

# UNC RESOURCES

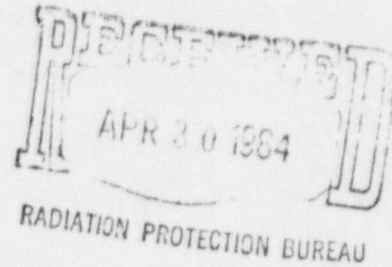
UNC Crescent Plaza  
7700 Leesburg Pike

Falls Church, Virginia 22043-2699  
Telephone 703/821-7900

*Report #83*

April 27, 1984

Mr. Kent Breese  
Uranium Licensing Section  
Environmental Improvement Division  
State of New Mexico  
P. O. Box 968  
Santa Fe, NM 87504-0968



Dear Mr. Breese:

Enclosed are the documents we are required to file each year  
per Part 3-315.E.2 of the New Mexico Radiation Protection  
Regulations.

Sincerely,

*Nancy D. Beiles*

Nancy D. Beiles  
Assistant Treasurer  
Director Cash Administration

NDB/db

Enclosure

CC: Juan R. Velasquez

9805010042 840427  
PDR ADOCK 04008907  
C PDR

7805010070



Peat, Marwick, Mitchell & Co.  
1990 K Street, N.W.  
Washington, D.C. 20006  
202-223-9525

Board of Directors  
UNC Resources, Inc.:

We have examined the consolidated balance sheet of UNC Resources, Inc. and subsidiaries as of December 31, 1983, and the related consolidated statements of earnings (loss), shareholders' equity, and changes in financial position for the year then ended, and have issued our qualified report thereon dated February 14, 1984. Such report is qualified as to the recovery of the Company's investment in uranium properties and related mill and equipment. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

It is our understanding that Section 3-315 of the Amendments to the Radiation Regulations adopted by the New Mexico Environmental Improvement Board on November 9, 1981, provides that in the absence of a bond, as a means of demonstrating financial responsibility for stabilization of uranium mill tailings, a mill operator can demonstrate that at the end of each fiscal year it had current assets in excess of current liabilities in an amount in excess of two and one-half times the number of acres devoted to tailings disposal, multiplied by \$25,000. In computing current liabilities for the purposes of this calculation, the assumed stabilization amount of \$2,491,750 has been included as a current liability. We have been informed that the Company has 99.67 acres devoted to tailings disposal in the state of New Mexico. The resulting computation is as follows:

$$\begin{aligned} & \cdot \quad \$25,000 \times 99.67 = \$2,491,750 \\ & \cdot \quad \$2,491,750 \times 2.5 = \$6,229,375 \end{aligned}$$

Based on the information in the preceding paragraph, as of December 31, 1983, the Company's current assets exceeded current liabilities by an amount in excess of the result of the calculation set forth above.

April 25, 1984

*Peat, Marwick, Mitchell & Co.*

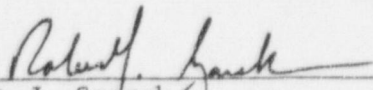
CERTIFICATE

I, Robert J. Szarek, Senior Vice President, Finance, Chief Financial Officer and Treasurer of UNC Resources, Inc., make the following certificate:

(1) Based upon an examination of the balance sheet of UNC Resources, Inc., submitted herewith, I certify that the net worth of UNC Resources, Inc. exceeds the sum of \$2,491,750.

(2) Based upon an examination of the balance sheet of UNC Resources, Inc. submitted herewith, and an analysis of UNC Resources, Inc.'s financial position as reflected in such balance sheet, I certify that sufficient current assets may be liquidated to provide at least \$2,491,750 for tailings stabilization without UNC Resources, Inc. becoming insolvent.

Dated: April 27, 1984

  
\_\_\_\_\_  
Robert J. Szarek  
Senior Vice President, Finance  
Chief Financial Officer  
and Treasurer



GUARANTEE

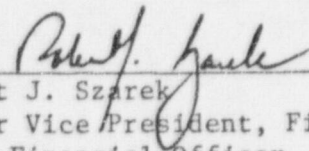
UNC Resources, Inc., a Virginia corporation, guarantees the performance by United Nuclear Corporation, a Delaware corporation, of the interim Surety Arrangement filed by United Nuclear Corporation with the New Mexico Environmental Improvement Division pursuant to Section 3-315 of the Radiation Protection Regulations of the New Mexico Environmental Improvement Board.

Any sums payable or collectible pursuant to this instrument shall be payable and or collectible in the State of New Mexico.

Dated: April 27, 1984

UNC Resources, Inc.  
A Virginia Corporation

by:

  
Robert J. Szarek  
Senior Vice President, Finance  
Chief Financial Officer  
and Treasurer



# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-K

### Annual Report

Pursuant to Section 13 or 15(d) of  
THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1983

Commission File Number 1-7795

## UNC RESOURCES, INC.

(Exact Name of Registrant as Specified in its Charter)

### VIRGINIA

(State or other jurisdiction of  
incorporation and organization)

54-1078297

(I.R.S. Employer  
Identification Number)

UNC Crescent Plaza, 7700 Leesburg Pike

Falls Church, Virginia

(Address of principal executive offices)

22043

(Zip Code)

Registrant's Telephone Number, including area code (703) 821-7900

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock (\$0.20 par value)	New York Pacific Midwest London
12% Subordinated Debentures due December 1, 1998	New York

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

The aggregate market value of the Common Stock held by non-affiliates of the registrant was \$62,261,964 as of March 15, 1984.

As of March 15, 1984, the registrant had outstanding 13,914,846 shares of common stock, \$0.20 par value.

### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Annual Report to Stockholders for the year ended December 31, 1983, are incorporated by reference into certain Items under Part I and into Items 5-8 under Part II.

Portions of the registrant's definitive Proxy Statement in connection with the solicitation of proxies for its 1984 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12 and 13 under Part III.

experience cash flow difficulties by mid-1984. For further information regarding the Registrant's liquidity and the strategy being pursued by the Registrant to resolve these difficulties, reference is made to Notes 2 and 10 to the Registrant's Consolidated Financial Statements appearing at page 18 and page 21 of the Registrant's Annual Report to Shareholders for its year ended December 31, 1983 (the "1983 Annual Report"), and Management's Discussion and Analysis of Financial Condition and Results of Operations appearing at pages 29, 30 and 31 of the 1983 Annual Report. Such information is incorporated herein by reference.

The Business Segment Information appearing as Note 19 to the Registrant's Consolidated Financial Statements on page 25 of the 1983 Annual Report is also incorporated herein by reference.

Unless the context indicates otherwise, the term "Registrant," as used herein, includes UNC Resources, Inc. and its subsidiaries and affiliates, and for periods prior to August 31, 1978 (the date of the implementation of the Registrant's holding company plan), refers to United Nuclear Corporation ("UNC") and its subsidiaries and affiliates.

#### **Important Factors Affecting the Registrant's Business:**

The Registrant's business began more than 25 years ago. Historically, UNC has been engaged primarily in the nuclear energy business, principally through the mining and milling of uranium and the manufacture and fabrication of nuclear reactor cores and related components and assemblies for the United States Navy.

The Registrant has been concerned about the uncertainties of the uranium mining and milling business, especially the volatility of the uranium concentrate market and the escalating burdens of government regulation of the nuclear energy business, involving both direct regulation of the Registrant's business and the effects on the Registrant of regulation of its customers and prospective customers. As a consequence, the Registrant has sought through both acquisitions and dispositions to reduce its exposure to the risks of the nuclear energy business while maintaining a position in the business consistent with its expectation that the prospects for nuclear energy will improve.

In April 1982, the Registrant announced its decision to suspend uranium production and began placing its remaining production facilities on standby. In January 1983, a further decision was made to allow the Registrant's uranium mines to flood, reducing certain costs but possibly increasing the lead time and costs of returning to operating status. The Registrant's actions were



due to the significant decline in the price of uranium concentrate since January 1980, combined with the effects of inflation and government regulation on mining and milling costs, which resulted in the price of uranium concentrate for spot and near-term delivery being materially less than the Registrant's production costs.

The resumption of profitable uranium mining and milling operations would require a substantial improvement in market conditions relative to the Registrant's anticipated production costs as well as satisfaction of governmental regulatory requirements. The Registrant has investments of approximately \$171,000,000 in its uranium properties and related milling equipment which amount is included in the consolidated assets of the Registrant at December 31, 1983, in the Registrant's Consolidated Financial Statements appearing in the 1983 Annual Report. The report of the Registrant's independent certified public accountants covering such financial statements is qualified subject to the recovery of such investment.

The Registrant has delivery obligations for the return of 2,346,000 pounds of borrowed uranium concentrates of which 1,129,000 pounds are due July 1, 1984. The borrowed concentrates have been sold by the Registrant, and the proceeds of sale have been utilized by it for various corporate purposes, in particular the expansion of its uranium production facilities during the latter 1970's, when demand for uranium was at a high level. Because of placing its own uranium production facilities on standby in 1982, the Registrant contracted to purchase the uranium necessary to repay the balance of its uranium borrowings; however, as a result of disagreements with the supplier, the Registrant gave the supplier notice of cancellation of the contract, which has been disputed by the supplier. The Registrant is currently negotiating with the lender to reschedule deliveries of the uranium borrowings while continuing to seek alternative means for repaying this obligation. The deferred revenues (approximately \$31,620,000) associated with the uranium borrowing due July 1, 1984 became classified as a current liability on July 1, 1983, thereby significantly reducing working capital. The Registrant negotiated amendments to its principal bank credit agreement which excluded such amount from the calculation of minimum working capital, as defined, through May 31, 1984, and also reduced the amount of the credit and pledged its principal manufacturing assets as security for the credit. For further information see Note 2, Note 8, and Note 10 to the Registrant's Consolidated Financial Statements appearing at pages 18, 20 and 21 of the 1983 Annual Report, which Notes are incorporated herein by this reference.



During the past several years, the Registrant has made substantial dispositions of assets for cash. In March 1979, the Registrant sold certain uranium properties for \$37,400,000 in cash and short-term notes. In July 1980, the Registrant sold its coal mining subsidiary for \$59,849,000 in cash. In February 1981, the Registrant sold its interest in the UNC-Homestake uranium mining and milling partnership and certain other uranium properties for approximately \$20,000,000 in cash and other consideration. During 1983, the Registrant raised approximately \$20,000,000 in cash through the sale of its fifty percent interest in Sandvik Special Metals Corporation, water rights associated with some New Mexico properties, most of the producing oil and gas properties of UNC Texas, Inc., and the commercial nuclear services activities of UNC Nuclear Industries. Although the Registrant is seeking to dispose of other assets, as well as seeking other sources of additional funds, there can be no assurance that similar infusions of cash will actually be received in amounts sufficient to meet the Registrant's cash requirements. Reference is made to Management's Discussion and Analysis of Financial Condition and Results of Operations appearing at pages 29, 30 and 31 of the 1983 Annual Report. For information regarding the Registrant's indebtedness and the security for such indebtedness, reference is made to Notes 7 and 8 to the Registrant's Financial Statements appearing at pages 20 and 21 of the 1983 Annual Report, which Notes are incorporated herein by reference.

The Registrant continues to be in a period of transition as it seeks to reduce its past emphasis on the uranium mining and milling business while remaining substantially involved in the nuclear industry. However, during 1982 and 1983, the results of the Registrant's principal acquisitions were adversely affected by the recession in the machine tool industry and the depressed conditions in the offshore oil and gas industry, and operating losses were sustained, necessitating additional investment in the acquired businesses. See "Diversification Efforts" below.

#### **Diversification Efforts:**

The Registrant's principal acquisitions pursuant to its diversification efforts over the past several years have been as follows:

- (1) In May 1981, the Registrant acquired National Automatic Tool Company, Inc. ("NATCO"). NATCO's business is the manufacture of automated machine tools and factory manufacturing systems. Subsequently, NATCO's

product base was broadened through acquisition of certain product lines and inventory of The Carlton Machine Tool Company.

(2) In August 1981, the Registrant acquired Normco Contractors, Inc. ("Normco") and Hamer Industries, Inc., both of which were engaged in providing fabrication, construction and maintenance services to the offshore oil production industry.

(3) In January 1982, the Registrant acquired Swift Group, Inc. ("Swiftships"). Swiftships constructs aluminum and steel marine vessels used in the offshore oil and gas industry and in military and specialty applications and provides vessel repair services. Later in 1982, the Registrant acquired Champion Shipyards, Inc., another builder of supply vessels for the offshore oil industry.

(4) In February 1982, the Registrant acquired Falcon Pump and Supply Company ("Falcon"), a distributor of pumps.

(5) In August 1983, the Registrant acquired the properties on which the inactive Cornucopia gold mine is located. See Exhibits 10-FFF, 10-GGG and 10-HHH to this Report.

## **Manufacturing and Services**

### **Nuclear Manufacturing:**

The Registrant's Naval Products Division operates facilities (which are licensed by the Nuclear Regulatory Commission) for nuclear fuel preparation, nuclear fuel element manufacture and fabrication and assembly of naval reactor cores and related equipment. All reactor cores are sold to the United States Department of Energy for use by the United States Navy. Reactor fuel elements and cores are manufactured according to unusually rigid specifications and stringent quality controls, both as to materials and workmanship, and involve complex technologies. Business is conducted primarily under fixed price incentive fee contracts which contain escalation provisions. Under these contracts, target and ceiling prices are adjustable on the basis of changes in a Bureau of Labor Statistics index, and cost overruns or underruns are shared with the United States Government. All contracts contain provisions which permit cancellation at the option of the United States Government, and all profits received thereunder may be subject to adjustment under federal statutory



provisions and regulations regarding armed forces procurements. The principal operating assets of the Naval Products Division are mortgaged as security for bank indebtedness.

#### **Machine Tools:**

Organized in 1901, NATCO manufactures a variety of heavy industrial machine tools, principally drilling, tapping and boring machines, transfer machines, vertical and way-type-machines and induction heating machines. NATCO also manufactures injection molding machines for plastics applications. NATCO operated at a loss in 1983 and has continued to operate at a loss during the first two months of 1984, due to the low volume of orders, although its prospects appear to be improving. The principal operating assets of NATCO are mortgaged as security for bank indebtedness.

#### **Other Manufacturing and Services Operations:**

Through UNC Technical Products, the Registrant engages in precision fabrication for the aerospace and other industries. Contracts include fabrication of components for the B1 bomber, the Boeing 747 aircraft and the Trident submarine.

Pursuant to a fixed fee management contract with the United States Government, which expires December 31, 1988, UNC Nuclear Industries, Inc., a wholly owned subsidiary of the Registrant, operates a government owned reactor at Hanford, Washington, as well as the fuel preparation facilities for such reactor. This subsidiary also is responsible for surveillance of deactivated production facilities at Hanford and is the lead technical contractor for the Department of Energy on decommissioning of surplus facilities throughout the country.

#### **Offshore Products and Services:**

Swiftships and its subsidiaries are primarily engaged in the construction of aluminum and steel marine vessels used principally in support of the offshore oil and gas industry and in military applications, including supply boats, patrol boats, utility vessels, passenger ferries, crew boats, offshore tugs, oil service vessels, research vessels, pilot boats and mini-tankers. Swiftships also provides vessel repair services. Swiftships conducts its operations at facilities located in Morgan City and Lafitte, Louisiana, Freeport, Texas and Pass Christian, Mississippi and licenses its technology to a shipyard in Singapore. The principal operating assets of Swiftships are mortgaged as security for indebtedness.



The general decline in offshore oil and gas drilling activity in 1982 and 1983 substantially reduced the demand for oil service vessels on the part of customers of Swiftships. As a result, new orders declined and some deliveries of ships under existing contracts were cancelled or deferred, adversely affecting Swiftships' operations. During 1983, Swiftships emphasized military and speciality applications in its marketing, resulting in an increase in this aspect of its business which partially offset the decline in demand for oil service vessels. However, Swiftships operated at a loss in 1983 and has continued to operate at a loss during the first two months of 1984.

Normco offers fabrication, construction and maintenance services to the offshore oil production industry. Normco's business has been severely impacted by the general decline in offshore oil and gas drilling activity in the Gulf of Mexico. One of its two yards was closed in late 1982 and employee levels substantially reduced. Normco operated at a loss in 1983 and continued to operate at a loss during the first two months of 1984.

Although there are some indications of improvement, the offshore oil and gas support industry remains depressed, and this will continue to have an adverse effect on Swiftships and Normco. See Note 2 to the Registrant's Consolidated Financial Statements located on pages 18 and 19 of the 1983 Annual Report.

## Minerals

### Uranium Operations:

Historically, the Registrant has been a significant producer of uranium concentrate in the United States; however, due to the decline in demand for uranium which has depressed prices substantially below the Registrant's estimated production costs, the Registrant has placed all of its mines and its mill on standby.

In November 1983, the Company completed deliveries under its last remaining uranium supply contract, using almost entirely uranium concentrate purchased from others, and the Company is unable to predict when conditions may make new supply contracts economically feasible.

For information concerning significant litigation regarding the Registrant's uranium operations reference is made to Note 12 to the Registrant's Consolidated Financial Statements located on pages 22 and 23 of the 1983 Annual Report, which Note is incorporated herein by reference.

The Registrant's principal uranium mines are situated in two districts located in the Grants Mineral Belt in northwestern New Mexico. The Registrant currently has two underground mines in the Church Rock District, approximately 16 miles by road northeast of Gallup, New Mexico. The mineral rights to most of the Church Rock mine properties are held under leases which continue as long as certain minimum royalty payments are made through 1991. These mines were placed on a standby basis in 1982.

The Registrant owns one and holds under lease two underground mines in the Ambrosia Lake District, which were placed on a stand-by basis in 1981. Conventional mining operations at the Registrant's St. Anthony open pit and underground mines in the Laguna District were placed on a stand-by basis in 1980. The Registrant's leases of the St. Anthony properties continue as long as certain minimum royalty payments are made through 1994.

The mill at the Church Rock site, which became fully operational in fiscal 1978, has a nominal capacity of approximately 3,000 tons of uranium ore per day. The mill is not currently operating since the Church Rock mines have been placed on a standby basis.

On July 16, 1979, a breach occurred in the Registrant's Church Rock mill tailings embankment, resulting in an immediate shutdown of the mill by the Registrant. An intensive cleanup and monitoring program was undertaken. To the Registrant's knowledge, no significant contamination of people, livestock or ground water resulted from the spill. In October 1979, the Registrant reopened the mill on an interim basis. However, limitations in available tailings storage capacity resulted in further shutdowns and some additional loss of production. The breach was repaired and the embankment surrounding the containment facility was raised to a height sufficient to permit continued storage of tailings liquid. Approval by governmental regulatory agencies of a long-range program for disposal of tailings probably would be required were the Registrant to resume operation of the mill. See "Government Regulation and Environmental Matters".

The Registrant holds or has interests in a number of other properties consisting of federal mining claims and mineral leases from the Bureau of Indian Affairs, the Navajo Tribe, various individuals and several western states, including Wyoming, New Mexico and Washington; and has joint venture interests in properties in Australia. UNC Teton Exploration Drilling, Inc. ("Teton"), a wholly owned subsidiary, manages the mineral exploration conducted on most of UNC's uranium and precious metals properties held for exploration in the United States. In



addition to its exploration activities on behalf of the Registrant, Teton is engaged in contract exploration drilling and large hole drilling for mine access and ventilation shafts.

The information relating to the Registrant's estimates of its deposits of uranium appearing under "Uranium Deposits" on page 28 of the Annual Report to Shareholders of the Registrant for its year ended December 31, 1983 is hereby incorporated by reference.

The Registrant has redirected the emphasis of the resource segment of its business from uranium to precious metals. (See "Important Factors Affecting the Registrant's Business" and "Diversification Efforts"). The extent to which the Registrant in the future explores and develops uranium properties will largely depend upon conditions in the uranium industry. The Registrant believes that significant further development and exploration may not be warranted until market conditions improve, and has restricted its uranium exploration activities to minimum levels required to maintain claims and leases believed to be of value.

#### **Precious Metals Properties:**

The Registrant's principal precious metals properties are the Cornucopia mine located in eastern Oregon and interests in two exploration joint ventures in Alaska.

The Cornucopia mine was an active gold mine before being shut down during World War II. The Registrant has conducted limited exploration and restoration work at the mine, but substantial further investment would be required to put the mine back into production.

#### **Falcon Pump and Supply Company**

Through Falcon, the Registrant operates as a distributor in Wyoming, Colorado and portions of adjoining states under distributorships and sales agreements with manufacturers of industrial pumps, replacement parts and related equipment primarily used in onshore oil and gas operations. The capital stock of Falcon is pledged as security for bank indebtedness.

#### **Metals Analysis Probe**

The Registrant has developed a "metals analysis probe", a portable instant assay instrument for exploration and mine control. Its most effective use to date has been in the development



and operation of silver and uranium mines; however, other applications are believed to be feasible. A sufficient commercial market has not yet developed for the probe to make this venture profitable.

### **Other Operations**

The Registrant owns 90% of the shares of Summit Mortgage Investors, a Massachusetts business trust. Summit Mortgage Investors' business involves primarily the ownership of non-recourse mortgage obligations. Summit also holds for sale a parcel of undeveloped land. The Registrant's Summit shares are pledged as security for bank indebtedness.

During 1983, the Registrant disposed of its 50% interest in Sandvik Special Metals Corporation, which manufactures zirconium alloy tubing for use in commercial power reactors, principally for fuel cladding, as well as disposing of most of the producing oil and gas properties of UNC Texas, Inc.

In 1983, the Registrant also disposed of UNC ATLIS Systems, Inc. (formerly a wholly owned subsidiary) but retained a continuing investment in this company which provides computer based litigation support services to the legal community.

### **Research and Development; Patents**

The Registrant does not currently have any employees who are engaged full-time in research and development activities; however, certain employees from time to time render services of a research and development nature as part of their regular duties. In addition, the Registrant owns a number of patents and has pending patent applications covering various products and services. The Registrant does not consider that patent protection is essential to the successful operation of its business or the business of its subsidiaries.

### **Government Regulation and Environmental Matters:**

Use of atomic energy in the United States is currently under the control of the United States Department of Energy and the Nuclear Regulatory Commission (the "NRC"). The Department of Energy has general responsibility for energy research, development and administration, and the NRC has responsibility for licensing and regulating nuclear activities. These agencies exercise control over many aspects of the commercial nuclear power industry in the United States, which was a principal market for the Registrant's uranium concentrate production, and also regulate aspects of uranium exports and imports. In addition,

these agencies directly regulate various aspects of the Registrant's activities.

Various federal and state agencies regulate aspects of the Registrant's New Mexico uranium mining and milling activities. State regulations concerning the radiation aspects of uranium mining and tailings disposal are administered by the New Mexico Environmental Improvement Division.

The Registrant is also subject to comprehensive regulations designed to maximize safety in the handling of nuclear materials and in mining.

The cumulative effect of the governmental regulation to which the Registrant is subject relating to the nuclear energy business is burdensome and is a major factor contributing to the uncertainties surrounding that business.

Reference is made to the description of litigation appearing in Note 12 to the Registrant's Consolidated Financial Statements located on pages 22 and 23 of the 1983 Annual Report. A substantial part of the Registrant's current litigation relates to governmental regulation.

The Registrant maintains public liability insurance policies covering nuclear industry related losses with private insurers with regard to its licensed facilities in amounts ranging from \$1,000,000 to \$100,000,000. Nuclear product liability insurance policies maintained by others (including customers of the Registrant) with private insurers and government indemnification programs (principally under the so-called "Price-Anderson Act") apply to product liability claims arising at certain facilities not owned by the Registrant.

#### Competition:

Contracts obtained by the Registrant's Naval Products Division are negotiated with the United States Government, generally in response to requests for bids. The Babcock & Wilcox subsidiary of McDermott, Incorporated is the Registrant's only competitor in the supply of naval reactor cores. The Registrant believes that in awarding contracts the Government takes into consideration several factors, including, among others, price, production capacity, technical competence and a desire to maintain appropriate sources of supply. In general, it is not possible to identify which factors may be determinative in the award of any particular contract.



Overall, the Registrant is not a significant competitor in the oil and gas support business, shipbuilding business, contract drilling business or heavy industrial machine tool business, in each of which it competes with larger companies. However, with respect to certain specific product lines or services, the Registrant believes it presently does have a significant market share.

The Registrant believes that it was among the largest producers of uranium concentrate in the United States prior to the suspension of uranium mining operations in 1982. Historically, the Registrant has had a number of foreign and domestic competitors in the sale of uranium concentrate, including several large oil companies, which may be better able to withstand the depressed uranium market.

#### **Backlog:**

Individual contracts for naval reactor cores and related equipment are in some instances in amounts which are material in relation to the present volume of sales of the Registrant and normally contain extended contract delivery schedules. As of December 31, 1982, the total contract price of the backlog of orders believed to be firm to be filled by the Registrant's Naval Products Division was approximately \$246,400,000. As of December 31, 1983, such total was approximately \$302,100,000, and approximately 33% of the orders represented thereby have been or are currently expected to be filled during the current year.

As of December 31, 1982, the total contract price of the backlog of orders believed to be firm to be filled by Swiftships was approximately \$14,400,000. As of December 31, 1983, such total was approximately \$23,900,000, and approximately 100% of the orders represented thereby have been or are expected to be filled during the current year.

As of December 31, 1982, the Registrant had 1,250,000 pounds of uranium concentrate remaining undelivered under a uranium supply contract with the Tennessee Valley Authority. Delivery was completed during 1983, and the Registrant has no current contracts for the sale of uranium concentrate. However, as disclosed above under "Important Factors Affecting the Registrant's Business," the Registrant does have outstanding obligations to repay borrowed uranium.

#### **Foreign Business:**

The Registrant made export sales during the last three fiscal years in the respective amounts shown in the table of Business Segment Information appearing at page 25 of the Annual



Report to Shareholders of the Registrant for its year ended December 31, 1983 and incorporated herein by reference. Foreign sales are made pursuant to contracts providing for payment in U.S. currency, payable within this country. Foreign sales by Swiftships have tended to involve prolonged contract negotiation and the necessity for multiple levels of approval, and often require assistance with financial arrangements.

#### Employees:

As of December 31, 1983, the Registrant had approximately 4,350 employees, of whom 3,570 were involved in manufacturing and services, 560 in offshore products and services and 120 in minerals. The Registrant's other operations (including general administration) employed approximately 100 persons at such date. Approximately 180 of the Registrant's employees were subject to collective bargaining agreements at such date.

#### Item 2. Properties.

The principal executive offices of the Registrant are located at UNC Crescent Plaza, 7700 Leesburg Pike, Falls Church, Virginia, under a lease expiring in 1986. The lease covers approximately 37,000 square feet in a modern office building and contains renewal and expansion options as well as an option to purchase the building. The Registrant is in the process of causing such purchase option to be exercised. The Registrant and its subsidiaries also lease additional offices in Washington, D.C.; Miami, Florida; Gallup, New Mexico; Richland, Washington; and Anchorage, Alaska.

The Registrant owns the facilities of its Naval Products Division which are located at Montville, Connecticut. The Montville plant consists of modern steel frame buildings containing approximately 323,000 square feet. An additional 35,000 square feet of manufacturing and office space in Montville, Connecticut, has been leased to accommodate the activities being conducted by UNC Technical Products.

The Registrant, through its wholly owned subsidiary, Teton, owns a modern office building and a shop and warehouse in Casper, Wyoming, containing floor space of approximately 36,430 and 11,605 square feet, respectively.

The Registrant owns a plant in Wood River Junction, Rhode Island, formerly used by the Registrant for recovery of uranium from nonirradiated uranium scrap. The plant, which contains approximately 24,000 square feet of floor space, is located on approximately 1,100 acres of land owned by the Registrant.

The Registrant, through its wholly owned subsidiary, NATCO, owns a plant located at Richmond, Indiana. The Richmond plant consists of a manufacturing facility of modern, brick construction containing approximately 450,000 square feet on approximately 140 acres of land.

The Registrant, through its wholly owned subsidiary, Swiftships, owns shipbuilding and related facilities located at Morgan City and Lafitte, Louisiana, Pass Christian, Mississippi and Houston and Freeport, Texas.

The Morgan City, Louisiana facilities of Swiftships consist of a 25,000 square foot office and a 70,000 square foot shop building, both of which are of modern, steel frame construction, as well as 1,000 linear feet of waterfront facilities consisting of piers, bulkheading and docking facilities. The Lafitte, Louisiana facilities consist of modern, structural steel buildings of approximately 33,000 square feet in the aggregate and other structures consisting of an aggregate of approximately 2,215 square feet. In addition, the Lafitte properties include waterfront facilities consisting of a dock and bulkhead of approximately 267 linear feet.

The Champion shipyard, located in Pass Christian, Mississippi, consists of a wood frame structure of approximately 4,500 square feet, a prefabricated metal building of approximately 21,000 square feet, a wood frame structure of approximately 3,800 square feet and several other wood frame structures totaling approximately 1,500 square feet. The Freeport, Texas shipyard of Swiftships consists of 1,200 linear feet of heavy-duty marine bulkheading with related ship repair yard facilities for large offshore service boats and tugboats. The Houston, Texas shipyard of Swiftships was closed in 1982, a portion of the property was sold, and the remaining portion is currently under lease to an unaffiliated party.

The Registrant, through its wholly owned subsidiary, Falcon, owns an office and warehouse of modern, steel frame construction consisting of an aggregate of 7,600 square feet near Casper, Wyoming.

The Registrant, through its wholly owned subsidiary, UNC Recovery Corporation formerly operated a plant near Bartow, Florida, which extracted uranium concentrate from a phosphoric acid production stream produced by a phosphate fertilizer complex. It also operated a related processing plant near Mulberry, Florida. Both of these facilities are shut down.

Normco leases facilities in Morgan City and Amelia, Louisiana. Normco's Amelia facility was closed in late 1982.

For more information with respect to properties relating to specific areas of the Registrant's activities and mortgages on such properties, see "Business".

### Item 3. Legal Proceedings.

The Registrant's wholly owned subsidiary, United Nuclear Corporation, has been involved in extensive litigation relating to its uranium mining and milling operations. See the description of litigation appearing in note 12 to the Registrant's Consolidated Financial Statements located on pages 22 and 23 of the Annual Report to Shareholders of the Registrant for its year ended December 31, 1983, which is incorporated herein by reference. With other companies, the Registrant is also contesting various government regulatory actions relating to uranium mining and milling.

### Item 4. Submission of Matters to a Vote of Security Holders.

Not Applicable.

### Officers of the Registrant.

(a) The following table sets forth the names and ages of all executive officers and other officers of the Registrant (excluding assistant treasurers and assistant secretaries), their positions and offices with the Registrant, and the period during which each person has served as such.

<u>Name</u>	<u>Age</u>	<u>Positions and Offices Currently Held with the Registrant</u>	<u>Served as Officer Since (1)</u>
<u>Executive Officers:</u>			
Keith A. Cunningham	61	Chairman of the Board, President, Chief Executive Officer and Director	1973
William R. Bush	62	Executive Vice President, Corporate Affairs and Marketing Policy, and Director	1962



Herbert Herz	63	Group Vice President, Minerals	1982
Dennis R. Spurgeon	40	Group Vice President, Manufacturing and Services	1979
Jerome H. Quigley	59	Senior Vice President, Human Resources	1975
Robert J. Szarek	46	Senior Vice President, Finance and Chief Financial Officer, and Treasurer	1980

Other Officers:

David E. Ganley	50	Vice President, Manufacturing	1982
Paul X. McLain	43	Vice President, Financial Controls	1982
Ronald L. Messenheimer	32	Vice President, Minerals Marketing	1983
Edwin B. White, Jr.	61	Vice President, Government Affairs	1983
Walter F. Schmitt	55	Controller	1982
George Slover, Jr.	57	Secretary	1962

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(1) Includes service with United Nuclear Corporation prior to the organization of the Registrant as a holding company. The dates indicated include service in offices other than current office. See (b) below for the five year business experience and dates of service for the persons named.

The officers of the Registrant are elected annually for terms terminating at such time as their respective successors are elected and qualified. Pursuant to general authority conferred upon Mr. Cunningham as Chief Executive Officer, he has temporarily designated Mr. Bush as co-Chief Executive Officer and Mr. Spurgeon as Chief Operating Officer, subject to his further instructions.

(b) The following information, as furnished by each of the persons named, relates to the business experience during the past five years of each officer named above:

Mr. Cunningham has served as President and Chief Executive Officer of the Registrant since 1975 and Chairman of the Board of the Registrant since 1982. He also serves as Chairman of the Board and President and a trustee of Summit Mortgage Investors, a 90% owned subsidiary of the Registrant, and as a director of Clevepak Corporation (specialty packaging, air moving products and capital equipment).

Mr. Bush was elected Executive Vice President in 1980, prior to which he served as Senior Vice President for more than five years. He is also a director of Potomac Valley Bank and Bank of Franklin.

Mr. Herz was elected Group Vice President of the Registrant's Minerals Group in November 1982, having served the Registrant in management capacities since May 1979. Prior to such time, Mr. Herz served as a consultant to the Registrant beginning in 1978.

Mr. Spurgeon joined the Registrant in December 1977 and served in various senior management positions before being elected Group Vice-President in October 1980.

Mr. Quigley has been associated with the Registrant in management capacities for more than five years. He was elected Senior Vice President in 1980.

Mr. Szarek has served as Senior Vice President - Finance since September 1980. From May 1978 to April 1980, he was Vice President-Finance of Burnup & Sims, Inc. (telecommunications and cable TV) and for more than five years prior thereto he was Vice President-Finance of Olinkraft, Inc. (integrated forest products).

Mr. Ganley was elected Vice President-Manufacturing in April 1982. Prior to such time, he served in various management positions with the Registrant for more than five years.

Mr. McLain became a Vice President of the Registrant in August 1982. Prior to such time, he was a partner in Peat, Marwick, Mitchell & Co. for more than five years.

Mr. Messenheimer was elected a Vice President of the Registrant in April 1983. Prior to such time, he served in management positions with the Registrant for more than five years. He is Mr. Cunningham's son-in-law.

Mr. White was elected a Vice President of the Registrant in April 1983. Prior to such time, he served in management positions with the Registrant for more than five years.

Mr. Schmitt was elected Controller of the Registrant in April 1982. Prior to such time, he served in various management positions with the Registrant for more than five years.

Mr. Slover has been a partner of Johnson, Bromberg & Leeds (attorneys) for more than five years.

## PART II

The information required by Items 5 through 8, inclusive, is contained in the Annual Report to Shareholders for the year ended December 31, 1983, selected portions of which are incorporated herein by reference, as described below. With the exception of this information and the material incorporated by reference elsewhere herein, the Annual Report to Shareholders is not deemed filed as part of this Annual Report on Form 10-K.

### Item 5. Market for the Registrant's Common Stock and Related Security Holder Matters.

The information appearing under the caption "Market Price Data" at page 28 of the Annual Report to Shareholders for the year ended December 31, 1983, is incorporated herein by reference.

### Item 6. Selected Financial Data.

The information appearing in the "Selected Financial Information" table on page 29 of the Annual Report to Shareholders for the year ended December 31, 1983, is incorporated herein by reference.

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information appearing under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing at pages 29 through 31 of the Annual Report to Shareholders for the year ended December 31, 1983, is incorporated herein by reference.

### Item 8. Financial Statements and Supplementary Data.

The Consolidated Financial Statements of UNC Resources, Inc. and Subsidiaries and Notes to the Consolidated Financial Statements appearing on pages 13 through 28 of the Annual Report to Shareholders for the year ended December 31, 1983, are incorporated herein by reference.



**Item 9. Disagreements on Accounting and Financial Disclosure.**

Not Applicable.

**PART III**

**Item 10. Directors and Executive Officers of the Registrant.**

The information regarding directors in response to Item 6 of Schedule 14A which will appear in the definitive Proxy Statement of the Registrant in connection with the solicitation of proxies for its 1984 Annual Meeting of Shareholders is incorporated herein by reference. Information regarding the executive officers of the Registrant is included under the caption "Officers of the Registrant" under Part I hereof.

**Item 11. Executive Compensation.**

The information regarding executive compensation and transactions in response to Item 7 of Schedule 14A which will appear in the definitive Proxy Statement of the Registrant in connection with the solicitation of proxies for its 1984 Annual Meeting of Shareholders is incorporated herein by reference.

**Item 12. Security Ownership of Certain Beneficial Owners and Management.**

The information regarding security ownership of certain beneficial owners and management in response to Item 5 of Schedule 14A which will appear in the definitive Proxy Statement of the Registrant in connection with the solicitation of proxies for its 1984 Annual Meeting of Shareholders is incorporated herein by reference.

**Item 13. Certain Relationships and Related Transactions.**

The information regarding certain relationships and related transactions in response to Item 6 of Schedule 14A which will appear in the definitive Proxy Statement of the Registrant in connection with the solicitation of proxies for its 1984 Annual Meeting of Shareholders is incorporated herein by reference.

# PART IV

## Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) The following documents are filed as a part of this report:

1. and 2. Financial Statements and Financial Statements Schedules.

	<u>Annual Report Page</u>
Financial Statements	
(References are to the Registrant's Annual Report to Shareholders for the year ended December 31, 1983)	
Consolidated statements of earnings (loss) - years ended December 31, 1983, 1982 and 1981	13
Consolidated balance sheets - as of December 31, 1983 and 1982	14 and 15
Consolidated statements of changes in shareholders' equity - years ended December 31, 1983, 1982 and 1981	16
Consolidated statements of changes in financial position - years ended December 31, 1983, 1982 and 1981	17
Notes to consolidated financial statements	18-28
Report of Independent Certified Public Accountants	28

	<u>10-K Page</u>
<u>Index to Schedules:</u>	
Accountants' report on the supporting schedules	S-1
Schedule V Property, plant and equipment - periods ended December 31, 1983, 1982 and 1981	S-2





# SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

UNC RESOURCES, INC.

March 30, 1984

By: /S/ KEITH A. CUNNINGHAM  
 Keith A. Cunningham  
 Chairman of the Board,  
 President and Chief  
 Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/S/ KEITH A. CUNNINGHAM</u> (Keith A. Cunningham)	President, Director and Chief Executive Officer	March 30, 1984
<u>F. ALEY ALLAN*</u> (F. Aley Allan)	Director	March 30, 1984
<u>D. ALLAN BROMLEY*</u> (D. Allan Bromley)	Director	March 30, 1984
<u>(William R. Bush)</u>	Director and Executive Vice President	March 30, 1984
<u>(Dan A. Colussy)</u>	Director	March 30, 1984
<u>H. JUSTIN DAVIDSON*</u> (H. Justin Davidson)	Director	March 30, 1984
<u>WALTER S. HOLMES, JR.*</u> (Walter S. Holmes, Jr.)	Director	March 30, 1984
<u>JOHN R. MENKE*</u> (John R. Menke)	Director	March 30, 1984

/S/ ROBERT J. SZAREK  
(Robert J. Szarek)

Senior Vice President -  
Finance and Chief Financial  
Officer and Treasurer,  
(Principal Accounting and  
Financial Officer)

March 30, 1984

JACK H. VOLLBRECHT\*  
(Jack H. Vollbrecht)

Director

March 30, 1984

\*By: /S/ KEITH A. CUNNINGHAM  
(Keith A. Cunningham,  
Attorney-in-Fact)

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\*Original powers of attorney authorizing Keith A. Cunningham to sign  
this report have been filed with the Securities and Exchange  
Commission.

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ACCOUNTANT'S REPORT ON SUPPORTING SCHEDULES

The Board of Directors and Shareholders  
UNC Resources, Inc.:

Under date of February 14, 1984, we reported on the consolidated balance sheets of UNC Resources, Inc. and subsidiaries as of December 31, 1983 and 1982 and the related consolidated statements of earnings (loss), changes in shareholders' equity and changes in financial position for each of the years in the three-year period ended December 31, 1983, as contained in the 1983 annual report to shareholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year 1983. In connection with our examinations of the aforementioned consolidated financial statements, we also examined the related supporting schedules as listed in the accompanying index.

The accountants' report referred to in the preceding paragraph was qualified with respect to the Company's investment of approximately \$171,000,000 in uranium properties and related mill and equipment, as discussed more fully in note 5 of the notes to the consolidated financial statements. Recovery of these investments is dependent on future economic events which, in our opinion, are not susceptible to reasonable estimation at this time.

In our opinion, subject to the effects on the 1983 and 1982 consolidated financial statements of such adjustments, if any, as might have been required had the outcome of the uncertainty discussed in the preceding paragraph been known, such supporting schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

PEAT, MARWICK, MITCHELL & CO.

Washington, D.C.  
February 14, 1984

UNC RESOURCES, INC. AND SUBSIDIARIES

Schedule V - Property, Plant and Equipment  
The Nine Months Ended December 31, 1981, the Year Ended December 31, 1982  
and the Year Ended December 31, 1983

<u>Classification</u>	<u>Balance</u> <u>March 31, 1981</u>	<u>Additions</u> <u>at Cost</u> <u>See Note (1)</u>	<u>Retirements</u> <u>or Sales</u>
Mining and exploration properties, milling plant and mine development costs:			
Milling plant and mine equipment	\$ 54,244,000	\$ 601,000	\$(1,277,000)
Mining claims and leases, exploration and develop- ment costs	<u>161,759,000</u> <u>216,003,000</u>	<u>6,994,000</u> <u>7,595,000</u>	<u>(106,000)</u> <u>(1,383,000)</u>
Buildings, equipment and other property:			
Buildings and improvements	22,536,000	911,000	(10,000)
Machinery and equipment	35,496,000	2,985,000	(557,000)
Other property	<u>4,798,000</u> <u>62,830,000</u>	<u>2,883,000</u> <u>6,779,000</u>	<u>-</u> <u>(567,000)</u>
Land	939,000	-	(50,000)
Construction in progress	<u>6,281,000</u>	<u>1,470,000</u>	<u>(66,000)</u>
Total	<u>\$286,053,000</u>	<u>\$15,844,000</u>	<u>\$(2,066,000)</u>

(1) Reconciliation of Additions at cost to the caption in the  
Consolidated Statement of Changes in Financial Position

Additions:	
Nine Months Ended 12/31/81	\$15,844,000
Three Months Ended 3/31/81	<u>6,645,000</u>
Total	<u>\$22,489,000</u>

Other Changes Add (Deduct) See Note (2)	Balance December 31, 1981	Additions at Cost	Retirements or Sales	Other Changes Add (Deduct) See Note (3)	Balance December 31, 1982
1,950,000	\$ 55,518,000	\$ 5,000	\$ (2,238,000)	\$(2,480,000)	\$ 50,805,000
(2,009,000) (59,000)	166,638,000 222,156,000	7,679,000 7,684,000	(15,001,000)(4) (17,239,000)	594,000 (1,886,000)	159,910,000 210,715,000
3,001,000 5,919,000 (99,000) 8,821,000	26,438,000 43,843,000 7,582,000 77,863,000	2,964,000 8,292,000 4,371,000 15,627,000	(877,000) (1,315,000) - (2,192,000)	5,833,000 8,429,000 10,267,000 24,529,000	34,358,000 59,249,000 22,220,000 115,827,000
86,000	975,000	73,000	(25,000)	2,734,000	3,757,000
(2,216,000)	5,469,000	619,000	-	699,000	6,787,000
\$ 6,632,000	\$306,463,000	\$24,003,000	\$(19,456,000)	\$26,076,000	\$337,086,000

(2) Primarily assets of companies acquired during 1981 in exchange for cash, debt and UNC Resources, Inc. common stock, and the reclassification of construction in progress.

(3) Primarily assets of companies acquired during 1982 in exchange for cash, debt and UNC Resources, Inc. common stock, and the reclassification of certain equipment from mine equipment to machinery and equipment.

(4) Primarily the retirement of fully amortized costs. (See Schedule VI.)

(continued)



UNC RESOURCES, INC. AND SUBSIDIARIES

Schedule V - Property, Plant and Equipment - (Continued)  
The Nine Months Ended December 31, 1981, the Year Ended December 31, 1982  
and the Year Ended December 31, 1983

<u>Classification</u>	<u>Balance December 31, 1982</u>	<u>Additions at Cost</u>	<u>Retirements or Sales</u>
Mining and exploration properties, milling plant and mine development costs:			
Milling plant and mine equipment	\$ 50,805,000	\$ -	\$ (473,000)
Mining claims and leases, exploration and develop- ment costs	159,910,000	1,833,000	(665,000)
	<u>210,715,000</u>	<u>1,833,000</u>	<u>(1,138,000)</u>
Buildings, equipment and other property:			
Buildings and improvements	34,358,000	1,138,000	(226,000)
Machinery and equipment	59,249,000	3,925,000	(4,368,000)
Other property	22,220,000	30,000	(11,167,000)
	<u>115,827,000</u>	<u>5,093,000</u>	<u>(15,761,000)</u>
Land	3,757,000	-	(250,000)
Construction in progress	<u>6,787,000</u>	<u>528,000</u>	<u>(91,000)</u>
Total	<u>\$337,086,000</u>	<u>\$ 7,454,000</u>	<u>\$(17,240,000)</u>

- (1) Primarily the reclassification of assets of subsidiaries acquired in 1982.
- (2) Primarily the provision to reduce the carrying value of mobile mining equipment to net realizable value.
- (3) Primarily the acquisition of certain gold mining properties in exchange for 905,571 shares of UNC common stock.

Other Changes	Balance
Add (Deduct)	December 31, 1983
<u>See Note</u>	

\$ (3,829,000) (2)    \$ 46,503,000

4,533,000 (3)	165,611,000
<u>704,000</u>	<u>212,114,000</u>

1,395,000	36,665,000
3,289,000	62,095,000
<u>(5,988,000)</u>	<u>5,095,000</u>
(1,304,000) (1)	103,855,000

281,000	3,788,000
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<u>(148,000)</u>	<u>7,076,000</u>
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<u>\$ (467,000)</u>	<u>\$326,833,000</u>
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UNC RESOURCES, INC. AND SUBSIDIARIES  
Schedule VI - Accumulated Depreciation, Depletion and  
Amortization of Property, Plant and Equipment  
The Nine Months Ended December 31, 1981, the Year Ended December 31, 1982  
and the Year Ended December 31, 1983

<u>Classification</u>	<u>Balance March 31, 1981</u>	<u>Additions Charged to Costs and Expenses See Note (1)</u>	<u>Retirements or Sales</u>
Mining and exploration properties, milling plant and mine development costs:			
Milling plant and mine equipment	\$11,372,000	\$2,368,000	\$ (694,000)
Mining claims and leases, exploration and develop- ment costs	<u>40,630,000</u> 52,002,000	<u>923,000</u> 3,291,000	<u>-</u> (694,000)
Buildings, equipment and other property:			
Buildings and improvements	7,571,000	1,008,000	(5,000)
Machinery and equipment	22,358,000	2,438,000	(420,000)
Other property	<u>710,000</u> 30,639,000	<u>463,000</u> 3,909,000	<u>-</u> (425,000)
Total	<u>\$82,641,000</u>	<u>\$7,200,000</u>	<u>\$(1,119,000)</u>

(1) Reconciliation of depreciation, depletion and amortization to caption in  
Consolidated Statement of Earnings (Loss)

Additions charged to costs and expenses for the nine months ended 12/31/81	\$ 7,200,000
Amortization of costs in excess of net assets of acquired companies	138,000
Additions charged to costs and expenses for the three months ended 3/31/81	<u>2,939,000</u>
Depreciation, depletion and amortization expense	<u>\$10,277,000</u>



Other Changes Add (Deduct)(2)	Balance December 31, 1981	Additions Charged to Costs and Expenses(3)	Retirements or Sales	Other Changes Add (Deduct)	Balance December 31, 1982
\$ (8,000)	\$13,038,000	\$ 1,433,000	\$ (1,635,000)	\$ (719,000)	\$12,117,000
124,000	41,677,000	671,000	(15,041,000)(4)	172,000	27,479,000
<u>116,000</u>	<u>54,715,000</u>	<u>2,104,000</u>	<u>(16,676,000)</u>	<u>(547,000)</u>	<u>39,596,000</u>
425,000	8,999,000	1,345,000	(184,000)	79,000	10,239,000
1,400,000	25,776,000	4,642,000	(1,335,000)	665,000	29,748,000
(21,000)	1,152,000	4,652,000	-	91,000	5,895,000
<u>1,804,000</u>	<u>35,927,000</u>	<u>10,639,000</u>	<u>(1,519,000)</u>	<u>835,000</u>	<u>45,882,000</u>
<u>\$1,920,000</u>	<u>\$90,642,000</u>	<u>\$12,743,000</u>	<u>\$(18,195,000)</u>	<u>\$ 288,000</u>	<u>\$85,478,000</u>

(2) Primarily accumulated depreciation, depletion and amortization of acquired companies.

(3) Reconciliation of depreciation, depletion and amortization to caption in Consolidated Statement of Earnings (Loss)

Additions charged to costs and expenses	\$12,743,000
Amortization of costs in excess of net assets of acquired companies	<u>641,000</u>
Depreciation, depletion and amortization expense	<u>\$13,384,000</u>

(4) Primarily the retirement of fully amortized costs. (See Schedule V.)

(continued)

UNC RESOURCES, INC. AND SUBSIDIARIES  
Schedule VI - Accumulated Depreciation, Depletion and  
Amortization of Property, Plant and Equipment - (Continued)  
The Nine Months Ended December 31, 1981, the Year Ended December 31, 1982  
and the Year Ended December 31, 1983

<u>Classification</u>	<u>Balance</u> <u>December 31, 1982</u>	<u>Additions</u> <u>Charged to</u> <u>Costs and</u> <u>Expenses</u> <u>See Note (1)</u>	<u>Retirements</u> <u>or Sales</u>
Mining and exploration properties, milling plant and mine development costs:			
Milling plant and mine equipment	\$12,117,000	\$ 6,000	\$ (218,000)
Mining claims and leases, exploration and develop- ment costs	27,479,000 39,596,000	7,000 13,000	- (218,000)
Buildings, equipment and other property:			
Buildings and improvements	10,239,000	1,473,000	(171,000)
Machinery and equipment	29,748,000	5,130,000	(1,706,000)
Other property	5,895,000 45,882,000	1,647,000 8,250,000	(6,481,000) (8,358,000)
Total	\$85,478,000 =====	\$ 8,263,000 =====	\$ (8,576,000) =====

(1) Reconciliation of depreciation, depletion and amortization to caption in  
Consolidated Statement of Earnings (Loss)

Additions charged to costs and expenses	\$8,263,000
Amortization of costs in excess of net assets of acquired companies	<u>800,000</u>
Depreciation, depletion and amortization expense	<u>\$9,063,000</u>

(2) Primarily the reclassification of assets of subsidiaries acquired in 1982.  
(See Schedule V.)

Other Changes  
Add (Deduct)  
See Note (2)

Balance  
December 31, 1983

\$ 91,000                      \$11,996,000

(155,000)                      27,331,000  
(64,000)                      39,327,000

(557,000)                      10,984,000  
(691,000)                      32,481,000  
(436,000)                      625,000  
(1,684,000)                      44,090,000

\$(1,748,000)                      \$83,417,000



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UNC RESOURCES, INC. AND SUBSIDIARIES

Schedule IX - Short-Term Borrowings  
The Three Years Ended December 31, 1983

<u>Category</u>	<u>Balance at End of Year</u>	<u>Interest Rate</u>	<u>Maximum Amount Outstanding During the Year</u>	<u>Average Amount Outstanding During the Year(1)</u>	<u>Weighted Average Interest Rate During the Year(1)</u>
Year ended December 31, 1981					
Bank lines of credit	\$ 1,000,000	15.8%	\$ 1,000,000	\$ 1,000,000	18.5%
Bank lines of credit (2)	\$ 550,000	15.8%	\$ 550,000	\$ 16,000	15.8%
Year ended December 31, 1982					
Bank lines of credit	\$ 1,000,000	11.5%	\$ 4,500,000	\$ 1,894,000	13.2%
Bank lines of credit (2)	\$ 5,625,000	11.3%	\$ 5,625,000	\$ 2,636,000	14.1%
Bank lines of credit (3)	\$14,045,000	12.8%	\$16,000,000	\$11,011,000	16.4%
12% promissory notes	\$ 4,700,000	12.0%	\$ 4,700,000	\$ 4,308,000	12.0%
Other	\$ 2,738,000	10.0%	\$ 2,738,000	\$ 228,000	10.0%
Year ended December 31, 1983					
Bank lines of credit (4)	\$ -	- %	\$ 3,000,000	\$ 592,000	12.1%
Bank lines of credit (2)	\$ 5,200,000	11.0%	\$ 5,900,000	\$ 5,580,000	11.0%
Bank lines of credit (3)	\$14,740,000	11.0%	\$14,855,000	\$13,862,000	11.4%
Other	\$ 3,000	10.0%	\$ 10,000	\$ 3,000	10.0%

(1) Average amount outstanding and weighted average interest rates were computed based on daily outstanding balances.

(2) Bank lines of credit at National Automatic Tool Company, Inc. acquired May 18, 1981.

(3) Bank lines of credit at Swift Group, Inc. acquired January 22, 1982.

(4) UNC Resources bank lines of credit were cancelled during 1983.

## UNC RESOURCES, INC. AND SUBSIDIARIES

Primary and Fully Diluted Net Earnings (Loss) Per Share  
For the Three Years Ended December 31, 1983 and the Two Years Ended March 31, 1981

	Year Ended				
	December 31, 1983	December 31, 1982	1981	March 31, 1981	1980
Earnings (loss) from continuing operations before extraordinary item	\$(14,031,000)	\$(14,075,000)	\$ 6,949,000	\$17,417,000	\$ 2,168,000
(Loss) from discontinued operations	-	-	-	-	(36,379,000)
Extraordinary item	1,044,000	-	-	-	-
Net earnings (loss)	<u>\$ 12,987,000</u>	<u>\$(14,075,000)</u>	<u>\$ 6,949,000</u>	<u>\$17,417,000</u>	<u>\$(34,211,000)</u>
Calculation of Primary Net Earnings (Loss) Per Share:(1)					
Average common shares outstanding during the year	13,029,933	11,275,361	10,716,016	10,539,377	10,499,323
Increase for common stock equivalents:					
Stock options under treasury stock method	-	-	57,578	101,252	188,197
Adjusted average shares outstanding for the year	<u>13,029,933</u>	<u>11,275,361</u>	<u>10,773,594</u>	<u>10,640,629</u>	<u>10,687,520</u>
Per Share:					
Earnings (loss) from continuing operations	\$(1.08)	\$(1.25)	\$.65	\$1.64	\$.20
(Loss) from discontinued operations	-	-	-	-	(3.40)
Extraordinary item	.08	-	-	-	-
Net earnings (loss)	<u>\$(1.00)</u>	<u>\$(1.25)</u>	<u>\$.65</u>	<u>\$1.64</u>	<u>\$(3.20)</u>

(Continued)



## UNC RESOURCES, INC. AND SUBSIDIARIES

Primary and Fully Diluted Net Earnings (Loss) Per Share  
 For the Three Years Ended December 31, 1983 and the Two Years Ended March 31, 1981  
 (Continued)

	Year Ended				
	December 31,			March 31,	
	1983	1982	1981	1981	1980
Calculation of Fully Diluted Earnings (Loss) Per Share:(1)					
Average common shares outstanding during the year	13,029,933	11,275,892	10,716,016	10,539,377	10,499,323
Increase for common stock equivalents:					
Stock options under treasury stock method	-	-	58,151	105,391	201,549
Adjusted average shares outstanding for the year	<u>13,029,933</u>	<u>11,275,892</u>	<u>10,774,167</u>	<u>10,644,768</u>	<u>10,700,872</u>
Per Share:					
Earnings (loss) from continuing operations	\$(1.08)	\$(1.25)	\$.65	\$1.64	\$.20
(Loss) from discontinued operations	-	-	-	-	(3.40)
Extraordinary item	.08	-	-	-	-
Net earnings (loss)	<u>\$(1.00)</u>	<u>\$(1.25)</u>	<u>\$.65</u>	<u>\$1.64</u>	<u>\$(3.20)</u>

(1) Exclusive of treasury shares which averaged 200,000 shares for the years ended March 31, 1980 through December 31, 1983.