

mine port

Magazine

Fall 2004



The text for this edition was written at the beginning of summer 2004 and reflects the state of our organization at that time. Back together in safety.
- Mine to Port team

A good reason to smile, *see page 5*

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Continuous improvement... generates *page 6*

The new Sherlock Holmes investigation team *page 8*

Mine-to-Port is published for the employees, the retirees and the partners of IOC.



Message from the President

Iron Ore Company of Canada

2 Avalon Drive, Labrador City (NL), A2V 2V6



Monday, September 27th, 2004

Dear Colleagues:

We are all pleased that the strike is over and that an agreement has been reached and ratified. We can now resume operations and get back to making quality products for our customers.

During these negotiations both the Company and Union negotiation committees worked hard and should be commended for their dedication. Difficult compromises were made and together solutions were developed.

This new contract is a step forward and if well implemented, will help us face the future with optimism.

Our operations will resume as quickly as possible in order to support our customers. As we start up "SAFETY" must be our first priority. Many weeks have passed since we were in operation and everyone will need to carefully inspect workplaces, think about potential hazards and ensure that our safety procedures and standards are followed. It is very important that we restart without a single incident or injury.

In the late spring and early summer we showed what we can really do and achieved several pellet plant production records. It is important that we pick up where we left off and return to this way of operating. With the strike behind us, we must show our customers that we are doing our best to meet their requirements and that they can continue to depend on us.

We must also reassure our shareholders that we can work together to meet production commitments and that we deserve their continued support with the maintenance and capital investments required.

I am confident that in the months ahead we can build on a half-century of proud heritage and work towards securing the future of this business and all of our employees.

Yours truly,

A handwritten signature in black ink, appearing to read "Terry F. Bowles". The signature is fluid and cursive, written over a light-colored background.

Terry F. Bowles
President and Chief Executive Officer

A reason to smile: one year without Lost Time Injuries

For the Primary Ore Maintenance team, achieving the enviable target of zero LTI's, since May 2003, is another step in their mission to make their workplace a world-class facility.

"It is the crew on the shop floor and their team leaders, who have been the driving force behind this achievement," says senior safety advisor, Tony Noseworthy.

"Safety is every employee's responsibility," says Momcilo Andric, superintendent. The department, therefore, encourages a culture of ownership and team spirit. Work and safety practices have been made more interactive than ever before. There exists an open door policy, where anyone with a safety concern, or an idea for improvement, can come in and discuss it with the appropriate persons.

Each team member feels responsible for creating a safer workplace. For instance, everyday before starting work, the crew goes over a checklist of safe practices, such

as **Take Five**. "They use this checklist as their own personal risk assessment," says Tony. Good housekeeping is reflected in the well-lit work areas and clean surroundings. They store any equipment that might get in the way of their work. Oil spills are mopped and hoses and other equipment are kept out of the way.

The management also takes its job seriously. The team has recently introduced the Departmental Safety Improvement Action Plan and the Employee's Personal Safety Improvement Action Plan. The plans call for, among other things, appropriate safety training for the crew, identification of safety hazards, and the reduction of risks within the workplace. "They (the plans) are a commitment by the management to have an LTI and injury free facility," explains Momcilo. In fact, the entire



Bill Kean and Mark Taylor, both mechanics.

management team has signed on the front page of the action plan manual.

It takes everyone and every little safe guard to make the work environment accident proof. "Consulting the **Take Five** booklet, even for jobs that take only fifteen minutes to complete, is an important step toward creating a safer workplace for us," says automotive mechanic, Mark Taylor.

Bill Kean, an automotive mechanic, explains that watching out for each other is important for the safety of all. It also helps to create an atmosphere of trust and team spirit. As Len Ploughman, an electrician, puts it, "following safe practices means that everyone is going home unhurt at the end of the day."

Better safety measures mean improved efficiencies, less downtime and equipment damage and, above all, a happier workforce.



Jake Thornhill, welder in field maintenance.

Mine

1000% improvements from one year to the next

Since a year ago, corrective action and employees looking for continuous improvements in their departments have led to a major turn around in operations. Results are obvious when you consider improvements of 1000 % from one year to the next.

Bernard Hiscock is a technical specialist in the electrical ore delivery department and the team leader of improvements and projects. Hiscock and his team have scored major improvements on streamlining the new G.E Harris wayside control system which controls the Automatic Train Operation (ATO). One problem was signals coming from the trains axle generators. Between January 1 to May 31 of 2003 the meantime between failures (MTBF) of axle generators was 74 hours. After one year of improving it, the MTBF diminished to 729 hours or just one failure a month! Great work!

In December of last year following a complete inspection of the track, circuit delays were reduced by 50 per cent. As a result, an ongoing preventive maintenance program will be done twice a year. Other improvements include solving problems with the on board computers, installing a new track circuit and an overhaul of eight locomotives.



The ATO is responsible for hauling ore from the mine to the crusher and is a major factor in the overall improvements noted in production in the past year.

The result is they now dump 2.3 ore trains per hour at the crusher and the average car dumped per day has climbed steadily each month this year. The figure was 1160 cars in May.

Rudy Tucker, team leader-mine operations accepted the challenge of improving haulage truck loading times at the shovels and the time has now been cut in half from the beginning of the year.



"We have reduced spotting and queuing time from 7.8 minutes to 3.9 minutes, a direct positive impact on unit cost. We're still improving and want to continue doing so." Rudy Tucker



"We got a reduced rate for boom truck rentals so now we only pay \$7,000 per month instead of \$8,000 every four weeks. We will realize these savings all year." Leann Patterson

Leann Patterson, a business analyst in the mine spearheaded efforts to lower boom truck rental costs and was successful with the help of Procurement Department.

These are just some of the examples of the success the Continuous Improvement Process has generated. Together, with others, they not only help improve production but also to lower cost of production, an ongoing challenge if IOC is to continue to successfully compete on the iron ore world stage.

Small gaps: a big difference

It may have seemed like a small act at the time but small can be good. In this case the decision was to place two extra product gaps, from eight to 10, on the roll screening decks under the balling drums in the pellet plant.



Terry Fagan and Dave Combden, in front of one of the modified conveyor belts G.

The results were quick and obvious. After monitoring the change for a month, it was noted that each module, there are 26 in total, would produce between five to eight tonnes extra production an hour! This did however, create another problem. The belt conveyers feeding into and from the balling drums, BC-2 and BC-3, could not properly handle the extra feed. This

was where planner Terry Fagan and team leader Dave Combden sat down and put their heads together.

After studying flow charts and discussing the problem with others, they came up with a plan to increase the width of these belts from 30 to 36 inches. Combden said there was no sense in increasing production only to have it spill on to the pellet plant floor. The whole frame for the belts had to be modified and changed out. Combden said it involved a lot of work but the workforce was very skilled, knowledgeable and knew what was required.

The test on Line One was successful and now all the belts and frames have been changed. Fagan said not only is there increased production, but less spillage because of the wider belts.

Other improvements on the modules have seen the belt motors encased in the conveyor motorized head pulleys, vacuum valves for the filters have been located to the filter floor from the balling floor, and shredders were relocated. Fagan said all of the changes have resulted in increased production while creating a safer work environment and a smoother running operation. The changes have also resulted in reduced inventory in the warehouse. Plans to look at ways of increasing production started more than a year ago and are continuing.

Gold safety hat

Nick Baker is a Mechanic in Central Services. While working to repair a crane, a portion of the cable released and struck Nick's safety hat. The impact caused significant damage to the safety hat including the lateral protection insert. Nick credits the wearing of the hat with preventing a significant and serious injury. In recognition of this, the safety hat supplier made available an award in the form of a Gold Safety Hat. It just goes to show that using your head can help keep you safe.



Sean Hiscock, Nick Baker, Don Stoddard, Roy Roberts and Henry Hillier.

Railway

Employees ensure successful continuous improvement

Employee involvement, ideas and cooperation are the secrets of the success of the Renewal Program launched in 2002.

The results of this program are being felt throughout the company. For example, an exercise was developed in order to shorten the train cycle. As a result, the Sept-Îles/Labrador City complete cycle can now be completed in 47 hours, compared to the 55 hours it used to take. Better communication and employees' greater flexibility have allowed us to come closer to our 2005 objective.

Caroline Lepage, Continuous Improvement Leader, as well as Éric Labrie, Robin Ouellet and Bruno Leblanc, Team Leaders, can all vouch for this accomplishment. After having pinpointed the problem, analyzed the current system and consulted employees in order to gather their ideas and suggestions, we were able to implement new processes in early May 2003.

In the Communications and Signals Department, where switching components are repaired, this new system gave employees an opportunity to accept the challenge and to perform, at lower costs, tasks that would otherwise be outsourced. "At the end of this successful experiment, we found that teamwork had allowed

us to refurbish switching equipment," noted Éric Labrie. The challenge also allowed the team to make certain repairs in one-fourth of the time it used to take. Moreover, ways of protecting and extending the life of certain system components were discovered.

The system also attracted takers and produced results in the Equipment Maintenance Department: shovels, loaders and levellers will now last longer and perform better. Cooperation is what led to the development of a standard equipment operation and maintenance process, confirmed Robin Ouellet.

Lastly, the Renewal exercise also generated significant benefits on many levels in the recovery yard, which resulted in improved time and personnel management, as well as in greater cost savings than what was expected.

As you can see, consultation, involvement and team effort are not words taken lightly. The results speak for themselves!



Jean Bourque, Mario Malenfant, Serge Lemieux and Michel Chénard (operators).

Tighter security measures at the dock terminal

Security measures have been revised at IOC dock terminal facilities and at gate #1, according to Roger Béland, Security Team Leader.

While an operator has to leave his vehicle in order to personally identify himself and present a valid driver's license to enter Sept-Îles facilities between 6:00 p.m. and 6:00 a.m. and on weekends, security at dockside facilities has also become stricter.



"Our requirements have changed since the events of the last few years. Though this may cause some inconvenience, this is essential to everyone's safety," says Roger Béland.

Restricted access

In the aftermath of September 11, Canada signed the SOLAS Convention (Safety Of Life At Sea) and has since adopted the corresponding security code. "We have reviewed the security measures for our facilities and applied the necessary modifications," stated Roger Béland. The new security program came into effect on July 1, 2004, in accordance with the law. IOC's security plan received government approval on May 28, 2004 for a period of three years.

Any port that deals with foreign activity must have such a program in place, which, at IOC, applies to docks 1 and 2, as well as to the tugboat dock. The program also includes provisions for training employees, hiring security officers and implementing various response plans.

Restricted docking

Well before an ore carrier can dock, Security receives information about the ship, including its origin, the identity of its crew and what it is carrying. This information determines the level of security that will be applied during docking.

Take 5 reduces the severity of the potential

Wade Winsor recently used the "Take 5" process to identify the hazards associated with aiding an Engineering assessment of the structural steel within the Induration portion of the plant. Upon understanding that an overhead crane was required to perform the assessment, Wade ensured the following list of equipment was acquired prior to performing the task as measures to control the risk : Air quality monitoring equipment, respirators, fall protection equipment and two way truck radio for communication.

Prior to completing the assessment task, the crane experienced a failure which completely disabled any physical control of the crane. Ultimately, this left Wade and his engineering partner stranded. The two way radio brought by Wade as a result of the Take 5 ensured he could contact his Team Leader who immediately focused on resolving the situation.

Due to his precautionary measures, the **Take 5** substantially reduced the severity of the potential. It just goes to prove that a little prevention helps to prevent a serious reaction.



Wade Winsor and Danny Chappell.

Technical services

The Cargo Investigation Team: the new Sherlock Holmes

Like any globally competitive company, IOC has to ensure that it consistently delivers world-class quality products to its customers on time and at a competitive cost.

Any non-conformance in product quality can cost the company its reputation in the world market. As well, it can lead to monetary penalties payable to the customer, lowering of future product price, or a decline in sales. One of IOC's main concerns therefore is to ensure that its products always carry the company's stamp of uncompromising quality and consistency.

In keeping with this commitment to excellence in product quality the Cargo Investigation Team (CIT) originally created in 2000 was revitalised in April 2004. It is a dynamic team of individuals representing the various operating areas in the company -- from the mine in Labrador City to the loading

dock in Sept-Iles. The CIT goal is to assist in addressing customer concerns.

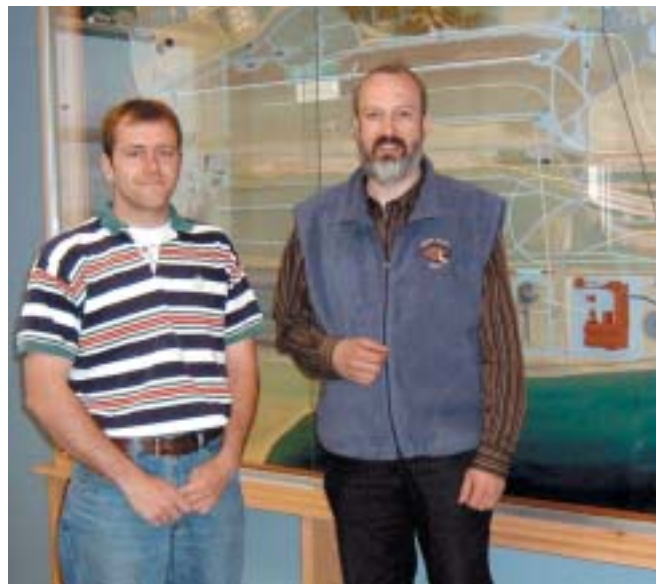
CIT's job is to investigate the causes of a non-conforming cargo and identify and implement corrective measures to avoid reoccurrence. In the event of a non-conforming cargo, one of the members (representing the most appropriate area of operations) will be selected lead investigator. The team's mandate is to work quickly and efficiently to deliver on their investigation within ten days of notification. The aim being to avoid similar issues with other customers. Keeping in mind the quality parameters set out by the particular customer, CIT ensures that the corrective measures remain effective.

George Chung, Manager-Sales and Marketing Technical, stated that if a company delivers poor quality product, it stands to lose customer faith. Since most of IOC's sales are based on long-term contracts, a non-conforming shipment can influence contract renewal or price premia. Kyla Valdron Clark, Corporate Quality System Engineer, couldn't agree more. It does not matter if the customer is a small or a large enterprise, IOC has to deliver the best quality product to all. It is her hope that CIT will help IOC to do just that.

The revitalised CIT has upped the stakes in quality assurance, taking IOC's pledge towards continuous improvement one step further. We wish the team the very best in their endeavour.



Front row: Pat Horan, Mark Blake. Back Row: John Foley, Darrell Frank, Martin Nevens in Labrador City.

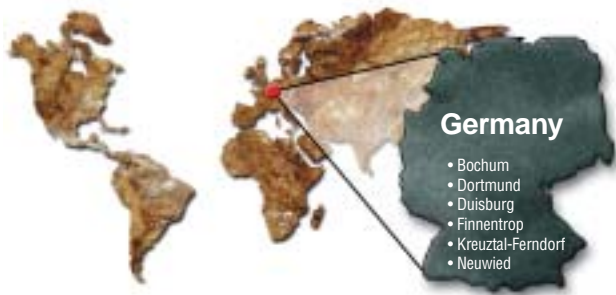


Denis Beaulieu and Wolfgang Vielhaber are part of the team in Sept-Iles.

Thyssen Krupp Stahl



IOC ore can be found anywhere on the planet. The Mine-to-Port team outlines the profile of important clients, all of whom expect the best products, at a competitive price and at the right time.



- A main office in Duisburg, Germany and numerous rolling mills and coating lines in Bochum, Dortmund, Finntrop, Kreuztal-Ferndorf, Neuwied, and Sagunto/Spain.
- Operates joint ventures namely in China and Brazil.
- Boasts a crude steel output of 13.6 million tonnes per year.

Products / Services

TKS' most important market today is the auto industry and as such, it has developed a separate division that acts as a single source to service this main client, from conception to delivery. The carbon steels produced for the auto industry can be found in almost all passenger cars and trucks and new developments are ongoing to reduce weight in automobile manufacturing.

Created through a 1997 merger between two steel companies – Thyssen Stahl AG and Krupp Hoesh Stahl AG - Thyssen Krupp Stahl (TKS) has become one of the leading steel producers in the world (ranked number 6). TKS also owns 50% of Hüttenwerke Krupp Mannesmann GmbH (“HKM”) and IOC's sales contract is with TKS acting in its own name and as purchasing commission agent for HKM.

Combined tonnages to both TKS and HKM account for about a significant part of IOC output, with pellets under the contract delivered approximately 50:50 to TKS and HKM while 100% of the concentrate shipped goes to TKS. As our largest customer, it is usually TKS/HKM which we negotiate with to set our annual reference price.

A feature of the close relationship between IOC and TKS/HKM is that there is a dedicated, ice-strengthened vessel, the Berge Nord, shuffling between Sept-Iles and Rotterdam. This vessel alone carries more than 2 million tonnes of IOC products each year.

IOC supplies over half of TKS/HKM's total pellet requirements, a position that we have earned through many years of reliably supplying high quality pellets to these customers. IOC is now an integral and critical link in TKS/HKM's supply chain.

TKS:

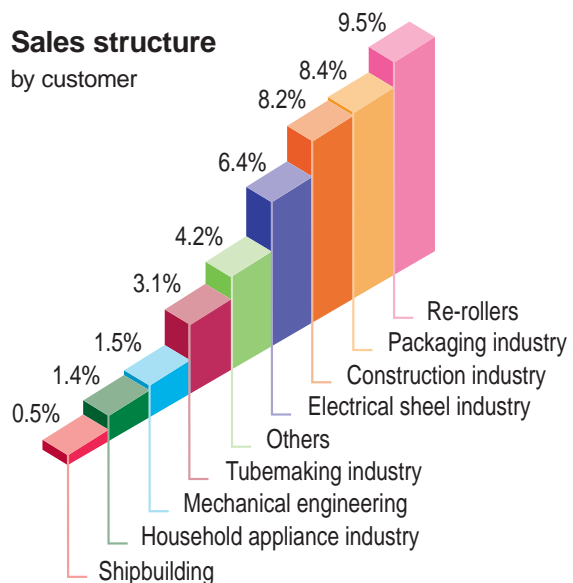
- Employs over 19,000 people.
- Makes approximately 9.30 billion CAN \$ per year in sales.
- Exports a third of its production to over 80 countries around the world.
- Focuses on manufacturing flat steel products like hot strip, cold strip, coated products, and heavy plate.

TKS' strategy is to expand its expertise in:

- Carbon steel: focus on customer value;
- Efficient properties of high-strength steels;
- Lightweighting concept for the auto industry;
- Targeted surface designs;
- Color collection for building with steel;
- Stainless steel: advanced processes and products;
- UV-coated stainless steel sheet;
- Design wheels of carbon and stainless steel;
- High-performance materials for aerospace applications;
- Extreme corrosion resistance.

Sales structure

by customer



Basketball team



The winner of the 2004 IOC basketball tournament was the Pellet Plant team (from left to right: Jason Callan, Chris Pennell, John Foley, Brian Penney, Frank Hynes, Martin Nevens, Mike Greene, Shiloh Cassell, and Gary Wensman).

Donation

IOC contributed an amount of \$2,000 to the Junior Achievement Committee in Labrador City (from left to right: Janice Barnes-Gallant, Patsy Ralph, Sonya Matthews, Leroy Delurey).



In Memoriam

We extend our deepest sympathy to the families of George-Arthur Dolliver, Anthony Lyver, James Gauthier, Albert Littlejohn, Gabriel Chénard, Roger Arsenault, Harold Bolger, Lionel Normand, Antonio Ferreira, Brian Hann, Paul Roméo Fournier, James Blackburn, Robert Granter, Florian Pause, Roméo Leblanc, Georges Thibeault, Edward Gear, Gaétan Ross, Hélène Milcendeau, Eddy Roach.

Welcome to our new colleagues

Jacques Beaudoin
Corporate controller
Finance & administration

Sonny Bellavance
Equipment operator
Maintenance of way

Steve Bergeron
Carman - Car shop

Josee Blouin
Finance assistant
Financial control

Paul Bouchard
Equipment operator
Discharging / Loading

Luc Bouffard
Team Leader
Maintenance of way

Marc Brochu
Engineer (electrical)
Engineering

William John Broderick
Operator
Heating, steam & air plants

Keith Grant Canning
Team leader – Primary ore

Shiloh Cassell
Mining / Metallurgical
technologist

Technical services –
Plant maintenance

Micheline Cloran
Executive assistant
President's office

Joshua Martin Collins
Electrical engineer Jr.
Engineering

Christian Cormier
Equipment operator
Dumping & loading

Henri D'Auteuil
Equipment operator
Maintenance of way

Anne Deroj
Planner
Communications & signals

Christopher Paul Downs
Security officer - Safety

Linda Kim Dumaresque
Administrative assistant
Maintenance – Pellet plant

Pamela Bernadette Dwyer
Ergonomic Specialist
Health & Hygiene

Michel Filion
Director - Communications
& Community relations

Roger Gagné
Stationary engineer
Heating plant – transport

Francis Gagnon
Equipment operator
Reclamation yard Mtce
of way

Jocelyne Gauvin
Executive assistant
Strategic planning &
Implementation

Gerard Haas
Team Leader –
Primary ore

Dean Clarence Hamlyn
Storeman –
Warehouse

Cory William Hennessey
Metallurgical Engineer jr.
Process engineering

Louis Henquet
Docking Pilot
Marine services

Edward David Hibbs
Security officer – Safety

Marc Houde
Equipment operator
Maintenance of way

Alan Robert Johnston
Security officer – Safety

Connie Lane
Administrative assistant
Primary ore

Yannick Martin
Operator
Dumping & Loading

Stephan Douglas Morrison
Electrical engineer Jr.
Engineering

Symphonie Nadeau
Executive assistant
Sales & Marketing

Cheryl Nolan
Mining/Metallurgical
Technologist
Technical services –
plant maintenance

Selina C. Parsons
Administrative assistant
Health & Hygiene

Christian Pelletier
Equipment operator
Maintenance of way

Cynthia Isabella Pike
Storewoman – Warehouse

Sheryl Y. Piercey
Administrative assistant
Primary ore

Claude Duane Power
Team Leader
Grinding – Maintenance

David L. Raymond Smith
Mechanical Engineer Sr.
Engineering

Lucie Robitaille
Finance assistant
Financial control

G. Nick Dean Strickland
Manufacturing technologist
Process engineering

Éric Thibeault
Team leader – Yard & station

Michel Valcourt
Analyst IT

Jonathan Vigneault
Equipment operator
Dumping & loading

Frederick L. Webber
Electrical engineer Jr.
Primary ore

Corus Group visits our installations

June 7-9, 2004



From left to right: Kees Stolwijk, Director of Manufacturing (Ijmuiden), Bernard Coulombe, Engineer, Brian Hartley, Area Process Divisional Manager (Scunthorpe), Alan Smith, President of IOCOS, Terry Bowles, President and CEO, IOC, Patrick Doolan, Supplies and Transport Director, Anthony Farrand, Manager Raw Material, Derek Hemfrey, Process Control Technologist (Port Talbot), Ernest Dempsey, General Manager, RTMS, Ferrous, Michael Shannon, Vice President Operations, Michel Robitaille, General Manager, Product Delivery.

A quick action

Near the start of a scheduled break in which employees had gone to the lunchroom, tool crib attendant, Tom Ricketts, was in the area of the bore welder when he heard an explosion. He noticed flames and sounded an alarm. He tried to extinguish the blaze and kept the fire under control until the gas supply was shut off by Mike Penney. Wayne Tulk also helped extinguish the fire.

The quick action of all 3 men was instrumental in preventing what could have been a serious incident. Consequently, only minor damage occurred to some equipment.



Darrell King, Wayne Tulk, Mike Penney, Tom Rickett.



Clyde Vardy, Eugene Drover and Brian Spencer.

Safety award

Clyde Vardy and Brian Spencer were conducting an inspection/service on a piece of mobile equipment that was found to have the incorrect valves on it. The valve pressure rating was significantly below the required level and could have ruptured without warning. Therefore, not only did they check for the functionality of the valves, they also wanted to verify that the valve in use was correct for that particular application. The thorough inspection and corrective actions taken by both gentlemen could have prevented a very serious injury.

Employees of the Future are versatile

Cindy joined the Employee of the Future program with several other EOF's in January 2000. The first work-term took her to the mine driving the large haul trucks, the pallet shop and then back to the mine and operating the drills.

The students returned to the classroom for the winter months until May of 2001 at which time Cindy found herself with Maintenance in different areas throughout the Pellet Plant. The cycle repeated and, in 2002, she went to the Mag Plant in the Concentrator. She worked in that portion of the process until the shutdown of 2002.

After another successful summer, she returned to school and completed the EOF program, graduating in May of 2003. Her primary function for the summer of 2003 work term was to provide vacation relief.

Cindy was recalled to work in the spiral plant. She enjoys her time here and is happy to be back. She is looking forward to staying on with IOC.



Cindy Pike in the spiral plant.

Ornithology, it's much more than just birds

Saturday, July 10, 2004, a cruise on the Northern Messenger carries the 38 participants, employees of IOC and their family, to the sanctuary of birds on Corrossol Island.



Ready for the great departure, IOC employees and their families intend to benefit from their day.



Superb weather conditions for the excursion organized by IOC.



The guides, Sandra Heppel and Isabelle Normand, biologists and ornithologists, are generous in their comments.



A rorqual greets the ornithologist amateurs on their cruise.



The sanctuary of birds on Corrossol Island - where gulls, seagulls, penguins, cormorants and a crowd of other winged species gather.

Your Mine-to-Port is now issued on recyclable glossy paper containing at least 10% of post-consumer fibre and colour photos at no additional cost. We hope it will be to your liking.

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