SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-08-02** | Period of Report: **1994-06-30**
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GENEVA STEEL

CIK:**860192**| IRS No.: **930942346** | State of Incorp.:**UT** | Fiscal Year End: **0930**
Type: **10-Q** | Act: **34** | File No.: **001-10459** | Film No.: **94541213**
SIC: **3310** Steel works, blast furnaces & rolling & finishing mills

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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1994

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ______________

Commission File #1-10459

GENEVA STEEL COMPANY
(Exact name of registrant as specified in its charter)

UTAH	93-0942346
(State of Incorporation)	(I.R.S. Employer Identification No.)

10 South Geneva Road
Vineyard, Utah
(Address of principal executive offices)

84058
(Zip Code)

Registrant's telephone number, including area code: (801) 227-9000

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 X No

Indicate the number of shares outstanding of each class of the issuer's common stock, as of the latest practicable date.

13,050,823 and 20,989,688 shares of Class A and Class B common stock, respectively, outstanding as of July 22, 1994.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

GENEVA STEEL COMPANY
CONDENSED BALANCE SHEETS

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(Dollars in thousands)

<TABLE>
<CAPTION>

ASSETS

<S>	June 30, 1994 (Unaudited) <C>	September 30, 1993 <C>
Current assets:		
Cash and cash equivalents	$ 13,652	$ 64,267
Accounts receivable, net	37,343	46,257
Inventories	79,245	63,230
Prepaid expenses and other	8,625	1,426
Deferred income taxes	7,219	--
Total current assets	146,084	175,180
Property, plant and equipment:		
Land	1,931	1,931
Buildings	3,725	3,725
Machinery and equipment	507,550	369,490
Mineral property and development costs	8,425	8,425
	521,631	383,571
Less accumulated depreciation	(86,890)	(68,981)
Net property, plant and equipment	434,741	314,590
Other assets	10,950	8,614
	$591,775	$498,384

</TABLE>

The accompanying notes to condensed financial statements are an integral part of these condensed balance sheets.

GENEVA STEEL COMPANY
CONDENSED BALANCE SHEETS (Continued)
(Dollars in thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>

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<CAPTION>

<S>	June 30, 1994 (Unaudited) <C>	September 30, 1993 <C>
Current liabilities:		
Accounts payable	$ 57,475	$ 52,982
Accrued payroll and related taxes	11,046	8,578
Accrued liabilities	14,086	11,810
Production prepayments	7,684	10,000
Accrued interest payable	11,956	1,533
Accrued pension and profit sharing costs	1,230	1,110
Total current liabilities	103,477	86,013
Long-term debt	325,000	224,991
Deferred income taxes	10,040	15,619
Redeemable preferred stock	41,187	35,986
Stockholders' equity:		
Preferred stock	--	--
Common stock:		
Class A	86,961	86,094
Class B	11,081	11,929
Warrants to purchase Class A common stock	5,360	5,360
Retained earnings	28,040	52,542
Class A common stock held in treasury, at cost	(19,371)	(20,150)
Total stockholders' equity	112,071	135,775
	$591,775	$498,384

</TABLE>

The accompanying notes to condensed financial statements are an integral part of these condensed balance sheets.

GENEVA STEEL COMPANY
CONDENSED STATEMENTS OF INCOME
THREE MONTHS ENDED JUNE 30, 1994 and 1993
(Amounts in thousands, except per share data)

(Unaudited)

<TABLE>
<CAPTION>

	1994	1993

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<S>	<C>	<C>
Net sales	$113,195	$124,954
Cost of sales	114,050	117,359
Gross margin	(855)	7,595
Selling, general and administrative expenses	5,475	5,109
Income (loss) from operations	(6,330)	2,486
Other income (expense):		
Interest and other income	331	744
Interest expense	(5,409)	(4,917)
	(5,078)	(4,173)
Loss before benefit for income taxes	(11,408)	(1,687)
Benefit for income taxes	(4,334)	(658)
Net loss	(7,074)	(1,029)
Less redeemable preferred stock dividends and accretion for original issue discount	1,788	1,578
Net loss applicable to common shares	$ (8,862)	$ (2,607)
Net loss per common share	$ (.59)	$ (.17)
Weighted average shares outstanding	15,144	15,065

</TABLE>

The accompanying notes to condensed financial statements are an integral part of these condensed statements.

GENEVA STEEL COMPANY
CONDENSED STATEMENTS OF INCOME
NINE MONTHS ENDED JUNE 30, 1994 and 1993
(Amounts in thousands, except per share data)
(Unaudited)

<TABLE>
<CAPTION>

	1994	1993
<S>	<C>	<C>
Net sales	$361,409	$341,645
Cost of sales	348,892	330,667
Gross margin	12,517	10,978
Selling, general and administrative expenses	16,801	14,658
Loss from operations	(4,284)	(3,680)
Other income (expense):		

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Interest and other income	1,471	1,012
Interest expense	(13,396)	(12,962)
	(11,925)	(11,950)
Loss before benefit for income taxes and extraordinary item	(16,209)	(15,630)
Benefit for income taxes	(6,165)	(6,096)
Loss before extraordinary item	(10,044)	(9,534)
Loss on early extinguishment of debt (net of benefit for income taxes of $5,675)	9,258	--
Net loss	(19,302)	(9,534)
Less redeemable preferred stock dividends and accretion for original issue discount	5,200	1,839
Net loss applicable to common shares	$(24,502)	$(11,373)
Loss per common share before extraordinary item	$ (1.01)	$ (.76)
Extraordinary item per common share	(.61)	--
Net loss per common share	$ (1.62)	$ (.76)
Weighted average shares outstanding	15,120	15,052

</TABLE>

The accompanying notes to condensed financial statements are an integral part of these condensed statements.

GENEVA STEEL COMPANY
CONDENSED STATEMENTS OF CASH FLOWS
NINE MONTHS ENDED JUNE 30, 1994 AND 1993
(Dollars in thousands)

(Unaudited)

Increase (Decrease) in Cash and Cash Equivalents

<TABLE>
<CAPTION>

<S>	1994 <C>	1993 <C>
Cash flows from operating activities:		
Net loss	$ (19,302)	$ (9,534)
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation and amortization	21,308	17,530
Deferred income taxes	(12,798)	5,738
(Increase) decrease in current assets--		
Accounts receivable, net	8,914	268
Inventories	(16,015)	(2,099)
Income taxes receivable	--	12,356
Prepaid expenses and other	(7,199)	2,470
Increase (decrease) in current liabilities--		

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Accounts payable	4,493	11,300
Accrued payroll and related taxes	2,468	3,061
Accrued liabilities	2,276	1,320
Production prepayments	(2,316)	4,001
Accrued interest payable	10,423	6,270
Accrued pension and profit sharing costs	120	(8)
Net cash provided by (used for) operating activities	(7,628)	52,673
Cash flows from investing activities:		
Purchases of property, plant and equipment	(138,281)	(42,148)
Net cash used for investing activities	$(138,281)	$(42,148)

</TABLE>

The accompanying notes to condensed financial statements are an integral part of these condensed statements.

GENEVA STEEL COMPANY
CONDENSED STATEMENTS OF CASH FLOWS (Continued)
NINE MONTHS ENDED JUNE 30, 1994 AND 1993
(Dollars in thousands)

(Unaudited)

<TABLE>
<CAPTION>

<S>	1994 <C>	1993 <C>
Cash flows from financing activities:		
Proceeds from long-term debt	$190,000	$ 325,313
Payments on long-term debt	(89,991)	(278,504)
Proceeds from issuance of redeemable preferred stock, net of offering costs	--	32,521
Proceeds from issuance of warrants to purchase common stock, net of offering costs	--	5,360
Payments for deferred loan costs	(5,514)	(6,011)
Proceeds from exercise of options to purchase Class A common stock	274	--
Issuance of Class A common stock to employee savings plan	525	464
Net cash provided by financing activities	95,294	79,143
Net increase (decrease) in cash and cash equivalents	(50,615)	89,668
Cash and cash equivalents at beginning of period	64,267	3,122
Cash and cash equivalents at end of period	$ 13,652	$ 92,790

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	========	=========
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest (net of amount capitalized)	$ 12,643	$ 3,933
Income taxes	1,600	--
Supplemental schedule of noncash financing activities:		

</TABLE>

For the nine months ended June 30, 1994 and 1993, the Company increased the redeemable preferred stock liquidation preference by $4,686 and $1,641, respectively, in lieu of paying a cash dividend. In addition, for the same periods, redeemable preferred stock was increased by $514 and $198, respectively, for the accretion required over time to amortize the original issue discount on the redeemable preferred stock incurred at the time of issuance.

The accompanying notes to condensed financial statements are an integral part of these condensed statements.

GENEVA STEEL COMPANY
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Dollars in thousands)
(Unaudited)

(1) INTERIM FINANCIAL STATEMENTS

The accompanying condensed financial statements of Geneva Steel Company (the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The unaudited condensed financial statements as of June 30, 1994 and 1993 and for the three and nine-month periods ended June 30, 1994 and 1993, reflect all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the financial position and results of operations as of such dates and for such periods.

It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

(2) INVENTORIES

Inventories are comprised of the following components:

<TABLE>
<CAPTION>

<S>	June 30, 1994 <C>	September 30, 1993 <C>
Raw materials	$33,277	$20,138
Semi-finished and finished goods	37,869	34,462
Operating materials	8,099	8,630
	$79,245	$63,230

</TABLE>

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(3) NET INCOME (LOSS) PER COMMON SHARE

Net income (loss) per common share is calculated based upon the weighted average number of common and common equivalent shares outstanding during the periods. Common equivalent shares consist of warrants and options to purchase Class A common stock which have a dilutive effect when applying the treasury stock method. Class B common stock is included in the weighted average number of common shares outstanding at one share for every ten shares outstanding as the Class B common stock is convertible to Class A common stock at this same rate.

The net loss for the three and nine-month periods ended June 30, 1994 and 1993 was adjusted for redeemable preferred stock dividends and the accretion required over time to amortize the original issue discount on the redeemable preferred stock incurred at the time of issuance.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

RESULTS OF OPERATIONS

The following table sets forth the percentage relationship of certain cost and expense items to net sales for the periods indicated with respect to the Company:

<TABLE>
<CAPTION>

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1994	1993	1994	1993
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	100.8	93.9	96.5	96.8
Gross margin	(0.8)	6.1	3.5	3.2
Selling, general and administrative expenses	4.8	4.1	4.7	4.3
Income (loss) from operations	(5.6)	2.0	(1.2)	(1.1)
Other income (expense):				
Interest and other income	0.3	0.6	0.4	0.3
Interest expense	(4.8)	(3.9)	(3.7)	(3.8)
	(4.5)	(3.3)	(3.3)	(3.5)
Loss before benefit for income taxes	(10.1)	(1.3)	(4.5)	(4.6)
Benefit for income taxes	(3.8)	(0.5)	(1.7)	(1.8)
Net loss before extraordinary item	(6.3)%	(0.8)%	(2.8)%	(2.8)%

</TABLE>

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The following table sets forth the sales product mix as a percentage of net sales for the periods indicated with respect to the Company:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	1994	1993	1994	1993
Sheet	64.5%	57.5%	67.3%	54.7%
Plate	25.3	30.3	22.5	31.9
Pipe	6.8	9.1	6.7	10.2
Non-Steel	3.4	3.1	3.5	3.2
	100.0%	100.0%	100.0%	100.0%

THREE MONTHS ENDED JUNE 30, 1994 COMPARED WITH THREE MONTHS ENDED JUNE 30, 1993

The steel industry is cyclical in nature and generally characterized by overcapacity. Beginning late in fiscal year 1989 and continuing through December 1992, the industry experienced declining prices due to, among other things, reduced demand for steel products and significant price competition. Since early calendar year 1993, the industry has experienced increasing steel prices resulting from increased demand. Beginning in the first quarter of calendar year 1993, the Company has announced several price increases for various steel products. In addition, various producers have recently announced future price increases which the Company intends to follow as justified by market conditions. The Company sells substantially all of its products in the spot market at prevailing market prices. The Company believes its percentage of such sales is significantly higher than that of most of the other domestic integrated producers. Consequently, the Company may be affected by price decreases and increases more quickly than many of its competitors. The Company's current backlog of orders booked at lower prices will, however, delay the realization of price increases. Industry experience has shown, however, that announced price increases may not be immediately realized, if at all, due to the competitive environment within the industry. The Company has phased in price increases as new orders have been accepted, subject to adjustments as necessary in response to market conditions.

Net sales decreased 9.4% as shipments declined by approximately 63,500 tons, or 15.7%, for the three months ended June 30, 1994 as compared to the same quarter of the previous fiscal year. The decreased shipments were a result of lower production due to production inefficiencies and other transition costs associated with completion and implementation of various capital projects. The decreased sales from lower shipments were offset somewhat by increased average selling prices. The weighted average sales price (net of transportation costs) per ton of sheet and plate products increased in the three months ended June 30, 1994 compared to the same quarter of the previous fiscal year by 10.6% and 6.6%, respectively. The weighted average sales price per ton of pipe remained constant. The overall average selling price realization per ton also increased between the periods; however, this increase was offset, in part, by a shift in product mix to lower priced sheet products from higher priced plate and pipe products, which resulted in a net increase of approximately $23 per ton. Shipped tonnage of sheet, plate and pipe decreased approximately 21,700 tons or 8.3%, 32,400 tons or 29.0% and 9,400 tons or 31.7%, respectively, between the two periods.

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During the three months ended June 30, 1994, the Company increased its percentage of sheet products sold. This shift resulted from the continued suspension of production of certain plate products while upgrades to various processing equipment were undertaken. The Company expects that plate production will increase during the current quarter as modernization and other capital projects are completed and implemented.

Cost of sales includes raw materials, labor costs, energy costs (consisting primarily of oxygen, electricity and natural gas), depreciation, and other operating and support costs associated with the production process. The Company's cost of sales, as a percentage of net sales, increased to 100.8% for the three months ended June 30, 1994 from 93.9% for the same quarter of the previous fiscal year as a result of increased operating costs. The average cost of sales per ton shipped increased approximately $44 per ton between the two periods. Costs increased primarily as a result of lower production volumes due to production inefficiencies and other transition costs associated with completion and

implementation of various modernization and other capital projects. Other cost increases resulted from the purchase of coke to supplement internal coke production in anticipation of increased production levels, increased depreciation expense resulting from additional capital expenditures, increased wages and benefits as required by the union labor agreement, increased costs of purchased scrap and certain other increased operating costs. These increased costs were offset, in part, by a shift in product mix to lower cost sheet products. The Company expects throughput to increase during the next few months as various capital projects are implemented. Increased throughput is expected to reduce operating costs per ton. The results of the fourth fiscal quarter will, however, be negatively impacted as the start-up process continues and transition costs are incurred, but to lesser degree than the third fiscal quarter.

On April 24, 1994, the Company began phasing in its new continuous casting facility. To date, the start-up of the continuous casting facility has been very successful with numerous milestones being achieved ahead of schedule, including production of wide cast slabs (125") and the "twin casting" of slabs. Continuously cast slabs have shown improved product quality and yield. By the end of the quarter, the Company was producing approximately 50 percent of its slabs through the caster and on occasion has produced as high as 70 percent. The Company believes these percentages would be higher were it not for unexpected delays in the construction and start-up of other capital projects downstream from the caster. These projects include an upgraded broadside mill used to reduce the thickness of slabs before final finishing and other projects related to the heating and direct rolling of cast slabs.

By late July, the broadside mill reached operational status. Use of the broadside mill is required to efficiently roll wide slabs and to fully implement the process of heating and direct rolling cast slabs. With the broadside mill operational, the Company is focusing on increasing throughput and implementing the process of heating and direct rolling cast slabs.

The Company initially expected the caster to be fully utilized within a six-month start-up schedule. In light of the delays attributable to the broadside mill and other capital projects, the start-up curve for the caster and these related projects may extend approximately two months, at which time the Company expects to achieve a 1.9 million ton production rate. Although the Company has implemented measures designed to minimize transition costs and other start-up difficulties with respect to all its capital projects, there can be no assurance that such conditions will not be greater than currently expected or not extend beyond the anticipated start-up periods.

Depreciation costs included in cost of sales increased approximately

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$1.5 million in the three months ended June 30, 1994 compared with the same quarter of the previous fiscal year. This increase was due to increases in the asset base resulting from capital expenditures. Depreciation expense will increase substantially as the various capital improvements contemplated by the Company's capital maintenance and modernization program become operational.

Selling, general and administrative expenses for the three months ended June 30, 1994 increased approximately $0.4 million as compared to the same quarter of the previous fiscal year. The higher expenses resulted primarily from increased wages and salaries and increased outside services.

Interest and other income decreased by approximately $0.4 million during the three months ended June 30, 1994 as compared to the same period in the previous fiscal year as a result of a decrease in the amount of invested cash and cash equivalents.

Interest expense increased by approximately $0.5 million during the three months ended June 30, 1994 as compared to the same quarter of the previous fiscal year. Increased interest expense due to higher levels of borrowing during the third quarter of fiscal year 1994 was offset partially by an increase in capitalized interest. Interest expense will increase substantially as the various capital projects are completed and the amount of capitalized interest decreases.

NINE MONTHS ENDED JUNE 30, 1994 COMPARED WITH NINE MONTHS ENDED JUNE 30, 1993

Net sales increased 5.8% while shipments decreased by approximately 26,600 tons, or 2.4%, for the nine months ended June 30, 1994 as compared to the same period in the previous fiscal year. The increased sales resulted from increased average selling prices on all products. The weighted average sales price per ton of sheet, plate and pipe products increased by 15.1%, 5.2% and 1.5%, respectively, in the nine months ended June 30, 1994 compared to the same period in the previous fiscal year. The overall average selling price realization per ton also increased between the periods; however, this increase was offset, in part, by a shift in product mix to lower priced sheet products from higher priced plate and pipe products. The shift in product mix reflected an emphasis on sheet products during the first two fiscal quarters, which contributed to higher operating margins. This shift also resulted from the suspension of production of certain plate products while upgrades to various processing equipment are implemented. Shipped tonnage of sheet increased approximately 91,100 tons or 12.9%, while shipped tonnage of plate and pipe decreased approximately 94,700 tons or 28.9% and 29,200 tons or 31.5%, respectively, between the two periods.

The Company's costs of sales as a percentage of net sales decreased to 96.5% for the nine months ended June 30, 1994 from 96.8% for the same period in the previous fiscal year as a result of higher average selling prices, offset, in part, by higher operating costs. The average cost of sales per ton shipped increased approximately $24 per ton between the two periods. Costs increased primarily as a result of production inefficiencies and transition costs associated with construction and implementation of various modernization and other capital projects, an equipment failure that temporarily interrupted operation of one of the Company's blast furnaces, increased ironmaking costs due to reconditioning work at the blast furnace operation and increased coke costs as a result of purchasing coke to supplement internal coke production in anticipation of increased production levels. In addition, costs increased as a result of increased depreciation expense resulting from additional capital expenditures, increased wages and benefits as required by the union labor agreement, increased costs of purchased scrap and increases in certain other operating costs. These increased costs were offset, in part, by a shift in product mix to lower cost sheet products.

Depreciation costs included in cost of sales increased approximately $2.6 million in the nine month period ended June 30, 1994 compared with the

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same period in the previous fiscal year. This increase was due to increases in the asset base resulting from capital expenditures.

Selling, general and administrative expenses for the nine months ended June 30, 1994 increased approximately $2.1 million as compared to the same period

in fiscal year 1993. The higher expenses resulted primarily from increased wages and salaries and increased outside services in fiscal year 1994.

Interest and other income increased approximately $0.5 million during the first nine months of fiscal year 1994 as compared to the same period in the previous fiscal year as a result of an increase in the amount of invested cash and cash equivalents.

Interest expense increased approximately $0.4 million during the first nine months of fiscal year 1994 as compared to the same period of fiscal year 1993. Increased interest expense due to higher levels of borrowing in fiscal year 1994 was partially offset by an increase in capitalized interest.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity requirements arise from capital expenditures and working capital requirements, including interest payments. The Company has met these requirements over the last three years principally from the incurrence of additional long-term indebtedness and cash provided by operations.

In April 1992, the Company obtained its existing revolving credit facility in the amount of $50 million from a syndicate of banks led by Citicorp USA, Inc. (Citicorp), as agent (the "Revolving Credit Facility"), for the working capital and capital expenditure needs of the Company. The Revolving Credit Facility is secured by the Company's inventories, accounts receivable, certain general intangibles and proceeds thereof, and expires on February 28, 1995. At such time, management believes it will be necessary to obtain new or replacement credit arrangements. The Company's access to borrowings under its Revolving Credit Facility has previously been limited to $25 million. The Company has, however, received a commitment from Citicorp to increase its access to the full $50 million in borrowings under such facility. The Company's access to borrowings under the Revolving Credit Facility is subject to compliance with various financial covenants and tests contained therein. The indentures governing the Company's 11 1/8% senior notes (the "11 1/8% Senior Notes") and its 9 1/2% senior notes (the "9 1/2% Senior Notes" and, together with the 11 1/8% Senior Notes, the "Senior Notes") also contain certain restrictions on the Company's ability to borrow additional funds. Principal amounts outstanding under the Senior Notes at June 30, 1994 were $325 million.

The debt instruments governing the Revolving Credit Facility and the Senior Notes contain cross default or acceleration and other customary provisions. Financial covenants contained in the Revolving Credit Facility and/or the Senior Notes also include, among other things, change of control provisions, a limitation on dividends and distributions on capital stock of the Company, a tangible net worth maintenance requirement, a leverage ratio maintenance requirement, an interest coverage requirement, a cumulative cash flow requirement, a cumulative capital expenditure limitation, a limitation on the incurrence of additional indebtedness unless certain financial tests are satisfied, a limitation on mergers, consolidations and dispositions of assets and a limitation on liens. The Company has from time to time entered into amendments relaxing certain of the covenants and tests contained in the Revolving Credit Facility and may be required to seek additional amendments in the future.

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Besides these and other financing activities, the Company's major source of liquidity has been cash provided by operations. Net cash used for operating

activities was $7.6 million for the nine months ended June 30, 1994 compared with net cash provided by operating activities of $52.7 million for the same period of the previous fiscal year. The $7.6 million used for operating activities during the nine months ended June 30, 1994 included approximately $32.1 million resulting from a net loss of $19.3 million and a change in deferred income taxes of $12.8 million, offset, in part, by depreciation and amortization of approximately $21.3 million. In addition, uses of cash included significant increases in raw materials and work-in-process inventories resulting from production inefficiencies associated with capital projects.

The Company expects its modernization program and capital maintenance and other expenditures to require significant cash resources over the next several years. Modernization program expenditures were approximately $323 million from the inception of the program through June 30, 1994. The modernization program currently provides for capital expenditures totaling approximately $132 million during fiscal years 1994 and 1995, which includes approximately $87 million spent during the first three quarters of fiscal year 1994. In addition, the Company has budgeted approximately $60 million for capital maintenance and other projects during these years. Budgeted modernization expenditures reflect a recent increase of $10 million resulting from increased modernization project costs. The Company may from time to time lease a portion of the capital projects.

The Company is pursuing the rolling mill finishing stand improvements, the final remaining project included in the modernization program. These improvements are expected to be completed in June 1995. As other modernization projects become fully operational, the Company may defer completion of the finishing stand improvements to maximize production in a strong steel market. The Company will continue to incur substantial capital expenditures after completion of the modernization program. Moreover, the Company may pursue other capital projects in addition to those presently included in the Company's capital budget. There can be no assurance that the costs of modernization or capital maintenance and other projects will not exceed those currently anticipated by the Company.

The Company is required to make substantial interest and dividend payments on the Senior Notes, the redeemable preferred stock (or the debentures exchangeable therefor), and any outstanding balances under the Revolving Credit Facility, together with interest on any additional funding necessary for the expected and future capital expenditures and other working capital needs. The Company's annual debt interest expense on currently outstanding amounts is approximately $33 million and its annual redeemable preferred stock dividends is approximately $6.5 million. Dividends not paid in cash before April 1996 are added to the liquidation preference of the redeemable preferred stock. As of June 30, 1994, the Company had approximately $13.7 million in cash and cash equivalents. The Company expects to enhance its liquidity through improved operating cash flow. The Company anticipates that the cash and cash equivalents on hand, together with anticipated cash flow from future operations and borrowings under the Revolving Credit Facility, will provide sufficient liquidity for the Company to meet its debt service requirements and to fund ongoing operations, including required capital expenditures. The Company continues to focus on cost control, revenue enhancement and cash flow management.

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The short-term and long-term liquidity of the Company is dependent upon several factors, including the Company's ongoing operations, availability of financing, foreign currency fluctuations, competitive and market forces, modernization and environmental expenditures and general economic conditions. Similarly, the United States steel market is subject to cyclical fluctuations that may affect the amount of cash internally generated by the Company and the ability of the Company to obtain external financing. Consequently, there can be no assurance that the Company will have sufficient resources to fund all of its planned and future modernization requirements and capital maintenance and other projects or to satisfy other working capital and cash needs. In such event, the Company may defer certain capital projects and/or pursue alternative financing strategies, which may include additional borrowings or the sale of equity securities. Should the Company determine to proceed with any such financing strategies in the future, there can be no assurance that the Company can obtain any consents or approvals that may be required from existing lenders or stockholders or that such financing could be consummated on terms favorable to the Company or at all.

Inflation can be expected to have an effect on many of the Company's operating costs and expenses. Due to worldwide competition in the steel industry, the Company may not be able to pass through such increased costs to its customers.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

<TABLE>
<CAPTION>

Exhibit Number	Exhibit	Filed Herewith
<S>	<C>	<C>
10	Agreement for Sale and Purchase of Coke between the Company and Pacific Basin Resources, a division of Oxbow Carbon and Minerals, Inc., dated April 29, 1994	X

</TABLE>

(b) Reports on Form 8-K.

The Company has not filed any reports on Form 8-K during the three months ended June 30, 1994.

SIGNATURES

Pursuant to the requirements 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.

GENEVA STEEL COMPANY

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By: /s/ Dennis L. Wanlass

Vice President, Treasurer and
Chief Financial Officer

Dated: August 2, 1994

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EXHIBIT 10

AGREEMENT FOR THE SALE AND PURCHASE OF COKE

This Agreement for the Sale and Purchase of Coke (this "Agreement") is entered into this 29th day of April, 1994, effective as of January 1, 1994 (the "Effective Date") between GENEVA STEEL COMPANY, a Utah corporation ("Buyer") and PACIFIC BASIN RESOURCES, a division of OXBOW CARBON & MINERALS, INC., a Delaware corporation ("Seller").

RECITALS:

A. Buyer owns and operates the Geneva Steel Mill at Vineyard, Utah (the "Geneva Steel Mill"). As part of its integrated steelmaking process, Buyer utilizes metallurgical coke in its blast furnaces (the "Blast Furnaces") operated by Buyer for the production of hot metal. Buyer produces quantities of such coke at its coke batteries located at the Geneva Steel Mill.

B. Increased customer demand, has created a need for metallurgical coke in quantities above the level of metallurgical coke currently produced at the Geneva Steel Mill.

C. Seller has the right to market metallurgical coke meeting the specifications required in Geneva's steel making operation that is produced by Antai Coking Company ("Antai") in coke batteries located in Shanxi Province, Peoples Republic of China.

D. To ensure required metallurgical coke supplies to Buyer, Seller has agreed to sell, and Buyer has agreed to buy, metallurgical coke pursuant to the terms and conditions set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller agree as follows:

1. Sale and Purchase of Coke. Seller agrees to sell to Buyer, and Buyer agrees to buy from Seller, the quantity of metallurgical coke with the specifications set forth herein (the "Coke") to be purchased pursuant to Section 6.1 hereof, on the terms and conditions set forth herein.

2. Term of Agreement; Definitions.

2.1. Term. This Agreement shall commence on the Effective Date and expire on December 31, 2003 (the "Term"), unless earlier terminated as provided herein.

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2.2. Definitions. For the purposes of this Agreement, the following terms shall have the indicated meanings:

2.2.1. "Contract Year" shall mean each of the twelve (12) month periods beginning on January 1 and ending December 31.

2.2.2. "ton" or "NT" shall mean a net ton of 2000 pounds avoirdupois.

3. Price. Subject to Section 15 hereof, during the Term or any extension thereof, the price, ex ship at the Levin Richmond Terminal Corporation terminals in Richmond, California, U.S.A. (or the terminal of such other services company in the San Francisco, California area or such other port as may be mutually agreed upon by Buyer and Seller) (the "Destination Port") for each ton of Coke sold pursuant to this Agreement (the "Purchase Price") shall be determined in accordance with the following provisions of this Section 3.

3.1. First Contract Year. For the first Contract Year, the Purchase Price shall be per ton of Coke.

3.2. Second Contract Year. For the second Contract Year, effective as of the first day of such second Contract Year, the Purchase Price shall be per ton of Coke.

3.3. Third Contract Year. For the third Contract Year, effective as of the first day of such third Contract Year, the Purchase Price shall be per ton of Coke.

3.4. Subsequent Contract Year. For each Contract Year subsequent to the third Contract Year, effective as of the first day of such Contract Year, the Purchase Price shall be an amount per ton of Coke to be mutually agreed upon by the parties hereto.

3.5. Purchase Price All Inclusive. The Purchase Price for each Contract Year includes all costs and expenses required for Seller to deliver the Coke, ex ship at the Destination Port except Buyer shall pay any port off-loading charges and any applicable sales and use taxes relating to each shipment of Coke hereunder. Subject to the foregoing, the Purchase Price includes all other costs, insurance, freight, fees, taxes, assessments, tariffs, excises, special and general duties, custom brokerage charges, costs incurred to comply with any applicable international, federal, state and local laws and regulations applicable to the sale of Coke, ex ship at the Destination Port, and all other items that are the responsibility of Seller pursuant to this Agreement.

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3.6. Pricing in Subsequent Contract Years. On or before January 1, of each Contract Year, commencing on January 1, 1996, Buyer shall advise Seller of the quantity of Coke it anticipates purchasing during the next succeeding Contract Year hereunder to enable Seller to establish a purchase price for such quantity of Coke. Within twenty (20) days of the receipt of such quantities, Seller shall propose to Buyer the Purchase Price on a per ton basis for such quantity of Coke. If Buyer and Seller do not agree on a Purchase Price and quantity within ninety (90) days after receipt of such pricing information, Buyer or Seller, at its option, may terminate this Agreement effective as of the end of the then current Contract Year.

4. Billing and Payment. Seller shall invoice Buyer for each shipment of Coke sold and shipped hereunder at the Purchase Price applicable on the date of shipment, less any penalties applicable thereto pursuant to Section 8.3. Each such invoice shall specify the date of shipment, the identity of the Vessel, as hereinafter defined, and the quantity of Coke shipped.

Invoices shall be accompanied by supporting documentation, including, but not limited to, bills of lading, the draft survey reports contemplated by Section 7 hereof and the analyses of the Coke pursuant to Section 9 hereof. Buyer shall pay such invoices to Seller by telegraphic transfer remittance within forty-five (45) days after the date of the bill of lading. Seller shall provide to Buyer by facsimile a legible copy of each bill of lading as soon as practicable after a shipment is loaded on a Vessel for delivery to the Destination Port.

5. Shipment and Freight Charges.

5.1. Shipment. All shipments shall be from a safe berth in the safe port of Tianjin, People's Republic of China (the "Loading Port"). Seller shall nominate and schedule the availability of each Vessel in order that the Coke to be delivered hereunder may be moved at the scheduled rate of delivery. Each vessel to be provided by the Seller shall be a Panamex ocean vessel with a loaded capacity of approximately 44,000 net tons for the first Contract Year and 45,800 net tons for all other Contract Years, and shall be a single commodity, standard bulk carrier with no center-line bracing, tween decks, log racks, superstructures or other unusual obstacles that limit discharge (each a "Vessel"). Each Vessel shall be in good operating condition and will be compatible with the facilities at the Loading Port and Destination Port. Seller shall, at its own expense, load at the Loading Port each Vessel to its approximate full capacity (plus or minus ten percent (10%), consistent with good operating practice in the industry). Seller shall load Coke only into Vessels that are clean and free of debris, coke remaining from earlier

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deliveries, and/or any other material that might inhibit unloading or cause contamination of the Coke. Seller shall reject any Vessel delivered by any carrier that is not in the condition required hereunder and shall promptly advise Buyer of such rejection. Seller shall utilize the best available shiploaders at the Loading Port to minimize degradation of the Coke and generation of dust.

5.2. Shipping Charges. Seller shall pay all shipping and other charges imposed by its shipping contract applicable to the destination of the shipment after each shipment has been loaded on any such Vessel. Seller shall be responsible to pay all charges related to dockage, pilotage, tugs, and handling of lines at the Loading Port and the Destination Port.

5.3. Delivery and Discharge.

5.3.1. Port. The Coke shall be shipped in a Vessel suitable for grab discharge at the Destination Port. Seller shall for all events and purposes be the importer of record with respect to each such shipment and as such shall be responsible for complying with all applicable U.S. customs regulations governing entry, clearance and release of the Coke.

5.3.2. Notification. Seller shall give notice to Buyer and the Destination Port at least fifteen (15) days prior to shipment of each nomination of a Vessel and of the ETA. Seller shall also notify Buyer by telephone or facsimile at the time the Vessel transporting the Coke sails from the Loading Port of the quantity of the Coke loaded, the estimated arrival draft and updated ETA. Seller shall use reasonable commercial efforts to periodically update Buyer and the Destination Port of the progress of the Vessel and any delays encountered. Seller shall again notify Buyer, by telephone or facsimile, of

the ETA at each of the following times: ten (10) days, seven (7) days, three (3) days, two (2) days and one (1) day prior to the actual time of arrival at the Destination Port. The estimated sailing time from the Loading Port to the Destination Port is nineteen (19) days.

5.3.3. Notice of Readiness. Seller shall cause the master of the Vessel transporting the Coke to forward a written notice of readiness to Buyer, or its designated agent, and the Destination Port, at any time after such Vessel is in free pratique, has entered at the appropriate customs house, has filed all required manifests and is in all respects ready for unloading. With each shipment and prior to arrival at the Destination Port, Seller shall provide Buyer and the Destination Port with all required documentation under U.S. and California law for the delivery and transport of such Coke, including, but not limited to, material safety data sheets.

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5.3.4. Lay Time. Lay time at the Destination Port shall commence at the earlier of twelve (12) hours after a Vessel is ready for discharge and Buyer or its designated agent receives a proper notice of readiness described in Section 5.3.3 of this Agreement, or when discharge actually commences. Lay time shall be determined at the rate of discharge provided in Section 5.3.9 of this Agreement. Shifting time from anchorage to discharging berth shall not count as lay time unless the Vessel is already under demurrage.

5.3.5. Demurrage. If discharge of the Coke is not completed within the allowable lay time, as calculated in accordance with Section 5.3.9 of this Agreement, demurrage shall be paid by Buyer to Seller at the actual rate of demurrage incurred by Seller, not to exceed in any event Nine Thousand Dollars ($9,000) per day and pro-rata for any part thereof.

5.3.6. Despatch. If discharge of the Coke is completed prior to the expiration of the allowable lay time as calculated in accordance with Section 5.3.9 of this Agreement, Seller shall pay Buyer a despatch bonus at one-half of the agreed upon demurrage rate per lay day and pro-rata for any part thereof.

5.3.7. Overtime. Overtime for stevedores, if any, shall be for the account of the party ordering such overtime.

5.3.8. Vessel Damage. All costs of every nature and kind whatsoever that arise from damage to the Vessel that transports Coke that occur during discharge and is caused by the negligence of stevedores shall be settled directly between the owner of such Vessel and the Destination Port or stevedores. In the event that the Vessel owner and the stevedores are unable to amicably resolve any such dispute within a reasonable period of time, Buyer and Seller agree to use reasonable efforts to encourage such parties to appropriately resolve such dispute.

5.3.9. Discharge Rates. The Coke shall be discharged at the rate of 3527 tons per weather working day, Sundays and holidays included, until completely discharged.

6. Quantity and Nomination.

6.1. Quantity.

6.1.1. Quantity of Coke. The parties intend that this Agreement shall be a contract whereby Seller is obligated to supply and Buyer is obligated to purchase for use at its Blast Furnaces the quantity of Coke for

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each Contract Year as set forth below:

CONTRACT YEAR	VESSELS
first Contract Year	4
second Contract Year	6
third Contract Year	6
subsequent Contract Years	to be agreed upon

In addition, and notwithstanding the provisions of Section 6.1.2 hereof, during the fourth Contract Year hereunder and during the fifth Contract Year hereunder, Buyer shall have the right, but not the obligation, to purchase up to eight (8) Vessels of Coke pursuant to the terms and provisions of this Agreement, at a Purchase Price to be agreed upon by the parties hereto, pursuant to Section 3.6 hereto. Buyer may exercise such right as provided herein for either or both of such Contract Years.

6.1.2. Right of First Opportunity. Buyer shall have the right of first opportunity, upon the terms and conditions set forth in this Section 6.1.2, to purchase quantities of coke in excess of those quantities provided for in Section 6.1.1 hereof (the "Excess Coke"). The terms and conditions upon which the right of first opportunity herein granted to Buyer shall be offered and exercised shall be as follows:

6.1.2.1. During the Term, if Seller proposes to sell any Excess Coke to a third party and such sale is not the subject of a then existing contractual commitment to be sold, Seller shall first give written notice to Buyer of the availability of such Excess Coke (the "Notice"). The Notice shall identify the quantity and quality of Excess Coke available for sale and the price at which Seller is willing to sell such Excess Coke.

6.1.2.2. If Buyer desires to exercise the right of first opportunity granted herein, it shall notify Seller of such exercise within ten (10) days after the date on which the Notice was received by Buyer and thereafter Seller and Buyer shall be deemed to have agreed to sell and purchase such Excess Coke at the price set forth in the Notice upon the terms and conditions of this Agreement. Such exercise may be as to all or part of the Excess Coke offered for sale by Seller, provided that such exercise shall be in lots sufficient to completely fill a Vessel or Vessels.

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6.1.2.3. If Buyer fails to timely notify Seller of its exercise of the foregoing right of first opportunity, Buyer shall be deemed to have waived its right of first opportunity as to the Excess Coke, identified in the Notice, and Seller shall be free to offer such Excess Coke for sale to others upon the terms and conditions set forth in the Notice.

6.2. Forecasts; Nomination. For Seller's planning purposes and as an expression of Buyer's then-current best estimate only, Buyer shall provide Seller with an annual forecast of the number of Vessels it then anticipates purchasing during any Contract Year during the Term hereof. The annual forecast for a Contract Year shall be submitted to Seller at least ninety (90) days prior to the designated shipping date of the first Vessel in any such Contract Year; provided, however, that the forecast for the first Contract Year hereunder shall be submitted to Seller within ten (10) days after the execution of this Agreement. Buyer shall have the right to update and adjust such forecast from time to time during any such Contract Year to reflect Buyer's then-current estimate of Coke to be purchased during such Contract Year. Buyer may request at any time and from time to time during any Contract Year a Vessel of Coke which Seller shall make reasonably commercial efforts to timely deliver to Buyer. Seller shall commence loading of such Vessel in sufficient time to meet the designated shipping date.

7. Weighing. At the time of loading and unloading, Seller, at its sole expense, shall cause a draft survey to be performed by a marine surveyor mutually acceptable to Seller and Buyer (the "Surveyor") at the Loading Port and at the Destination Port respectively. Buyer shall have the right to observe and review such survey and to have independent surveys performed to verify such weight. In case of disputes, Seller and Buyer shall mutually agree on the use of substitute methods for determining the weight of any shipment of Coke hereunder. The arithmetic average of such draft surveys shall be used to determine the weight of the Coke for invoicing.

8. Coke Specifications.

8.1. Typical Specifications. It is anticipated that Coke delivered by Seller pursuant to this Agreement will have, on a Vessel average basis, the following specifications (determined on a "dry basis" except for moisture which shall be on an "as received" basis):

<TABLE>
<CAPTION>

SUBJECT	TYPICAL SPECIFICATIONS
<S>	<C>
Moisture	3.00 to 5.00%
Ash	8.50 to 12.00%

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Sulfur	0.45 to 0.55%
Volatile Matter	0.50 to 1.00%
Stability	59.50 to 63.50%
Hardness	72.25 to 77.25%
CSR	77.50 to 82.50%

</TABLE>

<TABLE>

<S>	<C>
Fixed Carbon	87.50 to 90.50%
CRI	12.50 to 15.50%
Size Distribution:	Under 25MM-10% 25 to 80MM-80% Over 80MM-10%
Typical Analysis of Ash	
SiO2	50.75 to 52.50%
Al203	33.95 to 36.70%
Fe203	6.80 to 7.80%
CaO	1.60 to 1.80%
MgO	0.55 to 0.65%
MnO	0.07 to 0.10%
Ti02	1.30 to 1.35%
Na20	0.35 to 0.45%
K20	0.50 to 0.60%
P205	0.18 to 0.25%
Sulfur Trioxide	0.25 to 0.40%
Undetermined	0.03 to 0.05%

</TABLE>

8.2. Guaranteed Specifications. All Coke delivered by Seller pursuant to

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this Agreement shall have, on a Vessel average basis, the following guaranteed specifications (determined on a "dry basis" except for moisture which shall be on an "as received" basis):

<TABLE>
<CAPTION>

SUBJECT	GUARANTEED SPECIFICATION
<S>	<C>
Moisture	5.00% Maximum
Ash	12.00% Maximum
Sulfur	0.80% Maximum
Volatile Matter	1.45% Maximum
Stability	58.00% Minimum
Hardness	68.00% Minimum
Size	Under 25MM - 10% Maximum

</TABLE>

8.3. Penalties. In addition to any other remedy available to Buyer at law or in equity, penalties for moisture, ash, sulfur, volatile matter, stability, hardness and size shall be calculated and paid to Buyer on a shipment average basis as follows:

8.3.1. Moisture. If the total moisture content exceeds 5.0%, a penalty of $1.03 per ton for each one percent (1.0%) of moisture in excess of five percent (5.0%) shall be applied pro rata.

8.3.2. Ash. If the ash content exceeds 12.0%, a penalty of $1.03 per net ton for each one percent (1.0%) of ash in excess of 12.00% shall be applied pro rata.

8.3.3. Sulfur. If the sulfur content exceeds 0.80%, a penalty of $1.03 per net ton for each one tenth of one percent (0.10%) of sulfur in excess of 0.80% shall be applied pro rata.

8.3.4. Volatile Matter. If the volatile matter content exceeds 1.45%, a penalty of $1.03 per net ton for each one tenth of one percent (0.10%) of volatile matter in excess of 1.45% shall be applied pro rata.

8.3.5. Stability. If the stability of the Coke is less than 58.00%, a penalty of $1.03 per net ton for each one percent (1.0%) of stability less

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than 58.00% shall be applied pro rata.

8.3.6. Hardness. If the hardness of the Coke is less than 68.00%, a penalty of $1.03 per net ton for each one percent (1.0%) of hardness less than 68.00% shall be applied pro rata.

8.3.7. Size. If more than ten percent (10%) of the coke is minus 25 mm, a penalty of $1.03 per net ton for each one percent (1.00%) in excess of ten percent (10%) shall be applied pro rata.

8.4. Rejection of Coke.

8.4.1. Specifications. Buyer shall have the right to reject any shipment of Coke having a moisture, ash, sulfur or volatile matter content greater than, or stability and hardness percentages, less than, the following limits (determined, where applicable, on an "as received" basis for moisture content and on a "dry basis" for ash, sulfur and volatile matter content):

SUBJECT	REJECTION LIMIT
Moisture	7.00%
Ash	13.50%
Sulfur	1.00%
Volatile Matter	1.60%
Stability	55.00%
Hardness	66.00%

8.4.2. Exercise of Rejection Right. Exercise of Buyer's rejection right shall be made by Buyer's prompt notice to Seller by telecopier or by telephone within six (6) working days after receipt of Seller's analytical results. Upon rejection, the parties shall negotiate a commercially reasonable price reduction for Buyer's purchase of the rejected Coke if Buyer can use the Coke. If the parties fail to agree on a price reduction or if Buyer cannot use such Coke, Seller shall, at its sole expense, remove the

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rejected Coke from Buyer's premises. Seller shall reimburse Buyer for any freight, handling or other costs Buyer incurs in dealing with rejected Coke, whether incurred before or after the date of such rejection.

8.4.3. Replacement Obligation. Notwithstanding anything to the contrary herein, Seller shall be obligated to supply to Buyer, if Buyer so elects, Coke in an amount sufficient to replace any Coke rejected by Buyer hereunder, such replacement Coke to be delivered as soon as reasonably possible, but the minimum amounts of Coke that Buyer shall be obligated to purchase under this Agreement shall be reduced by the amount of any such rejected Coke.

9. Coke Sampling and Analyses. At Seller's cost, Seller shall cause mutually acceptable testing companies to sample and analyze, at the Loading Port and at the Destination Port (except for size distribution which shall be sampled and analyzed only at the Loading Port), each shipment of Coke made hereunder; provided, however, that both parties agree that A.J. Edmond Company is an acceptable testing company at the Destination Port. Seller shall use sampling and analytical procedures adopted by the American Society for Testing and Materials ("ASTM") or such other procedures and protocol mutually developed and agreed upon by the parties hereto. Seller shall report to Buyer, by telecopy or by telephone, the results of such analyses for each shipment of Coke hereunder, within ten (10) days after such Vessel is loaded, and again within ten (10) days after such Vessel is unloaded. Except for size distribution, the arithmetic average of the results of such sampling at the Loading Port and the Destination Port shall be used to determine Seller's compliance with Sections 8.2 and 8.3 hereof. The results of sampling for size distribution at the Loading Port shall be used to determine Seller's compliance with the size distribution requirements of Sections 8.2 and 8.3 hereof. Sampling and analytical procedures used at the Destination Port shall be the same as those used at the Loading Port. At Buyer's expense, Buyer may also have such sampling and analysis performed on any shipment of Coke hereunder. If Buyer finds that material discrepancies persist between the two (2) results of the sampling and analyses performed by Seller in accordance with the provisions of this Section 9, or between the Seller's results and those performed by Buyer, the sampling and analytical procedures of Seller and Buyer shall be reviewed by both parties and necessary steps will be taken to reduce such discrepancies to a reasonable amount.

10. Default.

10.1. Events of Default. Each of the following shall constitute an "Event of Default" hereunder:

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10.1.1. Buyer fails to pay Seller any monies due hereunder and such failure shall continue for a period of five (5) working days after delivery by Seller to Buyer of written notice specifying such failure.

10.1.2. Buyer or Seller defaults in the performance of any material term, covenant, condition or agreement contained herein and fails to cure such default within thirty (30) days after dispatch of written notice of such default to Buyer or Seller as the case may be.

10.1.3. Either party shall (a) apply for or consent to appointment of a receiver, trustee or liquidation for such party or for all or substantially all of such party's assets; (b) make a general assignment for the benefit of creditors or the filing of a voluntary petition in bankruptcy or admit in writing to its inability to pay its debts as they become due; (c) be adjudicated bankrupt or insolvent; (d) file a petition for bankruptcy, reorganization, insolvency, dissolution or liquidation under any bankruptcy or insolvency law; or (e) file an answer admitting material allegations or consenting to or default in answering a petition filed against such party in any bankruptcy, reorganization or insolvency proceeding.

10.1.4. Either party shall permanently discontinue its operations, liquidate, dissolve, sell (regardless of how designated) substantially all of its stock or assets, or merge or consolidate with another asset, or merge or consolidate with another corporation.

10.1.5. Seller fails to deliver Coke meeting the specifications set forth in Section 8.2 hereof on at least two (2) consecutive shipments of Coke hereunder.

10.2. Seller's Remedies. Upon any Default by Buyer under Section 10.1 hereof, Seller may, at any time and at its sole discretion without any further obligation to Buyer, (a) suspend shipment of Coke to Buyer so long as such Event of Default continues, (b) decline to make any further shipments hereunder, except on receipt of adequate assurance of Buyer's performance of its obligations hereunder, and/or (c) terminate this Agreement. Such remedies referred to in this Section 10.2 shall be in addition to any rights or remedies available to Seller hereunder or in law or at equity, and Seller's rights and remedies shall be cumulative.

10.3. Buyer's Remedies. Upon any Default by Seller under Section 10.1 hereof, Buyer may, at any time and at its sole discretion without any further obligation to Seller, (a) suspend purchases of Coke from Seller so long as such Event of Default continues, (b) decline to accept further shipments hereunder, except on receipt of adequate assurance of Seller's performance of its obligations hereunder, and/or (c) terminate this Agreement. Such remedies referred to in this Section 10.3 shall be in addition to the rights and remedies available to Buyer hereunder or in law or at equity, and Buyer's rights and remedies shall be cumulative.

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10.4. Limitation on Damages. NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING BUT NOT LIMITED TO ANY DAMAGES RESULTING FROM THE LOSS OF USE OR LOSS OF PROFITS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT WHETHER IN AN ACTION BASED ON CONTRACT, TORT OR ANY OTHER THEORY. THE WARRANTIES AND GUARANTEES SET FORTH IN THIS AGREEMENT ARE IN LIEU OF ANY OTHERS AVAILABLE AT LAW OR OTHERWISE. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER EXPRESS OR IMPLIED WARRANTIES INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

10.5. Failure to Give Notice. Failure to give notice of a default pursuant to this Section 10 shall not constitute waiver of the right to give such notice for such default or for a continuing default or any other default.

11. Force Majeure. Performance by either Seller or Buyer shall be excused to the extent such party's performance is rendered impossible or impracticable by one or more events of Force Majeure, as hereinafter defined. For the purposes hereof, the term "Force Majeure" means any of the following causes to the extent such cause is beyond the reasonable control of the party affected thereby: acts of government or government authority (except to the extent covered by Section 15 hereof), acts of God, strikes or other collective action of labor, fires, floods, storms, tornados, earthquakes, explosions, public disturbances, wars (whether declared or not), insurrections or sabotage, or any other cause whether similar or dissimilar to those specifically enumerated herein which is beyond the reasonable control of the party affected thereby; provided, however, that nothing herein shall require the settlement of any labor dispute against the will of the party affected thereby. Destruction, obsolescence or wear, whether normal or abnormal, of the Blast Furnaces that results in a reduction in Buyer's ability to utilize coke shall, in addition to all other events that could be characterized as a force majeure event for an integrated steel mill, be deemed to be such an event regardless of whether such occurrence was foreseeable, controllable or preventable by Buyer. Performance by Seller means purchasing and preparing Coke and delivering Coke, ex ship at the Destination Port. Performance by Buyer means the operation of its Blast Furnaces, the transportation and delivery of Coke purchased hereunder from the Destination Port to its Blast Furnaces, and utilization at its Blast Furnaces of Coke to be supplied by Seller hereunder. Any obligation of a party hereto to make payment of money to the other party hereto under the terms of this Agreement shall not be excused by reason of any claim of Force Majeure hereunder.

The parties acknowledge that Antai, the source of the Coke to be purchased hereunder, is a foreign entity unrelated to Seller. Interruption or termination of supply by Antai shall constitute an event of Force Majeure hereunder provided that such interruption or termination is not due, in whole or in part, to the acts or omissions of Seller and Seller has exercised its

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best efforts to avoid and minimize such interruption or termination and the effects thereof. In the event Seller becomes aware of the existence or potential of an interruption or termination of supply, it shall give Purchaser prompt written notice thereof setting forth with particularity the nature of the interruption or termination, the cause(s) therefor, and the anticipated length of such interruption or termination and the actions Seller is taking to minimize the effects of such interruption or termination. If such interruption or termination of supply is not due to an event

of Force Majeure occurring at Antai's facilities, Seller shall diligently pursue legal redress for such interruption or termination, including, but not limited to, the commencement and diligent pursuit of legal proceedings for specific performance of Antai's obligation to supply such Coke, or at Seller's option, unconditionally assign to Buyer, to the extent of Buyer's unfulfilled Coke requirements hereunder, Seller's claim or claims against Antai for such supply. Upon written request by Buyer, Seller shall use its best efforts to obtain modifications of Seller's contract with Antai to make more certain the continued supply of Coke hereunder and the enforceability of such contract with adequate remedies for any breach by Antai of its obligations thereunder.

In the event of an event of Force Majeure hereunder, Seller shall use its best efforts to locate and tender to Buyer a commercially reasonable substitute Coke, based on the mutual agreement of the parties. Such substitute Coke shall be offered to Buyer on terms and conditions no less favorable than those offered to other customers of Seller.

12. Changed Technology. Notwithstanding anything herein to the contrary, the change of any technology utilized by Buyer and applicable to the use of Coke in the Blast Furnaces that materially reduces the Buyer's requirements for Coke in the Blast Furnaces shall be considered as if it were an event of Force Majeure hereunder and Buyer's obligations to purchase Coke hereunder shall be decreased by the quantity that such requirements are reduced as a result thereof.

13. No Pro Rata Delivery. Seller shall have the right to sell Coke from Antai to others only if doing so will not jeopardize Seller's ability to deliver Coke to Buyer in accordance with this Agreement. In the event of reduced or terminated production at Antai's facilities as a result of an event of Force Majeure, Seller shall for the period of reduced or terminated production (a) deliver to Buyer the portion of Antai's unaffected production, up to the whole thereof, required to satisfy to the fullest extent commercially practicable Seller's obligations under this Agreement, and (b) tender a commercially reasonable substitute coke, based on mutual agreement of the parties, if such coke is available at a price (including transportation) comparable to the delivered cost to Buyer of the Coke hereunder. In no event

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shall Buyer's deliveries of Coke be reduced pro rata with other customers of Seller as a result of an occurrence of an event of Force Majeure.

14. No Requirement of Substitute Performance. If Section 11 or Section 12 hereof excuses Buyer from taking Coke for its Blast Furnaces, Buyer shall not be required to purchase Coke hereunder for use in another plant or any other part of the Geneva Steel Mill.

15. Countervailing and Anti-Dumping Duties. Seller shall, in each instance, immediately notify Buyer of (a) the filing of any petition against coke from People's Republic of China seeking relief under any anti-dumping or countervailing duty laws of the United States, (b) any preliminary determination by the United States Department of Commerce ("Department") that there is a reasonable basis to believe or suspect that a subsidy is being provided with respect to coke from People's Republic of China or that coke from People's Republic of China is being sold or likely to be sold, at less than fair value, and (c) the amount per ton of any final countervailing duty or anti-dumping margin (collectively, the "Duty") imposed by any countervailing or anti-dumping order with respect to shipments of Coke hereunder (the "Final Order"). On and after the date of publication of such Final Order, Seller shall have the right

to request by written notice (the "Duty Notice") to Buyer an increase in the Purchase Price applicable to shipments of Coke occurring after the date of the Seller's notice pursuant to the immediately foregoing subpart (b) (the "Preliminary Notice Date"), such increase not to exceed in any event the net amount of any such Duty actually paid or payable by Seller with respect to shipments hereunder. Within sixty (60) days after the delivery of the Duty Notice, Buyer shall either terminate this Agreement upon written notice to Seller, or agree to such increase in the Purchase Price. If Buyer fails to notify Seller of its election pursuant to the foregoing sentence within such sixty (60) day period, Buyer shall be deemed to have terminated this Agreement effective as of the end of such sixty (60) day period as to shipments occurring thereafter. If this Agreement is not terminated pursuant to this Section 15, the Purchase Price for all shipments occurring after the Preliminary Notice Date shall be increased by an amount not to exceed the net amount of such Duty actually paid or payable by Seller with respect to shipments hereunder and, with respect to any such shipments after the Preliminary Notice Date that have been accepted by Buyer, Buyer shall pay Seller the net amount of such increase in the manner provided in Section 4 hereof. If such Duty is at any time subsequently reduced in amount for any reason, including, but not limited to, any administrative review, judicial appeal, remand determination or revocation proceeding, the Purchase Price for all Coke sold to Buyer after the effective date of such reduction shall be automatically reduced by multiplying the amount of such reduction by the percentage of the Duty previously used to increase the

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Purchase Price pursuant to this Section 15, and Seller shall immediately refund to Buyer the amount of any overpayment of the Purchase Price, as so adjusted, relating to prior shipments.

16. Independent Contractor. This is an agreement for the purchase and sale of Coke in which the parties recognize and agree that neither Seller nor Buyer is an agent or employee of the other but each is an independent contractor, independent of any managerial or other control or direction by the other party hereto in the performance of their respective obligations hereunder. Seller and Buyer are free to perform, by such means and in such manner as Seller or Buyer, as the case may be, may choose, all work in pursuance of commitments hereunder.

17. Indemnification.

17.1. Indemnification by Seller. Seller agrees to indemnify, defend, and hold harmless Buyer and any of its officers, directors, employees and representatives from and against all claims, liabilities, claims of indemnity and/or contribution from Seller's employees or other persons or third parties, any and all damages, losses, expenses, royalties, rents, penalties, fines, and cost of defense (including, without limitation, reasonable attorneys' fees), from whatever source, related to or deriving from Seller's Coke sale, transportation, shipment and delivery of Coke, ex ship at the Destination Port pursuant to this Agreement.

17.2. Indemnification by Buyer. Buyer agrees to indemnify, defend, and hold harmless Seller and any of its officers, directors, employees and representatives from and against all claims, liabilities, claims of indemnity and/or contribution from Buyer's employees or other persons or third parties, any and all damages, losses, expenses, royalties, rents, penalties, fines, and cost of defense (including, without limitation, reasonable attorneys' fees), from whatever source, related to or deriving from Buyer's use of Seller's Coke or its purchase of Coke from Seller hereunder after delivery of such Coke, ex ship at the Destination Port pursuant to this Agreement.

18. Title. Seller warrants title to the Coke and quiet possession to Buyer of Coke delivered to Buyer, ex ship at the Destination Port pursuant to this Agreement. Title to the Coke, as well as the risk of loss, shall transfer from Seller when such Coke is delivered, ex ship at the Destination Port.

19. Binding Effect and Assignments.

19.1. Binding Effect. This Agreement shall bind and inure to the benefit of the parties and their respective successors and assigns.

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19.2. Assignments. Neither party may assign or delegate this Agreement or any rights or obligations hereunder without the prior written consent of the other party, which consent shall not be unreasonably withheld, and any assignment without such prior written consent shall be null and void; provided, however, that consent shall not be required for Seller or Buyer to assign, pledge or hypothecate this Agreement for financing purposes whereby such assigning party retains all performance obligations of any kind whatsoever hereunder.

20. Waiver. The failure of either party to insist in any one or more instances upon strict performance of any provision of this Agreement, or to take advantage of any right hereunder, shall not be construed as a waiver of such provision or relinquishment of such right. To be effective, any waiver must be in writing, unambiguously setting forth the right to be waived thereby, and executed by a duly authorized representative of the party to be charged therewith.

21. Remedies Cumulative. Remedies provided under this Agreement shall be cumulative and in addition to other remedies provided by applicable law.

22. Notices. Except as otherwise provided in this Agreement, any notice, request, protest, consent, demand, report, payment or statement (collectively, a "notice") given by one party to the other shall be in writing and shall be given by personal delivery, telex, facsimile transmission, receipted delivery services or by registered or certified mail, return receipt requested, first-class postage prepaid, and shall be addressed as follows:

If the notice is to Buyer, to:

Geneva Steel Company
10 South Geneva Road
Vineyard, Utah 84058
Attention: Director, Purchasing and Traffic
Facsimile No: (801) 227-9244

with a required copy to:

Kimball, Parr, Waddoups, Brown & Gee
185 South State, Suite 1300
Salt Lake City, Utah 84111
Attention: Roger D. Henriksen
Facsimile No.: (801) 532-7750

(or to such other person or address as Buyer shall have designated by due

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notice to Seller).

If the notice is to Seller, to:

Pacific Basin Resources
Hookston Square
3480 Buskirk Avenue, Suite 205
Pleasant Hill, California 94523
Attn: Vice President of Sales and Marketing
Facsimile No. (510) 932-8920

(or to such other person or address as Seller shall have designated by due notice to Buyer).

Notice, for all purposes under this Agreement, regardless of the form given, shall be deemed given when received by the addressee thereof.

23. Captions. The captions to Sections hereof are for convenience only and shall not be considered a part of or used in construing or interpreting this Agreement.

24. No Third-Party Beneficiaries. The provisions of this Agreement are for the benefit of the parties hereto and not for any other person.

25. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah, including the Uniform Commercial Code as enacted therein, without regard to choice of law rules thereof.

26. Entire Agreement. This Agreement contains the entire agreement between the parties as to Coke produced and sold hereunder, and supersedes all prior agreements, whether oral or written, between the parties hereto that relate to the purchase and sale of Coke. There are no representations, understandings or agreements, oral or written, which are not included herein. This Agreement cannot be changed except by duly authorized representatives of both parties in writing.

27. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall together constitute one and the same instrument.

28. Severability. In the event that any provision or any part of any provision of this Agreement shall be held to be invalid, illegal and/or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision or any part of the same provision which can be given effect without the invalid, illegal or unenforceable provision or part thereof.

29. No Consequential Damages. In no event shall either party hereby be liable for consequential, incidental or punitive damages arising out of or related in any way to this Agreement, or the breach hereof.

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30. Survival. The provisions of Sections 4, 10 and 17 shall survive the termination or expiration of this Agreement.

31. Amendment. No amendment or modification of any of the terms or conditions of this Agreement shall be deemed valid, effective and binding on either party hereto unless in writing and signed by the duly authorized representatives of both parties hereto.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized officers, as of the date and year first above written.

"Seller"

PACIFIC BASIN RESOURCES
a division of OXBOW CARBON & MINERALS, INC.
a Delaware corporation

By: Brian Acton
____

Its: President
____

Date: April 29, 1994
____

"Buyer"

GENEVA STEEL COMPANY,
a Utah corporation doing business as Geneva Steel

By: Max E. Sorenson
____

Its: Senior Vice President of Engineering and Technology
____

Date: May 24, 1994
____

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