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Trail Smelter



Sergio Peloso, specialty metals product operator, at Trail, British Columbia.

Trail Smelter and Refineries (100%)

The metallurgical operations at Trail, B.C. constitute one of the world's largest fully integrated zinc and lead smelting and refining operations, with power generation facilities at the nearby Waneta Dam.

Refined zinc production was 283,100 tonnes, after reducing zinc production to increase power sales during December. Without this reduction, Trail Operations would have realized its best-ever year of refined zinc production, exceeding the previous record of 288,700 tonnes in 1999.

An explosion occurred inside the Kivcet lead furnace at the Trail operations on February 2, 2004 but did not result in any

injuries to employees. After a preliminary inspection, furnace and boiler system repairs are estimated to be completed in the second half of March. Zinc production will be unaffected by this incident.

Zinc production in 2004 is planned to be 295,000 tonnes, while lead production is expected to be adversely affected by the February incident.

Profitability of Trail metal operations continues to be affected by declining treatment charges and by the effect of a weaker U.S. dollar on its sales revenues. The rising zinc price partially offsets these negative impacts.

Trail Smelter and Refineries, B.C., Canada

100%	1999	2000	2001	2002	2003
Zinc production (tonnes)	288,700	272,900	168,100	269,000	283,100
Lead production (tonnes)	75,700	91,300	55,200	80,700	87,800
Zinc sales (tonnes)	287,300	274,900	156,000	275,300	288,400
Lead sales (tonnes)	77,000	90,600	45,900	78,400	83,700
Capital expenditures (\$ millions)	49	42	55	65	40
Surplus power sold (gigawatt hrs)	674	698	1,159	683	769
Power price (C\$/megawatt hr)	35	236	269	37	51
Operating profit (loss) (\$ millions)					
Metal operations	55	75	(72)	17	2
Power sales	16	154	294	6	26

Note: Numbers prior to the fourth quarter of 2000 are pro forma numbers with results of Cominco Ltd. consolidated for comparative purposes.

Cody Dunham, power superintendent, at the new Emerald switching station, Trail, British Columbia.



Trail Power (100%)

Teck Cominco owns the Waneta hydroelectric dam, located ten kilometres south of Trail, close to the border with the United States. The company also owns a 15-kilometre transmission line from Waneta to the United States power distribution system. The Waneta dam is one of several hydroelectric generating plants in the region. The operation of these plants is coordinated through contractual arrangements under which the company receives approximately 2,690 GWh of power per year, even during low water years.

The year saw the continuation of a \$41 million project to upgrade three of the generating units at the Waneta dam.

Cajamarquilla Refinery (85%)

The Cajamarquilla refinery near Lima, Peru is one of the lowest cost facilities of its type in the world. It is owned by Teck Cominco (85%), Marubeni (14%) and employees (1%).

Production and operating profit in 2002 were adversely affected by a three-month market related shutdown. In 2003,

Work on the second of the three units was completed during the year. An additional \$40 million modernization of the company's transmission system has largely been completed in 2003.

Operating profit of \$26 million was significantly higher than the \$6 million in 2002 due to a 13% increase in sales volume and a 38% increase in power price.

Power sales to third parties in 2004 are expected to increase by 17% over 2003.

the refinery achieved record production and sales, as well as record zinc and silver recovery rates, resulting in a higher operating profit of \$18 million.

Production in 2004 is planned to be 130,000 tonnes of zinc at slightly reduced operating costs.

Cajamarquilla Refinery, Lima, Peru

100%	1999	2000	2001	2002	2003
Zinc production (tonnes)	122,400	121,400	122,100	92,900	129,100
Zinc sales (tonnes)	123,500	120,100	122,300	98,000	130,500
Capital expenditures (\$ millions)	25	16	20	10	4
100% Operating profit (\$ millions)	31	36	22	12	18

Note: Numbers prior to the fourth quarter of 2000 are pro forma numbers with results of Cominco Ltd. consolidated for comparative purposes.