

Net earnings in the third quarter were \$120-million, or 62 cents per share, and \$172-million, or 89 cents per share, before recording the after-tax writedown of \$52-million in respect of its investment in Sons of Gwalia Ltd., compared with \$16-million, or eight cents per share (as restated) in the third quarter of 2003.

David Thompson, deputy chairman and chief executive officer, said: "This is our fourth consecutive quarter of record earnings, in spite of the writedown of our investment in Sons of Gwalia. Quarterly cash flow from operations was also a record at \$337-million, \$91-million higher than the previous record set in the second quarter of 2004. Our balance sheet continues to strengthen and provides a firm foundation for future growth. The conversion of the subordinated debenture into Class B subordinate voting shares subsequent to quarter-end further enhanced our financial strength."

Highlights and significant items for the third quarter:

net earnings were \$120-million, or 62 cents per share, compared with \$16-million, or eight cents per share (as restated), in the third quarter of 2003. Third quarter earnings were \$172-million before an after-tax writedown of \$52-million on the company's investment in Sons of Gwalia;

cash flow from operations before changes to non-cash working capital items was \$337-million in the third quarter, compared with \$86-million in the third quarter of 2003;

operating profit of \$338-million in the third quarter was up from \$65-million a year ago as a result of significantly higher commodity prices and increased sales of copper, zinc, lead, coal and molybdenum;

coal production capacity at Fording River and Cheviot Creek will be expanded, increasing the company's direct and indirect share of metallurgical coal production to 12.2 million tonnes per year;

net debt (total debt less cash) was reduced by \$203-million in the third quarter. Net debt at Sept. 30, 2004, excluding the Inco exchangeable debenture, was \$538-million, or 16 per cent of net debt plus equity, compared with \$741-million, or 21 per cent of net debt plus equity at June 30, 2004. The cash balance was \$429-million at Sept. 30, 2004; and subsequent to the quarter-end, the company issued 7,272,321 Class B subordinate voting shares on conversion of its convertible subordinated debentures due 2006.

Earnings

Net earnings in the third quarter were \$120-million, or 62 cents per share, compared with net earnings of \$16-million, or eight cents per share (as restated), in the third quarter of 2003. Earnings in the third quarter were \$172-million, or 89 cents per share, before a writedown of \$52-million (\$64-million before tax) of the company's investment in Sons of Gwalia.

The higher earnings were principally the result of higher prices for the company's products. The average London Metal Exchange (LME) prices for copper, zinc and lead were \$1.29 (U.S.), 44 U.S. cents and 42 U.S. cents per pound, respectively, in the quarter, up 61 per cent, 19 per cent and 81 per cent from the same period a year earlier. A stronger Canadian dollar partially offset the effect of the higher commodity prices. The company's realized Canada:United States exchange rate including hedging gains was \$1.34 in the third quarter, compared with \$1.45 in the third quarter of 2003.

Net earnings for the nine months ended Sept. 30, 2004, were \$332-million, or \$1.73 per share, compared with \$30-million, or 15 cents per share (as restated), in the prior year period. Higher commodity prices, an increased interest in the Highland Valley Copper mine and higher sales volumes from the Elk Valley coal partnership and Red Dog were the main reasons for the significantly higher earnings.

Operating profit of \$338-million in the third quarter was up from \$65-million in the same period in 2003. Major increases in operating profit were achieved at Trail, Highland Valley Copper, Antamina and Red Dog. **Operating profits at Highland Valley Copper were \$125-million compared with \$11-million a year ago due to increased copper prices and molybdenum revenues. The company's acquisition of an additional 34-per-cent interest in the first quarter resulted in additional operating profits of \$42-million in the third quarter.**

Operating profit in the third quarter was \$109-million higher than the second quarter of 2004. The improved performance over the preceding quarter was mainly the result of higher zinc and lead sales volumes and higher copper and coal prices. Included in the increase were positive settlement adjustments of \$17-million resulting from rising metal prices, compared with negative settlement adjustments of \$18-million recorded in the second quarter.

levels after problems with excessive scaling in tailings and process lines experienced in the second quarter were successfully resolved.

Zinc sales in the third quarter totalled 176,500 tonnes of contained metal, compared with 131,800 tonnes in 2003 and lead sales were 61,600 tonnes in the quarter, compared with 39,500 tonnes a year ago. The increase in sales volumes was due to the timing of delivery and sales. The shipping season ended on Oct. 12, 2004, with a total of 1,026,000 tonnes of zinc concentrate and 216,000 tonnes of lead concentrate shipped from the mine.

Operating profit of \$59-million in the third quarter was a significant improvement from the \$6-million recorded in the prior year. In addition to the higher sales, zinc and lead prices averaged 45 U.S. cents and 43 U.S. cents per pound, respectively, in the quarter, significantly higher than 37 U.S. cents and 23 U.S. cents in the same quarter a year ago.

Antamina (22.5 per cent)

Mill throughput of 8.1 million tonnes in the third quarter was 2.1 million tonnes higher than the same period last year, as a less-favourable ore mix adversely affected throughput in 2003. Copper-only ores accounted for 64 per cent of the mill throughput in the quarter, compared with 27 per cent in 2003. The favourable milling characteristics of copper-only ores also resulted in improved mill recoveries. The higher throughput and recoveries resulted in copper production of 91,900 tonnes in the quarter, compared with 52,000 tonnes in 2003. Zinc production, however, was 45,000 tonnes in the third quarter, compared with 97,400 tonnes in 2003 due to the processing of less copper-zinc ore in the quarter.

Copper sales volumes were 98,700 tonnes, compared with 57,400 tonnes in 2003, as a result of the higher production levels, and zinc sales volumes in the third quarter were significantly lower than a year ago. The company's share of operating profit in the third quarter, including \$9-million of positive settlement adjustments, was \$59-million, compared with \$7-million in 2003, due mainly to significantly higher copper prices and sales volumes.

A program of infill drilling and analysis to facilitate better short-term and long-term mine planning and to enhance the accuracy of the current reserve model is progressing on schedule, with the drilling program completed in September. The results of the drilling program will be analyzed and incorporated into a new reserve estimate, expected to be complete in mid-2005.

Highland Valley Copper (97.5 per cent)

Copper production of 43,200 tonnes in the third quarter was similar to production in the third quarter of 2003 with higher throughput offsetting the effect of lower grades. Molybdenum production in the quarter of 2.5 million pounds was an increase of 25 per cent over a year ago due mainly to higher recovery resulting from process improvements.

Operating profit of \$125-million in the third quarter was significantly higher than the \$11-million recorded in the third quarter of 2003 partly as a result of higher copper prices. Molybdenum sales contributed \$69-million to operating profits in the third quarter, compared with \$12-million a year ago. In addition to the increased production and sales volumes, molybdenum prices have more than tripled in the last year and averaged \$18 (U.S.) per pound in the quarter. In addition, the company increased its interest in the mine in the first quarter of 2004 after acquiring an additional 34 per cent.

Molybdenum production is expected to decrease in 2005 to approximately five million pounds, being 50 per cent of estimated 2004 production.

The mine has been conducting studies to extend the mine life by approximately five years to 2013. A new mining plan is being developed for a push back of the pit wall and an expansion of the Valley pit. Implementation of the extension is dependent upon the resolution of geotechnical issues relating to maintaining the stability of the pit wall. Some minor changes have been made to the short-term mining plan to facilitate the potential extension. A final decision on the extension is expected to be made in 2006 and, if the decision is made not to proceed with the extension, mining

Schroeter, Tom EM:EX

TS → HVC

From: Lefebure, Dave EM:EX
Sent: Wednesday, December 08, 2004 9:28 PM
To: Freer, Geoff EM:EX
Cc: Cathro, Mike EM:EX; Hermann, Fred EM:EX; McKillop, Greg EM:EX; Schroeter, Tom EM:EX; Webster, Ian EM:EX
Subject: _News: Highland Valley Update

Geoff:

This information is the published record that relates to my email yesterday regarding Highland Valley Copper.

Dave

-----Original Message-----

From: Webster, Ian EM:EX
Sent: Wednesday, December 08, 2004 9:28 AM
To: Lefebure, Dave EM:EX
Subject: HVC

FYI.....HVC

Teck Cominco Ltd (C-TEK) - In the News
Van Sun says Teck looks to extend Highland Valley life
2004-10-27 09:13 ET - In the News
Shares issued 184,890,000
TEK.B Close 2004-10-26 C\$ 28.98

The Vancouver Sun reports in its Wednesday edition that with soaring profits and strong metal prices, Teck Cominco is looking at extending the life of its Highland Valley copper mine. The Sun's Scott Simpson writes that the Highland Valley open pit mine near Kamloops is Canada's largest copper mine. It is projected to close down in 2008, but Teck senior vice-president Doug Horswill said the company may keep the mine operating through 2010. Mr. Horswill cautioned that a decision will not be made until 2006, and that will depend on a number of technical and economic factors. "What we're doing now is adjusting our mining sequence in order to allow us to be able to make a decision in 2006 to extend the life, if the technical and economic studies that we're going to undertake indicate that it's possible to do it, and it's economic to do it," Mr. Horswill said. He said Teck will "slightly" accelerate the ratio at which it strips waste material away during the next two years in order to expose more potential ore. However, he said there are some technical issues associated with the process, and the company has yet to determine if the material can be removed in an efficient manner.

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Teck Cominco Ltd (C-TEK) - News Release
Teck Cominco posts \$120-million Q3 profit
2004-10-25 17:20 ET - News Release
Shares issued 184,890,000
TEK.B Close 2004-10-25 C\$ 29.71
Mr. David Thompson reports
TECK COMINCO REPORTS RECORD THIRD QUARTER EARNINGS OF \$120 MILLION AND RECORD QUARTERLY CASH FLOW OF \$337 MILLION

Teck Cominco Ltd. has released its third quarter interim report for the three-month period ended Sept. 30, 2004.