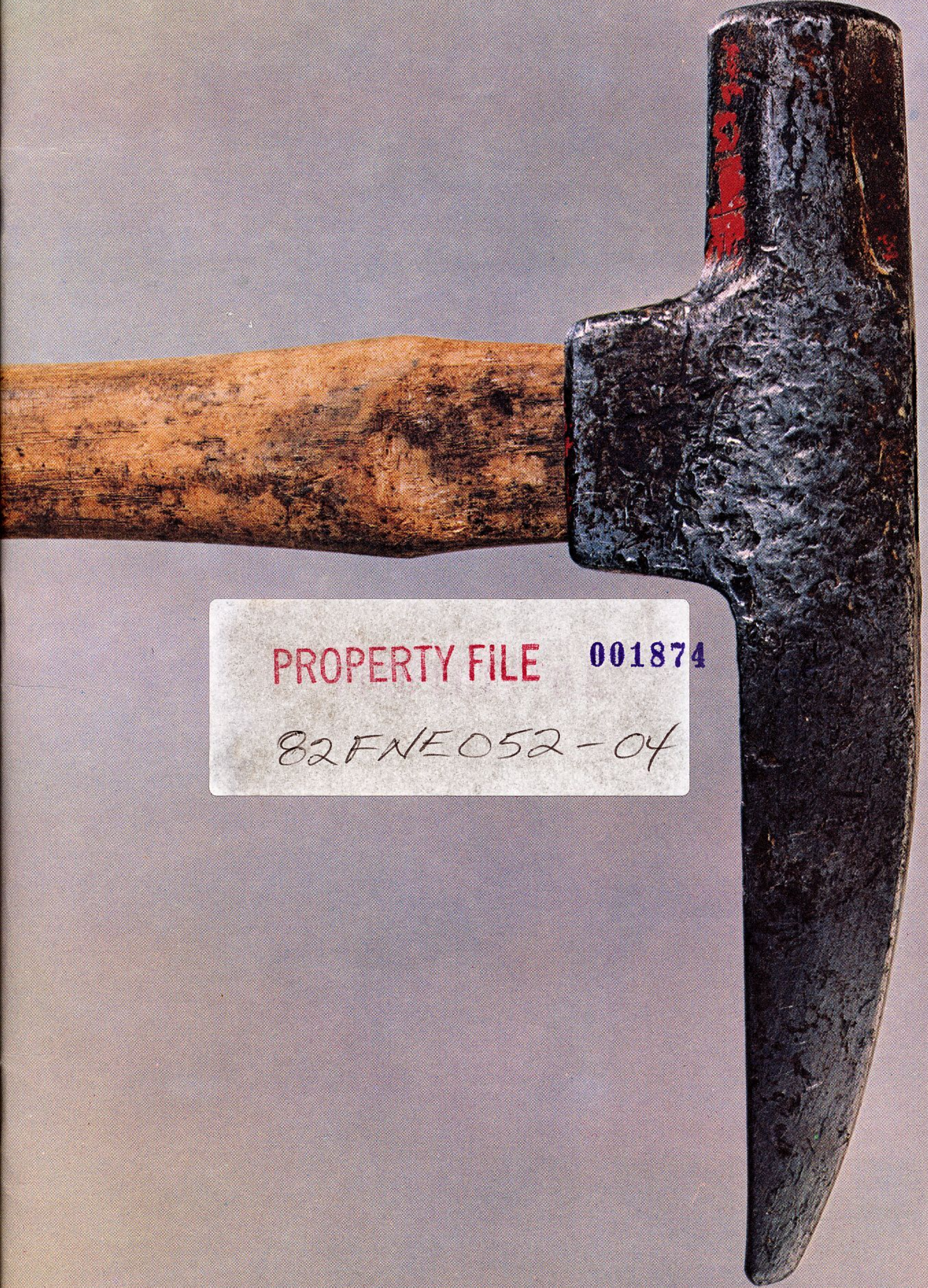
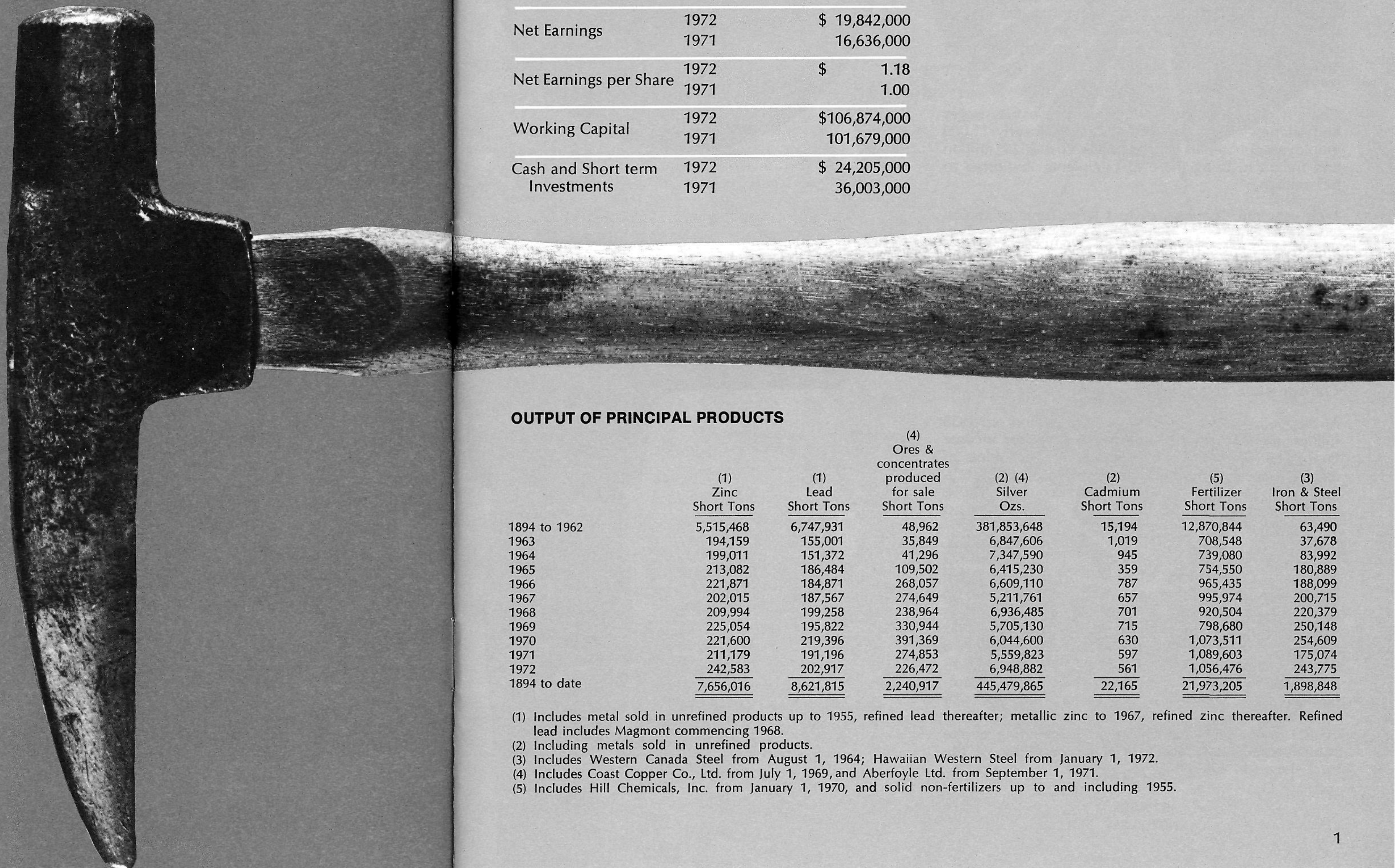


COMINCO LTD. · 67TH ANNUAL REPORT 1972

Contents

COVER

The geologist's rock hammer as featured in this Report is a tool with truly ancient origins. Scarred from use, it symbolizes "Exploration." In a changing world it represents a constant within a company whose growth has been founded on change. Though modern exploration uses sophisticated technology and equipment the genesis of most metal mines still occurs when a geologist buries his rock hammer in an outcrop.



Financial Highlights

1971 figures restated

Total Revenue	1972	$325,182,000
	1971	283,460,000
Capital Expenditures	1972	$ 55,246,000
	1971	44,924,000
Dividends Declared	1972	$ 13,480,000
	1971	11,688,000
Dividends per Share	1972	$ 0.80
	1971	0.70
Net Earnings	1972	$ 19,842,000
	1971	16,636,000
Net Earnings per Share	1972	$ 1.18
	1971	1.00
Working Capital	1972	$106,874,000
	1971	101,679,000
Cash and Short term Investments	1972	$ 24,205,000
	1971	36,003,000

Cominco

OUTPUT OF PRINCIPAL PRODUCTS

	(1) Zinc Short Tons	(1) Lead Short Tons	(4) Ores & concentrates produced for sale Short Tons	(2) (4) Silver Ozs.	(2) Cadmium Short Tons	(5) Fertilizer Short Tons	(3) Iron & Steel Short Tons
1894 to 1962	5,515,468	6,747,931	48,962	381,853,648	15,194	12,870,844	63,490
1963	194,159	155,001	35,849	6,847,606	1,019	708,548	37,678
1964	199,011	151,372	41,296	7,347,590	945	739,080	83,992
1965	213,082	186,484	109,502	6,415,230	359	754,550	180,889
1966	221,871	184,871	268,057	6,609,110	787	965,435	188,099
1967	202,015	187,567	274,649	5,211,761	657	995,974	200,715
1968	209,994	199,258	238,964	6,936,485	701	920,504	220,379
1969	225,054	195,822	330,944	5,705,130	715	798,680	250,148
1970	221,600	219,396	391,369	6,044,600	630	1,073,511	254,609
1971	211,179	191,196	274,853	5,559,823	597	1,089,603	175,074
1972	242,583	202,917	226,472	6,948,882	561	1,056,476	243,775
1894 to date	7,656,016	8,621,815	2,240,917	445,479,865	22,165	21,973,205	1,898,848

(1) Includes metal sold in unrefined products up to 1955, refined lead thereafter; metallic zinc to 1967, refined zinc thereafter. Refined lead includes Magmont commencing 1968.
(2) Including metals sold in unrefined products.
(3) Includes Western Canada Steel from August 1, 1964; Hawaiian Western Steel from January 1, 1972.
(4) Includes Coast Copper Co., Ltd. from July 1, 1969, and Aberfoyle Ltd. from September 1, 1971.
(5) Includes Hill Chemicals, Inc. from January 1, 1970, and solid non-fertilizers up to and including 1955.

Flow of Funds

As part of an Annual Report a statement is included which shows where the revenue has come from and where it goes. For 1972 this concept is portrayed graphically.

The world-wide business of the Company resulted in net revenue of $325 million. This revenue figure does not include the $49 million cost of delivery of the Company's products to its many hundreds of customers. Thus the gross revenue was $374 million as shown in Chart I. Of this amount $267 million (71%) came from metal product sales, $86 million (23%) came from sales of chemicals and fertilizers and the balance of $21 million is revenue from other sources.

Chart II illustrates where the money goes. In wages and salaries we paid out $97 million to nearly 11,000 employees; materials and supplies cost $113 million and freight to bring these to our plants amounted to $21 million.

Each year the Company invests large sums of capital to keep plants in good operating condition and to ensure the continuity of the business and the jobs it provides. To limit the impact of these expenditures on earnings in any one year they are spread uniformly over a number of years. This 1972 obsolescence allocation was $34 million. In addition borrowed money cost $8 million in interest. Property taxes, sales taxes and government levies for Unemployment Insurance, Social Security, Government Pensions and Workmen's Compensation totalled $14 million.

At this point, out of the original $325 million only $38 million is left. Against this there is a bill for income tax of $15 million, $3.5 million belongs to holders of minority interests in subsidiary companies, $13.5 million has been paid out in dividends to over 35,000 shareholders so only $6 million was left to re-invest in the business.

From Chart II it will be seen the total tax burden for 1972 was $29 million. Chart III breaks this figure down into its components and shows that taxes on income represent only half the total tax bill. It is worth noting that in addition to the Company's tax payments made directly to various governments, a very substantial flow of tax funds arises from the Company's employees, suppliers, customers and shareholders all of whom also pay taxes. Thus the total received by governments as a result of the business carried on by the Company in its husbanding of the natural resources it develops is far in excess of the total shown in Chart III.

CHART I
WHERE IT COMES FROM
$374 MILLION

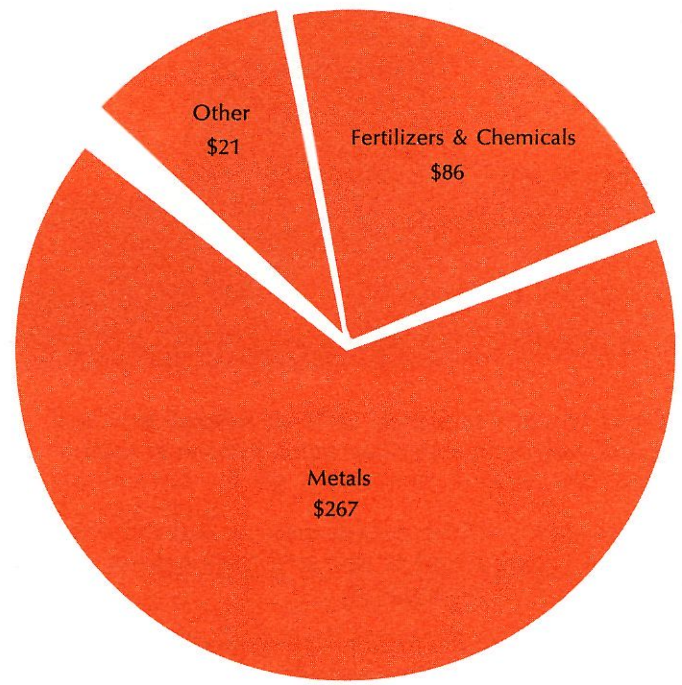
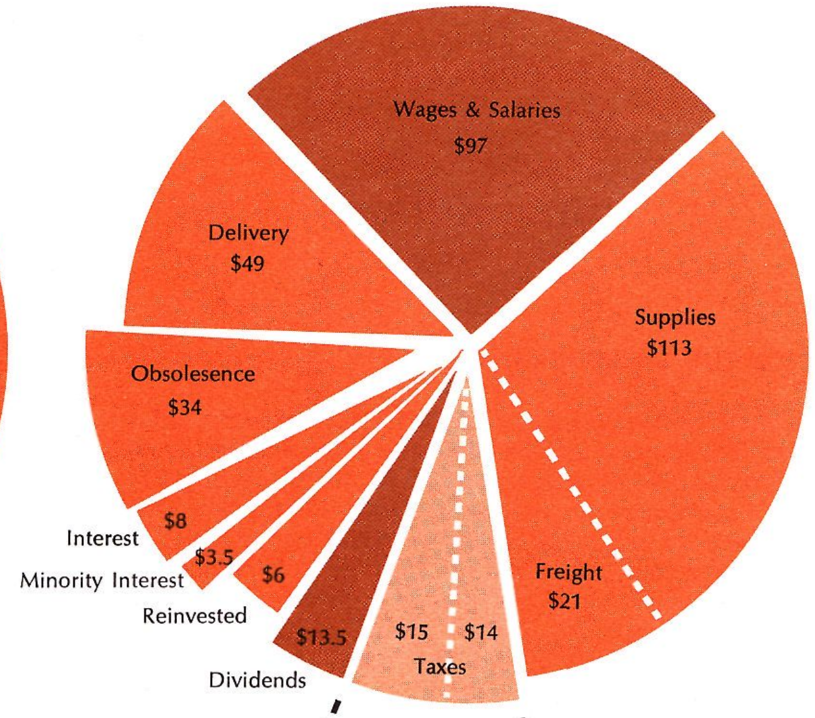


CHART II
WHERE IT GOES
$374 MILLION



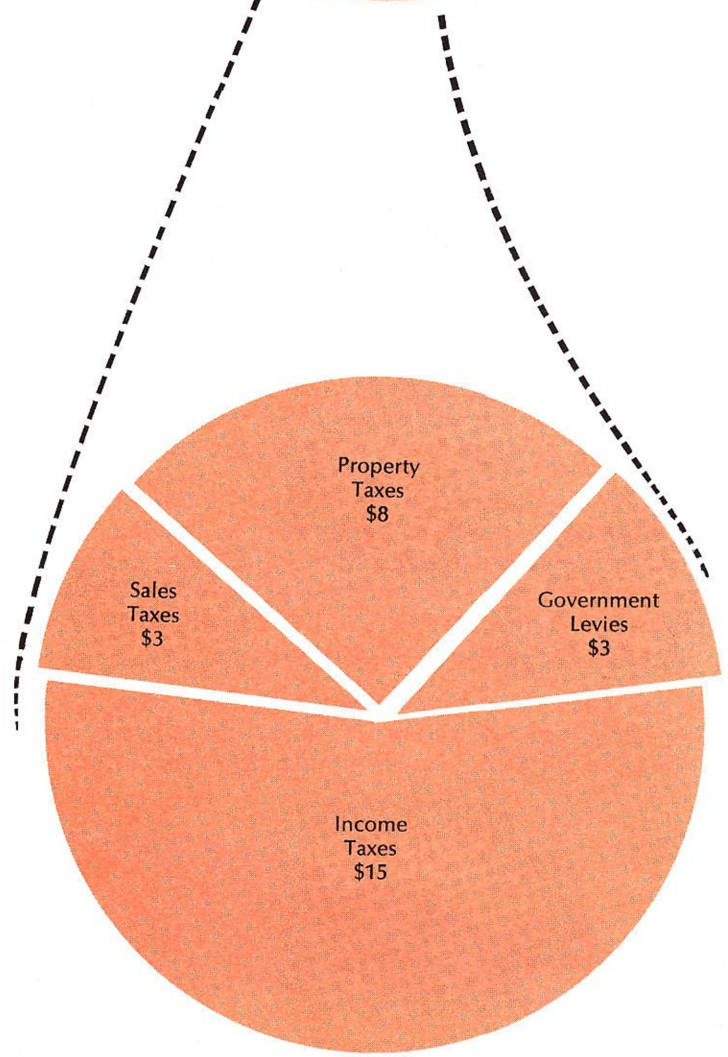
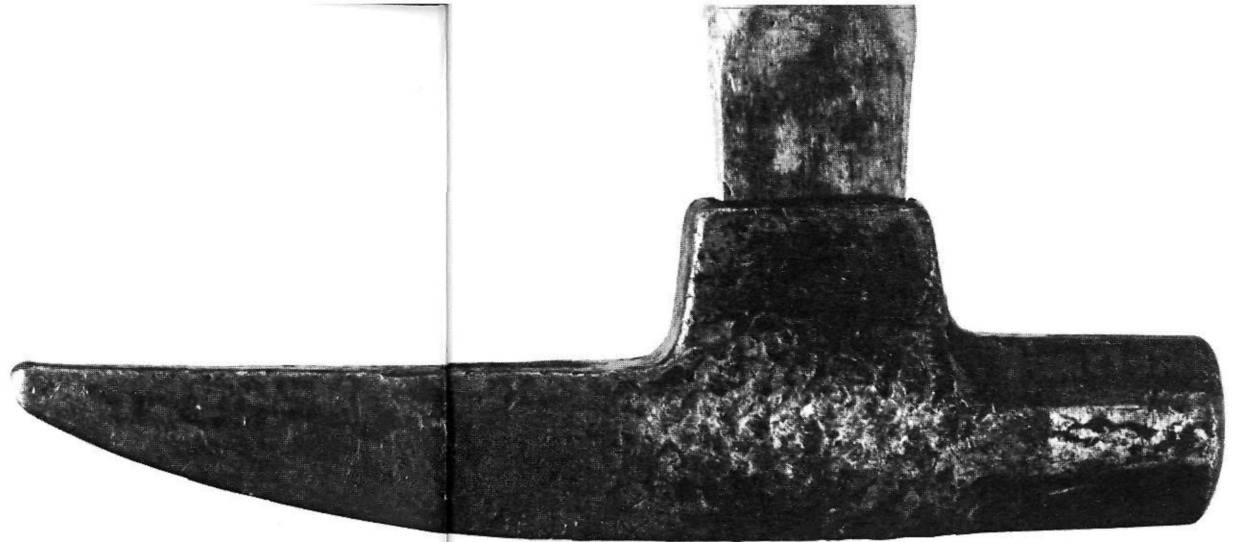


CHART III
TAX BURDEN

67th Annual Report of the Directors



TO THE SHAREHOLDERS:

Total consolidated earnings for 1972, before extraordinary items, were $20.9 million or $1.24 per share compared with $13.4 million or $0.81 per share for 1971. After an extraordinary loss of $1.1 million in 1972, net earnings were $19.8 million or $1.18 per share compared with net earnings for 1971 of $16.6 million or $1.00 per share which included an extraordinary gain of $3.2 million. A detailed review of activities commences on page 6 and the consolidated financial statements for 1972 on page 12.

The improvement in earnings resulted from a number of causes. Notable among these were improved demand for the Company's metals, a significant price advance and increased production. Fertilizer prices continued upward from the unreasonably low levels of recent years and consumption improved. Electronic materials demonstrated new strengths and made an important contribution to earnings. Inventories of metals and fertilizer were at low levels at the year-end.

Because of these improving trends total revenue of the Company at $325 million was at an all time high. However, the adverse effect of persistent inflationary factors such as the cost of supplies, transportation and labour held earnings below the average of recent years.

The Company's products are marketed internationally, approximately one-third being sold in Canada, one-third in the United States and the remainder in Pacific Rim and European Common Market countries. Virtually all exports from operations in British Columbia are in the form of manufactured products.

In the western world consumption of zinc rose at the unusually high rate of 9% to 4.8 million tons and that of lead by 3.5% to 3.7 million tons. Consistent with the pattern of recent years, only 28% of refined zinc and lead produced from Canadian operations was sold in Canada.

The rehabilitation of the potash mine in Saskatchewan made good progress and at year-end the property was being returned to production.

Consolidated net capital expenditures amounted to over $55 million. Included in this amount were the first stage of modernization of the Trail phosphate plant, the sinking of the development decline at the Polaris project of Arvik Mines Ltd. in Canada's high arctic, the mining and concentrating facilities of the Black Angel Mine of Greenex A/S on the west coast of Greenland, investments in CanPac Minerals Limited and Panarctic Oils Ltd., and outlays on promising projects in other parts of the world. Working capital at December 31 amounted to $106.9 million, an increase of $5.2 million over the previous year. These changes are accounted for in the Statement of Source and Application of Funds on page 13.

Approximately $13.7 million was spent in 1972 on the world wide exploration programs of the Company as outlined in the review of activities. As a result of these expenditures a number of important discoveries were made and significant additions to the Company's ore reserves were achieved.

The underground exploration program at the Black Angel Mine was completed and this important zinc-lead operation will be ready for production by the end of 1973. At the Polaris property a development decline was driven to provide additional data on another major zinc-lead deposit which substantially increases the Company's potential reserves. Additional underground development at the Rubiales property in northern Spain confirmed that this property could be developed successfully into a medium size zinc-lead mining operation. Persistent political and marketing uncertainties impeded efforts to bring the extensive property of Valley Copper Mines Limited in British Columbia into production, but financing and marketing negotiations continue.

Engineering design was completed on the Kimberley copper project, but construction was delayed pending clarification of the position of Federal and Provincial Governments.

At the Con Mine in the Northwest Territories, deep diamond drilling revealed the existence of significant additional reserves of good grade ore so that total reserves are now higher than at any time in the past. This new discovery, coupled with the dramatic increase in the price of gold, has greatly improved the future of the mine.

The Company's approximate 9% interest in Panarctic Oils Ltd. assumed greater significance as a result of the success achieved by the Panarctic exploration program in 1972.

Production at the Fording Coal Limited mine in southeastern British Columbia was approaching commercial levels at December 31, 1972, and the quality of the coal exceeds specifications. Shipments to Japan under the fifteen-year contract have commenced.

The Company acquired a 40% interest in CanPac Minerals Limited and assumed active management. This acquisition strengthens the Company's position in the field of energy resources with coal reserves in excess of one billion tons.

Mr. N. R. Crump, who served on the Board of Directors since 1956, tendered his resignation in March on his retirement as Chairman of Canadian Pacific. Mr. H. M. Pickard was appointed by the Board to fill the vacancy so created. Mr. G. A. Hart, a member of the Board since 1958, did not stand for re-election because of the limitation requirements of the Bank Act. The contributions made by Mr. Crump and Mr. Hart to the growth and development of the Company are deeply appreciated. Mr. W. J. Stenason was elected a Director at the Annual Meeting.

During 1972 a number of senior staff changes took place. Mr. C. H. B. Frere retired from the position of General Counsel and Secretary following 35 years of valued service. New officers appointed since the last report are: Mr. A. V. Marcolin, Vice-President, Corporate Services; Mr. E. A. Mitchell, Vice-President at Vancouver; Mr. M. H. Mason, General Counsel; Mr. P. C. Stewart, Secretary and Mr. M. A. Madley, Treasurer. Mr. J. F. M. Douglas was appointed Vice-President, Eastern Region replacing Mr. G. N. Moore who became Chairman of Cominco Australian Pty. Ltd.

The Directors acknowledge with sincere appreciation the contribution made by each employee to the well being of the Company and the success it achieved during 1972.

Chairman and Chief Executive Officer

President

Vancouver, British Columbia
March 8, 1973

MARKETING

METALS

The marketing of the Company's products is international with approximately one-third of its metals sales in Canada, one-third in the United States and the balance distributed between the Pacific Rim and Europe. Currently all exports from operations in British Columbia are processed to the manufactured product stage.

The demand for metal products produced by the Company improved considerably over that of the previous year. World inventories of lead increased slightly but those for zinc declined significantly and other metal inventories were at a low level at year-end. These changes reflect a more balanced relationship between supply and demand.

Metal prices at the end of 1972 were generally higher than a year ago. This was particularly true of zinc and lead, cadmium, silver and gold. These improved prices, however, were offset by higher costs for materials, labour and transportation. The price index charts, appearing on page 7, show the changes in zinc and lead prices in the Company's major markets since 1964 compared with the average earnings index for the Company's employees in Canada.

To sell its products the Company maintains 21 marketing offices in major consuming countries. The Company acquired all the outstanding shares in its two European marketing subsidiaries. These wholly-owned companies, Cominco (U.K.) Limited in England and Cominco GmbH in Germany, were reorganized to meet the changing circumstances resulting from the entry of the United Kingdom into the European Common Market. To establish an entity within the Common Market, Cominco Europe was formed to provide a base and to co-ordinate the future expansion of European sales. Concurrently with this reorganization a marketing program was developed for zinc and lead concentrates which will be produced from the Black Angel Mine of Greenex A/S. This mine, located on the west coast of Greenland, will be in production about the end of 1973.

Markets for minor metals produced by the Company were generally strong and prices rose appreciably during the year. The main exceptions were copper, mercury and tungsten which all remained at unsatisfactory low levels.

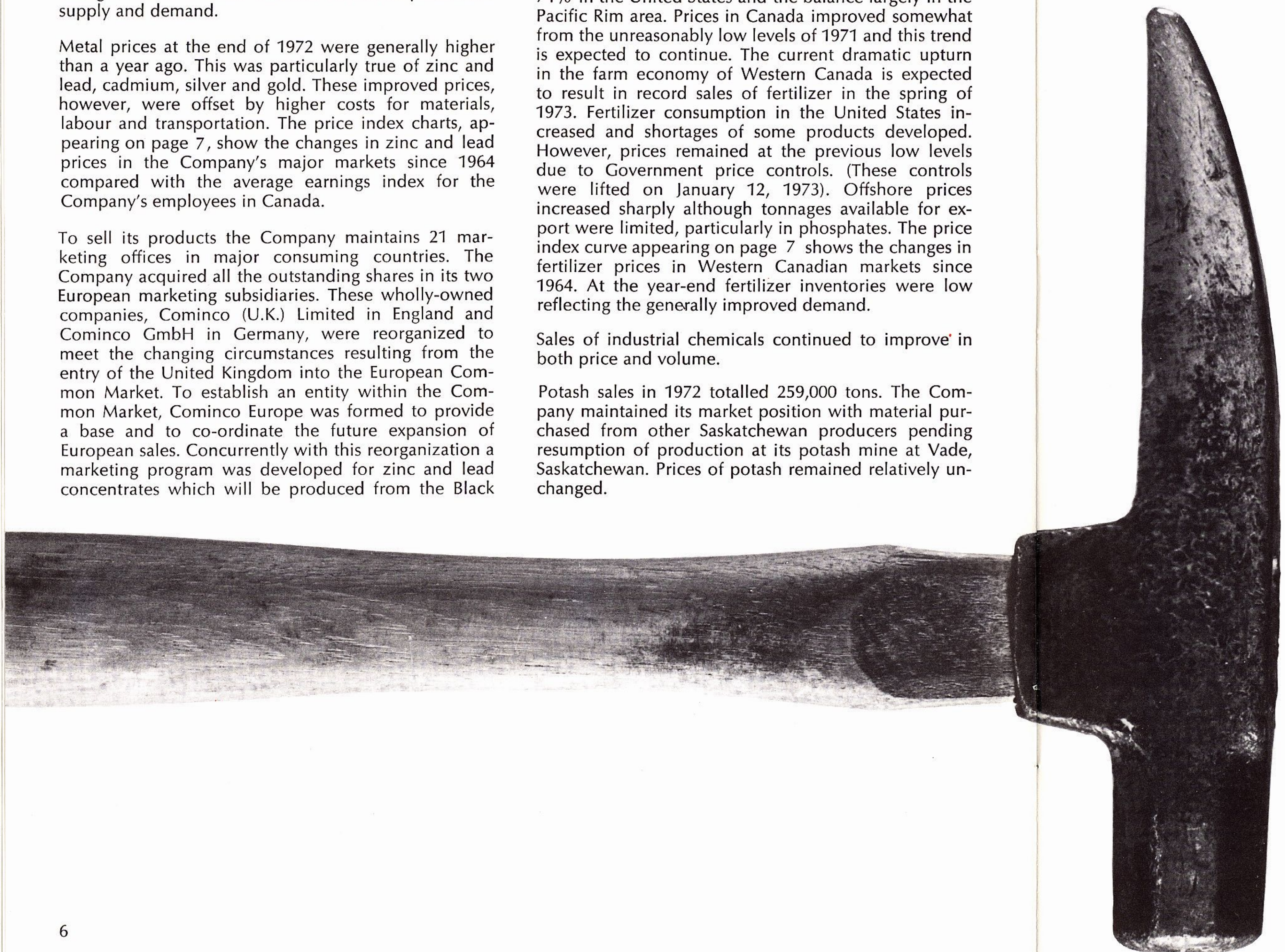
Coal shipments from the affiliated company, Fording Coal Limited, commenced in 1972.

CHEMICALS AND FERTILIZERS

Sales of chemicals and fertilizers including potash totalled 1,629,000 tons, of which 20% was sold in Canada, 74% in the United States and the balance largely in the Pacific Rim area. Prices in Canada improved somewhat from the unreasonably low levels of 1971 and this trend is expected to continue. The current dramatic upturn in the farm economy of Western Canada is expected to result in record sales of fertilizer in the spring of 1973. Fertilizer consumption in the United States increased and shortages of some products developed. However, prices remained at the previous low levels due to Government price controls. (These controls were lifted on January 12, 1973). Offshore prices increased sharply although tonnages available for export were limited, particularly in phosphates. The price index curve appearing on page 7 shows the changes in fertilizer prices in Western Canadian markets since 1964. At the year-end fertilizer inventories were low reflecting the generally improved demand.

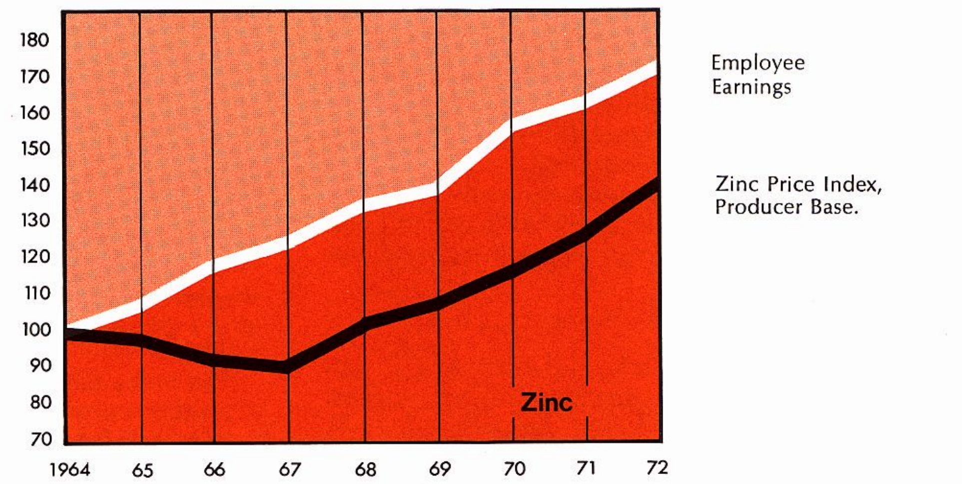
Sales of industrial chemicals continued to improve in both price and volume.

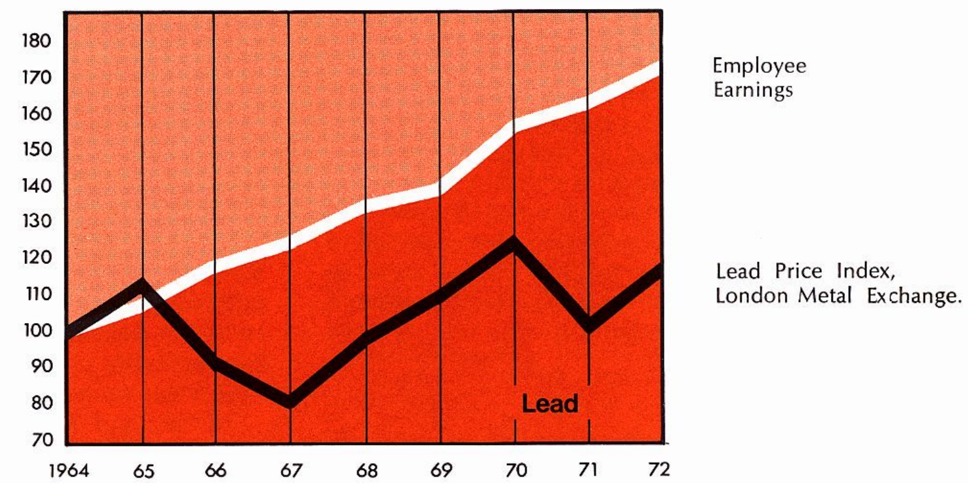
Potash sales in 1972 totalled 259,000 tons. The Company maintained its market position with material purchased from other Saskatchewan producers pending resumption of production at its potash mine at Vade, Saskatchewan. Prices of potash remained relatively unchanged.

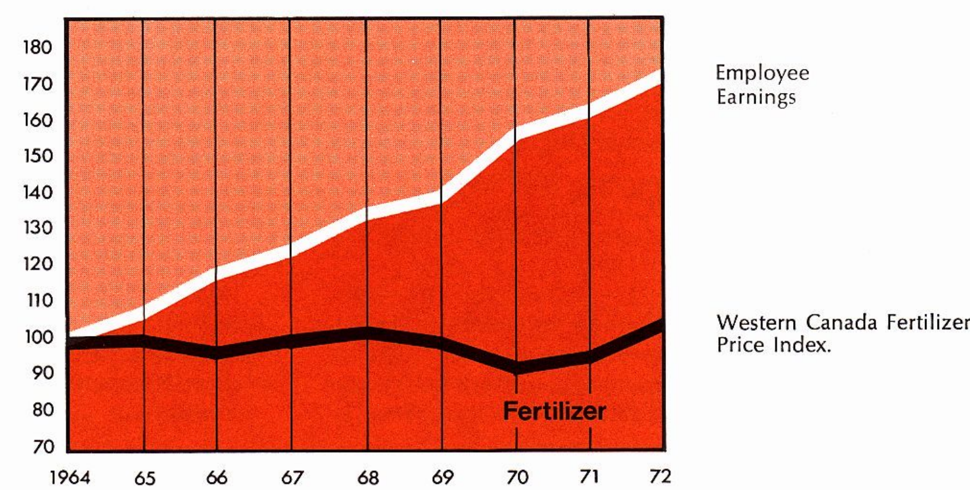


Review of Activities

COMINCO AND ITS SUBSIDIARIES *(Figures for 1971 in brackets)*







Review of Activities (cont.) . . . *(Figures for 1971 in brackets)*

EXPLORATION

The Company's major exploration efforts were concentrated in Canada, the United States, Greenland, Mexico, Australia, Spain and South Africa. Expenditures in 1972 of $13.7 ($12.6) million supported a variety of exploration programs ranging from preliminary reconnaissance surveys to underground development. A number of important discoveries were made and work on some is progressing to the feasibility stage. In addition the following more advanced projects were undertaken.

Arvik

On Little Cornwallis Island in the Canadian high arctic a substantial surface diamond drilling program was completed on the Polaris property of Arvik Mines Ltd. (75% owned). A winter underground development program is making excellent progress. The object of this work is to obtain more precise grade and tonnage data, to provide samples of ore for metallurgical testing, to acquire information on mining characteristics and techniques, and to assess probable operating costs at this far northern location. Information obtained on mining conditions has been favourable and the program has confirmed a major deposit of at least 20 million tons with a metal content of more than 20% combined zinc and lead. The limits of the orebody are not defined and major extensions can be expected. Supplies were moved to the property without difficulty in spite of an exceptionally heavy icepack. The formidable logistics problems of operating in this remote area are under active study.

Greenex

The underground exploration program at the Black Angel Mine was completed and reserves of over four million tons, grading in excess of 20% combined zinc and lead, were outlined. There is every indication that further work will at least double this figure. Underground development and construction of a 1,650 metric ton per day surface plant commenced in mid-1972 with production scheduled for the end of 1973. Financing for the major portion of this $51 million project was arranged in Europe.

Cominco manages the property and owns 62% of Greenex A/S through its Canadian subsidiary, Vestgron Mines Limited.

Exminesa

At the Rubiales zinc-lead mine in northern Spain, held by Exploracion Minera Internacíónal (España) S.A., (Exminesa) (63% owned), underground exploration work continued with encouraging results. It is expected that this property will develop into a medium size mining operation.

Panarctic

This northern oil exploration firm, in which the Company holds an approximate 9% interest, added substantially to its reserves of natural gas in the high arctic islands. With the gas discovery on the west shore of Sabine Peninsula on Melville Island, 30 miles west of the original discovery in the Drake Point field, the known gas-bearing stratas have been extended significantly in this area.

Other Subsidiaries

The many mining subsidiaries of the Company drew on the assistance of Cominco's experienced exploration staff for the direction of their own exploration programs. Of particular importance were the programs undertaken by Cominco American Incorporated, Pine Point Mines Limited and the Aberfoyle group in Australia.

PRODUCING MINES FILED UNDER:

Sullivan Mine, Kimberley, B.C. 82FNE052 (9E)

Ore production was 1,925,000 (1,984,000) tons with a combined zinc-lead grade of 10.8% (11.3%). The output of the mine was manufactured into refined metals at the Trail smelter. Production was adversely affected by a strike at the mine during July.

Pine Point Mine, Pine Point, N.W.T.

Production of ore by Pine Point Mines Limited (69% owned) amounted to 3,810,000 (3,892,000) tons with a combined zinc-lead grade of 8.9% (9.1%). Concentrates totalled 391,000 (416,000) tons of zinc and 119,000 (118,000) tons of lead. Of these 256,000 (228,000) tons of zinc concentrate and 79,000 (56,000) tons of lead concentrate were shipped to the Trail smelter.

H.B. Mine, Salmo, B.C. 82FSW004 (3E)

Work commenced during the year on the re-opening of the H.B. zinc-lead mine near Trail. This mine and concentrator which had been closed since November 1966, will be in production early in 1973.

Con Mine, Yellowknife, N.W.T.

Ore treated totalled 165,000 (159,000) tons with a grade of 0.67 (0.61) ozs. of gold per ton. Of this amount, 114,000 (108,000) tons at 0.75 (0.63) ozs. per ton originated in the Con Mine. The balance, 51,000 (51,000) tons at 0.49 (0.58) ozs. per ton came from the contiguous Rycon Mine. The Company operates the latter on behalf of Rycon Mines Limited, (76% owned).

Pinchi Lake Mine, Fort St. James, B.C. 93K049 (9W)

Ore produced and treated totalled 203,000 (248,000) tons. Mercury production was reduced somewhat from the previous year to maintain balance with demand.

Benson Lake Mine, Port McNeill, B.C. 92L091 (6E)

Operations of Coast Copper Company, Limited (95%-owned) were suspended in November because of rising costs and unsatisfactory market conditions. The mining and concentrating facilities including the hydroelectric plant have been mothballed.

Potash Mine, Vade, Saskatchewan

Rehabilitation of the flooded potash mine was delayed by a two-month strike in mid-year. In spite of this, work was nearing completion at year-end and this important property was in the final stages of being brought back into production.

Magmont Mine, Bixby, Missouri

This lead mine which is operated by and 50% owned by Cominco American Incorporated produced 1,034,000 (1,040,000) tons of ore at a combined lead-zinc grade of 7.9% (8.5%).

Brock Mine, Garrison, Montana

This phosphate rock mine, owned and operated by Cominco American Incorporated, produced 240,000 (234,000) tons of rock which was shipped to Cominco's Canadian fertilizer plants. Mine development was increased to meet the growing demand for phosphate rock.

Australian Mines

Through its subsidiary company Cominco Australian Pty. Ltd. (100% owned) Cominco has a 55% interest in Aberfoyle Limited which operates five mines in Australia.

During its fiscal year Aberfoyle's two mines at Rossarden, Tasmania, produced in total 144,000 (188,000) tons of ore containing tin and tungsten. From its mine, also in Tasmania, Cleveland Tin N.L. (51% owned by Aberfoyle) produced 396,000 (332,000) tons of ore containing tin and copper. A new tin flotation plant was successfully commissioned.

Ardlethan Tin N.L. (68% owned by Aberfoyle) produced 386,000 (303,000) tons of tin-bearing ore from its open pit mine in New South Wales. Towards the end of its fiscal year the milling rate was in-

ZINC-LEAD ORE RESERVES

MEASURED & INDICATED (Reserves at Producing Mines)

	1972 Ore Tons	1972 Zinc/Lead Tons	1971 Ore Tons	1971 Zinc/Lead Tons
B.C.				
Sullivan .. / HB	63,000,000	6,900,000	64,000,000	7,000,000
NWT				
Pine Point ..	41,000,000	3,400,000	42,000,000	3,500,000
USA				
Magmont ...	12,000,000	1,100,000	13,000,000	1,000,000
Greenland				
Black Angel*.	4,000,000	800,000	—	—

*The Company is satisfied that further work will be successful in at least doubling these reserves. Production from this property is expected by the end of 1973.

POTENTIAL RESERVES under Development

	1972 Ore Tons	1972 Zinc/Lead Tons	1971 Ore Tons	1971 Zinc/Lead Tons
NWT				
Polaris (Arvik)	20,000,000	4,000,000	—	—
Spain				
Rubiales	9,000,000	900,000	—	—

OTHER ORE RESERVES

MEASURED & INDICATED (Reserves at Producing Mines)

	1972		1971	
GOLD — NWT	Ore Tons	Gold oz.	Ore Tons	Gold oz.
Con ..... / Rycon	1,000,000	620,000	580,000	370,000
MERCURY — B.C.		Flasks of Mercury		Flasks of Mercury
Pinchi	1,800,000	133,000	2,000,000	141,000
TIN — Australia		Tin Tons		
Aberfoyle .. / Ardlethan . / Cleveland .	5,800,000	44,000	—	—
PHOSPHATE ROCK — USA		P_2O_5 Tons		P_2O_5 Tons
Brock .... / Douglas ..	19,000,000	5,700,000	20,000,000	5,800,000
COAL — B.C.		Clean Coal Tons		
Fording	—	52,000,000	—	—
POTASH — Canada				
Vade	100 years at full production			

POTENTIAL RESERVES (under Development)

COPPER — B.C.		Copper Tons		Copper Tons
Valley Copper	800,000,000	3,750,000	800,000,000	3,750,000

Footnote: The Company owns substantial additional reserves of inferred ore in the vicinity of producing mines.

Review of Activities (cont.) . . . (with comparative figures for 1971)

creased to *1,700 tons per day. Golden Plateau* N.L. (51% owned by Aberfoyle) produced 43,000 (39,000) tons of gold and silver-bearing ore from its mine in Queensland.

MANUFACTURING

METALS

The accompanying table shows the production of manufactured metals of the Company and its subsidiaries on a world-wide basis. The increased production of zinc despite the strike in mid-year at Trail reflects the continuing modernization of the plant.

METAL PRODUCTION

	1972	1971
Zinc	243,000 tons	211,000 tons
Lead:		
Trail	170,000 tons	163,000 tons
Magmont	33,000 tons	28,000 tons
	203,000 tons	191,000 tons
Silver	6,949,000 ozs.	5,560,000 ozs.
Gold	*136,000 ozs.*	*77,000 ozs.*
Cadmium	1,123,000 lbs.	1,194,000 lbs.
Bismuth	226,000 lbs.	177,000 lbs.
Antimonial Lead	340 tons	162 tons
Indium	462,000 ozs.	394,000 ozs.
Mercury	14,600 flasks	18,500 flasks
*Tin	3,800 tons	3,200 tons
*Tungsten	850 tons	240 tons
Iron and Steel	244,000 tons	175,000 tons

*Metal content of concentrates

The Company manufactures a wide range of sophisticated and ultra high purity products manufactured at Trail and Spokane, Washington for the electronics industry. Notable among these is gallium arsenide with its purity of 99.999% which has found such ready market acceptance that new production records were achieved. Strong gains were also made in the sale of indium antimonide; and a newly developed product, cadmium mercury telluride, shows particular promise.

CHEMICALS & FERTILIZERS

The total fertilizer produced, excluding potash, from all Company operations amounted to 1,056,000 (1,090,000) tons of which 579,000 (596,000) tons were from the Company's Canadian plants.

To meet changing market requirements the ammonium nitrate plant at Trail was temporarily closed in April making ammonia available for the production of other fertilizers. The modernization program at the Trail phosphate plant proceeded on schedule and will be completed early in 1973.

ENERGY

COAL

The Company further consolidated its position in energy resources. In August it acquired from Canadian Pacific Investments Limited 40% of the outstanding common shares of CanPac Minerals Limited for 271,370 shares of Cominco and assumed active management of CanPac Minerals. CanPac derives most of its income from the leasing of coal rights in Alberta and coal and potash rights in Saskatchewan. The acquisition of this interest in about one billion tons of coal reserves in Western Canada is an important addition to the Company's resources.

By the end of 1972 the Elkford, B.C. property of Fording Coal Limited (40% owned) had produced and shipped one million long tons of high quality coking coal for the Japanese market. Because of delays resulting from labour strife in the British Columbia construction industry and the late delivery of certain critical equipment, the start-up of the coal-washing plant was considerably delayed. Troublesome failures in purchased equipment which did not live up to manufacturer's commitments plagued the operations throughout the year and several modifications to the equipment will not be completed until early in 1973. In spite of this the quality of the product was good and exceeded specifications. At the year-end production of *clean coal was at the rate of 70% of design capacity.* It is not expected that full capacity will be reached till the second quarter of 1973.

HYDROELECTRIC POWER

Water supply to the hydro plants on the Kootenay and Pend-d'Oreille Rivers in southeastern British Columbia *was above average for most of the year. As a result* total generation from the six plants amounted to 4.3 (4.1) billion kilowatts which includes the plant owned by the West Kootenay Power and Light Company, Limited.

NEW DEVELOPMENT AND TECHNICAL RESEARCH

As part of the continuing program of modernization and expansion of the Company's metal manufacturing processes, construction commenced on a battery of high capacity electrolytic zinc cells. This installation, which will produce an additional 10,000 tons of refined zinc at the Trail operations, will be completed in 1973 at an estimated cost of $2.5 million.

The Research facilities at Trail and at Sheridan Park, Ontario made important advances in both the metallurgical and chemical fields. Interesting developments *included technical work on a new method of producing* copper. This process would involve a unique adaptation of the now idle iron and steel electric furnace plant at Kimberley to produce up to 70,000 tons of blister copper annually. While the technical work on this non-polluting process has been completed, further action on the project was deferred pending clarifica*tion of the positions of the Provincial and Federal* Governments.

Research on copper hydrometallurgy in co-operation with Sherritt Gordon Mines Limited was continued actively during the year. Tests were run on a wide range of copper concentrates which demonstrated the flexibility of this novel process. Further large-scale tests are planned in 1973; however, because of the complexity of hydrometallurgical processes the development work is expected to take several years before full-scale commercial production can be expected.

The Company's thin cast lead sheet, marketed under the trade name of "SHEALD" used mainly for sound *attenuation, was successfully brought to the commer*cial stage. At year-end this growing business was sold to The Canada Metal Company Limited (50% owned) which will market the product through its extensive sales facilities.

PERSONNEL

The total number of employees of the Company and its subsidiaries at the year-end was 10,739 (10,584). The availability of professional staff was adequate to meet the Company's requirements but there was a serious and persistent shortage of miners and skilled personnel at many operations.

Collective agreements covering hourly paid employees at the Company's principal operations in British Columbia were renewed for a two-year period to expire June 30, 1974. The settlement reached after a 13-day strike provided for wage increases and fringe benefits totalling approximately 17% over the two-year period. An agreement was also signed covering hourly paid *employees at the Company's potash operations in* Saskatchewan following lengthy negotiations and a two-month strike. This agreement will continue in effect until the end of 1973. The collective agreement for employees at the Con Mine was renewed for a two-year period to expire August 1, 1974.

In 1972, 241 (248) employees retired from active service and at the year-end there were 2,065 (1,899) former employees and widows receiving retirement benefits.

Consolidated Statement of Earnings

Year ended December 31, 1972 (with comparative figures for 1971)

	1972	1971 (Restated-Note 1)
Sales of products	$304,327,000	$263,923,000
Other revenue	20,855,000	19,537,000
	325,182,000	283,460,000
Deduct:		
Cost of sales, selling and general expenses	245,260,000	219,398,000
Interest on long-term debt	8,158,000	7,608,000
Depreciation (Note 4)	25,874,000	24,570,000
Depletion (Note 4)	7,467,000	7,166,000
Amortization of deferred charges	1,698,000	1,731,000
	36,725,000	22,987,000
Add:		
Dividends from 50% owned companies (Note 6)	400,000	425,000
Income from other investments	2,225,000	2,024,000
	39,350,000	25,436,000
Income taxes, including $4,161,000 not currently payable (Note 7)	15,000,000	7,539,000
Minority interests in net earnings of subsidiaries	3,441,000	4,439,000
EARNINGS BEFORE EXTRAORDINARY ITEM	20,909,000	13,458,000
Extraordinary item (Note 8)	(1,067,000)	3,178,000
NET EARNINGS	$ 19,842,000	$ 16,636,000
EARNINGS PER SHARE (based on weighted average number of issued shares)		
Before extraordinary item	$1.24	$0.81
After extraordinary item	$1.18	$1.00

Consolidated Statement of Earnings Reinvested in the Business

Year ended December 31, 1972 (with comparative figures for 1971)

	1972	1971 (Restated-Note 1)
Amount at beginning of year	$285,761,000	$277,592,000
Reinvested earnings to December 31, 1970 of subsidiaries previously unconsolidated	—	3,221,000
Prior year's freight adjustment, net of income tax and minority interest	(363,000)	—
Net earnings	19,842,000	16,636,000
	305,240,000	297,449,000
Dividend - $0.80 per share, 1971—$0.70	13,480,000	11,688,000
Amount at end of year	$291,760,000	$285,761,000

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1972 (with comparative figures for 1971)

	1972	1971 (Restated-Note 1)
SOURCE		
Earnings before extraordinary item	$ 20,909,000	$ 13,458,000
Add:		
Depreciation	25,874,000	24,570,000
Depletion	7,467,000	7,166,000
Amortization of deferred charges	1,698,000	1,731,000
Increase (decrease) in deferred income taxes	4,161,000	(1,386,000)
Funds from operations	60,109,000	45,539,000
Issue of shares to acquire an investment (Note 10)	8,000,000	—
Increase in long-term debt	7,726,000	20,202,000
Increase in working capital resulting from the consolidation of subsidiaries	157,000	8,397,000
Proceeds from sale of assets and advances recovered	4,287,000	934,000
Proceeds from grant of rights	—	2,745,000
	80,279,000	77,817,000
APPLICATION		
Decrease (increase) in minority interests in subsidiaries	2,301,000	(2,169,000)
Capital expenditures		
Investments	11,345,000	4,327,000
Land, buildings and equipment	32,905,000	20,533,000
Mining properties and development	10,996,000	9,008,000
Outlay to acquire Aberfoyle group of companies	—	11,056,000
Potash rehabilitation cost (Note 11)	3,830,000	3,943,000
Dividends	13,480,000	11,688,000
Other	227,000	3,362,000
	75,084,000	61,748,000
Increase in working capital	$ 5,195,000	$ 16,069,000

WORKING CAPITAL	1972	1971 (Restated-Note 1)	Increase (Decrease)
Current assets	$161,417,000	$164,172,000	$(2,755,000)
Current liabilities	54,543,000	62,493,000	(7,950,000)
	$106,874,000	$101,679,000	$ 5,195,000

Consolidated Balance Sheet at December 31st, 1972 (with comparative figures for 1971)

ASSETS	1972		1971 (Restated-Note 1)	
CURRENT ASSETS				
Cash and short-term investments	$24,205,000		$ 36,003,000	
Accounts receivable	59,440,000		51,865,000	
Inventories (Note 9)	71,747,000		69,920,000	
Prepaid charges	6,025,000	$161,417,000	6,384,000	$164,172,000
INVESTMENTS AND SUNDRY ASSETS				
Investments (Note 10)	36,224,000		30,496,000	
Deferred charges (Note 5)	6,566,000		6,396,000	
Other (Note 11)	12,441,000	55,231,000	8,424,000	45,316,000
FIXED ASSETS (Note 4)				
Land, buildings and equipment at cost less fully depreciated items and amounts realized on sales	467,452,000		445,671,000	
Less accumulated depreciation	190,714,000		173,847,000	
	276,738,000		271,824,000	
Mining properties and development at cost less amounts written off	118,282,000		107,502,000	
Less accumulated depletion	41,305,000		34,696,000	
	76,977,000	353,715,000	72,806,000	344,630,000
		$570,363,000		$554,118,000

LIABILITIES AND SHAREHOLDERS' EQUITY	1972		1971 (Restated-Note 1)	
CURRENT LIABILITIES				
Bank loans	$ 2,951,000		$ 1,293,000	
Accounts payable and accrued liabilities	42,126,000		44,625,000	
Income taxes	4,831,000		3,710,000	
Long-term debt due within one year	4,635,000	$ 54,543,000	12,865,000	$ 62,493,000
LONG-TERM DEBT, INCLUDING UNREALIZED FOREIGN EXCHANGE GAIN (Note 12)		118,239,000		110,513,000
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARIES		37,797,000		40,098,000
INCOME TAXES PROVIDED FOR BUT NOT CURRENTLY PAYABLE		35,022,000		30,251,000
SHAREHOLDERS' EQUITY				
Capital (Note 10)				
Authorized - 20,000,000 shares of no par value				
Issued and fully paid - 16,969,953 shares (1971—16,698,583 shares)	33,002,000		25,002,000	
Earnings reinvested in the business	291,760,000	324,762,000	285,761,000	310,763,000
		$570,363,000		$554,118,000

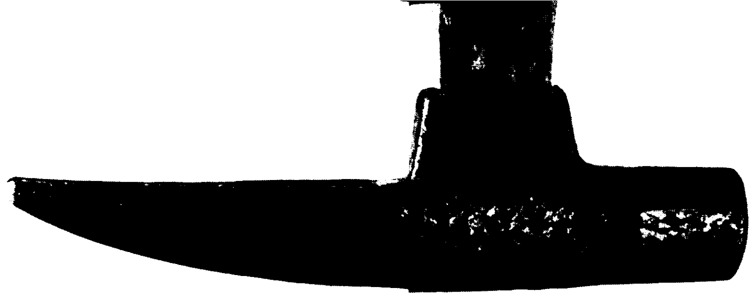
COMMITMENTS AND CONTINGENT LIABILITIES (Note 13)

Approved on behalf of the Board:

R. Hendricks
J. E. Burnet

Directors

Notes to Consolidated Financial Statements



1. *Basis of Presentation*

The consolidated financial statements for 1972 include all subsidiaries, as do the restated comparative figures for 1971. The consolidated financial statements originally presented for 1971 did not include partly owned subsidiaries which were in different lines of business or which had earnings or losses of relatively insignificant amounts. Inclusion of all subsidiaries increases net earnings for 1971 from $15,682,000, as originally reported to $16,636,000.

In consolidation, the assets of subsidiaries have been revalued by allocating to them as appropriate the excess, if any, of the cost of shares over the underlying book values. Charges against earnings for depreciation and depletion (Note 4) of such assets are based on the adjusted values.

The consolidated financial statements do not include companies in which Cominco's interest is 50% or less (Note 6).

2. *Foreign Exchange Translation*

The foreign currency assets and liabilities of Cominco and its domestic subsidiaries have been translated into Canadian dollars at current rates of exchange.

The current assets and current liabilities of foreign subsidiaries have been translated at current rates of exchange and the resulting adjustments, which are not material, have been taken into earnings. Fixed assets of foreign subsidiaries have been translated at the rates in effect at the time of their acquisition. The long-term debt of these subsidiaries has been translated at the rate in effect on December 31, 1972 and the resulting unrealized exchange gain of $1,898,000 (Note 12) is carried in the balance sheet, to be brought into earnings, together with such gains or losses in the future, as the debt is repaid.

3. *Directors' and Officers' Remuneration*

In 1972 total remuneration of $86,000 was paid to fourteen (all) directors and $838,000 to sixteen (all) officers of Cominco, including relatively insignificant amounts paid to them by subsidiaries. There were four officers who were also directors.

4. *Depreciation and Depletion*

Because of the wide range of economic lives of the integrated mining and manufacturing facilities of Cominco and its Canadian subsidiaries, expenditures on these facilities are pooled and written off on a straight line basis generally over thirteen years, which experience has shown to be a reasonable period. Since this basis reflects obsolescence and the probability that, while some of the assets will have very long economic lives, others may lose their economic value prematurely, it is not the practice to record gains or losses on abandonments or suspensions in the use of these assets, nor on sales or other dispositions, except in extraordinary circumstances.

Expenditures on the potash mine are written off on a straight line basis over twenty years, rather than thirteen, and this depreciation has been suspended during rehabilitation of the mine (Note 11).

When expenditures have been fully depreciated it is generally the practice to write off the recorded cost against the depreciation accumulation, so that only costs not fully depreciated are carried on the balance sheet.

Other subsidiaries generally depreciate fixed asset expenditures over the originally estimated economic lives of the individual facilities, and do reflect gains or losses on sales and abandonments.

Expenditures on general mineral exploration are charged against earnings as incurred. Expenditures on investigating identified properties and developing mines are capitalized as "Mining properties and development" and these capitalized expenditures, together with the cost of certain investments in mining companies, are amortized against earnings by charges for depletion determined in a systematic way based on the company's mineral resources position.

5. *Deferred Charges*

	1972	1971 (Restated-Note 1)
Financing costs	$2,574,000	$2,380,000
Office move to Vancouver	745,000	1,017,000
Mine preparation	1,349,000	1,564,000
Hill Chemicals, Inc. start-up expense	448,000	896,000
Potash start-up expense (Note 11)	859,000	—
Other	591,000	539,000
	$6,566,000	$6,396,000

6. *Equity in Earnings of 50% Owned Companies*

Cominco has followed the practice of taking up as income out of its equity in the earnings of 50% owned companies only the amounts of dividends received. The following table shows Cominco's equity in the net undistributed earnings of these companies:

	1972	1971 (Restated-Note 1)
Equity in undistributed earnings at beginning of year	$ 84,000	$1,047,000
Prior years' losses of company now liquidated	226,000	—
Prior years' earnings of company now consolidated	—	(683,000)
	310,000	364,000
Equity in earnings for year	532,000	145,000
Dividends received	(400,000)	(425,000)
Equity in undistributed earnings at end of year	$442,000	$ 84,000

7. *Income Taxes*

One of the two major unresolved matters in the companies' income tax affairs at the end of 1971 has been settled. Reassessment of 1969 Pine Point taxes following amendment of the Canadian Income Tax Regulations in 1972 has confirmed that there will be no effect on depletion allowances arising from its association with subsidiaries of Canadian Pacific Investments Limited.

As to the other matter, there has been no change in the disallowance of the special transportation charge as a deduction in determining Pine Point taxable income. On the advice of its legal counsel that it has a sound case, Pine Point has filed Notices of Objection. However, should it be unsuccessful in defending its position, the consolidated earnings of Cominco for the five years to December 31, 1972 would be reduced by $1,600,000 in total in respect of these income taxes, no provision having been made for them in these financial statements.

8. *Extraordinary Item*

Consists of a loss of $1,067,000 (net of income tax of $810,000) upon the sale of an ore concentrator by a subsidiary in the U.S.A. The gain of $3,178,000 in 1971 consisted of $2,745,000, proceeds from grant of river and water storage rights, and $433,000, reduction in income taxes of a subsidiary resulting from losses of prior years.

9. *Inventories*

	1972	1971 (Restated-Note 1)
Raw materials and products	$55,579,000	$53,930,000
Stores and materials	16,168,000	15,990,000
	$71,747,000	$69,920,000

Raw materials and products are valued generally at the lower of cost (determined on the monthly average method) or net realizable value. In the cases of two mining subsidiaries with long-term sales contracts, inventories are valued at net realizable value.

Stores and materials are valued at cost less appropriate allowances for obsolescence.

10. *Investments*

	1972	1971 (Restated-Note 1)
50% owned companies		
Shares, at cost, having no quoted market value	$10,233,000	$ 8,419,000
Advances	—	1,846,000
	10,233,000	10,265,000
Other companies		
Shares, at cost (quoted market value $3,020,000)	3,066,000	3,894,000
Shares, at cost, having no quoted market value		
CanPac Minerals Limited—40% owned	8,013,000	—
Fording Coal Limited—40% owned	6,400,000	6,400,000
Panarctic Oils Ltd.—9% owned	6,778,000	4,939,000
Other, less amounts written off and amounts realized on sales	3,816,000	3,816,000
Advances	2,990,000	5,751,000
	31,063,000	24,800,000
Less: Accumulated depletion of mineral investments	5,072,000	4,569,000
	25,991,000	20,231,000
	$36,224,000	30,496,000

The interest in CanPac Minerals Limited was acquired in consideration for 271,370 Cominco shares at the market value of $29.48 each, a total of $8,000,000.

The initial operations of Fording Coal Limited have been in preparation for production on a full commercial scale. Accordingly, in Fording's financial statements at December 31, 1972 the costs of operations, less realizations from shipments, have been capitalized, to be written off in future years.

11. *Saskatchewan Potash Mine*

On August 27, 1970 a water break-through occured in one of the shafts. The mine was flooded and all operations had to be shut down. Rehabilitation continued during 1972 and running-in operations leading to resumption of commercial production were underway at the end of the year. Legal counsel have advised that in their opinion there are good grounds for establishing liability against the contractors. Accordingly, the cost of $9,762,000 for rehabilitation is included in "Investments and Sundry Assets, Other" in the balance sheet.

12. *Long-term Debt, including unrealized foreign exchange gain*

	1972	1971 (Restated-Note 1)
Canadian companies:		
Cominco Ltd.		
8½% Sinking Fund Debentures, due April 15, 1991	$ 65,000,000	$65,000,000
6½% Series A Notes, due May 15, 1972	—	9,370,000
West Kootenay Power and Light Company, Limited		
5¾% First Mortgage Bonds, due Feb. 1, 1985	8,000,000	8,250,000
Bank loan, repayable in 1975	3,400,000	2,650,000
Pacific Coast Terminals Co. Ltd.		
Bank loan, repayable $500,000 annually	2,900,000	3,300,000
Sundry, including $450,000 first mortgage sinking fund bonds of a subsidiary	1,644,000	1,149,000
	80,944,000	89,719,000
Less: portion due within one year	713,000	9,629,000
	80,231,000	80,090,000

Notes (cont.) . . .

Companies in the U.S.A., payable in U.S. funds		
Cominco American Incorporated		
5⅛% Mortgage Notes ($6,000,000 U.S.), due January 1, 1980 maturing $800,000 U.S. annually	5,970,000	6,800,000
6¾% Promissory Notes ($5,400,000 U.S.), due January 1, 1980 maturing $700,000 U.S. annually . .	5,373,000	6,100,000
Hill Chemicals, Inc.		
7% Mortgage Notes ($16,010,000 U.S.), due September 1, 1984 maturing $665,000 U.S. semi-annually	15,930,000	17,340,000
	27,273,000	30,240,000
Less: portion due within one year	2,816,000	2,830,000
	24,457,000	27,410,000
Companies in Australia, payable in U.S. and Australian funds	2,809,000	1,226,000
Less: portion due within one year	1,106,000	406,000
	1,703,000	820,000
Company in Denmark		
Greenex A/S		
Bank loan ($10,000,000 U.S.), repayable in 10 equal consecutive semi-annual instalments commencing June 30, 1975	9,950,000	—
	116,341,000	108,320,000
Net unrealized gain from fluctuations in the values of foreign currencies relative to the value of the Canadian dollar	1,898,000	2,193,000
	$118,239,000	$110,513,000

13. *Commitments and Contingent Liabilities*

At December 31, 1972 sundry guarantees, commitments and claims are estimated at $5,000,000 and commitments under long-term leases are estimated at $5,250,000.

Cominco has undertaken to guarantee bank loans of $29,600,000 to Fording Coal Limited and is providing some interim financing for that company.

Cominco has guaranteed to supply Greenex A/S with additional funds, if needed, to complete construction at the Black Angel mine in Greenland and to advance funds up to the market value of any unsold concentrate inventory, if required by Greenex to enable it to meet the repayment terms of its loan agreements.

Under a throughput agreement, for the transmission of ammonia, Hill Chemicals, Inc. has undertaken to pay $2,300,000 U.S. per year until 1988.

14. *Pensions*

Actuarial evaluations of the principal plans at August 31, 1971 indicated a net unfunded liability of approximately $8,800,000 and this is being funded over the period until 1991 in compliance with the laws which regulate such matters. To hold funding requirements to reasonable levels the pension plans relate retirement benefits to final earnings in the year 1975 or on retirement, whichever first occurs, with the intention that the 1975 date will be extended periodically; such extensions are likely to increase the unfunded liabilities.

Cominco

Auditors' Report To The Shareholders

We have examined the consolidated balance sheet of Cominco Ltd. and subsidiaries as at December 31, 1972 and the consolidated statements of earnings, earnings reinvested in the business and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1972 and the results of their operations and the source and application of their funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year (after giving retroactive effect to the change in basis of consolidation to include all subsidiaries, with which change we concur), subject to possible adjustments which may result in the future from resolution of the matters described in Notes 7 and 11.

Vancouver, B.C.
February 21, 1973

THORNE GUNN & CO.
Chartered Accountants

Principal Active Subsidiary and Affiliated Companies

Principal Consolidated Subsidiaries

		HEAD OFFICE
Aberfoyle Limited	J. K. Connor, *Chairman*	Gold Fields House, Sydney, Australia.
Arvik Mines Ltd.	R. J. Armstrong, *President*	Trail, British Columbia.
Coast Copper Company, Limited	J. H. Salter, *President*	Trail, British Columbia.
Cominco American Incorporated	J. C. MacLean, *President and Chief Executive Officer*	W. 818 Riverside Avenue, Spokane, Washington 99201, U.S.A.
Hill Chemicals, Inc.	L. D. Demand, *President*	Borger, Texas 79007, U.S.A.
Cominco Australian Pty. Ltd.	G. N. Moore, *Chairman*	Gold Fields House, Sydney, Australia.
Cominco GmbH	Hans von Mejer, *Managing Director*	Corneliusstrasse 36, Dusseldorf, West Germany.
Cominco (U.K.) Limited	D. M. Silver, *Managing Director*	4 Coleman Street, London, EC2R, 5AX, England.
Exploracion Minera Internaciónal (España) S.A.	Sanchez R. Jiminez, *Chairman*	Avenida Generalisimo 53, Madrid, Spain.
National Hardware Specialties Limited	W. J. McDonald, *President*	Dresden, Ontario. (P.O. Box 250).
Pacific Coast Terminals Co. Ltd.	W. W. Brown, *President*	New Westminster, British Columbia. (P.O. Box 697).
Pine Point Mines Limited	J. H. Salter, *President*	Trail, British Columbia.
Rycon Mines Limited	R. P. Douglas, *President*	Yellowknife, N.W.T.
Valley Copper Mines Limited (N.P.L.)	R. J. Armstrong, *President*	Trail, British Columbia.
Vestgron Mines Limited	R. J. Armstrong, *President*	Trail, British Columbia.
Greenex A/S	E. Dragsted, *Chairman and General Manager*	7 Vognmagergade, Copenhagen, Denmark.
Western Canada Steel Limited	M. C. D. Hobbs, *President*	450 S.E. Marine Drive, Vancouver 15, British Columbia.
Hawaiian Western Steel Limited	C. C. Smith, *General Manager*	Oahu, Hawaii.
West Kootenay Power and Light Company, Limited	W. K. Gwyer, *President and Chief Executive Officer*	1335 Cedar Avenue, Trail, British Columbia.

Principal Unconsolidated Affiliates

The Canada Metal Company Limited	Carleton Smith, *President and General Manager*	721 Eastern Avenue, Toronto, Ontario M4M 1E6
CanPac Minerals Limited	W. K. Gwyer, *Chairman and President*	205 - 9th Avenue, S.E., Calgary, Alberta, T2G 0R3
Cominco Binani Zinc Limited	G. Binani, *Chairman*	38 Strand Road, Calcutta 1, India.
Fording Coal Limited	R. M. Porter, *President & Chief Executive Officer*	Trail, British Columbia.
Mazak Limited	J. R. Falk, *Managing Director*	Alloys House, St. Andrews Rd., Bristol BS11 9XZ, England (P.O. Box 10)
Mitsubishi Cominco Smelting Company Limited	Shoji Seita, *President*	6, 1-chome, Ohte-machi, Chiyodaku, Tokyo, Japan.
Panarctic Oils Limited	C. R. Hetherington, *President & Chief Executive Officer*	703 - 6th Avenue, S.W., Calgary, Alberta T2P 0T9

Review of Activities (cont.)... (with comparative figures for 1971)

PRINCIPAL SUBSIDIARIES

Pine Point Mines Limited (69% owned)

Net earnings for the year were $7.3 ($12.0) million. Total sales were $33.9 ($36.1) million. Some 3.8 million tons of ore were mined during the year. Of this amount 2.9 million tons were replaced by new ore discoveries, additions to known orebodies and by the acquisition of the Coronet property. An active exploration and development program continues.

Living conditions in the community were improved significantly by changes in the domestic water system which will raise the quality of the water supply and by construction of 20 new houses and the servicing of 20 trailer lots. An additional 30 houses will be built in 1973.

Cominco American Incorporated (100% owned)

Consolidated sales were U.S. $71.1 ($68.4) million. Of this amount revenue from metals and concentrates from the Magmont mine amounted to $9.8 ($9.7) million. Sales of electronic materials were up substantially at U.S. $4.9 ($2.7) million reflecting increased activity in the electronic business.

The United States Government's wage and price controls continued through 1972 and contributed significantly to the dampening of inflation. The new Federal safety and occupational health standards together with the new environmental standards are increasing costs at various operations.

Cominco American operates the 50%-owned Magmont lead mine at Bixby, Missouri; the Brock phosphate rock mine at Garrison, Montana, and the Homestead nitrate plant at Beatrice, Nebraska. The chemical and fertilizer distribution and sales organization and the electronic materials fabrication plants are located in Spokane, Washington. During 1972 Cominco American acquired virtually all the remaining holdings of minority stockholders in its subsidiary, Hill Chemicals, Inc. which operates a 1,000-ton per day ammonia plant at Borger, Texas.

Western Canada Steel Limited (100% owned)

Consolidated sales totalled $31 ($25) million in spite of a 13-week construction industry strike/lockout in British Columbia. Following the shutdown of Cominco's iron and steel plant at Kimberley, Western Canada Steel operated entirely on re-cycled steel scrap.

Hawaiian Western Steel Limited, (51% owned) is consolidated in the financial results for the year.

Western Canada Steel produces rolled steel products and industrial fasteners (such as bolts and track spikes) at its own plant in Vancouver and at a leased plant in Calgary.

National Hardware Specialties Limited (99% owned)

Sales amounted to $7.1 ($5.6) million for an increase of 27% over 1971. National is a major Canadian processor of Cominco's Special High Grade zinc producing diecast shapes for the domestic and export, building and automotive markets.

Coast Copper Company, Limited (95% owned)

This Company holds two contiguous underground copper mines, related concentrator and other service facilities in the vicinity of Port McNeill on northern Vancouver Island. Operations are under a management contract with Cominco. As already noted, because of the adverse effect of rising costs production was suspended at the end of November.

Cominco Australian Pty. Ltd. (100% owned)

The principal interests of this subsidiary are Cominco Exploration Pty. Ltd., (100% owned); and a 55% interest in Aberfoyle Limited, a long established Australian mining company with four operating subsidiary companies:

Aberfoyle Tin N.L. (100% owned)
Ardlethan Tin N.L. (68% owned)
Cleveland Tin N.L. (51% owned)
Golden Plateau N.L. (51% owned)

Cominco Exploration Pty. Ltd. continued its own active general exploration program and also provided geological consulting services to the Aberfoyle group.

Consolidated sales for the Aberfoyle group for the fiscal year ending June 30, 1972 were Can. $14.4 ($14.4) million and net earnings attributable to the shareholders of Aberfoyle were Can. $0.3 ($1.5) million. World tin prices increased marginally but did not reach a satisfactory level. Tungsten continued to decline and is at its lowest level in many years.

The restructuring of the Aberfoyle group of companies together with that of Cominco's wholly-owned Australian subsidiaries continued. The steps taken included the issue of a stock dividend of 6% redeemable preferred shares, the sale of Ardwest Tin to Ardlethan Tin N.L. and the disposal of certain interests in Australian Antimony Corporation N.L. and Paringa Mining and Exploration N.L.

The continuing exploration program substantially improved the group's ore reserves.

West Kootenay Power and Light Company, Limited
(Ownership: 100% Common; 25% Preferred)

This utility company continued to expand its services to its nearly 58,000 customers in southeastern British Columbia. The utility load grew during 1972 at the high rate of over 12% compared with an 8% rise for British Columbia as a whole. Total sales of energy were 961 (855) million kilowatt hours. To meet this high growth rate, capital expenditures of $2.0 million were required. Net earnings were $1,155,000 ($954,000).

In addition to operating its own generating facilities and distribution system for utility purposes West Kootenay Power managed, under contract, the five hydro-electric plants owned by Cominco.

Pacific Coast Terminals Co. Ltd. (78% owned)

Total cargo handled at 2.84 (3.26) million tons was lower due to the outage of a major portion of the unloading facilities of the Port Moody bulk division during the first quarter of the year. The growing volume of wood pulp over the New Westminster docks necessitated additional berth and storage areas. This was accomplished by acquiring Overseas Transport Co. Ltd. which had facilities up-river and contiguous to those of Terminals. Net earnings of the Company were $326,000 ($655,000).

AFFILIATED COMPANIES

The Canada Metal Company, Limited (50% owned)

This company operates seven branches from Montreal to Vancouver. It produces a wide range of metal products, principally in lead, zinc, antimony, bronze and brass. The Company plays a major role in the recycling of non-ferrous scrap metal into useful products in Canada as well as providing a significant portion of the Canadian market for Cominco's lead. It has recently become active in the field of noise abatement by purchasing from Cominco the manufacturing equipment and license for the production and sale of the "SHEALD" line of sound attenuation materials.

All branches operated profitably during the year and sales increased by 8.5% and earnings by 19%.

Mitsubishi Cominco Smelting Company, Ltd.
(45% owned)

This smelter in Japan produced 31,500 (32,700) tons of refined lead entirely from Pine Point concentrates.

Cominco Binani Zinc Limited (40% owned)

New production records were established in spite of the effect of a two month strike at the adjoining state owned fertilizer plant which purchases the sulphuric acid produced and an interruption to concentrate supplies.

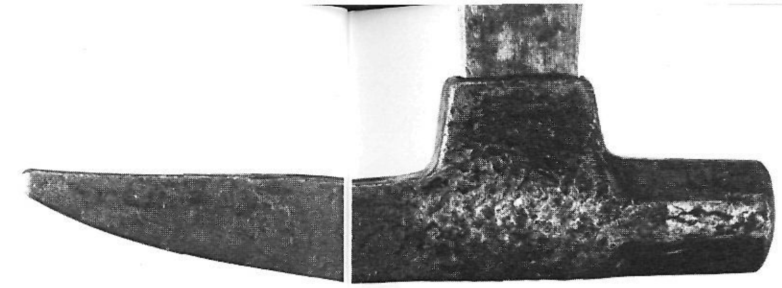
	1972	1971
Concentrate treated	32,000 tons	27,000 tons
Refined Zinc	15,000 tons	12,000 tons
Cadmium	34,000 pounds	28,000 pounds
Sulphuric Acid Sold	24,000 tons	20,000 tons

The smelter is located in South India in the State of Kerala and obtains part of its zinc concentrate requirements from Pine Point Mines Limited.

Mazak Limited (50% owned)

Production increased at this Company which operates a zinc diecasting business in the United Kingdom and uses Cominco zinc.

Consolidated Ten-Year Summary



(all dollar amounts in millions, except per share figures) (The years 1972 and 1971 reflect the consolidation of all subsidiaries; prior years have not been restated.)

Earnings	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963
Sales of all products	$304.3	$263.9	$264.5	$250.6	$241.3	$217.0	$224.6	$211.2	$170.0	$140.3
Other revenue	20.9	19.5	5.4	5.7	5.5	4.5	4.2	4.5	4.3	3.5
Cost of sales and debt interest	253.4	227.0	203.8	188.7	173.5	148.7	144.5	127.7	103.9	90.9
Earnings from operations	71.8	56.4	66.1	67.6	73.3	72.8	84.3	88.0	70.4	52.9
Income from investments	2.6	2.4	4.3	4.8	5.1	4.7	4.6	6.9	5.1	4.8
Provisions for depreciation, depletion and amortization	35.1	33.5	29.8	26.8	21.7	18.6	15.9	13.7	11.9	11.0
Provision for income taxes	15.0	7.5	9.9	12.3	17.0	10.1	14.6	22.9	24.1	16.9
Minority interests in net earnings of subsidiaries	3.4	4.4	6.5	5.5	7.9	10.1	8.8	4.4	(.1)	—
Equity in loss of Hill Chemicals, Inc.	—	—	—	2.0	—	—	—	—	—	—
Extraordinary items (1)	(1.1)	3.2	.1	4.5	2.5	—	—	—	—	—
Net earnings	19.8	16.6	24.3	30.3	34.3	38.7	49.6	53.9	39.6	29.8
Dividends declared	13.5	11.7	23.4	23.4	23.4	25.0	30.0	30.0	26.5	21.3
Reinvested earnings for the year	6.3	4.9	.9	6.9	10.9	13.7	19.6	23.9	13.1	8.5
Amounts per share										
Net earnings	1.18	1.00	1.45	1.81	2.05	2.32	2.97	3.23	2.37	1.82
Dividends declared	0.80	0.70	1.40	1.40	1.40	1.50	1.80	1.80	1.60	1.30
Financial position										
Cash and short term investments	$ 24.2	$ 36.0	$ 12.7	$ 21.7	$ 29.4	$ 46.1	$ 26.9	$ 35.1	$ 64.8	$ 72.4
Inventories of raw materials and products	55.6	53.9	46.8	45.3	38.3	45.9	43.9	40.1	32.5	26.7
Working capital	106.9	101.8	85.6	105.9	97.5	113.2	86.2	79.4	97.3	101.1
Investments and sundry assets	55.2	45.3	64.8	55.2	50.8	47.1	35.0	29.8	13.0	18.9
Fixed assets - net	353.7	344.6	272.7	252.3	257.5	224.8	195.3	147.3	112.1	73.9
Total assets	570.4	554.1	466.8	455.0	445.5	431.7	357.8	300.7	261.7	226.0
Long-term debt	118.2	110.5	73.8	56.8	58.4	59.5	14.3	11.7	6.5	—
Minority interests in subsidiaries	37.8	40.1	17.1	23.0	22.3	20.7	17.7	4.9	0.6	—
Income taxes not currently payable	35.0	30.3	29.6	29.7	30.1	21.3	16.4	6.1	5.5	1.5
Shareholders' equity	324.8	310.8	302.6	301.8	294.9	283.7	268.0	233.8	209.9	192.5
Other Statistics										
Capital expenditures	$ 55.2	$ 44.9	$ 37.7	$ 26.8	$ 56.4	$ 58.8	$ 66.0	$ 64.4	$ 38.0	$ 22.7
Number of shares outstanding at year-end	16,969,953	16,698,583	16,698,583	16,698,583	16,698,583	16,688,155	16,688,155	16,688,155	16,688,155	16,381,645
Number of shareholders at last record date	35,434 (2)	37,631	39,110	39,406	41,742	43,198	43,232	39,066	35,712	35,218
Number of employees at year-end including all subsidiaries	10,739	10,759	10,157	10,105	9,439	9,896	10,145	9,965	9,714	8,356

(1) Charged or credited to reinvested earnings prior to 1968.

(2) 94% of the shareholders were Canadian registrants and held 96% of the shares issued.

Head Office: 1199 West Pender St., Vancouver 1, British Columbia, Canada
New address will be: 200 Granville Square, Vancouver 2, B.C., Canada

Directors

*W. J. BENNETT, *President*
Iron Ore Company of Canada, Montreal

H. C. BENTALL, *President*
The Dominion Construction Co. Ltd., Vancouver

*F. S. BURBIDGE, *President*
Canadian Pacific Limited, Montreal

*F. E. BURNET, *President*
Cominco Ltd., Vancouver

*R. HENDRICKS, *Chairman and Chief Executive Officer*
Cominco Ltd., Vancouver

*G. H. D. HOBBS, *Executive Vice-President*
Cominco Ltd., Vancouver

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law firm of MacKimmie Matthews, Calgary

*D. R. McMASTER, Q.C., *Partner*
law firm of McMaster, Meighen, Minnion, Patch, Cordeau, Hyndman & Legge, Montreal

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Canadian Pacific Investments Limited, Calgary

S. E. NIXON, *Chairman, Celanese Canada Limited,*
Montreal

THE HONOURABLE DUFF ROBLIN, P.C., C.C.,
President
Canadian Pacific Investments Limited, Montreal

*I. D. SINCLAIR, Q.C., *Chairman and Chief Executive Officer*
Canadian Pacific Limited, Montreal

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Deputy Chairman
Canada Cement Lafarge Ltd., Vancouver

W. J. STENASON, *Vice-President, Administration*
Canadian Pacific Limited, Montreal

*Member of Executive Committee

Officers

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F. E. BURNET, *President*
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G. H. D. HOBBS, *Executive Vice-President*
R. J. ARMSTRONG, *Vice-President, Exploration*
J. F. M. DOUGLAS, *Vice-President, Eastern Region*
H. T. FARGEY, *Vice-President, Marketing*
A. V. MARCOLIN, *Vice-President, Corporate Services*
E. A. MITCHELL, *Vice-President at Vancouver*
A. M. MURRAY, *Vice-President, Finance*
S. M. ROTHMAN, *Vice-President and General Manager, Production*, Trail B.C.
J. H. SALTER, *Vice-President, Operations*
M. H. MASON, *General Counsel*
P. C. STEWART, *Secretary*
M. A. MADLEY, *Treasurer*
H. T. OMMANNEY, *Comptroller*

Transfer Agents

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The Royal Trust Company
600 - 7th Avenue S.W., Calgary 2, Alberta

The Royal Trust Company
630 Dorchester Blvd. West, Montreal 101, Quebec

The Royal Trust Company
One King Street, Saint John, N.B.

Canada Permanent Trust Company
1901 Yonge Street, Toronto 7, Ontario

Bank of Montreal Trust Company
2 Wall Street, New York, N.Y. 10005

Registrars

Montreal Trust Company
Montreal, Vancouver, Saint John, Calgary

Crown Trust Company, Toronto

Chemical Bank, New York

Registered trade marks of the Company:

ELEPHANT BRAND

DECRALOY

COMINCO BRAND

TADANAC BRAND

KORLOY

Primary Products

Metal Concentrates

Zinc, Lead, Copper, Tin, Tungsten

Manufactured Products

Primary Metals

Zinc, Lead, Silver, Bismuth, Cadmium, Mercury, Indium, Gold, Antimonial Lead, Zinc Dust, Steel.

Fabricated Metals

Zinc Die Castings, Cadmium and Zinc Plating Anodes, Zinc Anodes for Cathodic Protection, Steel Fasteners, Light and Medium Structural Steel Products, Colored Zinc coating (DECRALOY), Zinc Extrusion, Forging and Casting Alloys (KORLOY).

High Purity Products (99.999% and 99.9999% pure)

Aluminum, Antimony, Arsenic, Bismuth, Cadmium, Copper, Gallium, Gold, Indium, Lead, Silver, Sulphur, Tellurium, Thallium, Tin, Zinc.

Electronic Materials

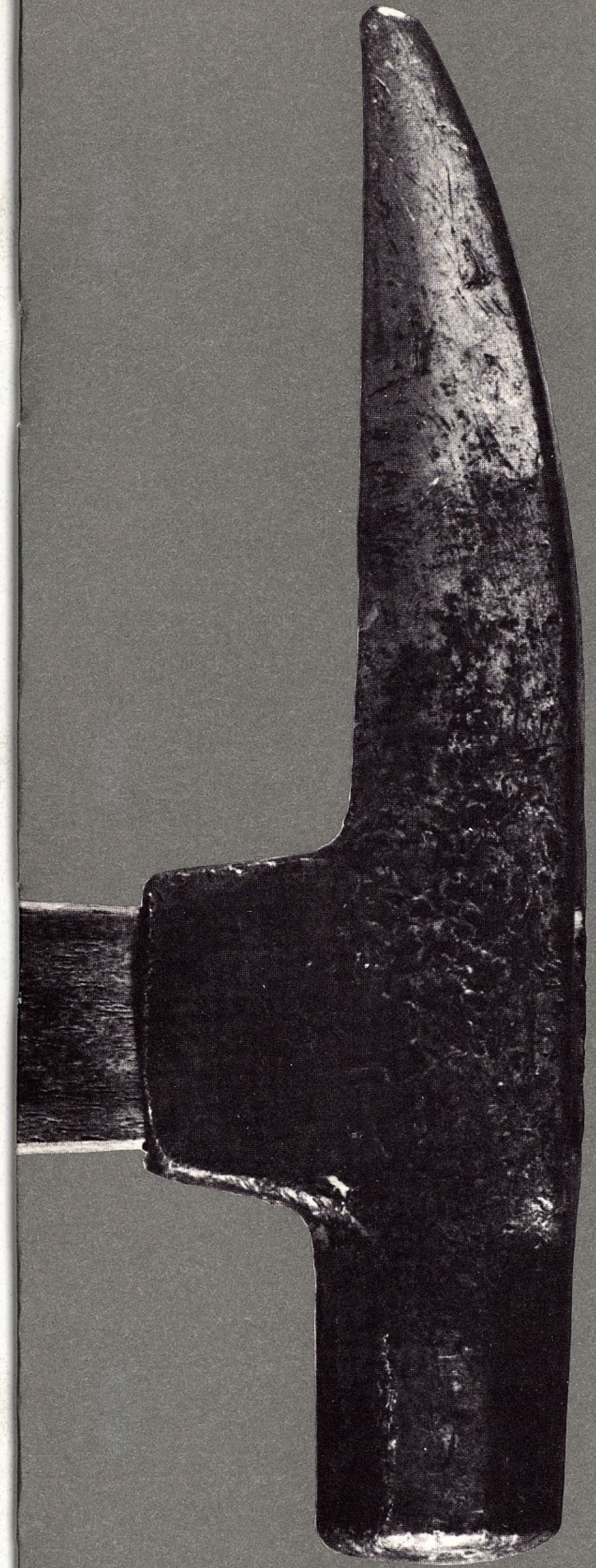
Fabricated Forms of High Purity Metals, Compound Semiconductors.

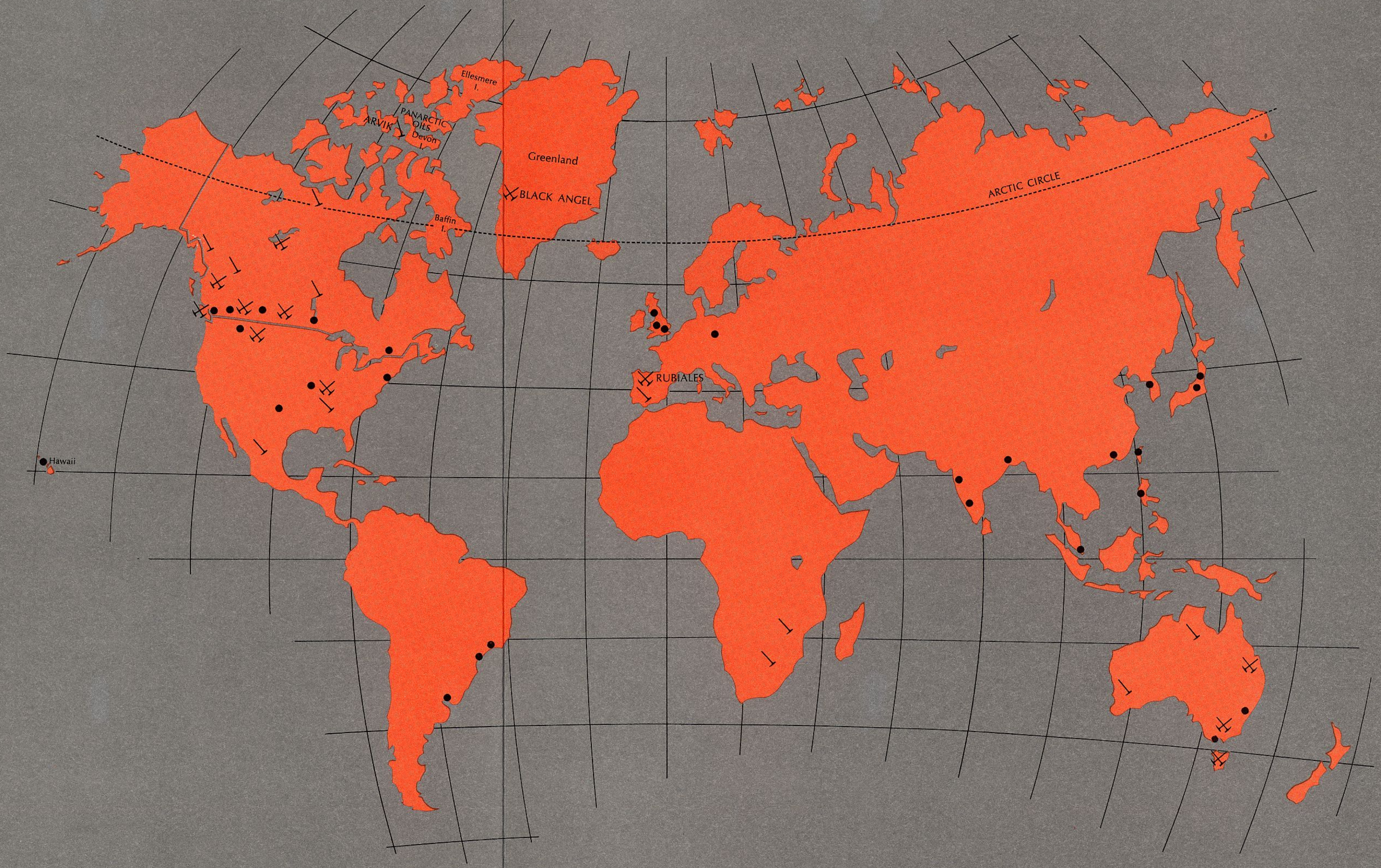
Fertilizers and Chemicals

Ammonium Sulphate, Ammonium Nitrate, Urea, Anhydrous and Aqua Ammonia, Nitrogen Solutions, Ammonium Phosphates, Complete Fertilizers, Ammonium Phosphate Solutions, Phosphoric Acid, Nitrogen-Sulphur Solutions, Zinc Fertilizer Compound, Sulphuric Acid, Sulphur Dioxide, Hydrofluosilicic Acid, Iron Calcine, Potash (Granular, Coarse, Standard and Special Standard).

Other Products

Coking Coal.





COMINCO LTD.

INTERNATIONAL ACTIVITIES

LEGEND — Exploration — Mines — Plants, offices and agencies

Cominco

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