TIMMINCO LIMITED

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2004

April 27, 2005

TABLE OF CONTENTS

ITEM 1. THE CORPORATION

Timminco Limited (TSX: TIM) ("Timminco" or the "Corporation") was formed under the name Chromasco Limited pursuant to articles of amalgamation issued on June 1, 1974 under the *Business Corporations Act* (Ontario) amalgamating Chromasco Corporation Limited, Chromium Mining & Smelting Corporation, Limited and Light Alloys Corporation Limited. The Corporation was continued under the *Canada Business Corporations Act* on July 23, 1980 and amended its articles on: (i) May 26, 1983 to create its senior preference shares; (ii) January 20, 1984 to change its name to Timminco Limited and to change its then issued and outstanding Class A and Class B preference shares into common shares; (iii) June 9, 1995 to create an unlimited number of Class A preference shares and to redesignate its senior preference shares as Class B preference shares; (iv) May 15, 1996 to amend and restate the rights, privileges, conditions and restrictions attached to the Class A preference shares and Class B preference shares, to redesignate the Class A preference shares and Class B preference shares as Class B preference shares and Class C preference shares, respectively, and to create two new classes of shares, designated Class A preference shares and Class D preference shares, respectively; and (v) May 5, 1997 to remove and delete the rights, privileges, restrictions and conditions attached to the Class B preference shares and the Class C preference shares, to redesignate the Class D preference shares as Class B preference shares and to amend and restate the rights, privileges, restrictions and conditions attached to the Class A preference shares and Class B preference shares as redesignated. The Corporation's common shares are the only class of shares which carry a general right to vote. In the event of the liquidation, dissolution or winding up of the Corporation the Class A preference shares are entitled to priority over the Class B preference shares and the common shares in the payment of dividends, the return of capital or the distribution of assets; similarly, the Class B preference shares are entitled to priority in payment over the common shares.

The head and principal office of the Corporation is located at Sun Life Financial Tower, 150 King Street West, Suite 2401, Toronto, Ontario, Canada, M5H 1J9.

On April 2, 2003, Timminco issued 6 million common shares from treasury for a cash price of $1.10 per common share to Becancour, LP ("BLP"). BLP is an affiliate of Safeguard International Fund, L.P. ("Safeguard"), which is a cross-Atlantic private equity fund primarily engaged in leveraged acquisitions as well as a wide range of other private equity investments, including growth equity financings, recapitalizations, and acquisition-oriented financing transactions. Based in suburban Philadelphia, Pennsylvania with European operations centered in Frankfurt, Germany, Safeguard manages US $370 million of equity capital.

In connection with the subscription by BLP for common shares of Timminco, BLP and Timmins Investments Limited ("TIL"), a private investment company which prior to April 2, 2003, was the Corporation's principal shareholder, then holding 46% of the Corporation's issued and outstanding common shares, entered into a voting trust agreement (the "Voting Trust Agreement") pursuant to which BLP obtained voting control over all of the common shares in the capital of Timminco owned by TIL, resulting in BLP controlling the votes of approximately 56.3% of Timminco's common shares at the time.

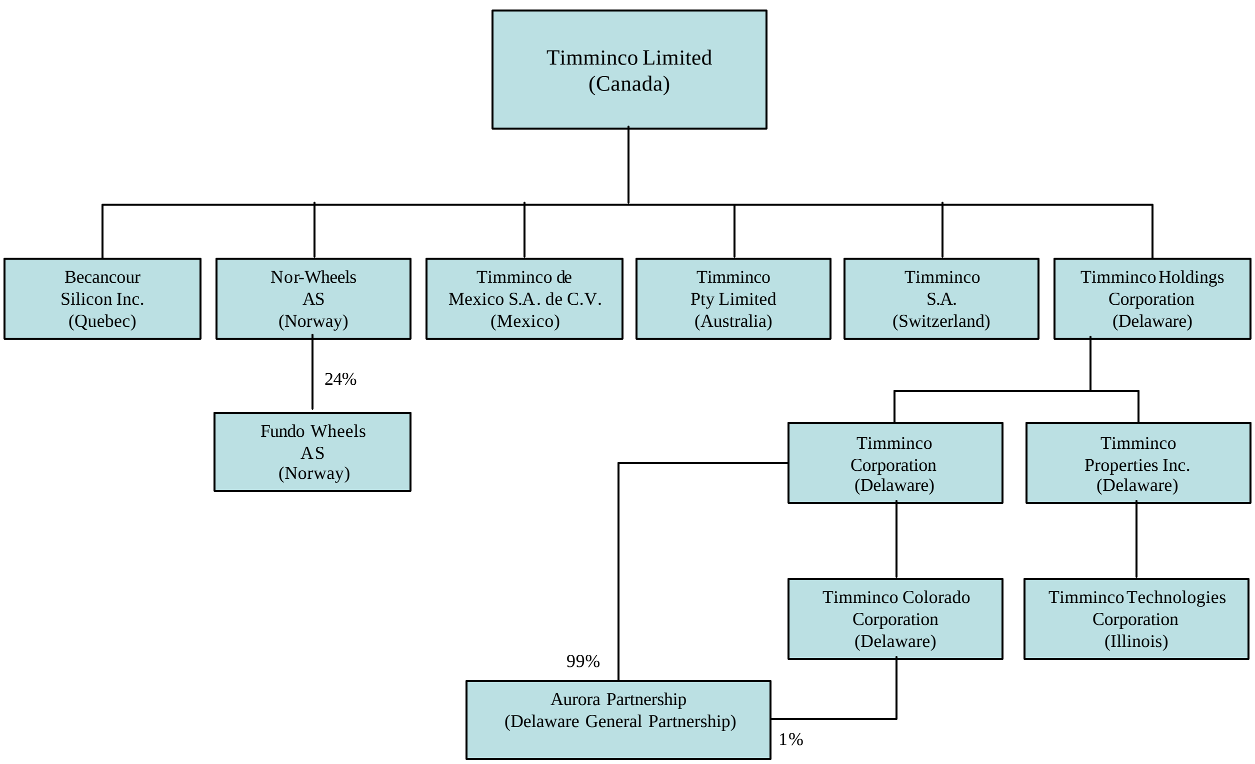
On April 28, 2003, BLP made an offer (the "Offer") on a pro-rata basis to all of Timminco's shareholders to purchase up to 4 million additional common shares in the capital of Timminco at a price of $1.10 per common share. Pursuant to an agreement dated April 2, 2003 between TIL and BLP, TIL agreed to tender up to 4 million of its common shares in the capital of the Corporation to the Offer made by BLP, which were taken up on a pro-rata basis with other shareholders who tendered their shares to the Offer.

On March 12, 2004, the Corporation completed a private placement (the "Private Placement"), the proceeds of which were primarily used by the Corporation to finance its investment in Fundo Wheels AS ("Fundo Wheels"), an aluminium wheels manufacturer based in Høyanger, Norway, and for general corporate purposes – see below under the heading "The Fundo Wheels Acquisition". The Corporation issued 6,750,000 units (the “Units” or, individually, a “Unit) at a price of $1.00 per Unit, resulting in aggregate gross proceeds to the Corporation of $6,750,000. Each Unit consists of one common share in the capital of the Corporation (“Common Share”) and one half of one Common Share purchase warrant. Each whole warrant is exercisable into one Common Share at a price of $1.50 per share for a period of 24 months from the date of purchase. Under the terms of an option granted to the agent for the offering, the Corporation issued an additional 1,105,000 units on March 31, 2004 on the same terms and conditions as the initial sale of units, taking the gross proceeds of the Private Placement to $7,855,000. Gross proceeds were reduced by $0.8 million of expenses associated with the Private Placement. Certain officers and directors of the Corporation participated in the Private Placement. Collectively these officers and directors purchased 400,000 Units on the same terms and conditions as the other participants of the Private Placement.

On September 30, 2004 an additional 30,909,091 common shares were issued by the Corporation in connection with the Corporation’s acquisition of Bécancour Silicon Inc. (“Becancour”) – see below under the heading “Development of the Business of the Corporation”. The acquisition was made from entities, and the common shares of the Corporation were issued to entities, which are directly or indirectly owned or controlled by Safeguard, a party which is related to the Corporation.

As at December 31, 2004 there were 69,382,614 common shares outstanding and no Class A or Class B preference shares issued and outstanding.

The chart below illustrates the corporate structure of the Corporation, its material subsidiaries and their jurisdictions of organization or incorporation (all such subsidiaries are wholly-owned, directly or indirectly, by the Corporation unless otherwise specified).



*Percentages represent voting shares of interest held

ITEM 2. GENERAL DEVELOPMENT OF THE BUSINESS OF THE CORPORATION

With the acquisition of Becancour in 2004 the Corporation now has two primary lines of business, being the magnesium and silicon metals businesses. The magnesium business, which includes the production of specialty calcium and strontium alloys (the "Magnesium Business") is carried out directly by the Corporation, and the silicon business (the "Silicon Business") is carried out by Becancour, a wholly-owned subsidiary of the Corporation.

Revenues by product category that accounted for greater than 15% of consolidated revenues:

	Consolidated Revenues 2004	Consolidated Revenues 2003
Magnesium Anode Rod	$42 million	$44 million
Silicon Metal	$16.4 million(1)	n/a

(1) Represents 4th quarter revenues (post acquisition).

Development of the Business of the Corporation

The Corporation is a world leader in magnesium, calcium and strontium metallurgy as well as magnesium extrusion and fabrication technology.

Through a strong technical development program, the Corporation has historically strengthened and maintained its leadership position in niche markets for specialty non-ferrous metal products and magnesium extrusions. Consistent with its evolving concentration on light metal magnesium products, the Corporation will apply similar principles to achieve organic growth in these markets as it restores its technical development capabilities that were reduced by cost cutting necessity over the past few years.

The Corporation has developed, and continues to develop, new specialty metal products for sale to industrial markets worldwide. Development efforts in the Magnesium Business have historically focused on, and will continue to focus on: (i) developing new products, (ii) creating new applications for existing products, (iii) developing and improving production processes, and (iv) expanding the breadth of its light metals offering to materials such as aluminum.

During the 1980s and early 1990s, the Corporation accelerated its strategy to reduce its dependence on sales of commodity products and concentrated its efforts on developing markets for its specialty magnesium, calcium and strontium products. During this period, the Corporation rationalized operations by:

(i) discontinuing its commodity ferrous metals operations where the Corporation, and many other North American producers, could no longer effectively differentiate on a value-added basis and the Corporation was not able to effectively compete against other commodity-grade suppliers;

(ii) selling its adhesives businesses which would have required significant research and development expenditures in addition to other investments to remain competitive; and

(iii) restructuring its specialty metals business to increase productivity.

In July 1998, the Corporation concluded an agreement with The Dow Chemical Company ("Dow") to purchase Dow's fabricated metals business located in Aurora, Colorado (the "Aurora Acquisition"). The fabricated metals business consists of three magnesium extrusion presses and related fabrication and material handling equipment located in a leased plant of approximately 10,688 square metres (115,000 square feet). At the time of purchase, Dow was the leading producer of extruded magnesium metal products in the world, with over 50 years of extrusion production experience. The cost of the Aurora Acquisition was approximately Cdn.$30 million, which was financed with a bank credit facility.

On March 28, 2003, the Corporation entered into an amended and restated credit agreement (the "Credit Agreement") with The Bank of Nova Scotia (the "Bank"). Pursuant to the Credit Agreement, the Bank provides revolving credit lines of Canadian $5.0 million and US$5.0 million and non-revolving lines aggregating US$13.5 million. The revolving credit lines are due upon demand and the non-revolving lines, with quarterly principal payments of $0.8 million, mature on March 31, 2005. The Credit Agreement is subject to certain covenants, conditions and reporting requirements. The Corporation is currently not in compliance with certain of its covenants under the Credit Agreement; the Bank did not demand repayment of the debt owing under the Credit Agreement.

On April 15, 2005, the Corporation entered into a Credit Agreement (the "Agreement") with Bank of America, N.A. the Agreement provides for maximum credit lines of US$32.8 million in a revolving loan (the "Revolver") and a US$5.75 million term loan. The Revolver bears interest at the prime rate plus 0.5% to 1.25% and does not require minimum repayments. The term loan bears interest at the prime rate plus 1.5% to 2.25% and requires quarterly repayments of US$0.3 million. The Agreement expires on November 30, 2007 and, at the option of the Corporation and subject to meeting certain requirements, may be extended to April 30, 2010. The loans are secured by the assets of the Corporation.

In April, 2004, the Corporation discontinued the manufacture of strontinum and calcium products at its Westmeath, Ontario plant due to production underutilization. The manufacture of these products was moved to the Corporation's Haley, Ontario facility. A $400,000 charge was taken in 2004 in connection with the cost of closing the Westmeath facility, and it is expected that the consolidation of operations in Haley will result in significant annual savings going forward. The Westmeath facility will continue to be used for warehousing purposes, and if market conditions warrant, production could be restarted in the future.

In early 2004 the Corporation's Mexican subsidiary, Timminco de Mexico S.A. de C.V., commenced the development of a new 3,200 square meters (approximately 32,000 square feet) anode fabrication and assembly facility in Nuevo Laredo, Mexico. The new facility commenced operations in the third quarter of 2004 and represents a capital investment by the Corporation of approximately US$700,000.

The Becancour Acquisition

On September 30, 2004 the Corporation completed the acquisition of all of the outstanding shares of Becancour from BLP and Becancour Holding, Inc. ("BHI"). In exchange for the shares of Becancour the Corporation issued an aggregate of 30,909,091 of its Common Shares to BLP and BHI and accepted the assignment of a promissory note with a principal amount of $7,500,000 which was issued by Becancour in favour of BLP. The transaction was approved by shareholders of the Corporation at a special meeting of shareholders which was held on September 9, 2004. The management proxy circular dated August 9, 2004 which relates to the special meeting is incorporated by reference herein, and a copy can be obtained on SEDAR at www.sedar.com.

The acquisition of Becancour was intended to support the Corporation's strategy to create a larger, more diversified company manufacturing and selling speciality and light metals. As a result of the acquisition a broader mix of products, including magnesium, calcium, strontium, silicon metal and ferrosilicon, will be supplied to a wider range of customers and industries operating over a larger geographic area. This increased diversity is expected to reduce the volatility of sales and earnings for the combined company. Building on both companies' strong engineering and management expertise relating to high end metallurgical products is expected to facilitate improvements in manufacturing operations and to enhance the combined company's competitive position with customers. The increased size of the combined company should also allow Timminco to access capital markets on more favourable terms.

The Fundo Wheels Acquisition

In March 2004, the Corporation acquired all of the shares of a Norwegian company, Nor-Wheels AS ("Nor-Wheels"), which holds 24% of the shares of Fundo Wheels. The purchase price was US$ 4.6 million and included US$ 3.3 million for the 24% interest in Fundo Wheels plus certain other fees and expenses. Fundo Wheels is an original equipment manufacturer ("OEM") of cast aluminum wheels for high-end European car manufacturers located in Høyanger, Norway.

In November 2003, following extensive discussions and negotiations, Høyanger Community (the controlling shareholder of Fundo Wheels) entered into an investment and shareholders agreement (the "Investment Agreement") with Allied Resource Corporation ("Allied") which granted Allied the right to make investments in Fundo Wheels and acquire shares of Fundo Wheels from Høyanger Community. Shortly thereafter, discussions between the Corporation and Allied were initiated by the Chairman and Chief Executive Officer of the Corporation who was also Chairman of Allied. Following negotiations between the Corporation's senior management (other than the Chairman and Chief Executive Officer) and the senior management of Allied, and following due diligence by the Corporation, on December 17, 2003, the Corporation and Allied entered into an agreement (the "Fees Agreement") whereby Allied agreed to assign to the Corporation all of its rights under the Investment Agreement and to transfer to the Corporation any shares that Allied would hold in Fundo Wheels, subject to the Corporation obtaining consent from its banker. The Corporation was not able to obtain the consent of its banker prior to the date on which Allied's option to purchase treasury shares of Fundo Wheels under the Investment Agreement was due to expire. As a result, the Fees Agreement was terminated by the Corporation and Allied. Subsequent to the termination of the Fees Agreement Allied's wholly-owned subsidiary Nor-Wheels subscribed for a 24% equity interest ("FW Interest") in Fundo Wheels.

On January 28, 2004, PFW Beteiligungs – Aktiengesselschaft ("PFW"), an affiliate of Safeguard, purchased Nor-Wheels from Allied and acquired Allied's rights under the Investment Agreement. Also on January 28, 2004, the Corporation entered into a Call Option and Fees Agreement (the "Call Option Agreement") with Allied and PFW.

Under the Call Option Agreement, PFW granted the Corporation an option to acquire Nor-Wheels and the rights under the Investment Agreement for a purchase price of (i) U.S. $4.5 million (consisting of U.S. $3.3 million, being the price paid by PFW for the FW Interest, and fees and expenses of U.S. $1.2 million paid by PFW to Allied), and (ii) the reimbursement of certain PFW's fees and reasonable and documented expenses in the amount of US$0.1 million. The exercise of the option was subject to approval by the Corporation's banker. Pending the exercise of its option under the Call Option Agreement, the Corporation completed its review of Fundo Wheels, obtained the consent of its banker and arranged for financing (by way of the Private Placement) to complete the acquisition. Following the closing of the Private Placement, the Corporation exercised the option on March 15, 2004 and acquired from PFW all of the shares of Nor-Wheels, which holds the FW Interest. Nor-Wheels also assumed the rights and obligations of Allied under the Investment Agreement.

Investment Agreement

In the Investment Agreement, Høyanger Community agreed that the expansion of the production capacity of Fundo Wheels would require additional capital increases by way of equity injections. Høyanger Community agreed to take the necessary action to permit the issuance of treasury shares of Fundo Wheels to Nor-Wheels, provided that AluWheel WWL and Fundo Holding AS (the other shareholders of Fundo Wheels) shall have the right to maintain their then current ownership percentage in Fundo Wheels and that treasury shares that are not subscribed by AluWheel WWL and Fundo Holding AS may be subscribed by Nor-Wheels. In addition, Høyanger Community undertook to waive its right to participate in treasury share issuances, except as agreed by Nor Wheels. Currently Nor-Wheels owns 24.4% of Fundo Wheels, Høyanger Community owns 52.9% and AluWheel WWL and Fundo Holdings AS own the balance of 22.7%.

Also, in the Investment Agreement, Nor-Wheels was granted an option to purchase Høyanger Community's Fundo Wheels shares before December 31, 2006 for a share price based on the net book value of Fundo Wheels at the time the option is exercised. The option may be exercised upon the satisfaction of the following conditions: (a) Nor-Wheels is the largest shareholder of Fundo Wheels, other than Høyanger Community; (b) Høyanger Community's ownership of Fundo Wheels is below 50%; and (c) the subordinate loans of Fundo Wheels have been repaid.

Pursuant to the Investment Agreement, as amended, between January 1, 2008 and December 31, 2008, Høyanger Community may exercise an option requiring Nor-Wheels to acquire Høyanger Community's shares of Fundo Wheels for a share price based on the net book value of Fundo Wheels at the time the option is exercised. The option may be exercised by Høyanger Community upon satisfaction of the following conditions: (a) Nor-Wheels is the largest shareholder of Fundo Wheels, other than Høyanger Community, and (b) Høyanger Community's ownership of Fundo Wheels is below 50%.

In addition, the Corporation may in the future be required to pay to Allied up to an additional U.S. $1.4 million contingent on: (a) the financial performance of Fundo Wheels, and (b) any future acquisitions of Fundo Wheels shares by the Corporation.

The Investment Agreement also provides that the consent of Nor-Wheels is required for: (a) the issuance of new shares or equity instruments or other changes in the share capital of Fundo Wheels, (b) the liquidation, merger or de-merger of Fundo Wheels, and (c) changes to the articles of association of Fundo Wheels. In addition, in the event that Høyanger Community or Nor-Wheels wishes to sell any of its shares in Fundo Wheels, the other party to the Investment Agreement will have the right to participate in the sale of Fundo Wheels shares at the same price on the same terms. If the third party is not willing to acquire all the shares that the other party to the Investment Agreement wishes to sell, each of Høyanger Community and Nor-Wheels will have the right to participate in the sale of Fundo Wheels shares with a proportionate share of the total number of Fundo Wheels shares held by each of them.

ITEM 3. DESCRIPTION OF THE MAGNESIUM BUSINESS

Principal Magnesium Products and Markets

The Magnesium Business produces specialty magnesium, calcium and strontium metals and alloys. It holds significant market share in several high value-added magnesium market niches, such as state of the art extrusions of high performance alloys for military, electronic and aerospace uses, ultra high purity magnesium ingot/granules/turnings for pharmaceutical and agricultural applications and patented magnesium/calcium alloys for lead batteries. The Corporation also produces and markets specialty calcium and strontium based metal alloys.

The Corporation focuses on manufacturing high-value added magnesium products, which are used in a broad range of specialized applications. Its products are marketed to the water heater, photo engraving, consumer product, sporting goods and container industries. The Corporation has a dominant market share in many of its magnesium product areas; including a nearly 90% market share in magnesium anodes to the water heater industry. The Corporation's extruded and fabricated magnesium products provide customers with superior weight, strength and cost performance in some applications when compared to aluminum and other metal alternatives

The Corporation's high purity magnesium is used in the fine chemical, pharmaceutical and nuclear industries. The specialty calcium and strontium metals alloys are primarily used in lead alloying and debismuthizing and aluminum alloying.

Within these categories, the Corporation produces a wide range of industrial niche products.

Specialty Magnesium

Specialty Magnesium Products	
Extrusions	Manufacturing components such as forging stock, tools, sporting goods, luggage frames, storages containers and other specialty applications
Sacrificial anodes	Used for corrosion protection of domestic and industrial water heaters, oil, gas and water pipelines and underground steel storage tanks
High purity metal	Used to produce Grignard reagents for the production of vitamins, pharmaceuticals and agricultural food supplements Used for structural components for certain nuclear reactors in Europe Used as a chemical reductant for the production of specialty metals, including, beryllium, titanium and zirconium Used for casting high quality magnesium alloy aerospace components

Magnesium metal is used in a wide variety of applications where its light-weight, excellent machinability and mechanical properties make it a preferred alternative to aluminum and other materials. Internal estimates of 2004 world shipments of magnesium were approximately 400,000 tonnes. The magnesium market is segmented into two broad categories, specialty and commodity. Commodity magnesium (99.8% or less purity magnesium), which represents over 90% of the magnesium market, is generally sold in ingot form and used as an alloy with aluminum in the production of aluminum beverage cans, in the manufacture of die-cast magnesium automotive parts, and for the desulphurization of steel. The Corporation's principal focus with respect to magnesium is the production of higher value added products (high purity magnesium and fabricated products). These fabricated products require sophisticated know-how of processing and fabrication techniques. The Corporation's magnesium expertise extends from machining, surface engineering, painting and heat-treating to forging, welding, bending and rolling.

The sale of magnesium products accounts for approximately 83% of the Magnesium Business' total sales, with wrought magnesium products accounting for approximately 85% of these magnesium sales.

Calcium and Strontium Metals and Alloys

Calcium and Strontium Metals and Alloys	
Calcium metal and alloys	Used in the refining of lead Used for the production of calcium/lead alloys Used as a reductant for the production of rare earth metals including samarium and neodymium metals used in high energy magnets
MAG-CAL™[1]	A patented alloy used to remove bismuth from lead
CAL-AL™[1]	Used in the production of calcium/lead alloys for the production of maintenance-free automotive batteries
Calcium particulate and granules	Used to remove impurities in the production of high quality, continuously cast steel
Strontium metals and alloys	Used to enhance the mechanical properties of aluminum-silicon casting alloys for manufacture of automotive wheels and engine components Used to improve extrusion speed and surface finish of aluminum extrusions Used to improve properties of ferrous castings Used to reduce porosity and improve pressure tightness of aluminum die-castings

[1] Trademark of Timminco Limited

The Corporation estimates that the current western world consumption of calcium is approximately 2,500 tonnes per year. Similar to magnesium, the calcium market is also divided into higher priced specialty metal and alloys (on which the Corporation focuses) and a lower priced commodity metal, in which the Corporation chooses not to participate.

The Corporation estimates that approximately 1,000 - 1,500 tonnes of strontium metal is consumed globally per year. Strontium metals and alloys are used by primary and secondary aluminum smelters and foundries to modify aluminum casting alloys. The addition of strontium to aluminum castings provides beneficial properties such as increased strength and ductility to aluminum wheels, enhanced cooling capacity to cylinder heads, improved pressure tightness to intake manifolds, and shrinkage control in the casting of aluminum engine blocks.

The Corporation's specialty calcium business is built around its proprietary and specialized alloys, MAG-CAL™ and CAL-AL™, and particulated calcium metal. MAG-CAL™ is a patented product developed by the Corporation's Research and Development Centre at Haley, Ontario and is used as a substitute for magnesium and calcium metals in the lead refining process. Because it has certain economic, technical, safety and environmental advantages over both magnesium and calcium metals used individually, MAG-CAL™ commands a premium price relative to its constituent elements, and is being used by a significant number of major lead producers to remove bismuth from lead. CAL-AL™ is used as a substitute for calcium metal and aluminum and, like MAG-CAL™, commands a premium price because of its economic and technical advantages over each of these metals used individually. It is used in the production of lead alloys and for the production of maintenance-free automotive batteries.

In addition to MAG-CAL™ and CAL-AL™, the Corporation has developed unique granulated and particulated calcium products for use in the metal reduction, lead and steel industries. In the steel industry, these products are used as a component in calcium-cored wire in the continuous casting of steel and in the lead industry they can be used for battery alloy production.

Technology and Development

The Magnesium Business maintains a Technology and Development Centre (formerly called Research and Development) located at Haley, Ontario, with the capability of induction melting, alloying and casting equipment, experimental reduction furnaces with vacuum capability, mechanical and metallurgical testing equipment and other specialized equipment. The Technology and Development Centre is capable of developing and producing products from bench scale to commercial scale which results in the introduction of products to market more quickly with significantly less risk. The name of the Department was changed to reflect organizational realignment with market driven focus.

Technology and development activities are currently carried out by four employees who are assisted from time to time by technical staff from other departments. Development is also carried out from time to time in collaboration with industry, university and customer partners.

The Magnesium Business is directing its development efforts primarily towards wrought magnesium applications centered around DC casting and extrusion and fabrication of magnesium alloys.

Sales and Marketing

The Corporation markets its magnesium, calcium and strontium products directly through a multilingual sales force of experienced sales and marketing personnel with technical, engineering and/or metallurgical backgrounds from sales offices in Canada, the United States, Europe, Australia and Japan. The direct sales force is augmented by agents and distributors in selected markets where current volumes do not justify a sales office or in markets where the use of an agent or distributor facilitates sales and service to customers.

The Magnesium Business' customer base is widely diversified, both in terms of numbers of customers and geographic regions. In 2004, for example, the largest five customers accounted for only 47% (52% in 2003) of the Corporation's total Magnesium Business sales with the single largest customer accounting for 22% (24% in 2003) of sales.

In 2004, approximately 89% (90% in 2003) of the Magnesium Business' sales were made outside Canada. Of the Magnesium Business' 2004 sales, approximately 78% (80% in 2003) were made in North America, 58% (64% in 2003) in the United States, approximately 15% (11% in 2003) were made in Europe and approximately 10% (8% in 2003) were made in Australia, Japan and other Pacific Rim countries.

Sales and marketing personnel are contributors to product research and development teams and their activities are coordinated to ensure that product development is focused on market requirements.

Competition

Magnesium

The Corporation believes that there are currently less than five producers of magnesium in the western world, including the Corporation. Most of these producers focus primarily on the higher volume, lower margin market for commodity grade magnesium, where they are best able to exploit economies of scale. Norsk Hydro and U.S. Magnesium (formerly, Magnesium Corporation of America) dominate this segment of the industry. Commodity grade magnesium is also produced and exported by producers in Israel, Russia and China. Chinese and Russian suppliers continued making market share gains in 2004 and held over 65% of the world market according to the International Magnesium Association. The influx of Chinese, Israeli and Russian magnesium into the western world market continued to pressure magnesium prices downward over the past 10 years. In early 2004, one of the Corporation's U.S. competitors filed a petition with the U.S. Commerce Department, alleging that it has been harmed by the dumping of Chinese and Russian magnesium in the United States. The United States government found that harm has been done and has levied preliminary anti-dumping duties against Chinese and Russian magnesium imports. Final determinations are expected in April, 2005. A small percentage of the Corporation's products use Chinese or Russian magnesium and, as such, any duties levied by the U.S. Commerce Department would increase the cost of those products in the U.S. market. The Corporation has strategies to deal with this issue and mitigate any material harm caused by these duties. In 2004, the Corporation's shipments of specialty magnesium represented approximately 3% of total western world magnesium consumption.

The magnesium market is segmented into two categories: Commodity magnesium (99.8% or less purity magnesium) represents over 90% of the market, while the balance is represented by value-added niche products. For the production of its high value-added products, the Corporation buys commodity grade magnesium ingots, which it then processes into a variety of alloys.

The Corporation is the largest producer in the world of value-added magnesium extruded and fabricated products. It is believed there are approximately ten extruders of magnesium in the world including more than five in China. When compared to the Corporation they are believed to be small to medium in size. Many of these extruders focus on a limited range of products sold to specific geographic areas of the world. The Corporation's most significant competitors are located in China.

The Corporation faces additional competition from other light metal fabricators, primarily aluminum. In the future the Corporation intends to expand its extrusion capabilities to enable it to produce aluminum extrusions. The decision to use magnesium versus aluminum is based on a number of criteria, including desired end product properties and the cost-benefit analysis of using magnesium over aluminum. In many applications magnesium provides improved characteristics to the end product compared to aluminum.

Calcium and Strontium Metals and Alloys

The commodity grade calcium industry is highly competitive. The Corporation is subject to competition from one western world producer and producers located in Russia and China. In the Corporation's chosen market of specialty calcium products and related alloys, it faces competition from a United States producer.

The Corporation was one of two western world producers of strontium during 2004. The Corporation ceased production of pure strontium in April 2004 and purchased pure strontium for conversion to value-added products. Strontium metal is also produced by one or more producers in China.

The Corporation has operated in relatively small markets which have not generally attracted major attention from larger competitors. The Corporation is facing increasing competition, particularly from producers in China, in the calcium and strontium metals markets as these markets grow and develop. Accordingly, the Corporation will continue to differentiate itself by focusing on the marketing of new value-added products and processes.

Competitive Strengths

The Magnesium Business has a number of significant strengths which enable it to compete effectively.

The Corporation is able to produce magnesium metal of the very highest purity. The standard level of purity in the magnesium industry is 99.8% purity. The Corporation and several of its competitors can achieve 99.95% purity, a level that is better than the industry standard. By virtue of its vacuum technology and the purity of its dolomite deposit at Haley, the Corporation is able to produce magnesium metal of 99.98% purity, a level of purity which is important to the nuclear, metal reduction, extrusion and chemical industries. As a result, the Corporation is able to enjoy sole supplier status with a number of its principal magnesium metal customers.

The Corporation also enjoys the following strength in magnesium wrought products:

- full vertical integration with the option to purchase large volumes of magnesium in the open market should conditions be favourable;
- wrought processing expertise (commercial and manufacturing);
- wide range of products from diverse manufacturing capabilities; and
- superior quality and reliability.

The Corporation's competitive advantage in calcium is its strength in developing specially designed products that add value to the customer. The development of MAG-CAL™, a patented product, CAL-AL™ and calcium particulate are examples of products designed to meet customer needs.

In addition to other quality awards, the Corporation is a Q1 certified supplier to the Casting Division of Ford Motor Company and received ISO 9002 certification from the Quality Management Institute in 1995 for certain products. In addition, both the Aurora, Colorado and Nuevo Laredo, Mexico facilities are ISO 9001:2000 certified. The ability to consistently produce to exacting standards is an important competitive advantage.

Production Facilities

The following summarizes the Corporation's worldwide Magnesium Business production facilities.

Magnesium Production

Canada

The Corporation owns and operates a silicothermic reduction facility at Haley, Ontario, located approximately 100 kilometres west of Ottawa, Ontario. The Haley facility is a fully integrated magnesium facility. The casthouse and related warehouse area occupy approximately 3,300 square metres (approximately 35,400 square feet).

Management of the Corporation believes that the casthouse is capable of producing all of the Corporation's current and future needs for extrusion billet. During 2003, enhancements were made which will enable the production of additional products for future growth markets.

The Haley plant site incorporates a dolomitic limestone quarry and facilities for calcination, feed preparation, reduction, refining and casting of ingots and billets. Secondary processing facilities include an extrusion and anode fabrication and assembly plant, magnesium billet and slab processing facilities and an array of specialized equipment to produce specialty magnesium metal and alloys to specific shapes and sizes. The facility also produces MAG-CAL™, one of the Corporation's principal specialty products. Production and ancillary buildings at Haley occupy approximately 27,000 square metres (292,000 square feet). The plant, due to competitive pressures, is currently operating at less than its rated capacity. The primary metal capacity of the Haley plant can be quickly modified, either up or down at relatively low capital cost in response to market conditions.

The Haley plant also produces many of the Magnesium Business' proprietary specialty products, such as strontium-aluminum alloys, CAL-AL™, and particulated calcium.

In 2004 the Corporation undertook an extensive review of its operations at Haley which resulted in a plan for changes and rationalization which are expected to increase efficiency. These changes resulted in the elimination of 20 full-time positions and a $2.6 million charge which was accrued in the Corporation's financial statements for the year ended December 31, 2004.

United States

The Corporation operates a 10,688 square metre (115,000 square foot) extrusion and fabrication facility in Aurora, Colorado. These facilities are located in leased buildings. The Aurora facility processes magnesium billet using three extrusion presses varying in size from 500 to 4,200 tons. Additionally, the facility is equipped with extensive fabrication equipment. The plant's current production focus is on six primary applications: (i) sacrificial anodes for the appliance market, (ii) cathodic protection anodes for steel structures, (iii) tools where light weight and ergonomics are important factors, (iv) sporting goods, (v) luggage frames, and (vi) specification grade niche market applications. The facility is ISO 9001:2000 certified.

Australia

The Corporation has a leased facility at Baulkham Hills near Sydney, New South Wales, which occupies approximately 1,274 square metres (13,713 square feet). The facility was commissioned in 1991 by Timminco Pty. Limited, the Corporation's wholly-owned Australian subsidiary, for the fabrication and assembly of sacrificial anodes for domestic water heating systems. The facility supplies sacrificial anodes and acts as a warehouse for sales of other products to customers located in the South Pacific region. All of the extruded magnesium anode rod used in the plant is supplied by the Haley and Aurora facilities.

Mexico

In early 2004 the Corporation's Mexican subsidiary Timminco de Mexico S.A. de C.V. commissioned the development of a new leased facility in Nuevo Laredo, Mexico, which fabricates and assembles anodes. The facility occupies approximately 3,200 square metres (approximately 32,000 square feet) and will also provide warehouse space for other Timminco products. The extruded magnesium anode rod used in the facility is supplied by the Haley and Aurora facilities. The facility commenced operations in the third quarter of 2004 and is ISO 9001:2000 certified.

Employees

Canada

The Haley facility, which operates on a continuous 24 hour, seven day a week basis, employed at December 31, 2004, approximately 46 salaried and 129 hourly employees. The hourly employees are governed by a collective agreement with the United Steelworkers of America which expires on May 31, 2007.

United States

The Aurora facility in Colorado employed at December 31, 2004, approximately 114 non-unionized full-time salaried employees. There were also 25 contract workers hired by an independent agency who work at the facility.

Australia

The Corporation's Australian subsidiary employed 9 non-unionized full-time employees at December 31, 2004.

Mexico

The Corporation's Mexican subsidiary employed approximately 17 hourly and 3 full-time salaried employees at December 31, 2004. The hourly employees are governed by a collective agreement with the local union of the Export Assembly Industry of Nuevo Laredo, Tamaulipas.

Raw Materials

The Magnesium Business has experienced a stable supply of its essential raw materials and supplies. In January, 2005, the Corporation entered into a two year fixed price magnesium supply contract which will allow the Corporation to purchase in excess of 25% of its annual magnesium requirements during the term of the contract. The Corporation has alternative sources of supply for its key raw materials and does not expect any supply shortages in the foreseeable future.

The principal raw materials used in the production of magnesium are ferrosilicon and dolomite. Ferrosilicon is a globally available commodity which the Corporation purchases on the open market. High quality dolomite is obtained from an open-pit quarry on the Haley site. The Corporation estimates that its dolomite deposits at Haley are sufficient to support at least 25 years of operation at present consumption levels.

The Corporation buys the majority of its magnesium on the open market from Russian and Chinese suppliers via a combination of annual and quarterly commitments. It also produces a small portion of its magnesium at its Haley, Ontario facility to supply the needs of customers who require ultra-high quality magnesium products. The price of purchased magnesium increased substantially in 2004 and the price per pound was 12% higher in the third quarter of 2004 than it had been during the same period in 2003. However, since the beginning of the fourth quarter 2004, pure magnesium prices have not experienced further increases. As a result of these raw material price increases in 2004, the Corporation effected price increases to the majority of its customers worldwide. In addition, for those customers whose products are comprised of purchased magnesium, the Corporation has implemented price adjustment clauses when negotiating new contracts or renegotiating existing contracts with these customers. A price adjustment clause allows the Corporation to increase its product prices to customers based on increases in raw material prices.

The Corporation purchases strontium and calcium metal on the open market from a limited number of suppliers. In the first quarter of 2004 the Corporation ceased manufacturing pure strontium metal. The Corporation has the ability to resume production of pure strontium and calcium metal should market conditions warrant; however this is not anticipated given the availability of multiple sources of reliable supply at competitive prices.

The Magnesium Business' other major requirement is energy. Natural gas is used in kiln firing, the silicothermic reduction process, melting operations and in some extrusion operations. Electricity is used in melting and extrusion operations. Fuel oil, industrial gases and propane are also used in the production process. Hedging is used to minimize natural gas vulnerability as market conditions warrant.

ITEM 4. DESCRIPTION OF THE SILICON BUSINESS

Overview of the Silicon Business

Becancour operates the Corporation's Silicon Business and is one of North America's largest producers of silicon metal and ferrosilicon with production capacity of 50,000 metric tonnes per year. Its products are used mainly in the chemical, electronics, aluminum, iron and steel industries. Silicon metal and ferrosilicon are produced from quartz using similar smelting processes. They can each be produced in different grades, primarily depending on the percentage of silicon in the product. Silicon metal generally has a silicon concentration of 98% or higher, while ferrosilicon generally has lower silicon concentrations and a higher iron content.

Becancour also sells silica fumes and dross, each of which are non-hazardous by-products from its manufacturing process. Silica fumes are extracted from dust collection systems from the emissions from the electric arc furnaces. Dross is generally collected from cleaning out the ladles from the manufacturing process.

Becancour's facility, located approximately 125 km southwest of Québec City, in Bécancour, Québec, is a state-of-the-art 60 acre facility with three electric arc furnaces for the production of silicon metal and ferrosilicon. The Bécancour facility commenced operations in 1976 and is the newest greenfield facility for the production of silicon metal and ferrosilicon in North America. Management believes that this facility has been maintained to the highest standards in the industry and is one of the low-cost producers in North America. One of the silicon metal furnaces at the facility uses a compound electrode process patented by Becancour, which permits the production of silicon metal and ferrosilicon at a lower cost than with conventional electrodes used by other producers. The other two furnaces also use a proprietary compound electrode process licensed to Becancour which also provides a cost advantage on silicon metal dedicated furnaces. The Bécancour facility also uses a proprietary water granulation technology that creates greater uniformity in the product and improves product yield.

Overview of the Silicon Metal and Associated Products Industry

Market

There are two principal markets for silicon metal: (i) the chemical and electronics industries and (ii) the aluminum industry.

Silicon metal, as purchased by the chemical and electronics industries, is used in the manufacture of silicones and polysilicon. Silicones cover more than 3,000 different products, including lubricants, synthetic rubbers, water repellent fluids, building sealants, glues, high voltage insulators and permanent seals between glass and metals. They are also contained in cosmetics, shampoos, and other personal care products. This group of products is expected to grow consistent with the gross domestic product.

Polysilicon is obtained from metallurgical grade silicon and is further transformed for semi-conductors, silicon wafers and solar cells. Becancour management anticipates rapid market growth in this sector based on further penetration of electronic devices and controls.

Silicon metal purchased by the aluminum industry is used in the production of aluminum alloys. Aluminum containing silicon metal can be found in a variety of automobile components, including cast aluminum wheels, engine pistons and housings. The addition of silicon metal to the aluminum in the casting process improves castability and minimizes shrinkage and cracking. In finished aluminum products, silicon metal increases corrosion resistance, hardness, tensile strength and wear resistance. Consistent with the need for continued light weighting of vehicles, and thus increased use of aluminum, Becancour management anticipates growth of approximately 5% per year for these applications for the foreseeable future.

Silica fumes, an inert by-product of the manufacturing process, are sold to the construction industry for use in cement for marine structures or bridge foundations or as a thermal insulator. As distribution costs limit the potential market area for this material, demand is dictated by the demand for concrete used in construction projects, both new and rehabilitation, within a 500 km area from the Bécancour facility. Construction activity within this region is expected to remain strong for the foreseeable future.

Dross is generally collected as a residue of the manufacturing process. This material is sold to the iron foundry and steel industries who recover the silicon content for use in certain types of iron. Due to the competitive cost of this material, demand is expected to exceed supply for the foreseeable future.

Demand and Outlook

Demand for silicon metal in the western world increased by approximately 13% from an estimated 1,134,000 metric tonnes in 2003 to an estimated 1,282,000 metric tonnes in 2004. Meanwhile, production of silicon metal in the western world decreased by approximately 8% from an estimated 761,000 metric tonnes in 2003 to an estimated 819,000 metric tonnes in 2004.

Due to a higher usage of aluminum parts in automobiles and in the chemical sector as described above, it is expected the market for silicon metal will grow from an estimated 1,282,000 metric tonnes in 2004 to an estimated 1,364,000 metric tonnes in 2007.

Products and Markets

The following table summarizes total net sales of Becancour's specialty products in the last three fiscal years:

Product	2002	%	2003	%	2004	%
			Amounts ($ in millions)			
Silicon metal						
Chemical and electronics grade	$59.4	66.1%	$56.9	58.6%	$66.4	64.7%
Aluminum grade	$19.4	21.6%	$21.4	22.0%	$23.3	22.7%
Ferrosilicon	$2.1	2.3%	$5.0	5.2%	$3.0	2.9%
Silica fumes and dross	$9.0	10.0%	$13.8	14.2%	$10.0	9.7%
Total	$89.9	100.0%	$97.1	100.0%	$102.7	100.0%

The following table summarizes Becancour's principal products, the principal industries to which it markets such products and examples of applications in which such products are used:

Product	Industry Customer	Application of End-Use
SILICON METAL		
Silicon metal (chemical grade) (> 99% purity)	Chemical/silicones	More than 3,000 different consumer products (sealants, rubber, fluids, lubricants, textiles, cosmetics)
Silicon metal (electronics grade) (98% purity)	Electronics/chlorosilanes	Electronics (computer chip wafers, semi-conductors, solar cells, fiber optic cables), high purity fumed silica (pharmaceutical substrates, tires)
Silicon metal (aluminum grade) (= 98.5% purity)	Aluminum/light metals	Alloying agent in aluminum mainly used for automobile components (engine pistons, housing, cast aluminum rims, wheel suspensions, engine blocks, cylinder heads, intake manifolds, oil pans)
FERROSILICON		
90% ferrosilicon	Iron foundries/steel	Specialty foundry alloys
85% ferrosilicon	Magnesium metal reduction	Pidgeon process magnesium
75% ferrosilicon (high purity)	Iron foundries/steel	Steel sheets for transformers
OTHER PRODUCTS		
Silica fumes	Construction	Ingredient in cement for marine structures or bridge foundations; thermal insulator
Dross and silicon-containing slags	Iron foundries/Steel	Manufacture of briquettes used to increase silicon content in certain kinds of iron

Becancour warrants to its customers that its products will meet their specifications and provides a certificate of analysis with each shipment. The certified analysis is based on samples taken during the process at key control points with real time analysis using in-house high precision equipment and trained operators.

The Bécancour facility uses statistical process controls to monitor and regulate each step in the production process. Product samples are routinely checked using X-ray spectrometry and various other techniques to analyze product chemistry. Final operations are carefully monitored relative to sizing specifications.

Becancour has qualified to serve as a preferred supplier to certain of its customers by meeting rigorous qualification tests. Although each customer has established its own testing requirements, qualification processes are generally designed to test for low variability of critical chemical elements as well as reliable and predictable chemical reactivity.

Manufacturing Process

Silicon metal and ferrosilicon are manufactured using essentially the same process. Silicon metal is produced by smelting quartz ($Si0_2$) with carbon substances (typically low ash coal and/or charcoal) and woodchips. Woodchips provide porosity to the raw material mix to aid the reaction. In the production of ferrosilicon, the raw materials introduced into the furnace also include steel scrap and iron ore pellets. Computerized process controls accurately measure the mixture of raw materials. The mixture is fed into the top of a submerged electric arc furnace by automatic conveyors. Electric power is delivered to the furnaces by carbon electrodes. The electrodes act as conductors of electricity in each furnace, generating heat in excess of 3,000 degrees Celsius. At this temperature, the carbon, acting as a reducing agent, combines with the oxygen in the mixture to free the molten silicon metal or ferrosilicon.

The molten silicon metal or ferrosilicon is periodically tapped out of the furnaces into ladles, where it may be refined by injecting oxygen, other gas mixtures or other ingredients to meet specific customer requirements.

The emissions from the electric arc furnaces are collected by dust collecting hoods and passed through a dust collection system in which silica dust is filtered out of the process gases. The resulting by-product is silica fumes. Another by-product is dross collected from the ladles.

All of Becancour's manufacturing activities are carried out at the Bécancour facility, which is ISO 9002 certified. The facility is staffed by 55 salaried and 134 hourly employees. The hourly workers are represented by the Communication, Energy and Paper Union under a collective bargaining agreement effective through April 30, 2005. Management believes that relations with Becancour's employees are good.

Sales and Marketing

The Silicon Business' customers in North America represented approximately 66% of 2004 net sales, with Western Europe accounting for approximately 33%. The largest customer represented approximately 27% of the Silicon Business' sales in 2004, while the largest five customers accounted for approximately 76% of sales and the largest ten customers accounted for approximately 85% of sales. Sales to the chemical industry represented approximately 43% of sales, while the aluminum industry was the next largest at approximately 23% of sales. This profile has not changed materially over the past three years.

Becancour Sales

Becancour differentiates itself from other North American producers of silicon metal by devoting particular attention to developing the Western European market for specialty silicon metal. Becancour supplies specialty silicon metal to each of the five producers of silicones, polysilicon and fumed silica in Western Europe. In order to minimize any disadvantage resulting from its overseas location, Becancour has focused on a commitment to customer service, including stringent quality control and reliable delivery and material handling. Becancour also supplies European customers with specialty products for automotive castings where consistent quality is important.

Becancour sells its silicon metal and ferrosilicon under predominantly annual agreements. The sales and marketing efforts are led by Becancour's senior management. Among Becancour's principal customers are multi billion dollar global companies that are leaders in their respective industries.

The sale of silica fumes will be adversely affected in approximately three years by the depletion of stockpiles of silica fumes produced and accumulated in the years before a market existed. In 2004, $1.5 million of sales were from silica fumes extracted from this stockpile.

Research and Development

Becancour focuses its research and development efforts primarily on the development of process technology and production efficiency to reduce costs and enable it to make better finished products. Becancour has developed a water granulation process which creates uniformity in the product and improves product yield. Most recently, Becancour has developed, in conjunction with a European company, and brought into operation a thin casting machine for silicon metal and ferrosilicon that will reduce substantially the amount of lower value product obtained in the conventional casting and crushing process. Major ferroalloy and silicon metal producers have contacted Becancour to explore possibilities of licensing this technology. Continued development of customer-specific silicon metal formulations designed to optimize performance in the chemical industry are part of Becancour's commitment to be a world leader in the field of specialty silicon metal.

Competitive Strengths

Management believes that Becancour's business and operations capitalize on the following competitive strengths:

Leading North American Producer

Becancour is one of North America's largest producers of silicon metal and ferrosilicon products. Becancour operates three electric arc furnaces: two dedicated to the production of silicon metal and one furnace that has flexible technology that is easily converted to the production of either silicon metal or ferrosilicon. Becancour is a leading supplier of silicon metal to the chemical and electronics industries, two growing markets, and is also a leading supplier of ferrosilicon product to certain niche markets.

Technologically Advanced Production for High Quality Products

The Bécancour facility is one of the industry's most technologically advanced. It is ISO 9002 certified and is the only North American facility to use compound electrode technology for silicon metal production, a proprietary and patented technology developed and used exclusively by Becancour for various specialty silicon metals that substantially reduces electrode costs. Becancour also gains cost and quality advantages via special water granulation technology and via the most recent development, a fast-chill rotating thin slab caster, developed jointly with a European company. These special casting processes yield a product that enables enhanced conversion rates in the chemical industry and substantially less off-grade material for the aluminum industry.

The production facilities allow Becancour to produce various grades of silicon metal and ferrosilicon products for applications with demanding product specifications. Becancour's quality control procedures range from the selection of raw materials to ensure consistency in product characteristics, to the testing of its final products for particular chemistries and properties. Because of these quality control procedures, Becancour consistently meets its customers' rigorous demands.

Competitive Cost Position

Becancour is the only North American producer of silicon metal and ferrosilicon to use compound electrodes and the advanced casting techniques previously mentioned, which reduce the cost of production. Furthermore, the Bécancour facility is located near major transportation centres, allowing for flexibility in both schedule and method of product delivery. Specifically, the Bécancour facility, located on the edge of the St. Lawrence River, provides year-round access to the Montréal container harbour. This location allows distribution of Becancour's products to Europe and other overseas locations and provides Becancour with access to competitively priced raw materials from diverse sources.

Long-Term Relationships with Market-Leading Customers

Becancour's largest customers are multi billion dollar global companies that are the leading companies in their respective industries. Many of these customers have been customers of Becancour since operations at the facility commenced in 1976. Becancour primarily sells its silicon metal and ferrosilicon products under annual agreements. Its principal silicon metal customers are leading producers of silicons for the chemical, aluminum and electronics industries. Avoiding the commodity grade ferrosilicon markets, Becancour sells its ferrosilicon products into niche applications such as specialty steel products where the product characteristics and technical support provided by Becancour can be tailored to the customers.

Competitors

Becancour competes primarily on the basis of product quality (particularly in the production of specialty silicon metal products), service and price. In the markets for silicon metal, Becancour competes with producers from the United States, European Union and Brazil, including Elkem ASA, Fesil ASA, Ferroatlantica S.L. and Companhia Brasileira Carbureto de Calcio. Other competitors in both the silicon metal and ferrosilicon markets include Simcala, Inc. and Globe Metallurgical, Inc. Foreign competition is more important in the markets for ferrosilicon. In 2000, approximately 250,000 metric tonnes of material produced in China entered Western markets, growing to 500,000 metric tonnes in 2004. This represents a large percentage of the low grade ferrosilicon products used in the western world. Chinese based producers have historically supplied no high-value ferrosilicon or silicon metal products, the markets that Becancour emphasizes; however, with recent improvements in the quality of these products produced in China, this may change in the future.

Raw Materials and Access to Transportation

The principal cost components in the production of silicon metal are electricity, quartz, coal, woodchips and electrodes. Becancour's facility in Bécancour, Québec, is located in close proximity to sources of high quality and competitively priced electricity and raw materials. The Bécancour facility's electrical power is supplied by Hydro-Québec at a rate comparable to other large power users in Québec, one of the lowest in North America. Contracted power is sufficient to meet the current and anticipated power requirements

Becancour obtains a portion of its quartz from a mine located approximately 135 km northeast of Québec City, Québec, in Lac Malbaie, Québec, which Becancour leases from the Québec Natural Resources Department under a lease which expires in 2006 and is renewable for another ten years at Becancour's option provided the mine is in compliance with all environmental requirements. Quartz produced at this mine is used at the Bécancour facility as the raw material for silicon metal. Becancour has a long standing relationship with SITEC s.e.c. (a Quebec limited partnership) (previously Baskatong Quartz Products Ltd.) for the operation of the mine (extraction and processing) since 1976. The current operating agreement, dated May 31, 2004, is effective up to May 31, 2007. At the current rate of utilization, material from this mine is sufficient to meet Becancour's needs for a minimum of ten to twelve years. In addition, Becancour purchases quartz from third parties. Quartz is generally available from various sources. Management believes that the quality of Becancour’s raw materials is high and that supplies are adequate for its long-term requirements.

Coal is sourced from the United States and Columbia and is of a special grade to ensure a high quality end product. Wood chips and wood blocks are sourced from Québec and the Northeastern region of the United States which have a wide range of suppliers. Electrodes are sourced from Canada, the United States and overseas, meeting the tight quality requirements for Becancour's compound electrodes.

The Bécancour facility is situated on the edge of the St. Lawrence River with access to the Montréal container harbor, allowing for distribution of Becancour's products to Europe and other overseas markets on frequent regular schedules. The Bécancour facility has convenient access to major modes of transportation, including highway, rail and water. The land at the Bécancour facility is owned by Becancour and covers an area of 391,700 m2. The plant covers an area of 243,000 m2 and thus allows for possible expansion.

ITEM 5. GENERAL BUSINESS MATTERS

Employees

As at December 31, 2004, the Corporation employed 356 employees worldwide in the Magnesium Business and an additional 189 employees in the Silicon Business. The Corporation has historically experienced good labour and personnel relations and has not had a strike or lockout in over 25 years.

Environmental Matters

The Corporation's operations are subject to various laws and regulations relating to the environment, waste disposal and occupational health and safety. The Corporation believes that it has reasonable provisions in its consolidated accounts for its estimate of the most probable costs in the foreseeable future associated with environmental investigation and remediation activity in respect of its current and discontinued businesses, including each of the sites referred to below.

Continuing Operations

In accordance with applicable law, the Corporation is required to file a Mines Closure Plan with the Ontario Ministry of Northern Development and Mines ("MNDM") with respect to the Haley, Ontario facility together with certain financial assurance covering its obligations pursuant to the plan. The Corporation expects to provide financial assurance of $1,792,000.

In all other respects, management of the Corporation believes that the Corporation's operating facilities are in substantial compliance with all applicable environmental and occupational health and safety requirements.

There are no material environmental claims against the Corporation arising from its continuing operations.

During the course of each year, the Corporation routinely incurs capital expenditures to ensure the ongoing protection of the environment. These expenditures are not expected to have a material adverse impact on the Corporation's financial and competitive position in the foreseeable future.

Discontinued Operations

The Corporation is engaged in environmental assessment and remediation activities at certain properties owned by it or its subsidiaries, which were used in connection with its discontinued ferrous metals and adhesives businesses. These include groundwater remediation activities at its former adhesives plant in Toronto, Ontario and approval of a remediation plan for a former ferrous metals plant in Beauharnois, Quebec which was submitted to the Ministry of the Environment of Quebec ("Ministry") in the second quarter of 2003. Approval from the Ministry of the Corporation's remediation plan was received in the third quarter of 2003 and Québec's Environment Ministry issued a Certificate of Authorization for the site, outlining the Ministry's required remediation activities. The Certificate of Authorization was based on documents which the Corporation submitted with the application, which indicated a ten-year timeline to completion. The cost to complete the work has been estimated at approximately $1,700,000. In 2004 the Corporation entered into an agreement with a third party to sell the Beauharnois, Quebec property. Pursuant to the terms of the purchase and sale agreement the purchaser has agreed to complete the remediation activities and has paid a deposit for the property. Title to the property cannot be transferred to the purchaser, and the sale cannot be completed, until the Ministry is satisfied that the terms and conditions of the Certificate of Authorization have been satisfied.

ITEM 6. DIRECTORS AND OFFICERS

The names, municipalities of residence, principal occupations, periods of service as directors and the number of common shares of the Corporation owned by each director as at December 31, 2004 are set out below. All directors serve until the next annual meeting or until their successors are elected or appointed.

Name and Residence	***Principal Occupation***	***Director Since***	***Number of Common Shares beneficially owned or controlled directly or indirectly*** (1)
JOHN W. CROW *Toronto, Ontario*	*President, J&R Crow Inc. (economic & financial consultants)*	*1999*	*75,000 (6)(7)(13)(14)*
LUTZ HÄRTEL *Nueva Andalucia, Spain*	*Chairman of the Board, Bécancour Silicon, Inc.*	*2004(12)*	*Nil*
VAHAN KOLOLIAN *Toronto, Ontario*	*Chairman, Precinda Corp.*	*2003*	*314,500 (2)(13)(14)*
JACK L. MESSMAN *Weston, Massachusetts*	*Chairman, President and Chief Executive Officer, Novell, Inc.*	*2003*	*25,000 (9)(14)*
HEINZ SCHIMMELBUSCH *Paoli, Pennsylvania*	*Managing Director of Safeguard and Chairman, Chief Executive Officer of the Corporation*	*2003*	*140,000 (8) (10)(15)*
ARTHUR R. SPECTOR *Malvern, Pennsylvania*	*Managing Director of Safeguard and Vice Chairman and Interim Chief Financial Officer of the Corporation*	*2003*	*Nil (8) (11)(15)*
J. THOMAS TIMMINS *Kettleby, Ontario*	*President, Timmins Investments Limited*	*1957 (3)*	*9,349,537 (4)(15)*
MICKEY M. YAKSICH *Toronto, Ontario*	*Partner, McMillan Binch LLP (law firm)*	*1998*	*Nil (5)(13)*

Notes:

(1) The information as to Common Shares beneficially owned or controlled is not within the knowledge of management and has been furnished by the respective nominees.

(2) Mr. Kololian directly and indirectly subscribed for 250,000 Units under the Private P lacement, and therefore holds warrants to acquire an additional 125,000 Common Shares. On March 26, 2004, Mr. Kololian was granted 50,000 options under the Share Option Plan; vested options will be exercisable at a price of $0.96 and shall expire if not exercised by March 26, 2011.

(3) Period of service as a director includes service as a director of the Corporation and predecessor corporations.

(4) Mr. Timmins owns 50 Common Shares directly and is an officer and director of, and exercises control over TIL, which owns an additional 9,349,487 Common Shares. The Common Shares owned by TIL are subject to the Voting Trust Agreement described under "Voting Shares and Principal Shareholders". On March 26, 2004, Mr. Timmins was granted 50,000 options under the Share Option Plan; vested options will be exercisable at a price of $0.96 and shall expire if not exercised by March 26, 2011.

(5) On August 27, 1998, Mr. Yaksich was granted 15,000 options under the Old Stock Option Plan for Directors; the options granted are exercisable at a price of $2.90 and expire August 26, 2005. On March 26, 2004, Mr. Yaksich was granted 50,000 options under the Share Option Plan; vested options will be exercisable at a price of $0.96 and shall expire if not exercised by March 26, 2011.

(6) On April 27, 1999, Mr. Crow was granted 15,000 options under the Old Stock Option Plan for Directors; the options granted are exercisable at a price of $3.20 and expire April 26, 2006. On March 26, 2004, Mr. Crow was granted 50,000 options under the Share Option Plan; vested options will be exercisable at a price of $0.96 and shall expire if not exercised by March 26, 2011.

(7) Mr. Crow subscribed for 75,000 Units under the Private Placement and therefore holds warrants to acquire an additional 37,500 Common Shares.

(8) Dr. Schimmelbusch and Mr. Spector are both Managing Directors of Safeguard, which, through its ownership of BLP indirectly owns 59% of the Common Shares and controls the votes of 72% of the Common Shares.

(9) On March 26, 2004, Mr. Messman was granted 50,000 options under the Share Option Plan; vested options will be exercisable at a price of $0.96 and shall expire if not exercised by March 26, 2011. Mr. Messman purchased 25,000 common shares of the Corporation in 2004.

(10) On March 26, 2004, Dr. Schimmelbusch was granted 480,000 options under the Share Option Plan; vested options will be exercisable at a price of $0.96 and shall expire if not exercised by March 26, 2011. Dr. Schimmelbusch purchased 140,000 Common Shares of the Corporation in 2004.

(11) On March 26, 2004, Mr. Spector was granted 430,000 options under the Share Option Plan; vested options will be exercisable at a price of $0.96 and shall expire if not exercised by March 26, 2011.

(12) Mr. Härtel was appointed director of the Corporation on November 9, 2004. Mr. Härtel is Chairman of the Board of Bécancour Silicon Inc., a Québec company acquired by the Corporation on September 30, 2004.

(13) Member of the Audit Committee of the Board of Directors; chaired by Mr. Kololian.

(14) Member of the Corporate Governance and Nominating Committee; chaired by Mr. Messman.

(15) Member of the Strategic Committee; chaired by Dr. Schimmelbusch.

With the exception of:

- Mr. Timmins, who retired from the position of Chief Executive Officer of the Corporation in 2001 and as Chairman of the Board on April 2, 2003;
- Mr. Crow, who was the Acting Chief Executive Officer of the Corporation from May 29, 2001 until April 2, 2003;
- Dr. Schimmelbusch, who became Chief Executive Officer of the Corporation on April 2, 2003 and on April 22, 2003 was appointed Chairman of the Board;
- Mr. Spector, who was appointed Vice Chairman of the Corporation on March 26, 2004 and on October 18, 2004 was appointed Interim Chief Financial Officer;
- Mr. Kololian, who prior to April 2000 was President of Polar Capital Corporation;
- Mr. Messman, who prior to August 1999 was Chairman and Chief Executive Officer of Union Pacific Resources Group Inc.; and
- Mr. Härtel, who prior to joining Bécancour Silicon Inc. in October, 2000 was a Member of the Managing Board of SKW Trostberg AG, a major German public chemical company which merged into Degussa AG. He is also a member of the boards of directors of other Safeguard controlled companies.

each of the persons proposed to be nominated for election as a director of the Corporation has held the principal occupations identified above, or another executive position with the same company or firm, for not less than five years.

The following are the officers of the Corporation, their municipalities of residence, position with the Corporation and the number of common shares owned by each officer as at December 31, 2004.

Name and Municipality of Residence	**Principal Occupation and Position with the Corporation**	**Number of Common Shares beneficially owned or controlled directly or indirectly**
HEINZ SCHIMMELBUSCH Paoli, Pennsylvania	Managing Director, Safeguard International Fund, L.P. and Chairman and Chief Executive Officer of the Corporation	140,000(1)(3)
ARTHUR R. SPECTOR Malvern, Pennsylvania	Managing Director of Safeguard and Vice Chairman and Interim Chief Financial Officer of the Corporation	Nil(1)(3)
TIM R. PRETZER Mississauga, Ontario	President and Chief Operating Officer	67,000(2)(3)
KEITH S. D'SOUZA Unionville, Ontario	Vice President and Secretary	25,000(2)(3)
JOHN FENGER Malvern, Pennsylvania	Vice President – Aluminum Products	36,500
RITCHIE LEES Denver, Colorado	Vice President – Extruded & Fabricated Products	Nil(3)
MARK G. SWALWELL Mississauga, Ontario	Corporate Controller	Nil

Notes:

(1) Dr. Schimmelbusch and Mr. Spector are Managing Directors of Safeguard, which indirectly owns 59% of the Common Shares and controls the votes of 72% of the Common Shares.

(2) Messrs. Pretzer and D'Souza subscribed to 50,000 and 25,000 Units of the Private Placement, respectively on March 31, 2004, and therefore hold warrants to acquire an additional 25,000 and 12,500 Common Shares, respectively.

(3) On March 26, 2004 Dr. Schimmelbusch and Messrs. Spector, Pretzer, D'Souza and Lees were granted 480,000, 430,000, 350,000, 100,000 and 150,000 options, respectively, under the Corporation's Share Option Plan; vested options will be exercised at a price of $0.96 and shall expire if not exercised by March 26, 2011.

With the exception of:

- Heinz Schimmelbusch, who was appointed Chairman and Chief Executive Officer of the Corporation on April 2, 2003;
- Arthur R. Spector, who was appointed Vice Chairman of the Corporation on March 26, 2004 and Interim Chief Financial Officer on October 18, 2004;
- Mark G. Swalwell, who was appointed Corporate Controller on March 22, 2004; prior to joining the Corporation, Mr. Swalwell was Vice President Finance of MIST Inc., a Brascan subsidiary, and prior to that was Manager, Assurance & Advisory Services at Deloitte & Touche LLP;
- John Fenger, who was appointed Vice President– Aluminum Products of the Corporation on May 11, 2004, Mr. Fenger is also a Managing Director of Allied Resource Corporation. Mr. Fenger purchased 36,500 common shares in 2004; and
- Ritchie Lees, who was appointed Vice President– Extruded and Fabricated Products of the Corporation on May 11, 2004, prior to that Mr. Lees was General Manager of Timminco Pty Limited, and prior to joining the Corporation was Automotive Sales & Marketing Manager with Capral Aluminum.

each of officers of the Corporation has held the principal occupations identified above, or another executive position with the same company or firm, for not less than five years.

As of December 31, 2004, the directors and officers of the Corporation as a group beneficially own or exercise control over, directly or indirectly, 10,032,537 common shares of the Corporation, representing approximately 14.5% of the issued and outstanding common shares. Directors and officers of the Corporation as a group hold options to purchase an aggregate of 1,815,000 common shares.

ITEM 7. RISK FACTORS

Reference is made to the discussion of risk factors contained in the Corporation's "Management's Discussion and Analysis" ("MD&A"), which is incorporated herein by reference. The Corporation's MD&A is available on SEDAR at www.sedar.com.

ITEM 8. DIVIDEND POLICY

Under the terms of the Credit Agreement of March 28, 2003, the Corporation may not pay cash dividends during the term of the Credit Agreement, terminating March 31, 2005. In the five-year period ended December 31, 2004, the Corporation did not pay any dividends on any of its shares.

The future payment of dividends will be subject to the discretion of the Board of Directors having regard to consideration of the Corporation's earnings, financial condition and such other factors as deemed relevant by the Board of Directors.

ITEM 9. MARKET FOR SECURITIES

The Corporation's common shares are listed and posted for trading on The Toronto Stock Exchange under the symbol TIM.

The following table indicates the monthly trading volumes and price ranges for the Corporation's common shares during the 2004 calendar year.

Month	Trading Volume	Closing Price Range
January	455,160	$0.83 – 1.16
February	619,314	$0.95 – 1.22
March	212,951	$0.88 – 1.12
April	397,910	$1.02 – 1.15

May	340,839	\$0.88 – 1.05
June	48,603	\$0.93 – 1.00
July	81,514	\$0.89 – 0.97
August	231,314	\$0.85 – 0.97
September	277,763	\$0.80 – 0.90
October	98,473	\$0.73 – 1.05
November	308,516	\$0.62 – 0.99
December	306,234	\$0.83 – 0.96

The Corporation’s registrar and transfer agent is Computershare Investor Services Inc. (“Computershare”). The Corporation’s share register is maintained by Computershare at its principal offices in Toronto, Ontario.

ITEM 10. AUDIT COMMITTEE, CHARTER AND AUDIT FEES

Audit Committee

The Audit Committee of the Board of Directors met 4 times in 2004. During 2004 the Audit Committee members were Messrs. Kololian (Chair), Crow and Yaksich. Each of the Audit Committee members is financially literate.

Background and Experience

Vahan Kololian

Mr. Kololian is the President and Principal of Precinda Ltd., a company which specializes in turn-around management and private equity investments. Mr. Kololian has held a number of positions in the investment banking field over the years, including positions as a partner and director of Burns Fry Limited (1980-1988) and Gordon Capital Corporation (1988-2000).

Mr. Kololian holds a Bachelor of Arts from the University of Western Ontario and a Bachelor of Laws from the University of Ottawa. He acts as a Director for a number of public and private companies.

John Crow

Mr. Crow is President of J&R Crow Inc., economic and financial consultants, a company he formed in 1994.

Mr. Crow served as Governor of the Bank of Canada from 1987 to 1994. Leading up to his term as Governor, he held a number of increasingly senior positions with the International Monetary Fund (1961 to 1973) and the Bank of Canada (1973 to 1994).

Mr. Crow holds a Bachelor of Arts (Honours) in Politics, Philosophy and Economics from Oxford University. He is a member of the Investment Committee of the Workplace Safety Insurance Board of Ontario and a Senior Advisor to the C.D. Howe Institute. He acts as a Director for a number of public and private companies.

Mickey Yaksich

Mr. Yaksich is a partner with the law firm of McMillan Binch LLP where he has practiced since 1977. Mr. Yaksich specializes in the area of income tax law.

Mr. Yaksich holds a Bachelor of Laws from the University of Toronto.

Audit Committee Charter

Purpose

The purpose of the Audit Committee (the "Committee") of the Board of Directors (the "Board") is to augment and improve financial disclosure by the Corporation and to ensure legal compliance by the Corporation. The Committee shall assist the Board in fulfilling its corporate governance and oversight responsibilities with respect to accounting and financial reporting processes, internal financial controls, financial risk management systems and internal and external audit functions. The Committee will:

(a) review quarterly and annual financial statements prior to Board review and approval and satisfy itself with the fairness and consistency of the auditing practices used;

(b) review and approve the annual financial statements of the Corporation's pension funds

(c) recommend to the Board the selection of the Corporation's external and independent auditors (must be in good standing with the Canadian Public Accountability Board) to be nominated for appointment by the shareholders;

(d) ensure the integrity of the audit process, including monitoring audits to ensure sufficient managerial independence and reporting as well as the external auditor's qualifications and independence;

(e) pre-approve all audit services and permitted non-audit services to be provided to the Corporation by its external auditors;

(f) serve as liaison between the external auditors and the Corporation;

(g) prepare or obtain assurances from management with respect to relationships with regulators, and the accuracy and timeliness of filings with regulatory authorities; and

(h) perform any other duty as may be assigned by the Board from time to time or as may be required by the Canada Business Corporations Act, the Securities Act and any other applicable legislation.

Responsibilities

The Committee has the following responsibilities:

Financial Reporting

<u>General</u>

The Committee shall review and discuss with management and the external auditor, as appropriate, the following:

(a) the Corporation's financial disclosure control policies and procedures as well as any impact these may have on the internal control over financial reporting;

(b) the Corporation's internal financial control system at least annually to ensure that it is current and effective;

(c) significant financial reporting issues;

(d) any correspondence with regulators or published reports which raise material issues that may have a significant effect on the Corporation's financial statements;

(e) any reports prepared by the external auditors and provided to the Committee relating to significant financial reporting issues including the Corporation's selection, application and disclosure of accounting principles and the effects, if any, on the Corporation's financial statements;

(f) any recommendation made by the external auditors in the course of reviewing the Corporation's financial reporting or accounting processes;

(g) changes in accounting policies, audit plan and control systems;

(h) practices and procedures adopted by management to ensure continuing compliance with financial disclosure, audit and filing requirements; and

(i) any other matter pertaining to auditing standards, laws or regulations the Committee determines necessary for discussion or review.

Preparation and Release of Financial Information

With respect to preparing and releasing financial information, the responsibilities of the Committee include:

(a) reviewing the selection of accounting policies and audit plan for effectiveness;

(b) reviewing and understanding the results of the external, independent audit;

(c) satisfying itself as to the fairness, consistency and timeliness of the annual and periodic financial statements;

(d) reviewing, from time to time, with the Chief Executive Officer and Chief Financial Officer their certificates under Multilateral Instrument 52-109;

(e) presenting the approved financial statements to the Board for final approval; and

(f) reviewing on a quarterly basis, all financial statements, MD&A and earnings press releases prior to their public release.

Oversight of Audits

Internal Audit

1. Engaging Internal Auditors

(a) The Committee, in consultation with management, has the authority to engage, or shall delegate the authority to management to engage, the services of an accountant or accounting firm, other than the Corporation's external auditors, to perform supplemental reviews, special projects or other internal audit functions as necessary from time to time.

External Audits

1. Appointment and Authorization of Services

(a) The Committee has the sole authority to retain and oversee the activities of the external auditors. As such, the Committee has the necessary authority to determine compensation, fees and retention terms and/or terminate the services of the auditors as deemed necessary.

(b) All external auditors shall report directly to the Committee.

(c) At least annually, the Committee shall review and pre-approve the performance of all audit and lawfully permitted non-audit services, as well as the fees for such services. The Committee may delegate this function to the Committee's Chair so that, in the event of an issue arising between meetings of the Committee, such issues may be handled appropriately; provided, however, that the Chair shall fully report all action taken pursuant to this delegated authority at the next ensuing Committee meeting.

(d) The Committee will meet with external auditors prior to the audit to confirm the planning and staffing of the audit.

2. Oversight of Independence and Qualifications of External Auditors

(a) In order to ensure the independence of the external auditors, at least annually the Committee shall review the relationship between the auditors and the Corporation. Additionally, the Committee shall review all professional services provided to the Corporation for propriety. Having done so, the Committee will provide a report of its findings to the Board, including recommendations for action to ensure the continued independence of the auditors.

(b) As part of the review process, the Committee shall obtain a report by the external auditors describing: (a) the firm's internal quality control procedures; and (b) any material issues raised by the most recent internal quality-control review or the audit firm or by any other governmental or professional authorities or any private sector regulatory board within the preceding five years.

(c) The Committee is responsible for ensuring compliance by external auditors with independence requirements and shall obtain, at least annually, from the external auditors their certificate as to their independence from the Corporation.

Other Powers And Responsibilities

Whistleblowing

The Committee is also responsible for establishing and administering a process by which any concerns or complaints about any internal accounting and controls or any internal or external auditing issues or disagreements are received and resolved by the Committee. This process must allow for confidential employee submissions concerning any auditing or accounting matters.

The process for lodging and responding to a complaint is as follows:

(a) Any employee who reasonably believes that another employee or person acting on behalf of the Corporation has violated any legal requirement or policy shall immediately report his/her concern to a senior officer or report to external counsel who should forward such concern to the Chair of Audit Committee.

(b) The Committee will consider the concern and determine whether there are reasonable grounds for initiating an investigation into the alleged conduct. Where an investigation is warranted, the Committee shall implement a thorough investigation of the allegations.

(c) Any director, officer or employee who is found to have violated the law or one of the Corporation's rules regarding accounting standards, internal financial controls, disclosure or matters related to internal or external audits may be subject to disciplinary action.

(d) The Committee will retain all documents and records related to any complaint and investigation (where applicable) for a period of five years.

(e) No person shall destroy any corporate or audit related records that may be subject to or related to an investigation by the Corporation or any federal, state or regulatory body.

The Committee should, on an annual basis, communicate this process directly to all employees involved in financial controls, who report directly or indirectly to the CFO.

Charter and Committee Review

The Committee shall review and assess the adequacy of the Committee Charter annually and report to the Board the results of such assessment. Any recommendations are to be put before the Board for approval. Similarly, the Committee shall also perform an annual review of the Committee's performance and report to the Board on the results of such evaluation.

Examinations and Investigations

The Committee may conduct such examinations, investigations or inquiries, and/or engage special accounting, legal or other advisors the Committee deems necessary.

Hiring Policies

The Committee shall review and approve the Corporation's hiring policies regarding employees and former employees of the current and former external auditors.

Membership And Organization Of Committee

The Committee is to be comprised of not less than three directors, each of whom must be financially literate (i.e., have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can reasonably be expected to be raised by the financial statements of the Corporation) and be an outside, independent director.

The Board shall appoint one Committee member to serve as the Chair. The Chair of the Committee should be considered financially sophisticated (i.e., has past employment experience in finance or accounting, requisite professional certification in accounting or other comparable experience or background that results in his/her financial sophistication) with an understanding of financial statements and the accounting principles used by the Corporation to prepare its financial statements. No members of the Committee should be holders of more than 20% of the Corporation's issued and outstanding shares.

Conduct Of Meetings

Frequency

The Committee shall meet at least twice a year. Additional meetings shall be scheduled as required or as requested by the Corporation.

Directors may attend any Committee meetings of the Board they choose to, however the right to vote is reserved only to Committee members. At certain meetings, attendance may be limited to Committee members only.

Quorum

A majority of the Committee members, present in person or by conference telephone, shall constitute quorum for the transaction of business.

Notice

The auditors are entitled to receive notice of every meeting of the Committee and submit agenda items as well as attend any meeting should they so choose.

Non Committee Member Attendees

The Committee may request that any Directors, Officers or employees of the Corporation, or any other person from whom the Committee would like advice or counsel, attend any meeting to provide such information or guidance.

Minutes

A Committee member or the Corporation's Secretary shall keep written minutes of the Committee meetings. The minutes are to be maintained with the books and records of the Corporation.

Delegation of Authority

The Committee has the authority to delegate to one or more of its members where appropriate except where otherwise prohibited by law or regulation.

Auditor Service Fees

The service fees which were paid by the Corporation to its auditors during the financial year ended December 31, 2004 are set out in the table below.

Auditor	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
KPMG LLP [(1)]	286,000	23,000	56,000	298,000
Deloitte & Touche LLP [(1)]	41,000	11,000	-	173,000

Notes:

(1) KPMG LLP are the Corporation's principal auditors. Deloitte & Touche LLP are auditors for Becancour.

ITEM 11. INTEREST OF EXPERTS

The Corporation's auditors are KPMG LLP and Deloitte & Touche LLP. In 2004 the Independent Committee of the Board of Directors of the Corporation retained RBC Dominion Securities Inc. to prepare an independent valuation and fairness opinion in connection with the Corporation's acquisition of Becancour. To the knowledge of management none of the aforementioned parties owns registered or beneficial interest in the capital of the Corporation.

ITEM 12. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, options to purchase securities and interests of insiders in material transactions is contained in the Corporation's Management Proxy Circular for its most recent annual meeting of shareholders that involved the election of directors (the "Circular"). Additional financial information is provided in the comparative financial statements (the "Comparative Statements") of the Corporation contained in the Annual Report to Shareholders. Copies of: (i) the Annual Information Form, together with one copy of any document, or any document incorporated by reference in the Annual Information Form; (ii) one copy of the Comparative Statements and one copy of the most recent interim financial statements of the Corporation that have been filed; and (iii) one copy of the Circular are available from the Vice President and Secretary of the Corporation at Sun Life Financial Tower, 150 King Street West, Suite 2401, Toronto, Ontario, Canada, M5H 1J9. The information referenced above has been filed by the Corporation on SEDAR and can be obtained at www.sedar.com.