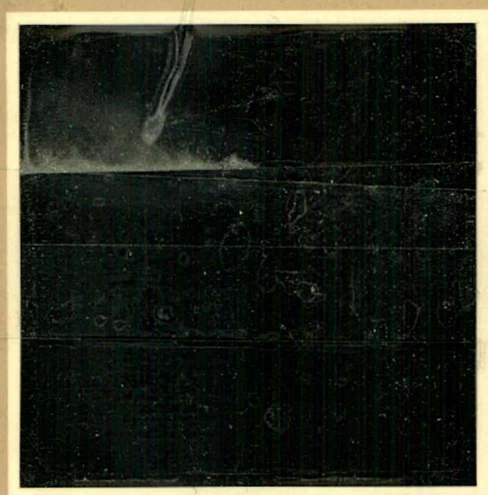
Sherritt Gordon Mines Limited Annual Report



1976

SHERRITT

Sherritt Gordon Mines Limited Annual Report 1976

"Our ability to remain competitive in the increasingly complex resource industries in which we operate depends in large measure upon the skills and efforts of our employees."
David D. Thomas, President and Chief Executive Officer.

Des Hogg, Pit Mechanic, Ruttan Mine

Annual Meeting
2:30 p.m., Thursday, April 28, 1977
Commerce Hall in Commerce Court
Toronto, Ontario

The year 1976 was a difficult one for your Company. To some extent this must be accepted because the markets for our major products are extremely cyclical. Earnings amounted to $4,131,000 (32¢ per share) on gross income of $183,062,000. In 1975, earnings were $11,158,000 (88¢ per share) on gross income of $195,376,000. Due to the lower earnings, dividends were reduced from 55¢ per share in 1975 to 35¢ in 1976. Working capital remained fairly constant at $38,140,000 after capital expenditures of $6,180,000 and a reduction of long-term debt of $4,833,000.

As your Company begins its 50th year of operation, this 1976 Annual Report highlights the role of the employees in our operations. Our future success is largely dependent on them. Their skills and efforts are our most important assets although they do not appear on any balance sheet. By producing the best results for our Shareholders, we believe that your Company and its people will also make the most effective social contribution to the regions in which we operate.

Our major activities involve natural resources: copper and zinc concentrates produced from our mining operations and sold on world markets; nickel and cobalt materials purchased domestically and overseas for processing in our refinery to finished metal for sale throughout the world and for use in our fabricating operations; natural gas, phosphate rock and sulphur purchased as feedstocks for production of fertilizers; various energy sources as fuel and heat for all our operations. Policies affecting natural resources have become important political issues in recent years. Many complex problems are involved and governments at all levels continue to take an increasing role in pricing, allocation and other major decisions affecting the use of natural resources. We recognize the role of government in these areas and the difficult issues with which they must deal. However, we believe that those who are involved in resource industries also can make a valuable contribution. All of us who work for Sherritt, as well as our Shareholders, have a responsibility to attempt to understand these problems and to provide knowledgeable input for the decisions of our governments concerning natural resources.

During 1976, results in our metal-related operations were unsatisfactory. The extremely slow economic recovery in the western world and a resulting increase in base metal inventories led to another year of submarginal selling prices. High inventory levels of fertilizer products throughout the world also brought about a major decline in prices, and although our profits in this area were satisfactory, they were well below the record level of 1975.

Production levels in all our operations were reduced in 1976. This contributed in a small way toward correction of the supply-demand balances relating to our products, and preserved our resources for periods when markets improve. Obviously it had a negative impact on 1976 profits as lower production rates resulted in higher unit costs.

Our Mining Division produced a cash flow from operations but recorded an overall book loss after write-offs of approximately $1,500,000. This figure is before allocation of interest or corporate office costs and compares to a loss of over $2,500,000 in 1975. Mill production at Ruttan was reduced to a five-day-week basis for the full year and the Fox mill was also reduced to this level for the last three quarters of the year. This resulted in increased unit operating costs and lower sales volume. Offsetting this, the average copper price increased to 65¢ per pound, 14% above the prior year, and the closure of the Lynn Lake Mine in June curtailed losses from that operation.

At Ruttan, pit equipment performance improved somewhat and further increases in utilization are anticipated as a result of a major shovel-overhaul program. It has become evident, however, that the remaining

pit operation is best suited to an annual production rate not exceeding 2,500,000 tons. Milling operations will therefore be maintained on a five-day-week basis. Remaining open pit reserves were reduced as a result of additional drilling.

After a major drilling program to further delineate Ruttan ore reserves below the pit, the Board of Directors has recently approved development of the underground ore body down to the 1400 level, subject to arrangement of financing for the estimated $30,000,000 capital expenditure. The economics of this program are considered attractive compared to other future copper production, although a significant improvement in copper price levels must be assumed. Most "experts" forecast such an improvement since present prices produce, at best, only marginal cash profits for the major part of the present, non-socialist world, copper production.

At the Fox Mine, production was well below 1975 due to the five-day work week and a decline in the average copper and zinc grade. However, the increased copper price and improved metallurgy left profits virtually unchanged from 1975.

The Lynn Lake Mine was closed in June after sustaining large losses in recent years. Mine closure is always a difficult decision, complicated in this case by the offsetting revenues of refining and further processing the Lynn Lake concentrate at our Fort Saskatchewan refinery. A majority of the Lynn Lake employees are now working in our other mining operations. The major items of equipment are being readied for sale and the concentrator has been moth-balled. It will be an attractive facility if new base metal deposits can be located by Sherritt or others in the Lynn Lake area.

Despite the loss of the Lynn Lake concentrate feed, our nickel and cobalt refinery operated at almost the same level as in 1975. Nickel markets remained depressed although the volume of our sales improved as a result of a deliberate effort to reduce inventories early in 1976. While there were a number of encouraging developments for fabricated metals during 1976, sales volume declined from the previous year due to reduced sales of nickel coinage strip to the Royal Canadian Mint.

Our fertilizer operations remain profitable although at a substantially reduced level from 1975. Significant inventory buildups in the industry, commencing late in 1975, led to reduced price levels which continued through 1976. Phosphate rock costs remained high resulting in only marginal returns on our phosphate fertilizers and the closure of our phosphate plant for almost half the year. Natural gas is also an important feedstock and fuel supply for Sherritt fertilizers and other Fort Saskatchewan operations. Our long-term contract for our requirements of natural gas runs through 1983 but we have been advised that our supplier will be increasingly unable to meet our full requirements commencing in 1977. We believe that steps can be taken to minimize and defer this shortfall but there will certainly be some increase in our average cost of gas during the remaining life of the contract.

With respect to the general impact of energy costs on the fertilizer industry, many believed that increased natural gas costs led to the quantum jump in nitrogen-based fertilizer prices which occurred in 1974-1975. In fact, the increased prices were also a result of heavy demand, and prices subsequently dropped as supply caught up. The recent weather problems in eastern North America and resultant natural gas shortages could well lead to decontrol of natural gas prices in the United States. This could mean that nitrogen fertilizers, for which natural gas is the basic feedstock, may have to command higher prices in the coming years. In Alberta, where our fertilizer plants are located, substantial new production is presently coming on stream. It is hoped that government gas-pricing

1976 at a glance	1976	1975
Net earnings for the year	$ 4,131,000	$ 11,158,000
— per share	$ .32	$ .88
Dividends per share	$ .35	$ .55
Working capital	$ 38,140,000	$ 38,472,000
Capital expenditures	$ 6,180,000	$ 11,513,000
Gross income — metal sales	$147,884,000	$148,223,000
— fertilizer sales	$ 31,544,000	$ 43,256,000
— process licensing and other income	$ 3,634,000	$ 3,897,000
Total gross income	$183,062,000	$195,376,000
Copper sales — pounds	76,190,000	86,808,000
Zinc sales — pounds	98,749,000	95,819,000
Nickel sales — pounds	22,454,000	20,036,000
Fabricated metal product sales — pounds	2,541,000	3,768,000
Fertilizer sales — tons	325,000	351,000
Employees	2,113	2,261

policies will be realistic and fully recognize the substantial costs of transporting the products to markets.

In recent years, fertilizer profits, which have made the major contribution to total cash flow, have allowed us to materially expand and upgrade our fertilizer facilities and develop our excellent fertilizer dealer organization in western Canada. During 1976 a decision was made to proceed with construction of a 350-ton-per-day urea granulation plant at Fort Saskatchewan. This $5,000,000 facility will replace a prilled product with granular urea which offers certain advantages in agricultural application and fertilizer blending.

In June, 1976 we acquired all the shares of Thio-Pet Chemicals Ltd., a small company producing hydrogen sulphide and other chemicals at a plant adjacent to our Fort Saskatchewan refinery. Since acquisition, this company has produced a cash flow from operations and will be a base for entry into the specialized chemical field.

Those activities which relate to our future earnings potential have been described separately in this report under the heading "Development". They include our mineral exploration activities, which put us into business almost 50 years ago and which have been responsible for the subsequent growth of the Mining Division. They also encompass research and development on new fabricated metal products and on new processes for our own use and to expand Sherritt's metallurgical process licensing activities. Product and process research have also been an integral part of our history and we believe that there are now excellent opportunities to capitalize on the expertise amassed in these areas.

Looking ahead to the balance of 1977, while we see a possible further softening in fertilizer prices in our market area due to adverse weather conditions and new production capacity, there are beginning to be some indications of encouragement in the metal business. There are continuing signs of slow but steady improvement in the United States economy which should lead to increased capital spending commitments when general business confidence grows. We look for a gradual improvement in metal prices, particularly in the last half of 1977, with a further strengthening in 1978. The recent weakening of the Canadian dollar will have a positive effect on our substantial export revenue. However, your Company's profits will continue to be eroded by the Mining Division's operations unless the selling price of copper increases.

During 1976 Richard D. Ellett, Vice-President, Exploration, Newmont Mining Corporation, left the Board of Directors and was succeeded by William A. Humphrey, Vice-President, Operations, Newmont Mining Corporation. Mr. Ellett's experience in the mining industry has been of real assistance to Sherritt, and we look forward to similar assistance from Mr. Humphrey. The background and knowledge of the Newmont people on our Board provide considerable strength to the Company, particularly during this recent difficult period for the Mining Division.

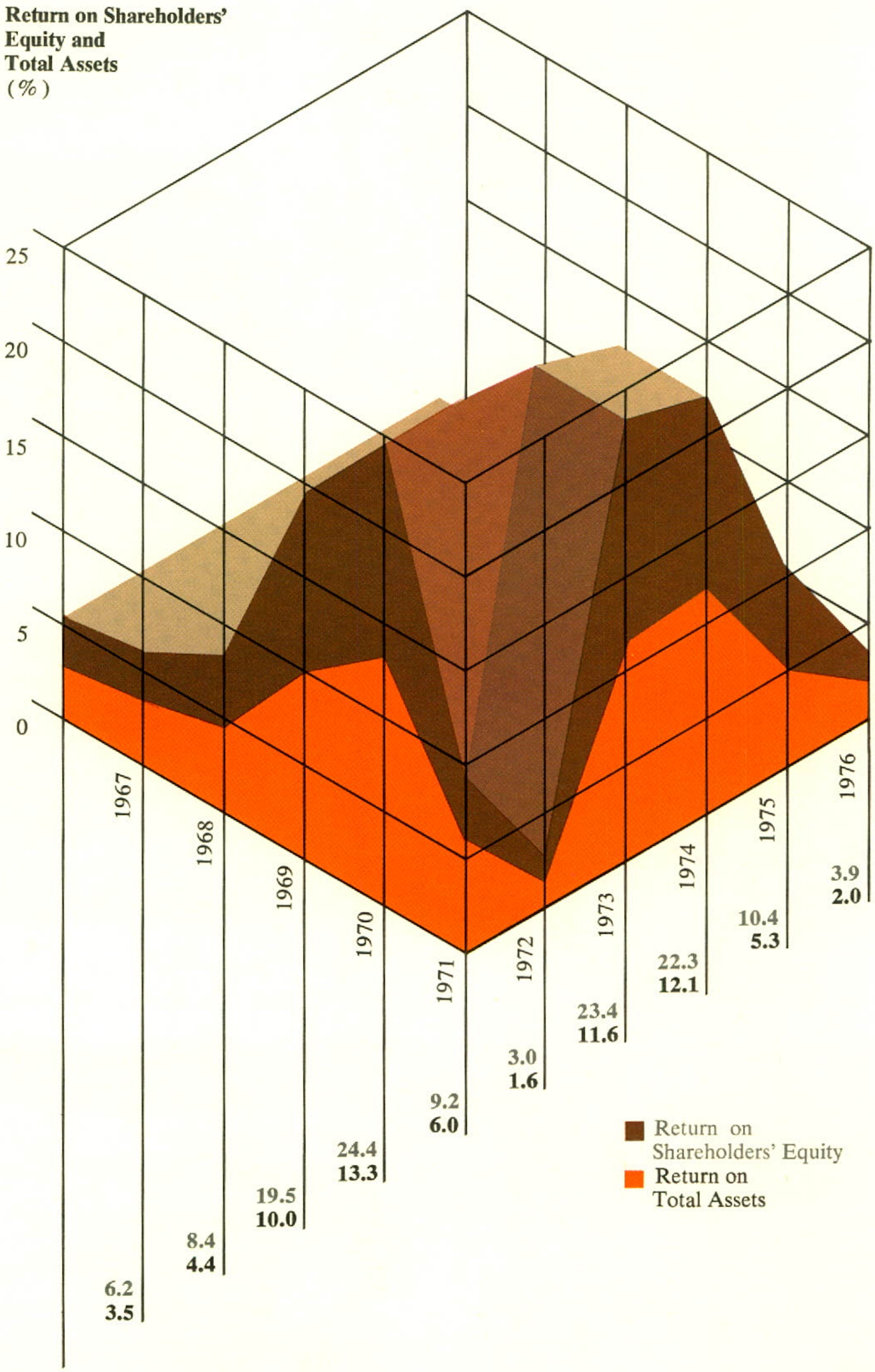
In August, 1976 R. Gordon MacKay retired as Executive Vice-President. The Board, of which he remains a member, expresses its deep appreciation for his outstanding contribution to Sherritt for 40 years. Mr. Robert R. Topp was appointed Vice-President on Mr. MacKay's retirement.

On behalf of the Board of Directors,

David D Thomas

David D. Thomas, President,
Toronto, Ontario,
March 2, 1977.

This ten-year graph covering return on Shareholders' equity and total assets points clearly to the extremely cyclical nature of Sherritt's activities and particularly to the impact of metal prices on earnings. The years 1969-70 and 1973-74 were years of high metal prices. In those four out of the last ten years, Sherritt earned an above-average rate of return. In the other six years, the return was too low. In the last ten years, average return on Shareholders' equity was 13%. The average return on total assets over this same period was an unsatisfactory 7%.



Operations

At Ruttan Mine the tonnage of ore mined and milled in 1976 was 95% of the planned rate of production but only 80% of the 1975 tonnage. Low availability of pit equipment and the inevitable, increasing hauling distances continued to limit production. However, equipment performance improved in the second half of the year after a major overhaul of shovels was completed. The mill operated on a five-day-week basis throughout the year but the lower tonnage was largely offset by increased head grades and improved metallurgical recoveries. There was a sharp increase in unit costs, partly due to the lower tonnage and partly to the costs of the shovel-overhaul program. The Ruttan Mine operated at close to a breakeven basis after write-offs but before allocation of interest or corporate office costs.

Open pit reserves have been reassessed, based on considerable additional drilling as well as our mining experience to date. At the end of 1976 these reserves have been re-estimated at 7,805,000 tons grading 1.30% copper and 1.94% zinc before allowance for dilution. Due to anticipated ground control problems the bottom two benches of the pit have been removed from the pit reserves and scheduled for underground mining. Density of drilling in the pit is now considered adequate to provide a reasonable assessment of the ore lenses and related mining recoveries.

The underground drilling program, which was started in 1976 in order to outline the ore zones down to the 2000 level, progressed to the point where the ore reserves down to the 1400 level could be re-estimated at 14,186,000 tons grading 1.91% copper and .98% zinc before allowance for dilution. A feasibility study was prepared covering a program to develop and mine a substantial part of these reserves during the period 1979-1986. This program was approved by the Board in January, 1977 subject to the arranging of suitable financing.

Drilling results below 1,400 feet to date have been quite encouraging but we do not yet have sufficient data to reassess the original reserve calculations below this horizon. Consequently the underground reserve from the 1400 to 2000 levels is still estimated on the basis of original surface drilling at 10,056,000 tons grading 1.80% copper and 1.02% zinc. In reviewing the total underground reserves, 6,600,000 tons of lower grade material have been eliminated from the reserve as this material is no longer considered economic.

At the Fox Mine, operations were reduced to a five-day week in March, 1976 to preserve our resources and free some miners for Ruttan underground. Tonnage of ore milled declined by 17% from 1975 and copper and zinc grades were also lower. The lower head grades were a result of temporary production problems in the higher grade stopes. Metallurgical recoveries of both copper and zinc showed a substantial improvement over 1975. Lower production and increased unit costs were offset by a higher copper price and the Fox Mine operated at the same modest profit level as in 1975. In 1977 the mill is being operated on a six-day-week basis.

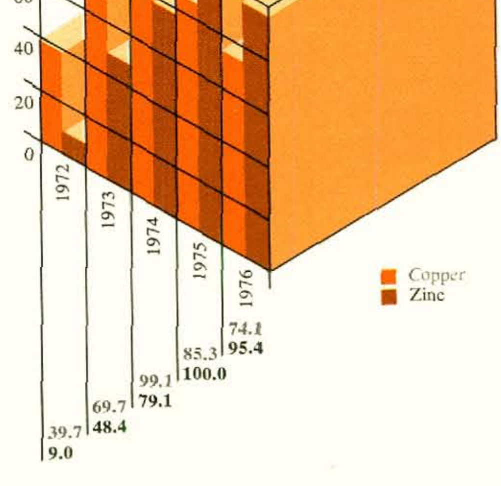
The Lynn Lake Mine was closed in June, 1976. The use of a mining contractor proved unsuccessful and provided final evidence that the mine was no longer economic. The net operating loss and shutdown cost in 1976 totalled over \$3,300,000. Underground salvage work, which should be completed before mid-1977, has been hampered by pumping problems. The mill has been moth-balled and is now in standby condition. It is planned to use the Lynn Lake machine shop as a divisional repair facility.

Markets

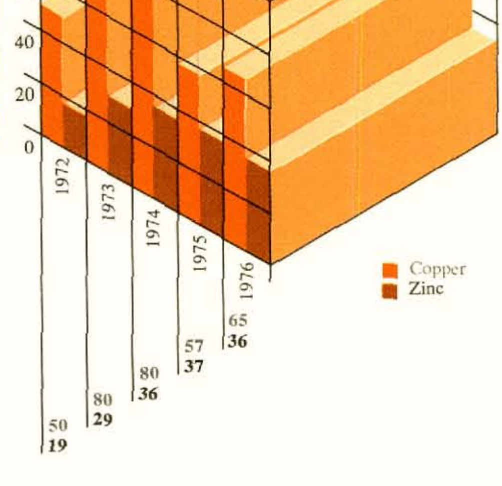
Copper

Copper in concentrate was sold at an average price of 65¢ per pound in 1976, up from 57¢ in 1975. In 1976 over 80% of Sherritt's copper sales were based on

Production — Mine Concentrates
(million lbs.)



Average Price Received — Copper, Zinc
(¢ per lb.)



Fox Mine	1976	1975
Ore milled (tons)	832,000	1,007,000
% copper	1.56	1.74
% zinc	1.68	1.81
Copper in copper concentrate (lbs.)	24,232,000	31,493,000
Zinc in zinc concentrate (lbs.)	18,904,000	21,750,000

Ruttan Mine	1976	1975
Ore milled (tons)	2,661,000	3,341,000
% copper	1.08	.96
% zinc	2.14	1.90
Copper in copper concentrate (lbs.)	50,067,000	54,939,000
Zinc in zinc concentrate (lbs.)	93,097,000	98,207,000

Lynn Lake Mine	1976	1975
Ore milled (tons)	197,000	352,000
% nickel	.97	.84
% copper	.42	.38
Nickel in concentrate (lbs.)	3,078,000	4,733,000
Copper in concentrates (lbs.)	1,539,000	2,266,000

Copper, Zinc and Precious Metals Sales Revenue (figures in thousands)	1976	1975
Copper	$49,590	$49,451
Zinc	35,616	35,577
Precious Metals	4,749	6,532
Total	$89,955	$91,560

London Metal Exchange prices and the balance on Canadian producer prices. Arrangements continued during 1976 for the smelting and refining in Canada of all Sherritt's copper concentrates.

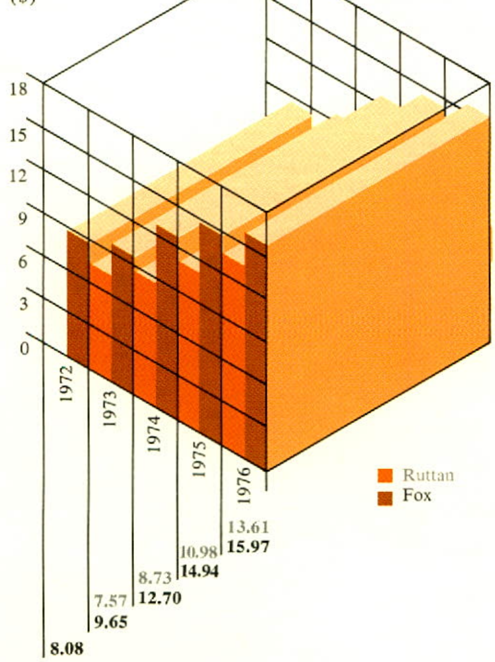
Consumption of copper continued to increase but the growth was slower than anticipated and inventories remained at record high levels. While the supply-demand relationship will continue to determine world copper prices, a number of recent studies of the cost of producing primary copper highlight the fact that present price levels are inadequate to provide more than marginal cash profits on a large part of non-socialist world copper production. Prices are well below the level necessary to generate funds the industry requires for replacement of depleted reserves and to provide a reasonable return on new production. Under these conditions, any substantive evidence of a reduction in present copper inventories should lead to a significant price improvement.

Zinc

An average price of 36¢ per pound was realized on sales of zinc in concentrate during 1976, down from 37¢ in 1975. All concentrate was sold during the year except for a small stockpile held in the form of zinc metal at year end. In anticipation of a sharp growth in demand in 1976, zinc production in the non-socialist world increased over 1975. However, in 1976 consumption was much less than expected, markets were weaker, inventories remained high and prices declined.

Ore Reserves	1976			1975		
	Tons	% Copper	% Zinc	Tons	% Copper	% Zinc
Ruttan Mine (undiluted)						
Open pit	7,805,000	1.30	1.94	10,900,000	1.45	2.31
Underground						
to 1400 level	14,186,000	1.91	.98	26,100,000	1.66	1.04
1400 to 2000 level	10,056,000	1.80	1.09			
low grade	—	—	—	6,600,000	.62	1.69
Total underground	24,242,000	1.87	1.02	32,700,000	1.45	1.17
Total ore reserve	32,047,000	1.73	1.25	43,600,000	1.45	1.45
Fox Mine (undiluted)						
Underground to 3000 level	7,836,000	1.95	2.10	8,700,000	1.92	2.08

Cash Production Cost per Ton Milled ($)



Metal Refining

Operations

Production of refined nickel during 1976 amounted to 27,708,000 pounds. This was well below the capacity of the refinery but essentially at the same level as in the previous year. Lower than predicted quantities of matte feed from Australia and the closing of the Lynn Lake Mine in mid-year contributed to the low output.

Cobalt production increased by 18% over 1975 to 658,000 pounds, and the production of copper in the form of sulphides, a by-product of the nickel plant, was 2,659,000 pounds, about 3% over 1975.

With the closing of the Lynn Lake Mine, the Fort Saskatchewan refinery is now totally dependent on outside feed, and production levels will be determined by Sherritt's ability to compete with other custom refiners. Nickel production for 1977 is expected to be at about the same rate as in 1976. New sources of feed will provide a substantial increase in cobalt production.

Markets

Sales revenue from nickel and cobalt in 1976 totalled $46,199,000, an increase of 13% over the previous year. Profit from the refinery increased by approximately the same amount.

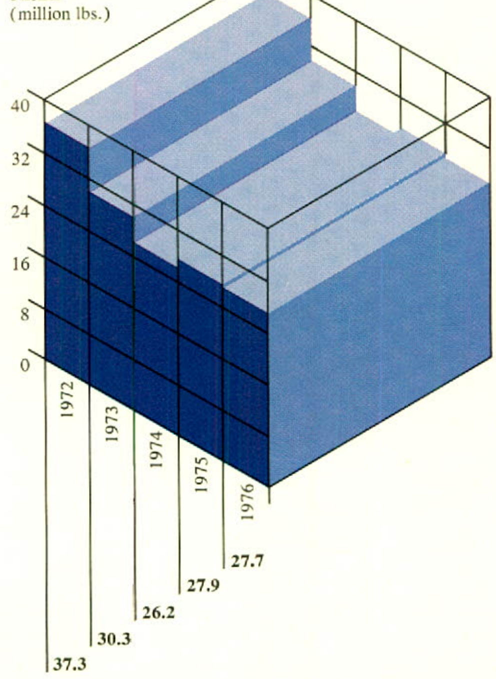
The world market for nickel was over-supplied with metal throughout 1976. As a result, the average selling price for Sherritt nickel was actually lower in 1976 than in 1975 despite increases in costs. There has been a modest improvement in nickel sales since the year end but a major market improvement awaits further strengthening in the western world economies.

In contrast to nickel, the world demand for cobalt was greater than the supply. The invasion of Angola interrupted the normal trade routes for Zaire cobalt and caused users to seek new cobalt suppliers. Sherritt sold its own output as well as its full allotment as agents for Outokumpu Oy of Finland. The cobalt price increased on several occasions during the year and Sherritt's current price is $5.55 U.S. per pound.

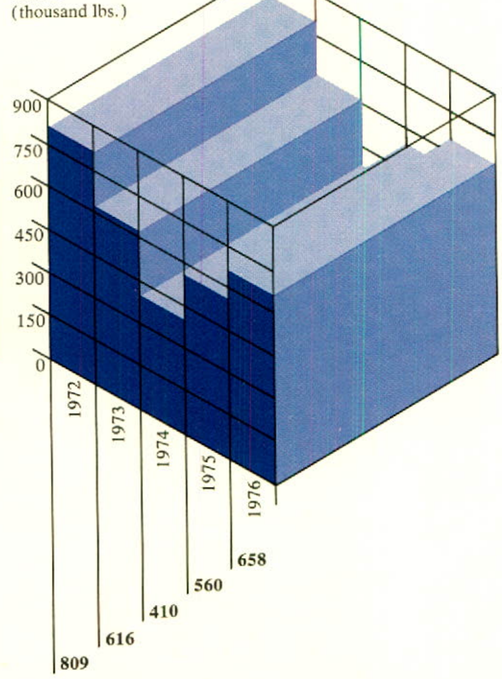
Nickel and Cobalt Sales Revenue

(figures in thousands)		1976		1975
Nickel	22,454 lbs.	$43,428	20,036 lbs.	$39,745
Cobalt	629 lbs.	2,771	327 lbs.	1,313
Total		$46,199		$41,058

Production Refined Nickel
(million lbs.)



Production Refined Cobalt
(thousand lbs.)



Fabricated Metal Products

Operations

Production of fabricated metal products at 2,763,000 pounds was down 29% from 1975. This was due to a sharp cutback in contracted deliveries of nickel coinage strip to the Royal Canadian Mint, which experienced a sudden reduction in demand for Canadian coins. The impact on rolling mill operations was offset to a large extent by a substantial volume of other coin and coinage-blank business. Coinage blanks were supplied to three foreign countries. Besides increasing the production of tokens and commemorative medallions, The Sherritt Mint struck finished coins for two foreign countries. A larger minting press installed during the year will enable the striking of bigger coins and medallions. The new melting-atomizing facilities were put into regular use producing nickel powder and cobalt-iron alloy powders for the rolling mill. New production facilities for strip finishing, continuous annealing and precision slitting were installed; this will allow the sale of a wider range of strip products to industrial markets. Record quantities of specialized powder products were produced. Profits, while lower than in 1975, continued at a satisfactory level.

Fabricated Metal Products Production
(figures in thousands of pounds)

	1976	1975
Nickel products	2,151	3,544
Cobalt products	21	54
Alloy, composite and other metal products	216	289
Custom fabricated nickel products	375	—
Total	2,763	3,887

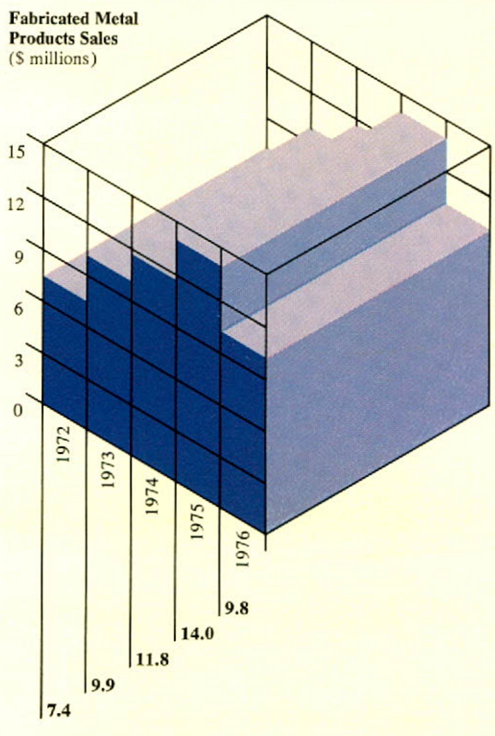
Fabricated Metal Products Sales Revenue
(figures in thousands)

	1976		1975	
Nickel products	2,328 lbs.	$7,951	3,250 lbs.	$10,927
Cobalt products	31 lbs.	205	37 lbs.	373
Alloy, composite and other metal products	182 lbs.	1,663	481 lbs.	2,710
Total	2,541 lbs.	$9,819	3,768 lbs.	$14,010

Markets

The diversity of markets served by Sherritt's growing range of special products greatly reduced the unfavourable effect of a significant downward swing in demand by the Royal Canadian Mint, an important segment of our fabricated products business. Export sales of coins, coinage blanks and cobalt alloys, together with increased medallion business, ensured a good production level of wrought products. Record production and sales of special nickel and composite powders reflected the more buoyant United States economy. These powders, which are sold to automotive, aerospace, manufacturing and equipment-maintenance markets, have shown steady growth even during periods of recession. Although dispersion-strengthened nickel sheet sales declined, the long-term market outlook is still favourable because Sherritt's DS* nickel product is specified for applications in turbine engines for aircraft and military use.

*Sherritt Trademark



Operations
Production of all types of fertilizers in 1976 was 322,000 tons, down 16% from the 1975 record year. Demand for nitrogen-based fertilizers remained relatively strong and all the plants operated at their optimum capacity. Total nitrogen fertilizer production of 257,000 tons was slightly higher than in 1975, but phosphate fertilizer production of 65,000 tons was down more than 50% from 1975. Because of high product inventories and reduced sales, the phosphate production facilities were shut down for a period of five months. Although sales of phosphate fertilizers are expected to show some improvement in 1977, we are still anticipating an extended shutdown of the production units during the summer months.

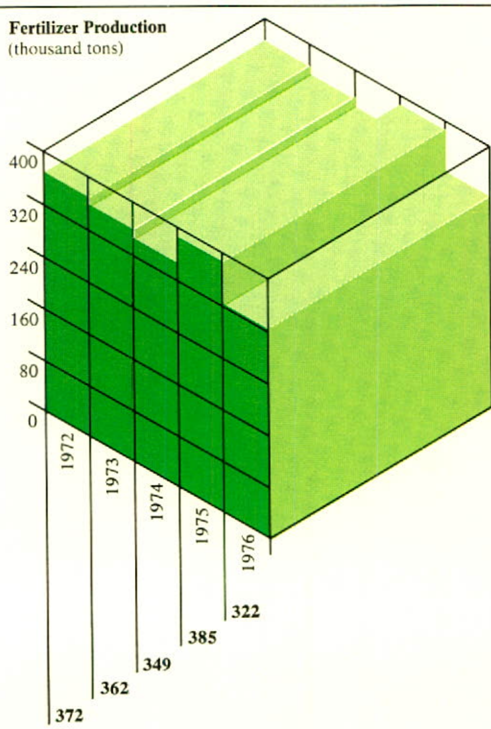
Markets
Lower prices for all fertilizers, combined with a drop in the volume of phosphate sales, decreased Sherritt's fertilizer sales revenue from $43,000,000 in 1975 to $32,000,000 in 1976. Despite this, the fertilizer division produced a satisfactory profit during 1976.

The purchase price of phosphate rock (the main raw material for ammonium phosphate fertilizer) remained high compared with the depressed price of the finished product. Consequently Sherritt was unable to compete in some of its more distant, established markets, and sales were well below the 1975 level. Very recently the cost of phosphate rock has declined and ammonium phosphate product prices appear to have stabilized. The current year should be more profitable for this group of products.

Sales revenue from nitrogen-based fertilizers dropped 18% from the record level established in 1975 because of reduced prices. Unlike the phosphate business, however, we were able to sell our production in all our traditional markets. There is concern for 1977 due to possible drought conditions in Canada and the United States, lower grain prices, and a potential oversupply of nitrogen fertilizers with three new plants coming on stream in southern Alberta. Nevertheless, a reasonably profitable year is anticipated in 1977 because of Sherritt's strong marketing position in western Canada and the U.S. Pacific Northwest.

Fertilizer Sales Revenue
(figures in thousands)

	1976		1975	
Nitrogen	242 tons	$20,695	234 tons	$25,355
Phosphate	83 tons	10,849	117 tons	17,901
Total	325 tons	$31,544	351 tons	$43,256



Development

Product Development

The product development program was active during 1976. Research is continuing on the processing of alloy powders into strip products. Following completion of a successful pilot production run, the first commercial order was received for Sherritt's Nickel-Bonded-Steel coinage (N-B-S).* The unique qualities and cost advantages of N-B-S coinage make it a product of significant promise. A new ultra-fine grade of cobalt powder for manufacture of carbide parts, and an improved cobalt-tungsten carbide composite powder for wear-resistant coatings were produced in development quantities and show considerable market potential.

Sherritt looks forward to the continued growth of its fabricated metal business, based on a product-oriented research program which is focused on specific market requirements in aerospace, electronics, coinage, manufacturing and chemical industries. Two of these research projects, in the aerospace field, are supported by the National Research Council under the Industrial Research Assistance Program.

Process Development

The main activity in this area centred on development of the S-C Copper Process, a joint venture between Sherritt and Cominco with 50% funding by the Federal Government under a PAIT grant. Operation of the pilot plant was completed successfully in December. This environmentally clean process is applicable to a wide range of copper sulphide concentrates and produces high purity copper by electrowinning, and sulphur as a by-product in elemental form. Secondary values often associated with copper concentrate, such as gold, silver, zinc and molybdenum, are also recovered. Iron is rejected as a chemical precipitate.

Interest increased in Sherritt's direct pressure leaching process for zinc concentrate, which also produces elemental sulphur instead of sulphur dioxide, and further development work is expected to continue during 1977.

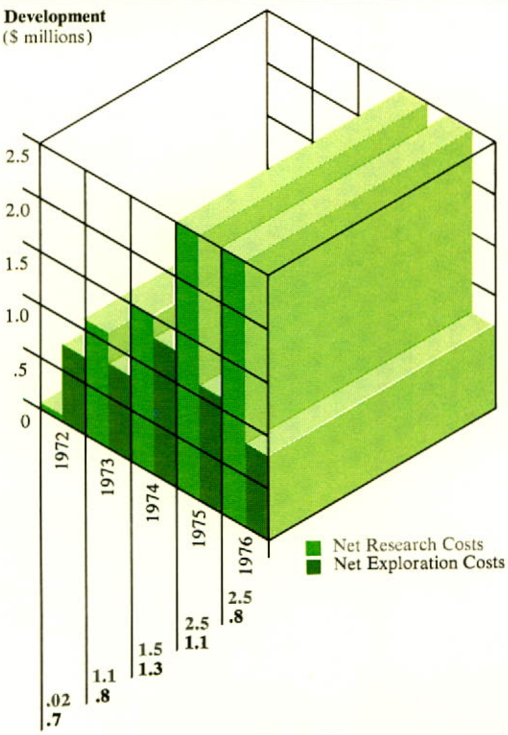
Other process-oriented research, development, and engineering work was carried out on laterite process technology. Various processes for the separation of nickel and cobalt, including some incorporating ion exchange, were investigated.

Mineral Exploration

Sherritt's exploration efforts during 1976 were again concentrated on the search for base metal deposits in northwestern Ontario. Due to the reduced availability of funds, expenditures of $802,000 were 25% lower than in 1975. Several anomalies are still being investigated and a detailed program has commenced on a uranium prospect. Late in 1976, two programs were initiated in the Lynn Lake area on a 50/50 cost-sharing basis with the Manitoba Government. Current work on prospects in Ontario should be completed during 1977 and our major efforts will be concentrated on the area around Sherritt's existing mining operations in Manitoba. Availability of infrastructure and extra capacity at Sherritt's mining bases in northern Manitoba could materially improve the economics of any discovery in this area. Part of Sherritt's efforts will be concentrated on the location or acquisition of interests in promising nickel prospects which could provide a source of feed for the Fort Saskatchewan refinery or the moth-balled mill at Lynn Lake.

*Sherritt Trademark

Development
($ millions)



Technology Licensing

Revenue from licensing Sherritt's technology amounted to $2,310,000 in 1976, down about 7% from 1975. There is, however, evidence of a growing commercial interest in Sherritt's mineral processing technology and the potential exists for new sources of licensing revenue in the future.

During 1976, production of metallic nickel at the nickel refinery of Marinduque Mining & Industrial Corporation in the Philippines, which utilizes Sherritt's laterite nickel process under licence, was 31,500,000 pounds. This was a significant increase over the 20,000,000 pounds produced in 1975 but was still just under 50% of design capacity. Two extended shutdowns caused by mechanical and maintenance problems in the gas reform plant were major factors in restricting the annual production. Additional technical assistance is now being provided by Sherritt to assist Marinduque in resolving its operating problems. When the plant approaches design capacity, Marinduque's nickel operations should be competitive and royalties should begin to accrue to Sherritt, although payments will be deferred for some years under Marinduque's refinancing arrangements.

Pilot test work to confirm the metallurgy of treating low-iron, high-grade nickel laterite at the P.T. Pacific Nikkel Indonesia project was completed early in 1976. The economics of the project have been reassessed and remain attractive based on the initial mining of the higher grade ore on Gag Island. Sherritt's participation in the project has been reduced to just over 9%. The Indonesian Government has indicated a desire to acquire a 20% equity interest in the project.

Renewed interest in the development of uranium deposits has led to a strong interest in the application of Sherritt's acid pressure leach technology for the extraction of uranium from a wide range of ores. Sherritt is currently providing technical assistance to Anglo American Corporation of South Africa Limited in the application of pressure leaching in uranium ore processing.

The S-C Copper Process, covered in another section of this report, was successfully piloted during 1976 and soon will be available for licensing to other companies interested in commercial use of the process.

Personnel	1976	1975
Mining and Milling	1,122	1,197
Metals, Fertilizers and Research	942	1,014
Corporate Office	49	50
Total	2,113	2,261

Personnel

The total number of employees at December 31, 1976 was 148 less than at the previous year end.

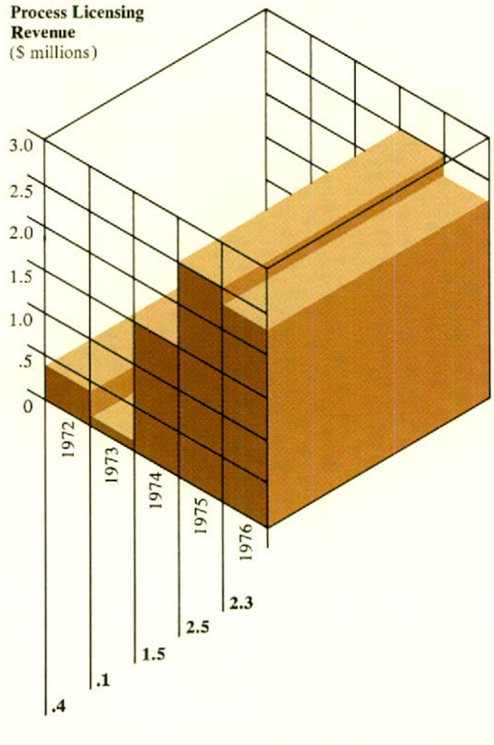
This reduction resulted from closing the Lynn Lake Mine, together with a Company-wide effort to streamline operations and improve productivity. Employee co-operation following the shutdown was outstanding. Most of the employees not involved in the salvage operations have been offered employment in the Company's other operations.

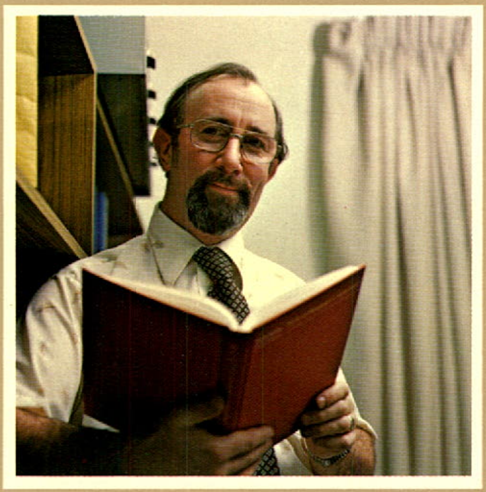
Negotiations with the United Steelworkers of America, Locals 5757 and 8144, were completed in June. The resulting three-year contract covering hourly-rated employees in the Mining Division was ratified by the employees and was approved by the Anti-Inflation Board.

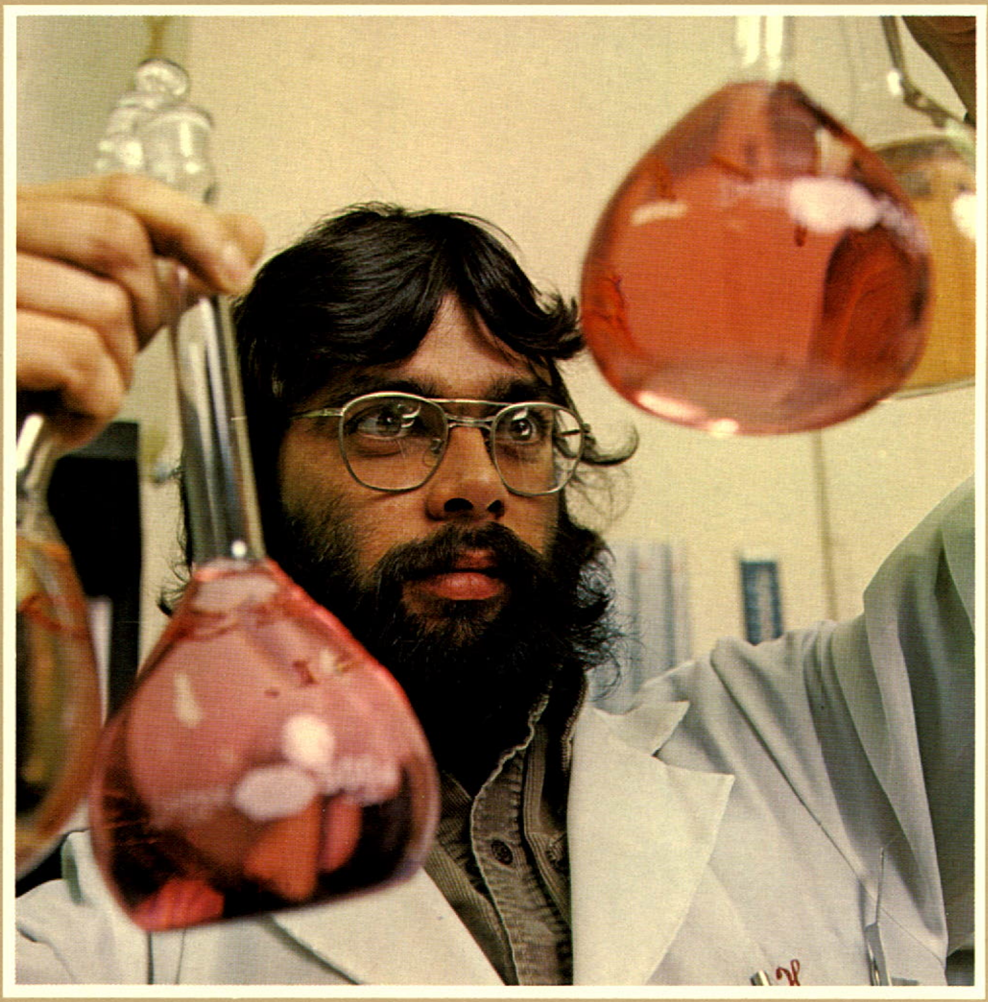
The Company and the Manitoba Government have been engaged since 1972 in a program to employ native people in the Company's mining operations. This program has been judged highly successful and in 1976 the Manitoba Government renewed its commitment to continue the program.

The labour agreement covering hourly-rated employees at Fort Saskatchewan expires April 30, 1977. Negotiations for a renewal of this agreement will likely commence in March.

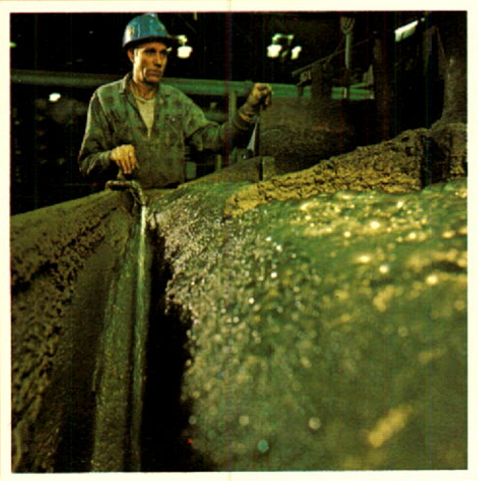
At year end 13 employees were on long-term assignment to Marinduque Mining & Industrial Corporation and it is expected that this number will increase during 1977.

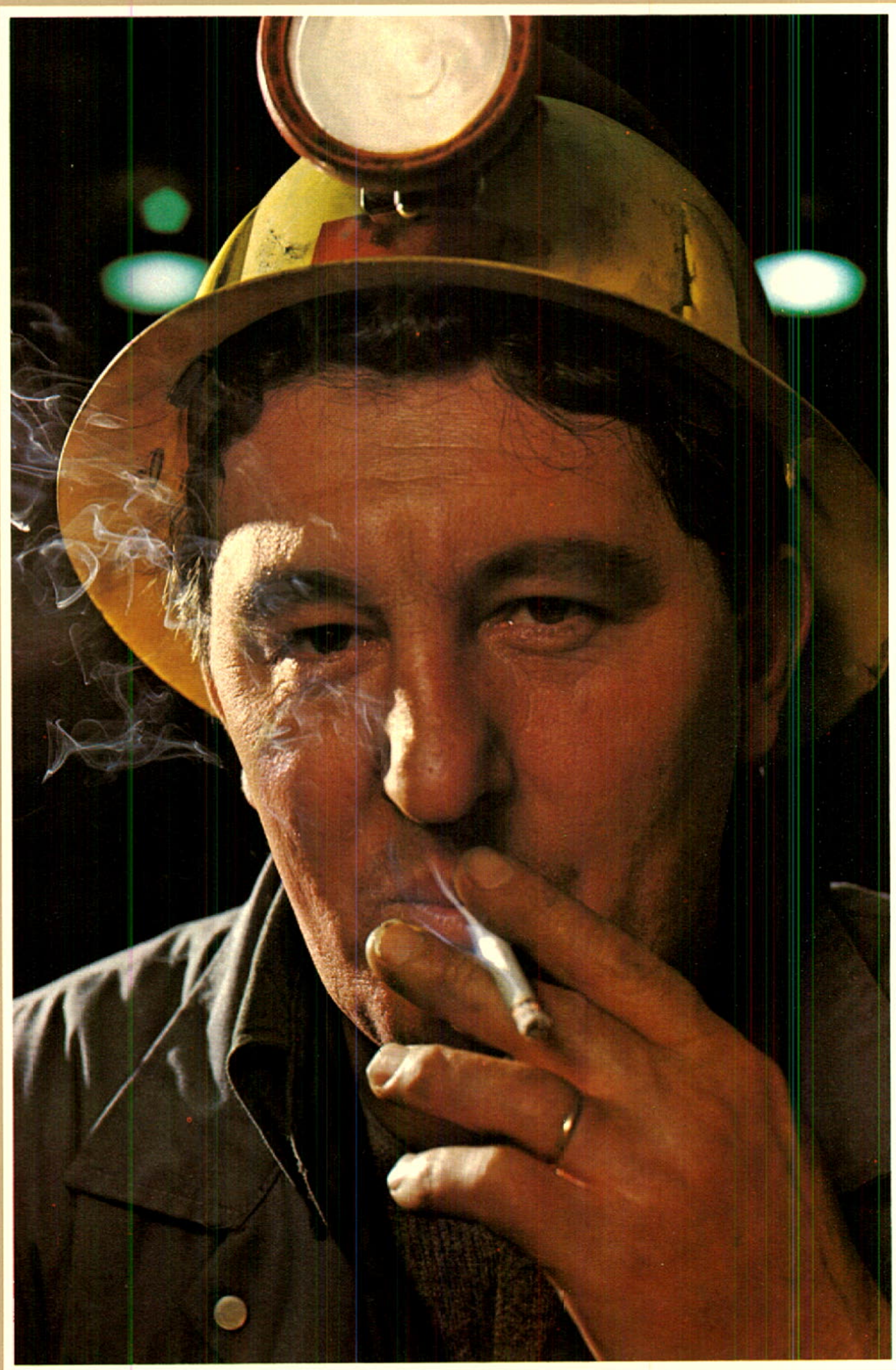




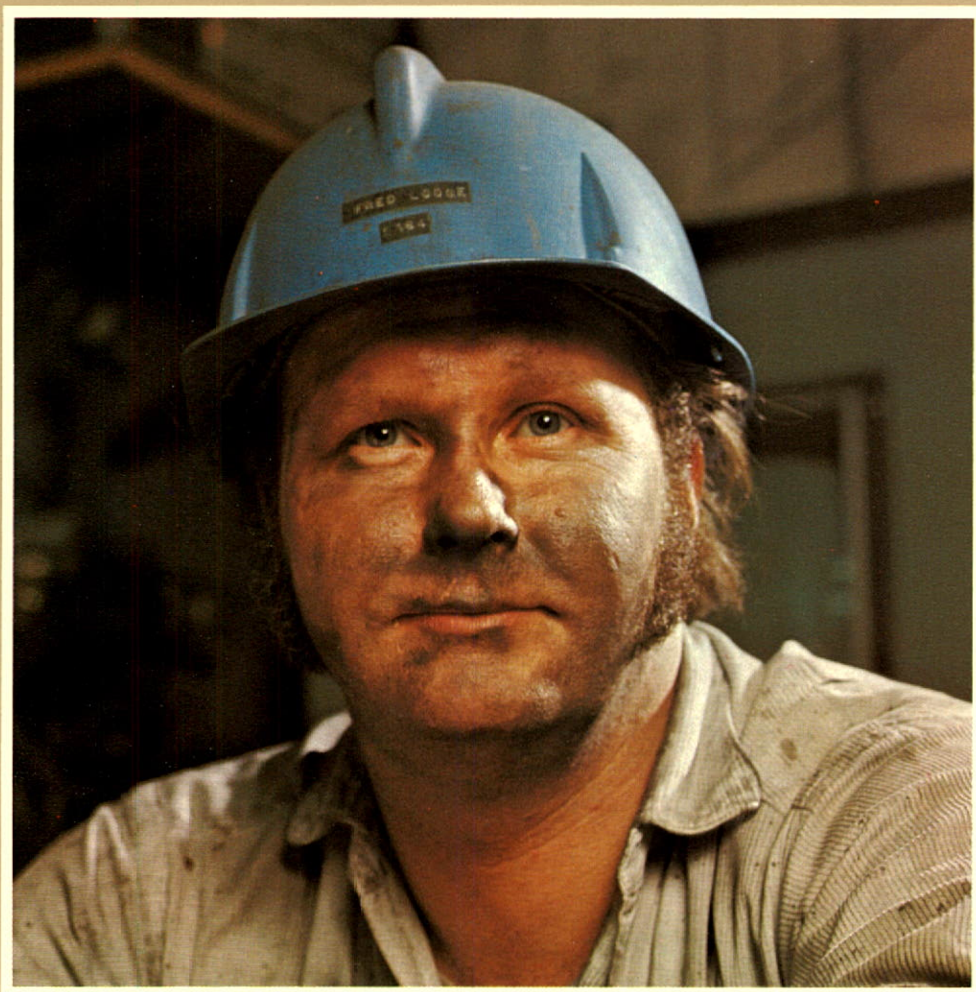


Counter clockwise from top left:
Ted Armstrong, Cost Control Co-ordinator, Metal and Chemical Division
Jim Cutler, Mill Mechanic Apprentice, Ruttan Mine
Aruna Mehta, Research Technician, Research Laboratories
Al Svarich, Research Technician, Research Laboratories
Art Hughes, Research Technician, Analytical Laboratory

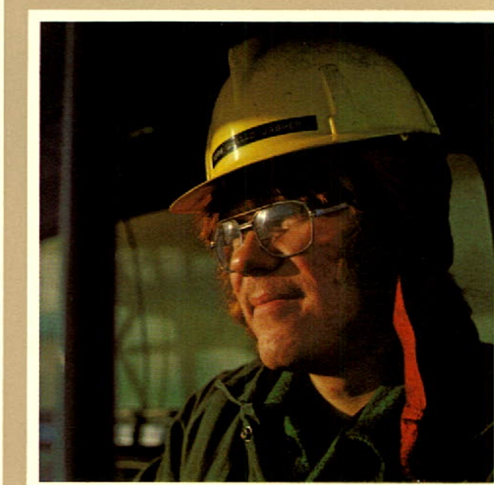


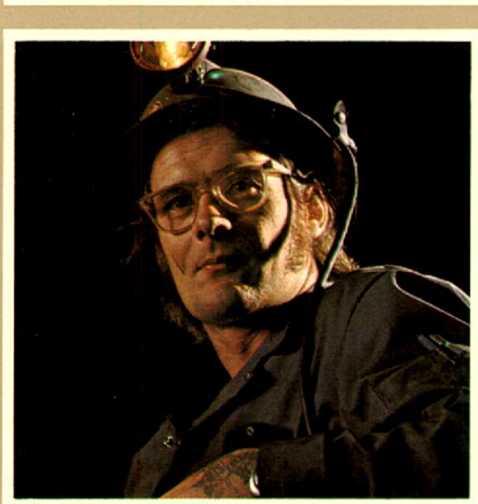


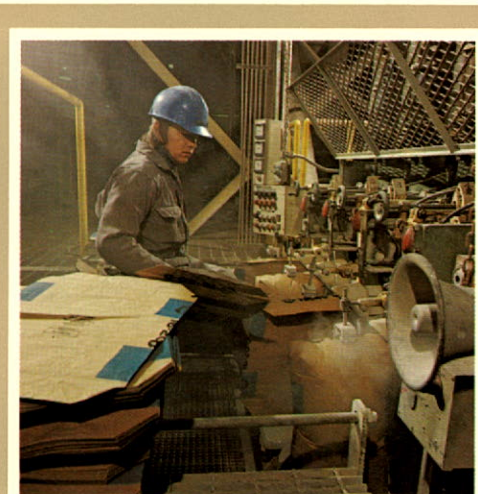
Allan Davy, Mill Shift Boss, Fox Mine
Randy Bradley and Brian Wood, Underground Crushermen, Fox Mine
Joe Szabo, Mine Shift Boss, Fox Mine



Fred Lodge, Flotation Operator, Fox Mine
Mike Kirkby, Mine Shift Boss, Fox Mine
Randy Fisher, Operator, Products Distribution, Fertilizer Bagging Plant
Gary Brown, Labourer and Frank Bibaud, Operator, Metals, Nickel Refinery
Gerald Jasper, Heavy-Duty Truck Driver, Ruttan Mine







Mike Tomaszewski, Computer Operator, Metal and Chemical Division
Hana Reynolds, Accounts Payable Clerk, Metal and Chemical Division
Pat Beer, Operator, Fabricated Metal Products, The Sherritt Mint

Consolidated Statement of Earnings

for the year ended December 31, 1976
with comparative figures for 1975

	1976	1975
Gross Income		
Metal sales	$147,884,000	$148,223,000
Fertilizer sales	31,544,000	43,256,000
Process licensing and other income	3,634,000	3,897,000
	183,062,000	195,376,000
Costs and Expenses		
Operating costs	154,721,000	155,469,000
Research	2,502,000	2,518,000
Exploration	802,000	1,082,000
Selling and administrative	4,041,000	3,591,000
Interest	4,004,000	4,127,000
Depreciation and amortization	9,680,000	10,017,000
	175,750,000	176,804,000
Earnings Before Taxes	7,312,000	18,572,000
Income taxes — current	2,815,000	3,690,000
— deferred	350,000	3,700,000
Mining royalty taxes	—	—
	3,165,000	7,390,000
Net Earnings Before Minority Interest	4,147,000	11,182,000
Minority interest in net earnings of subsidiary	16,000	24,000
Net Earnings	$ 4,131,000	$ 11,158,000
Earnings Per Share	$ .32	$ .88
Dividends Per Share	$ .35	$ .55

Consolidated Statement of Retained Earnings

for the year ended December 31, 1976
with comparative figures for 1975

	1976	1975
Balance at beginning of the year	$ 69,056,000	$ 64,908,000
Net earnings	4,131,000	11,158,000
	73,187,000	76,066,000
Dividends paid (note 8)	4,460,000	7,010,000
Balance at end of the year	$ 68,727,000	$ 69,056,000

The accompanying notes are an integral
part of the financial statements.

Consolidated Balance Sheet

December 31, 1976
with comparative figures for 1975

Assets	1976	1975
Current		
Cash, including interest-bearing deposits	$ 1,560,000	$ 1,414,000
Accounts receivable		
Trade	22,818,000	34,115,000
Other	1,252,000	1,470,000
Inventories (note 3)	59,152,000	49,178,000
Insurance and other prepaid items	407,000	451,000
	85,189,000	86,628,000
Fixed (note 4)		
Property, plant and equipment	171,942,000	168,638,000
Less accumulated depreciation	92,322,000	83,677,000
	79,620,000	84,961,000
Unamortized development costs	24,878,000	24,151,000
	104,498,000	109,112,000
Other		
Employee housing and other loans	4,755,000	4,559,000
Investments at cost less amounts written off (note 5)	10,338,000	10,341,000
Patents at cost less amounts written off	707,000	661,000
	15,800,000	15,561,000
	$205,487,000	$211,301,000

The accompanying notes are an integral part
of the financial statements.

SHERRITT

Liabilities	1976	1975
Current		
Bank indebtedness (note 6)	$ 22,876,000	$ 18,490,000
Accounts payable and accrued	18,426,000	21,957,000
Income and mining royalty taxes	2,186,000	4,540,000
First Mortgage Bonds (note 7)	3,561,000	3,169,000
	47,049,000	48,156,000
First Mortgage Bonds (note 7)	24,731,000	29,564,000
Deferred Income Taxes	26,470,000	26,120,000
Minority Interest	24,000	24,000
Shareholders' Equity (note 8)		
Capital		
Capital stock		
Issued and fully paid		
12,754,180 shares	12,754,000	12,740,000
Contributed surplus		
Net premium on sales of shares	25,732,000	25,641,000
	38,486,000	38,381,000
Retained Earnings	68,727,000	69,056,000
	107,213,000	107,437,000
	$205,487,000	$211,301,000

Approved by the Board:
David D. Thomas, Director
Edward L. Donegan, Director

Auditors' Report
To the Shareholders of
Sherritt Gordon Mines Limited:

We have examined the consolidated balance sheet of Sherritt Gordon Mines Limited and its subsidiary companies as at December 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position 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 companies as at December 31, 1976 and the results of their operations and the changes in their financial position 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 11, 1977.

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1976
with comparative figures for 1975

Sherritt Gordon Mines Limited and
subsidiary companies

	1976	1975
Funds were obtained from		
Operations for the year		
Net earnings	$ 4,131,000	$ 11,158,000
Amounts deducted in arriving at net earnings which did not involve an outlay of funds		
Depreciation and amortization	10,124,000	10,298,000
Deferred income taxes	350,000	3,700,000
	14,605,000	25,156,000
Capital stock issue	14,000	—
Increase in contributed surplus	91,000	—
Capital research grants	428,000	3,000
Decrease in investments	3,000	65,000
	15,141,000	25,224,000
Funds were used for		
Expenditures on capital and deferred assets		
Mining	3,975,000	9,189,000
Refining and fabricating	1,317,000	1,541,000
Fertilizer	353,000	122,000
Research and patents	339,000	1,374,000
Employee housing and other loans	196,000	(713,000)
	6,180,000	11,513,000
Dividends	4,460,000	7,010,000
Reduction of long-term debt	4,833,000	4,630,000
Other — net	—	8,000
	15,473,000	23,161,000
(Decrease) Increase in working capital	(332,000)	2,063,000
Working capital at beginning of the year	38,472,000	36,409,000
Working capital at end of the year	$ 38,140,000	$ 38,472,000

The accompanying notes are an integral part of the financial statements.

1. Summary of Accounting Policies

a) Principles of Consolidation
The consolidated financial statements include the accounts of Sherritt Gordon Mines Limited and its active subsidiary companies, Sherritt Fertilizers, Inc., Sherritt Gordon Airtransport Limited, Michipicoten Iron Mines Limited, and Thio-Pet Chemicals Ltd. (see note 2).

b) Translation of Foreign Currencies
Transactions in foreign currencies are translated into Canadian dollars at rates prevailing at the time of such transactions, except that current assets and current liabilities are translated at the approximate rate of exchange at December 31.

c) Inventory Valuation
Concentrates sold under contract are valued at estimated net realizable value. Other finished products, raw materials, material in process, and operating supplies are valued at the lower of average cost and net realizable value.

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

e) Depreciation and Amortization
Depreciation of plant and equipment costs and amortization of development costs and patents are charged to income as follows:
i) Ruttan Mine and Fox Mine: depreciation and amortization of the assets of the mines are charged to operations using the unit of production method based on metallic content of the estimated recoverable ore reserves.
ii) Lynn Lake: this mine was shut down in June, 1976. The remaining Lynn Lake assets are recorded at estimated salvage value.
iii) Metal and Chemical: depreciation is provided over the useful life of the assets using an estimated service life of 20 years.
iv) Patents: amortization is provided over the life of the patent.

f) Income Taxes
The Company follows the tax allocation method of providing for income taxes. Taxable income may be different from reported earnings before income taxes to the extent that capital cost allowances and development expenditures claimed for tax purposes differ from depreciation and amortization recorded. The difference between the taxes calculated as payable each year and those charged against earnings on the tax allocation method is accumulated and carried forward in the balance sheet under the heading of Deferred Income Taxes.

2. Acquisition

Effective April 1, 1976 the Company purchased all the outstanding shares of Thio-Pet Chemicals Ltd. at a cost of $848,000. Thio-Pet is a producer of hydrogen sulphide and carbon disulphide with a plant located adjacent to the Company's metal and chemical plants at Fort Saskatchewan, Alberta. The consolidated financial statements include Thio-Pet's assets and liabilities as of December 31, 1976 and the results of its operations and changes in financial position for the period from April 1, 1976 to December 31, 1976. The operations of Thio-Pet had no material impact on the financial results of the Company during the period since acquisition.

3. Inventories	1976	1975
Concentrates	$11,565,000	$ 9,555,000
Refined metal products	17,527,000	13,073,000
Fertilizers	2,886,000	4,470,000
Raw materials and material in process	16,449,000	11,114,000
Operating supplies	10,725,000	10,966,000
	$59,152,000	$49,178,000

4. Fixed Assets	Property, Plant and Equipment			Unamortized	
	Cost	Depreciation	Undepreciated Cost	Development Costs	Total
Ruttan Mine	$ 45,562,000	$ 8,605,000	$36,957,000	$19,129,000	$ 56,086,000
Fox Mine	17,946,000	6,034,000	11,912,000	5,749,000	17,661,000
Lynn Lake Mine	21,145,000	19,247,000	1,898,000	—	1,898,000
Metal and Chemical Division	87,289,000	58,436,000	28,853,000	—	28,853,000
	$171,942,000	$92,322,000	$79,620,000	$24,878,000	$104,498,000

5. Investments at Cost less Amounts Written Off	Common Shares	Percentage Owned	1976	1975
Marinduque Mining & Industrial Corporation	9,414,877	11	$ 6,752,000	$ 6,752,000
P.T. Pacific Nikkel Indonesia (including loans and advances)	11,378	9	3,537,000	3,545,000
Other companies			49,000	44,000
			$10,338,000	$10,341,000

The quoted market value of the investment in Marinduque shares at December 31, 1976 was $9,414,877 U.S. Under the subscription agreement with Marinduque, the Company agreed not to sell or transfer any of the shares prior to December 31, 1976. There is no quoted market value for shares of P.T. Pacific Nikkel Indonesia.

6. Bank Indebtedness

Certain receivables and inventories of the Company have been pledged as security for the bank indebtedness.

7. First Mortgage Bonds	December 31, 1976 U.S.	Canadian
Current		
Series A Bonds — Canadian		$ 2,700,000
Series B Bonds — U.S.	$ 853,000	861,000
		3,561,000
Long Term		
Series A Bonds due 1978 to 1983 — Canadian		16,200,000
Series B Bonds due 1978 to 1981 — U.S.	$ 8,571,000	8,531,000
		24,731,000
Total First Mortgage Bonds Outstanding		$28,292,000

Series A Bonds
Interest — variable in relation to the bank prime borrowing rate.
Repayment — in equal quarterly instalments to October 1, 1983.

Series B Bonds
Interest — 8%
Repayment — from Ruttan Mine zinc concentrate production but at a minimum rate of $2,143,000 U.S. per year to January 14, 1981.

The security for the bonds is a first mortgage on the Ruttan Mine assets. Interest paid on First Mortgage Bonds in 1976 was $3,014,000 (1975: $3,367,000). Under the mortgage indenture, the Company may not pay a dividend which would reduce working capital below $9,000,000.

8. Shareholders' Equity
Capital
Shares authorized and issued are as follows:

Authorized
14,000,000 combined total Class A and Class B participating special shares, par value $1 each
100 common shares, par value $10 each

Issued and fully paid	Number of Shares	Amount
Class A		
January 1, 1976	12,396,847	$12,396,847
Issued for Cash	14,180	14,180
Exchanged for Class B	(15,263)	(15,263)
December 31, 1976	12,395,764	$12,395,764
Class B		
January 1, 1976	343,153	$ 343,153
Issued in exchange for Class A	15,263	15,263
December 31, 1976	358,416	358,416
	12,754,180	$12,754,180

During 1976, 14,180 Class A shares were issued under the Employee Share Purchase Plan for a cash consideration of $104,578 or $7.37 per share. The par value of these shares of $14,180 has been credited to capital stock and the balance of the consideration of $90,398 to contributed surplus.

The Class A and Class B shares are voting shares, rank equally in all respects and are exchangeable one for the other. The distinction between the two classes of shares is that the Directors in declaring cash dividends on Class B shares may specify that the dividends be paid first from tax-paid undistributed surplus on hand and then out of 1971 capital surplus on hand, (these expressions as defined in the Income Tax Act of Canada). These tax-deferred dividends are equal to the dividends paid on the Class A shares less any tax which must be paid by the Company to create tax-paid undistributed surplus.

Dividends
The dividends paid include the dividends and related tax as shown in the following table:

	1976	1975
Class A Shares		
1976 — $.35 per share (1975 Common and Class A: $.55)	$4,324,000	$6,926,000
Class B Shares		
1976 — $.2975 per share plus tax (1975: $.2125 plus tax)	136,000	84,000
	$4,460,000	$7,010,000

9. Pension Plans
The Company maintains separate plans for salaried and hourly employees.

At December 31, 1976, the actuarially computed value of pension benefits under the salaried employees pension plan exceeded the assets of the pension fund by $2,600,000. Annual pension costs are determined at regular intervals by independent actuaries, are funded currently and include provision for current service costs and for funding of past service costs over a period not exceeding fifteen years.

The hourly employees pension plan is a money purchase arrangement whereby the Company contributes amounts equal to the employee contribution. There are no unfunded liabilities relating to this plan.

10. Employee Share Purchase Plan
Under the Employee Share Purchase Plan, eligible employees are entitled to subscribe for shares of the Company and to pay for such shares by payroll deduction over a period of 24 months at a price per share equal to the lesser of the average market price on the original offering date (June 16, 1975 and June 21, 1976), or the average market price on the completion date of purchase. At December 31, 1976, there were outstanding purchase agreements with employees having an aggregate value of $345,000.

11. Commitments and Guarantees
Ruttan Mine
The Company has announced its intent to proceed, subject to financing, with the underground development of the Ruttan Mine to the 1400 level which is estimated to cost $30,000,000 exclusive of financing charges. Some work is to commence immediately on underground development but major expenditures will not be incurred until the financing arrangements are complete.

Lease commitments for capital equipment utilized at this mine involve payments of approximately $1,300,000 per year. These leases expire on various dates during 1980 and 1981.

Province of Manitoba
Certain special expenditures incurred by the Province of Manitoba for the development of Leaf Rapids townsite and Provincial Highways 391 and 396 are being amortized over periods up to 1995 by payments from the Company of approximately $760,000 annually in addition to normal municipal taxes. The Company has guaranteed the repayment of the debts incurred on account of these and certain other expenditures in the townsite which obligations total $8,500,000.

Manitoba Hydro
Under agreement with Manitoba Hydro for the supply of power, the cost (incurred by Manitoba Hydro) of certain transmission lines to the Company's mining properties is being paid by the Company over periods up to the year 2013. The unamortized balance of the cost of these lines amounts to $2,100,000 at December 31, 1976.

Guarantees
The Company has guaranteed employees' mortgage indebtedness in Lynn Lake and Leaf Rapids townsites amounting to approximately $6,200,000.

12. Anti-Inflation Program
The Company is subject to the Anti-Inflation Program enacted by the Government of Canada, effective October 14, 1975, to provide for the restraint of profit margins, prices, dividends, and compensation in Canada.

Under the legislation, dividend payments are restricted. The Company's current dividend rate is well below the maximum permitted under the prevailing guidelines.

13. Remuneration of Directors and Officers
In 1976, the direct remuneration of Directors and senior Officers of the Company was $492,000 (1975: $455,000).

Ten-Year Record 1967-1976

(figures in thousands)

Sherritt Gordon Mines Limited and
subsidiary companies

	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967
Operating Information										
Ore milled — tons										
Ruttan Mine	2,661	3,341	3,358	1,871	—	—	—	—	—	—
Fox Mine	832	1,007	1,008	963	946	1,022	389	—	—	—
Lynn Lake Mine	197	352	432	676	995	1,158	1,090	1,258	1,277	1,071
Production										
Refinery — Nickel — pounds	27,708	27,937	26,172	30,262	37,321	33,111	35,918	30,028	29,598	25,080
— Cobalt — pounds	658	560	410	616	809	561	803	668	894	764
— Fertilizer — tons	322	385	349	362	372	327	280	281	345	331
Recoverable metal in concentrates										
— Copper — pounds	76,001	87,005	100,399	72,101	41,474	60,534	30,816	13,238	12,336	10,716
— Zinc — pounds	95,369	99,953*	79,102	48,380	8,986	9,605	163	—	—	—

*restated

	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967
Financial Information										
Revenue from sales	$179,428	191,479	192,958	124,092	72,861	73,958	90,889	66,292	56,754	49,375
Process licensing and other	$ 3,634	3,873	2,128	941	1,365	1,464	1,420	932	400	294
Costs and expenses	$166,070	166,787	141,934	92,128	61,517	60,798	55,760	41,765	43,699	38,893
Depreciation and amortization	$ 9,680	10,017	12,571	9,234	7,563	7,852	6,048	6,032	5,807	5,374
Income and mining royalty taxes	$ 3,165	7,390	17,535	2,685	55	(1,995)	13,000	8,500	3,500	2,410
Net earnings before extraordinary items	$ 4,131	11,158	23,046	20,986	5,091	8,767	17,501	10,927	4,148	2,992
— per share	$ .32	.88	1.81	1.65	.40	.73	1.54	.96	.37	.26
Extraordinary items	$ —	—	—	—	2,784	1,270	1,658	—	—	—
Net earnings for the year	$ 4,131	11,158	23,046	20,986	2,307	7,497	15,843	10,927	4,148	2,992
— per share	$ .32	.88	1.81	1.65	.18	.62	1.39	.96	.37	.26
Dividends	$ 4,460	7,010	9,555	8,918	6,370	7,231	6,818	4,545	2,841	2,273
— per share	$ .35	.55	.75	.70	.50	.60	.60	.40	.25	.20
Capital expenditures	$ 6,180	11,513	14,527	20,791	30,963	11,737	12,795	14,715	9,831	3,006
Cash flow from operations	$ 14,605	25,156	45,519	29,383	12,570	16,006	25,235	19,813	12,012	11,350
Working capital	$ 38,140	38,472	36,409	24,779	27,375	28,968	19,365	15,387	12,352	10,468
Long-term debt	$ 24,731	29,564	34,194	41,881	36,333	13,196	17,788	20,039	17,556	15,173
Shareholders' equity	$107,213	107,437	103,289	89,798	77,730	81,793	65,048	56,023	49,641	48,334
Return on Shareholders' equity	3.9%	10.4%	22.3%	23.4%	3.0%	9.2%	24.4%	19.5%	8.4%	6.2%
Ore Reserves										
Ruttan Mine — tons	32,047	43,600	45,900	49,100	51,000	51,000	51,000	12,900	—	—
— % copper	1.73	1.45	1.45	1.46	1.47	1.47	1.47	1.44	—	—
— % zinc	1.25	1.45	1.52	1.60	1.61	1.61	1.61	2.61	—	—
Fox Mine — tons	7,836	8,700	10,700	11,800	13,300	14,500	13,100	11,300	12,269	12,269
— % copper	1.95	1.92	1.95	2.03	2.01	1.99	1.84	1.96	1.74	1.74
— % zinc	2.10	2.08	2.07	2.15	2.23	2.35	2.70	2.74	2.35	2.35

Directors and Officers

Directors
W. E. P. DeRoche
Chairman of the Board
Partner, Blake, Cassels & Graydon

Edward L. Donegan
Partner, Blake, Cassels & Graydon

W. A. Humphrey *
Vice-President, Operations,
Newmont Mining Corporation

V. N. Mackiw
Executive Vice-President

R. G. MacKay
Retired Mining Executive

Plato Malozemoff
Chairman of the Board and
Chief Executive Officer,
Newmont Mining Corporation

J. H. Parliament
President,
Newmont Mines Limited

David D. Thomas
President and Chief Executive Officer

J. E. Thompson
President,
Newmont Mining Corporation

*Appointed August 18, 1976

Corporate Office
Commerce Court West
Toronto, Ontario

Officers
W. E. P. DeRoche
Chairman of the Board

David D. Thomas
President and Chief Executive Officer

V. N. Mackiw
Executive Vice-President

H. M. Bilkey
Vice-President and General Manager,
Alberta Operations

Alan E. Gallie
Vice-President, Marketing

Kenneth J. Harvey
Vice-President, Finance

Robert R. Topp
Vice-President

Frank I. Piper
Secretary

Ian A. Shaw
Controller

Auditors
Deloitte, Haskins & Sells, Toronto

Solicitors
Blake, Cassels & Graydon, Toronto

Transfer Agents
Canada Permanent Trust Company,
Canada
Morgan Guaranty Trust Company of
New York

Bankers
Canadian Imperial Bank of Commerce,
Toronto
Morgan Guaranty Trust Company of
New York

Divisions

Mining and Milling Division
Lynn Lake, Manitoba

J. A. MacLellan
General Manager, Manitoba Operations

J. E. Korski
Manager, Ruttan Operations

R. C. McCombe
Manager, Fox Operations

D. J. Libby
Assistant General Manager
Toronto, Ontario

Metal and Chemical Division
Fort Saskatchewan, Alberta

H. M. Bilkey
Vice-President and General Manager,
Alberta Operations

J. R. Muter
Associate Manager

B. W. Kushnir
Manager, Production

A. H. Lee
Manager, Fabricated Metal Products

A. C. Oliver
Manager, Engineering

Research and Development Division
Fort Saskatchewan, Alberta

H. O. Veltman
Director

M. A. Clegg
Assistant Director

Marketing Division
Alan E. Gallie
Vice-President, Marketing
Toronto, Ontario

Rex F. Pearce
Manager, Metal Marketing
Toronto, Ontario

R. M. Garvey
Marketing Manager,
Concentrates and Feeds
Toronto, Ontario

J. A. Fraser
Manager, Fertilizer Marketing
Edmonton, Alberta

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