

COMINCO LTD. (CLT-V,T,M,Amex)

FIRST QUARTER RESULTS - Robert E. Hallbauer, president, Cominco Ltd., reports the reduction in earnings is attributed to lower prices for zinc (down US11.6¢ per pound) and lead (down US11.4¢ per pound), a 22% drop in refined zinc sales and a reduction of \$14,000,000 in operating profit from the Pine Point mine due to the exhaustion of the concentrate stockpile at that mine in the last half of 1990. The drop in refined zinc sales reflects the slowdown in both the North American automotive and construction industries which are prime markets for zinc die-cast and galvanized products. Cominco's mining operations ran well with overall production of concentrates exceeding last year's levels. The Red Dog mine in western Alaska is not yet operating at full capacity due to problems with feeding ore through the crusher stockpile to the mill. It is forecast that 410,000 tons of zinc concentrate, 80,000 tons of lead concentrate and a small quantity of bulk concentrate will be shipped this year starting in mid-July.

At Trail, B.C., production of refined lead and silver was higher than last year's levels but refined zinc was 600 tons lower due to production disruptions in the first two months in order to tie-in construction projects associated with the treatment of Red Dog concentrates. Zinc production in March returned to normal levels and it is expected that the plant will operate at or near capacity for the remainder of the year. The Snip gold mine 100 miles northwest of Stewart, B.C. started production on schedule in January and during the first quarter 21,000 metric tons averaging 29.8 grams per tonne were milled to produce 18,000 ounces of gold. Throughput is currently averaging about 330 tonnes per day.

The fertilizer business segment had an improved first quarter over last year with an operating profit of \$2,800,000 compared with an operating profit of

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\$1,000,000 in the comparable period last year. Sales volumes of nitrogen-based fertilizers were comparable with last year's levels but potash volumes declined 18% mainly in the United States markets which reflects a delay in farm application and intense competition for existing business. Sales prices for nitrogen-based fertilizers improved last year's levels; however, potash prices remained depressed at the same levels as last year. With the recent conclusion of sales contracts to the Chinese at substantially higher prices, the outlook for potash for the rest of the year has improved.

Working capital at the end of the quarter was \$287,400,000 compared with \$296,700,000 at year-end. Total long-term debt at 31Mar91 was \$481,800,000, which includes \$231,700,000 borrowed to finance the Red Dog mine.

<u>THREE MONTHS ENDED MARCH 31</u>	<u>1991</u>	<u>1990</u>
Sales By Industry Segment -		
Mining and integrated metals	\$217,700,000	\$250,400,000
Fertilizers	<u>57,700,000</u>	<u>58,900,000</u>
Total	\$275,400,000	\$309,300,000
Operating Profit By Industry Segment -		
Mining and integrated metals	\$ 2,000,000	\$ 45,600,000
Fertilizers	2,800,000	1,000
Total	<u>\$ 4,800,000</u>	<u>\$ 46,600,000</u>
Net Earnings (Loss)	\$(10,200,000)	\$ 17,100,000
Net Earnings (Loss) Per Share	(14¢)	20¢

(SEE GCNL No.80, 25Apr91, P.1 FOR OTHER PROJECT DATA)

<u>THREE MONTHS ENDED MARCH 31</u>	<u>1991</u>	<u>1990</u>
Revenues	\$15,600,000	\$25,900,000
Net Earnings	2,100,000	3,700,000
Net Earnings Per Share	6¢	11¢

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