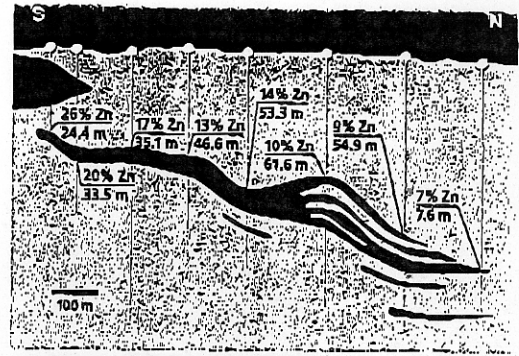


Sullivan  
888148

Authority, which will recover its costs through an increased toll on the concentrates handled at the port.

The project will start up in 1998 and the first full year of operation at the expanded rate will be 1999. In that year, zinc concentrate shipments are projected to exceed 900,000 tonnes and lead concentrate shipments are expected to be 160,000 tonnes. Red Dog's unit cost per tonne of concentrate produced will be well below the world's average upon completion of the project. The additional concentrate is fully committed under long-term contracts with new and existing customers around the world.

PAALAAQ SCHEMATIC SECTION



RED DOG

	1997	1996
ORE MILLED (tonnes)	1,929,000	2,098,000
<b>ZINC</b>		
Average ore grade	20.3%	18.7%
Concentrate (tonnes)	609,600	587,200
Average concentrate grade	55.2%	55.3%
Average mill recovery	86%	83%

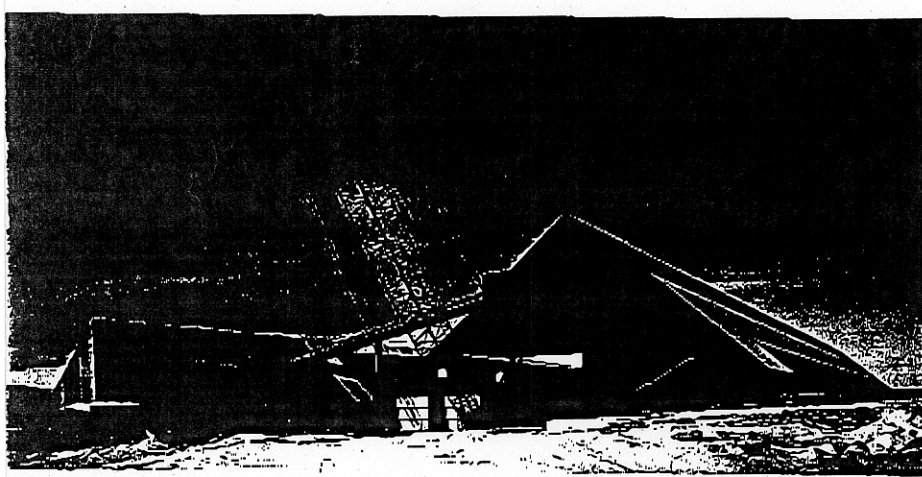
<b>LEAD</b>		
Average ore grade	5.2%	5.0%
Concentrate (tonnes)	113,300	111,700
Average concentrate grade	56.1%	55.6%
Average mill recovery	62%	57%

<b>SILVER</b>		
Average ore grade (g/tonne)	98.3	96.8
Average ore grade (oz/ton)	2.87	2.82
Average mill recovery	70%	66%

No. of employees at year-end	355	326
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ORE RESERVES	1997		1996	
	Proven & Probable	Possible	Proven & Probable	Possible
Million tonnes	50.6	72.9	50.1	76.0
Zinc %	19.0	13.6	19.5	13.7
Lead %	5.2	3.7	5.3	3.6
Silver g/tonne	99	65	100	66

RESOURCES	1997		1996	
	Indicated	Inferred	Indicated	Inferred
Million tonnes	9.6	13.0	9.6	7.0
Zinc %	17.8	15.0	17.8	16.0
Lead %	5.5	4.0	5.5	3.0
Silver g/tonne	117	90	117	100



Red Dog's new concentrate storage building at the port site.

Red Dog's exploration drilling program in 1997 extended the new Paalaaq deposit. The current estimate for this resource is 13 million tonnes of 15 percent zinc, and the boundaries of the zone have not been defined on the north and west sides. The 1998 drill program will continue to outline the mineralization.

High standards of environmental performance remain a priority at Red Dog and this was reflected in progress over the year. A number of improvements were made in areas such as drainage control from overburden stockpiles, the effluent treatment system and in early reclamation work at the mine.

**The Sullivan Mine**

Concentrate from the Sullivan mine, at Kimberley in southeastern B.C., has a significant transportation cost advantage for Cominco when compared with

Concentrate shipped to Trail Operatio  
 from other sources. In recognition of this  
 strategic advantage, an aggressive plan has  
 been developed to reduce cut-off grades and  
 mine additional ore during the last four years  
 of the mine's life. Development activities were  
 increased in 1997 to prepare for the plan's  
 implementation. While this will raise current  
 operating costs at the mine, it will result in  
 improved profitability over its remaining  
 lifespan.

Total lead and zinc concentrate pro-  
 duction was 256,800 tonnes, with the metal-  
 lurgical results continuing to improve over  
 record levels achieved in 1996. Production  
 rates will continue at over 100,000 tonnes per  
 year of contained zinc. After Sullivan closes,  
 its production is expected to be replaced in  
 part by the Pend Oreille mine at Metalline  
 Falls in Washington State, 70 kilometres  
 from Trail.

The Sullivan mine was the recipient  
 of the British Columbia Mine Reclamation  
 Award for 1997. During the year, reclamation  
 activities continued on schedule with  
 expenditures of \$4.4 million.



**SULLIVAN**

	1997	1996
<b>ORE MILLED (tonnes)</b>	1,580,300	1,538,700

<b>ZINC</b>		
Average ore grade	7.2% ↓	7.9%
Concentrate (tonnes)	192,800	209,300
Average concentrate grade	52.3%	51.7%
Recovery	89%	88%

<b>LEAD</b>		
Average ore grade	3.7% ↓	4.0%
Concentrate (tonnes)	64,000	67,100
Average concentrate grade	65.3%	63.8%
Recovery	71%	71%

<b>SILVER</b>		
Average ore grade (g/tonne)	18 ↓	16
Average ore grade (oz/ton)	0.52	0.47
No. of employees at year-end	639	572

<b>ORE RESERVES</b>	1997	1996
	Proven & Probable	Proven & Probable
Million tonnes	7.1	8.8
Zinc %	7.2	8.0
Lead %	4.0	4.4
Silver g/tonne	23	24

**The Polaris Mine**

At the Polaris mine in Canada's High Arctic,  
 production was slightly above plan for the  
 year, augmented by the full operation of the  
 cemented rockfill plant, which allows better  
 recovery of the ore in pillars. Construction  
 of a new access ramp and ore pass to allow  
 mining of the abutment pillar was well  
 advanced at year-end, with completion  
 scheduled for the first quarter of 1998.

During 1997, the Canada Labour  
 Relations Board approved an application  
 for union certification. A tentative collective  
 agreement was signed in November but the  
 initial settlement offer was not accepted by  
 the union members at the ratification vote  
 in December. Bargaining resumed in  
 mid-February 1998.

Preliminary work related to the mine's  
 Closure and Reclamation Plan was carried  
 out during the year and will continue in 1998.  
 Mine closure is currently expected in 2001.  
 A substantial diamond drilling program  
 was undertaken in 1997 and more drilling  
 is planned in 1998.

**Mine yard waste rock  
 dump at Kimberley,  
 after recontouring  
 and final reclamation.**