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T05 -> Elk Valley Coal

Hemlo Gold Mines (50%)

100%	Three months ended June 30 2004	Three months ended June 30 2003	Six months ended June 30 2004	Six months ended June 30 2003
Tonnes milled (000's)	**935**	861	**1,800**	1,686
Tonnes per day	**10,275**	9,462	**9,890**	9,315
Grade (g/tonne)	**5.0**	4.7	**4.7**	5.1
Mill recovery (%)	**95.2**	94.5	**94.3**	94.7
Production (000's ozs)	**132.7**	123.1	**255.0**	259.8
Sales (000's ozs)	**130.7**	123.1	**258.2**	259.8
Cash operating cost per ounce (US$)	**239**	256	**261**	243
Company's 50% share of operating profit ($ millions)	**10**	5	**18**	11

Gold production increased by 8% to 132,700 ounces in the second quarter compared with 2003. The higher gold production was the result of improved productivity from underground at the Williams mine and an upgraded mobile fleet in the pit.

Operating profit in the second quarter was $10 million compared with $5 million in 2003 due mainly to higher production and gold prices that averaged US$389 per ounce versus US$347 per ounce in 2003. Cash operating costs were US$239 (Cdn$325) per ounce in the second quarter compared with US$256 (Cdn$357) per ounce in 2003, with the decrease mainly due to the effect of the higher production.

Elk Valley Coal Partnership (38%)*

100%	Three months ended June 30 2004	Three months ended June 30 2003	Six months ended June 30 2004	Six months ended June 30 2003
Coal production (000's tonnes)*				
Elk Valley (100%)	**6,652**	5,758	**12,671**	7,691
Elkview (100%)	**–**	–	**–**	824
Coal sales (000's tonnes)*				
Elk Valley (100%)	**6,819**	5,769	**12,419**	7,658
Elkview (100%)	**–**	–	**–**	967
Average sale price (US$/tonne)	**51**	44	**48**	44
Average sale price (Cdn$/tonne)	**73**	64	**69**	66
Cash operating cost (Cdn$/tonne)	**55**	53	**55**	53
Company's share of operating profit ($ millions)	**39**	21**	**54**	28**

* Results from Elk Valley Coal Partnership in 2004 represent the company's 35% interest in the first quarter and 38% in the second quarter. Results from the Elk Valley Coal Partnership in 2003 represent four months of operations ended June 30, 2003. Elkview's results in 2003 represent two months of operations ended February 28, 2003. The company holds an additional 5.4% indirect ownership interest through its investment in the Fording Canadian Coal Trust for a combined 43.4% effective interest.

** Restated due to the adoption of new accounting standards for asset retirement obligations.

The Coal Partnership produced 6.7 million tonnes in the second quarter representing a 900,000 tonne increase from the second quarter of 2003. Sales were also higher in the second quarter compared to a year ago as a result of stronger coal markets. The company's share of coal sales in the second quarter was 2.59 million tonnes compared with 2.02 million tonnes in the same period last year. The effect of higher coal prices for the 2004 coal year began to take effect in the second quarter with the average U.S. dollar coal price increasing by $6 per tonne over the first quarter. This was partially offset by the effect of the stronger Canadian dollar and higher transportation rates. Due mainly to higher sales and prices, the company's share of operating profit of $39 million was significantly higher than the second quarter of 2003.

Elk Valley Coal Partnership is in a dispute with CP Rail, its primary rail service provider, over the freight rates for rail transportation of coal from its mining operations to West Coast ports. The company has provided for its share of the disputed amount in its accounts.

Following the issue of the opinion of the independent expert engaged to assess the synergies of Elk Valley Coal Partnership for the coal year ended March 31, 2004, the company and Fording reached agreement on the synergies realized and the resulting adjustments to partnership interests. Teck Cominco's 35% interest in the Partnership before the adjustments has been increased by 3% effective April 1, 2004, and will be increased by an additional 1% on April 1, 2005 and on April 1, 2006, bringing Teck Cominco's total direct interest in the Partnership to 40% on April 1, 2006. Teck Cominco also holds 4.3 million units of the Fording Canadian Coal Trust. Taking into account the initial 3% adjustment, the company's direct and indirect interest in the Partnership is 43.4 % effective April 1, 2004.

Costs and Expenses

Interest expense was $17 million in the second quarter of 2004, similar to the prior year. Lower interest rates and debt repayments resulted in a decrease in interest expense which was offset by the consolidation of the company's share of interest expense on the Antamina project debt.

In the second quarter, exploration expense was $3 million higher than a year ago due to an expanded exploration program and the timing of expenditures. Administration expense was $4 million higher in the quarter mainly due to an increase in stock-based compensation of $3 million. Other income included $9 million of insurance proceeds relating to claims on historic insurance policies.

Income tax expense of $74 million in the quarter represents a 39% composite tax rate for the company's income from various jurisdictions. This composite tax rate is lower than the Canadian statutory tax rate of 45% due mainly to the lower tax rates applicable to income earned in foreign jurisdictions. The second quarter tax rate increased from 34% in the first quarter as a result of higher earnings in Canada.

Financial Position and Liquidity

Cash flow from operations, before changes to non-cash working capital items, was $246 million in the second quarter compared with $56 million a year ago, due mainly to higher metal prices and the proportionate consolidation of Antamina's cash flow.

Cash flow from operations, after allowing for the effect of changes in non-cash working capital items, was $283 million compared to $79 million in the previous year.

Capital expenditures in the second quarter were $50 million compared to $27 million in the second quarter of 2003, including $25 million of sustaining capital expenditures and $25 million of development expenditures. Capital expenditures at the Pogo gold project were $15 million. Capital expenditures at Pend Oreille were $5 million, including $2 million of operating loss in the second quarter, net of pre-production revenue.

Reduction of other long-term liabilities totalled $47 million in the quarter and included $34 million of contributions to company pension plans, of which $24 million were voluntary contributions, and $13 million spent on reclamation activities.

At June 30, 2004, the company had a cash balance of $326 million and no short-term bank borrowings. Net debt (total debt less cash), excluding the Inco exchangeable debentures, was $741 million or 21% of net debt plus equity, compared with net debt of $1.01 billion or 29% of net debt plus equity at the end of 2003.

At June 30, 2004, the company had bank credit facilities aggregating $830 million, 82% of which mature in 2007 and beyond. Unused credit lines under these facilities amounted to $711 million, after issuing letters of credit for $119 million.