25 February 2000

IPSCO Inc. Annual Information Form

INCORPORATION BY REFERENCE

Additional items comprising part of this Annual Information Form are disclosed in portions of the Company's:

- 1999 Annual Report, Management Proxy Circular, Introducing IPSCO, Management Discussion and Analysis of Financial Condition and Results of Operations (M, D & A) for the fiscal year ended 31 December 1999, all dated 25 February 2000; and
- the Audited Annual Consolidated Financial Statements for the fiscal year ended 31 December 1999 and the related notes.

Unless the context otherwise indicates, reference to "IPSCO" or the "Company" in this Annual Information Form refers to IPSCO Inc. and its wholly-owned or controlled subsidiaries or other entities. Except where otherwise noted, all share amounts give effect to the three-for-two split of the Company's common shares effective 9 March 1998. References to "dollars", "$", and "US dollars" are to U.S. dollars and references to "CDN $" are to Canadian dollars. Reference to the "capacity" of any of the Company's facilities not yet fully operational is management's belief of the facility's capacity in accordance with industry standards. Estimates of imports and other market statistics are derived from a variety of external sources including the American Iron and Steel Institute, the Canadian Steel Producers Association and certain government agencies and should not be relied on as being fully accurate but rather indicative of trends and relative sizes. When the United States and Canada are referred to together, the import figures include amounts coming into the two countries from other than the United States and Canada.

The portions of these documents described below are incorporated herein and form an integral part hereof.

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THE STEEL INDUSTRY - AN OVERVIEW

The steel industry is highly cyclical in nature and sensitive to general economic conditions. The financial condition and results of operations of companies in the steel industry are generally affected by macroeconomic fluctuations in the U.S., Canadian and global economies. In the early 1980's, certain Canadian and U.S. steel producers incurred significant losses and bankruptcies as a result of a number of factors, including worldwide production overcapacity, increased global competition, inefficient plants, high labor costs and the strength of the Canadian and U.S. dollars relative to other currencies. In the late 1980's, earnings of Canadian and U.S. steel producers benefitted from improved industry conditions. During 1990 to 1992 the steel industry experienced a downturn and substantial excess worldwide manufacturing capacity for steel products, combined with a worldwide economic slowdown resulted in a substantial decrease in the demand for steel products, increased international competition and downward pressure on steel prices. Although demand for steel products recovered and the profitability of the industry improved between 1992 and 1997, in the past two years there has been a substantial increase in steel imports into North America at what the Company believes are unfair prices, exerting downward pressure on steel prices. IPSCO and other North American steelmakers have commenced anti-dumping actions to curtail the unfair imports. The cases have had a positive effect on pricing of some product lines while others have been slower to respond.

The global steel industry is also highly competitive and capital intensive. The Company competes with foreign and domestic producers, including both integrated and mini-mill producers. Competition is based on price, quality and the ability to meet customers' product specifications and delivery schedules. Competition in the North American steel industry may intensify as a result of expansions and announcements by IPSCO and other steel companies of increases in North American mini-mill capacity, particularly in certain of the Company's products. The North American economy, however, consumes more steel than it did a decade ago and traditionally produces less steel than is consumed in its market, with the deficiency being supplied by imports.

IPSCO

AN OVERVIEW

IPSCO is a leading mini-mill producer of steel and steel products in Canada and the U.S. The Company manufactures steel in hot-rolled coil and discrete plate forms, with a focus on wider, thicker and higher strength steel products, at its two mini-mills located at the Montpelier Steelworks and the Regina Steelworks, and a range of further fabricated products at ten locations in Canada and the U.S. (these products include energy related tubulars, standard pipe, hollow structural sections and cut-to-length steel). The Company's products are marketed in Canada and the U.S. to customers in the manufacturing, energy, transportation, construction, heavy equipment and agricultural equipment sectors and to distributors or further fabricators of steel products.

A significant portion of the steel produced at the Regina Steelworks has historically been utilized by the Company's downstream pipemaking and coil processing facilities. The Company currently operates ten pipe mills and five cut-to-length lines located in Canada and the U.S. Following the completion of the commissioning of the Houston Coil Processing Facility, Toronto Coil Processing Facility, and Blytheville Pipe Mill, the Company's facilities are expected to have an annual capacity of 1.7 million tons of pipe and

1.1 million tons of processed coil. In addition to steel produced by the Company, the Company purchased about 217,000 tons in both 1998 and 1999 of hot-rolled coil steel from third-party producers to supply its downstream operations.

BUSINESS STRATEGY

The Company's primary objective is to continue to profitably grow its business and to further enhance its position as a low cost, high quality producer. The key elements of the Company's strategy include the following:

Pursue Profitable Growth Opportunities - The Company intends to further strengthen its market position by pursuing opportunities, particularly in wider, thicker and higher strength steel products, and to invest in Canadian and U.S. operations which are viewed as having attractive growth and profit potential. In addition, the Company focuses on projects that offer, among other things, increased geographic reach, lower costs or the prospect of achieving a stronger competitive position. Recent initiatives include the following:

U.S. Steelworks - The Company believes that the Montpelier Steelworks, a facility with design capacity of 1,250,000 million tons will strengthen the Company's position in the U.S. plate market, and management believes that the mill, when operating at design capacity, will be among the lowest cost producers of plate in North America. This facility is the first mill in Canada and the U.S. to utilize advanced mini-mill technology to produce low cost, high quality plate using continuous casting, steckel mill rolling and in-line processing. Shortcomings affecting the effective capacity of the facility continue to be addressed by IPSCO.

The Company continues with construction of its second U.S. steelworks located in Mobile, Alabama. The mill, with an annual design capacity of 1,250,000 tons will closely parallel the Montpelier facility, recycling steel scrap and producing discrete plate and wide hot rolled coil in plate and near plate thicknesses. Management believes the U.S. Gulf region is the fastest growing consumer of plate in America and that the new facility should be able to displace substantial tonnages of imported steel coming into the region under normal market conditions. Commissioning of the Mobile Steelworks is scheduled to commence in the first quarter of 2001.

Coil Processing Facilities - The Company is completing the commissioning of the Houston Advanced Coil Processing Facility. Together with the Toronto Advanced Coil Processing Facility, the facilities will compliment IPSCO's coil processing facilities in Regina; Surrey, British Columbia; and St. Paul, Minnesota (operated by its subsidiary, Paper Cal Steel Co.). The Houston Advanced Coil Processing Facility is designed to have an annual capacity of 300,000 tons. The Toronto Advanced Coil Processing Facility is designed to have an annual capacity of 300,000 tons. These facilities are designed to process coiled plate up to ¾ inches thick and 96 inches wide. Currently, there are no other advanced coil processing facilities in the Houston and Toronto areas which include temper mills for improved shape and surface quality.

High-Speed Pipemill - The Company is also completing the commissioning of the Blytheville Pipemill. The mill is designed to have an annual capacity of approximately 300,000 tons. The mill is designed to produce standard pipe for plumbing and construction applications and line pipe, casing and tubing blanks for the oil and gas market. The new pipemill will expand the Company's reach in the U.S. and provide it with better access to the southern U.S. energy and construction markets.

Enhance Position as Low Cost, High Quality Producer - Management believes that the Company's per ton manufacturing costs for hot-rolled coil in plate and near plate forms and discrete plate are among the lowest of Canadian and U.S. steel producers and that the Montpelier Steelworks, once the effectiveness of deficiency remedies have been proven, as well as the other new facilities, will further enhance the Company's cost position relative to that of its competitors. In its plate production process the Company utilizes in-line processing and a steckel rolling mill which involves no cross-rolling of slabs and reduces handling time thereby improving throughput and lowering conversion costs.

Focus on Profits by Capitalizing on "Make or Buy" Option - The Company's value-added processing capacity currently exceeds its internal steelmaking capability so that it often operates "steel short". Such an approach allows the Company to make steel purchases from third-party producers to feed its downstream operations when these operations experience strong demand. In periods of weaker demand, the Company can reduce open-market purchases while allowing its steelworks to remain operating at high utilization rates. This arrangement helps the Company in its efforts to operate efficiently throughout the business cycle.

By providing the Company's value-added downstream operations with the "make or buy" option of sourcing steel from internal operations or from third-party steel producers, an internal discipline is created to accept only incremental orders for processed products that can be produced profitably using steel purchased at current market prices. For example, if a pipemaking facility can purchase lower cost, third-party steel that is appropriate for a customer application, then the Company can redirect its steelmaking capacity to produce higher margin hot-rolled coil in plate and near plate forms and discrete plate products that can be sold into higher margin, niche markets. This strategy is intended to maximize overall Company profit. In addition, purchasing steel from other producers provides management with market intelligence into the level of quality, availability and service provided by its competitors.

Diversify Product Mix and Expand Geographically - A major focus of the Company is producing wider (up to 120 inches), thicker (up to 2 inches) and higher strength (up to 100,000 psi) plate products. Its facilities are also designed to efficiently roll lighter gauge material in coiled or discrete form. The Company's pipemaking facilities specialize in producing tubular products in sizes ranging from 2¾ to 80 inches in diameter and can vary their product mix between energy or non-energy applications depending on prevailing market conditions. The Houston and Toronto coil processing facilities, the Blytheville pipemill, and the Montpelier and Mobile steelworks are intended to significantly expand the Company's geographic reach. The Company believes that its flexible production capabilities and geographic diversity reduce its downside exposure in any particular geographic or industry market.

NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Annual Information Form, and in the documents incorporated or deemed to be incorporated by reference herein, constitute forward-looking statements and relate to the Company's beliefs or expectations as to future events. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions, future events or performance (often, but not always indicated by the use of words or phrases such as "will likely result", "are expected to", "will continue to", "anticipates", "believes", "expects", "estimates", "intends", "plans", "projects" and "outlook") are not historical facts and may be forward-looking. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, levels of activity and achievements to differ materially from future results, levels of activity and achievements expressed or implied by such forward-looking statements. Such factors include, among others: general economic conditions, the demand for steel and the specific steel products of the Company, anticipated equipment performance in connection with the Montpelier Steelworks, the progress of the lawsuit against the turnkey contractors of the Montpelier Steelworks, timing of completion and estimated costs in connection with the Company's other announced projects including the Mobile Steelworks, the impact of new Canadian and United States steelmaking capacity and the level of steel imports into the Canadian and United States markets, economic conditions in steel exporting nations, trade sanction activities, supply and demand for scrap steel and iron, alloys and other raw materials, supply and demand for the electricity and natural gas used by the Company, changes in environmental and other regulations and the magnitude of future environmental expenditures, inherent uncertainties in the development and performance of new or modified equipment or technologies, North American interest rates, exchange rates and the level of demand outside of North America for steel and steel producers. As a result of the foregoing and other factors, no assurance can be given as to any such future results, levels of activity or achievements and neither the Company nor any other person assumes responsibility for the accuracy and completeness of these forward-looking statements. Any forward-looking statements contained herein speak solely as of the date on which such statements are made, and the Company undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date on which such statements were made or to reflect the occurrence of unanticipated events.

ADDITIONAL INFORMATION

The rights of the holders of common shares of the Company are subject to the provisions of a Shareholder Rights Agreement dated 14 March 1990, as amended 20 April 1995 and 24 April 1998, between the Company and Montreal Trust Company of Canada.

The Company will provide to any person, upon request to the Secretary of the Company:

(1) when the securities of the Company are in the course of a distribution pursuant to a short form prospectus or a preliminary short form prospectus has been filed in respect of a distribution of its securities,

   (a) one copy of the Annual Information Form of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;

   (b) one copy of the comparative financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditors and one copy of any interim financial statement of the Company subsequent to the financial statements for its most recently completed financial year;

   (c) one copy of the management proxy circular of the Company in respect of its most recent annual meeting of shareholders; and

(d) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (a) to (c) above; or

(2) any other time, one copy of any document referred to in (1) (a), (b), and (c) above, provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Company.

Additional information in respect of directors' and executive officers' remuneration, principal holders of the Company's securities and options to purchase securities is contained on pages 2, 4, and 8 through 13 of the Company's Management Proxy Circular dated 25 February 2000 and additional information is provided in the Company's consolidated financial statements for the fiscal year ended 31 December 1999. Copies of these documents may be obtained upon request from the Assistant Secretary of the Company, P.O. Box 1670, Regina, Saskatchewan, S4P 3C7.

For further information regarding the Company contact:

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