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George Cross News Letter

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HIGHLAND VALLEY COPPER

HIGHLAND VALLEY COPPER MINE CLOSED - Highland Valley Copper, Canada's

biggest copper producer and second or third largest in the world, said it is closing down its only copper mine indefinitely because of mounting losses, though it could reopen if prices improve from near their lowest in 12 years. The mine is closing because weak demand for copper in Asia and Europe, combined with growing world supplies, had driven prices down 10% in the past year, to the point where it was losing money.

The decision comes after a five-month long battle to avert closure and save 1,046 jobs in the Kamloops region of BC. The company had agreed to a lower cost power supply contract with a local utility and seemed on the brink of agreeing to a wage reduction package with its labour union.

"The opportunity to avert a shutdown has passed," said company spokesman Trevor Phelps. "The power agreement was contingent upon having an agreement with the local unions, but wage negotiations went into overtime, and there was no deal."

Highland Valley Copper, a joint venture among COMINCO LTD. [CLT-T, M], 50%, RIO ALGOM LTD. [ROM-T, M], 33.6%, TECK CORP. [TEK-V, T, M], 13.9%, and Highmont Mining Co., lost \$8,000,000 last year, \$6,000,000 of that in December 1998 alone. It has already lost \$10,000,000 this year. Highland Valley produced 170,000 tons of copper last year, or 1.4% of the world supply. So far this year it has produced 60,000 tons.

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