



Highland Valley Copper

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TOUR

MINI FACT SHEET

OWNERSHIP	Highland Valley Copper is a partnership between Teck Cominco 95% and Highmont Mining Company 5%.	EMPLOYEES	Highland Valley Copper currently employs approximately 900 people. Employees reside in Kamloops, Logan Lake, Cache Creek, Ashcroft, Merritt and Lower Nicola. Wage/salary benefit costs were approximately \$99 million in 2004.
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.	PROPERTY TAXES	Property taxes paid to regional and provincial governments amounted to 1.8_ million.
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 and accounts for production of approximately 1.4% of the world's copper in concentrate production.	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 thirteen of the last sixteen years.
END PRODUCTS	Highland Valley Copper produced 453,000 tonnes of copper sulphide concentrates containing 363 million pounds of copper and 9,500 tonnes of molybdenum sulphide concentrates containing 10.7 million pounds of molybdenum in 2004.	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 2004, approximately 2,180 hectares had been revegetated for one or more years out of a total disturbed area of 6,165 hectares.
SALES	Sales for 2004 were \$760 million. Most of the copper concentrates are sold under long term frame contracts to smelters in Japan, other Far East countries, and Canada. The molybdenum is sold to traders who currently ship it to Europe and Central America.	MARKETING	Services and contract administration provided by Teck Cominco.



Highland Valley Copper

MINING HISTORY OF THE HIGHLAND VALLEY

Several small underground and open pit copper mines operated periodically in the area over the past 100 years.

➤ BETHLEHEM COPPER

- Mining began at this site in 1962.
- The majority of the employees lived in Ashcroft.
- First low grade, high volume open pit copper mine in western Canada.
- Three open pits were developed – Huestis, Jersey/East Jersey and Iona.
- Two tailing ponds were built, Main and the Trojan.
- Assets were purchased by Cominco in December 1981.
- Mining at Bethlehem finished in 1982.
- The plant site is at an elevation of 1,500 metres (4,920 ft.) above sea level.

➤ LORNEX

- The Lornex ore body was discovered in 1963.
- Stripping at the Lornex mine began in 1970.
- Milling of ore began in 1972.
- The municipality of Logan Lake was built to accommodate the employees of Lornex.
- Lornex amalgamated with Cominco's Valley mine in 1986 to form Highland Valley Copper.
- Most of the Lornex operation is located between 1,650 metres (5,400 ft.) and 1,250 metres (4,100 ft.) above sea level.

➤ VALLEY COPPER

- The Valley deposit was discovered in 1964.
- Stripping of waste rock began in 1982.
- The Bethlehem mill processed Valley ore until 1989. The Highland mill began processing Valley ore in 1986.

➤ HIGHMONT OPERATING CORPORATION

- Highmont began mining in 1979 and shut down in October of 1984.
- Two pits were developed, East/Main Pit and West Pit.
- Highmont assets were included in the Highland Valley Copper partnership in 1988 and the Highmont mill was moved and attached to the existing Lornex mill forming the Highland mill.

➤ HIGHLAND VALLEY COPPER

- Was initially a partnership of three mining companies Cominco Ltd. (later to become Teck Cominco), Rio Algom (subsequently purchased by BHP Billiton) and Highmont Mining.



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GENERAL FACT SHEET

SCOPE OF OPERATION

Highland Valley Copper is one of the larger copper-mining operations in the world. The ore bodies average 0.4% copper, low grade by world comparisons.

OWNERSHIP

Highland Valley Copper is a partnership with one major mining company as the majority owner.

Their participation in the cash flow is:

95%	Teck Cominco Limited
5%	Others

PRODUCTION STATISTICS

TONNAGE MINED

In 2004, approximately 180,000 metric tonnes per day were mined of which 138,000 tonnes was ore and the balance overburden and waste rock. Mining activity is carried out using 3 drills, 5 shovels, 1 front-end loader, 18 – 172 tonne and 12 – 218 tonne haulage trucks supported by 3 large water trucks, 8 road graders, 7 track dozers and 3 rubber-tired dozers.

TONNES MILLED

In 2004, 138,000 dry metric tonnes of ore per day were treated in the Highland mill resulting in over 50.6 million metric tonnes of ore being treated during the year.

SIGNIFICANT OPERATIONAL INNOVATIONS

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 conveyor system. Since that time, the crushers have been

moved deeper into the Valley pit, side by side, to facilitate mining operations.

The conveyor systems consist of six main overland conveyors. The first two conveyors (L4 and L5) in parallel are 0.86 kms long and are fed by the in-pit crusher discharge conveyors near the bottom of the Valley pit. They lift the ore 121 m and feed conveyors 0.55 kms long, (L1A and L1B) which in turn discharge to an intermediate surge pile. The third flight of conveyors consisting of two parallel 1.25 km conveyors lift the ore 121 m from the reclaim tunnels under the surge pile to conveyors feeding the Highland Mill. Each conveyor is designed to carry 6,000 tonnes 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.

TAILINGS DISPOSAL

The tailings pond is situated on the Valley floor, west of the Valley Pit. Two tailings dams approximately 10 kms apart contain the tailings.

Three 7.3 km 36" diameter polyethelene pipelines feed the tailings pond. The tailings pond is a closed system with 153,000 litres/minute of water recycled to the Highland milling complex.

RECLAMATION

Land reclamation is being carried out on areas of the property where no further activities are planned. Restoration towards productive end land uses is an important aspect of the mining operation. High standards are part of the environmental policy.

Water management plays an important role both in the operation and in the decommissioning phase. Mine personnel work closely with regulatory agencies to ensure that requirements are met.

MARKETING

Highland Valley Copper has long-term contracts for over 90% of its copper concentrate production, most of that involves annual or 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 North America. Molybdenum production is sold as concentrate to roasters and trading companies worldwide.

FINANCIAL STATISTICS

REVENUE

Approximately \$400 million per annum.

WAGES

Including the costs of fringe benefits, the cost of labour is approximately \$100 million per year, or roughly 33% of property operating costs.

The average wage of bargaining unit employees is \$28.50 per hour and after premiums and built in overtime, etc., this rate averages \$45.00 or \$95,000 per year. Including benefit costs, this figure rose to \$89,500 in 2004.

ENERGY COSTS

Including the cost of diesel fuel/gasoline, natural gas and electricity, the cost of energy is approximately \$56 million per year, or 20% of the operating costs. The electricity costs alone are approximately \$44 million, making Highland Valley Copper the third largest customer of B.C. Hydro.

PERSONNEL

The total active employment figure is approximately 900.

INDUSTRIAL RELATIONS

The current collective agreement with the United Steelworkers of America (USWA) is in force from October 1, 2003 through September 30, 2006.