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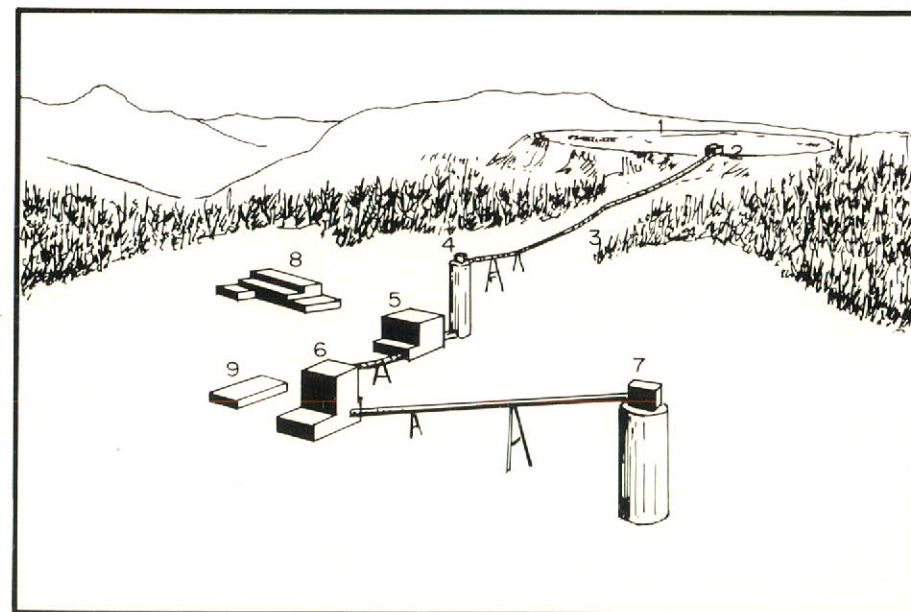
ANNUAL REPORT TECK CORPORATION 1983

CONTENTS

Letter to Shareholders	3
The Bullmoose Mine	5
Mining	7
Markets	9
Mineral Exploration	11
Oil and Gas	12
Financial	13
Ten Year Financial Information	24

ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 10:30 a.m., February 10, 1984 in the Social Suite West of the Hotel Vancouver, Vancouver.



The Bullmoose coal project in the final stages of construction

- | | |
|----------------------------|------------------------------|
| 1 OPEN PIT MINE | 6 DRYER |
| 2 BREAKER STATION | 7 5000 TONNE CLEAN COAL SILO |
| 3 DOWNHILL CONVEYOR | 8 SHOP, WAREHOUSE, CHANGE |
| 4 4000 TONNE RAW COAL SILO | HOUSE FACILITY |
| 5 PREPARATION PLANT | 9 ADMINISTRATION OFFICE |



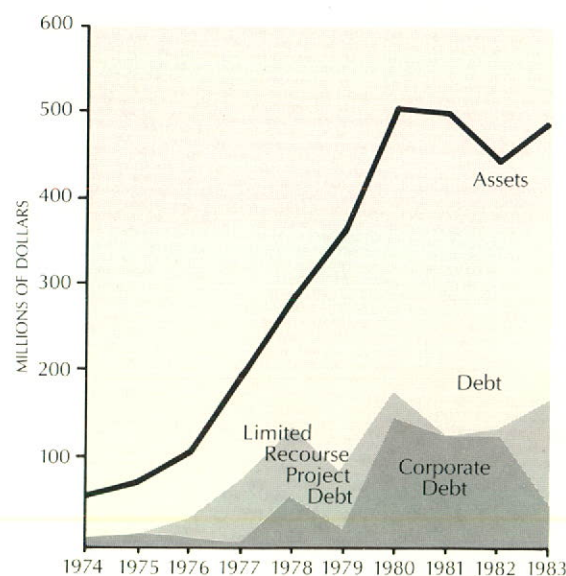
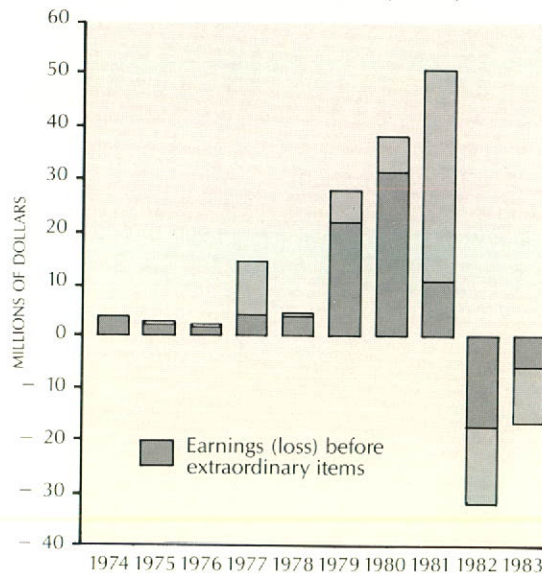
HIGHLIGHTS

- \$80 million raised through equity issues and sale of petroleum properties, completing 3-year programme to raise over \$300 million.
- Recourse debt at year end \$53 million, or 11% of total assets.
- Bullmoose coal mine completed on schedule and under budget.
- Reserves at Hemlo increased sevenfold and shaft sinking to begin this Winter.
- Cash flow improved \$21.3 million from \$12.1 million deficiency in 1982 to positive \$9.2 million.

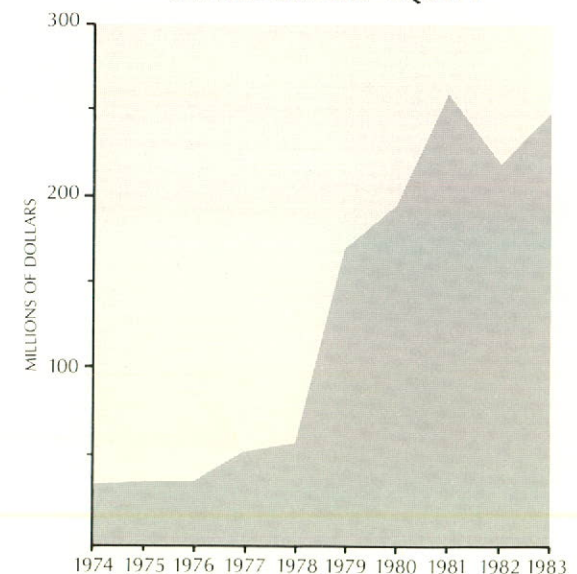
COMPARATIVE FINANCIAL INFORMATION

	1983	1982
	(thousands)	
OPERATIONS		
Revenue	\$126,204	\$127,956
Exploration	2,904	6,971
Ordinary Earnings (Loss)	(6,025)	(17,705)
Net Earnings (Loss)	(16,988)	(31,851)
FINANCIAL STATUS		
Working Capital	\$ 27,863	\$ 27,069
Additions: property, plant & equipment ..	105,232	54,859
Total Assets	488,862	438,958
Total Long-Term Debt	165,052	132,497
Limited Recourse Debt Portion	112,382	8,382
Corporate Debt Portion	52,670	124,115
Shareholders' Equity	248,436	217,785
PER COMMON SHARE		
Ordinary Earnings (Loss)	(\$0.28)	(\$0.76)
Net Earnings (Loss)	(\$0.68)	(\$1.32)
Dividends	\$0.15	\$0.15
STATISTICAL		
Number of Employees	2,160	1,707
Number of Shareholders	13,300	13,500
Average Common Shares Outstanding ...	27,366,721	25,350,241

NET EARNINGS (LOSS)



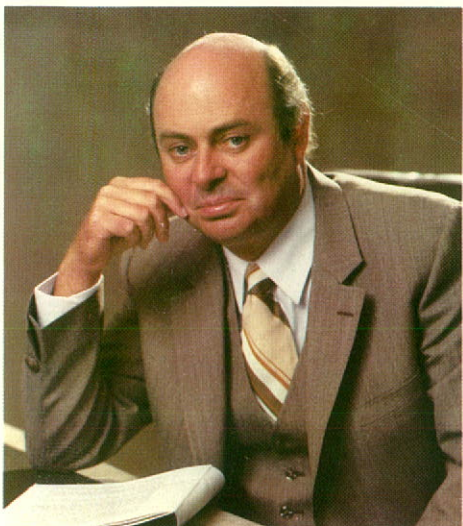
SHAREHOLDERS' EQUITY





Norman B. Keevil, Chairman of the Board and Executive Committee.

Norman B. Keevil Jr., President and Chief Executive Officer.



To the Shareholders:

This has been a year of progress for Teck Corporation in a number of areas.

The *financial restructuring* programme initiated in early 1981 was completed, with a further \$80 million raised through the sale of a portion of Teck's oil and gas properties as well as the private placement of common and convertible preferred shares. The total raised over this period amounts to just over \$300 million.

As a result, Teck ended the year in stronger *financial condition* than when the recession began. Although long term debt shown on the balance sheet increased from \$132 to \$165 million over the year, this included \$92 million in project financing for the new Bullmoose coal mine, which is non-recourse to Teck Corporation. Long term debt with recourse to Teck was down from \$124 million in 1982 to \$53 million, or 11% of total assets, at the end of 1983. Working capital at the year end was unchanged at \$28 million.

Construction at the new *Bullmoose coal* mine was completed shortly after the fiscal year end, on schedule and under budget. The first trainload of coal left the loading station near Tumbler Ridge on November 1, 1983, eighteen months after construction began.

Ore reserves on the *Corona gold* property near Hemlo, Ontario were expanded sevenfold over the tonnage reported at this time last year. Site preparation for shaft-sinking is now underway and, when completed in 1985, this will be Teck's seventh new mine built in a span of ten years.

All divisions reported an operating profit this year with the exception of our two copper mines, Afton and Highmont.

The *oil and gas* division produced an operating profit before exploration of \$15.5 million, up from \$10.6 million in 1982. Approximately one third of Teck's petroleum production was sold to Trilogy Resource Corporation effective June 1, 1983, and operating profit in fiscal 1984 from the retained properties is forecast to be just over \$9 million.

The *Lamaque gold* mine produced an operating profit of \$6.2 million, up from \$3.0 million a year earlier because of higher grade and better gold prices. The *Silverfields silver* mine produced an operating profit of \$2.3 million, up from \$1.4 million a year ago. The mine was closed in June, its ore reserves exhausted after producing 18.5 million ounces of silver since it was placed into production in 1964. The *Beaverdell silver* mine produced an operating profit of \$1.5 million, up from \$1.3 million in 1982.

A 60% interest in the *Granville placer gold* mine in the Yukon Territory was acquired as a result of the merger in August with Copperfields Mining Corporation. The seasonal mine, which did not operate in 1982 because of lower gold prices, produced 7,600 ounces of gold this summer for an operating profit of \$2.4 million.

The *Newfoundland Zinc* mine (Teck 63%) produced an operating profit of \$9.8 million, up from \$6.2 million the previous year. The *Niobec niobium* mine (Teck 50%) was shut down for five months of 1983 in order to work off inventories of niobium concentrate, re-opening on August 22, and reported a modest profit.

The *Afton copper-gold* mine (Teck 73%) re-opened on May 2 after a ten month shutdown. Results were affected by continued low copper prices and a scheduled low grade cycle in the open pit, and Teck's share of the operating loss since re-opening was \$2.3 million, compared with a loss of \$5.0 million in nine months of production the previous year. The smelter was shut down on July 24 and future production will be sold as copper concentrate, at a considerable improvement in the net smelter return per pound of copper produced.

Teck's 50% share of the *Highmont copper-molybdenum* mine reported an operating loss based on market prices of \$6.0 million, but on a cash basis benefited from support prices paid by the metal customers as non-recourse, project loans. After crediting support prices, Teck's share of the operating cash flow was \$3.4 million.

Teck's 21.7% share interest in *Lornex Mining Corporation* continues to be one of our most important holdings, but the Lornex mine was also affected by low copper and molybdenum prices, and the company reported a modest net loss during the year.

Combined cash flow from operations was up \$21.3 million from a deficiency of \$12.1 million last year to \$9.2 million, or 34¢ a share. Although administrative, exploration and interest costs were all reduced considerably from last year, the operating losses and depreciation charges from the two copper mines resulted in a net loss before extraordinary items for the year of \$6.0 million or 28¢ a share, down from \$17.7 million or 76¢ a share in 1982.

An improvement in the price of copper from its recent record lows will be the most important factor in a return to corporate profitability. In the meantime, it is encouraging to be able to report a strong improvement in our balance sheet, the successful completion of a new long-life coal mine, and the start of development of a new gold mine at Hemlo.



Robert E. Hallbauer, Senior Vice President.
Winner of the 1983 E.A. Scholz Award for
his contributions to mine development.

On behalf of the board of directors, I would like to thank David Thompson for his contributions in the financial area, Robert Hallbauer and his team for the successful completion of Bullmoose, and John May for Hemlo, — as well as those who run each of Teck's operating units.

December 5, 1983

On behalf of the Board,

NORMAN B. KEEVIL Jr.
President



Mike Lipkewich, Mine Manager; Robert Hallbauer; Lorne Hunter, Lornex; David Thompson; Keith Steeves; Tony Yoshida and Takashi Fuse, Nissho-Iwai and Richard Drozd at the rail loadout silos.

The Bullmoose coal washing plant at right, the dryer and clean coal storage silos.



THE BULLMOOSE MINE

Shareholders will be particularly interested this year in the new Bullmoose coking coal mine, a joint venture between Teck Corporation, holding a 51% interest and managing the operation, Lornex Mining Corporation, with a 39% interest, and Nissho-Iwai Canada Ltd., with a 10% interest.

Bullmoose and the nearby Quintette coal mine, managed by Denison Mines, are part of a major \$2.5 billion regional development programme known as the Northeast Coal Project. It includes the new town of Tumbler Ridge, a 130 km B.C. Railway branchline through the Rocky Mountains, a paved highway connecting Chetwynd and Tumbler Ridge, a 134 km B.C. Hydro transmission line from the G.M. Shrum dam, upgrading of the CN Rail line between Prince George and Prince Rupert, and a new coal port at Ridley Island near Prince Rupert.

This Canadian "mega-project" has drawn world-wide attention, particularly in view of the complex inter-relationships of many public and private sector participants including the two principal mining companies and their partners; three levels of government and their railway, port, power and other agencies; dozens of financial institutions around the world; and a host of independent consultants, contractors and suppliers.

The project began in 1976 when chief geologist William Bergey discovered near-surface coal in the Gates Seam on the Bullmoose Mountain property, being explored by Teck Corporation under option from Brameda Resources. This followed earlier work on the Sukunka River property to the north, exploring a separate coal seam 300 metres stratigraphically below the Gates Seam. Reserves at Sukunka proved to be mineable primarily by underground methods, and the property was subsequently sold and ongoing exploration concentrated on the Bullmoose property.

Negotiations were carried out with Japanese steel industry customers over many years, culminating in sales contracts entered into by Teck and Denison in early 1981.

Concurrently, negotiations were carried out with CN Rail, which would carry the coal from Prince George to Prince Rupert; with the National Harbours Board, which had jurisdiction over the proposed new coal port; with B.C. Railways, for the construction of a branchline to connect with its existing railroad; and with a host of other agencies. In addition, financing had to be arranged.

That the entire Northeast Coal Project is nearing completion on schedule and on budget would be a remarkable achievement even without considering the number of diverse parties involved, — given the history of delays and cost over-runs at other mega-projects over the past two decades.

The successful completion of the Northeast Coal Project is a tribute to a great many people, including the management and staff of the various organizations; the construction workforce, which at its peak stood at 6,600 people; *The Hon. Don Phillips* and *Senator Jack Austin*, who made things happen at the provincial and federal government levels at the start; and *The Hon. Ron Basford*, who as Northeast Coal Co-ordinator played a vital role.

CONSTRUCTION

During the Fall of 1981, B.C. Railway began preparing to drive the two long tunnels which would be required, the 9 km Table Tunnel and 6 km Wolverine Tunnel.

In the Spring of 1982, site preparation began at the port, where major rock excavation was required. By April 1982, the four portals for the two long BCR tunnels had been completed, and were ready for the tunnel crews to begin excavating. Weather was not co-operative during the Summer and Fall of 1982 and heavy rains slowed ground work at the mine sites, as well as the rail and road grading operations. A one month shut-down of the entire construction industry in British Columbia occurred in the Fall of 1982, further complicating an already tight schedule.

However, B.C. Rail completed the Wolverine Tunnel breakthrough in May 1983, and the Table Tunnel in August 1983. The entire branchline was complete and operational by November 1, 1983, one month ahead of schedule. By the end of October, the port was ready to receive coal and the shiploaders will be ready to load ships by December, also one month ahead of schedule.

Construction on the Bullmoose property began in May, 1982. Over an 18 month period the mining area was prepared; the breaker station and conveyor system installed; shop, warehouse, washing plant, dryer and office buildings constructed; and raw and clean coal silos built. In addition, two 71 metre high loading silos were built at the railroad station 35 km from the mine. This work was essentially completed and the first coal shipped to the railhead by October, 1983.

MINING

The Bullmoose mine is located on a sidehill about 200 meters above the plant site. Reserves occur in five separate coal seams, which dip gently at six degrees and are generally parallel to the mountain slope. The seams vary in thickness from 5 meters to 1.5 meters with a total coal thickness of 12 meters. The waste to coal stripping ratio is approximately 4.5 bank cubic meters per tonne of run-of-mine coal.

The mine equipment fleet consists of three rotary drills, three electric shovels, two hydraulic excavators, and eighteen trucks. Coal is fed to a breaker station at the pit, then onto a downhill conveyor to a raw coal silo for storage ahead of the preparation plant.

PROCESSING

Coal is then fed to a conventional heavy media preparation plant where coal is washed and waste material removed to a coking coal specification of 9.25% ash.

The clean coal is then sent to a dryer which reduces the moisture content to below 8%. Thermal coal from the pit is used to fire the coal dryer. Clean, dried coal is then stored in a 5,000 tonne clean coal silo at the mine. By the end of November, 90,000 tonnes of metallurgical coal had been processed through the washing plant.

SHIPPING

On October 13, 1983 the first clean coal was trucked 35 km over the newly-paved highway to the truck dump at the rail loadout silos, on the main B.C. Railway branchline near Tumbler Ridge.

During the latter part of October, the rail car loading system was tested below the two 11,000 tonne silos. The first trainload of coal to the port from the Northeast Coal Project departed November 1, 1983, and the first shipload is scheduled to leave in December.

SALES CONTRACTS

The Bullmoose sales contracts were negotiated between Teck Corporation and nine Japanese steel mills. The contracts cover the purchase of 1,700,000 tonnes (plus or minus 5%) of coking coal per year for 15 years, with provision for extension for an additional five years. The price is fixed at \$75.50 per tonne as of April 1, 1980, the start of the "Japanese coal year". Of this, a \$41.50 portion is subject to an escalation formula which takes into account a mixture of cost indices. There is provision for price review at intervals beginning April 1, 1989.

The processing facility has been built with capacity to produce up to 2.3 million tonnes per year. Approximately 600,000 tonnes per year of oxidized coal could be mined in the early years, processed and sold as thermal coal. In later years, as thermal coal production reduces, the additional capacity may be used to increase production of metallurgical coal.

FINANCING

The budgeted capital cost of the Bullmoose Project was set at \$300 million including pre-production interest and working capital.

Teck's net share of construction costs has been provided by a consortium of 12 Canadian, American, Japanese and European banks led by the Bank of Montreal. The first \$98 million draw-down is secured only by mine assets and is without further recourse to Teck.

At present it appears that the final capital cost will be below budget.

THE TEAM

Bringing a project of this scale into production on schedule and under budget required the dedication and co-operation of a large number of people. Teck's team included Richard Drozd, Vice President: Coal Operations; Lee Bilheimer, Construction Manager; Mike Lipkewich, Mine Manager; Cory Sibbald, Manager of Engineering; John Anderson, Assistant to the Senior Vice President; and many others, including a good, co-operative labour force. Commonwealth Construction Company Limited were the general contractors, and Phillips Barratt Kaiser designed the plant facilities.

In addition, the first coal could not have been shipped on schedule without the timely efforts of B.C. Railway, CN Rail, Ridley Terminals Inc., Arrow Transportation, and a host of other companies, agencies and subcontractors who were involved in various phases ancillary to the work at Bullmoose itself.

Teck Corporation extends a heartfelt thank you to all those involved, both within and outside of Teck, who were a part of this achievement.



The first trainload of Northeast coal left on November 1, carrying 6,800 tonnes of Bullmoose coal.

Richard Drozd and Robert Hallbauer at the Ridley Island shiploading facility, with 40,000 tonnes of Bullmoose coal in background.



MINING

Teck Corporation operates seven mines producing gold, silver, niobium, zinc, copper and molybdenum, — situated in Newfoundland, Quebec, British Columbia and the Yukon Territory. In addition, a new coking coal mine in British Columbia was placed into production after the fiscal year-end, and development has begun on a new gold mine in Ontario.

The gold, silver, niobium and zinc mines all operated profitably during the year. However, the two copper-based mines, Afton and Highmont, continued to be affected by record low copper prices and, in the latter case, low molybdenum prices as well, and reported operating losses.

Teck's share of the net operating profit from all mines was \$9.1 million, compared with \$5.4 million last year and \$46.2 million in fiscal 1981.

AFTON

The Afton copper-gold mine near Kamloops, British Columbia is owned 73% by Teck Corporation and 27% by an affiliate of Metallgesellschaft (Canada) Ltd.

Afton was closed from June, 1982 through May 2, 1983. Its current results are affected not only by the low price of copper, but by the fact that it is in the midst of a low-grade cycle in the open pit, with the average grade milled this year having been 0.53% copper compared to a reserve grade of 0.82%. At present, this cycle has about five more months to run.

Copper and gold production were 10,200,000 pounds and 8,400 ounces, respectively, in the five months of operation. This resulted in an operating loss of \$2.3 million, net to Teck, down from \$5.0 million in 1982.

The smelter was closed on July 24 and a long term contract entered into for the sale of future production as copper concentrate. This will result in a significant saving in the net cost per pound of copper produced.

Open pit reserves at the year-end were 12.8 million tons grading 0.82% copper and 0.022 ounces of gold per ton. Underground reserves beneath the pit were estimated to be 10.5 million tons of 1.5% copper and 0.03 ounces of gold per ton.

BEAVERDELL

The Beaverdell silver mine south of Kelowna, British Columbia produced 340,261 ounces of silver, compared with 467,433 ounces the previous year. Mill throughput was unchanged at 40,100 tons. The grade of ore was down from 12.9 to 9.6 ounces per ton, but with silver averaging \$14.15 an ounce compared with \$9.31 last year, operating profit was up from \$1.3 million to \$1.5 million.

GRANVILLE GOLD

Teck acquired a 60% interest in the Granville placer gold mine in the Yukon Territory in August as a result of the merger with Copperfields Mining Corporation. The remaining interest is held by Balner Enterprises, subject to a 10% gross royalty payable to Teck.

The mine is a seasonal operation in permafrost, producing from June through September. It did not operate in 1982 because of low gold prices. Production this year was 7,600 ounces for an operating profit of \$2.4 million.

HIGHMONT

The *Highmont copper-molybdenum* mine south of Kamloops is owned 50.001% by Teck, 29.999% by Redclay Holdings Ltd., and 20% by an affiliate of Metallgesellschaft (Canada) Ltd.

The milling rate averaged 26,600 tons per day, compared with design capacity of 25,000 tons per day, and a total of 9.7 million tons was milled during the year. A change in mining from the West Pit to the larger East Pit early in the year resulted in an increase in copper grade from 0.16% to 0.21% and a decrease in the molybdenum grade from 0.032% to 0.024%. Recoveries were 85.5% for copper and 72.6% for molybdenum, and production of the two metals was 35.3 million pounds and 3.4 million pounds, respectively.

Highmont's production is sold on long term contracts which provide for customer price support payments if the metal prices fall below certain levels, being \$7.50 (US) per pound of molybdenum and (for 1983) 85.1¢ (US) per pound of copper. The payments are received as non-recourse project loans, repayable only out of future profits from the Highmont mine. The payments are not taken into profits, but have a significant impact on a cash basis.

Teck's share of Highmont's operating loss was \$6.0 million in 1983, compared with a loss of \$5.1 million last year. These were reduced by support price payments to show a positive cash flow of \$3.4 million, up from \$0.7 million last year.

LAMAQUE

Teck's *Lamaque gold* mine at Val d'Or, Quebec is in its 49th year of production, having begun milling in April, 1935.

Operations were interrupted by a three month strike during the current year, affecting both production and custom-milling revenue. Production was 33,482 ounces of gold from 239,000 tons of Lamaque ore, and 253,000 tons of off-property ore was custom-milled for a combined mill throughput of 1,790 tons per operating day.

Operating profit was up from \$2.9 million last year to \$6.2 million, as a result of higher gold prices and a higher grade of ore mined.

Reserves at year-end were 512,000 tons grading 0.146 ounces of gold per ton, compared with 447,000 tons at 0.152 ounces at the end of the previous year.

LORNEX

Teck holds a 21.7% share interest in Lornex Mining Corporation Ltd. Lornex operates Canada's largest metal concentrator, located adjacent to Highmont, and is a 39% joint venture partner in the new Bullmoose mine.

During Teck's 1983 fiscal year the Lornex concentrator treated an average of 87,000 tons of ore per day, producing 186 million pounds of copper and 7.5 million pounds of molybdenum.

Lornex was affected by low copper and molybdenum prices as well. It reported an operating profit of \$21.5 million, up from \$14.2 million in our last fiscal year, and a net loss of \$0.4 million, compared with \$5.1 million a year earlier.

NEWFOUNDLAND ZINC

The *Newfoundland Zinc* mine near Daniel's Harbour is owned 63% by Teck Corporation and 37% by Amax Lead and Zinc Inc.

Production for the year amounted to 81,760,000 pounds of zinc, up from 71,500,000 pounds the previous year, with the average grade improving from 6.6% to 7.5% zinc. Operating profit was \$9.8 million, compared to \$6.2 million last year.

Mill feed was derived from both surface pits and the L Zone underground operation. Pillar recovery in the L Zone and production from the new T Zone were largely responsible for the improved grade.

Ore reserves at year-end were 1,250,000 tons grading 7.5% zinc, a slight improvement over the previous year's reserves of 1,325,000 tons at 6.8%. It is anticipated that the L Zone will be extended further west and that the T Zone will be extended both east and west.

NIOBEC

Teck has a 50% joint venture interest in and operates the *Niobec niobium* mine near Chicoutimi, Quebec. The remaining interest is held by Soquem Ltee.

The mine was closed from April 1 to August 22 in order to work off niobium concentrate inventories at the mine and in the hands of customers. By year-end stocks had been reduced to a more appropriate level, and there are signs that production and sales may approach a balance in 1984.

Mill throughput amounted to 502,400 tons, or 2,310 tons per operating day, and head grade was 0.64% niobium oxide, both comparable to the previous year. Production was 4,000,660 pounds of oxide, compared with 6,899,000 pounds last year.

Ore reserves at the year-end were 12.6 million tons grading 0.66% niobium oxide.

SILVERFIELDS

The *Silverfields silver* mine near Cobalt, Ontario was finally closed on July 1, after producing 18.5 million ounces of silver in its 19 years of operation.

Production totalled 446,000 ounces of silver, compared to 597,000 the previous year. Operating profit was up from \$1.4 million to \$2.3 million.

The mill is being maintained in condition for possible custom-milling of ore from other properties that may be developed in the area.

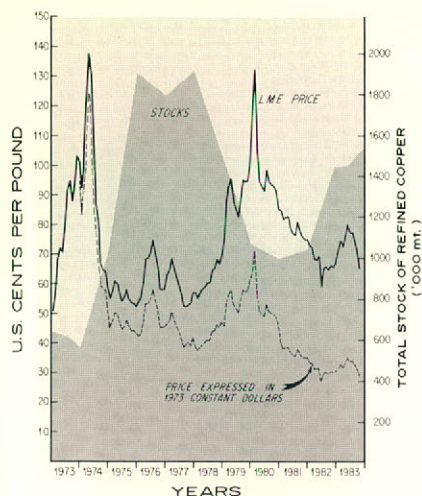
LEITCH

Teck holds 10 patented claims covering the old Leitch gold mine, which operated from 1935 to 1965 in the Beardmore area of Ontario.

Some waste dump material was trucked to the Lamaque mill in 1981. It is estimated that the Leitch dumps contain 158,000 tons grading 0.107 ounces of gold per ton, and arrangements are in progress to take over operation of an existing custom mill in the area in order to process this ore. It is anticipated that production will start this Spring at a rate of 200 tons per day.

COPPER

MONTHLY AVERAGE LONDON METAL EXCHANGE PRICE
(U.S. CENTS PER POUND)



MARKETS

Recovery from the deep recession has been underway in North America for a year and is beginning in Western Europe, Japan and other areas of the world. Typically, market trends for industrial metals such as copper and zinc as well as steel-related products such as coal, molybdenum and niobium lag consumer-related markets at both ends of the business cycle.

COPPER

As the chart illustrates, the price of copper tends to have an inverse relationship to the level of inventory of refined copper.

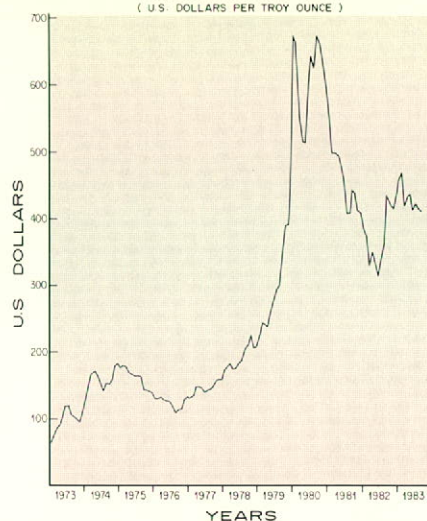
Copper consumption in the Western countries in 1982 was down 10% from its peak in 1979 as a result of the deep recession and, despite production cutbacks or shutdowns at many North American mines, inventories increased throughout 1982. They began to level off in early 1983 as consumption began to improve with economic recovery, and the price gradually rose to 80¢ (U.S.) in May, up from its record low of 53¢ in June, 1982. However, this prompted much of the suspended production to be resumed too early in the recovery, resulting in renewed increasing inventories and declining prices since June.

While total inventories presently represent only about three months of consumption, a significant increase in the price of copper is not anticipated until inventories begin to decline, either as the result of continuing increases in consumption or renewed production restraint.

Afton received an average price of 68¢ (U.S.) per pound during the part of the year when the mine was in production. A decision was made to close

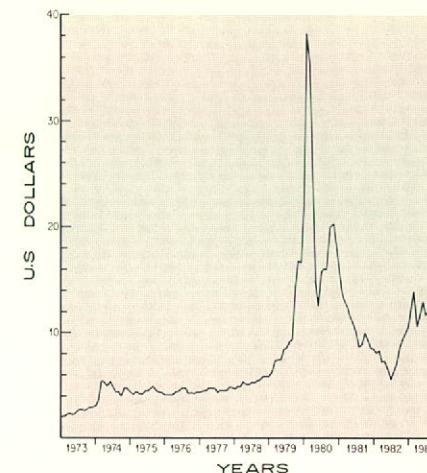
GOLD

AVERAGE LONDON GOLD PRICE
(U.S. DOLLARS PER TROY OUNCE)



SILVER

AVERAGE NEW YORK SILVER PRICE
(U.S. DOLLARS PER TROY OUNCE)



the smelter in July, and a contract entered into to sell future output as copper concentrate, resulting in a substantial increase in ongoing net smelter return per pound of copper to the mine.

The Highmont mine received a price of 85.1¢ (U.S.) per pound during calendar 1983 under its support loan agreement, and this will increase to 90.6¢ for 1984. The average market price for earnings purposes was 73.3¢ (U.S.) in fiscal 1983.

GOLD

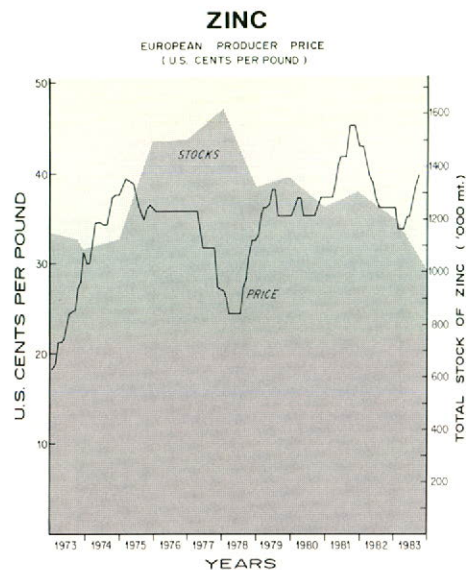
The price of gold ranged from \$390 (U.S.) to \$510 per ounce in fiscal 1983. World events such as economic crises, political unrest and military confrontations that in the past have caused increases in the price of gold had little or no influence in the past year.

The average price received for production from the Lamaque mine in 1983 was \$433 (U.S.) an ounce, compared with \$375 in the previous year. Teck's share of gold production from Lamaque, Afton and the Granville placer mine amounted to 44,207 ounces in the fiscal year.

SILVER

Silver, as did gold, suffered from reduced investor interest, as well as reduced industrial demand during the recession. The price bottomed at \$8 (U.S.) per ounce in October, 1982, increasing to just under \$15 in February, but trading in the \$10-\$13 range for most of the year.

Teck produced 786,250 ounces of silver from its Beaverdell and Silverfields mines, as well as 43,785 ounces from its share of Afton production. The average price received was \$11.72 (U.S.) per ounce, compared with \$7.65 the previous year.



ZINC

Teck's share of zinc production at the Newfoundland mine in fiscal 1983 was 51.5 million pounds. Concentrate output was sold primarily to Marc Rich & Co. AG, based on the European Producers' Price.

The price reached a low of 34¢ (U.S.) a pound in February, but increasing demand and a relatively low level of inventories has led to several price increases since then, to the current price of 43¢ (U.S.) a pound.

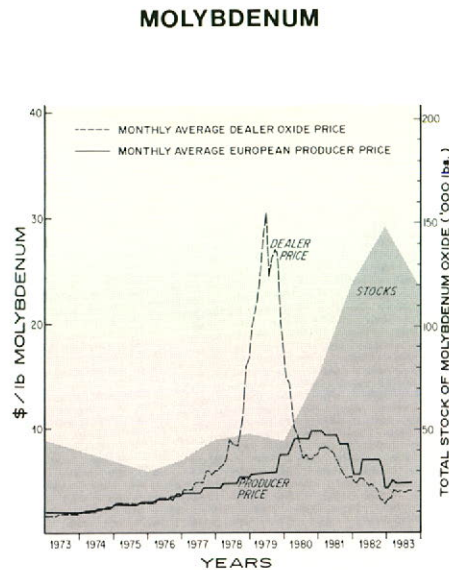
The average price received for Teck's production in fiscal 1983 was 37.7¢ (U.S.), compared with 38.5¢ the previous year.

MOLYBDENUM

The molybdenum market has suffered from an excess of productive capacity for several years, and high inventories in 1982 forced prices down to the point where most of the primary molybdenum mines suspended operation.

Even with reduced production and a gradual increase in consumption, inventory levels were reduced only modestly during 1983 and remain at excessively high levels. "Dealer" prices were as low as \$2.50 U.S. per pound in January, down from a peak of \$30 in 1979, before strengthening to the \$4.00 range. Molybdenum prices are not expected to improve until there is a significant reduction in the level of inventories.

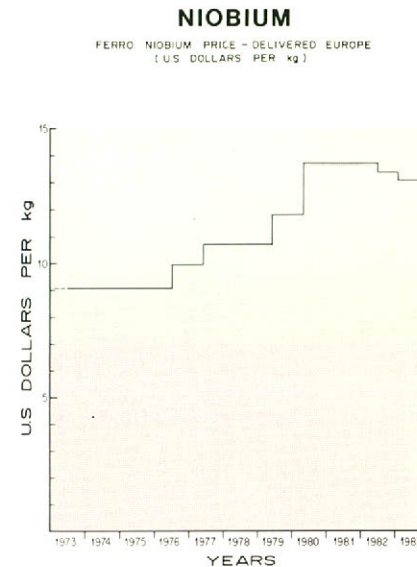
Prior to July 1, 1983, all of Highmont's production was priced on the same basis as the major producers selling in the European market. The difference between these proceeds and a support price of \$7.50 (U.S.) was received as an interest-free, project loan. Subsequently, Teck's share of production is being sold at a minimum price of \$6.50 (U.S.) a pound, less normal commission and treatment charges.



NIOBIUM

Niobium is used primarily in HSLA (high strength, low alloy) steels, as well as in superconductive alloys. Consumption held up throughout most of the recession, but demand decreased significantly in late 1982. The Niobec mine was closed from April through mid-August in order to reduce inventories, and Teck's share of production was 2 million pounds of niobium oxide, compared with 3.4 million pounds in 1982.

The price of niobium remained relatively stable during the recessionary period as is illustrated by the chart.



COAL

Steel production throughout the world was severely depressed during 1982, with Japanese production down 7% from 1981. Production and consumption have slowly but steadily increased during 1983 in line with the economic recovery. Consumption of metallurgical coal, used in steelmaking, has followed a similar pattern.

The new Bullmoose coal mine has contracted to sell 1.7 million tonnes of metallurgical coal per year to a group of Japanese steel mills over a 15 year period. The contracts provide for a tonnage variance of 5% and a price of \$75.50 a tonne, as of April, 1980, increasing under a formula until the first price review period in April, 1989.

Bullmoose also has capacity to produce thermal coal, but markets have been weak recently because of lower-than-anticipated demand for energy in most of the world, as well as a softening in the price of oil which has delayed plans in many cases for a switch from oil to coal as a fuel.



Core shack at the Teck-Corona gold project near Hemlo, Ontario.

THE HEMLO PROJECT

Ore reserves on the Corona property near Hemlo, Ontario were expanded sevenfold during the past year as a result of an additional 50 diamond drill holes. The same orebody crosses onto the Williams property to the west, being explored by Lac Minerals, and at depth to the north onto the Golden Giant property, being explored by Noranda Mines, Goliath and Golden Sceptre. Combined reserves now exceed 50 million tons containing some 13 million ounces of gold, making Hemlo one of the most important gold discoveries in North American history.

Geological reserves indicated on the Corona property, in which Teck can earn a 55% interest by arranging to place it into production, are 9.5 million tons grading 0.35 ounces of gold per ton. This includes the Teck-Corona 50% share of 2.1 million tons grading 0.32 ounces on a quarter-claim optioned to Noranda. As part of the option arrangement, Teck and International Corona Resources have the right to develop additional reserves containing 250,000 ounces of gold on the Golden Giant property, down dip from the Corona orebody.

In addition, Corona has filed a legal action claiming the Williams property, which was acquired by Lac Minerals following negotiations with Corona. If Corona is successful, this would become part of the joint property and expand both reserves and the planned scale of operations considerably.

A contract has been let for the sinking of a four compartment shaft, and site preparation is underway. Plans are to bring the main Corona property into production at a rate of 1100 tons per day. It has not yet been decided whether Teck will build a separate mill for this purpose, beginning construction next Spring, or enter into an arrangement with Noranda to expand its mill, already under construction, to process the Teck-Corona ore.

In addition, Noranda is expected to mine and mill from the quarter-claim at a rate of 550 tons per day, for a total production rate for the Teck-Corona joint venture of 1375 tons per day. At the average reserve grade, this would result in annual gold production of approximately 160,000 ounces.

Credit for the Hemlo discovery goes to Murray Pezim of International Corona, to prospectors Don McKinnon and John Larche of Timmins, who staked the claims, and to geologist David Bell, who recognized the importance of an old showing and interpreted it differently than it had been in the past.

MINERAL EXPLORATION

Teck-Corona and Noranda and its Hemlo area affiliates are presently jointly exploring a property owned by *Interlake Resources* to the north and west of the known Hemlo mineralization.

Teck and Lacana Mining Corp. have the right to acquire jointly a 60% interest in the *Silver Lake* property, 40 miles west of the Silverfields mine. A 1,000 foot decline has been driven on the property, and Silver Lake Resources Inc. is currently proceeding with underground exploration.

Teck and Noxe Petroleum Corp. have entered into a joint venture to explore a gold prospect at *Lower Manitou Lake* near Dryden, Ontario. Previous drilling indicated gold mineralization in the 0.2 ounces per ton range, and the programme will test for extension along strike and at depth. Teck acquired a total of 670 claims around the joint venture property, and these have been farmed out to 22 junior mining companies, with work commitments totalling \$1,100,000. Teck retains the right to re-acquire a 50% interest in any of these properties by arranging to place them into production.

A similar programme in the *Wenatchee gold* area in Washington State saw Teck acquire a number of properties in the vicinity of the Asamera-Breakwater discovery, farming these out for initial exploration by junior mining companies.

Teck continues to participate in an airborne electromagnetic exploration syndicate in eastern Canada. A number of targets have been selected for drilling in the coming year.

Teck has leased its *McCracken silver* property in Arizona to Corval Development Inc., which plans to bring it into production in 1984. Open pit reserves are estimated to be 125,487 tons grading 4.28 ounces of silver, and underground reserves are estimated to be 49,011 tons grading 12.39 ounces of silver with minor lead values. Teck retains a 7% net smelter return interest.

Teck and Morrison Petroleum have farmed out their jointly-held gold properties in the Laverton area of *Western Australia* to Hill Minerals, which can earn a 50% interest upon the expenditure of \$1.2 million in exploration.

No work was done on the *Schaft Creek* deposit because of low metal prices which preclude the development of virtually any major new copper mine. However with open pit reserves of one billion tons of 0.3% Copper, 0.034% MoS₂ and 0.004 ounces per ton of gold, the property continues to be an asset for development in the future.

Similarly, the *Burnt River anthracite coal* property north of Bullmoose and the *Montcalm nickel-copper* property west of Timmins are being maintained for future development when conditions are more favourable.

Teck received royalty income of \$126,000 (U.S.) from geothermal power production at The Geysers, California. An adjoining lease in which Teck has an 8.25% royalty interest is being readied for production early in 1986. Three geothermal wells have been drilled on this lease, and another seven are proposed to be drilled by the operator.

OIL AND GAS

Teck Corporation produced oil and gas from a number of fields in Alberta, Saskatchewan, Manitoba, British Columbia, Utah, North Dakota and Texas during 1983.

Production

Canadian oil production was up from 560,381 barrels in 1982 to 680,729 barrels, due to the resolution of Federal-Provincial disagreements which had limited production last year. Gas production was slightly lower from 2.7 to 2.6 billion cubic feet. Operating profit, after deducting \$6.8 million in provincial royalties and \$2.3 million in Federal production taxes, was up from \$9.2 million last year to \$14.0 million.

U.S. production was 68,774 barrels of oil and 87 million cubic feet of natural gas, compared with 60,732 barrels of oil and 100 million cubic feet of gas the previous year. Operating profit was up from \$1.4 to \$1.5 million.

Sale

Teck sold all of its U.S. petroleum interests and properties representing about one third of its Canadian production to Trilogy Resource Corporation on June 1, 1983. Trilogy also took on the majority of Teck's Calgary staff and office space, which will result in a considerable overhead saving in the coming year.

Teck received \$26.5 million in cash and retractable preferred shares of Trilogy with a current value of \$4.7 million, plus 5.7 million common shares of Trilogy, or 36% of the issued capitalization of that company.

It is intended that Teck's interest in conventional petroleum exploration in the future will be primarily through its share interest in Trilogy.

Retained Properties

Teck retained its Saskatchewan oil-producing properties, its Monogram and Tide Lake gas-producing properties in Alberta, gas reserves at Edson, Alberta and North Tsea, British Columbia, as well as exploratory oil properties in the Otter Lake area of Alberta.

The retained properties accounted for approximately two thirds of the division's Canadian operating profit prior to the sale, and operating profit in fiscal 1984 is forecast to be \$9.4 million.

Proven and probable reserves were calculated by Sproule Associates Limited to be 4,714,000 barrels of oil and natural gas liquids and 61.0 billion cubic feet of natural gas at year end. The oil reserves are primarily (4,372,000 barrels) in Saskatchewan and the gas primarily (53.1 billion cubic feet) in Alberta. These figures do not include provision for any possible reserves in the frontier areas.

Frontier Exploration

Teck is involved in exploration on the Labrador Shelf and in the Beaufort Sea, participating in seven wells this year at a net cost of \$4.7 million, down from \$10.2 million in 1982.

Three wells, North Bjarni F-06, Rut H-11 and Pothurst P-19, were completed and abandoned on the Labrador Shelf, although North Bjarni was classed as a gas discovery. Corte Real P-85 was not completed due to mechanical problems and was suspended. Whether or not this well will be completed next year will depend upon a review of data collected so far in this region.

In the Beaufort Sea, Pitsiulak A-05 was drilled and suspended for completion in 1984. The well is located nine miles west of the original Tarsiut oil discovery. Before suspension, encouraging indications of oil were encountered in the mud system. Teck elected not to pay for the drilling costs of this expensive well but retained the option to participate later by satisfying certain conditions should the well be successful.

The Uviluk P-66 well was completed and tested a combined flow of oil and water at 1,800 barrels a day. The Nogyyuk N-67 well is currently drilling on an artificial island to the east of Tarsiut.



David A. Thompson, Vice President and Chief Financial Officer.

FINANCIAL

The financial restructuring programme begun in 1981 was essentially completed during the current fiscal year. A further \$80 million in cash was raised, with common and convertible preferred share private placements accounting for \$52 million and the sale of a portion of Teck's petroleum properties and miscellaneous investment positions adding \$28 million.

This brings the amount raised since the programme was initiated to just over \$300 million, in addition to approximately \$150 million of Bullmoose financing which was put up by joint venture partners.

FINANCING

The equity base of the company was increased by the issuance of 2.5 million Class B subordinate voting shares in February, for a net consideration of \$26.5 million. In addition, \$25 million of Series D convertible preferred shares were issued to Metallgesellschaft (Canada) Ltd. in August. These shares carry an annual dividend of 5%, are convertible into Class B subordinate voting shares at a price of \$22 per share, and are redeemable over four years from 1992 to 1995. The dividend rate is adjustable upwards if the price of copper or molybdenum averages over \$0.90 (U.S.) and \$7.50 (U.S.) per pound, in increments of 0.5% per \$0.10 (U.S.) and 1% per \$1.00 (U.S.) respectively, with a maximum increase of 3% for each metal.

As outlined under Oil and Gas, approximately one third of Teck's petroleum production was sold to Trilogy Resource Corporation for \$26.5 million in cash, retractable preferred shares of Trilogy with a present value of

\$4.7 million, and 5.7 million common shares (36%) of Trilogy with a current market value of \$14 million, for a total consideration valued at \$45 million. This transaction had a structural as well as financial purpose, in that it changed Teck's interest in future onshore petroleum exploration from an exploration office status to an investment in an independent oil and gas business operated out of Calgary. The re-assignment of the majority of Teck's oil and gas staff and office space will result in an annual administration saving of \$1.5 million.

The effect of these transactions was to increase Teck's working capital substantially. This resulted in the opportunity for a wholly-owned subsidiary to repurchase \$58 million of Teck's term loan relating to Highmont from its banking consortium, reducing Teck's long term loan outstanding on Highmont to \$19 million.

Banking arrangements for the Bullmoose project were signed formally in February, and by year end \$92 million had been drawn down. The first \$98 million of the construction loan is secured only by Bullmoose mine assets and is without further recourse to Teck.

FINANCIAL POSITION

Teck's financial position has improved significantly as a result of the restructuring programme. While total long term debt increased from \$132 million to \$165 million over the year as a result of the Bullmoose investment, the level of recourse indebtedness was reduced from \$124 million or 28% of total assets to \$53 million or 11% of assets.

Principal payments scheduled for the next two years amount to \$19 million, compared to \$55 million for the same period a year ago.

EARNINGS

The net loss before extraordinary items was \$6.0 million in fiscal 1983, an improvement from \$17.7 million the previous year. The loss was entirely due to copper operations, without which earnings would have been \$8.0 million.

In addition, it was considered prudent to make full provision against the book value of the Afton smelter, amounting to \$11.0 million, as an extraordinary item, although alternative uses for the smelter facility are being considered. Nevertheless, the closure of the smelter and the execution of more profitable long term concentrate sales contracts is positive, in that this will result in a substantial improvement in the net price received for copper in the future.

Cash flow amounted to \$9.2 million, a \$21.3 million improvement from the deficiency of \$12.1 million the previous year.

OUTLOOK

The recent depressed level of the price of copper has been a problem for all producers of the metal. However, our other divisions are all operating profitably, and the strong financial position of the company is such that Teck can continue expanding its base of operations through construction of the new Hemlo gold mine, beginning this year.

TECK CORPORATION

Consolidated Balance Sheet as at September 30, 1983

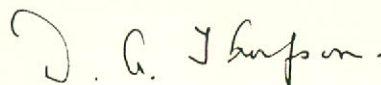
	1983	1982
ASSETS	\$	\$
	(in thousands)	
Current Assets		
Cash and short-term deposits.....	9,923	6,033
Accounts receivable (Note 4).....	35,104	46,224
Concentrates and settlements receivable (Note 4)	23,251	20,100
Supplies and prepaids — at cost.....	<u>10,368</u>	<u>11,374</u>
	78,646	83,731
Investments (Market value for quoted investments — \$117,524,000; Note 2).....	58,843	46,534
Property, Plant and Equipment (Notes 3 and 4).....	<u>351,373</u>	<u>308,693</u>
	<u>488,862</u>	<u>438,958</u>

LIABILITIES	1983 \$	1982 \$
	(in thousands)	
Current Liabilities		
Bank loans (Note 4)	16,073	19,722
Accounts payable and accrued liabilities	33,579	36,585
Income and mining taxes payable	<u>1,131</u>	<u>355</u>
	50,783	56,662
Long-Term Debt (Note 4)		
Corporate loans	52,670	124,115
Limited recourse loans	112,382	8,382
Deferred Income Taxes	24,591	29,764
Minority Interest in Net Assets of Subsidiaries	<u>—</u>	<u>2,250</u>
	<u>240,426</u>	<u>221,173</u>
 SHAREHOLDERS' EQUITY		
Capital Stock (Note 5)	145,041	91,740
Contributed Surplus	27,602	27,602
Retained Earnings	<u>75,793</u>	<u>98,443</u>
	<u>248,436</u>	<u>217,785</u>
	<u>488,862</u>	<u>438,958</u>

Approved by the Directors:



N.B. Keevil, Jr., Director



D.A. Thompson, Director

TECK CORPORATION

Consolidated Statement of Earnings for the year ended September 30, 1983

	1983 \$	1982 \$
	(in thousands)	
Revenues		
Mining.....	101,824	105,242
Petroleum	20,601	16,647
Investment and other income	3,779	6,067
	<u>126,204</u>	<u>127,956</u>
Costs and Expenses		
Mining operations	92,697	99,794
Petroleum operations.....	5,081	6,031
Administration and general	4,102	5,135
Depletion, depreciation and amortization	17,069	19,951
Exploration	2,904	6,971
Interest on long-term debt	11,154	13,327
Other interest	375	7,411
Currency translation and amortization	2,361	1,940
	<u>135,743</u>	<u>160,560</u>
	<u>(9,539)</u>	<u>(32,604)</u>
Income and Mining Taxes		
Current	1,027	437
Deferred (recovery)	(4,996)	(17,406)
	<u>(3,969)</u>	<u>(16,969)</u>
Loss before the following	(5,570)	(15,635)
Equity in loss of associated companies	(455)	(1,221)
Unusual items	—	(849)
Loss Before Extraordinary Items	(6,025)	(17,705)
Extraordinary items (Note 6)	(10,963)	(14,146)
Loss for the Year	<u>(16,988)</u>	<u>(31,851)</u>
Loss Per Share (Note 7)		
Before extraordinary items	(\$0.28)	(\$0.76)
After extraordinary items	(\$0.68)	(\$1.32)

TECK CORPORATIONConsolidated Statement of Changes in Financial Position
for the year ended September 30, 1983

	1983 \$	1982 \$
	(in thousands)	
Source of Working Capital		
Funds generated from (used for) operations.....	9,239	(12,138)
Sale of investments and marketable securities.....	2,129	2,557
Sale of mining and petroleum properties.....	26,874	73,295
Long-term debt.....	91,739	52,842
Issue of common shares.....	28,301	—
Issue of preferred shares.....	25,000	—
Petroleum incentive payments.....	12,722	28,386
Dividends from associated company.....	—	1,791
	<u>196,004</u>	<u>146,733</u>
Use of Working Capital		
Investments.....	3,057	3,663
Petroleum properties.....	19,339	43,780
Mineral properties and deferred costs.....	9,082	11,802
Plant and equipment.....	89,533	27,663
Reduction in long-term debt.....	63,934	49,760
Dividends.....	5,662	5,358
Smelter shutdown costs.....	4,603	—
	<u>195,210</u>	<u>142,026</u>
Increase in Working Capital	794	4,707
Working Capital — Beginning of Year	<u>27,069</u>	<u>22,362</u>
Working Capital — End of Year	<u>27,863</u>	<u>27,069</u>
Represented By:		
Current assets.....	78,646	83,731
Current liabilities.....	<u>50,783</u>	<u>56,662</u>
	<u>27,863</u>	<u>27,069</u>

TECK CORPORATION

Consolidated Statement of Retained Earnings for the year ended September 30, 1983

	1983 \$	1982 \$
	(in thousands)	
Balance at Beginning of Year	98,443	135,652
Loss for the year	(16,988)	(31,851)
Dividends on preferred shares	(1,662)	(1,551)
Dividends on common shares	(4,000)	(3,807)
Balance at End of Year	<u>75,793</u>	<u>98,443</u>

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Teck Corporation as at September 30, 1983 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such test and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

Equity in loss of associated companies and the related investment have been reduced by \$864,000 which represents that portion of the results of their operations which has not been audited.

In our opinion, except for the effect of adjustments, if

any, which might have been required had the audited financial information of the investee companies described in the preceding paragraph been available, these consolidated financial statements present fairly the financial position of the company as at September 30, 1983 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.
November 18, 1983

Coopers & Lybrand
CHARTERED ACCOUNTANTS

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 1983**

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the company and all of its subsidiaries. Significant subsidiaries included in the consolidation are:

Teck-Bullmoose Coal Inc., Teck Explorations Limited, Teck Mining Group Limited, Teck Frontier Corporation.

Investments in associated companies

The company follows the equity method of accounting for its investments in companies in which it owns from 20% to 50% and over which it exercises significant influence. Under this method the company includes in its earnings its share of the earnings and losses of these associated companies. All of the significant accounting policies followed by the investee companies conform to those of the company, with the exception of the policy of accounting for petroleum properties followed by Trilogy Resource Corporation, which follows the "full cost" method. Under this method, exploration expenditures are capitalized and amortized based on total estimated reserves. The excess costs of the investments over the related underlying equity in the net assets of the investee companies relate to specific mineral properties and are amortized over the estimated life of the properties.

Joint ventures and partnerships

The company conducts substantially all of its petroleum and mining activities on joint venture and partnership bases and the accounts reflect the company's proportionate interest in such activities.

Concentrates and settlements receivable

Concentrates are recorded at estimated net realizable value except where there is no contract for sale in which case they are recorded at the lower of cost and net realizable value. Settlements receivable are recorded at estimated net realizable value.

Cost is determined on an average cost basis. Net realizable value is based upon the latest available metal prices, weights and assays, less provision for possible future declines in metal prices.

Property, plant and equipment

(a) Petroleum properties and well development expenditures

Costs incurred, other than in frontier areas, in the exploration and development of petroleum property reserves are accounted for by the "successful efforts" method whereby all expenditures are deferred and amortized at an annual rate, presently 8%, until the property is abandoned or placed into production. Costs of properties placed into production are depleted on the unit of production method based on estimated recoverable reserves.

The costs relating to abandoned properties are charged against the 8% reserve pool to the extent costs were incurred in prior years and the balance is charged to earnings in the year of abandonment. Geological and geophysical costs are expensed as incurred.

Exploration costs in frontier areas, the Beaufort Sea, the Arctic Islands and East Coast offshore, are deferred until the properties are abandoned or placed into production. Such costs include land acquisition costs, geological and geophysical expense, financing costs and overhead expense relating to frontier exploration activities.

Government grants received and accrued under the federal and provincial petroleum incentives programmes are deducted from the costs of the petroleum properties.

(b) Mineral properties and deferred costs

Mineral properties are carried at cost less amortization. Exploration costs are charged to earnings in the year in which they are incurred, except where these costs relate to specific areas having indicated economically recoverable reserves, in which case they are deferred.

Deferred costs also include financing costs relating to the construction of plant and equipment and operating costs net of concentrate revenue prior to the commencement of commercial production of a new mine.

Mineral properties and deferred costs are amortized over the life of the orebody upon commencement of production, or written off if the property is abandoned.

(c) Plant and equipment

Plant and equipment are depreciated over the life of the assets on a unit of production basis.

Futures contracts

Futures contracts for sales of metals and currencies are entered into for maturities based upon estimated future production or receipt of currencies. These contracts are liquidated at the time of production or receipt of currencies and the realized gains or losses are included in revenue from mining. Provision is made for unrealized losses on contracts maturing in subsequent accounting periods where the contracts relate to current production.

Income and mining taxes

The company records income and mining taxes on the tax allocation basis. Differences in amounts reported for tax purposes and accounting purposes result in deferred income and mining taxes which are shown separately in the statement of earnings and balance sheet. Deferred income taxes relate primarily to the depreciation and depletion of property, plant and equipment. Tax savings from investment tax credits are reflected in earnings as they are realized.

Translation of foreign currencies

Amounts stated in foreign currency have been translated to Canadian dollars on the following bases:

- (a) property, plant and equipment, together with related accumulated depletion, depreciation and amortization — at exchange rates in effect at the acquisition dates.
- (b) all other assets and liabilities, including long-term debt — at exchange rates in effect at the balance sheet date.
- (c) all earnings accounts other than depletion, depreciation and amortization — at average exchange rates for the year.

Gains and losses arising from the translation of long-term debt are deferred and amortized over the term of the debt.

2. INVESTMENTS

	% Ownership	Carrying Value	
		1983 \$	1982 \$
		(in thousands)	
Investments carried on an equity basis			
Casino Silver Mines Ltd.	38	676	676
Lornex Mining Corporation Ltd.	22	33,147	33,398
Silver Standard Mines Limited.	35	3,202	3,322
TDC Technology Development Corporation.	50	3,026	3,110
Trilogy Resource Corporation	36	10,134	—
		<u>50,185</u>	<u>40,506</u>
Investments and advances carried at cost			
Other investments — quoted		4,158	4,545
Other investments — not quoted		4,145	564
Advances to associated companies		215	570
Housing loans to senior officers		140	349
		<u>8,658</u>	<u>6,028</u>
		<u>58,843</u>	<u>46,534</u>

Investments carried on an equity basis, excluding TDC Technology Development Corporation which is not quoted, have a quoted market value of \$109,596,000 at September 30, 1983. Other quoted investments have a market value of \$7,928,000. Certain investments have been pledged as security for bank loans and long-term debt.

During the year, the company sold certain oil and gas properties to Trilogy Resource Corporation for cash, retractable shares and common shares of that company. Since the company is accounting for its investments in Trilogy on an equity basis, the net gain on the sale of \$16,679,000 is treated as a reduction to the carrying cost of the investment. The gain will be realized over the projected life of the oil and gas properties.

3. PROPERTY, PLANT AND EQUIPMENT

	1983		1982	
	Cost \$	Accumulated depreciation, depletion and amortization \$ (in thousands)	Net \$	Net \$
Oil and Gas Properties				
Western Canada.....	22,338	12,021	10,317	42,438
Frontier Areas.....	16,320	—	16,320	12,123
	<u>38,658</u>	<u>12,021</u>	<u>26,637</u>	<u>54,561</u>
Mining properties				
Mineral properties and deferred costs.....	107,053	9,725	97,328	91,959
Plant and equipment.....	158,947	41,901	117,046	140,715
Construction in progress.....	110,362	—	110,362	21,458
	<u>376,362</u>	<u>51,626</u>	<u>324,736</u>	<u>254,132</u>
	<u>415,020</u>	<u>63,647</u>	<u>351,373</u>	<u>308,693</u>

4. LONG-TERM DEBT

	1983 \$ (in thousands)	1982 \$
Corporate Loans		
Afton Mine (a).....	29,276	27,309
Highmont Mine (b).....	19,741	76,935
Convertible Debenture (c).....	3,000	3,000
Bullmoose Project.....	—	15,000
Niobec Mine.....	—	1,240
Other.....	653	631
	<u>52,670</u>	<u>124,115</u>
Limited Recourse Loans		
Bullmoose Project (d).....	91,728	—
Highmont Mine (e).....	17,808	8,382
Other.....	2,846	—
	<u>112,382</u>	<u>8,382</u>
	<u>165,052</u>	<u>132,497</u>

(a) The Afton bank loan is secured by fixed and floating charges on the company's share of mine assets. The interest rate is at 1% above the U.S. dollar L.I.B.O. rate. The loan is repayable on demand with repayments scheduled in varying amounts over three years commencing in 1985.

(b) The Highmont bank loan (U.S.\$16,027,397) is secured by fixed and floating charges on the company's share of mine assets. Certain investments have also been lodged as additional security. The interest rate is at 0.875% above the U.S. dollar L.I.B.O. rate. Repayment is in varying amounts over four years commencing in 1985.

(c) The 9 1/2% convertible debenture is held by a related party and is repayable on December 31, 1988 or may be converted before December 31, 1983 into 400,000 Class B subordinate voting shares.

(d) A consortium of domestic and foreign banks have agreed to provide 80% of the company's share of project costs to a maximum of \$130 million. Of this amount the first \$98 million in advances will be a non-recourse loan secured only by the company's share of mine assets. In addition, the banks have agreed to provide up to \$28 million to cover 100% of any capital cost or operating cost overrun incurred before December 31, 1984. Certain petroleum properties have been pledged as security for funds advanced in excess of \$98 million.

The interest rate is at 1 1/4% above the U.S. dollar L.I.B.O. rate or at 3/4% above the bank prime lending rate.

The repayment of the bank loan is expected to commence June 15, 1984 in semi-annual instalments. Until the earlier of June 15, 1985 and the satisfaction of certain completion tests, the company's share of mine cash flow is dedicated to repayment and thereafter the repayment amounts will be the lesser of cash flow for the preceding six month period and varying amounts calculated with reference to the total advances made.

In addition, there is a requirement that, at December 15, 1986 and bi-annually thereafter until December 15, 1992, the principal outstanding cannot exceed specified percentages of the total advances. Any unpaid balance of the loan is due on December 15, 1994 unless extended by agreement of the banks.

(e) The Highmont limited recourse loans are customer loans secured by mine assets, with principal and interest repayable only out of project cash flow commencing after the Highmont bank loan has been repaid. A portion of the customer loans (\$12,844,000) was advanced by a related party and is interest free. The balance (\$4,964,000) bears interest at a bank prime lending rate.

(f) The current bank loans of \$16,073,000 are limited recourse secured only by certain receivables and inventories.

(g) Interest of \$7,127,000 (1982 — \$5,630,000) on long-term debt was capitalized as deferred costs during the year of which \$5,673,000 related to the Bullmoose project.

(h) Aggregate minimum amounts, based on current rates of exchange, estimated to meet repayment provisions in each of the next five fiscal years are:

	Corporate Loans	Limited Recourse Loans	Total
	(in thousands of dollars)		
1984.....	—	—	—
1985.....	19,500	—	19,500
1986.....	15,200	4,600	19,800
1987.....	13,800	—	13,800
1988.....	500	12,900	13,400
	<u>49,000</u>	<u>17,500</u>	<u>66,500</u>

5. CAPITAL STOCK

(a) Authorized

An unlimited number of preferred shares without nominal or par value issuable in series.

An unlimited number of Class A common shares without nominal or par value.

An unlimited number of Class B subordinate voting shares without nominal or par value.

The Class A common shares carry the right to 100 votes per share and the Class B subordinate voting shares carry the right to one vote per share; in all other respects the Class A and B shares rank equally.

The Series A preferred shares are 7.5% cumulative redeemable convertible preferred shares.

The Series C preferred shares are 8.36% cumulative redeemable convertible preferred shares.

The Series D preferred shares are 5% cumulative redeemable retractable convertible preferred shares.

b) Issued and fully paid	1983 \$ (in thousands)	1982 \$ (in thousands)
70,000 Series A preferred shares	7,000	7,000
222,802 Series C preferred shares	12,254	12,265
250,000 Series D preferred shares	25,000	—
	<u>44,254</u>	<u>19,265</u>
2,341,118 Class A common shares	6,696	13,987
26,378,297 Class B subordinate voting shares	94,091	58,488
	<u>100,787</u>	<u>72,475</u>
	<u>145,041</u>	<u>91,740</u>

Included in Class B subordinate voting shares are 2,845,324 shares available for issue to the former shareholders of Brameda Resources Limited, The Yukon Consolidated Gold Corporation Limited, Highmont Mining Corporation, Iso Mines Limited and Copperfields Mining Corporation who have not yet presented their share certificates entitling them to obtain Class B subordinate voting shares of the company.

c) Effective August 29, 1983, the company merged with Copperfields Mining Corporation which formerly held a 19% interest in Teck Corporation. The merger requires the company to issue up to 5,490,060 Class B subordinate voting shares to the former shareholders of Copperfields Mining Corporation, including related parties who owned more than 60% of the common shares of Copperfields Mining Corporation. As at September 30, 1983, 2,870,039 Class B subordinate voting shares had been issued and 2,620,021 Class B subordinate voting shares were available for issue to shareholders who had not tendered their share certificates.

d) Capital stock transactions during the year are as follows:

	Shares	\$ (000's)
i) Series D preferred shares issued	<u>250,000</u>	<u>25,000</u>
ii) Class A common shares		
Balance at September 30, 1982	4,893,261	13,987
Cancelled on merger with		
Copperfields Mining Corporation	<u>(2,552,143)</u>	<u>(7,291)</u>
Balance at September 30, 1983	<u>2,341,118</u>	<u>6,696</u>

	Shares	\$ (000's)
iii) Class B subordinate voting shares		
Balance at September 30, 1982	20,737,319	58,488
Issued for cash	2,500,000	26,250
Exercise of stock options	195,518	2,051
Conversion of Series C preferred shares	500	11
Cancelled on merger with		
Copperfields Mining Corporation	<u>(2,545,100)</u>	<u>(7,182)</u>
Issued and available for issue to		
former shareholders of Copperfields		
Mining Corporation	<u>5,490,060</u>	<u>14,473</u>
Balance at September 30, 1983	<u>26,378,297</u>	<u>94,091</u>

e) A stock option plan is available to senior employees whereby options granted may be exercised to acquire Class B subordinate voting shares of the company at a minimum cost of \$9.675 per share.

	Expiring Dec. 31, 1984	Expiring Dec. 31, 1988
Stock Options Outstanding		
Balance at September 30, 1982	446,000	—
Issued	—	100,000
Cancelled	<u>(35,000)</u>	<u>—</u>
Exercised	<u>(183,518)</u>	<u>(12,000)</u>
Balance at September 30, 1983	<u>227,482</u>	<u>88,000</u>

f) The convertible debenture may be converted before December 31, 1983 into 400,000 fully paid Class B subordinate voting shares (Note 4(c)).

g) The Series A preferred shares are redeemable at \$100 per share after May 16, 1985 and may be converted into fully paid Class B subordinate voting shares at \$10.50 per share before May 15, 1985.

h) The Series C preferred shares are redeemable at prices between \$55.00 and \$60.00 per share after July 1, 1984, but prior to July 1, 1986 redemption may only occur if certain conditions are satisfied relating to the market price of the Class B subordinate voting shares. Each share may be converted into Class B subordinate voting shares at the following rates:

To June 30, 1986	2.5 Class B subordinate voting shares
To December 31, 1991	2.3 Class B subordinate voting shares

i) The Series D preferred shares will be redeemed for \$100 each in four equal annual amounts commencing July 31, 1992. The dividend rate for any particular payment date is increased by 1% (to a maximum of 3%) for each U.S.\$1.00 that the average molybdenum price per pound for the preceding 12 months exceeds U.S.\$7.50 and is increased by ½% (to a maximum of 3%) for each U.S.\$0.10 that the average copper price per pound in the preceding 12 month period exceeds U.S.\$0.90. Each share may be converted into 4.54 Class B subordinate voting shares subject to certain restrictions.

6. EXTRAORDINARY ITEMS

	1983	1982
	\$	\$
	(in thousands)	
Costs written off due to the shutdown of the smelter at Afton, net of provision for deferred income tax recovery of \$7,725,000.....	(10,997)	—
Loss on sale of 29.999% interest in Highmont mine.....	—	(17,659)
Gain on sale of 10% interest in Bullmoose Coal property.....	—	4,346
Other.....	34	(833)
	<u>(10,963)</u>	<u>(14,146)</u>

7. EARNINGS (LOSS) PER SHARE

Earnings (Loss) per share are calculated using the weighted average number of Class A and Class B shares outstanding during the year of 27,366,721 (1982 — 25,350,241).

8. OTHER INFORMATION

(a) Related party transactions (Notes 2, 4(c), 4(e), 5(c) and 5(e))

i) Metallgesellschaft AG owns approximately 11% (17% fully diluted) of the non-preferred share capital of the company. Transactions with this company, or its affiliates, during the year were as follows:

- The company issued to Metallgesellschaft Canada Limited 250,000 Series D preferred shares for \$25,000,000.
- Under the provisions of long term concentrate sales contracts the company made sales of \$11,085,047 to Metallgesellschaft AG during the year. At September 30, 1983 concentrates and settlements receivable included \$990,693 due from Metallgesellschaft AG and included in long-term debt is a customer price support loan of \$12,844,000 due to Metallgesellschaft AG.

ii) Included in accounts receivable is the amount of \$1,370,590 advanced to senior employees to enable them to purchase shares of the company.

(b) Commitments

In 1981, Teck Frontier Corporation, a subsidiary of the company, agreed to spend up to \$162.5 million over a four year period on frontier oil and gas exploration through a farm-in arrangement with Canterra Energy Ltd. Expenditures to date total \$58 million and it is now likely that the total programme expenditures will be substantially less than originally planned. The Federal Petroleum Incentive Programme reimburses up to 80% of the expenditures incurred as long as the company maintains its Canadian ownership at a sufficient level. At September 30, 1983, grants receivable of \$8,878,000 were included in accounts receivable.

The company, through a wholly-owned subsidiary, Teck-Bullmoose Coal Inc., has a 51% interest in the assets and obligations of the Bullmoose Coal joint venture. The joint venture has entered into various agreements of which the most significant are:

- The joint venture is committed to sell to certain Japanese steel mills approximately 1.7 million tonnes of metallurgical coal annually for fifteen years.
- Under an agreement with Ridley Terminals Inc., the joint venture is committed to ship a minimum of 1.6 million tonnes of coal annually through the terminal facilities constructed in Prince Rupert.

iii) Under a comprehensive agreement between the joint venture participants and the Province of British Columbia, the Province has constructed infrastructure facilities with the capital costs to be recovered through charges to the joint venture and other users of the facilities. As required by this agreement, the joint venture has given to the Province a debenture of \$100 million which will be released upon completion of the mine. The joint venture may, under certain circumstances, be required to purchase residential lots from the District of Tumbler Ridge and as well has agreed to provide loan guarantees on behalf of the District up to a maximum of \$7.2 million secured by a debenture. These debentures are secured by a floating charge on all the assets of the joint venture but are subordinate to any other indebtedness.

As provided by certain of the above contracts, the joint venture has minimum annual payment obligations with respect to port, rail and hydro facilities.

(c) Contingent liabilities

The company carries on certain of its mining activities on a partnership basis and as a result is jointly and severally liable for certain partnership liabilities, loans and guarantees. The proportionate share of the loan and partnership liabilities attributable to other partners for which the company is contingently liable amounts to \$22 million. The partners' share of partnership assets would be available for settlement of this amount. In addition, the company holds indemnities from its partners.

(d) Pension plan

As at September 30, 1983, there was no unfunded past service liability.

(e) Plant shutdown

Due to economic circumstances, the Afton mine was shut down from June 22, 1982 to May 2, 1983 and the Niobec mine was shut down from April 1, 1983 to August 22, 1983. Maintenance costs and interest expense for the year incurred during the shutdown periods totalling \$5,117,000 were capitalized as deferred costs.

(f) Segmented information

The principal classes of business of the company are mining and petroleum. Financial information relating thereto is disclosed in the Consolidated Statement of Segmented Information.

Consolidated Statement of Segmented Information
for the year ended September 30, 1983

(in thousands of dollars)

	1983				1982			
	Mining \$	Petroleum \$	Other \$	Total \$	Mining \$	Petroleum \$	Other \$	Total \$
OPERATIONS								
Revenue								
Export	74,649	2,268	—	76,917	80,367	2,615	—	82,982
Domestic	27,175	18,333	3,779	49,287	24,875	14,032	6,067	44,974
	<u>101,824</u>	<u>20,601</u>	<u>3,779</u>	<u>126,204</u>	<u>105,242</u>	<u>16,647</u>	<u>6,067</u>	<u>127,956</u>
Costs and expenses								
Cost of operations	92,697	5,081	—	97,778	99,794	6,031	—	105,825
Administration and general	—	—	4,102	4,102	—	—	5,135	5,135
Depreciation and amortization	13,692	3,377	—	17,069	15,554	4,397	—	19,951
Exploration	2,248	656	—	2,904	4,274	2,697	—	6,971
Interest and currency translation adjustments	13,240	—	650	13,890	19,551	41	3,086	22,678
	<u>121,877</u>	<u>9,114</u>	<u>4,752</u>	<u>135,743</u>	<u>139,173</u>	<u>13,166</u>	<u>8,221</u>	<u>160,560</u>
	(20,053)	11,487	(973)	(9,539)	(33,931)	3,481	(2,154)	(32,604)
Income and mining taxes	<u>12,190</u>	<u>(8,300)</u>	<u>79</u>	<u>3,969</u>	<u>19,001</u>	<u>(3,011)</u>	<u>979</u>	<u>16,969</u>
	(7,863)	3,187	(894)	(5,570)	(14,930)	470	(1,175)	(15,635)
Equity in losses of associated companies	—	—	(455)	(455)	—	—	(1,221)	(1,221)
Unusual items	—	—	—	—	—	(849)	—	(849)
Net earnings	<u>(7,863)</u>	<u>3,187</u>	<u>(1,349)</u>	<u>(6,025)</u>	<u>(14,930)</u>	<u>(379)</u>	<u>(2,396)</u>	<u>(17,705)</u>
WORKING CAPITAL (DEFICIENCY)	22,176	966	4,721	27,863	29,092	(1,664)	(359)	27,069
INVESTMENTS	—	—	58,843	58,843	—	—	46,534	46,534
PROPERTY, PLANT AND EQUIPMENT	317,901	26,637	6,835	351,373	246,782	54,561	7,350	308,693
CAPITAL EXPENDITURES	98,615	19,339	3,057	121,011	39,465	43,780	3,663	86,908

OTHER: includes equity in earnings of associated companies and items not allocated to mining or petroleum.

COMPARATIVE FIGURES

	Year Ended Spetember 30,									
	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance Sheet ('000)										
Total Assets	488,862	438,958	495,632	502,806	367,073	295,194	197,526	108,929	76,380	59,969
Long-term debt	165,052	132,497	127,906	178,587	104,120	135,907	81,397	34,349	17,885	8,961
Shareholders' equity	248,436	217,785	254,994	196,668	168,460	59,920	54,155	38,732	37,729	35,261
Working Capital	27,863	27,069	22,362	8,195	40,476	29,848	3,497	3,429	4,880	4,368
Earnings and cash flow ('000)										
Petroleum revenue	20,601	16,647	14,224	15,695	11,596	10,630	8,589	6,971	4,756	4,259
Mining revenue	101,824	105,242	134,588	160,288	127,034	64,366	36,305	29,643	17,266	12,783
Petroleum operating profit	15,520	10,616	10,317	11,252	8,810	8,198	6,618	5,147	3,392	3,131
Mining operating profit	9,127	5,448	46,246	82,476	58,325	22,096	8,057	4,298	3,955	4,180
Exploration expense charged to earnings	2,904	6,971	11,232	10,562	4,616	3,580	1,946	1,246	1,776	1,362
Capitalized exploration and property acquisition	9,082	27,196	24,381	23,111	20,572	5,770	5,643	2,824	2,355	2,770
Funds provided from operations	9,239	(12,138)	26,127	61,316	39,784	14,699	8,224	6,069	5,321	6,209
Capital expenditures excluding investments	105,232	54,859	89,720	132,105	30,355	22,818	64,153	17,049	12,617	3,132
Investments	3,057	3,663	56,519	38,990	64,716	32,283	4,219	892	2,410	4,246
Earnings (loss) before extraordinary items	(6,025)	(17,705)	11,259	31,816	22,506	4,292	4,083	1,786	2,423	4,202
Extraordinary items	(10,963)	(14,146)	40,651	6,372	5,723	316	18,601	216	45	(131)
Net earnings (loss)	(16,988)	(31,851)	51,910	38,188	28,229	4,608	14,684	2,002	2,468	4,071
Per Share										
Cash flow	\$0.34	(\$0.47)	\$1.03	\$1.91	\$1.73	\$0.85	\$0.60	\$0.45	\$0.39	\$0.46
Earnings (loss) before extraordinary items	(\$0.28)	(\$0.76)	\$0.43	\$1.24	\$1.19	\$0.31	\$0.29	\$0.13	\$0.17	\$0.31
Net earnings (loss)	(\$0.68)	(\$1.32)	\$2.03	\$1.49	\$1.50	\$0.33	\$1.05	\$0.15	\$0.18	\$0.30
Dividends	\$0.15	\$0.15	\$0.15	\$0.15	\$0.125	\$0.105	\$0.045	—	—	—

DIRECTORS

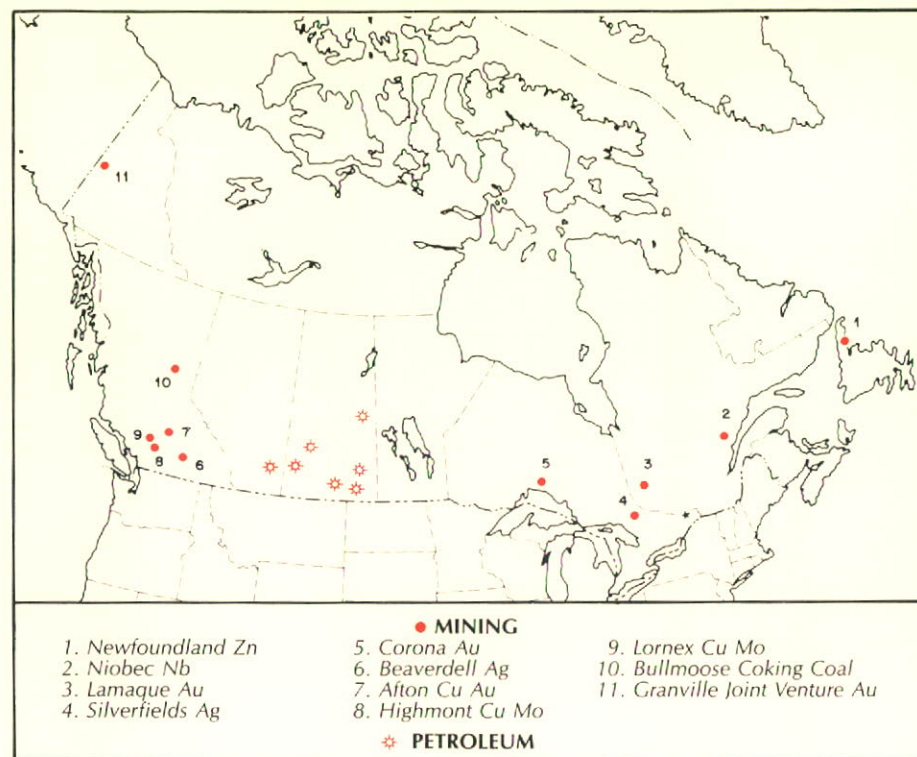
Sir Michael Butler; Bt, Q.C., Victoria; Barrister and Solicitor
 Ross G. Duthie, Vancouver; Mining Engineer
 *R.E. Hallbauer; B.A.Sc., P.Eng., Vancouver; Executive
 *N.B. Keevil, Ph.D.; Vancouver; Executive
 *N.B. Keevil Jr; Ph.D.; Vancouver; Executive
 K.G. Ratjen; Frankfurt; Chairman, Metallgesellschaft A.G.
 I.F. Rushbrook; Edinburgh; Director, Ivory & Sime
 *H. Schimmelbusch; Frankfurt, Metallgesellschaft A.G.
 *K.E. Steeves, Vancouver; Executive
 *D.A. Thompson, B.Sc.Econ.; Vancouver; Executive
 J.H. Westell; Orillia; Consultant
 *R.J. Wright; Q.C.; Toronto; Barrister and Solicitor
 K. Zeitler; Toronto; President, Metallgesellschaft Canada Ltd.
 *Members of the Executive Committee

OFFICERS

Chairman	Norman B. Keevil
President & Chief Executive	Norman B. Keevil, Jr.
Senior Vice President	Robert E. Hallbauer
Vice President, Finance	David A. Thompson
Vice President, Marketing	Keith E. Steeves
Vice President, Coal Operations	Richard Drozd
Vice President, General Counsel	Robert J. Wright
Vice President, Administration	John A. Guminski
Secretary	Ronald F. Mossman
Treasurer	G.R. Shipley
Assistant Secretary	Ronald W. Kram
Controller	John G. Taylor

DIVISION MANAGERS

Oil & Gas Division:	N.B. Rudden
Mining Exploration:	J.L. May
Dighem Limited:	D.C. Fraser, president
Eastern Mining Operations:	K.J. Hymas, general manager
Lamaque Mine:	G.R. Proulx, manager
Beaverdell Mine:	B.E. Goetting, manager
Niobec Mine:	M.R. Rodrigue, manager
Newfoundland Zinc Mine:	A. Mitchell, manager
Bullmoose Mine:	M.P. Lipkewich, manager
Afton Mine:	J.M. Lovering, Manager
Hightmont Mine:	B. Rhys Williams, manager
Granville Joint Venture:	G.W. Klein
Corona Project:	J.S. Thomson



EXECUTIVE OFFICE

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EASTERN DIVISION

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 National State Bank of New Jersey, Newark, New Jersey, U.S.A.

AUDITORS

Coopers & Lybrand, Vancouver, British Columbia

