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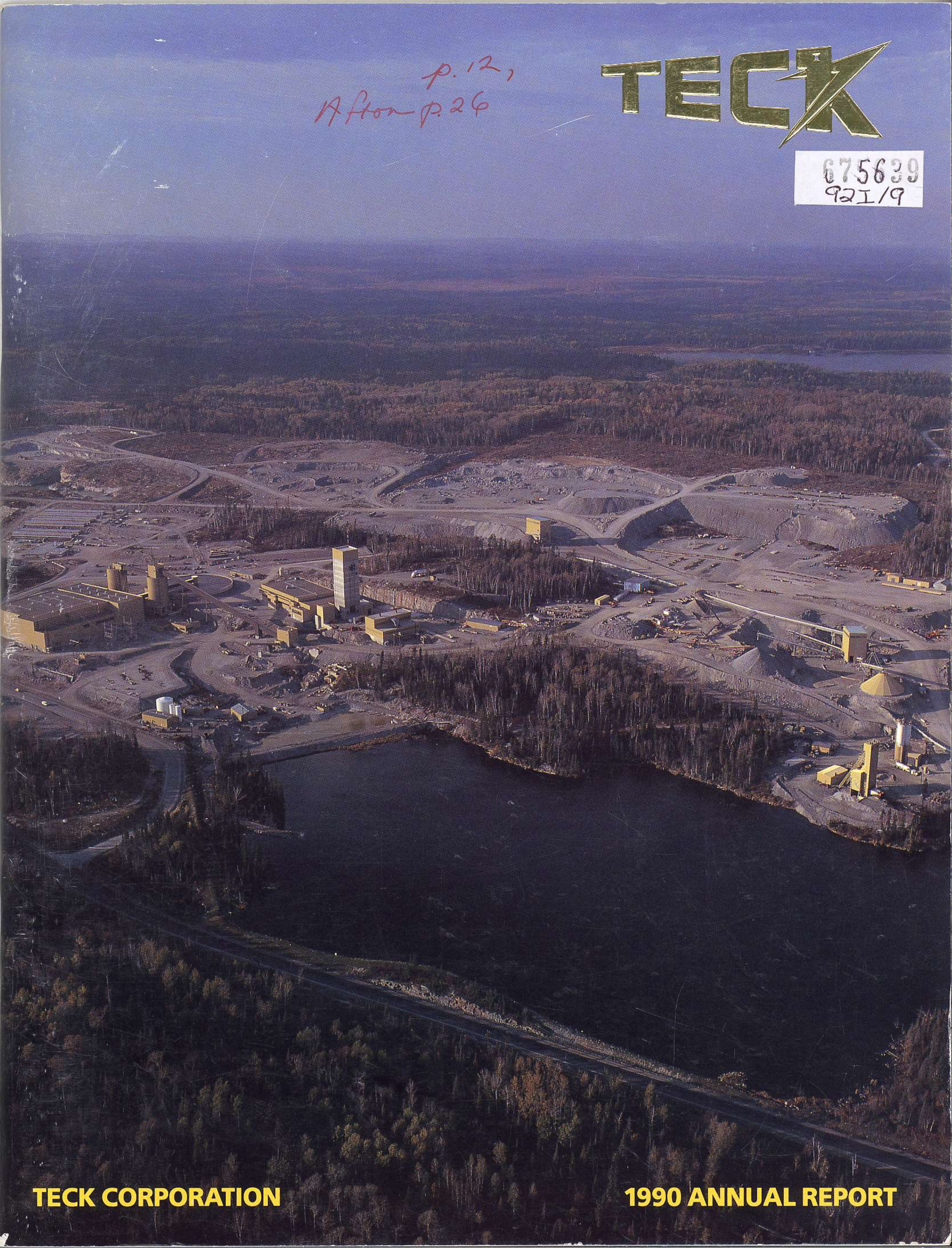


TECK CORPORATION

1990 ANNUAL REPORT

Cover:
Aerial view of the Williams gold mine, Hemlo, Ontario.
Photo credit by David Allen.

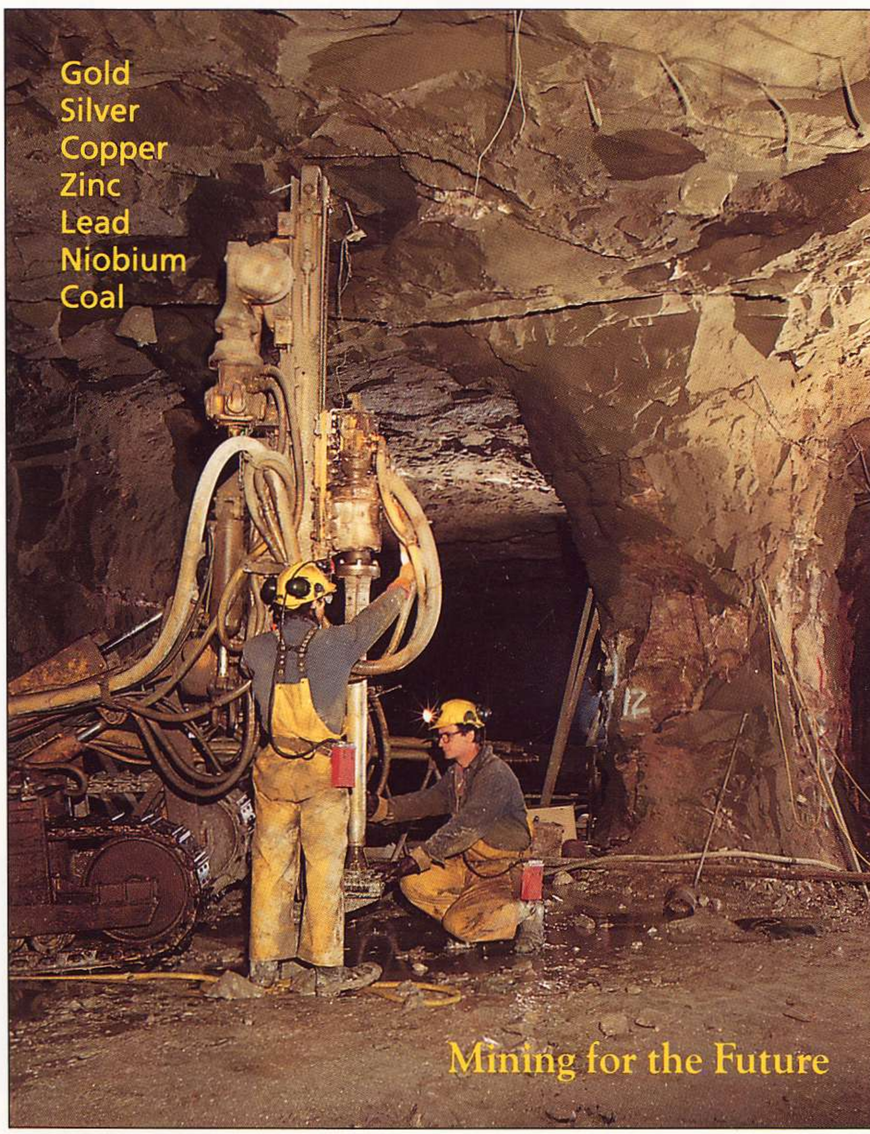
CONTENTS

THE COMPANY

Teck Corporation, a diversified mining and development company, is one of the lowest-cost gold producers in Canada. Based in Vancouver, it is also a producer of copper, silver, zinc, lead, niobium and metallurgical coal. Teck is the largest shareholder of Cominco Ltd., which is one of the world's premier zinc and lead producers.

The company's objective is to be the leader in new mine development and operations by providing the best in engineering talent and systems, maintaining a strong financing capacity and by dealing with partners on a fair and open basis.

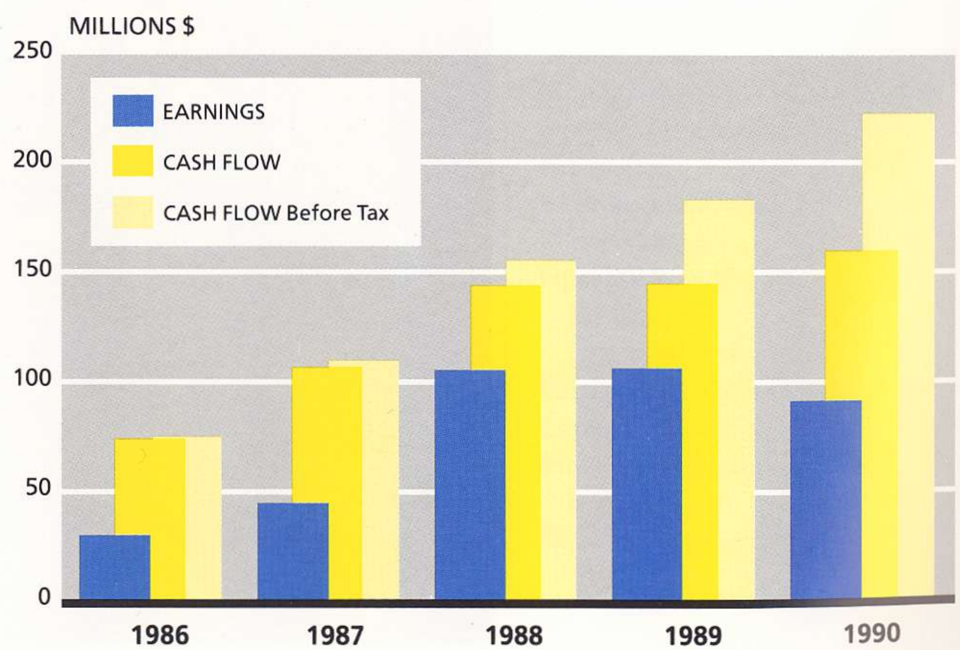
Teck's international associates include Metallgesellschaft AG of Germany and M.I.M. Holdings Limited of Australia, both of which are shareholders of and joint venture partners with Teck.



YEAR AT A GLANCE

	1990	1989
	($ in thousands)	
Revenue	**474,060**	414,263
Earnings before extraordinary items	**90,568**	106,394
Net earnings	**90,568**	112,905
Cash flow from operations	**158,723**	144,222
Capital expenditures		
Property, plant and equipment	**38,447**	44,209
Investments	**48,845**	50,196
Working capital	**62,362**	34,425
Total assets	**1,156,131**	1,022,150
Long-term debt and deferred revenue	**116,631**	72,635
Shareholders' equity	**707,792**	681,210
Long-term debt as a percentage of shareholders' equity	**16%**	11%
Participating shares outstanding	**77,122,637**	76,679,139
Per share		
Earnings before extraordinary items	**$1.10**	$1.31
Net earnings	**$1.10**	$1.39
Cash flow	**$2.06**	$1.89
Dividends	**$0.20**	$0.18
Number of employees	**1,762**	1,859

EARNINGS & CASH FLOW

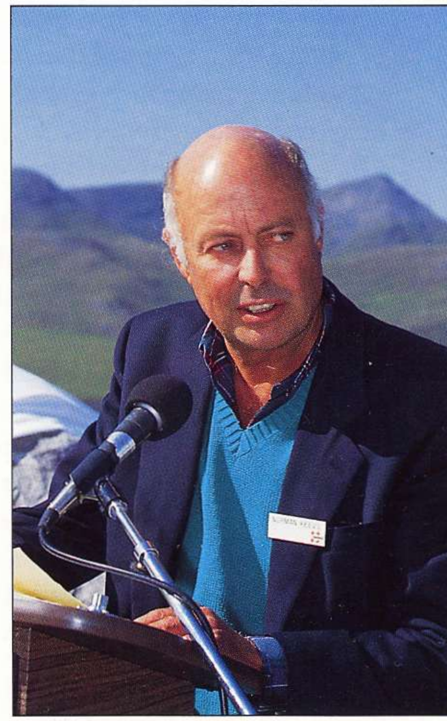


1990 was another good year for Teck Corporation, as illustrated in part by the highlights below and chart on the facing page.

Cash flow from operations reached a record $159 million or $2.06 per share, up from $144 million or $1.89 a year earlier.

The chart also illustrates Teck's growth in pre-tax cash flow, which at $221 million or $2.87 a share was at a new high for the sixth consecutive year. Provision for current taxes was $62 million, up from $38 million in 1989.

While Teck's mining operations performed strongly, net earnings were affected by a lower contribution from our equity in Cominco, which was down from $34 million to $3 million this year. As a result earnings before extraordinary items were $91 million or $1.10 per share, compared with $106 million or $1.31



**Norman B. Keevil,
President and Chairman of the Board.
Red Dog Mine Opening, Alaska
August 1990.**

HIGHLIGHTS

- Gold production of 504,000 ounces, a record for the fifth consecutive year.
- David Bell and Williams mines the lowest-cost and largest gold mines in Canada, respectively.
- Record copper production of 68 million pounds.
- Record cash flow of $159 million or $2.06 per share.
- Earnings of $91 million or $1.10 per share, compared with $106 million or $1.31 per share a year earlier.
- Acquisition of 11% interest in Polaris zinc-lead mine, in addition to 16% held indirectly through Cominco.
- Reorganization of exploration group to meet demands of the Nineties.
- Cominco opens Red Dog zinc-lead mine and nears completion of new Snip gold mine.

per share last year. Nevertheless, Cominco represents an exceptional asset which will be important to the company for many years to come.

Teck's balance sheet continued to strengthen in 1990. Cash reserves rose by $61 million to $87 million. While $50 million in Series E preferred shares was redeemed in December, long term debt increased by only $36 million to stand at $44 million at year end. Adding deferred revenue of $73 million representing forward sales of gold and natural gas, the combination stood at $117 million or 16% of shareholders' equity at year end.

OPERATIONS & PRODUCTS

Mine operating profit in 1990 was $203 million, up from $176 million in 1989. Gold was the largest factor, with our share of the two mines at Hemlo contributing $124 million or 61%, up from $105 million or 60% last year.

The David Bell mine at Hemlo achieved an operating profit of $52 million, compared with $51 million in 1989. Teck's share of production was essentially unchanged at 159,000 ounces. With an average cost of $90 (U.S.) an ounce, David Bell is Canada's lowest-cost gold producer.

The adjoining Williams mine contributed $72 million, up from $54 million last year, with production increasing from 494,000 to 594,000 ounces and a significant lowering of per tonne operating costs. The Williams mine is Canada's largest gold producer, with an average cost in 1990 of $190 (U.S.) per ounce.

Barry McDonald, blaster, laying out blasting accessories at Bullmoose coal mine, B.C.

Teck's share of gold production from these two mines as well as from other sources was a record 504,000 ounces, up from 443,000 ounces in 1989.

Copper production was also at a record high for the second year in a row, up from 49 to 68 million pounds, and copper contributed 14% of mine operating profits, up from 12% a year earlier. Most of this was from our 14% direct interest in Highland Valley Copper, acquired at the start of 1989 but which contributed its first full year of production to Teck in 1990 after a three month strike the previous year.

Zinc is also an important product for Teck, not only through our interest in Cominco, Canada's largest zinc producer, but also from direct operations. During 1990 we acquired an 11.2% interest, effective September 1, in the Polaris zinc-lead mine in the Arctic Islands, as a result of the purchase of a share interest in Pine Point Mines Ltd. by Teck, M.I.M. Holdings Limited and Metall Mining Corporation, and the subsequent reorganization of that company. We also hold an indirect 16% in the mine through our shareholdings in Cominco.

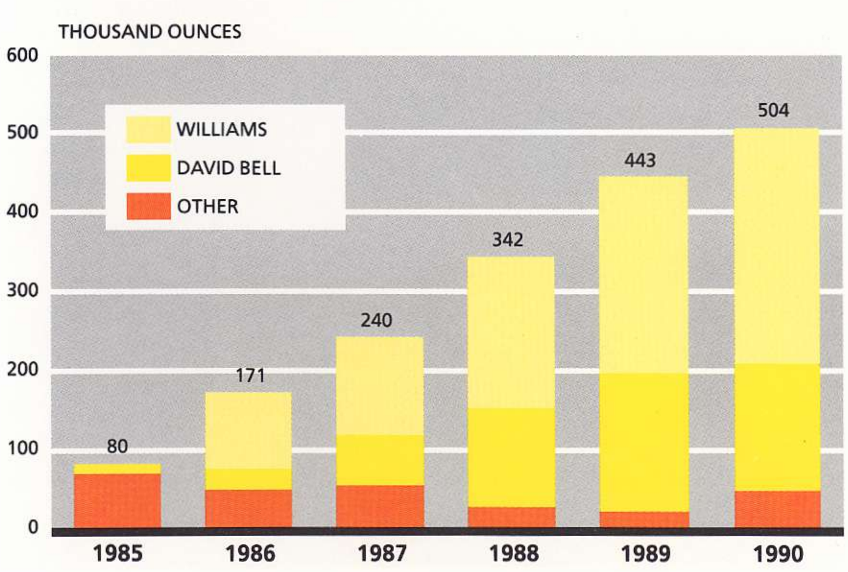
Polaris produced 314 million pounds of zinc and 77 million pounds of lead in 1990 and has reserves for at least 13 years of operation. The acquisition continues our direct participation in zinc mining and was timely following the closure a month earlier of our Newfoundland Zinc mine, where reserves were exhausted after 15 years of production.

Zinc and lead contributed $14 million or 7% of operating profits, compared with $14 million or 8.3% a year ago. Of this, $8.5 million was from Newfoundland Zinc and $5.5 million from four months of recorded Polaris production.

Zinc is also a key part of our future indirectly through Cominco, with its Trail smelter and a number of mines including the new Red Dog mine in Alaska, a cornerstone mine which began production in 1990 and will be the world's largest zinc producer for many years.

Teck's other mining products are niobium, metallurgical coal, molybdenum and silver. Molybdenum is reported as a by-product from Highland Valley Copper. Silver made no contribution to earnings because of continued depressed prices and production from the Beaverdell mine is being suspended early this year. Niobium and coal mining contributed 14% of Teck's operating profits.

GOLD PRODUCTION



THE ENVIRONMENT

Teck was a party to the development of The Mining Association of Canada's new Environmental Policy over the past two years, a summary of which is reproduced on page 33 of this report. Virtually all mining companies in Canada have now agreed to adopt this policy.

Environmental concern is not new to the industry. Protection of the environment has been an important part of mining for many years, through control of emissions, discharges, recycling of process materials and land reclamation.

Teck has appointed a full time officer to monitor environmental procedures at all operations, as well as a supervisory management committee, which will review continuously our compliance with these procedures and reaction to any accidental anomalies.

STRATEGIC INVESTMENTS

In addition to direct operations, Teck also has strategic investments in base metals, gold and petroleum.

Cominco Ltd. is Canada's largest producer of zinc, and a substantial copper and lead producer as well. Teck (50%), M.I.M. Holdings Limited of Australia (25%) and Metall Mining Corporation (25%) together hold 43% of the shares of Cominco, with Teck's investment having a market value of $358 million at year end.

Golden Knight Resources Inc. is a new gold producer, with interests in two mines in the Casa Berardi area of Quebec. The company is debt-free, with cash reserves of $9 million, and is a vehicle for future expansion in the gold business.

Trilogy Resource Corporation is a petroleum producer based in

Alfalfa crop, used for cattle feed, being irrigated at the Afton copper mine, B.C.

Calgary, Alberta. Teck transferred all of its petroleum properties to that company at the start of 1990 in exchange for shares, and now holds a 67% interest. Trilogy is managed independently by proven oil and gas people, and represents our window for growth in that business.

EXPLORATION

The acquisition of new reserves is the lifeblood of any mining company, whether through exploration, development contracts on proven deposits, or acquisition. The objective is to replace efficiently reserves that are mined and to augment these in order to grow.

From a Canadian perspective, continued effective exploration is essential, particularly in the base metals sector where the country's reserves have dropped by 30% in the last decade. This trend must be reversed if our smelting and refining communities are to maintain their feedstock, and if Canada is to continue to enjoy the benefits of mining's major contribution to our balance of trade.

From a world perspective, metals will continue to be an important, if sometimes unsung, component of the economy. In addition to existing markets, there will be strong demand from the rebuilding of Eastern Europe, as well as from the natural desire of underdeveloped countries to grow, and to achieve the standards of living of more developed parts of the world.

Existing mines cannot be expected to supply the anticipated world demand ten years from now, and new mines must be found and developed to achieve this.

TECK - M.I.M. - METALLGESELLSCHAFT - COMINCO

Shareholders and other investors have asked questions from time to time about the relationship between these companies, which has been referred to as an international network.

The linkage is based to some extent upon joint investments and shareholdings, and also upon a common interest in developments in the world mining industry.

M.I.M. Holdings Limited of Australia and Metall Mining Corporation hold minority share interests in Teck and in each other. M.I.M., Metall and Teck each hold significant share interests in Cominco Ltd.

Examples of joint activities by two or more of the group include the purchase of Cominco shares by Teck, Metall and M.I.M., the purchase of an interest in Aur Resources by Cominco and Teck; joint ventures in zinc processing by M.I.M. and Metall in Europe; and a joint bid for the Cananea mine in Mexico by Teck and Metallgesellschaft AG in 1990.

While the informal linkage presents an obvious pool of potential joint venture partners for projects where this is helpful, either for technical or financial reasons, each company operates in pursuit of its own particular objectives for the most part, with active exploration and development programs in various parts of the world.

Teck's approach to exploration is reviewed beginning on page 30 of this report. We will expand our non-Canadian activities in response to the high costs of operating in Canada, including the excessively high exchange rate of the Canadian dollar. At the same time, we will attempt to encourage coordinated industry-university initiatives to develop new technology which will make mineral exploration more effective in Canada.

Teck's exploration team has undergone some changes and additions since last year, with the retirement of John May and Matthew Blecha, after several decades of service with the company. Both contributed particularly to Teck's success at Hemlo and in Newfoundland.

J. Trussler, M. Pezim, J. May, R. Quartermain and M. Blecha, celebrating the Hemlo discovery.

William Meyer has been appointed President of Teck Explorations, Barry Simmons has joined the company to manage eastern North American and European activities out of the Toronto office, and Dr. Art Soregaroli has joined Teck as Chief Geoscientist. With other promotions and reassignments, the company's exploration team is well-positioned to meet the challenges of the 1990's.

OUTLOOK

The outlook for Teck, as for any mining company, depends upon our production levels, ability to maintain this through exploration and development, our costs, world metal prices and the exchange rate of the Canadian dollar. It also depends upon the earnings and growth capacity of Cominco, which is a function of all of these factors as well.

Most experts, although not all, believe the Canadian dollar to be overvalued because it has been propped up by excessively high interest rates (see box). It is expected to fall, which will be beneficial to all Canadian exporters, and indeed to the overall economy. A substantial, quick correction would be more beneficial than a long period of attrition.

Teck's production of copper and zinc should increase slightly this year, with gold declining somewhat and other metals and minerals being about the same. Our costs remain competitive, with most of our mines being better than the industry average in this respect.

We need to continue to develop new income sources through exploration, development and acquisitions. The modernization of our exploration department is directed towards this objective, as is our ongoing commitment to a strong financial position, in order to be able to take advantage of opportunities.

World metal prices declined somewhat in 1990 as a result of reduced economic activity and the problems in the Persian Gulf. With a recession as deep as that of 1982 unlikely and with metal inventories expected to stay under better control, prices should stay well above their lows of that cycle, in 1991 dollars.

Growth in metal consumption in Asia is expected to continue and there will be new demands for industrial metals related to the modernization of Eastern Europe and, to a lesser extent, reconstruction in the Gulf. New mines will be needed to fill demand in the 1990's and these will generally require higher prices than those to which the industry has become accustomed.

Cominco was an important contributor to Teck's earnings in 1989, but not in 1990 because of several factors referred to elsewhere in this report. Cominco's results should be better in 1991 and, with some exceptional assets such as the Red

CANADA'S INTEREST RATE POLICY AND THE DOLLAR

The Bank of Canada has kept interest rates excessively high for several years. This has had a damaging effect on Canadian individuals and corporations, on the federal deficit and on the Canadian dollar, forcing it upwards to an untenable level.

The resulting high dollar has damaged the Canadian export sector and favoured imports, precisely the opposite of what the GST is supposed to encourage. It perversely has wiped out much of the benefits of the Free Trade Agreement, which with a realistically valued dollar would now be showing material benefits to Canada.

Propping up the dollar by unusual interest rates is like propping up a penny stock by hype; sooner or later it must correct itself. Ironically, the longer we damage the economy by a high interest-dollar policy, the lower the value of the dollar will be when the correction eventually occurs.

Teck and The Mining Association of Canada do not have a view on what the specific value of the Canadian dollar should be — only that it should not be inflated artificially by high interest rates, but should be allowed to find its own realistic level.

The cost of the overvalued dollar to Teck and Cominco alone in the last 3 years is estimated to have been almost $500 million in lost revenue, which would have been available to invest in Canada. The cost to the industry as a whole is substantially more. The cost to Canada of a policy which encourages imports over our own producers is immeasurable.

The high interest rates are also a major factor in the federal deficit. If our interest rates had been similar to those in the United States, interest costs on the national debt would be lower by $5 billion a year.

There is presently no reason for our interest rates to be four or five percentage points higher than those in the United States, our major trading partner, except for the political fear that correcting this would also cause a correction in the over-valued dollar.

Our Canadian interest rates should be lowered to virtual parity with U.S. rates quickly, and the dollar allowed to move to a market level rather than the present artificially inflated one.

Dog mine in Alaska, the company is expected to contribute materially to Teck's earnings in the coming years.

While we see the Nineties as an improved decade for the mining business in general, our objective is to continue to grow through development, rather than just from relying upon prices. With some of the best assets in North America in gold, copper and zinc, Teck has a good base from which to achieve this.

APPRECIATION

In closing, we would like to thank all employees of the company and of our affiliated companies and joint ventures for their contributions to another successful year.

In particular, the operations people at the David Bell and Williams mines succeeded in reducing costs materially, the Bullmoose and Highland Valley people achieved award-winning safety records, and all operations performed up to or better than expectations.

The exploration and engineering people who identified and acquired the Powderhorn project (page 31) are to be commended for their initiative. While time and continuing studies will determine if it will make a mine, it represents the kind of resource with potential for a long life and significant impact on the company which is the raison d'être for our exploration efforts.

Norman Fussell became Managing Director and Chief Executive Officer of M.I.M. Holdings Limited in December and found it necessary to retire from the Board of Directors of Teck. We will miss his wise counsel but welcome his associate, Kenneth Dredge, Executive General Manager - Lead and Zinc for M.I.M., as his replacement.

Finally, a tribute should be paid to Bruno Goetting, who passed away late in the year. Bruno retired in 1988 after 36 years of dedicated service at the Beaverdell mine, and more than anyone was responsible for its success over the years. Bruno's family has made his exceptional mineral collection available for display at Teck's head office, and it will be a lasting memorial to a fine gentleman and member of the team.

On behalf of the Board,

Norman B. Keevil,
Chairman and President.

February 14, 1991

TECK CORPORATION

OPERATIONS

Afton (73%) — *Copper, Gold*
Beaverdell (100%) — *Silver*
Bullmoose (61%) — *Coal*
David Bell (50%) — *Gold*
Highland Valley Copper (14%)
Klondike Placer Gold (100%)
Newfoundland Zinc (63%)
Niobec (50%) — *Niobium*
Polaris (11%) — *Zinc, Lead*
Williams (50%) — *Gold*

STRATEGIC INVESTMENTS

Golden Knight Resources Inc. (36%)
Gold Mining
Trilogy Resource Corporation (67%)
Oil and Gas
Nunachiaq Inc. (50%)

Cominco Ltd. (43%)
Base Metal Mining

Aberfoyle Limited (45%)
Zinc, Lead Mining (Australia)

OPERATIONS

In 1990, operations in which Teck has a direct interest produced gold, silver, copper, zinc, lead, molybdenum, niobium and coal. All of these mines are in Canada.

Mining revenues for the year were $433 million, up from $390 million in 1989. Combined mine operating profit was $203 million, accounting for 93% of the company's total operating profit of $219 million.

1990 was again a record year for both gold and copper production. Gold was the single largest source of revenue and operating profit, with both mines at Hemlo having excellent years. Teck's own share of gold production was a record 504,340 ounces, up significantly from the previous record of 442,600 ounces produced in 1989.

Copper production was 68 million pounds, up from the previous record of 49 million pounds set last year, as Highland Valley Copper reported its first full year of production since Teck acquired a direct 14% interest at the start of 1989.

Teck has also started to report direct zinc production from its 11.2% interest in the Polaris zinc-lead mine in the Arctic Islands, in addition to equity earnings from Cominco's 77.5% interest in that project. The acquisition as of September 1, 1990 was timely, since it occurred in the month following the closure of Teck's Newfoundland Zinc mine after 15 years of production.

Production of coal and other metals was relatively unchanged in 1990 and should continue at roughly the same levels in 1991, except that operations at the Beaverdell silver mine are being suspended pending an improvement in silver prices or the discovery of higher-grade reserves.

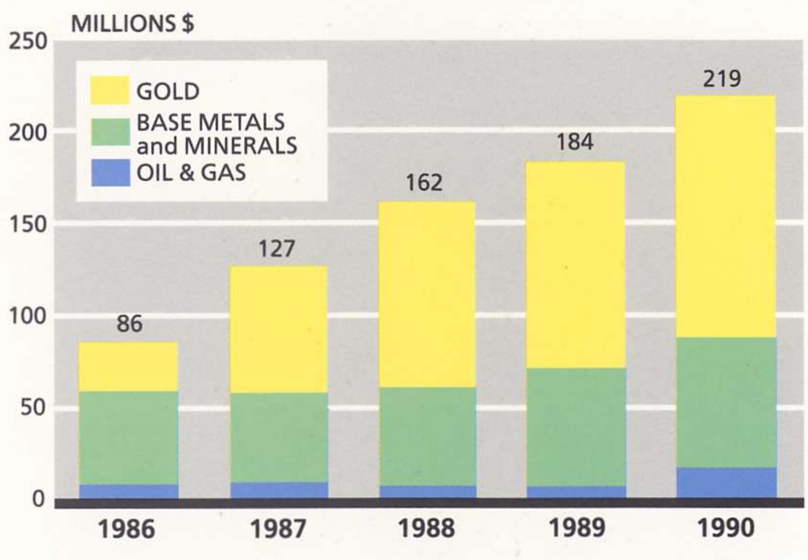
The accompanying chart illustrates the relative contributions to Teck's operating profit by gold, other metals and minerals, and oil and gas.

AFTON (copper, gold)

The Afton operation is located just west of Kamloops in the south-central interior of British Columbia. It is a partnership between Teck, which holds a 73% interest, and an affiliate of Metall Mining Corporation.

The copper concentrator commenced production in late 1977 and since then mining has been carried out in four pits

OPERATING PROFIT
BY COMMODITY



— the Afton, Pothook, Crescent and currently the Ajax. The Ajax pit, in which Cominco and Imperial Metals share a 30% net profits interest, has reserves sufficient for seven years, after which the deep extension of the original Afton orebody might be developed by underground methods, if economically feasible at the time.

Afton's contribution to Teck's operating profit increased by $3 million to $3.7 million, primarily due to higher production. Copper production was 24.1 million pounds, almost 25% higher than the 19.4 million pounds produced in 1989, and gold production was up 73% to 25,179 ounces. Higher copper and gold mill feed grades were the primary reasons for the increase.

When processing of Ajax ore began in mid-1989, it was expected that the daily mill throughput would approach 10,000 tonnes. However, the Ajax ore has proved to be difficult to grind because of an unusually high percentage of pebble-size material generated in the primary mill. Accordingly, the actual daily throughput was only 6,200 tonnes during the first few months of production.

The addition of a crushing circuit in late 1989 resulted in increased throughput to 8,000 tonnes per day, which was subsequently increased to 8,500 tonnes per day by adding a screen which maximized the ball mill feed rate. The down time resulting from these modifications resulted in an average milling rate of 7,275 tonnes per day in 1990. However, the target rate for 1991 is 8,500 tonnes per day, with copper and gold production expected to be 26.3 million pounds and 27,000 ounces, respectively.

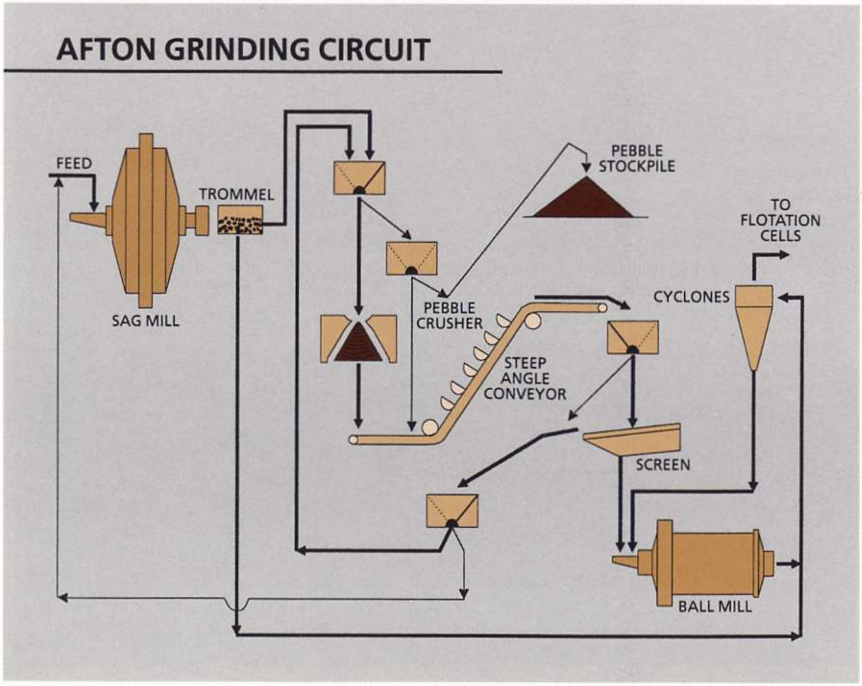
Afton's workforce stood at 216 at year end. The current collective agreement with the USWA, which covers approximately 150 employees, expires on April 30, 1991.

Ajax reserves at year end are estimated to be 20.7 million tonnes averaging 0.45% copper and 0.01 ounces of gold per tonne. Underground geological re-

Aerial view of Ajax pit near Kamloops, B.C.

Wolf P. Nickel, Mine Manager,
Afton copper mine, B.C.

serves remain unchanged, at 9.5 million tonnes of 1.5% copper and 0.033 ounces of gold per tonne. The underground reserves are not included in the present mine production program.



Much of the land in the vicinity of the Afton operation is used for cattle ranching and Afton itself operates two ranches acquired in connection with the mine properties. As soon as mining activities have been completed in a particular area, land reclamation activities commence. For example, the waste dumps associated with the Afton, Pothook and Crescent pits have been re-sloped and seeded with a mixture of grasses which will be suitable for cattle grazing.

BEAVERDELL (silver)

The Beaverdell silver mine is one of the oldest operating mines in Canada, having a history of continuous production since the turn of the century. It is wholly owned by Teck and is located on the West Kettle River, south of Kelowna, British Columbia.

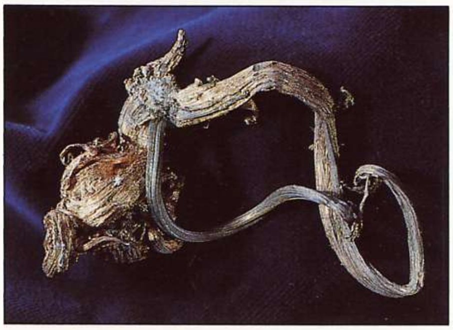
The Beaverdell mine is a small underground operation which produced 368,669 ounces of silver in 1990, compared with 311,868 ounces the prior year.

Employees at Beaverdell did their utmost to improve productivity during the year and succeeded in improving the ore recovery rate and reducing operating costs. Unfortunately, due to declining silver prices and a high Canadian dollar exchange rate, the Beaverdell mine suffered a small operating loss for the third consecutive year.

The price of silver has declined from an average of US$7.01 per ounce in 1987, the last year in which Beaverdell was profitable, to an average of US$4.82 per ounce in 1990. The price of silver is not expected to increase in the immediate future since current stocks are sufficient to meet consumption for many years and high levels of by-product silver are expected to continue.

Late in the year, Teck announced that it will be suspending operations at Beaverdell early in 1991, pending an improvement in silver prices or the discovery of higher grade reserves.

It is sad to report that Bruno Goetting passed away on October 22, 1990 after a lengthy illness. Bruno retired in 1988 after 36 years of diligent and faithful service, the last 22 years as Manager of the Beaverdell mine. Bruno was also an avid collector of mineral specimens and his unique collection has been acquired by Teck for future display in Teck's offices.



Rare wire silver specimen from the Beaverdell mine, B.C.

BULLMOOSE (coal)

The Bullmoose mine is an open-pit coal operation located in northeastern British Columbia, approximately 30 kilometres northwest of Tumbler Ridge. It is a joint venture between Teck (60.9%), Rio Algom Ltd. (29.1%) and Nissho Iwai Canada Limited (10%).

Mine development and the wash plant were completed in late 1983 at a cost of $275 million, which was $37 million under the original construction budget. Construction was part of a major northern development program which included a 136-kilometre railroad built by B.C. Rail, a new townsite at Tumbler Ridge and a new coal port facility at Prince Rupert.

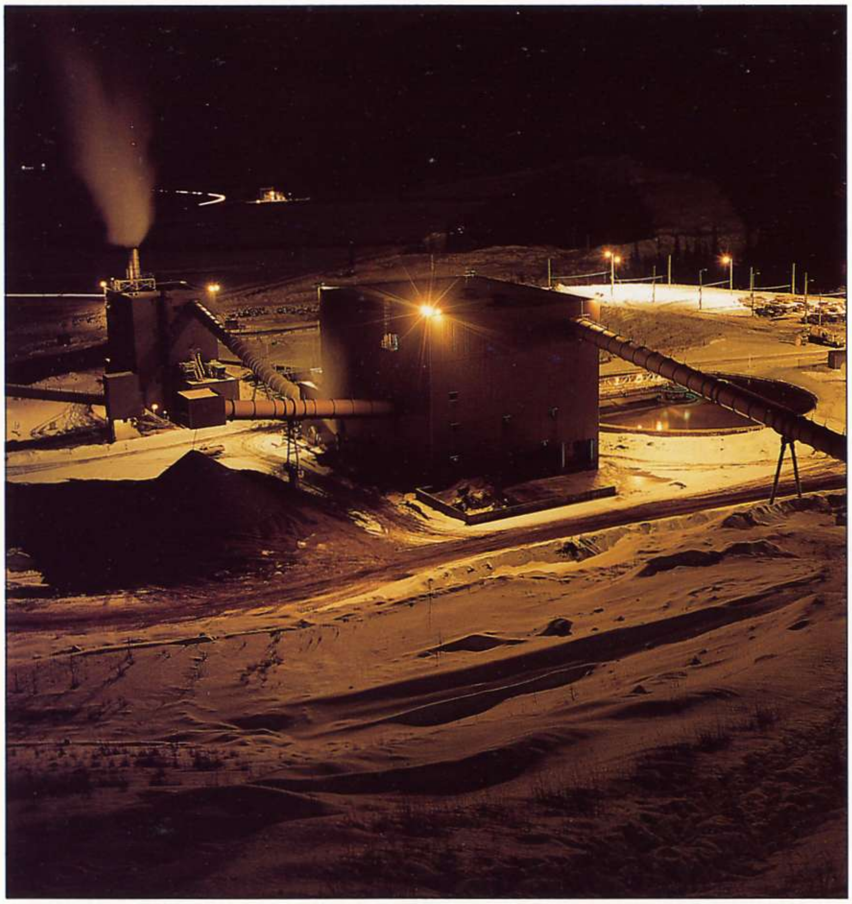
Metallurgical coal is sold to nine Japanese steel companies under long-term contracts which provide for an annual volume of 1.7 million tonnes. This volume is subject to adjustment up or down by 5% at the option of the purchasers. Sales volume in 1990 was 1.6 million tonnes, roughly the same as in 1989 and the same as forecasted for 1991. Subsequent to the year end, an agreement was signed with the Japanese customers which will result in a price reduction for Bulmoose coal delivered after December 31, 1990 (see "Markets").

During the year the mine supplied 2.0 million tonnes of raw coal to the wash plant and produced 1.5 million tonnes of clean metallurgical coal for a yield of 74%. This production plus coal from inventory satisfied the 1990 contractual sales obligations.

Extremely cold winter temperatures for sustained periods affected pit production. Despite this, the mine achieved 97% of its waste stripping objectives. A 25-day strike by B.C. Rail employees forced the mine to stockpile clean coal at the rail loadout during this period. Accelerated coal shipments during the last few months of the year have essentially eliminated this stockpile.

Total reserves of saleable coal at year end were 38.8 million tonnes, compared with 40.3 million tonnes at the end of 1989. At present levels of output, this is sufficient for 24 years of operations.

Bullmoose operating and management staff are to be congratulated for operating the safest open-pit coal mine in British Columbia in 1990.



Wash plant and dryer, Bullmoose coal mine, B.C.

DAVID BELL (gold)

The David Bell gold mine is one of two mines operated by Teck in the Hemlo gold camp near Marathon, Ontario. It is a 50-50 joint venture with Corona Corporation.

The David Bell mine is an underground operation which was placed into production in 1985 at a capital cost of $90 million. It is the lowest-cost gold mine in Canada, with an average cost of $104 (U.S. $90) per ounce produced in 1990.

The mine produced a record 318,098 ounces of gold in 1990, compared with the previous year's record of 312,190 ounces. Mill throughput averaged 1,277 tonnes per day, an increase of almost 10% over the prior year. The recovery rate was 97.1%, up slightly from last year.

With higher throughput and lower operating costs, the David Bell mine contributed $52.1 million towards Teck's operating profit, compared with $50.9 million in 1989.

Numerous initiatives were undertaken during the year in order to reduce operating costs. These included more cost-effective purchasing, improved mining procedures, better management of consumables and generally improved productivity. It is noteworthy that throughput increased by 10% notwithstanding a slight reduction in manpower. These initiatives resulted in a reduction in the operating cost per tonne to $70.64, compared with $80.30 in 1989.

Ore reserves at year end were estimated to be 6.8 million tonnes containing 0.40 ounces of gold per tonne for a total of 2.7 million contained ounces. A limited exploration program undertaken during the year was successful in adding approximately 190,000 tonnes to the reserves.

The David Bell mine has been mining at above-average ore grade for the past several years. While this will continue in 1991, with roughly the same forecasted production, output in the following two years will likely drop to the range of 230,000 ounces.

A three-year collective agreement was concluded with the USWA on April 13, 1990. It covers approximately 170 employees and will expire on October 30, 1992.

In addition to production from the David Bell mine, Teck and Corona share 50% of the net revenue generated from a quarter claim which is being mined and processed by Hemlo Gold. Production from the quarter claim in 1990 was 84,061 ounces of gold, which was also a record high, up from the previous year's 81,719 ounces.

The quarter claim contributed $5.6 million to Teck's operating profit for the year, compared with $5.4 million in 1989. Quarter claim reserves are estimated to be 2.0 million tonnes averaging 0.34 ounces of gold per tonne.

HIGHLAND VALLEY COPPER (copper, molybdenum, gold, silver)

Highland Valley Copper is a large open-pit operation located approximately 50 kilometres south of Kamloops, British Columbia. The mine is owned and operated by a partnership in which Teck holds a direct 14% interest, in addition to a net indirect interest of 11% through its equity in Cominco.

The mine complex includes two large open pits and a single expanded mill facility which combines the old Lornex mill with the Highmont mill formerly operated by Teck. The relocation of the Highmont facility was completed in 1989 at a cost of $78 million and added 45,000 tonnes per day to the plant

Ore being conveyed to grinding circuit, David Bell gold mine, Hemlo, Ontario.

Coarse ore stockpiles with plantsite in background, Highland Valley Copper mine, B.C.

capacity. Highland Valley is now the world's second largest copper milling complex.

1990 was Teck's first full year of copper production from Highland Valley, since acquiring a direct interest at the start of 1989. The mine was shut down in 1989 for three months due to a strike.

The mine produced a record 361 million pounds of copper in 1990, up from 250 million pounds the year before. In addition, Highland Valley produced 4.2 million pounds of molybdenum, 2 million ounces of silver and 13,000 ounces of gold from 46.3 million tonnes of ore. Although copper prices were slightly lower than in 1989, Highland Valley contributed $27.2 million to Teck's operating profit for the year, an increase of $5 million from the prior year.

In order to feed the increased mill capacity resulting from the relocation of the Highmont mill, a record amount of material had to be moved during the year. One of the factors in achieving this was the commissioning of two 33-cubic yard shovels and 26 new 170-tonne haulage units in 1989. Also, in 1990, a new computer-assisted mine dispatch system became operational and has measurably increased truck productivity.

Highland Valley Copper was honoured for being the safest large metal mining operation in British Columbia in 1989 and will likely receive similar recognition from the provincial government for 1990. The workforce stood at 1,227 at year end, which is a reduction of 15% since 1987. The current collective agreement with USWA will expire on September 30, 1991.

Highland Valley's measured and indicated ore reserves at year end were estimated to be 761 million tonnes averaging 0.41% copper and 0.007% molybdenum, and are sufficient for a projected mine life of 16 years.

KLONDIKE (gold)

Teck's 100%-owned Klondike mine is a placer gold operation located in the historic Klondike district near Dawson City, Yukon Territory. It was developed by Teck in 1980 and is a seasonal operation due to the harsh climate.

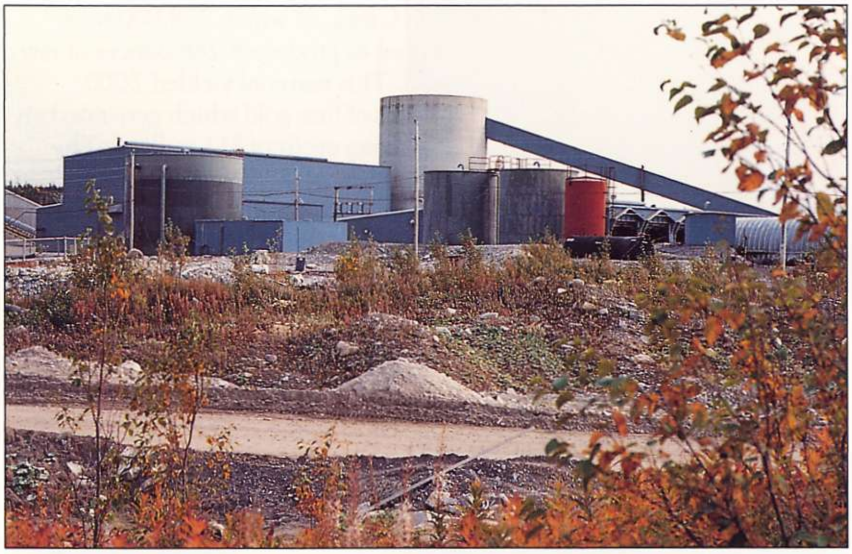
The operation uses the same principle of sluicing as was used by Klondike miners near the turn of the century. Permafrost (permanently frozen ground) is stripped and pay gravel washed through a sluice box. A total of 23 people are employed to produce an average of 7,000 ounces per season, making this mine one of the largest and most successful alluvial mining operations in Yukon.

In 1990, a total of 1.1 million cubic yards of material was moved on Gold Run Creek, of which 228,000 were sluiced to produce 8,286 ounces of raw gold. This material yielded 7,000 ounces of fine gold which generated an operating profit of $1.1 million. The average recovered grade was 0.03 ounces of gold per cubic yard.

Sluice box where placer gold is concentrated, Klondike mine, Yukon Territory.

Stripping in preparation for 1991 production continued until seasonal operations were suspended in October. It is projected that gold production in 1991 will be reduced somewhat to approximately 5,700 ounces from 225,000 cubic yards of material.

Reserves at year end were estimated to be 1.1 million cubic yards averaging 0.023 ounces of fine gold per cubic yard.



Plantsite at Newfoundland Zinc mine, Newfoundland.

NEWFOUNDLAND ZINC

The Newfoundland Zinc mine is located in the St. Barbe district of the Great Northern Peninsula, six miles northeast of Daniel's Harbour. The operation is a joint venture between Teck, which holds a 63% interest, and Amax Lead and Zinc Inc.

The mine and surface facilities were developed by Teck in the mid-1970's at a capital cost of $18 million. Although the original mine life was estimated to be eight years, this was almost doubled through on-going exploration. After many successful years of operation, the mine finally ran out of ore on August 19, 1990.

During its life, the Newfoundland Zinc mine produced 512,000 tonnes of zinc from 6.6 million tonnes of ore averaging 7.9% zinc. The mine has been the principal employer in the area and has provided work for approximately 160 employees in an area which generally suffers from high unemployment.

Although only operating for eight months in 1990, the mine contributed $8.4 million to Teck's net operating profit. Production totalled 37.6 million pounds of zinc from 220,000 tonnes of ore. Careful planning was undertaken to maximize reserve recovery. With a systematic retreat from all underground workings, the final phase of pillar extraction increased ore reserve recovery to an impressive 95%.

Mine closure and reclamation activities were initiated before the mine closed and will continue for some time. Activities to date include the collection of all materials and equipment for final removal, disposal of toxic chemicals in an environmentally acceptable manner, construction of permanent spillways to prevent erosion of dams, re-sloping pit walls to establish a permanent safe condition and re-seeding the tailings pond. Although not required and somewhat more expensive than alternative measures, the decision to re-slope the pit walls was made because of the permanency and aesthetic values it would provide. Ongoing activities will include disposal of equipment and buildings prior to landscaping.

Every effort was also made to leave a lasting contribution to the local communities. The mine donated road maintenance and emergency equipment to Daniel's Harbour, an office building and security trailer to the Great Northern Development Corporation for use as an Arctic Char fish hatchery, a concentrate storage building plus financial support to the community of Hawke's Bay to establish a community centre, and a storage building to the community of Parsons Pond for use as a recreational facility.

The Mayor of Daniel's Harbour recently remarked that "Newfoundland Zinc has provided assistance to the community that many are not even aware of. The operation will be sorely missed."

NIOBEC (niobium)

The Niobec underground mine is located near Chicoutimi, Quebec and is operated by Teck as a 50-50 joint venture with Cambior Inc. Placed into production in early 1976 at a capital cost of $18 million, the Niobec mine has the capacity to produce 7.5 million pounds of niobium pentoxide annually.

In 1990, Niobec processed 794,000 tonnes of ore averaging 0.71% Nb_2O_5 and produced 7.5 million pounds of niobium oxide, compared with 7.7 million pounds in 1989. Mill throughput was essentially the same as last year, but recovery was down to 60.4%. The lower recovery was primarily due to the treatment of more refractory ore.

Headframe and shaft house, Niobec niobium mine, Quebec.

The milling process at Niobec is complex and accounts for approximately 45% of the total operating cost. Ongoing research efforts are in progress to determine alternate processing methods which could improve niobium recovery or reduce reagent consumption.

During the year, a 34-month collective agreement was negotiated with the USWA. This agreement will expire on April 30, 1993 and covers approximately 100 operating employees.

After 15 years of operation, Niobec is about to run out of tailings storage capacity. Additional land has been acquired to expand the tailings pond and permitting is in progress. Construction is scheduled to start late in 1991 and on completion will provide an additional 12 years of storage capacity.

Niobec continues to be a steady producer with little year-to-year variability. The production plan for 1991 projects that an estimated 7.2 million pounds of niobium pentoxide will be produced from 795,000 tonnes of ore, with the grade being slightly lower at 0.68% Nb_2O_5.

Ore reserves at year end are estimated to be 10.1 million tonnes contained 0.65% Nb_2O_5. Limited exploration drilling was undertaken this year in an area where there was little expected chance of success. The drilling was necessary in order to confirm production scheduling in and around that area. Drilling in 1991 will be in an area which is more likely to contain mineable reserves and therefore the loss in reserves this year should not be interpreted as a trend. Presently, reserves are sufficient for 14 years of production.

POLARIS (zinc, lead)

Polaris is an underground mine located on Little Cornwallis Island in the Northwest Territories. The mine was previously a joint venture between Cominco and Pine Point Mines Limited. However, the acquisition by Nunachiaq Inc., in which Teck holds a 50% interest, of 49% of Pine Point, and a subsequent restructuring of that company and the joint venture with Cominco, have resulted in Teck now having an 11.2% interest in the Polaris mine, in addition to an indirect interest through Cominco's 77.5% share.

The restructuring of Pine Point was completed on September 1, 1990. For the last four months of the year, Teck's share of operating profit was $5.5 million.

A. Winckers and B. Chin, in Vancouver, reviewing data on Polaris zinc-lead mine, N.W.T.

During the year, the Polaris mine processed 1.0 million tonnes of ore averaging 14.4% zinc and 4.0% lead to produce 227,142 tonnes of zinc concentrate and 48,225 tonnes of lead. Lead and zinc recovery rates were 93.1% and 97.1%, respectively.

Ore reserves at year end are estimated to be 11.8 million tonnes averaging 14.1% zinc and 3.8% lead and are sufficient for 13 years of production at current rates.

THE WILLIAMS MINE

The Williams mine is one of three mines operating in the Hemlo gold camp, which is located on the Trans-Canada Highway and Canadian Pacific railway about half way between Thunder Bay and Sault Ste. Marie, Ontario. Williams is the largest gold mine in Canada, with just under 600,000 ounces produced in 1990. It is a 50-50 joint venture between Teck and Corona Corporation.

Prior to 1945, the Hemlo area had seen little exploration activity. About that time, a local resident discovered gold mineralization in the area which was brought to the attention of Harry Ollman, who proceeded to stake a number of claims. Dr. Jack Williams, a physician educated in Canada, acquired an interest in the Ollman claims and proceeded to establish minor gold values through a limited program of drilling. The claims were subsequently patented and remained in the Williams family, which had moved to Maryland, until the early 1980's.

N.B. Keevil, David & Angela Bell, D. McKinnon and J. Larche, underground at the David Bell Mine.

In 1980, two prospectors, Donald McKinnon and John Larche, restaked some claims adjoining the Williams property, on which minor gold values had also been established by Lake Superior Mining Corporation in the late 1940's. These claims were optioned by Corona Resources, then a junior exploration company, which retained David Bell, a geologist from Timmins, to carry out an exploration program.

As drilling progressed in early 1981, David Bell developed the theory that, instead of being a secondary replacement deposit, as was conventionally thought, the gold mineralization at Hemlo was more likely a volcanic syngenetic deposit which could have led to the distribution of gold spread over quite a large area. It was at this time that he recommended to Corona that additional claims, including the Williams property, be acquired.

David Bell's theory proved to be correct and the so-called "discovery hole" drilled on the Corona property in May of 1981 was in fact the discovery of one orebody which would ultimately support three operating mines and the most important gold camp in Canada. It was shortly after this that Lac Minerals, which had been in development contract discussions with Corona, proceeded to acquire the Williams property. Corona subsequently entered into a joint venture with Teck to jointly explore and develop Corona's interests in the area.

Mike Lipkewich, Vice President, Mining.

Lac proceeded to drill off the extension of the Corona orebody on the Williams property and to develop a mine and surface complex at an initial capital cost of $200 million. (Total capital costs of the Williams mine now stand at $430 million.) Meanwhile, Corona had initiated legal proceedings to recover the Williams property from Lac. The Williams mine commenced production late in 1985, just three months before the Ontario Supreme Court ruled that the property be returned to Corona. This judgment was ultimately upheld by the Supreme Court of Canada and the property was turned over to the Teck-Corona joint venture in August, 1989.

L.H.D. unit delivering ore to draw point, Williams gold mine, Hemlo, Ontario.

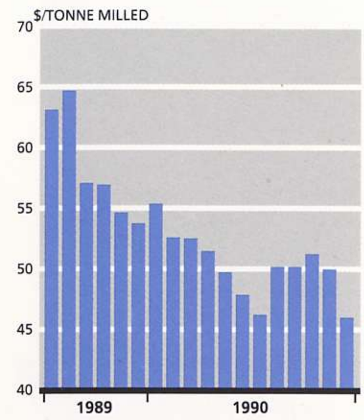
Because of the size and importance of the Williams operation, Teck's Vice President, Mining, Mike Lipkewich, devoted virtually his full time to the Williams operation for about six months. As stated in last year's report, the immediate priorities on assuming management were to maintain a stable workforce, determine how the designed mill throughput of 6,000 tonnes per day could be achieved quickly and cost effectively, and to establish programs to reduce both operating and capital expenditures.

These objectives have all been achieved. Compared with 1989 figures, mill throughput was up 18.6% to 6,250 tonnes per day, gold production was up 20.2% to 594,128 ounces, recovery was up by nearly half a percentage point and operating costs were down by 18.5%, averaging just under $50 per tonne milled, or $192 per ounce produced. The monthly throughput and cost trends are illustrated in the charts (opposite), which show a marked improvement in productivity and efficiency.

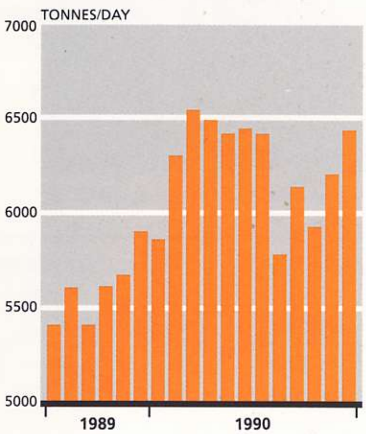
The Williams mine was Teck's single most important operation in 1990, contributing $72.0 million to Teck's operating profit, a 33% increase from the prior year's $54.1 million. The improved profitability is the result of higher gold production, due in part to the mining of higher head grades, combined with significantly reduced operating costs.

Teck has also succeeded in maintaining a stable workforce at Williams. Although some changes were inevitably made at management levels, turnover of operating staff was below 5%. Particular efforts have been made to develop teamwork, employee participation and effective management by all employees. With every employee assuming the responsibility to manage his or her time and resources effectively, the result has been an impressive 25% increase in productivity.

OPERATING COST



DAILY PRODUCTION



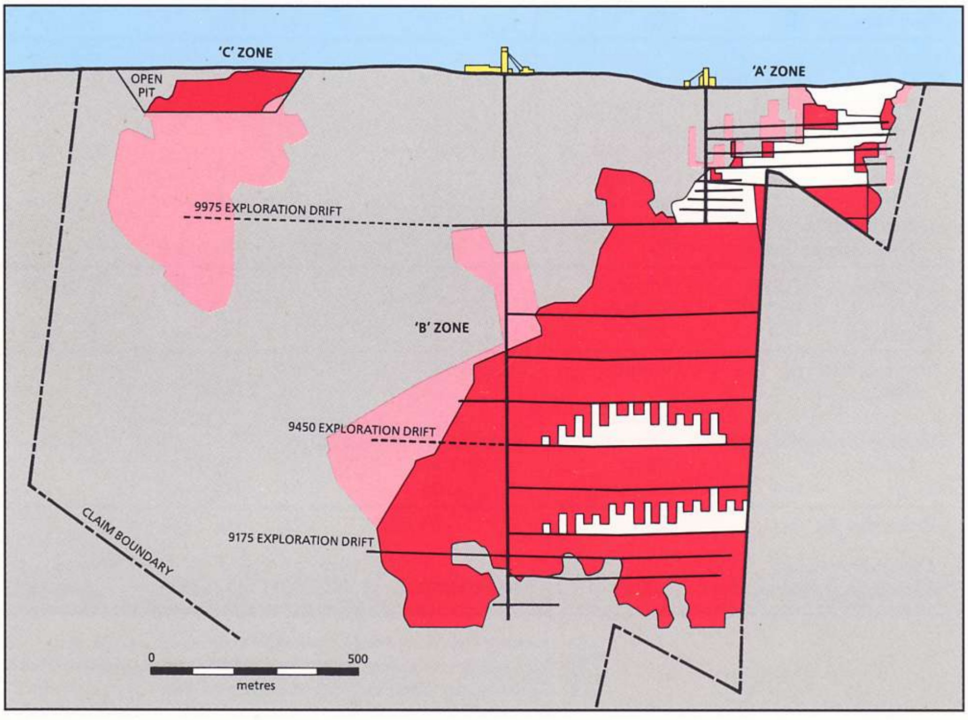
In addition to being productive, the Williams mine is one of the safest in Ontario, and received the Ryan Award for achieving the lowest lost-time frequency of any gold mine in Ontario in 1989. Although there was a slight increase in this frequency during 1990, the mine's lost-time record remained well below the industry average.

Exploration is an ongoing priority at Williams, with efforts in 1990 concentrated on defining fringe mineralization along the "A Zone" and bottom of the "B Zone". Approximately 10,000 metres of drilling was completed during the year, which essentially replaced the ounces that were mined. Mineable reserves at year end are estimated to be 33.9 million tonnes averaging 0.19 ounces per tonne, for 6.4 million contained ounces of gold. At current production levels, this is sufficient for about 16 years of mine life.

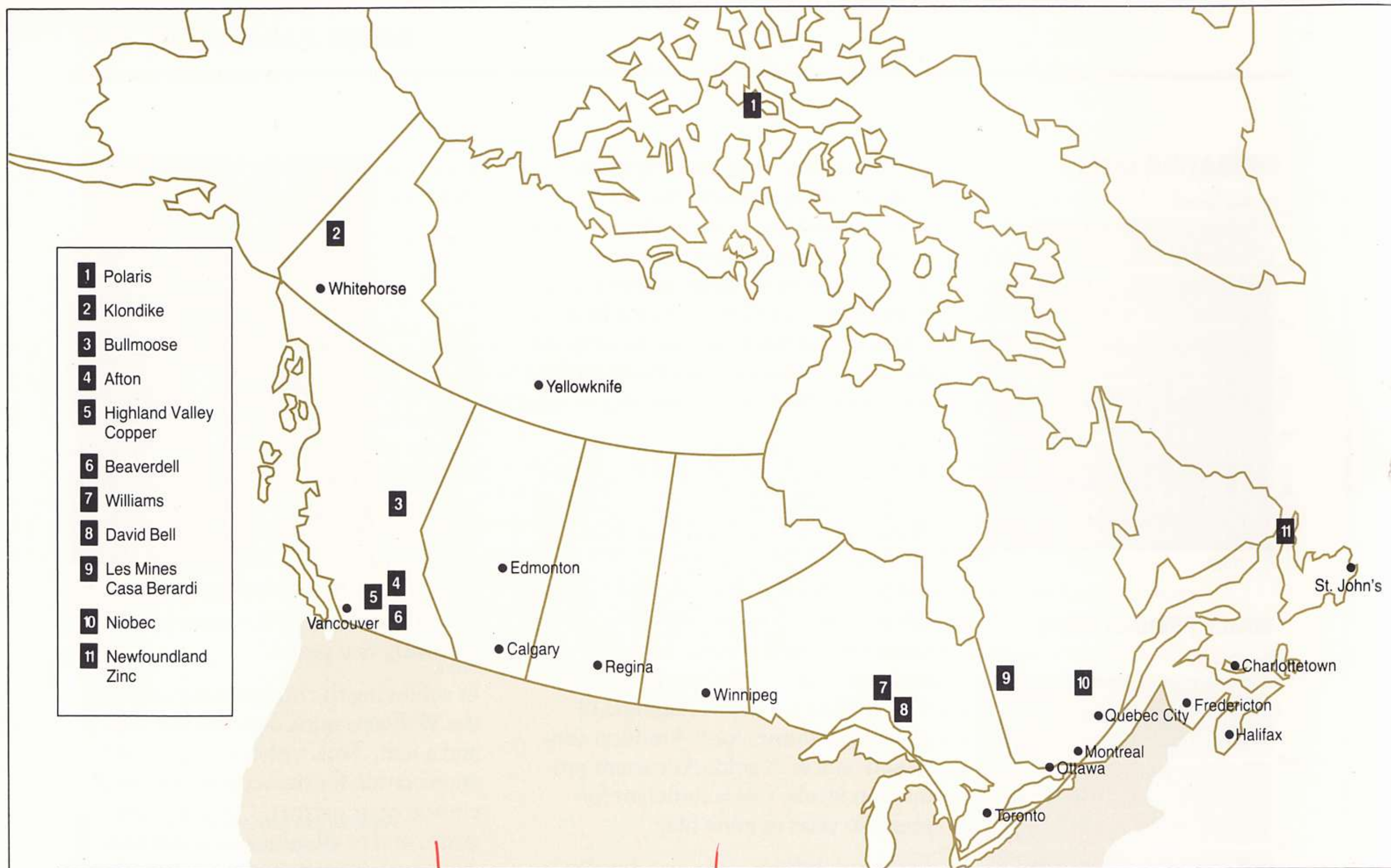
Diamond drilling along trend and to the west of the "B Zone" will be continued in 1991. Further, the drift at the 9975 level will be extended to the "C Zone" and diamond drilling will start in that zone late next year.

Although Teck will continue its efforts to improve productivity and efficiency, the outlook for 1991 and the next few years is for some decrease in the total gold production from Williams. The mine has been operating at above-average head grades over the last few years, a normal procedure at new mines in order to recoup capital costs as quickly as possible. As the mineable grade decreases, gold production is expected to decline to about 500,000 ounces in 1991, and will be between 420,000 and 440,000 ounces in the following two years.

In achieving the impressive results at the Williams mine over the last year and a half, Teck wishes to express its appreciation for the support and cooperation of its partner, Corona Corporation, and to all mine operating and management staff, without whose fine efforts these results would not have been possible.



Vertical longitudinal section through Williams mine showing drill-indicated reserves (red) and current exploration areas (pink).



The northernmost base metal mine in the Western world, Polaris, N.W.T.

		AFTON *Copper, Gold*		BEAVERDELL *Silver*		BULLMOOSE *Coal*		DAVID BELL *Gold*	
		1990	1989	**1990**	1989	**1990**	1989	**1990**	1989
Ore Milled	(tonnes)	**2,655,460**	2,547,554	**36,226**	36,560	**2,038,471**	2,126,000	**466,238**	425,150
Milling rate	(t/day)	**7,275**	6,982	**100**	100			**1,277**	1,165
Grade	(% or oz/tonne)	**0.53**	0.43	**10.81**	9.87			**0.702**	0.760
Recovery	(%)	**77**	80	**91**	86	**74**	73	**97**	97
Production:									
Gold	(oz)	**25,179**	14,592					**318,098**	312,190
Metallurgical Coal	(tonnes)					**1,535,494**	1,563,982		
Copper	(lbs)	**24,134,119**	19,394,638						
Zinc	(lbs)								
Lead	(lbs)								
Silver	(oz)	**30,562**	42,385	**368,669**	311,868				
Molybdenum	(lbs)								
Niobium pentoxide	(lbs)								
Operating costs	($/tonne)	**10.24**	9.10	**62.85**	67.86			**70.64**	80.30
	($Cdn/oz)							**103.54**	109.00
Workforce		**216**	217	**33**	33	**377**	374	**221**	226
Open pit reserves	(tonnes)	**20,744,540**	23,400,000			**38,797,000** (A)	40,300,000		
Grade	(%)	**0.45**	0.46						
	(oz/tonne)	**0.01**	0.01						
Underground reserves	(tonnes)	**9,500,000** (B)	9,500,000					**6,837,000**	7,115,000
Grade	(%)	**1.50**	1.50						
	(oz/tonne)	**0.03**	0.03					**0.400**	0.427
Teck's interest	(%)	**73** (E)	73	**100**	100	**61**	61	**50**	50
Teck's share of net earnings (loss)	($Cdn)	**350,000**	(1,790,000)	**(316,000)**	(548,000)	**7,788,000**	8,437,000	**24,686,000**	23,330,000

		HIGHLAND VALLEY COPPER *Copper, Molybdenum, Gold, Silver*		NEWFOUNDLAND ZINC *Zinc*		NIOBEC *Niobium*		POLARIS *Zinc, Lead*		WILLIAMS *Gold*	
		1990	1989	**1990**	1989	**1990**	1989	**1990**	1989	**1990**	1989
Ore Milled	(tonnes)	**46,263,000**	32,324,000 (C)	**220,562**	435,137	**794,251**	800,793	**1,017,553**	1,023,300	**2,280,673**	1,922,550
Milling rate	(t/day)	**127,000**	125,000	**1,100**	1,192	**2,176**	2,194	**2,788**	2,804	**6,248**	5,267
Grade	(% or oz/tonne)	**0.428**	0.425	**7.90**	7.10	**0.70**	0.70	**14.42**	14.10	**0.274**	0.271
Recovery	(%)	**85**	85	**98**	98	**60**	63	**97**	96	**95**	95
Production:											
Gold	(oz)	**12,999**	9,468							**594,128**	494,127
Metallurgical Coal	(tonnes)										
Copper	(lbs)	**360,859,000**	249,578,000								
Zinc	(lbs)			**37,632,112**	67,047,000			**313,917,831**	306,858,274		
Lead	(lbs)							**77,312,788**	70,683,885		
Silver	(oz)	**1,967,000**	1,377,000								
Molybdenum	(lbs)	**4,208,000**	3,051,000								
Niobium pentoxide	(lbs)					**7,481,669**	7,722,192				
Operating costs	($/tonne)			**34.75**	35.52					**49.93**	59.15
	($Cdn/oz)									**191.68**	230.00
Workforce		**1,227**	1,248		141	**170**	163	**257**	267	**644**	730
Open pit reserves	(tonnes)	**761,300,000**	776,500,000								
Grade	(%)	**0.41**	0.41								
	(oz/tonne)										
Underground reserves	(tonnes)				200,000	**10,083,755**	11,000,000	**11,830,000**	13,095,000	**33,866,000**	32,750,000
Grade	(%)				7.90	**0.65**	0.65	**14.10**	14.30		
	(oz/tonne)									**0.189**	0.194
Teck's interest	(%)	**14**	14	**63**	63	**50**	50	**11**	0	**50**	50
Teck's share of net earnings (loss)	($Cdn)	**11,001,000**	9,553,000	**5,099,000**	8,037,000			**2,887,000** (D)	N/A	**31,687,000**	22,010,000

(A) Bullmoose reserves are saleable metallurgical coal.
(B) Afton underground reserves are geological. All other reserves stated are minable.
(C) Highland Valley Copper's operations were suspended from July 6 to October 21, 1989 because of a labour dispute.
(D) Teck acquired an 11.23% interest in Polaris, effective September 1, 1990.
(E) Afton operations is subject to a 30% net profit royalty.

Aerial view of the new Snip gold mine, B.C. scheduled to commence production in 1991.

Cominco Ltd.

Through the Nunachiaq group, Teck (50%), Metall Mining Corporation (25%) and MIM Holdings Ltd. of Australia (25%) hold a 43% interest in Cominco Ltd., one of the world's premier base metal companies.

Cominco is Canada's leading producer of zinc and lead. In 1989, it placed two new zinc mines into production, the Hellyer mine in Tasmania and the Red Dog mine in Alaska, which will be the largest zinc producer in the world on reaching capacity. Cominco also has a 50% interest in Highland Valley Copper, one of the world's largest copper producers, in which Teck also has a direct operating interest (see "Operations").

Cominco has significant gold interests as well, with its 60%-owned Snip mine scheduled to commence production early in 1991 and interests in a number of operating mines and advanced exploration and development projects worldwide through its 60% subsidiary, Cominco Resources International Ltd.

Cominco's earnings in 1990 were down substantially at $55 million or $0.65 a share, compared with $215 million or $2.64 a share in 1989. Cominco's contribution to Teck's earnings was only $3.3 million in 1990, representing less than 4% of Teck's earnings, compared with $34 million or 32% in 1989. The substantial drop in earnings was primarily due to lower zinc and lead production at Trail and the exhaustion of the Pine Point concentrate stockpile. Lower base metal prices and a higher Canadian dollar also had an adverse impact.

Zinc production was reduced as modifications to the zinc smelter were required to treat concentrates from the Red Dog mine. In addition, further delays were experienced in the commissioning of the new QSL lead smelter, with start up of that facility now postponed until modification plans are finalized.

The outlook for 1991 is for gradual improvement in Cominco's earnings as Trail smelter operations return to normal and the Red Dog mine reaches capacity, although downward pressures on base metal prices may have some offsetting effects.

Cominco is a long-term strategic investment in the base metal sector, in which Teck intends to maintain or increase its equity over time.

Golden Knight Resources Inc.

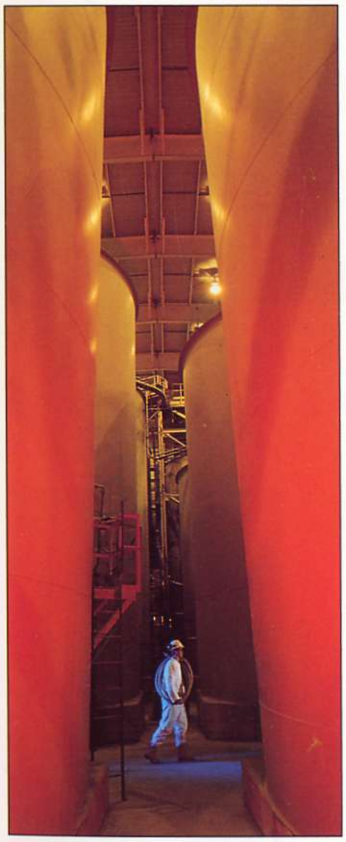
Teck has a 36% share interest in Golden Knight Resources Inc., which has a 40% interest in Les Mines Casa Berardi in northwestern Quebec. The Est and Ouest mines, which are operated by Inco, were placed into production in 1988 and 1990, respectively, at a total net capital cost of approximately $90 million.

With Ouest mine production commencing in 1990, the mines yielded a total of just under 90,000 ounces in 1990, compared with 53,557 ounces in 1989. The production rate is expected to be increased to 1,400 tonnes per day in 1991 and this, combined with higher grades anticipated from the Ouest mine, is expected to increase annual production to about 115,000 ounces.

The Casa Berardi property is a large property with excellent potential for delineating further reserves. Currently, drill indicated reserves are estimated to be 11.1 million tonnes grading 0.24 ounces of gold per tonne, representing just over 1 million ounces attributable to Golden Knight.

With $9 million cash on hand and no debt, Golden Knight remains a well-financed gold producer which is in an excellent position to pursue other exploration and development opportunities.

Leach tanks at Les Mines Casa Berardi, Quebec.



Trilogy Resource Corporation

Effective January 1, 1990, Teck transferred all of its oil and gas properties to Trilogy Resource Corporation in exchange for 50 million shares, giving Teck a 75% interest in Trilogy. Trilogy raised $10.4 million from an equity issue in 1990, following which Teck's interest was reduced to its present 67%.

Trilogy produced 10.3 billion cubic feet (bcf) of natural gas and 887,000 barrels of oil in 1990, compared with 6.5 bcf and 376,000 barrels in 1989. Proven and probable reserves as of December 31, 1990 were 6.3 million barrels of oil and natural gas liquids and 149.4 bcf of natural gas, of which approximately 91% were classified as proven.

Cash flow from operations amounted to $11.5 million, compared with $3.4 million in 1989. 1990 earnings were $2.2 million, compared with a loss of $3.5 million in 1989. During the year, Trilogy received $23 million as a prepayment from a gas sales agreement with Indeck Gas Supply Corporation, under which it will deliver 30.9 bcf of gas over a 13 to 18-year period to a cogeneration facility in New York State.

Trilogy also had an active exploration program in 1990, resulting in discoveries at St. Anne, Garrington and Eureka in Alberta. Trilogy has a $16 million capital program budgeted for 1991, the majority of which will be spent on exploration drilling in Alberta and British Columbia.

Trilogy is now a well-financed oil and gas producer and is positioned to grow through an active exploration and development program in the future.

Successful exploration is the lifeblood of any mining company, to develop new reserves, to replenish those mined, as well as to provide for future growth. This is true for the mining industry at large as well, and Teck's approach is to combine direct exploration efforts with financial support for independent exploration companies with promising ideas or prospects.

In the past Teck's exploration activities have been concentrated in Canada and, to a lesser extent, in the United States. However, growing governmental constraints and the high cost of development, exacerbated in Canada by the high level of the Canadian dollar, have forced changes in geographic emphasis.

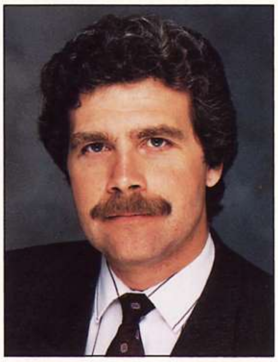
As a result, while we will continue to explore in the traditional areas, considerable attention will also be given to exploration and development projects in Latin America, Eastern Europe and other selected localities around the globe, particularly those countries which have modernized their mining laws and investment rules to attract capital.

Within Canada there is a serious need to replenish the country's base metal reserves, which have declined by some 30% over the last decade. This decline is not so much the result of weak prices and reduced exploration during much of the period as it is the working out of mines resulting from a wave of discoveries several decades ago. That wave resulted from two technological advances in airborne geophysics and in geological theory that occurred contemporaneously more than 30 years ago.

Bill Meyer, President of Teck Exploration Ltd.

Barry Simmons, Vice President eastern Canada, the eastern United States and Europe

Wayne Spilsbury, Vice President western Canada and Alaska



Dr. Art Soregaroli, Chief Geoscientist

New advances in geoscience are required today, and one of Teck's initiatives will be to help foment a co-ordinated industry-university research effort to achieve this.

The company will continue to place approximately equal emphasis on exploration for base metals and precious metals and, to a lesser degree, industrial minerals. Currently, approximately 42 properties in North America are slated for exploration and drilling in the coming year. One of the most advanced of these, the Powderhorn project, is described below.

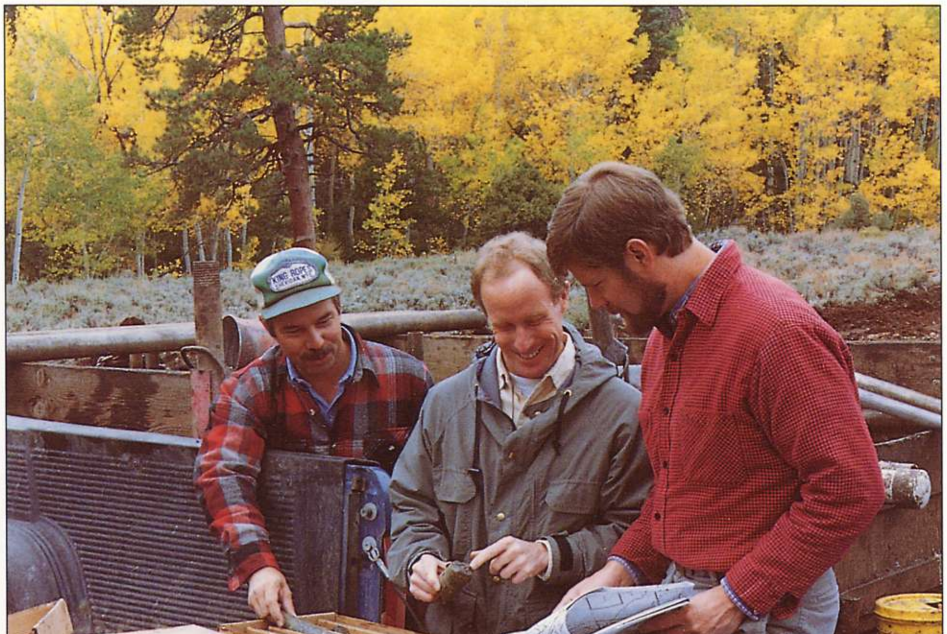
Powderhorn

The Powderhorn titanium property is located near Gunnison, Colorado, and contains an estimated reserve of 500 million tonnes grading 11.5% TiO_2. About 35% to 40% of the titanium dioxide content is estimated to be recoverable.

Titanium dioxide is used primarily as a paint pigment. The world market for titanium dioxide is 4 million tonnes annually and is growing at a rate of 4% per year.

Teck can earn a 60% interest in Powderhorn by taking the project through to commercial production. Buttes Resources Company, from whom the property was optioned, will retain a 40% net profits interest. The initial program is aimed at establishment of sufficient open pit reserves to sustain a 100,000 tonnes per year mine and plant. In addition, detailed metallurgical testwork will establish recoveries and product quality.

The plan is to be in a position by mid-year to decide whether the project warrants proceeding to a pilot plant operation to confirm recovery techniques and engineering design, and to produce initial quantities of titanium dioxide pigment.



Joe Ruetz (right), Vice President, Teck Resources, viewing diamond drill core with geologists Ken Shaver (left) and Bob Lunceford at the Powderhorn property.

Aur Resources Inc.

Aur Resources discovered an important base metal deposit 24 kilometres east of Val d'Or, Quebec in mid-1989. Drill-indicated reserves are currently reported to total 34 million tonnes grading 3.6% copper, 1.59% zinc, 0.029 ounces of gold and 0.68 ounces of silver per tonne. Aur has a 55% interest in the deposit.

Teck and Cominco jointly hold a 21% interest in Aur, as well as rights to participate in future financing of the company.

Aur plans to begin sinking a 1,000 metre shaft this year, and to develop the deposit for production in 1994 at a rate of 4,500 tonnes per day.

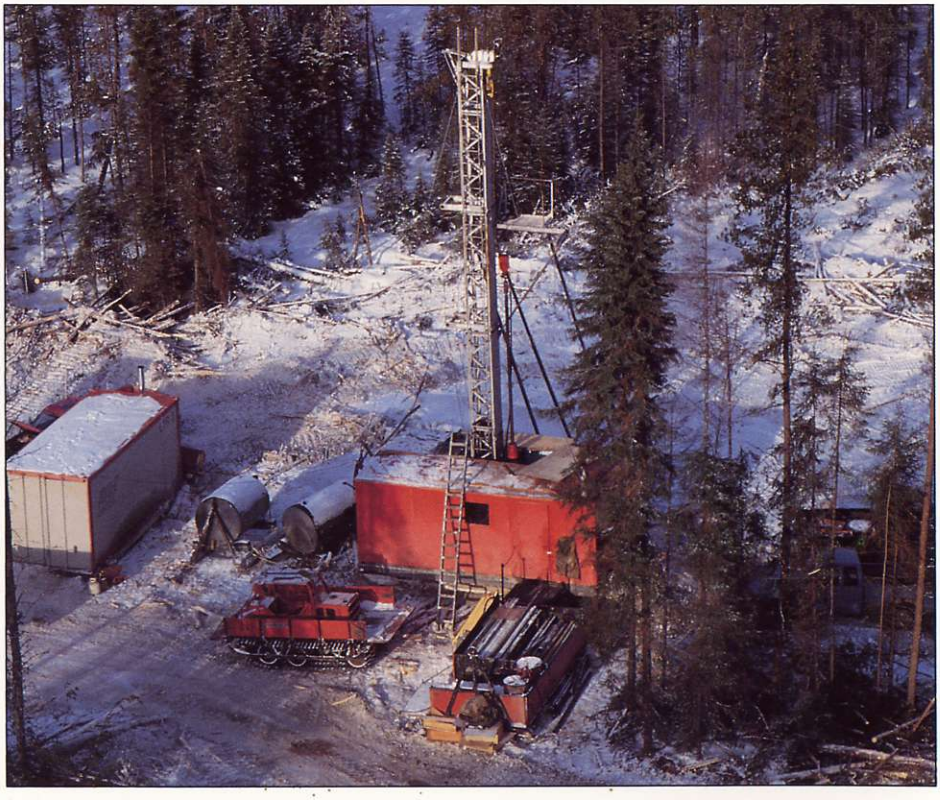
R. Quartermain, President of Silver Standard and P. Dunsford review air photo coverage at La Choya.

Silver Standard Resources Inc.

Teck holds a 28% share interest in and provides engineering assistance to Silver Standard, a Vancouver-based junior exploration company incorporated originally in 1946.

Silver Standard presently has over 40 property interests, including several in the Eskay Creek area of northern British Columbia and the La Choya gold prospect in northern Mexico.

Silver Standard is managed by President Robert Quartermain, on assignment from Teck.



Bradley Brothers drilling shaft pilot hole on the Louvicourt deposit.

ENVIRONMENTAL POLICY

Sound management of the environment has been and will continue to be more than a legal responsibility; it is also a fundamental social responsibility.

The concern for environmental protection starts at the conceptual stage of any new mining venture, with background surveys and environmental assessments to determine the impact of the proposed operation and to identify any particularly sensitive areas or concerns. This leads to an action plan for environmental protection which is embodied in both governmental permits and corporate objectives.

In 1989, Teck participated in the codification of an environmental policy for the mining industry under the direction of The Mining Association of Canada (see box opposite). Since then, Teck has taken several initiatives in order to further its environmental policy objectives.

A management committee has been established to oversee the management of environmental concerns and to ensure compliance with permit requirements and corporate policy. In addition, management staff has been put in place with sole responsibility to deal with environmental issues.

Steps have also been taken at each mining operation to increase environmental awareness and promote participation at all levels of operations. Employee participation at regularly-scheduled crew meetings ensures individual knowledge of and responsibility for environmental issues and procedures.

One of the priorities in 1991 will be continued reclamation activities at both the Lamaque mine at Val d'Or, Quebec, which closed six years ago, and the Newfoundland Zinc mine, which closed in 1990. Future reports will review the progress of those activities, in addition to other pertinent environmental issues as they arise.

THE MINING ASSOCIATION OF CANADA
ENVIRONMENTAL POLICY

Member companies of The Mining Association of Canada are committed to the concept of sustainable development which requires balancing good stewardship in the protection of human health and the natural environment with the need for economic growth. Diligent application of technically proven and economically feasible environmental protection measures will be exercised throughout exploration, mining, processing and decommissioning activities to meet the requirements of legislation and to ensure the adoption of best management practices. To implement this policy, whether in Canada or abroad, the member companies of The Mining Association of Canada will:

- assess, plan, construct and operate their facilities in compliance with all applicable legislation providing for the protection of the environment, employees and the public;
- in the absence of legislation, apply cost-effective best management practices to advance environmental protection and to minimize environmental risks;
- maintain an active, continuing, self-monitoring program to ensure compliance with government and company requirements;
- foster research directed at expanding scientific knowledge of the impact of industry's activities on the environment, of environment/economy linkages, and of improved treatment technologies;
- work pro-actively with government and the public in the development of equitable, cost-effective and realistic laws for the protection of the environment; and
- enhance communications and understanding with governments, employees and the public.

Teck Corporation

hereby agrees with The Mining Association of Canada to adhere to the above policy.

FOR THE COMPANY

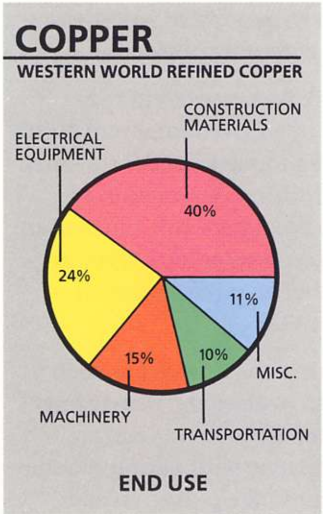
FOR THE MINING ASSOCIATION OF CANADA

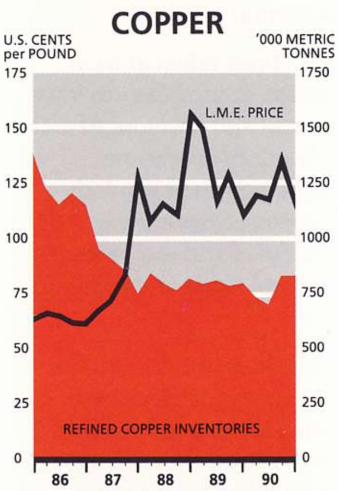
CHAIRMAN

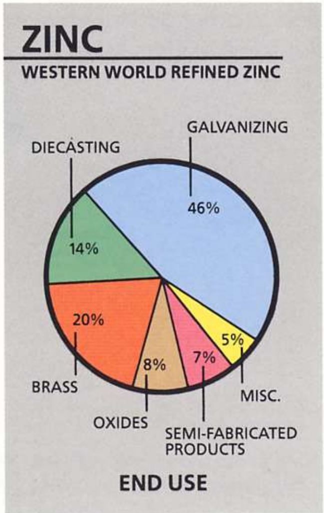
PRESIDENT

April 27, 1990

DATE







Strong demand for base metals continued in 1990 for the third year in a row, although there was a slowing of North American consumption during the second half of the year.

Lead prices averaged more than 6¢[1] a pound higher than in 1989. Copper prices, although averaging 8¢ less than last year at $1.21 per pound, were still high when compared with levels of a few years ago. The average zinc price of 69¢ a pound was also at satisfactory levels for most producers despite being lower by 9¢ a pound.

Prices for all three metals were trending down as the year came to a close, as a result of tension in the Persian Gulf which started in August and escalated as the year progressed.

Gold, on the other hand, reacted in almost exactly the opposite direction as base metals. Prices declined for the first six months and firmed for the balance of the year, averaging $384 an ounce.

COPPER

In 1989, construction materials accounted for approximately 40% of copper consumption, while electrical equipment and machinery accounted for 24% and 15% respectively.

Western World production of refined copper increased to approximately 8.5 million tonnes in 1990 from 8.3 million tonnes in 1989. Consumption also increased to 8.8 million tonnes from 8.5 million tonnes. Inventories remained relatively constant due to imports from Eastern Bloc countries.

Chile lost production due to technical problems in its processing plants and underground mines, but new mines and expansions of existing mines are expected to make up for the lost production in 1991. Production has also been increased through expansions at mines in the United States and Indonesia.

[1]Note — All prices in this section are in U.S. currency unless otherwise noted.

K.E. Steeves, Vice President, Marketing and Government Affairs.

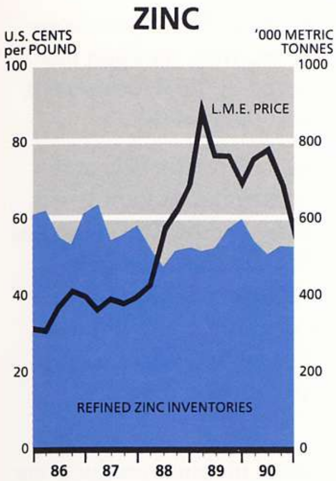
London Metal Exchange (LME) copper prices averaged $1.21 per pound during 1990. Prices started the year at $1.07 per pound and strengthened through the first nine months, peaking in September at $1.54 per pound. The recession in the United States and the Persian Gulf conflict resulted in lower copper prices during the last quarter, with December averaging $1.13 per pound.

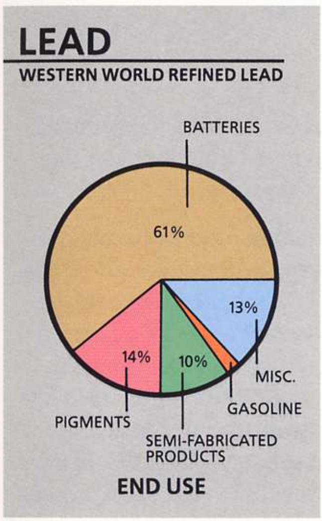
ZINC

Galvanizing is the dominant end use of refined zinc, accounting for 46% of consumption in 1989, and it is also the major area of growth in consumption. Brass producers consume the second largest amount of zinc at 20%, while diecasting and semi-fabricated products account for much of the balance.

Zinc cladding of buildings and other structures is being increasingly used, both for its practicality and for its beauty in architectural design. Teck, Cominco and others in the Canadian zinc industry have joined together to sponsor the zinc facade for the Canadian Pavillion at Expo '92 in Seville, Spain.

Preliminary estimates of world refined zinc consumption for 1990 indicate that





it was approximately equal to 1989 consumption of 5.2 million tonnes. A decline in consumption in the United States was offset by increases in Japan and parts of Europe.

Mine production increased by about 4.5% over 1989 to approximately 5.3 million tonnes. Production losses in Canada and Peru were offset by additional United States production from Cominco's Red Dog mine and increased Australian production, including that recorded at the Hellyer and Hilton mines. The losses in Canada were primarily caused by the ten-month closure of Cominco's Sullivan mine and a strike at a major New Brunswick mine which started in July and is still unsettled. The Peruvian losses resulted from an almost continuous series of strikes and political problems.

Refined zinc inventories declined by approximately 72,000 tonnes during the year to approximately 520,000 tonnes.

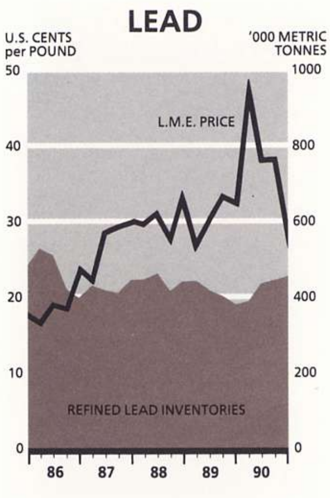
The LME zinc price averaged 69¢ per pound during 1990. The January price averaged 58.7¢ per pound and prices strengthened throughout most of the first half, peaking in early May at 85¢ per pound. Prices declined in the second half and were under some pressure as tensions mounted in the Persian Gulf. The December 1990 LME price averaged 57.5¢ per pound.

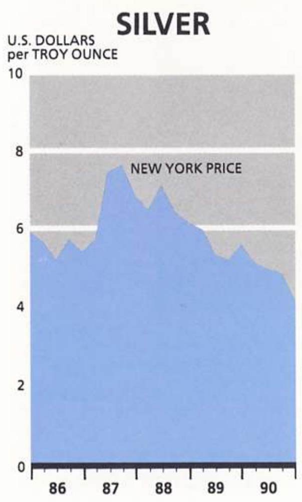
LEAD

Battery manufacturing is by far the largest consumer of refined lead, taking up 61% in 1989. Pigments accounted for about 14% of consumed lead, with semi-fabricated products and other uses accounting for the remainder. It is interesting to note that lead in gasoline accounted for only 2% of total consumption.

Early indications are that 1990 consumption of refined lead decreased marginally, to 4.4 million tonnes, with

MINERAL MARKETS





refined production basically unchanged at 4.3 million tonnes.

The average LME price for lead during 1990 was 37.1¢ per pound. The January average was 32.1¢ per pound and December averaged 28.3¢ per pound.

GOLD

Jewellery production accounts for between 50 and 60% of refined gold consumption. Investment in coins and bullion accounts for approximately 30% and manufacturing of other products accounts for the balance.

Gold prices started the year at just over $400 per ounce and peaked in February at $424 per ounce. Prices then declined until they reached a low of $346 per ounce in June. Tensions in the Persian Gulf have increased the gold price and it ended the year at close to the 1990 average of $384 per ounce.

SILVER

Although considered by many to be primarily a precious metal, the use of silver as an investment vehicle or in coins is only around 15% of total consumption. The balance of about 85% is consumed in manufacturing many products with the largest user being the production of photographic film.

In spite of increasing demand inventories of silver continued to grow, putting downward pressure on prices. Silver started 1990 at over $5.25 per ounce and reached the year's high price of $5.39 per ounce in early February. The price declined thereafter with the low of $3.93 per ounce being recorded in December. The average price for 1990 was $4.82 per ounce.

NIOBIUM

Niobium is used principally as an additive to improve the strength and corrosion resistance of steel. These steels are used in pipelines, structures, lighter weight components of cars and trucks, jet engines and aerospace components. More recently, niobium has been widely tested in the development of superconductor materials.

Western world steel production and consumption continued at high levels in Europe and the Pacific Rim countries throughout 1990. In spite of a slowdown in steel consumption in North America, the demand for niobium in all these three areas where the Niobec mine sells its production remained strong.

Ample supplies of niobium products are available to the market so prices during 1990 remained basically the same as in the previous year.

COAL

Metallurgical coal is used to produce coke, an important ingredient in the production of steel.

Technical changes have been made in the steel making process that allow the substitution of weaker coking coal or even some thermal coals for a portion of the hard coking coal like that produced at the Bullmoose mine. This has resulted in a reduction in the actual consumption of metallurgical coal in spite of the fact that crude steel production has continued at high historic levels.

Bullmoose coal is sold under long term contracts which provide for the price to vary in accordance with a formula in the contracts. This price is also subject to periodic review at the request of the buyers or seller. An agreement was signed in early 1991 by Bullmoose representatives and its Japanese customers which adjusts the price for coal shipments after December 31, 1990 to CDN $88.26 per tonne, subject to quarterly adjustment based on a number of Canadian indices.

Results of Operations

1990 was another successful year for Teck, as the company enjoyed record profits from its mining operations. Net earnings for the year were $91 million ($1.10 per share) compared with $106 million ($1.31 per share), or $113 million ($1.39 per share) after extraordinary items, in 1989. Cash flow was a record $159 million ($2.06 per share), up from $144 million ($1.89 per share) last year. The decline in earnings was due entirely to the lower contribution of equity earnings from Cominco, down from $34 million in 1989 to $3 million this year.

In 1990 and 1989 all mines operated profitably with the exception of Beaverdell, which had a small loss in both years. Mining revenues at $433 million in 1990 were $43 million higher than in 1989, due principally to an increased share of direct gold production as well as higher copper production, both of which were at record levels for the second consecutive year. Teck's direct share of gold production was 504,000 ounces, compared with 443,000 ounces in 1989. Copper output reached 68 million pounds, compared with 49 million pounds last year.

W. Brian Keevil, Vice President, Legal and Corporate Affairs.

David A. Thompson, Senior Vice President and Chief Financial Officer.

The Williams mine was the principal contributor to Teck's increased share of gold output, with 594,000 ounces (Teck's share 50%), produced in 1990, up from 494,000 ounces in 1989. The David Bell mine and other gold sources produced at similar levels for the two years.

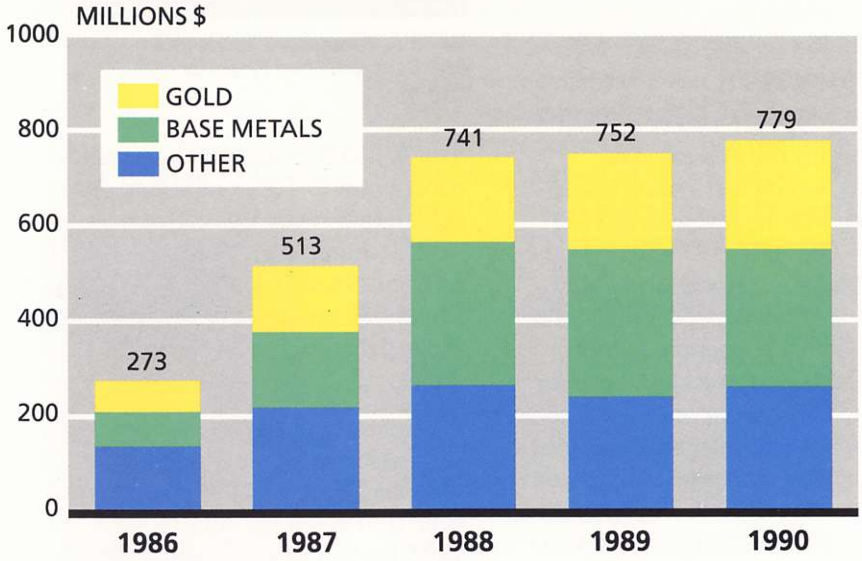
The increase in copper production was the result of a full year of operations at Highland Valley Copper, which had been shut down for three months in 1989 due to a labour disturbance.

Operations at the Beaverdell silver mine are being suspended early in 1991 due to continuing low silver prices.

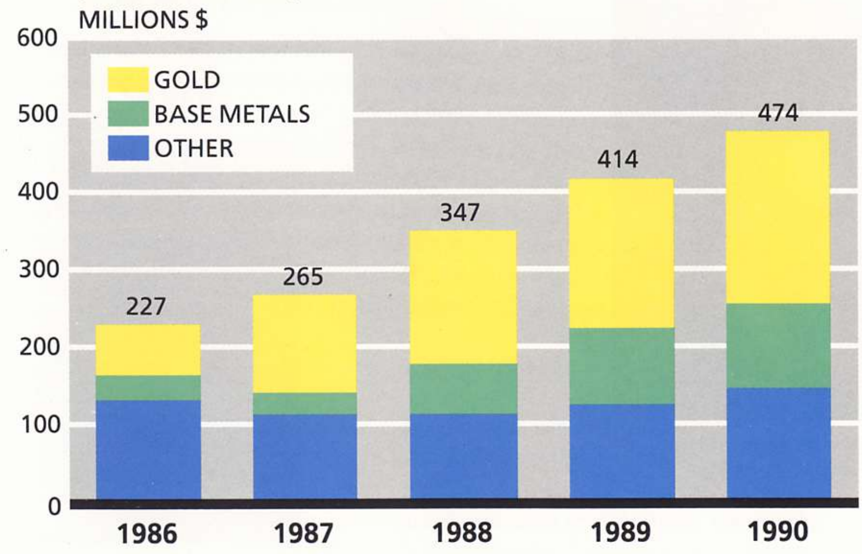
Teck's 11% interest in the Polaris lead-zinc mine, acquired effective September 1, 1990, was an additional revenue source, replacing production from the Newfoundland Zinc mine which shut down in August 1990. Adequate provisions have been made in the accounts for the foreseeable shutdown and reclamation costs.

The production increases were offset to some extent by lower average LME metal prices in 1990, with zinc averaging US69¢ per pound, compared with US78¢ last year, and copper averaging US$1.21 per pound, down from US$1.29 in 1989. Gold prices were similar for the two years, averaging US$384 in 1990 and US$382 in 1989.

REVENUE BY COMMODITY
(INCLUDING SHARE OF REVENUE OF ASSOCIATED COMPANIES)



REVENUE BY COMMODITY
(DIRECT OPERATIONS)



Combined mine operating costs increased modestly from 1989, reflecting the company's determination to manage operations on a cost effective basis. Significant reductions in operating costs were achieved at both the David Bell and Williams mines, with the David Bell mine currently being Canada's lowest-cost gold producer. There are no unusual items which are expected to affect costs over the next two years.

Depreciation and amortization increased by $8 million to $47 million, due primarily to the consolidation in 1990 of the accounts of Trilogy Resource Corporation and also to the increased production levels of gold and copper. It is expected that depreciation charges will increase in 1991 as a result of a new CICA accounting policy requiring prospective development expenditures to be taken into account when calculating depreciation rates. This change should not have a material effect on earnings.

Exploration costs increased by $5 million to $14 million in 1990 and are expected to be maintained at this level during 1991.

Equity earnings were substantially lower this year. The company's investment in Cominco accounted for $3 million of earnings, down from $34 million last year. The substantial drop in Cominco's earnings is primarily due to reduced zinc and lead production at Trail and to the exhaustion of the Pine Point concentrate stockpile. Lower base metal prices and a higher Canadian dollar also had an adverse effect on Cominco's earnings. Cominco's earnings in 1991 are expected to increase over current levels but this will be dependent in part upon a successful start-up of the new QSL lead smelter at Trail and the overall level of commodity prices. Production at the Red Dog zinc-lead mine owned by Cominco has continued to improve since start-up

Pumping station, Steelman Oil Field, Saskatchewan.

and is nearing planned feasibility study levels.

On January 1, 1990 Teck transferred its directly-held oil and gas assets to an associated company, Trilogy Resource Corporation, in exchange for shares, giving Teck 75% of Trilogy. Following a subsequent equity issue by Trilogy, Teck's interest has been reduced to 67%. Trilogy's accounts are now consolidated into the company's financial statements commencing with the 1990 fiscal period. Consolidated net earnings from oil and gas operations totaled $5 million and this is expected to continue at similar levels for the next two years. Trilogy is well financed with little debt outstanding and intends to be active in the exploration and development of petroleum resources.

The company's chief source of earnings is from mining. Gold production is expected to be slightly lower in 1991 and will decrease further in the following two years, due primarily to lower grades scheduled to be mined at the David Bell and Williams mines (see "Operations"). Production of coal, copper and other metals will be similar to 1990 levels. Apart from production, the principal determinant of future earnings is the level of world commodity prices over which the company has no influence or control. Another significant factor is the exchange value of the Canadian dollar. With the exception of coal, the selling prices of the principal commodities of the company are denominated in U.S. dollars. A 5¢ U.S. reduction in the value of the Canadian dollar would have increased 1990 revenues by $25 million.

Discussions with the Japanese buyers of Bullmoose coal were completed successfully in January 1991, settling the price to be paid for the period commencing April 1, 1989. Under the terms of the agreement, the coal price received for contracted shipments between April 1, 1989 and December 31, 1990, which averaged $97.86 per tonne, was not reduced while shipments from January 1, 1991 will be priced at $88.26 per tonne, subject to quarterly adjustments based on changes in certain Canadian indices applied to a formula in the contract.

The company engages in a limited amount of hedging of commodity prices in addition to the gold loan which effectively hedged 106,000 ounces of gold at US$470 over an eight-year period from 1991 to 1998. At December 31, 1990, the company had open forward sales contracts on 80,000 ounces of gold at an average price of US$395 and 8.4 million pounds of copper at an average price of US$1.14. As at February 20, 1991 the company had increased the forward sale position for gold to 110,000 ounces averaging U.S.$410. All contracts close within 24 months of the year end.

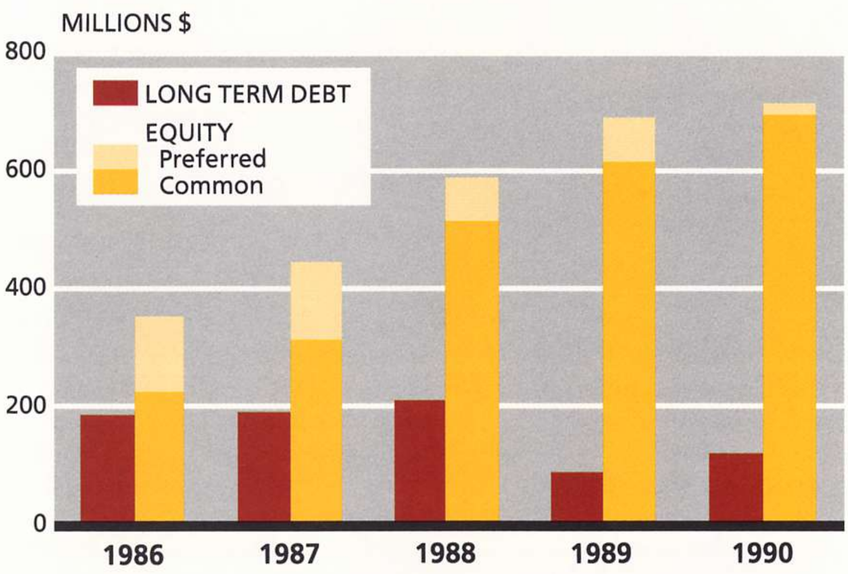
Liquidity and Capital Resources

Cash flow in 1990 was a record $159 million ($2.06 per share), up from $144 million ($1.89 per share) last year. This improvement occurred even though current taxes increased from $38 million in 1989 to $62 million in 1990. At year end the balance of cash on hand was $87 million, up from $26 million a year earlier. Of this amount $19 million was retained in subsidiary corporations pursuant to loan agreements to meet operating costs and current taxes for the company's David Bell mine and Bullmoose mine joint venture interests.

Working capital at year end amounted to $62 million, up from $34 million at December 31, 1989.

Investments increased in 1990 by a net $5 million to $402 million. Additions included 1.5 million shares of Aur Resources Inc., acquired at a cost of $8 million, and 412,300 shares of Cominco Ltd., acquired at a cost of $10 million. The company also purchased a 15% interest in Royal Oak Resources Ltd. at a cost of $3 million. An amount of $15 million, representing the cost of Trilogy shares, was reallocated from investments to property, plant and equipment as a result of the consolidation of the Trilogy accounts.

LONG TERM DEBT & EQUITY



Capital expenditures on operations totalled $38 million this year compared with $44 million in 1989. Oil and gas accounted for $13 million and capital for sustaining mining operations was $25 million, with the principal mining expenditures being $15 million at Williams. It is expected that sustaining capital expenditures levels in 1991 and 1992 will be at similar or lower levels.

Deferred revenue increased in the year with the addition of a $23 million prepayment under a long-term natural gas sales contract entered into by Trilogy. Deferred revenue of $17 million was reallocated to current liabilities recognizing the repayment obligation in 1991 of 27,500 ounces of gold under the gold loan agreement.

Long-term debt increased by $36 million to $44 million at year end. The principal addition to long-term debt, net of repayments, was $32 million for the Bullmoose mine in connection with the redemption in December of the Series E Preferred Shares. At year end $11 million of long-term debt was classified as a current liability for repayment in 1991. Debt repayments in 1991 will be funded from operating cash flow.

The $25 million Series D convertible preferred share issue is due for redemption in four equal instalments over four years beginning in July 1992. It is expected that the conversion rights will be exercised since the conversion price into Class B Subordinate Voting shares is $11.

At December 31, 1990 the company had available a $25 million short-term facility and an unutilized $100 million multiple option, long-term facility with a banking consortium. Long-term debt and deferred revenue amounted to 16% of shareholders' equity at year end (1989 — 11%). The company remains in a strong financial position and able to take on additional borrowings if required.

CONSOLIDATED BALANCE SHEETS
as at December 31, 1990 and 1989

	1990	1989
ASSETS	($ in thousands)	
Current Assets		
Cash and short-term investments	95,083	38,975
Accounts receivable	15,751	37,140
Product inventories and settlements receivable	39,769	26,383
Supplies and prepaids	20,266	17,630
	170,869	120,128
Investments (Note 2)	401,662	396,413
Property, Plant and Equipment (Notes 3, 4 and 5)	583,600	505,609
	1,156,131	1,022,150
LIABILITIES		
Current Liabilities		
Bank loans	7,723	13,060
Accounts payable and accrued liabilities	63,256	44,418
Income and mining taxes payable	9,616	23,710
Current portion of long-term debt	11,191	4,515
Current portion of deferred revenue	16,721	—
	108,507	85,703
Long-term Debt (Note 4)	43,776	8,183
Deferred Revenue (Note 5)	72,855	64,452
Deferred Income Taxes	194,170	182,602
Minority Interest in net assets of subsidiary	29,031	—
	448,339	340,940
SHAREHOLDERS' EQUITY		
Capital Stock (Note 6)	320,642	363,507
Contributed Surplus	27,602	27,602
Retained Earnings	359,548	290,101
	707,792	681,210
	1,156,131	1,022,150

Approved by the Directors

Norman B. Keevil — David A. Thompson

CONSOLIDATED STATEMENTS OF EARNINGS

for the years ended December 31, 1990 and 1989

	1990	1989
	($ in thousands)	
Revenues		
Mining	432,944	390,267
Petroleum	28,110	11,258
Other income	13,006	12,738
	474,060	414,263
Costs and Expenses		
Mining operations	230,340	214,076
Petroleum operations	11,377	4,220
Administration and general	7,959	10,590
Depreciation and amortization	47,291	38,976
Mineral exploration	13,848	9,028
Interest	6,480	5,265
	317,295	282,155
	156,765	132,108
Income and Mining Taxes (Note 7)		
Current	62,057	38,416
Deferred	8,771	21,412
	70,828	59,828
Earnings Before the Following	85,937	72,280
Minority interest in net earnings of subsidiary	(619)	—
Equity in net earnings of associated companies	5,250	34,114
Earnings Before Extraordinary Items	90,568	106,394
Extraordinary items (Note 8)	—	6,511
Net Earnings	90,568	112,905
Earnings Per Share (after preferred share dividends)		
Before extraordinary items	$1.10	$1.31
After extraordinary items	$1.10	$1.39

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

for the years ended December 31, 1990 and 1989

	1990	1989
	($ in thousands)	
Balance at Beginning of Year	290,101	197,144
Net Earnings	90,568	112,905
Dividends on Preferred Shares	(5,809)	(6,358)
Dividends on Class A Common and Class B Subordinate Voting Shares	(15,312)	(13,590)
Balance at End of Year	359,548	290,101

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the years ended December 31, 1990 and 1989

	1990	1989
	($ in thousands)	
Operations		
Earnings before extraordinary items	90,568	106,394
Deferred income taxes	8,771	21,412
Depreciation and amortization	47,291	38,976
Equity in net earnings of associated companies	(5,250)	(34,114)
Minority interest	619	—
Mineral exploration	13,848	9,028
Dividends from associated companies	2,876	2,526
	158,723	144,222
Net change in non-cash working capital items	16,777	18,221
Dividends paid — preferred shares	(5,809)	(6,358)
— common shares	(15,312)	(13,590)
	154,379	142,495
External Financing		
Long-term debt	60,813	—
Repayment of long-term debt	(51,879)	(134,289)
Deferred revenue	22,582	—
Issue of Class B subordinate voting shares	7,135	3,765
Issue of shares by subsidiary company	10,550	—
Redemption of preferred shares	(50,000)	—
Conversion of preferred shares	—	(144)
	(799)	(130,668)
Investments		
Property, plant and equipment	(38,447)	(44,209)
Mineral exploration	(13,848)	(9,028)
Investments	(48,845)	(50,196)
Sale of investments	9,005	37,753
Disposition of petroleum properties	17,448	—
Investment in Trilogy Resource Corporation	(17,448)	—
	(92,135)	(65,680)
Increase (Decrease) in Cash	61,445	(53,853)
Cash — Beginning of Year	25,915	79,768
Cash — End of Year	87,360	25,915

Note: "Cash" comprises cash and short-term investments less short-term bank borrowings.

(b) The company holds a direct 7% interest in Cominco Ltd. and owns 50% of Nunachiaq Inc. which holds a 28% interest in Cominco Ltd. Nunachiaq Inc. has pledged a portion of its Cominco shares as collateral for a bank loan of $75 million due in June 1994.

(c) Effective January 1, 1990 the company transferred all of its oil and gas properties with a carrying value of $17,448,000 to Trilogy Resource Corporation in exchange for 50 million common shares issued by Trilogy. The acquisition of these additional shares increased the company's holding in Trilogy to 75% (63,234,258 shares) for a total cost of $32,089,000. The acquisition was accounted for using the purchase method and the acquisition cost was allocated as follows:

	($ in thousands)
Working capital	715
Oil and gas properties	88,456
Long-term debt	(35,057)
Deferred revenue	(2,542)
Minority interest	(19,483)
	32,089

In November 1990, Trilogy issued 9 million shares pursuant to a public share offering, reducing the company's interest in Trilogy to 67%.

3. PROPERTY, PLANT AND EQUIPMENT

	1990	1989
	($ in thousands)	
Mining		
Plant and equipment	**404,457**	377,034
Mineral properties and deferred costs	**328,154**	315,980
Oil and Gas	**160,402**	32,638
	893,013	725,652
Less: accumulated depreciation and amortization	**(309,413)**	(220,043)
	583,600	505,609

4. LONG-TERM DEBT

	1990	1989
	($ in thousands)	
Bullmoose mine – interest at ½% above the bank prime rate repayable 1991-1994	**36,172**	26,801
Other	**18,795**	8,645
	54,967	35,446
Less: cash held in trust	**—**	(22,748)
	54,967	12,698
Less: amount due within one year	**(11,191)**	(4,515)
	43,776	8,183

(a) The company's share of the Bullmoose mine assets has been pledged as security for the Bullmoose debt.

(b) The amounts estimated to meet future annual repayments are:

	($ in thousands)
1991	11,191
1992	11,200
1993	8,300
1994	4,600
1995 and thereafter	19,676

5. DEFERRED REVENUE

	1990	1989
	($ in thousands)	
Gold loan	**64,452**	64,452
Advances on natural gas sales contracts	**25,124**	—
	89,576	64,452
Less: current portion of gold loan	**(16,721)**	—
	72,855	64,452

(a) In 1987, the company borrowed 106,000 ounces of gold which was sold at an average price of Cdn.$608 (U.S.$470) totalling $64,452,000. The recording of this revenue is deferred until repayments are made from future gold production. Interest is calculated on the value of the loan outstanding at a variable rate not to exceed 4% prior to 1995. In 1990, the rate averaged 1.6% (1989 — 1.7%). The company's share of the David Bell mine assets has been pledged as security for the loan.

Quarterly repayments are scheduled over seven years commencing in 1991 with annual requirements of:

	(ounces)
1991	27,500
1992	19,500
1993	15,500
1994	11,475
1995 to 1997	32,025
	106,000

(b) Trilogy Resource Corporation entered into a long-term gas sales agreement to supply 32.5 Bcf of natural gas over a 13 to 18 year period with delivery expected to commence in 1992. The advance of $23,187,000 under that agreement is secured by Trilogy's oil and gas assets.

6. CAPITAL STOCK

(a) Authorized

An unlimited number of preferred shares without par value issuable in series.

An unlimited number of Class A common shares without par value.

An unlimited number of Class B subordinate voting shares without par value.

The Class A common shares carry the right to 100 votes per share and Class B subordinate voting shares carry the right to one vote per share; in all other respects the Class A common and Class B subordinate voting shares rank equally.

(b) Issued and fully paid

	Shares	1990	1989
		($ in thousands)	
Series D 5.00% preferred shares	246,060	**24,606**	24,606
Series E 9.25% preferred shares		—	50,000
		24,606	74,606
Class A common shares	4,682,078	**6,696**	6,696
Class B subordinate voting shares	72,440,559	**289,340**	282,205
		296,036	288,901
		320,642	363,507

(c) Capital stock transactions

	Shares	($ in thousands)
Class B subordinate voting shares		
Balance at December 31, 1988	**71,583,800**	278,440
Exercise of stock options	**382,800**	3,283
Conversion of Series D preferred shares	**13,089**	144
Issued for mineral property	**17,370**	338
Balance at December 31, 1989	**71,997,059**	282,205
Exercise of stock options	**443,500**	7,135
Balance at December 31, 1990	**72,440,559**	289,340

(d) Stock options

Year granted	Minimum exercise price	Expiry date	Outstanding at year end
1987	$14.512	June 9, 1992	623,000
1990	$20.625	November 25, 1992	196,500

(e) The Series D preferred shares are to be redeemed for $100 per share in four equal annual amounts commencing July 31, 1992. The dividend rate is subject to increase by a maximum of 6% if molybdenum and copper prices exceed U.S.$7.50 and U.S.$0.90 per pound respectively. Each share may be converted into 9.08 Class B subordinate voting shares subject to certain restrictions.

(f) Earnings per share are calculated using the weighted average number of Class A common and Class B subordinate voting shares outstanding during the year of 77,026,446 (1989 — 76,425,743).

7. INCOME TAXES

The reconciliation of income taxes calculated at the statutory rate to the actual tax provision is as follows:

	1990	1989
	($ in thousands)	
Income taxes at statutory rate of 43%	**67,408**	56,806
Tax effect of resource and depletion allowances net of non-deductible government royalties	**(19,672)**	(17,929)
Mining taxes	**24,490**	20,308
Other	**(1,398)**	643
Tax Provision	**70,828**	59,828

8. EXTRAORDINARY ITEMS

	1990	1989
	($ in thousands)	
Gain on sale of investments less provision for writedowns and net of provision for taxes of $2,659,000	**—**	6,511

The company has changed, on a prospective basis, its method of accounting for extraordinary items in accordance with new guidelines of the Canadian Institute of Chartered Accountants which have significantly restricted the type of gains and losses that can be presented as extraordinary items.

Extraordinary items recorded in 1989, which comprised mostly gains on sale of investments, would not have been recorded as extraordinary items under the new rules. Similar items recorded in 1990, which were not material, have been included as other income.

9. OTHER INFORMATION

(a) Acquisition

In May 1990, Nunachiaq Inc., 50% owned by the company, acquired 49.9% of Pine Point Mines Ltd. (Pine Point) for $116 million. The principal assets of Pine Point were cash, of which Nunachiaq's pro rata share of $80 million was applied against the acquisition cost, and a 45% interest in the Polaris lead-zinc mine. Following a restructuring on September 1, 1990, the company has consolidated its 11% proportionate share of mine assets, liabilities and operations.

(b) Pension plan

A defined benefits pension plan is funded by the company based on actuarial valuations. The latest actuarial valuation was performed as at December 31, 1988, at which time the present value of the accrued pension benefits as established by the actuary was $7.2 million and the market value of the net assets available to provide for these benefits was $9.1 million. The company estimated that there were no unfunded liabilities as at December 31, 1990.

(c) Segmented information

The principal business of the company is mining. For the year ended December 31, 1990 export sales amounted to $219 million (1989 — $199 million).

COMPARATIVE FIGURES

	12 months ended December 31,		Fiscal 1988 12 months ended December 31,	Fiscal 1988 3 months ended December 31,	12 months ended September 30,	
	1990	1989	1988	1987	1987	1986
			($ in thousands)			
Balance Sheet						
Total assets	**1,156,131**	1,022,150	1,020,663	774,616	754,817	606,623
Long-term debt and deferred revenue	**116,631**	72,635	203,965	188,894	187,636	182,148
Shareholders' equity	**707,792**	681,210	584,632	454,416	438,306	348,982
Working capital	**62,362**	34,425	102,594	65,273	49,597	77,477
Earnings and Cash Flow						
Mining revenue	**432,944**	390,267	330,852	75,447	247,295	207,285
Petroleum revenue	**28,110**	11,258	10,777	3,608	12,257	12,447
Mining operating profit	**202,604**	176,191	154,719	37,140	118,915	77,554
Petroleum operating profit	**16,733**	7,038	6,827	2,350	8,546	8,170
Earnings before extraordinary items	**90,568**	106,394	105,428	22,100	43,590	28,809
Extraordinary items	**—**	6,511	5,026	(56)	—	695
Net earnings	**90,568**	112,905	110,454	22,044	43,590	29,504
Cash provided from operations	**158,723**	144,222	143,448	35,756	106,158	72,878
Sale of investments	**9,005**	37,753	8,093	13,450	12,035	1,151
Capital expenditures	**38,447**	44,209	57,440	9,904	47,067	38,696
Investments	**48,845**	50,196	117,627	17,648	145,600	34,689
Exploration expense	**13,848**	9,028	5,809	784	3,015	2,898
Per Share						
Cash from operations	**$2.06**	$1.89	$1.95	$0.50	$1.58	$1.19
Earnings before extraordinary items	**$1.10**	$1.31	$1.34	$0.28	$0.50	$0.30
Net earnings	**$1.10**	$1.39	$1.40	$0.28	$0.50	$0.31
Dividends	**$0.20**	$0.18	$0.14	$.065	$.115	$.0875

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Teck Corporation as at December 31, 1990 and 1989 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1990 and 1989 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

Coopers & Lybrand

Chartered Accountants

Vancouver, BC
February 8, 1991

DIRECTORS AND OFFICERS

DIRECTORS

** W.R. Bennett
Businessman (Kelowna)

R.M. Butler, Bt., Q.C.
Executive (Victoria)

K.H. Dredge, F.T.S., B.E., B.Ec.
Executive General Manager, Lead and Zinc, M.I.M. Holdings Ltd. (Brisbane)

M. Forster, Dr.rer.pol.
Deputy Member of Executive Board and Chief Financial Officer of Metallgesellschaft AG (Frankfurt)

J.W. Gill, Ph.D.
President and Chief Executive Officer, Aur Resources Inc. (Toronto)

* R.E. Hallbauer, B.A.Sc., P.Eng.
Senior Vice President of Teck and President and Chief Executive Officer of Cominco Ltd. (Vancouver)

* N.B. Keevil, Ph.D., P.Eng.
Chairman, President and Chief Executive Officer of Teck and Chairman of the Board of Cominco Ltd. (Vancouver)

* W.B. Keevil, B.A., LL.B., M.B.A.
Vice President, Legal and Corporate Affairs of Teck (Vancouver)

* H. Schimmelbusch, Dr.rer.pol.
Chairman of Executive Board and Chief Executive Officer of Metallgesellschaft AG (Frankfurt)

W.S.R. Seyffert, Q.C.
Barrister and Solicitor (Toronto)

* K.E. Steeves, F.C.A.
Vice President, Marketing and Government Affairs of Teck (Vancouver)

* ** D.A. Thompson, B.Sc. (Econ.)
Senior Vice President and Chief Financial Officer of Teck (Vancouver)

** K.M. Zeitler, Dr.rer.pol.
President and Chief Executive Officer of Metall Mining Corporation (Toronto)

* Executive Committee member
** Audit Committee member

OFFICERS

Rt. Hon. Roland Michener, P.C., C.C.
Honorary Chairman

Norman B. Keevil
Chairman, President and Chief Executive Officer

Robert E. Hallbauer
Senior Vice President

David A. Thompson
Senior Vice President and Chief Financial Officer

Keith E. Steeves
Vice President, Marketing and Government Affairs

W. Brian Keevil
Vice President, Legal and Corporate Affairs

Michael P. Lipkewich
Vice President, Mining

Richard Drozd
Vice President, Coal Operations

John A. Guminski
Vice President, Administration

Ronald F. Mossman
Secretary

G. Robert Shipley
Treasurer

John G. Taylor
Controller

Walter H. Bowles
Assistant Secretary

Howard Chu
Assistant Controller

MANAGERS

Oil & Gas:
N.B. Rudden, manager

Project Development:
J.M. Anderson, general manager

Project Acquisitions:
G.M. Jones, manager

Mining Operations:
C.V. Sibbald, manager of engineering
W.R. Bergey, consulting geologist
M.P. Filion, director of environmental affairs

Afton Mine:
W.P. Nickel, manager

Bullmoose Mine:
F. Koch, manager

David Bell Mine:
R.A. Ford, manager

Klondike Placer Gold:
G.W. Klein, manager

Niobec Mine:
M.M. Robinson, manager

Williams Mine:
P. Rowlandson, manager

EXPLORATION

Vancouver
W. Meyer — President, Teck Exploration Ltd.
A.E. Soregaroli — Chief Geoscientist
T.W. Spilsbury — Vice President, Western Canada

Toronto
B. Simmons — Vice President, Eastern Canada

Reno, Nevada
J. Ruetz — Vice President, Teck Resources Inc.

SHAREHOLDER INFORMATION

STOCK EXCHANGES

The Class A and Class B shares are listed on the Toronto, Vancouver and Montreal stock exchanges.

AUDITORS

Coopers & Lybrand, Chartered Accountants
1111 West Hastings Street
Vancouver, British Columbia V6E 3R2

CORPORATE INFORMATION

The Company prepares an Annual Information Form (AIF) which is filed with the securities commissions or similar bodies in all the provinces of Canada. Copies of the AIF and Annual and Quarterly reports are available to shareholders and other interested parties on request.

TRANSFER AGENTS

National Trust Company
Class A and Class B shares
Vancouver, Calgary,
Winnipeg, Toronto,
Montreal

Bankers Trust Company
Class B shares
69 Old Broad Street
London, England
EC2 T2EB

First Fidelity Bank N.A., New Jersey
Class A and Class B shares
Newark, New Jersey, U.S.A.

MARKET VALUE — TORONTO STOCK EXCHANGE

		Class A Shares		Class B Shares		Series E Preferred Shares	
		High $	Low $	High $	Low $	High $	Low $
1990	1st Quarter	27½	24	28⅜	23	25½	24¾
	2nd Quarter	25½	23	26	22	25⅛	24½
	3rd Quarter	27¾	25	28½	23¼	25¼	24⅞
	4th Quarter	24½	19½	24⅞	19⅜	25⅜	24⅞

Dividends	Amount per Share	Payment Date
Class A and Class B shares	$0.10	June 29, 1990
	$0.10	December 31, 1990
Series E Preferred Shares	$0.578 per quarter	First day of each quarter
— redeemed December 17, 1990	$0.48784 to date of redemption	December 17, 1990

ANNUAL MEETING

The annual meeting of the Shareholders will be held at 10:00 a.m., April 26, 1991 in the Park Ballroom of the Four Seasons Hotel, 791 West Georgia Street, Vancouver, British Columbia.

PRINCIPAL OFFICES

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Exploration Offices
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St. John's, Newfoundland
Denver, Colorado
Reno, Nevada