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Highland Valley Copper

Release

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GENERAL FACT SHEET

HIGHLAND VALLEY COPPER
LOGAN LAKE, B.C.

Scope of Operations

Highland Valley Copper is one of the largest copper-mining operations in the world, ranking second on the basis of tonnage milled, and fifth in terms of copper production because of its relatively low grade.

The mine life is estimated to be in the order of twenty years.

Ownership

Highland Valley Copper is a partnership between three major Canadian mining companies.

Their participation in the cash flow is:

50%	Cominco Ltd.
33.6%	Rio Algom Limited
13.9%	Teck Corporation (including 2.5% from Highmont)
2.5%	Highmont Mining Company (excluding Teck's 2.5%)

Production Statistics

1. Tonnage mined: approximately 275,000 metric tonnes per day, of which 133,000 tonnes is ore and the balance mainly overburden and some waste rock. Mining activity is carried out using 7 drills, 12 shovels, and 48 haulage trucks supported by 5 large water/sand trucks, 10 road graders, 11 track dozers, and 8 rubber-tired dozers.

2. Tonnes milled: 133,000 metric tonnes per day are treated in the Highland Mill. This results in an annual total of approximately 48,500,000 metric tonnes.
3. Annual concentrate production: 400,000 dry metric tonnes of concentrate containing 360,000,000 lbs. of copper and 5,000,000 lbs. of molybdenum as well as minor precious metals.
4. In-pit crushing and conveying systems: In 1987, Highland Valley Copper completed the installation of its two semi-mobile in-pit crushers and two-line conveying system.

The conveying system consists of four main overland conveyors, three approximately 1.25 km long and one 1.5 kms long to the first relocation position of one of the two in-pit crushers. The conveyors are operated in two parallel flights. The first flight lifts the ore from the in-pit crushers to a surge pile, with the second flight lifting the ore 121 m in elevation from reclaim tunnels under the surge pile to conveyors feeding the Highland Mill. Each of the conveyors is designed to carry 6,000 tonnes of ore per hour.

The entire system is electronically operated by a fibre optic data highway which can also detect trouble spots such as overheating of motors, metal pieces in the ore, and conveyor-belt rips.

This system is currently one of the highest-capacity hard rock in-pit crushing and conveying systems in existence.

5. Tailings disposal: The tailings pond is situated on the valley floor, west of the Valley pit. The pond is contained between two tailings dams approximately 13 km apart.

Three 8 km pipelines feed the slurry pond. The tailings dam is a closed system with 35,000 gallon/min. of water recycled to the Highland milling complex (twice the pumping capacity of the city of Kamloops).

6. Reclamation: The tailings ponds and dump surfaces will be reclaimed as part of the mine reclamation plan. Work is in progress on the former Lornex, Bethlehem and Highmont sites.

Marketing

Highland Valley Copper has long-term contracts for 85% of its copper-concentrate production, most of which involves biennial re-negotiation of smelter terms to reflect the current market. The principal market is Japan, but production is also sold to other Far Eastern countries and Europe.

While part of the molybdenum production is sold as concentrate, a larger portion is converted to molybdic oxide under toll conversion agreements and sold primarily to Europe and Japan.

Financial Statistics

1. Revenue: Over \$400 million per annum.
2. Wages: Including the costs of fringe benefits, the cost of labour is approximately \$64,000,000 per year, or roughly 32% of total operating costs.

The average wage of bargaining-unit employees is \$18.31 per hour, or \$38,000 per year. Including benefit costs, this figure rises to \$50,000 per year.

3. Energy costs: Including the cost of diesel fuel/gasoline, natural gas and electricity, the cost of energy is approximately \$40,000,000 per year or 20% of the operating costs. The electricity costs alone are approximately \$30 million, making Highland Valley Copper the third largest customer of B.C. Hydro.
4. Property taxes: Taxes paid to the Province of B.C. and regional governments are approximately \$1,800,000 per year.

Personnel

The total employment is about 1,250. Except for ten people in Vancouver, all employees are located at the Logan Lake mine site.