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**NEWS RELEASE**

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Office of the Premier

**PROVINCE, HIGHLAND VALLEY COPPER SIGN MOU TO EXTEND MINE LIFE,  
BUILD NEW COPPER REFINERY AND CREATE JOBS**

VICTORIA—The provincial government and Highland Valley Copper Mine have signed a memorandum of understanding that could lead to a mine life extension and the development of a copper refinery at the Highland Valley Copper Mine at Logan Lake near Kamloops, Premier Glen Clark and Highland Valley Copper Mine President David Johnston said today.

“The government’s Power for Jobs initiative provides for the negotiation of competitively priced power for new investment projects,” said Clark. “This potential mine expansion and new copper refinery are examples of the type of projects we are encouraging; and at the same time, it demonstrates how we are undertaking with the mining industry to attract new job-creating investment to B.C.”

“These joint industry-government initiatives are part of the B.C. government’s overall strategy to draw job-creating investment to the province, along with Power for Jobs, the Oil and Gas Initiative and other programs under the Jobs for BC strategy,” said Harry Lali, minister of transportation and highways and MLA for Yale-Lillooet.

Highland Valley Copper Mine is a large tonnage, low-grade porphyry copper-molybdenum deposit, with reserves of 457 million tonnes grading 0.42 per cent copper. The mine employs 1,100 people and processes approximately 125,000 tonnes of ore daily.

“The new technology, piloted by Cominco Ltd., is an environmental breakthrough because it enables Highland Valley Copper Mine to produce pure copper from the ore without generating any hazardous emissions,” said Cathy McGregor, minister of environment, lands and parks and MLA for Kamloops. “The new plant would produce 100,000 tonnes of copper metal a year.”

The copper refinery would process concentrates from the Highland Valley Copper operation, owned by partners Cominco Ltd., Rio Algom Limited, Teck Corporation and Highmont Mining Company. Several other B.C. copper mines have also been identified as potential suppliers to the refinery. The plant would create 500 person-years of construction employment, 110 full-time jobs, plus protect existing jobs representing an investment of \$200 million. With the extension of mine life to year 2012, investment would be nearly half a billion dollars and support more than 1,200 potential jobs.

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"The mine extension and new technology ensures that value-added jobs stay in B.C.," said Clark. "This project supports our strategy to diversify our economy, while creating jobs and economic opportunities for all British Columbians."

"We are examining scenarios which could see the mine life extended to the year 2012," said Johnston. "If the refinery is considered feasible, it would represent a major technological breakthrough which could significantly improve the economics of the existing operation and development of known ore reserves."

"This technological development could underpin a major revival in the B.C. mining industry similar to which occurred in the 1960s and early 1970s," added Clark. "If successful, the process could substantially improve the economics for several other B.C. copper deposits whose grades and transportation costs currently make them marginal."

Last month, Clark and Minister of Energy and Mines Dan Miller announced new mining initiatives to attract investment and create jobs in the sector, including legislation recognizing the right to mine.

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**(Backgrounders)**

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**Highland Valley Copper**

## MINI FACT SHEET

- OWNERSHIP:** Highland Valley Copper is a partnership between Cominco Ltd. 50%, Rio Algom Limited 33.6%, Teck Corporation 13.9% (includes 2.5% from Highmont Mining Company) and Highmont Mining Company 2.5% (excluding Teck's 2.5%).
- LOCATION:** Highland Valley Copper is located on Highway 97C, 17 kilometers west of the town of Logan Lake and 75 kilometers south west of Kamloops.
- TYPE OF MINE:** Highland Valley Copper is one of the larger open pit copper mines in the world in terms of tonnage mined and milled.
- END PRODUCTS:** Highland Valley Copper produced 391,951 tonnes of copper sulphide concentrates containing 346 million pounds of copper and 3,711 tonnes of molybdenum sulphide concentrates containing 4.3 million pounds of molybdenum in 1997.
- SALES:** Sales for 1997 were \$380.4 million. Most of the copper concentrates are sold under long term frame contracts to smelters in Japan and other Far East countries, Spain and elsewhere. The molybdenum is sold to traders who currently ship it to Europe and China.
- EMPLOYEES:** Highland Valley Copper currently employs approximately 1,100 people. Employees reside in Kamloops, Logan Lake, Ashcroft, Merritt, Cache Creek and Lower Nicola. Wage/salary and benefit costs totalled \$98 million in 1997.
- PROPERTY TAXES:** Property taxes paid to regional and provincial governments amounted to \$1.7 million.
- SAFETY:** Highland Valley Copper operates a Provincially recognized safety program and has received the award for being the safest large mine in B.C. for seven of the last eight years.
- ENVIRONMENT:** Highland Valley Copper has an active environmental management program covering waste management, land and water reclamation as well as site decommissioning. At the end of 1997, approximately 1,488 hectares had been revegetated for one or more years out of a total disturbed area of 6,184 hectares.
- MANAGEMENT:** David L. Johnston - President, General Manager  
George F. Reynard - Vice-President, Marketing  
Bob E. Caines - Manager, Mining  
Ron S. Simkus - Manager, Milling  
Terry D. Marsten - Manager, Administration  
Rod J. Killough - Manager, Industrial Relations & Personnel
- OFFICES:** **MARKETING:** Highland Valley Copper, 3rd Floor, 200 Burrard Street, Vancouver, B. C., V6C 3L6, Telephone No. 688-2211, Fax No. 688-0646.  
**CORPORATE and OPERATIONS:** Highland Valley Copper, P.O. Box 1500, Logan Lake, B. C. V0K 1W0, Telephone No. 523-2443, Fax No. 523-3290.



## Cominco Engineering Services Ltd.

Cominco Engineering Services Ltd. (CESL) develops and markets proprietary Cominco metallurgical technology from facilities in Vancouver, B.C. and Calgary, Alberta.

CESL engineers have recently invented and patented two entirely new processes for the hydrometallurgical extraction of copper and nickel from sulphide concentrates based on pressure leaching, solvent extraction and electrowinning.

A pilot plant has been operating successfully for more than two years to recover both copper and gold. Nickel, cobalt, copper and zinc recovery from complex nickel concentrates has also been piloted successfully during 1996. A 500-tonne-per-year demonstration plant for copper will start up in the first quarter of 1997 and a gold recovery demonstration plant will start up later in the year.

These developments are seen as breakthroughs that affect the economic and environmental feasibility of copper and nickel deposits. Both processes are distinguished by:

- the innovative adaptation of existing technology;
- low capital and operating costs, and;
- almost total recovery of the metal values and zero effluents or emissions other than storage of non-hazardous gypsum and hematite residuals.

Both processes are being made available to interested parties on a non-exclusive licensing basis.

*Background*



# Power For Jobs

Background

Government recognizes that for British Columbians, new jobs and economic opportunities are a central priority. Power for Jobs is part of government's overall Jobs for BC strategy, and is aimed at using the province's valuable electricity and power resources from the Columbia River Treaty downstream benefits (DSBs), to maximize the value and benefits for British Columbians. These benefits will be in the form of job creation, new investment, regional economic development and increasing revenue to the province.

The Power for Jobs Development Act enables government to use hydroelectric power, including DSBs, to stimulate investment and job-creating industrial activity in B.C.

### History of the Columbia River Treaty and Downstream Benefits

The Columbia River Treaty was set up to provide for and share flood control and power production benefits between Canada and the United States arising from regulating flows of the Columbia River. The treaty, signed in 1961 and ratified in 1964, runs for a minimum of 60 years.

Canada built three large storage dams in B.C. that capture spring run-off to control flooding and generate additional power in both countries. For this, Canada received payment for flood control, and is entitled to half the additional power that can be generated at dams downstream in the U.S.

This power, known as the Canadian entitlement to downstream power benefits (DSBs), is approximately 1,400 MW of peak capacity, and more than 4,500 gigawatt-hours of electrical energy per year—enough power to meet the needs of close to 500,000 B.C. households. In a separate 1963 agreement with Canada, B.C. assumed rights to the DSBs and was obliged to ensure that the storage dams were constructed and operated as required by the treaty.

In 1964, B.C. sold its share of the DSBs to a group of American utilities for US\$254 million. The money received from the sale of DSBs helped to fund construction of the three treaty dams in B.C.: Duncan, Keenleyside and Mica. The DSB sale agreements expire 30 years from the scheduled completion date of each of the three dams.

### Return of DSBs to British Columbia

For the past few years, B.C. has pursued strategies to maximize the value of the DSBs—a key provincial asset. The approach adopted in negotiations has been to resolve issues, such as the size and return of the DSBs, and access to U.S. markets individually.

Agreements have been reached that give B.C. free return of 1,400 MW of DSBs over existing lines, with 1,100 MW delivered directly to the Lower Mainland where demand is highest. Through its membership in regional transmission associations, B.C. also has open, non-discriminatory access to Bonneville Power Administration's and other U.S. transmission facilities.



## Facts and Stats About Mining in B.C.

Mining is a major contributor to B.C.'s economy, especially outside the Lower Mainland. The province continues to foster its mining sector to encourage investment and employment.

- Total mining-related employment\* is approximately 58,000.
  - direct employment approximately 16,700
  - indirect employment approximately 25,000
  - induced employment approximately 16,300
- There are 22 major operating mines and five smelters in B.C.
  - 14 metal
  - eight coal
- In addition, there are
  - 30 industrial minerals mines
  - 1,100 construction aggregate operations
  - 500 placer exploration programs and mines annually
- 300 metal and coal exploration projects annually
- There are nine projects in the environmental assessment process
  - seven new mining operations
  - two mine expansions
- The value of minerals produced in 1996 was \$3.11 billion (including construction materials)
  - metals \$1.54 billion
  - coal \$1.09 billion
  - industrial minerals \$44 million
- Mineral exports accounted for 13.2 per cent of all B.C. exports in 1996.
- Exploration expenditure in 1997 is estimated at \$90 million. Average annual expenditures in B.C. over the previous five years has been \$84 million.
- Clean coal production values in 1996 increased by 13 per cent.

\*Total mining-related employment includes exploration for and production of metals, coal, industrial minerals, aggregate, placer minerals and smelters.

Backgrounder