tanzania  
Thailand  
United Kingdom  
U.S.A.  
Venezuela  
West Germany  
Zaire  
Zimbabwe






while it had significant long-term potential, did not fit into Sherritt's business plans and would have required substantial funding to fully exploit its potential. In addition to cash proceeds, Sherritt acquired 2,400,000 shares of Hayes Resources Inc. as part of the transaction. This investment will allow the company to continue to participate in gold mining. Sherritt's Manitoba exploration properties were included in the sale to Hayes Resources Inc. The company's only remaining mineral assets are its Ontario gold prospects and its interest in two northern Ontario phosphate deposits.

**Financial Position** The Statement of Changes in Financial Position shows \$21,792,000 cash generated in 1987 from continuing operations and \$16,082,000 from discontinued operations. Of the total cash generated, \$11,738,000 was applied to capital expenditures and investments to support and expand core businesses. A further \$17,330,000 was applied to financing activities, of which \$8,867,000 was used to reduce long-term debt and \$3,125,000 to redeem preferred shares. Bank indebtedness was also reduced by \$8,806,000. ■ ■ The financial impact of the sale of our equity in SherrGold will be reflected in the first quarter of 1988. Sherritt's total debt, after including the impact of the SherrGold sale, will have been reduced by \$60,000,000.

**Market Conditions** 1987 was a mixed blessing as far as the markets were concerned for those commodities which have the greatest impact on Sherritt's results. Nickel prices were very weak in the early part of the year but rose dramatically in the fourth quarter. Gold also showed considerable strength as the year went on. On the other hand, fertilizer prices continued to weaken through most of the year, affected primarily by low grain prices and the weak agricultural economy. ■ ■ As we look ahead into 1988 it is gratifying to note that the underlying conditions affecting both nickel and fertilizers are positive. We are beginning to see a gradual strengthening in the North American agricultural sector. International fertilizer prices are beginning to improve and tighter market conditions are developing. While current nickel prices may not hold, we do see the metal remaining at better levels than those experienced in recent years.





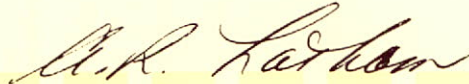
**Employees** Sherritt's struggle to achieve its objectives is not without sacrifice on the part of the shareholders and employees. A salary and wage freeze was instituted in 1987 affecting all employees. No common share dividend was paid in 1986 and a 10.5¢ per share dividend was paid at the end of 1987. This was reinstated to maintain eligibility of the company's shares for purchase as an investment by Canadian pension funds, insurance companies and other institutions. ■ ■ During 1987 Michael Garvey was appointed Vice-President, Metals Division, Dennis Maschmeyer was appointed Vice-President, Special Products Division and Frank Piper was appointed Vice-President, Legal Services. Mr. Piper also retained the position of Corporate Secretary. In March 1987, Herb Veltman retired after 31 years of service, most recently as the highly respected Director of the Sherritt Research Centre. Dr. Maurice Clegg was appointed to succeed him. At the end of 1987 Neil Colvin, Vice-President, Manufacturing Services retired after 36 years of excellent service to Sherritt. Allan Oliver was appointed General Manager, Fort Saskatchewan Site. ■ ■ While 1987 was another difficult year for the company, a number of actions were taken which we believe will lay a foundation for improved performance. We would like to thank all employees for their contribution during this period of change.

On behalf of the Board of Directors



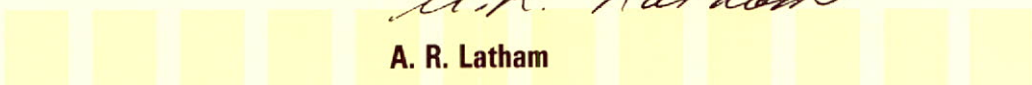
**Edward L. Donegan**

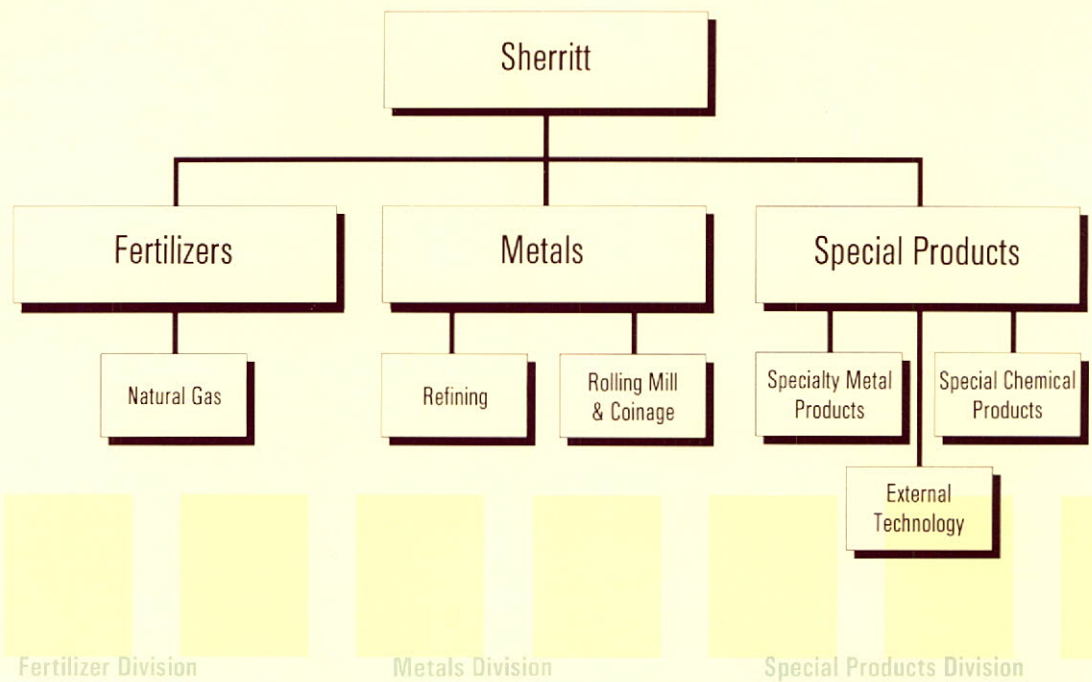
Chairman of the Board



**A. R. Latham**

President and  
Chief Executive Officer





The Fertilizer Division manufactures, distributes and markets a broad range of nitrogen and phosphate fertilizers. Production facilities are all located in Alberta and include modern world-scale ammonia and urea plants as well as smaller ammonium sulphate and phosphate facilities. Primary markets are in western Canada and the U.S. Pacific Northwest where products are distributed mainly through a network of independent dealers. Fertilizers are also sold to offshore markets. Major raw materials are natural gas, phosphate rock and sulphur. The company owns gas reserves to cover a portion of its feedstock requirements and purchases the remainder, as well as its phosphate rock and sulphur, under contract.

The Metals Division consists of a metals refining business and a rolling mill and coinage products business. ■ ■ The metals refining unit treats nickel and cobalt materials for third parties and markets the metal output. The nickel refinery has a capacity of 55 million pounds and the cobalt refinery a capacity of 2.5 million pounds. Both facilities generally operate close to capacity with materials supplied from world-wide sources. ■ ■ The rolling mill and coinage products unit manufactures coinage materials including strip, coinage blanks and coins, and markets these products on a world-wide basis. Product development has led to the introduction of unique coinage materials including Aureate Nickel, now being used for the Canadian dollar coin, and Nickel-Bonded-Steel, now being sold to a number of countries.

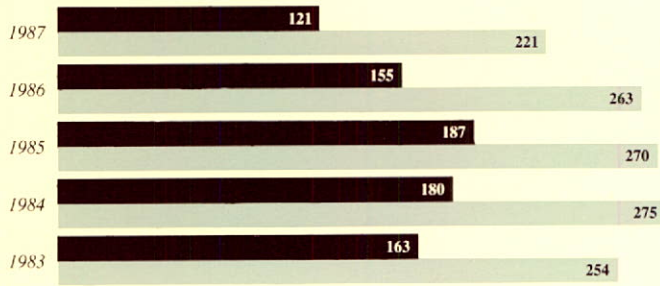
The Special Products Division is made up of three business units. ■ ■ The Specialty Metal Products unit manufactures and markets a range of materials developed by Sherritt for application in the aerospace, electronic, automotive and mining industries. ■ ■ The External Technology unit markets Sherritt's metallurgical technology and related services internationally. The company has developed proprietary processes for the recovery of a number of metals and has licensed these processes in recent years to recover nickel, copper, zinc, cobalt, uranium, platinum group metals and gold. ■ ■ The Special Chemicals unit manufactures and sells a range of chemicals, including sulphuric acid, hydrogen sulphide and carbon disulphide. A recent acquisition has expanded the division and added water treatment chemicals to the product line.



## Fertilizers

### Average Price Received Fertilizers

(\$ per tonne)



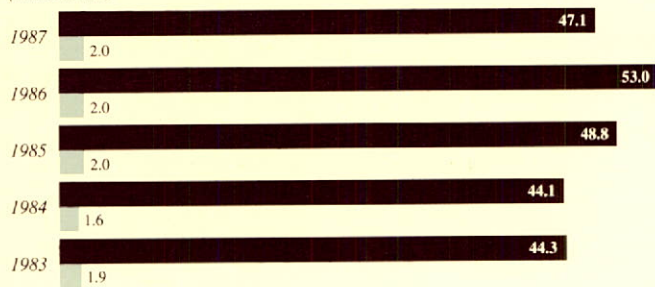
### Fertilizer Sales Quantities

(thousand tonnes)



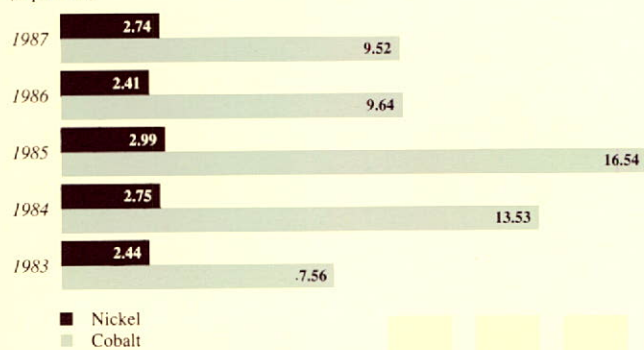
### Refined Nickel and Cobalt Production

(million lb.)



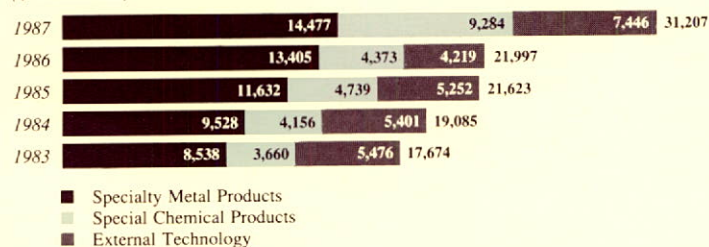
### Average Price Received Nickel and Cobalt

(\$ per lb.)



### Special Products Revenue

(\$ thousands)



Sherritt's Fertilizer Division reported an operating loss of \$469,000 in 1987. A profit of \$22,920,000 was realized in 1986. On a comparable basis 1987 would have shown an operating profit of \$8,372,000. The change results from reclassifying \$8,841,000 of interest charges as operating costs in 1987. These costs become operating costs under the partnership arrangement with Unocal Canada Limited. On a comparable basis, profits declined by \$14,548,000 in 1987. Major price declines in all markets and reduced domestic fertilizer sales were the major factors contributing to the reduced earnings. Lower revenues were partially offset by reduced gas costs. Average prices realized in 1987 were 20% below those of 1986. The reduction was experienced in domestic, U.S. and offshore markets, with ammonia and urea, Sherritt's primary nitrogen products, experiencing the largest declines. A number of older production facilities were shut down during the year which helped to alleviate the oversupply condition in western Canada. Total volume of Sherritt fertilizer sales increased 9% in 1987 but more profitable domestic sales declined in line with reduced overall demand in western Canada. A strengthening in demand in the Prairies awaits an improvement in the farm economy and particularly grain markets. The recent increase in U.S. fertilizer prices appears to reflect an improvement in grain markets as well as the weaker U.S. dollar. Hopefully these factors will lead to better grain and fertilizer markets in Canada. Nitrogen production available for sale of 647,000 tonnes was down 3% from the level reported in 1986. Sherritt's old ammonia and urea plants operated intermittently at about one-third of annual capacity to meet market requirements. The company's world-scale ammonia and urea plants operated at capacity except for four weeks of downtime caused by a failure in the ammonia plant primary reformer. Phosphate production was down slightly from 1986 and our new granulated ammonium sulphate product (19-3-0-22S) went into commercial production. Natural gas represents over half of the production cost of nitrogen fertilizers. Gas prices in Alberta continued to decline during 1987 due to weak markets and the effects of deregulation. Some firming of prices during 1988 is expected with increased exports. Full production rates will be achieved in late 1988 at Sherritt's Liege gas properties. By that time roughly half of the world-scale ammonia plant requirements will be satisfied from natural gas reserves acquired in the Unocal transaction.



## Metals

**O**perating profit of \$13,206,000 for the year was 43% higher than in 1986. ■ ■ Earnings improved significantly from coinage and rolling mill operations, primarily due to the production and sale of Aureate Nickel blanks for the new Canadian dollar coin and the Netherlands five guilder coin. ■ ■ Realized prices for refined nickel and cobalt were 14% higher and 1% lower, respectively, compared with the prior year. Despite the higher nickel prices, refining earnings were less than 1986 reflecting lower nickel production and sales due to an extended shutdown in the third quarter to permit required repairs and to allow for an adjustment to feed inventories. ■ ■ At year-end nickel prices on the London Metal Exchange were at their highest level since LME trading commenced in 1979. The market outlook remained positive with increased demand and continuing supply shortfalls. Under its feed supply contracts Sherritt receives a percentage of the nickel price as its refining fee. Higher prices, if they continue through 1988, will result in substantial profit increases from Sherritt's refining operations. ■ ■ Cobalt prices remained unchanged through the year as a result of on-going stabilization policies of the African producers.

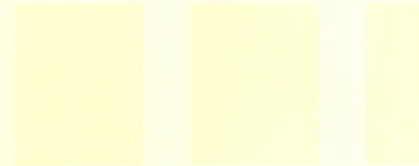
## Special Products

**T**he operating profit for the Special Products Division was \$9,676,000 in 1987, an increase of 57% over 1986. Continued growth in earnings is anticipated in all business groups in 1988. ■ ■ Sales volume from Specialty Metal Products was up 11% from 1986 while revenues and operating profit were up only 8% and 3% respectively from the 1986 levels, as a result of the continuous strengthening of the Canadian dollar. The rising cost of nickel during 1987 also affected the operating profit. The increased sales volume was due to higher shipments of our proprietary nickel-clad composite powders. These special powders developed by Sherritt now contribute about 30% of sales revenue. New products under development include samarium-cobalt powder for high strength permanent magnets as well as ultrafine copper powder and nickel-coated mica flakes for electronic applications. ■ ■ The revenue from Special Chemical Products more than doubled in 1987 over 1986. United Chemicals Company, which is primarily engaged in the production and distribution of water treatment chemicals in western Canada, was acquired during the year. In addition, growth was experienced in most of the special chemical products and toll refining of calcium chloride was initiated. ■ ■ Revenue from External Technology sales in 1987 was up nearly 80% from 1986. Commissioning of the refractory gold pressure oxidation plant of Sao Bento Mineracao S.A. in Brazil, which utilizes Sherritt technology, was successfully completed in 1987. Process licensing agreements were signed for a refractory gold treatment project and for plants to treat platinum-containing nickel-copper mattes. Engineering of these three projects, and of the refractory gold treatment plant for the Porgera Gold Project in Papua New Guinea, was progressing satisfactorily at year-end. Licensing terms were finalized in early 1988 for the installation of Sherritt's zinc pressure leach process by Canadian Electrolytic Zinc Limited at its Valleyfield, Quebec facility.

## Human Resources



**A**t Fort Saskatchewan an agreement was reached with Local 530, Energy and Chemical Workers Union to defer a scheduled wage increase and to extend the collective agreement for 12 months until March 31, 1989. Similarly, mid-year salary reviews for staff employees at all company locations were deferred until January 1988. ■ ■ Safety and Accident Prevention continue to be maintained as a high priority. A corporate environmental statement was issued to all employees emphasizing the company's strong commitment to protection of the environment. ■ ■ Members of Sherritt's Human Resources group at Fort Saskatchewan were instrumental in organizing the Alberta Council of Employers and in addition participated in both the Minister's Review Committee and the Advisory Panel with respect to apprenticeship legislation. These activities played a key role in the government's decision to withdraw and redraft proposed changes in both the Labour and Manpower Development Acts. ■ ■ Sherritt's former employees at the Ruttan Mine were transferred to Hudson Bay Mining & Smelting Co., Limited in mid-1987 without any loss in seniority, benefits or pension entitlement. Sherritt's employees, who operated SherrGold's MacLellan Mine, were transferred to SherrGold Inc. in early 1988.





## Management Report

Management is responsible for the preparation of the accompanying consolidated financial statements of the company in accordance with generally accepted accounting principles, and for other financial and operating information, which information is consistent with the financial statements presented in this annual report. ■ ■ Systems of internal control are maintained by the company to provide reasonable assurance of the completeness and accuracy of the financial information. These systems include the delegation of authority and segregation of responsibilities among qualified personnel in accordance with operating and financial policies and procedures. ■ ■ The board of directors appoints an audit committee which meets at least twice a year with representatives of the company's financial department and the company's independent auditors. The committee reviews the company's accounting policies, systems of internal control and the scope and results of the independent auditors' examination of the company's financial statements. ■ ■ The independent auditors, who are appointed by the shareholders, examine and report on the financial statements of the company in accordance with generally accepted auditing standards. The auditors' report to the shareholders of the company is set out opposite. ■ ■ The consolidated financial statements in the annual report have been reviewed and approved by the board of directors and the audit committee.

February 19, 1988

## Auditors' Report

To the Shareholders of  
Sherritt Gordon Mines Limited:

We have examined the consolidated balance sheet of Sherritt Gordon Mines Limited as at December 31, 1987 and the consolidated statements of earnings, changes in financial position, changes in shareholders' equity and segmented information for the year then ended. 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 company as at December 31, 1987 and the results of its operations, the changes in its financial position and the segmented information for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte Haskins & Sells  
Chartered Accountants

Toronto, Ontario  
February 19, 1988



# Consolidated Balance Sheet

Sherritt Gordon Mines Limited

as at December 31, 1987  
(with 1986 figures for comparison)

	1987	1986 restated (note 15)
(thousands of dollars)		
<b>Assets</b>		
<b>Current</b>		
Accounts receivable	\$ 66,507	\$ 60,160
Inventories (note 3)	89,494	89,535
Prepaid expenses	8,441	6,108
	<b>164,442</b>	155,803
<b>Fixed</b> (note 4)	<b>253,466</b>	286,704
<b>Investments and advances</b> (note 5)	<b>19,913</b>	22,033
	<b>\$437,821</b>	\$464,540
<b>Liabilities and shareholders' equity</b>		
<b>Current</b>		
Bank indebtedness (note 6)	\$ 19,969	\$ 28,775
Accounts payable	82,102	70,196
Current portion of long-term debt	11,127	9,810
	<b>113,198</b>	108,781
<b>Long-term debt</b> (note 7)	<b>105,355</b>	125,472
<b>Provision for mine closure costs</b>	—	16,435
<b>Provision for future income taxes</b>	<b>20,402</b>	12,408
<b>Shareholders' equity</b>	<b>198,866</b>	201,444
	<b>\$437,821</b>	\$464,540

Approved by the Board of Directors:

E. L. Donegan, Director

A. R. Latham, Director

# Consolidated Statement of Earnings

Sherritt Gordon Mines Limited

for the year ended December 31, 1987  
(with 1986 figures for comparison)

	1987	1986 restated (note 15)
(thousands of dollars)		
<b>Revenue</b>	<b>\$305,812</b>	<b>\$309,279</b>
<b>Costs and expenses</b>		
Operating costs	258,237	244,000
Financing costs (note 8)	9,309	25,322
Research, development and exploration	1,904	1,759
Selling and administration	11,839	12,126
Depreciation and amortization	18,115	21,016
	<b>299,404</b>	<b>304,223</b>
<b>Earnings from continuing operations before income taxes</b>	<b>6,408</b>	<b>5,056</b>
<b>Income taxes</b> (note 9)	<b>3,129</b>	<b>1,880</b>
<b>Earnings from continuing operations</b>	<b>3,279</b>	<b>3,176</b>
<b>Discontinued operations net of taxes</b> (note 10)	<b>2,606</b>	<b>(30,972)</b>
<b>Net earnings (loss)</b>	<b>\$ 5,885</b>	<b>\$ (27,796)</b>
<b>Earnings (loss) per common share (after preferred dividends)</b>		
(Loss) from continuing operations	\$ (0.02)	\$ (0.04)
Net earnings (loss)	\$ 0.10	\$ (1.45)

Earnings (loss) per common share are calculated after deducting dividends on preferred shares of \$3,624,000 (1986: \$4,139,000). The weighted average number of common shares outstanding during the year was 22,219,809 (1986: 22,054,791).



# Consolidated Statement of Changes in Financial Position

Sherritt Gordon Mines Limited

for the year ended December 31, 1987  
(with 1986 figures for comparison)

	1987	1986 restated (note 15)
(thousands of dollars)		
<b>Cash provided from continuing operations</b>		
Earnings	\$ 3,279	\$ 3,176
Items not affecting cash flow		
Depreciation	18,115	21,016
Future income taxes	3,129	1,657
Other Items	1,491	3,940
	<b>26,014</b>	29,789
(Increase) decrease in operating working capital	(4,222)	14,412
Cash provided from continuing operations	<b>21,792</b>	44,201
<b>Investing activities</b>		
Capital expenditures	(8,693)	(6,702)
Investments and advances	(3,045)	(835)
Cash used for investing activities	<b>(11,738)</b>	(7,537)
<b>Financing activities</b>		
Issue of common shares	624	1,884
Repayment of long-term debt	(8,867)	(27,834)
Redemption of preferred shares	(3,125)	(3,125)
Dividends paid	(5,962)	(4,139)
Cash used for financing activities	<b>(17,330)</b>	(33,214)
<b>Cash (required) provided before discontinued operations</b>	<b>(7,276)</b>	3,450
<b>Cash provided (required) from discontinued operations</b> (note 10)	<b>16,082</b>	(1,948)
<b>Cash provided</b>	<b>8,806</b>	1,502
<b>(Bank indebtedness) at beginning of the year</b>	<b>(28,775)</b>	(30,277)
<b>(Bank indebtedness) at end of the year</b>	<b>\$ (19,969)</b>	\$ (28,775)

# Consolidated Statement of Changes in Shareholders' Equity

for the year ended December 31, 1987  
(with 1986 figures for comparison)

Sherritt Gordon Mines Limited

(thousands of dollars)	Number of Shares	Stated Capital	Contributed Surplus	Retained Earnings	1987	Total 1986
<b>Common (1)</b>						
Balance at beginning of the year	22,178,657	\$ 53,039	\$71,168	\$20,987	\$145,194	\$175,245
Issued for cash						
Flow-through shares (2)	65,683	398			398	1,395
Employee share purchase plan	34,322	226			226	489
Net earnings (loss)				5,885	5,885	(27,796)
Dividends — preferred				(3,624)	(3,624)	(4,139)
— common				(2,338)	(2,338)	—
Balance at end of the year	22,278,662	\$ 53,663	\$71,168	\$20,910	\$145,741	\$145,194
<b>Preferred Series "A" (4)</b>						
Balance at beginning of the year	2,812,500	56,250			56,250	59,375
Redeemed for cash	156,250	3,125			3,125	3,125
Balance at end of the year	2,656,250	\$ 53,125			\$ 53,125	\$ 56,250
		\$106,788	\$71,168	\$20,910	\$198,866	\$201,444

(1) Authorized, unlimited number of common shares without par value. The company's by-laws require shareholders' prior approval of any issue of shares which would result in more than 30,000,000 shares outstanding.

(2) During the year the company issued flow-through shares for \$995,000 (1986: \$2,703,000). As these shares transfer the tax deductibility of mineral exploration expenditures to the shareholders, \$597,000 (1986: \$1,308,000) of the proceeds have been credited to income taxes.

(3) During the year the company purchased 7,120 (1986: 10,865) of its common shares for distribution to fertilizer dealers under a dealer incentive program.

(4) Authorized, 7,500,000 preferred shares, issuable in series, without par value. The Preferred Shares Series "A" provide for a cumulative floating rate dividend, payable quarterly. The dividend rate varies with the interest rate charged by a Canadian bank to prime commercial borrowers. At December 31, 1987 the dividend rate was 6.74% (1986: 6.74%). The shares are redeemable at a rate of \$3,125,000 per annum, in whole or in part at any time at the company's option and after July 1, 1991 at the holder's option. The redemption price per share cannot exceed the amount paid up plus accrued dividends.



# Notes to Consolidated Financial Statements

## 1. Summary of Significant Accounting Policies

### a) Presentation of financial statements

The consolidated financial statements include the accounts of Sherritt Gordon Mines Limited and subsidiary companies, with the company's investment in SherrGold Inc. being accounted for using the equity method (see note 5). Investments in partnerships which are in the nature of joint ventures and which represent a significant portion of the company's activities are accounted for using the proportionate consolidation method whereby the company's share of the assets, liabilities, revenues and expenses are included in the financial statements. Other partnership investments are accounted for using the equity method.

### b) Translation of foreign currencies

Transactions in foreign currencies are translated into Canadian dollars at rates prevailing at the time of such transactions. Current assets, current liabilities and long-term debt are translated at the rate of exchange at year end. Long-term debt denominated in U.S. dollars is hedged by future revenue streams and unrealized foreign exchange adjustments are deferred and included in earnings as the debt is repaid.

### c) Inventory valuation

Finished products (other than finished mine production), raw materials, materials in process and operating supplies are valued at the lower of average cost and net realizable value. Finished mine production is valued at estimated net realizable value.

### d) Mineral exploration and development costs

Costs of exploring for new ore occurrences are charged to earnings in the period in which they are incurred. Development costs relating to new ore occurrences are deferred until production commences after which only development costs of a capital nature are deferred.

### e) Fixed assets

Fixed assets are stated at cost. Depreciation and amortization are determined as follows:

- (i) Fertilizer plants — fertilizer plants brought into production in 1983 on a unit of production method based on estimated productive lives of twenty

years; other plants on a straight-line method over their estimated useful lives of up to twenty years.

- (ii) Metals plants and special products facilities — on a straight-line method over their estimated useful lives of up to twenty years.

- (iii) Gas reserves — on a unit of production method based on the energy equivalent of the reserves.

## 2. Fertilizer Partnership

Sherritt Fertilizer Company (the partnership) was formed in 1984 by the company and a subsidiary to acquire the company's new nitrogen fertilizer production facilities and to assume the related project loan. Effective December 30, 1986 the company sold a 50% interest in the partnership to Unocal Canada Limited in exchange for certain natural gas reserves. The company has the first right to purchase the fertilizer produced by the partnership and under a long-term agreement will continue to market all production. In 1987 the company purchased all production of the partnership.

The company's interest in the partnership is accounted for using the proportionate consolidation method. The company's share of the partnership assets and liabilities at December 31, 1987 and revenues and expenses for the year then ended are:

Fixed assets	\$135,564,000
Fertilizer project loan	
current portion	6,654,000
long-term debt	88,019,000
Other net current liabilities	2,024,000
Revenues	32,248,000
Costs and expenses	30,104,000

## 3. Inventories

(thousands of dollars)	1987	1986
Fertilizers and chemicals	\$20,705	\$31,676
Refined metal products	25,999	13,992
Raw materials and materials		
in process	24,002	17,978
Operating supplies	18,788	21,908
Finished mine production	—	3,981
	\$89,494	\$89,535

## 4. Fixed Assets

(thousands of dollars)

	1987		1986	
	Cost	Accumulated depreciation	Net book value	Net book value
Property, plant and equipment				
Fertilizers	\$294,238	\$109,989	\$184,249	\$198,472
Metals	56,900	35,495	21,405	21,569
Special products	13,921	6,104	7,817	3,086
	\$365,059	\$151,588	213,471	223,127
Development and exploration costs				
Oil and gas			—	21,754
Mineral properties			3,963	3,823
Gas reserves			36,032	38,000
			\$253,466	\$286,704



During the year the company discontinued its oil and gas activities (see note 10). The gas reserves retained were acquired as feedstock for the company's fertilizer operations and effectively secure a major part of the company's future gas requirements. In these circumstances the Canadian Institute of Chartered Accountants' ceiling test applicable to the oil and gas industry is not appropriate. The carrying value of the reserves, after taking account of the estimated costs of producing and transporting the gas, is below current market value.

## ■ 5. Investments and Advances

(thousands of dollars)	1987	1986
SherrGold Inc.		
Investment	\$ 1,175	\$ 6,816
Unsecured advances	11,022	7,642
	12,197	14,458
Equity in Sherritt Metals Marketing Co.	2,619	—
Other loans and advances	5,097	7,575
	\$19,913	\$22,033

At December 31, 1987 the company owned 59% of the issued common shares of SherrGold and managed and operated the business of SherrGold under an agreement which provided for reimbursement of costs incurred by the company on behalf of SherrGold.

On February 19, 1988 the company completed the sale of its investment in and advances to SherrGold, and certain other assets, to Hayes Resources Inc. The accounts of SherrGold, which were previously consolidated, have been accounted for using the equity method and the 1986 comparative figures have been restated on this basis. The company's share of SherrGold's loss for the year has been included as discontinued operations (see note 10). The company has provided a guarantee of \$9,800,000 in respect of SherrGold's bank loan and as a condition of the sale of the investment in SherrGold the purchaser has agreed to indemnify the company against any claims under the guarantee.

## ■ 6. Bank Indebtedness

Bank indebtedness is secured by pledges of receivables and inventories.

## ■ 7. Long-term Debt

(thousands of dollars)	1987	1986
Fertilizer project loan		
U.S. \$77,369 (1986: \$80,905)	\$100,564	\$111,689
Unrealized foreign exchange adjustments	(5,891)	(12,689)
	94,673	99,000
Bank term loan U.S. \$15,600 (1986: \$18,800)	20,277	25,953
Unrealized foreign exchange adjustments	1,532	329
	21,809	26,282
Manitoba Development Corporation project loan	—	10,000
	116,482	135,282
Deduct current portion	11,127	9,810
Total long-term debt	\$105,355	\$125,472

## Fertilizer project loan

The company's 50% share of the assets and related project loan of a partnership are included in these financial statements (note 2). The partnership project loan is secured by the assets of the partnership and the company's other nitrogen fertilizer and gas assets. The lenders' recourse is limited to the realization of their security.

The partnership project loan agreement sets out a schedule of semi-annual repayments through to 1993. These are: 1988: \$23,400,000; 1989: \$28,600,000; 1990: \$31,200,000; 1991: \$33,800,000; 1992: \$36,400,000; 1993: \$39,000,000. If net cash flows from the company's and the partnership's nitrogen fertilizer businesses exceed scheduled repayments, these instalments are increased by 50% of the excess up to \$13,000,000 per year or \$39,000,000 in aggregate. There is also provision for deferral of instalments to the extent that such cash flows are insufficient to meet scheduled repayments. Under this provision scheduled repayments for 1988 will be reduced by \$10,100,000.

Cash flow of the partnership will be utilized to repay the loan. Partners may contribute their proportionate share of any shortfall in partnership cash flow for debt repayment. The company's nitrogen fertilizer cash flows must be made available, if required, as a contribution to any remaining shortfall. The partners' proportionate interests in the partnership would be adjusted if contributions are not made on a pro rata basis.

Interest rates vary with short-term market rates or may be fixed at rates agreed with the lenders. The rate in effect at December 31, 1987 on the total amount outstanding was 8.90% (1986: 8.41%).

Under the terms of the project loan agreement, the combined nitrogen fertilizer businesses of the company and the partnership are required to meet certain annual financial covenants dealing with current ratio, debt/equity ratio and interest coverage. These covenants were met by the company for 1987.

## Bank term loan

The bank term loan is a general obligation of the company repayable in semi-annual instalments. Scheduled repayments of the loan are: 1988: \$4,472,000; 1989: \$4,472,000; 1990: \$4,472,000; 1991: \$8,393,000. Interest rates vary with short-term market rates or may be fixed at rates agreed with the bank. The rate in effect at December 31, 1987 on the total amount outstanding was 8.53% (1986: 7.91%).

Under the terms of the bank loan agreement, the company is required to meet certain financial covenants dealing with current ratio, debt/equity ratio and interest coverage at the end of each calendar quarter. These covenants were met by the company for 1987.

## ■ 8. Financing Costs

(thousands of dollars)	1987	1986
Interest on long-term debt	\$10,132	\$ 25,253
Other items (net)	(823)	69
	\$ 9,309	\$ 25,322



## ■ 9. Income Taxes

Income taxes included in the determination of net earnings (loss) for the year reflect a number of adjustments to earnings and the statutory rates of taxes payable as follows:

(thousands of dollars)	1987	1986
Earnings from continuing operations	\$ 6,408	\$ 5,056
Earnings (loss) from discontinued operations	7,287	(49,420)
	13,695	(44,364)
Equity accounted (loss)	(5,640)	(657)
Earnings (loss) subject to tax	\$19,335	\$(43,707)
Income tax at basic rate of 52.0% (1986: 51.8%) on earnings (loss) subject to tax	\$10,054	\$(22,640)
Resource allowance and earned depletion	(2,392)	4,931
Other adjustments	148	1,141
Total income taxes	7,810	(16,568)
Attributed to discontinued operations (note 10)	4,681	(18,448)
Income taxes on earnings from continuing operations	\$ 3,129	\$ 1,880

## ■ 10. Discontinued Operations

During 1987 the company sold the Ruttan Mine and certain oil and gas properties. Revenues and costs of the operations for the period prior to sale and gains on disposal are reported as discontinued operations.

On February 19, 1988 the company completed the sale of its investment in SherrGold Inc. Consequently the accounts of SherrGold are not consolidated but are included on the equity basis as discontinued operations. The company also sold certain exploration properties and expenditures incurred on these properties are included as discontinued operations. As the sale of these assets is an economic event of 1988 the gain on disposal will be recorded in 1988.

Components of earnings and cash flows from discontinued operations are:

(thousands of dollars)	1987	1986
Operating earnings (loss)	\$ 2,080	\$ (7,763)
Gains on disposal	10,847	—
Equity accounted (loss) of SherrGold	(5,640)	(657)
Write down of mine assets and provision for closure costs	—	(41,000)
	7,287	(49,420)
Income taxes	4,681	(18,448)
Earnings (loss) from discontinued operations	\$ 2,606	\$(30,972)
Operating cash flow to date of sale	\$ 2,530	\$ 3,753
Proceeds of sale	16,932	—
Capital expenditures	—	(1,093)
Investment in and advances to SherrGold	(3,380)	(4,608)
Cash provided (required) from discontinued operations	\$16,082	\$ (1,948)

## ■ 11. Employee Share Purchase Plan

Under the Employee Share Purchase Plan employees with one year of service are entitled to subscribe, up to a maximum of five percent of annual compensation, for common shares of the company and to pay for them over a period of 24 months at a price per share equal to the lesser of the average market price on the offering dates (June 16, 1986 and June 15, 1987) or the average market price on the completion dates of purchase. At December 31, 1987 there were outstanding purchase arrangements with employees having an aggregate value of \$575,000 (1986: \$768,000).

## ■ 12. Pension Plans

The company maintains pension plans for salaried and hourly-paid employees. The company's contributions to these plans are determined at regular intervals by independent actuaries and include funding of current service costs and funding of past service costs over a period not exceeding fifteen years.

In 1987 the company adopted, on a prospective basis, the new recommendations of the Canadian Institute of Chartered Accountants on accounting for pension costs. This change had no significant effect on pension costs for the year which amounted to \$1,045,000 (1986: \$797,000).

At December 31, 1987 the actuarial present value of accrued pension benefits of employees for services rendered to date amounted to \$38,200,000 and the actuarial value of the pension fund assets amounted to \$38,600,000.

## ■ 13. Lease Commitments

The company is committed to payments under operating leases for equipment and business premises through to 1992 in the amount of approximately \$8,196,000. Annual payments are: 1988: \$4,347,000; 1989: \$1,803,000; 1990: \$1,048,000; 1991: \$807,000; 1992: \$191,000.

#### ■ 14. Quarterly Financial Information (unaudited)

(thousands of dollars except earnings per share)

1987	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Revenue					
Continuing operations	\$62,726	\$ 92,835	\$55,395	\$94,856	\$305,812
Discontinued operations	19,835	21,387	6,141	—	47,363
Earnings (loss)					
Continuing operations	(1,253)	5,485	(1,511)	558	3,279
Net earnings (loss)	(2,950)	5,875	3,864	(904)	5,885
Earnings (loss) per common share					
Continuing operations	\$ (0.10)	\$ 0.21	\$ (0.11)	\$ (0.02)	\$ (0.02)
Net earnings (loss)	\$ (0.17)	\$ 0.22	\$ 0.13	\$ (0.08)	\$ 0.10
1986 (restated)					
Revenue					
Continuing operations	\$76,483	\$114,436	\$55,378	\$62,982	\$309,279
Discontinued operations	21,298	21,991	19,157	19,161	81,607
Earnings (loss)					
Continuing operations	(731)	7,980	(1,726)	(2,347)	3,176
Net earnings (loss)	(2,371)	7,027	(2,968)	(29,484)	(27,796)
Earnings (loss) per common share					
Continuing operations	\$ (0.08)	\$ 0.31	\$ (0.12)	\$ (0.15)	\$ (0.04)
Net earnings (loss)	\$ (0.16)	\$ 0.27	\$ (0.18)	\$ (1.38)	\$ (1.45)

#### ■ 15. Comparative Figures

Comparative figures for 1986 have been restated to conform to the presentation of the current year with respect to the treatment of discontinued operations and the accounting for the company's investment in SherrGold Inc. (see note 10).



# Consolidated Statement of Segmented Information

for the year ended December 31, 1987  
(with 1986 figures for comparison)

(thousands of dollars)	Consolidated		Fertilizers		Metals		Special Products	
	1987	1986	1987	1986	1987	1986	1987	1986
<b>Revenue</b>	\$305,812	\$309,279	\$119,697	\$138,492	\$154,908	\$148,790	\$31,207	\$21,997
<b>Operating costs and selling expenses</b>	\$265,284	\$249,962	\$104,485	\$96,566	\$139,647	\$137,688	\$21,152	\$15,708
	\$ 40,528	\$ 59,317	\$ 15,212	\$ 41,926	\$ 15,261	\$ 11,102	\$ 10,055	\$ 6,289
<b>Depreciation and amortization</b>	\$ 18,115	\$ 21,016	\$ 15,681	\$ 19,006	\$ 2,055	\$ 1,891	\$ 379	\$ 119
<b>Operating profit (loss)</b>	\$ 22,413	\$ 38,301	\$ (469)	\$ 22,920	\$ 13,206	\$ 9,211	\$ 9,676	\$ 6,170
<b>Costs not allocated to segments</b>								
Financing costs	\$ 9,309	\$ 25,322						
Research, development and exploration	1,904	1,759						
General corporate expenses	4,792	6,164						
	16,005	33,245						
<b>Earnings from continuing operations before income taxes</b>	6,408	5,056						
<b>Income taxes</b>	3,129	1,880						
<b>Earnings from continuing operations</b>	3,279	3,176						
<b>Discontinued operations net of taxes</b>	2,606	(30,972)						
<b>Net earnings (loss)</b>	\$ 5,885	\$ (27,796)						
<b>Identifiable assets</b>								
Continuing operations	\$421,327	\$394,002	\$302,959	\$319,793	\$ 95,627	\$ 61,879	\$22,741	\$12,330
Discontinued operations and non-segmented activities	16,494	70,538						
<b>Total assets</b>	\$437,821	\$464,540						
<b>Capital expenditures</b>	\$ 8,693	\$ 6,702	\$ 1,554	\$ 1,550	\$ 1,950	\$ 3,942	\$ 5,189	\$ 1,210

## Notes to Consolidated Statement of Segmented Information

### ■ 1. Business Segments

The company has three major areas of business: fertilizers, metals and special products, all of which are located at Fort Saskatchewan, Alberta, about seventeen miles northeast of Edmonton.

#### *Fertilizers*

Fertilizers are produced from feedstock consisting of natural gas for nitrogen fertilizers, and phosphate rock for phosphate fertilizers. The company's fertilizer products are marketed mainly in the prairie provinces of Canada and north-western United States. Some amounts are also shipped to other export markets.

#### *Metals*

The company operates a nickel refinery and a cobalt refinery. The refinery feedstock is either purchased or custom refined on a fee basis. The nickel and cobalt metal is sold worldwide in briquette, melting quality and powder forms. The company's metals facilities produce a range of strip and sheet products and coinage blanks. The Sherritt Mint produces a variety of coins and medallions. Most of these products are marketed in North America. Coinage products are produced to order for a number of central banks throughout the world.

#### *Special Products*

This segment includes external technology and the production and marketing of specialty metal and chemical products.

### ■ 2. Geographic Segments

There are no significant foreign geographic segments in which company operations are conducted.

### ■ 3. Export Sales

Direct export shipments, principally to customers in the United States and Europe, amounted to \$76,897,000 (1986: \$66,962,000). In addition a major portion of metal refinery production, while sold to Canadian customers, is ultimately shipped to destinations outside of Canada.

### ■ 4. Changes in Presentation of Segmented Information

Effective December 30, 1986 the company sold a 50% interest in Sherritt Fertilizer Company (a partnership holding part of the company's nitrogen fertilizer production facilities and the related project loan) to Unocal Canada Limited (Unocal) in exchange for certain natural gas reserves. As a result of applying proportionate consolidation accounting to the activities of the partnership, Unocal's share of depreciation and financing costs is included in operating costs, being part of the cost of product acquired by the company from the partnership. These costs, which were previously recorded as depreciation and financing costs, amounted to \$6,984,000 and \$8,841,000 respectively in 1987.

During 1987 the company sold the Ruttan Mine and certain oil and gas properties, and on February 19, 1988 sold its investment in SherrGold Inc. The results of these businesses, which were formerly included under "Mining" and "Other" business categories, are now shown as discontinued operations. Corporate research and development activities and transactions of a corporate nature, formerly included under the "Other" business category, are now included as costs not allocated to segments.

1986 comparative figures have been restated to conform to the presentation for the current year.



# Ten-Year Record 1978-1987

Sherritt Gordon Mines Limited

(figures in thousands except share prices and per share figures)

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
<b>Production</b>										
Fertilizers (tonnes)										
Nitrogen	647	667	751	730	498	251	284	251	253	249
Phosphates	130	134	61	20	85	108	113	101	106	94
Nickel (lb.)	47,103	52,956	48,837	44,138	44,275	38,724	38,232	35,792	32,018	26,920
Cobalt (lb.)	2,030	1,967	1,959	1,601	1,871	1,729	2,014	1,526	1,333	1,145
Rolling mill products (lb.)	6,622	4,570	3,959	2,103	1,757	2,961	3,400	5,978	6,248	4,227
Specialty metal products (lb.)	1,295	950	1,130	1,010	909	684	988	757	1,078	830
Special chemical products (tonnes)	48	7	15	7	6	7	6	6	7	7
<b>Financial information</b>										
Revenue										
Fertilizers	\$119,697	\$138,492	\$167,300	\$157,310	\$110,958	\$ 80,413	\$ 84,464	\$ 64,560	\$ 53,542	\$ 47,308
Metals	154,908	148,790	152,806	139,199	124,816	126,153	135,630	149,222	118,060	84,082
Special Products	31,207	21,997	21,623	19,085	17,674	15,865	17,899	13,496	16,178	9,969
Revenue from continuing operations	305,812	309,279	341,729	315,594	253,448	222,431	237,993	227,278	187,780	141,359
Mining	46,656	79,476	100,302	83,467	83,818	52,811	91,048	133,085	119,579	91,862
Other	707	2,131	3,343	993	1,244	1,704	1,059	1,371	1,636	758
Total revenue	\$353,175	\$390,886	\$445,374	\$400,054	\$338,510	\$276,946	\$330,100	\$361,734	\$308,995	\$233,979
Operating profit (loss)										
Fertilizers	\$ (469)	\$ 22,920	\$ 44,149	\$ 34,558	\$ 23,177	\$ 18,288	\$ 21,490	\$ 20,466	\$ 17,483	\$ 16,368
Metals	13,206	9,211	10,533	7,397	8,311	(1,916)	19,282	24,981	34,345	14,577
Special Products	9,676	6,170	6,424	6,905	6,718	4,914	4,271	5,043	7,046	3,076
Operating profit from continuing operations	22,413	38,301	61,106	48,860	38,206	21,286	45,043	50,490	58,874	34,021
Mining	(4,027)	(9,499)	(19,138)	(25,255)	(9,497)	(15,867)	(31,202)	10,409	17,609	2,310
Financing costs	(9,309)	(25,322)	(29,257)	(32,404)	(18,060)	(186)	(3,068)	(5,369)	(4,842)	(3,740)
General corporate expenses	(4,792)	(6,164)	(5,893)	(5,676)	(4,677)	(4,562)	(5,084)	(4,534)	(4,463)	(3,974)
Unusual and extraordinary items	10,847	(41,000)	(32,220)	(4,214)	—	(4,950)	(23,118)	(3,296)	—	—
Income and mining taxes	(7,810)	16,568	9,969	6,125	(288)	3,356	11,463	(16,713)	(27,155)	(14,179)
Other	(1,437)	(680)	604	(258)	(848)	215	(2,362)	(6,194)	943	(13)
Net earnings (loss)	\$ 5,885	\$ (27,796)	\$ (14,829)	\$ (12,822)	\$ 4,836	\$ (708)	\$ (8,328)	\$ 24,793	\$ 40,966	\$ 14,425
Per common share (after preferred dividends)	\$ 0.10	\$ (1.45)	\$ (0.89)	\$ (0.83)	\$ 0.01	\$ (0.52)	\$ (0.94)	\$ 1.93	\$ 3.20	\$ 1.13
Dividends										
Common	\$ 2,338	\$ —	\$ 2,083	\$ 1,934	\$ 960	\$ 515	\$ 3,208	\$ 10,257	\$ 15,360	\$ 6,392
Per share	0.105	—	0.095	0.090	0.045	0.040	0.250	0.800	1.200	0.500
Preferred	3,624	4,139	4,377	4,961	4,654	5,984	3,713	—	—	—
Capital expenditures	\$ 8,693	\$ 6,702	\$ 28,435	\$ 22,222	\$ 67,916	\$239,940	\$118,868	\$ 31,080	\$ 16,115	\$ 26,892
Depreciation	18,115	21,016	39,837	37,693	22,842	11,273	13,683	14,552	12,043	11,824
Cash flow before working capital changes	\$ 26,014	\$ 29,789	\$ 48,477	\$ 23,920	\$ 32,907	\$ 15,206	\$ 30,703	\$ 45,260	\$ 56,732	\$ 31,894
Working capital	51,244	47,022	70,020	40,388	55,983	7,716	64,193	34,689	89,615	66,183
Long-term liabilities	105,355	125,472	240,802	236,734	251,185	237,204	61,547	—	59,106	62,621
Shareholders' equity	198,866	201,444	234,620	256,037	275,108	196,443	203,499	156,069	141,405	115,668
Share price — high	\$ 8.25	\$ 8.38	\$ 8.88	\$ 12.38	\$ 14.00	\$ 8.88	\$ 18.13	\$ 19.38	\$ 14.13	\$ 8.75
— low	\$ 4.90	\$ 5.50	\$ 6.13	\$ 5.38	\$ 7.50	\$ 4.10	\$ 7.00	\$ 11.13	\$ 7.75	\$ 4.30



# Officers and Senior Management

## Directors

- \*†□ E. L. Donegan  
*Chairman of the Board  
Partner, Blake, Cassels &  
Graydon*
- \*□ E. P. Fontaine  
*Senior Vice-President and  
Chief Financial Officer  
Newmont Mining Corporation*
- †J. A. Fraser  
*Senior Vice-President,  
Fertilizer Division*
- \*H. B. Hobbs  
*Chairman, Alberta  
Government Telephones  
Commission*
- \*†□ A. R. Latham  
*President and  
Chief Executive Officer*
- R. B. Leather  
*Executive Vice-President  
Newmont Mining Corporation*
- †□ V. N. Mackiw  
*Executive Vice-President*
- G. R. Parker  
*Chairman of the Board,  
President and Chief  
Executive Officer  
Newmont Mining Corporation*
- \*□ T. A. Williams  
*President  
Foote Mineral Company*

## Divisions

### Fertilizers

- †J. A. Fraser  
*Senior Vice-President,  
Fertilizer Division*
- †B. W. Kushnir  
*Vice-President,  
Fertilizer Operations*
- R. L. Toliver  
*Manager, Fertilizer  
Production*
- R. D. Urquhart  
*Manager, Fertilizer  
Marketing*

### Metals

- †R. M. Garvey  
*Vice-President,  
Metals Division*
- M. D. Day  
*Production Manager*
- A. H. Lee  
*Manager, Coinage &  
Rolling Mill Products*

### Special Products

- †D. G. Maschmeyer  
*Vice-President,  
Special Products Division*
- R. W. Fraser  
*Manager, Specialty Metal  
Products*
- A. R. Otterdahl  
*Manager, Special Chemical  
Products*
- D. R. Weir  
*General Manager, Technology*
- M. A. Clegg  
*Director, Research Centre*
- G. L. Bolton  
*Research Manager*
- B. Doyle  
*Manager, External Technology*
- B. Dewar  
*Manager, Engineering*

## Functional Departments

### Finance

- †K. J. Harvey  
*Vice-President, Finance*
- †P. S. Bleach  
*Controller*
- †P. A. Bonyun  
*Treasurer*
- †D. M. Kossey  
*Assistant Corporate  
Controller*

### Corporate Development

- †R. R. Topp  
*Vice-President, Corporate  
Development*

### Legal

- †F. I. Piper  
*Vice-President,  
Legal Services and  
Corporate Secretary*

### Human Resources

- A. R. Weir  
*General Manager,  
Human Resources*

### Fort Saskatchewan Site

- A. C. Oliver  
*General Manager,  
Fort Saskatchewan Site*
- W. R. Bink  
*Manager, Plant Services*
- G. Campbell  
*Manager, Business Services*

- †Officers
- Finance Committee
- \*Audit Committee

### Auditors

Deloitte Haskins & Sells,  
Toronto

### Solicitors

Blake, Cassels & Graydon,  
Toronto

### Transfer Agents

The Canada Trust Company,  
Toronto

Morgan Shareholder  
Services Trust Company,  
New York

### Bankers

Canadian Imperial Bank of  
Commerce, Toronto

The Toronto-Dominion Bank,  
Toronto

### Listing

Toronto Stock Exchange

## Offices

### Corporate Office Metals Division

P.O. Box 28  
Commerce Court West  
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