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George Cross News Letter
"Reliable Reporting"

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

PRESIDENTIAL ADDRESS - Robert E. Hallbauer, president, Cominco Ltd., addressed the annual meeting 30Apr92. Noting the company lost $41,300,000 for 1991, Mr. Hallbauer added it was a disastrous year for the resource industry in general due to metal prices in real dollar terms approaching their lows for the past 50 years. The world-wide recession caused reduced growth in metal consumption but some metals such as zinc did continue to show growth. Increased flows of metals from the former East Bloc countries contributed substantially to metal supplies, resulting in a build-up of inventories which caused price weaknesses.

Cominco's fertilizer business had an operating profit of $17,000,000, which was down substantially from the previous year due to lower prices and lower sales volumes brought about by poor weather during the fertilizer application season.

Although results for the first quarter ended 31Mar92 recorded a loss of $4,900,000, this was an improvement over the comparable quarter in 1991 and the previous quarter ended 31Dec92. Management is encouraged by the price increase in zinc to about US 61¢/lb, up from 45¢

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last October and copper holding at about US $1.00/lb. First quarter operating profit for the ferilizer sector was $6,300,000 compared to $2,800,000 for the same period last year.

All mining divisions were profitable in 1991 except Trail and Kimberley, B.C. Trail's operating loss was $53,000,000 and Sullivan $19,000,000. These two operations are closely tied with the Sullivan results being affected by concentrate treatment charges levied by Trail. From an operating point of view, Mr. Hallbauer said, there is little to be done to further improve results at the Sullivan mine. Productivity was good with zinc concentrate production reaching the highest level in the last 25 years. In Sept/91 a Job Protection Commissioner was appointed by the B.C. Government to assist in providing an economic plan for the Trail operations. As part of an initiative to ensure the continued operation of the Trail smelter, on 16Jan92 Cominco announced a program to reduce annual costs by $50,000,000. In February, it was announced 107 management positions, or 25% of the management work force, would be eliminated. At the same time, 320 lay-off notices were issued to production, maintenance and office and technical employees effective 31May92. By year-end it is expected the work force will be reduced by 500 to realize a saving of some $25,000,000. The remaining $25,000,000 saving will be realized by lowering costs in transportation, supply contracts, property taxes and reduction in water taxes. The water tax remains a major factor in Trail's ability to compete on world markets as it negates the advantage of the company's low cost power plants.

Regarding the unworkable QSL smelter which Cominco bought from Lurgi of Germany, Mr. Hallbauer said the contract remains in force and Cominco has agreed to provide Lurgi with further time to make necessary changes. Lurgi will have more experience with the start-up of similar smelters at Stolberg, Germany and in Korea. Meanwhile, Cominco has been investigating alternatives in case the QSL smelter never works. Successful tests have been completed using the Kivcet method at a pilot plant. Preliminary engineering on a conversion to Kivcet are continuing. The old smelter is presently operating and producing sufficient lead for current demand. A committee of independent directors was formed to consider the legal aspects if the QSL smelter has to be abandoned. In any case, Mr. Hallbauer said, the Trail operations will not be closed.

The Red Dog mine in NW Alaska has been experiencing problems with metallurgical recovery and it has been discovered there are several different ore types within the ore body having different metallurgical characteristics. Cominco plans to isolate the different ore types and treat them separately. In Chile, the 42.5%-owned Quebrada Blanca copper project is advancing rapidly to achieve production in the first half of 1994. Progress was made on the Pebble copper project in southwest Alaska with 50 drill holes tightening drill spacings to 500 feet and extending depth to 700 feet. An indicated resource of 500,000,000 tons averaing 0.35% copper and 0.012 oz.gold/ton has been defined and remains open for expansion. This year's program will further define the high grade zone and seek other high grade zones. (SEE GCNL No.22, 31Jan92, P.1 FOR YEAR-END RESULTS)

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