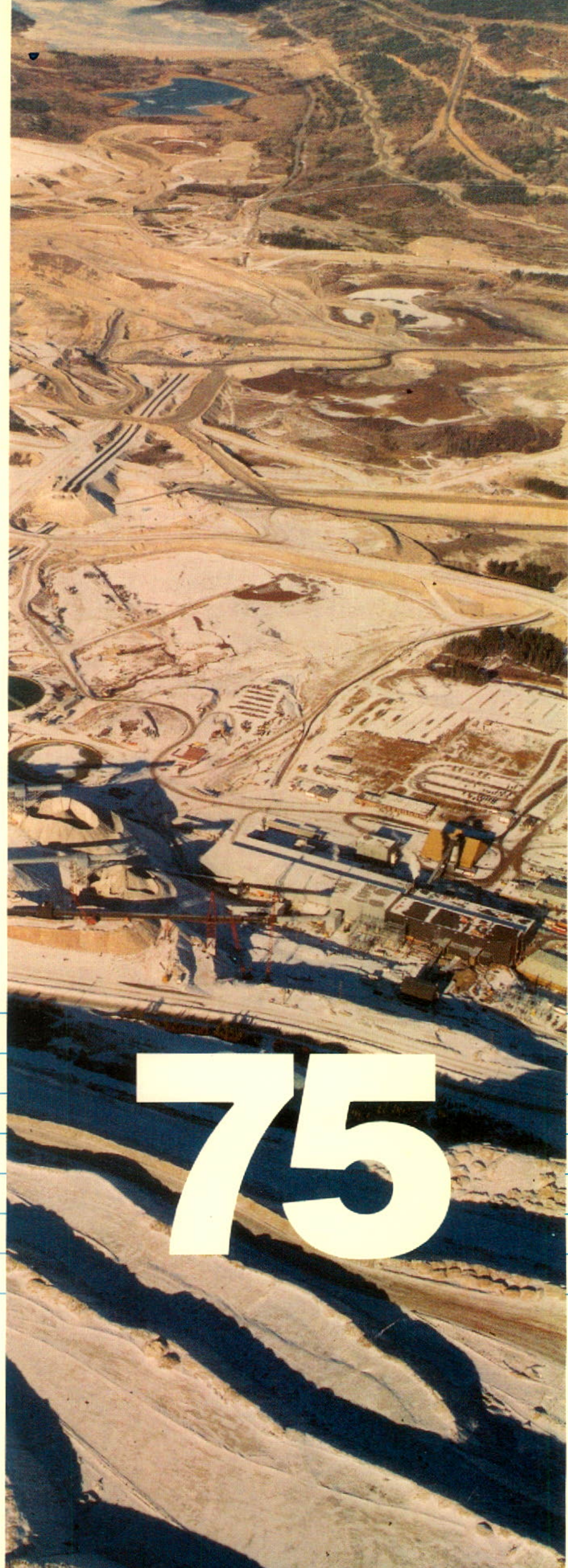
TECK



Teck Corporation Annual Report for 1988

1913 · 1988

The Company

This is the 75th annual report of Teck Corporation, which traces its roots back to The Teck-Hughes Gold Mines, Limited, formed in 1913 to develop a gold mine at Kirkland Lake in Ontario. Teck is one of the oldest, continuously operating mining companies in Canada, and the history of the company is reviewed beginning on page 7 of this report.

Teck operates a number of mines in Canada, producing gold, silver, copper, zinc, niobium and coal, and also produces oil and natural gas.

Associated companies in which Teck is the largest shareholder include: Cominco Ltd., an important producer of zinc, lead, silver, copper and fertilizers; Golden Knight Resources Inc., an emerging gold producer; and Trilogy Resource Corporation, an independent producer of oil and gas.

Teck is a Canadian company based in Vancouver, with international associations with Metallgesellschaft AG of West Germany and MIM Holdings of Australia, both of which are shareholders in and joint venture partners with the company.

CONTENTS

COVER AND OPPOSITE

Highland Valley Copper, Canada's largest metal mining operation. From bottom to top: the Lornex pit; the Lornex mill site where the Highmont mill is being reassembled; the Valley Copper pit and conveyor belts which can move 12,000 tonnes of ore an hour to the Lornex mill site 2.5 km away; and the tailings pond.

Inset: The Teck-Hughes headframe at Kirkland Lake, ca. 1930.

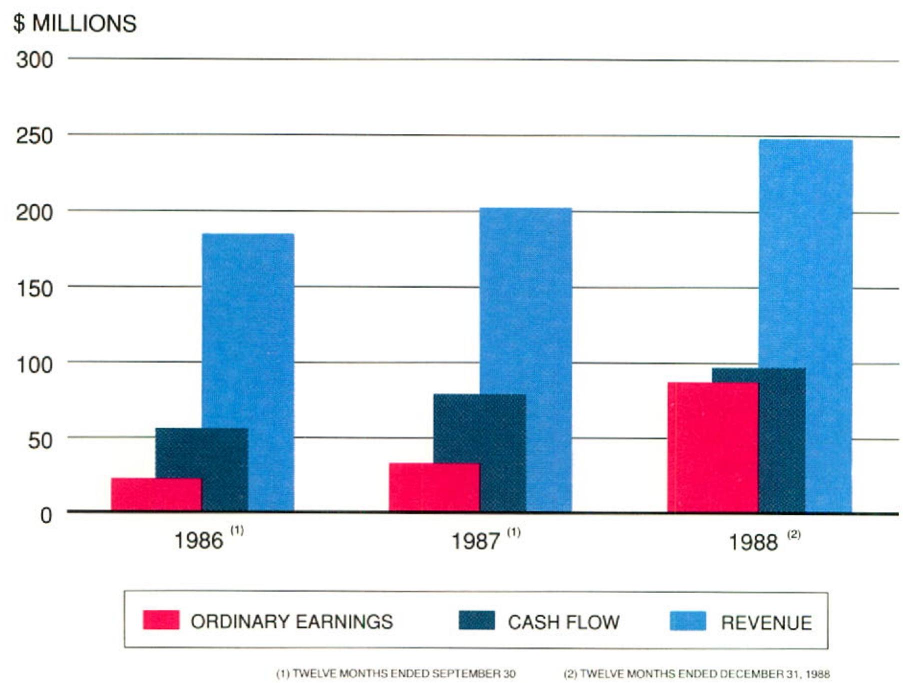
YEAR AT A GLANCE

(Dollar amounts in thousands except for per share data.)

	Fiscal 1988 12 months ended December 31, **1988**	Fiscal 1988 3 months ended December 31, 1987	Year ended September 30, 1987
Revenue	**248,047**	54,922	203,543
Earnings before extraordinary items	**87,589**	17,163	33,643
Net earnings	**92,615**	17,107	33,643
Capital expenditures and investments	**143,165**	22,599	161,044
Cash flow from operations	**97,431**	23,956	79,406
Working capital	**77,396**	55,244	47,768
Total assets	**833,035**	641,114	632,644
Long-term debt and deferred revenue	**102,914**	96,348	97,228
Shareholders' equity	**546,371**	433,994	422,820
Long-term debt as a percentage of shareholders' equity	**19%**	22%	23%
Class A and B participating shares outstanding	**76,265,878**	73,678,724	67,510,538
Per Share			
Earnings before extraordinary items	**$1.10**	$0.21	$0.35
Net earnings	**$1.16**	$0.21	$0.35
Cash flow	**$1.33**	$0.33	$1.18
Dividends	**$0.14**	$0.065	$0.115

(The 1987 figures have been adjusted where applicable to take into account a 2 for 1 share split in February 1988.)

EARNINGS, CASH FLOW & REVENUE



To the Shareholders

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

It is a pleasure to present the 1988 annual report, which covers a 15 month period as the company's fiscal year end has been changed from September 30 to December 31.

This year marks Teck's 75th anniversary, making it one of the oldest, continuously-operating mining companies in Canada. The company was incorporated as The Teck-Hughes Gold Mines, Limited in 1913, to develop a gold property discovered by prospectors Jim Hughes and Sandy McIntyre in Teck Township in the Kirkland Lake area of Ontario. That mine operated for more than 50 years until 1968, and formed the original cornerstone of the company.

Shareholders are referred to an interesting review of the company's 75 years, beginning on page 7, and to a reproduction of the original Teck-Hughes annual report, as a centrepiece in this report.

HIGHLIGHTS

- Record ordinary earnings of $105 million or $1.31 per share for the 15 month period ($88 million or $1.10 per share for the final 12 months), up from $34 million or $0.35 per share in the prior fiscal year.
- Record cash flow of $121 million or $1.66 per share ($97 million or $1.33 per share in the final 12 months), compared with $79 million or $1.18 per share the previous year.
- Record gold production at the David Bell mine at Hemlo, with 218,333 ounces produced over the final 12 months, compared with 130,122 ounces in fiscal 1987.
- Acquisition of an initial 2.5% interest in the large Highland Valley Copper mine, on transfer of the Highmont mill to that project.
- Record earnings for Lornex Mining Corporation and, immediately prior to the year end, a reorganization of that company resulting in Teck now holding a direct 14% interest in the Highland Valley partnership.
- Record earnings at Cominco, with continued progress in the development of its new Red Dog and Hellyer zinc mines, Snip gold mine, and expansion of Highland Valley Copper.
- Increase in the Nunachiaq Group's (Teck 50%) interest in Cominco from 30% to 40%.
- Decision to place the Ajax copper-gold deposit into production, utilizing the nearby Afton mill and extending the life of that operation by about 8 years.
- Opening of Golden Knight's Casa Berardi gold mine, and an increase in Teck's interest in Golden Knight from 30% to 36%.

FINANCIAL RESULTS

For the convenience of shareholders and analysts who wish to compare results on a 12 month basis, in most cases financial results are presented for calendar 1988, compared with results for the previous fiscal year ended September 30, 1987. Results for the full 15 month fiscal period can be found in the Mining Statistics and Financial sections of this report.

Net earnings after extraordinary items for calendar 1988 were $93 million, compared with $34 million in fiscal 1987. After deducting preferred share dividends, earnings per share were $1.16 for the year, compared with $0.35 in 1987.

Cash flow was $97 million or $1.33 per share in 1988, up from $79 million or $1.18 per share a year earlier.

The increase in earnings was due to higher gold production from the David Bell mine at Hemlo, Ontario, and to higher base metal prices, which also contributed to improved earnings at both Lornex and Cominco. Cominco contributed $32 million or 37% of Teck's earnings in calendar 1988, having made only a negligible contribution in 1987.

Assets rose to $833 million at year end, up from $633 million at the end of fiscal 1987. Much of this was the result of using cash flow to increase our position in Cominco, as well as an increase of $62 million in the value of the Lornex assets following the reorganization.

Long term debt at year end stood at $103 million, of which $64 million was attributable to a gold loan, shown as deferred revenue. The ratio of long term debt to equity was 19% at year end, compared with 23% at the prior fiscal year end.

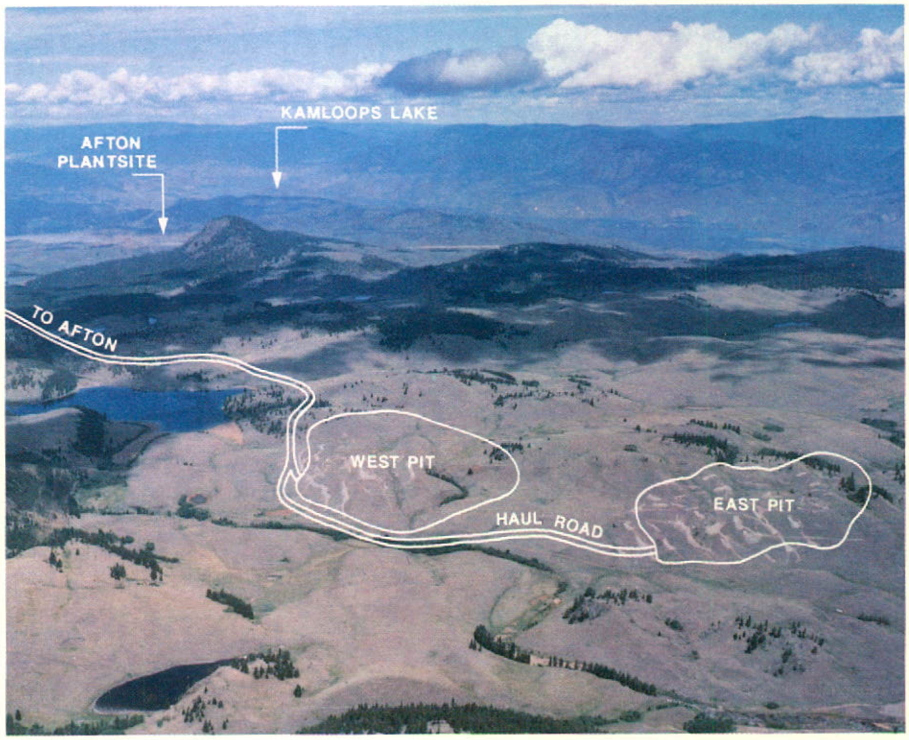
OPERATIONS

Combined mine operating profit in 1988 was $101 million, up from $84 million in fiscal 1987.

The David Bell mine at Hemlo produced 218,333 ounces of gold in calendar 1988, compared with 130,122 ounces in fiscal 1987. Teck's 50% share of mine operating profit for the 12 months was $39 million, compared with the prior year's $24 million.

A further $5 million was received in 1988 from production of 67,499 ounces on the quarter claim being mined by Hemlo Gold, from which Teck receives 25% of operating

Bullmoose coal mine, Tumbler Ridge, B.C. Raw coal from the open pit (in background) is transported to the wash plant (foreground) for treatment before shipment by truck and rail to the port at Prince Rupert.



Location of planned Ajax pits near Kamloops, B.C. Beginning in 1989, ore will be transported to the Afton plant for recovery of copper and gold.

profits. This was up from $3 million and 36,354 ounces in fiscal 1987.

Mineable ore reserves at the David Bell mine were increased to 7.3 million tonnes at a grade of 0.41 ounces of gold per tonne at year end, compared with 6.5 million tonnes grading 0.37 ounces per tonne at the prior fiscal year end.

Hemlo was Teck's biggest operating income source, and does not yet include results from the Williams mine, pending the ruling of the Supreme Court of Canada. The Williams mine produced 378,943 ounces of gold in calendar 1988.

Operations at Bullmoose coal, Niobec niobium, Klondike gold and Beaverdell silver proceeded normally, with little change in their respective contributions to earnings.

The Japanese steel mills which purchase Bullmoose coal on long term contracts have requested a review of the price for future deliveries and discussions are now underway.

The Newfoundland Zinc mine appears to be coming to the end of its reserve life. This was set at eight years when it was placed in production in 1975, and has been extended by 50% as the result of $7.4 million invested in exploration, $2.9 million for the account of Teck and the balance by partners. Unfortunately, the mineralization is virtually undetectable by known geophysical methods, and we must rely upon extensive pattern drilling (180 kilometres of core to date) in areas of favourable geology, which are becoming limited.

The original Afton and Pothook pits have now been mined out, and copper production is presently coming from a low grade pit on an adjoining joint venture property and from low grade stockpiles. Beginning in mid-1989, production will come from the Ajax mine, 10 kilometres from the Afton mill, where reserves are 25 million tonnes of 0.46% copper and 0.01 ounces of gold per tonne.

Teck acquired a 2.5% interest in the Highland Valley Copper Partnership (HVC) as of January 1988. This contributed $6.5 million to operating profits during the year, reflecting the significance of even a small interest in one of the world's largest copper producers.

Teck's direct interest in HVC has been increased to 14% as of January 1, 1989 through the winding up of Lornex. Had this been in effect during the year, Teck's mine operating profits would have been increased from $101 million to $134 million for calendar 1988.

In petroleum operations, oil production increased from 514,400 barrels in 1987 to 522,461 barrels in calendar 1988. Natural gas sales were up from 2.7 to 2.9 billion cubic feet. Operating profit for the calendar year was $6.8 million, compared with $8.5 million in fiscal 1987.

INVESTMENTS

Teck's principal strategic investments at the year end were a net 20% holding in Cominco Ltd. and 36% of Golden Knight Resources Inc. In addition, Teck holds a 39% interest in Trilogy Resource Corporation and a 28% interest in Consolidated Silver Standard Mines Limited.

These investments represent strategic interests rather than passive holdings. As noted earlier, our previous Lornex share position has now been exchanged for a direct working interest in the Lornex assets, which will contribute directly to our operating results in future.

Cominco is an active investment in which the Teck Group has effective control, and which possesses both excellent internal management of its own and superior base metal assets. Cominco had a record earnings year as well, and is reviewed in more detail on pages 24 and 25.

Golden Knight is a well-financed new gold producer which can pursue opportunities that may be appropriate for a smaller company.

Trilogy is an aggressive company through which Teck has an interest in ongoing exploration and development of oil and natural gas properties.

Silver Standard is a well-financed junior mining company with interests in a number of promising exploration properties in western Canada.

OUTLOOK

The biggest external impact on Teck's outlook over the last few years has been the progress of the litigation over the Williams gold mine, which adjoins Teck and Corona's jointly-owned David Bell mine at Hemlo, Ontario.

The Supreme Court of Ontario ordered in March 1986 that the mine be transferred to Corona, and this decision was upheld unanimously by the Ontario Court of Appeal in October 1987. It was appealed once again and heard by the Supreme Court of Canada in October 1988, with a decision pending at the time of writing. On the judgements being upheld, Teck's interest in the mine will be 50%.

While the outcome of the Williams litigation remains a significant factor, I believe we have used the passing time to strengthen your company.

Reserves are the cornerstone of any mining house, because all mines are running out of ore with each tonne they produce, and this must be replaced if not augmented.

Hemlo has become our most significant income source since being placed in commercial production two years ago, and reserves at the David Bell mine were increased during the year, as noted earlier. The decision to place the Ajax deposit into production will extend the life of the Afton operation by about eight years. The acquisition of a direct interest in Highland Valley Copper gives us further long term cash flow on the base metals side.

The increase in our equity in Cominco gives us additional participation in some of the best base metal assets in the world, and we intend to continue increasing this position over time.

These activities have strengthened the company for the long term, while maintaining a strong balance sheet to take advantage of new opportunities as they occur.

As to the immediate future, we expect 1989 to be another good year for base metals demand, with prices at the start of the year ahead of 1988. Teck's earnings will likely increase regardless, upon conclusion of the Williams mine litigation. Cash flow will almost certainly increase in 1989 with the additional direct interest in Highland Valley Copper received as a result of the Lornex reorganization.

Our continued growth will depend upon the individual efforts of a lot of people, related to new and existing activities, as it has in the past. I am sure other shareholders join me in thanking them for what has been accomplished to date.

On behalf of the board,

Norman B. Keevil Jr.

President and Chief Executive Officer

February 23, 1989

History

The Teck-Hughes gold mine at Kirkland Lake, which produced 3 million ounces of gold over a period of 50 years before closing in 1968.

"From a wildcat penny stock in 1913 to one of the world's major mining concerns."
The Northern Miner, *May 1987*

"It was the Cominco Ltd. takeover which moved Teck Corporation from a $480 million asset based Canadian corporation onto the international stage as one of the fastest growing resource companies."
Canadian Magazine, *October 1987*

SEVENTY-FIVE YEARS 1913-1988

Foreword

This is the story of an old mine, and a new mine, and how the two melded to begin a mining empire which is today's Teck Corporation. The story is exciting and dramatic and promises to be even more so in the future.

It started with a rich gold discovery in the early part of the century, and the discovery in mid-century of one of the richest copper deposits ever found.

The gold mine was plagued with growing pains and hardships. It survived, but after 45 years the company had only two mines and produced only gold. The copper mine was brought into production six months after its discovery in 1954. Within four years its management had also taken control of the gold mining company.

That was the beginning of a 30 year period of growth and opportunity. There were discoveries, mine openings, mine closures, mergers and acquisitions. The company developed other metals in addition to gold and copper. A series of mergers consolidated the interests of more than one hundred companies, large and small.

By 1986, the Group was in a position to take control of Cominco Ltd., another of the larger mining organizations in the country. It is fitting that this move brought together two of the oldest mining companies in Canada. With partners such as Metall and MIM and with Cominco operations worldwide, Teck had become a truly international company.

Celebrating the 75th anniversary of Teck-Hughes, Teck Corporation and its associated companies today produce not only gold and copper, but silver, molybdenum, lead, zinc, coal, niobium, bismuth, antimony, indium, cadmium, germanium, special alloys, oil and gas, fertilizers, and many specialized chemical products.

THE TECK-HUGHES STORY 1913-1959

The Teck-Hughes Gold Mines, Limited was incorporated on April 8, 1913 to explore a gold prospect discovered by James A. Hughes and Sandy McIntyre. The orebody was located near the town of Kirkland Lake, Ontario.

Teck Township had been named in honour of Princess Mary of Teck, who later became Queen Mary, grandmother of the present Queen. The original Teck family castle still stands on a hill south of Stuttgart, Germany — fitting in view of Teck Corporation's connections with Metallgesellschaft.

Teck Castle — Stuttgart, Germany.

Like many of Canada's major mining enterprises, Teck-Hughes began as a penny speculation. In November 1913, 200,000 treasury shares were sold at 18½ cents a share. The prospectus issued at that time stated:

> "The most important feature in connection with this property is the opening up of a rich and promising vein located on claim No. 1238. The find was made in the porphyry. This vein shows free gold in large quantities and can be traced nearly across the claim commencing close to the shore of Kirkland Lake and extending in a westerly direction."

The first Teck-Hughes annual report is reproduced, 75 years later, as a centrepiece in this report.

Like many new mines, the early days were fraught with continuous financial problems and the threat of complete shutdown. Following the original financing, a deal was made with Nipissing Mining Company Ltd. and the remaining treasury shares were sold at 15 cents a share to raise $40,000, and options given to provide Nipissing with control. By March 1915 all the funds had been spent and, while the work had blocked out approximately $350,000 in gold ore, Nipissing decided the property was not sufficiently promising to warrant further expenditures. With no funds on hand and all treasury shares issued, work was ordered stopped and the fortunes of the company reached a low ebb.

"Closing Teck-Hughes Came as a Surprise"
Globe & Mail, *March 1, 1915*

But a new lease on life was forthcoming. An American group headed by Charles L. Denison became interested in the property, and by late 1915 it had taken control and began to inject new funds which would carry the mine to commercial production.

"Teck-Hughes Production Climbing Up"
The Northern Miner, *January 23, 1922*

"Teck-Hughes going afield in search of new gold mine"
The Northern Miner, *August 18, 1932*

"Teck Takes Over Promising Read-Authier Quebec Group"
The Northern Miner, *December 15, 1932*

"Mattagami is elephant country. Credit for the discovery must go to geophysics, which is thereby entrenched more firmly than ever as one of the great developments in mining."
Toronto Star, *April 14, 1959*

"Temagami site of buried treasure"
Globe & Mail, *July 27, 1960*

". . . A remarkable discovery of exceptionally rich copper ore in a long neglected mining area ... the discovery ranks among the highest grade mineral deposits ever found in Canada."
Globe & Mail, *December 31, 1954*

"Cobalt, Feb. 24 — The room clerk is driving the elevator in one hotel near here because the bellhops have taken to the Bush. They've joined what S.J. Mason, Temiskaming mining recorder, said today is the most frantic staking stampede the Cobalt area has seen since 1908.

It started just before Christmas south of here, near Temagami. It already has fanned out across 12 townships, on a 30-mile-long front. Cause of the excitement is a valuable copper find."
The Toronto Star, *February 24, 1955*

By 1921, the mine had produced $850,000 in gold but no profit. That year, Teck-Hughes shares were listed on the former Standard Stock Exchange and traded in a price range of 11 to 17½ cents a share.

The year 1922 was a turning point in Teck-Hughes' history. A capital reorganization had straightened out the company's financial affairs and the mine started to live up to expectations.

The Kirkland Lake operation hit a peak in the early thirties. By 1931 mill capacity was 1,300 tons per day. Production exceeded the $5,000,000 level for four years, reaching $6,752,174 in 1932, when record dividends of 65 cents per share were paid.

Teck-Hughes' dividends were higher than other companies of the day, but some funds were reserved for a limited amount of exploration. A fortunate result was the optioning of the Read Authier property in Bourlamaque Township, Québec. In December 1932 Lamaque Gold Mines Limited was formed to acquire these claims and bring the property into production. Within six years the Lamaque mine was treating 1,100 tons of ore per day and producing $4,500,000 a year. The earnings of this new subsidiary supplemented those from the Teck-Hughes mine and, by the mid-fifties, became the main source of income for the company.

Lamaque would operate for 50 years and produce 4.6 million ounces of gold before suspending production in 1985. Teck-Hughes itself produced and sold 3.0 million ounces of gold at prices from $20 to $35 an ounce over 55 years.

By 1958 Teck-Hughes still operated only two mines, the old one at Kirkland Lake, and the newer mine at Lamaque, which at that time had a predicted life of ten years.

The company was directed by a president, a corporate secretary, and three stenographers attending to routine business only, since most of the administrative work was done at the two mines. There was only one exploration man to evaluate possible deals, in some of which they occasionally participated. One of these was to join with Noranda and McIntyre as one of eight companies in the Mattagami Syndicate, which would discover an important base metal orebody in northern Quebec.

Conditions were soon to change.

TEMAGAMI-COPPERFIELDS 1955-1972

Teck Corporation did not come into being as such until 1963. What follows is the story of how the Temagami high grade copper discovery and a change in the control of Teck-Hughes and Lamaque set the stage for a new Teck Corporation.

In 1946 Saskatchewan native Dr. Norman Bell Keevil (armed with a Ph.D in Geophysics from Harvard) left his professorship at the University of Toronto to become a full time consulting geophysicist. He introduced airborne magnetic surveys for mining exploration in 1947. The value of this approach was soon appreciated by the Geological Survey of Canada and others. It was of immense help in accelerating government mapping, and as an exploration tool in the mining industry.

With the advent of modern mining geophysics, the thrust of mining exploration changed in the fifties from gold to base metals, and from a focus on the Timmins, Kirkland Lake, Noranda and Val d'Or areas to exploring other parts of the country.

The Temagami discovery by Dr. Keevil happened as a result of the very first airborne survey, followed by more detailed surveys on the ground. A different geophysical method, "Spontaneous Polarization", was employed, and several distinct anomalies located. Diamond drilling showed these to be due to high grade chalcopyrite. One of the discovery holes assayed 28% copper over 58 feet.

"A 48-year-old geophysicist has demonstrated that opportunities are still around in Canada, especially in the mining-financing field."

The Mining Journal, *February 20, 1959*

"Speculation on the future of Teck-Hughes Gold Mines was climaxed with the announcement that N.B. Keevil interests have acquired blocks of Teck-Hughes shares and will move to positions on the board."

The Telegram, *January 5, 1959*

"There's a new star shining over Bay Street's financial circles and over Canada's mining industry these days. The star: Dr. N.B. Keevil ... since July he's parlayed a million-dollar speculation into a $35,000,000 mining enterprise ..."

New York Herald Tribune, *January 22, 1959*

Ore was shipped directly from the open pits to the Noranda smelter within six months of the discovery. Some carloads assayed 34% copper.

This was the start.

Shortly after the Temagami discovery, control of Goldfields Uranium and Pickle Crow Gold Mines was acquired, exploration continued and the search for other opportunities was on. Teck-Hughes was an early prospect, and Dr. Keevil used the leverage provided by the new Temagami Mining Company to gain control of Teck-Hughes. The story behind the acquisition is recalled, in part, in the box below.

Once control changed, the course of the old company's activities changed dramatically. Norman Keevil spent countless hours and days, not to mention four or five lunches a week, with his closest associates and advisers of the time, Doug Perigoe, Jim Westell and Michael Butler, sifting through the prospects, the development proposals, the corporate opportunities and, always, the growth potential that would change an aggressive young junior mining group into one of Canada's major resource conglomerates in less than a generation. Teck-Hughes and Lamaque became a part of what the press termed the "Keevil Mining Group". Over the next five years, the group emerged as a dynamic, growing company. In fact, the press described its progress in terms of "lightning moves that stunned Bay Street".

The Kirkland Minerals property adjoining the Teck-Hughes mine was acquired, and development of ore from it would help keep Teck-Hughes going for several years longer than expected. Later, negotiations with the family of Sir Harry Oakes, Canada's most famous prospector, brought the neighbouring Tegren mine into the Group.

The rationale for acquiring control of Teck-Hughes was that Lamaque had an expected life of ten years at the time. However, geophysical surveys identified several new intrusive plugs and the No. 3 and No. 4 mines were discovered in this way. In fact, Lamaque would operate for 25 more years, and is still undergoing exploration.

Dr. Keevil recalls:

"I regularly drove Doug Perigoe, a neighbour, 20 miles to work in Toronto — he was a director of Teck-Hughes who was dissatisfied with the board, which was not very entrepreneurial. Over a two year period, our conversations on these trips usually drifted to how much Teck-Hughes could do with imaginative management, and how to get control of the company. A fairly small block of shares, held by the board, controlled it. They had banded together to protect their position. We knew that Roy Jodrey, "Mr. Nova Scotia", was the key. However, although various avenues were discussed, our rides usually concluded with the idea that it just couldn't be done.

I knew that Mr. Jodrey, who was on more boards than anyone else in Canada, always stayed at the National Club when he was in Toronto. I got to know him there and we became friends — the possibility of buying his block of stock was discussed a few times in an offhand way. He told me that if he did a deal it would have to be done in Nova Scotia. One day Jodrey complained that he couldn't get a seat on a Trans Canada Airlines (TCA) flight back to Halifax and would have to go by train. It happened that I knew the TCA people quite well so I offered to take him to the airport and, with the aid of the manager, we got seats and flew to Halifax.

"Exploration by Teck-Hughes Gold Mines for new mineral deposits is progressing at a faster pace than at any time in the company's 46-year history, N.B. Keevil, president, told annual meeting."
The Telegram, *April 14, 1959*

"Has Keevil lifted Devonian from under B-A's Nose?"
Toronto Star, *April 8, 1961*

The Group then acquired control of Consolidated Howey, which had a significant interest in the recent Geco discovery. This was sold and the proceeds helped fund the takeover of Canadian Devonian Petroleums by outbidding B.A. (now Gulf Canada). Devonian's Steelman oil field would provide an important source of cash flow, and is still producing for Teck today.

Temagami and Goldfields merged to form Copperfields Mining Corporation, which developed the Silverfields silver mine near Cobalt, Ontario, a few miles north of Temagami. The mine immediately set new production records for this famous old mining camp.

W.R. "Bill" Bergey and Dr. Norman B. Keevil (in background) with T.G. "Pinky" Robinson, prospector, Lou Riopel, pilot, and Louis Gutscher, cook, at an exploration camp in northwestern Ontario, not far from Hemlo, winter of 1953-54.

I stayed at Mr. Jodrey's modest white frame house near some of his operations there. His wife made breakfast for us and later, he took me to a lunch counter where a half-dozen other people were seated. We talked about many things and finally got around to Teck-Hughes. He knew why I was there and was aware this was a "cat and mouse" game. The market price was around $1.50 a share and Jodrey finally agreed to sell his block for $1.85 a share.

When I returned to Toronto that evening, I immediately called Paul McCloskey, another board member and friend of Jodrey. He lost no time in selling his stock. The next morning, as I crossed King Street on the way to my office, I remembered that Jack Perry, President of Teck-Hughes, arrived at his office early. I backtracked and went to see him. He was just picking up the telephone as I arrived, and when he saw me he put it down. (As it happened, he was about to make a deal to deliver control of Teck-Hughes to another mining man who had been courting him for some years.)

I told Jack Perry that I had purchased Jodrey's and McCloskey's shares and invited him to walk over with me to my office. We talked about how we would change the board, and it turned out I couldn't get control unless J.P. Dolan went along.

Jack got up and said he would go over to see J.P. He could hardly wait to go! I immediately called him instead and said "J.P., I have just purchased Jodrey's and McCloskey's stock. Jack Perry and I are here in my office talking about changing the board — would you agree to step down so we could put one of our nominees on the board?" He said, "Sure, Norm, would you buy my stock too?" I agreed, paying $1.75 a share.

As it happened, if all these things hadn't fallen into place in 24 hours, I had no possible way of paying for the deal, unless I talked a banker into making a loan. Things did fall into place and we had control of Teck-Hughes. This was the start of what is Teck Corporation today."

High grade ore, some of which assayed over 30% copper, was shipped directly from the Temagami open pits to the Noranda smelter in 1955, and helped to finance subsequent underground development and mill construction.

TECK CORPORATION 1963-1988

By 1963 the Group included a variety of related companies, and it was time to begin consolidating.

The "Keevil Mining Group" had achieved a record of success, not only in mine building but, equally important, it had gained respect for its sensitivity to the interests of employees and mining communities. When control of Teck-Hughes and Howey was acquired, Jack Perry remained on as president of Teck-Hughes. Ray Birks, a prominent executive and Chairman of Howey, was retained for years as a consultant and Dr. John Leishman continued as Chairman of Canadian Devonian, working with the Group until his death in 1982.

"The company has gained respect around the world as an innovator, a discoverer, a producer and — perhaps above all — a company with integrity."

The Northern Miner Magazine, *May 1987*

As the Teck-Hughes and Pickle Crow mines closed, editorial praise was given for the way in which this was done. Employees did not lose jobs. Those not ready for retirement were transferred to other Teck mines.

In 1963, the Mattagami mine came into production. It was also the year of the first of several major mergers, with Canadian Devonian, Teck-Hughes and Lamaque being consolidated into a single company, and the assets of Howey Consolidated being distributed. To preserve the time-honoured name of Teck, the amalgamated company became "Teck Corporation."

"If Dr. Keevil Jr.'s boundless energy, enthusiasm and acumen are any example, Teck has only just begun."

The Northern Miner, *December 27, 1979*

(On the occasion of Dr. Keevil Jr. being named MAN OF THE YEAR)

Also that year, after completing a Ph.D. in Mineral Exploration at the University of California (Berkeley), Dr. N.B. Keevil Jr. joined the company as Exploration Manager. He became Executive Vice-President in 1972, and President and CEO in 1981, when Dr. Keevil became Chairman and the Rt. Hon. Roland Michener, Honorary Chairman.

As operations expanded, a mining organization with few equals developed. Outstanding executives — first Bob Hallbauer from Placer Development, later David Thompson from Messina of South Africa and many others — joined the Group, contributing as a team to the major developments to follow. Reflecting this, the name was changed from "Keevil Mining Group" to the "Teck Mining Group" in 1972. This cohesive group has contributed greatly to the rapid growth, to opportunities not missed, and to innovative schemes, all of which have made Teck the company it is today. With control firmly established there is a sense of stability and the promise of continued growth.

"Teck is proud of its achievements yet has a pervasive sense of responsibility towards its employees and those with whom it does business."

The Northern Miner Magazine, *May 1987*

The first ten years after the merger in which Teck Corporation was created were some of the busiest in Teck's history, with the development of several new mines and a number of important corporate and property acquisitions.

In 1966 Teck did its first senior mine financing, agreeing to finance and develop a copper mine near Sault Ste. Marie, Ontario. The Pickle Crow gold mill was moved and converted to a copper mill, and the Tribag mine was placed in production in May 1967.

In 1966 control of Area Mines Limited, another Mattagami Syndicate producer, was acquired. In the following year Area participated in the discovery of the Madeleine deposit in the Gaspé area of Quebec, and this became a profitable copper mine.

Two companies which became associated with Teck in 1969 had been formed by Karl Springer, one of Canada's most respected mining men, and who was inducted into the new Canadian Mining Hall of Fame in early 1989. Teck acquired Mr. Springer's interests in Leitch and Highland-Bell, bringing two more members of the Mattagami Syndicate into the Group.

In addition to their shareholdings in Mattagami, the two companies held an interest in a zinc project in Newfoundland, then under option to Cominco. After the option expired, Teck would develop this into the Newfoundland Zinc mine in 1975.

"NOT A NEWCOMER BUT AS EXCITING AS ONE, TECK CORP. OFFERING AN ENTICING PACKAGE"

"Exposure and support are critical to mineral exploration as they are to a girl in a bikini. Combined they can add up to an attractive package: not too risky but enticing."

Financial Times of Canada, *April 21, 1969*

Highland-Bell also owned the Beaverdell silver mine in southeastern British Columbia, a small mine that had been in production since 1898 and is still a producing Teck mine today.

Leitch and Highland-Bell had earlier been involved in a famous lawsuit with Texasgulf, and had just lost in the lower court. One of the first things Teck had to do was decide whether or not it should be appealed. Although the Leitch lawyers were able to develop possible grounds, Teck decided to settle the matter out of court.

Control of the fifth Mattagami Syndicate member, Iso Mines, was purchased in 1970. This brought the total number of Mattagami shares in the Teck Group to 1.1 million, with a market value of $30 million.

Then, control of Brameda Resources was acquired at the request of its underwriters. This purchase, though seemingly risky at the time, had several advantages. Brameda had many prospects and interests, some of which would be sold, some developed and mined, and others which could provide reserves in the future. It also had a good staff and office space available at the time when Teck moved its executive headquarters to Vancouver.

"SCIENTIFIC APPROACH A WINNER FOR TECK CORP. FATHER-SON TEAM" (Headline)

The Toronto Star, *February 27, 1971*

Brameda's coal leases turned out to be a bonanza. The Sukunka underground coal deposit was sold to BP for $30 million, after the nearby Bullmoose open pit coal deposit was discovered. Bullmoose was later developed as an important part of B.C.'s northeast coal project. Credit for recognizing the coal possibilities at Bullmoose goes to W.R. "Bill" Bergey, with the Group since 1947, who had also played a major part in the original high grade copper discovery at Temagami.

About the same time, Teck acquired an interest in Highmont Mining Company, which had a large low grade copper-molybdenum property in the Highland Valley of British Columbia.

This wave of activity had led to a corporate structure that was becoming difficult to understand, with interlocking holdings and joint ownership of some assets. To resolve this, a new merger took place in 1971, when Area, Leitch, Highland-Bell and Silverfields were all merged with Teck to create a single, stronger company.

The story of Afton is of special interest among Teck's series of acquisitions. In 1972 Chester Millar discovered a native copper deposit near Kamloops, B.C., through a junior exploration company called Afton Mines Limited. Teck saw the potential and, with the stock gyrating wildly on drilling rumors, was quietly able to acquire 51% of

Dr. Norman B. Keevil and Dr. Norman B. Keevil Jr., mounted on Sugarloaf Ranch stock at the Afton mine.

the shares of Afton on the open market over a period of less than two weeks. This was eventually increased to 74% through a senior financing arrangement.

"Without a doubt it is the Afton project that Teck executives are most proud of. Both Keevil's have always let it be known that they would make Afton a model mine in terms of environmental, financial and efficiency considerations. And, according to industry observers, they have succeeded on all counts."

B.C. Business Week, *December 1978*

Before going ahead with development of Afton, because of difficulties caused by a royalty system instituted by a new B.C. government, Teck decided to place the more modest Newfoundland Zinc mine into production, jointly with 37% partner Amax Lead and Zinc Inc. A 1,500 tons per day mine was built near Daniel's Harbour at a capital cost of $18 million, and the first zinc was produced in 1975.

A second new mine was under construction at the same time. Copperfields had been exploring the Niobec niobium property near Chicoutimi, Quebec since 1969, jointly with Soquem Ltée. Teck acquired an interest in 1975, and the Group placed a similar 1,500 tons per day, $18 million mine into production in 1976.

Afton's turn came after the B.C. tax system was improved, and it was Teck's most ambitious project yet — a 7,000 tons per day copper-gold mine and smelter that would cost a total of $90 million, of which $20 million was earmarked for the smelter.

"Few other companies can claim to have put into production seven new mines since 1975."

The Northern Miner Magazine, *May 1987*

Because Afton's concentrate was native copper (pure copper rather than copper-sulphide), it was possible to build a relatively modest smelter, eliminating the costly roasting and sulphuric acid components. The blister copper would be refined in the United Kingdom.

The mine and smelter began production in 1978 and both operated successfully, although for a time it was a gold mine with by-product copper as gold prices were high and copper prices weak. The smelter itself was closed in 1983 as refining costs in the U.K. and energy costs in Canada escalated, and it became more economical to ship the concentrates offshore for smelting.

In 1977 Teck acquired a controlling interest in Yukon Consolidated Gold Mines Limited, in a friendly transaction with the previous ownership group. Like many of the other companies that had become part of Teck, Yukon had its own colourful history,[1] based on its activities in the famous Klondike Gold District in the Yukon Territory.

[1] An excellent book describing the hardships, skullduggery and double dealings in the Klondike "gold rush" is *The Gold Hustlers*, by Lewis Green.

"Almost ten years ago, executives of Teck Corp. decided to embark on a corporate strategy that would see the Vancouver-based company become a major force in Canada's mining sector. Today Teck's management team is close to that objective."

B.C. Business Week, *December 19, 1978*

"Teck has spent the last 20 years assembling the ingredients of success; and within the past few years, all those ingredients have come together to produce astonishing profits and even more astonishing prospects for the future"

Canadian Business, *December 1980*

"Teck has grown so swiftly that many industry observers still haven't fully appreciated its new status."

Canadian Business, *December 1980*

"Teck's growth has earned the Keevil's the reputation of being the fastest, most successful dealmakers in the Canadian resource field ... The Cominco acquisition capped 32 years of hard-driving growth — a growth that has made Teck the fastest growing mining company in Canada."

The Financial Post Moneywise Magazine, *March 1, 1987*

"Vancouver's Teck Corporation, merely a nimble up-and-comer as far as the Canadian Mining Establishment was concerned, had the temerity to take on Cominco and its problems . . ."

Forbes, *November 2, 1987*

"It might take as much as a year", says Mike Ryan of Pemberton Securities, "to convince the market that Teck made the right move. Which it did — it's a great deal."

B.C. Business, *December 1986*

The company still held some mining leases in the Klondike, where Teck continues to operate a small placer gold mine today. Yukon's main assets were $22 million in cash and $25 million in shares (21%) of Lornex Mining Corporation.

Teck's primary interest was in Yukon's working capital and the upside potential and long reserve life of the Lornex mine. In fact, Lornex announced a doubling of capacity almost immediately, and the shareholding in Lornex has proven to be an excellent strategic investment for Teck.

Teck began immediately to try to convert its share interest in Lornex into a direct property interest. After ten years of perseverance this was finally accomplished at the end of 1988, with Teck now holding 14% of Highland Valley Copper as a result.

As the seventies drew to a close, two more mergers consolidated Highmont, Brameda, Iso and Yukon into Teck. Further simplification was accomplished by transferring Copperfields' interest in Niobec Inc. to Teck and restructuring Niobec into a joint venture between Soquem and Teck. Afton Mines Limited was also converted from a company to a partnership between Teck and Metallgesellschaft of West Germany.

Teck did not slow down in the eighties.

In 1981 Teck placed the Highmont mine adjacent to Lornex into production at a rate of 25,000 tons per day, and a capital cost of $150 million. Metallgesellschaft became a 20% partner and, a year later, the Kuwait Investment Office of London became a 30% partner.

In 1988 the mill was sold to the Highland Valley Copper Partnership, a recently-formed joint venture between Lornex and Cominco. The Highmont Partners received a 5% equity in Highland Valley Copper.

Teck also returned to the gold business in a major way in 1981.

David Bell, a consulting geologist for Corona Resources, discovered the Hemlo gold deposit near Marathon, Ontario. Teck entered into a development contract with Corona shortly afterwards, and the David Bell mine was placed into production in 1985 as a 50/50 joint venture between the two companies.

Another gold interest was acquired by purchasing a controlling interest in Golden Knight Resources Inc., which held 40% of an interesting gold prospect in the Casa Berardi area of Quebec. That prospect is now a mine, having been placed into production in 1988 by Inco Ltd., the operator.

The process of bringing all of the major Teck Group companies together into a single unit was completed when Teck and Copperfields merged in 1983.

In 1984 Teck placed the Bullmoose coal mine in northeastern British Columbia into production, after signing 15 year contracts with a consortium of Japanese steel mills. Teck's partners in this venture were Lornex (39%) and Nissho Iwai, a Japanese trading company (10%). The project capital cost was $275 million.

In addition to its impressive record of new mine development, an important element in the evolution of Teck has been its association with two international companies, MIM Holdings of Australia, which operates the historic Mt. Isa copper-lead-zinc mine, and Metallgesellschaft of West Germany.

Metallgesellschaft had acquired a share interest in Teck through a private transaction in 1977. Through Metall Mining Corporation of Canada, it now holds a 10% share interest and has become a partner in several Teck projects.

MIM first became a Teck shareholder in 1984, and has since increased its interest to 5%.

"The Cominco takeover represented the Keevils working at their legendary best … To make their biggest takeover ever happen, the two men turned to their chief financial officer and the man commonly called a financial wizard throughout the mining industry — David Thompson."

The Financial Post Moneywise Magazine, *March 1, 1987*

Of new Cominco President — Bob Hallbauer: "He's a hard-nosed operations guy, an excellent choice to run Cominco. You can bet he'll make things fly."

B.C. Business, *December 1986*

"He has a habit of being right."

The Northern Miner, *December 30, 1982*

(On the occasion of Bob Hallbauer being named MAN OF THE YEAR)

"The Keevil acquisition rate has been dizzying even by the standards of the mining industry."

The Financial Post Moneywise Magazine, *March 1, 1987*

"Long life, low-cost orebodies, a lean balance sheet and management that seems ready to face any challenge make Teck Corporation the paradigm for Canadian mining companies."

The Northern Miner Magazine, *May 1987*

"Teck has achieved a momentum that should continue to accelerate and accumulate."

Forbes, *November 2, 1987*

COMINCO

In 1986 Teck was approached with the opportunity to buy Canadian Pacific's controlling 54% interest in Cominco Ltd. Teck had built up cash reserves of $75 million waiting for just such an opportunity.

The quality of Cominco's producing asset base and potential new mines made it attractive, notwithstanding the fact that the recession was still not over for the mining industry, and that Cominco had over a billion dollars in debt.

Cominco's assets included the world's largest zinc smelter at Trail, B.C., a number of producing base metal mines, including Valley Copper, Canada's largest copper mine, and a major zinc deposit in Alaska, ready for development.

Because of Cominco's debt and the fact metal prices were still low, Teck needed to find a way to finance the acquisition carefully and safely. It negotiated an arrangement to purchase only 30% of Cominco, with the remaining 24% to be purchased for resale by CP's investment banker. This equity could be increased later when economic conditions improved, and in fact the Group position has increased to 40% over the last year.

Teck formed Nunachiaq Inc. to make the purchase, bringing in its corporate shareholders Metallgesellschaft and MIM, each as 25% participants. The result was that the Teck Group was able to acquire effective control of Cominco for a cost, to Teck, of only $103 million, plus a four year note to CP for $37 million. The entire transaction was funded without recourse to long-term bank borrowings.

Bob Hallbauer became President and CEO of Cominco and Norman Keevil Jr. Chairman, while David Thompson became Chairman of the new Refinancing and Restructuring Committee. Working closely with management, Cominco debt was reduced by $700 million within two years.

At the same time, Cominco began construction at the massive Red Dog zinc project in Alaska, while an affiliated company began developing another zinc project in Tasmania. Another affiliate is developing a gold mine in Chile and a copper mine in Mexico, and Cominco itself is developing a new gold discovery in British Columbia. Cominco returned to profitability and reported record earnings from its existing operations in 1988, and the new mines will augment this in the future.

The Cominco acquisition proved to have been good timing because the metals economy began to improve shortly thereafter. However, it would have been right even if recovery had taken several years, because a package of long life assets such as that is seldom available.

TECK CORPORATION

Teck's history over the last 25 years is one of opportunities taken, most of which turned out well. It is a history of motivation, and the result of the dedication to growth of a large team of people.

Teck Corporation has been transformed from a company with limited reserves to one with interests in a number of long life orebodies, including Hemlo gold, Highland Valley Copper, and the fifty year life Red Dog zinc mine, a cornerstone for any mining group.

Teck's success is the result of the coming together of the work of many prominent mining men of the past with those in the Teck organization of today. The catalyst between the old and new Teck has been Norman Keevil himself, with the spark of the prospector, the faith in modern exploration techniques, the understanding of corporate and stock market strategies, and the ability and drive to put it all together. With the foresight and energy of all of these people, Teck has become a major developer of Canada's natural resources through innovative exploration, production and financing techniques.

Gold

The David Bell gold mine at Hemlo, Ontario, which produced 218,000 ounces of gold in 1988.

Although Teck is now a diversified mining company, with substantial interests in other metals and coal, gold has again moved to the forefront of the company's business. The David Bell mine proved to be Teck's biggest operating income source in 1988 and the final outcome of the litigation regarding the Williams mine should result in a further significant increase in gold earnings. Together, these mines represent reserves estimated to contain 10 million ounces of gold.

In the reports that follow, most production statistics are stated for 12 month periods, for comparative purposes, with information given for calendar 1988, compared with information for the fiscal year ended September 30, 1987. Additional figures for the 3 months ended December 31, 1987 are shown in the Mining Statistics section on pages 28 and 29.

DAVID BELL MINE

The David Bell mine is a 50-50 joint venture with Corona Corporation. The mine is located in the Hemlo area of Northern Ontario, 40 kilometres east of the town of Marathon, on the north shore of Lake Superior.

The Hemlo orebody was discovered in 1981 by David Bell, a consulting geologist working on behalf of Corona. The orebody extends onto the Williams property (which is the subject of the earlier-described litigation) as well as onto the Golden Giant property, operated by Hemlo Gold Mines Inc.

Teck earned its 50% interest by funding exploration, arranging senior financing and managing the development of the David Bell mine.

Production from the upper levels began in 1985, while shaft sinking and development at deeper levels continued throughout 1986 and 1987. In calendar 1988, the mine produced 218,333 ounces of gold, compared with 130,122 ounces produced in fiscal 1987.

As underground development advanced at deeper levels, the percentage of cut and fill mining on the upper levels diminished, with 70% of the year's production coming from the higher grade zones in the deep parts of the mine. By year end, upper level production had ceased and virtually all major underground development work had been completed.

The surface plant exceeded its nominal capacity during 1988, with an average milling rate of 1,073 tonnes per day. The average grade of ore fed to the mill was 0.57 ounces of gold per tonne and the overall recovery rate was 97%. Direct operating costs for 1988 were $147(Cdn.) per ounce.

At year end, mineable reserves were estimated to be 7.3 million tonnes grading an average of 0.41 ounces of gold per tonne. This represents an increase of 9% in tonnage over the previous fiscal year end and a 2% increase after deducting 1988 production. On a bullion basis, the increase in reserves represents a 25% increase in contained ounces of gold over the previous year end reserves, or a 14% increase after deducting 1988 production.

In addition to David Bell production, Teck and Corona share 50% of the net revenue generated from a quarter claim being mined and processed by Hemlo Gold. In calendar 1988, production from the quarter claim averaged 467 tonnes per day, producing 67,499 ounces of gold, more than twice the amount produced in 1987. For the 12 months, Teck received $5.1 million in net profits from the quarter claim.

Together, the David Bell mine and quarter claim contributed $44 million in net operating profits to Teck in calendar 1988. With underground development completed and higher grades encountered at the deeper levels, the outlook for 1989 is for an increase in the ounces of gold produced from the David Bell mine.

Underground at the David Bell mine — drifting in ore on the number 10 level, 1,050 metres below surface.

WILLIAMS MINE

The Williams property lies west of the David Bell property, and contains an extension of the orebody discovered by David Bell. Reserves on the Williams portion of the orebody are estimated to contain 6.7 million ounces of gold, as compared to the 3 million ounces contained in the David Bell mine.

As the result of litigation commenced by Corona in 1981, the Williams mine and property were awarded to Corona by the Supreme Court of Ontario in 1986, which judgement was unanimously upheld by the Ontario Court of Appeal in 1987. That decision was further appealed to the Supreme Court of Canada in 1988 and a final decision is awaited. Pending the final outcome of the litigation, the mine is being managed by an operating committee on which the Teck-Corona joint venture is represented.

In 1988, the Williams concentrator treated 1.5 million tonnes, to yield 378,943 ounces of gold. The average grade of ore fed to the mill was 0.26 ounces of gold per tonne, and the overall recovery was 94%. Direct operating costs were $244(Cdn.) per ounce.

A concentrator expansion was completed in the second half of 1988, at a cost of approximately $17 million, financed by cash flow from operations. As a result, the mill capacity was increased to 6,000 tonnes per day, and production averaged 4,212 tonnes per day for the year.

According to the present development schedule, the Williams mine should produce 500,000 ounces of gold in 1989, of which Teck's share would be 50%.

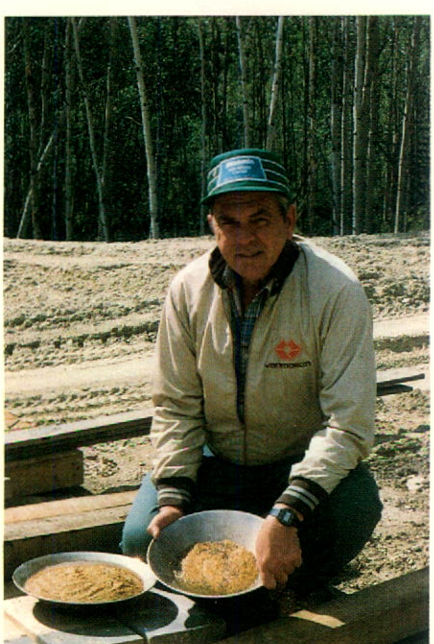
KLONDIKE PLACER GOLD

The Klondike placer gold mine, located near Dawson City in the Yukon Territory, is a seasonal operation which produces gold from May to September each year. The operation is managed by Teck, which has a 60% interest as well as an overriding 10% royalty in the joint venture.

Operations in 1988 were conducted on Gold Run Creek, where 207,000 cubic yards of gravel were sluiced to produce 6,486 ounces of fine gold. Teck's share of royalties and operating profit was $600,000, compared with $1.3 million in 1987.

In addition to its earnings from the Gold Run Creek operation, Teck received 450 ounces of royalty gold from other operators in the area.

The Klondike joint venture is in the process of being wound up, with the result that gold operations on the property will be 100% for the account of Teck in future years.



John Anderson, Teck's General Manager of Gold Operations, holding a pan of fine gold, recovered from the Klondike placer mine near Dawson City.

AFTON MINE

The Afton mine, in which Teck holds a 73% interest, produced 27,721 ounces of gold during calendar 1988, as compared with 48,107 ounces in fiscal 1987. As a combined copper-gold operation, the Afton mine is reviewed in more detail in the Metals and Coal section of this report.

GOLDEN KNIGHT RESOURCES INC.

Teck holds a 36% equity interest in Golden Knight Resources Inc., which commenced gold production in 1988, with the official opening of Les Mines Casa Berardi in September. The underground mine and surface complex were developed in the Golden Pond East zone of the Casa Berardi property in northwestern Quebec, held jointly by Golden Knight (40%) and Inco Limited (60%). The mine has been operating at the rate of 800 tonnes per day since opening and is expected to produce at least 60,000 ounces of gold during the first year.

The joint venture holds a large, attractive property position, covering some 14,000 hectares (55 square miles) along the direction of the Casa Berardi fault. Four mineralized zones have been identified to date over a strike length of 4.5 kilometres, with total drill-indicated reserves currently estimated to be 10.5 million tonnes grading an average of 0.24 ounces of gold per tonne.

An extensive underground exploration program is underway in the Golden Pond West zone and has already resulted in the discovery of one new high grade zone not indicated by earlier surface drilling. As work in this area progresses, it is expected that a decision will be made to bring a second mine at Golden Pond West into production. This would result in an increase in the milling rate at Golden Pond East to 1,200 tonnes per day, to produce in excess of 90,000 ounces of gold per year. In addition, the grinding and thickening sections of the mill have been over-sized, to permit ready expansion to a rate of 1,800 tonnes per day as further exploration results warrant.

With no debt and sufficient financing to cover the extensive exploration programs planned for 1989, together with gold revenues coming onstream, Golden Knight is in a strong financial position and well-positioned to acquire and develop other promising gold properties as opportunities may arise.

EXPLORATION

RAMBLER PROPERTY

During 1988, Teck and Petromet Resources Ltd. were successful in a bid to acquire the property previously owned by Consolidated Rambler Mines in the Baie Verte area of Newfoundland.

Petromet and Newfoundland Exploration Company are currently conducting a $3.8 million exploration program on the property. Teck has the right to earn a 50% interest by funding further costs through to feasibility and arranging senior financing. On making its election to earn in, Teck will become the operator of the project.

Results to date have been encouraging. A new copper zone has been discovered northwest of the previously producing Ming Mine. The new zone has been traced for 75 metres on surface and 200 metres down dip and grades 5% to 6% copper.

Also, a surface drilling program to explore the main Rambler Mine resulted in the discovery of a footwall gold zone below the old mine workings. One hole assayed 54.5 feet of 0.33 ounces of gold per tonne. A comprehensive drilling program is planned to explore the potential of both of these zones of mineralization.

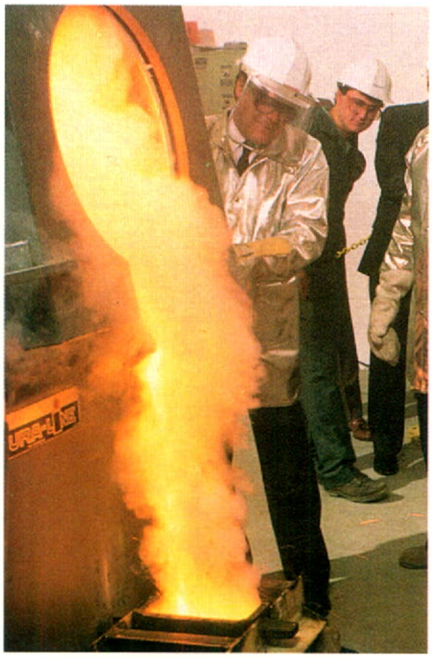
Elsewhere on the property, surface mapping and geochemical and geophysical surveys have identified other targets to be explored by drilling. In addition, a tailings pond on the property containing 3.8 million tonnes of 0.036 ounces of gold per tonne, 0.5% copper and 0.37% zinc has been sampled for metallurgical testing to determine the merits of reprocessing these reserves.

LAMAQUE MINE

In 1988 Teck granted an option to Tundra Gold Mines to acquire all of Teck's interest in the Lamaque property and related mine infrastructure for a total purchase price of $8 million, payable over a 5 year period. The option may be exercised by Tundra upon paying a first instalment of $3 million to Teck by September 30, 1989. Meanwhile, Tundra is funding an extensive program of drilling on the property.

OTHER MINING PROPERTIES

Teck retains a portfolio of previously mined gold and base metal properties which have closed or are about to close because of the exhaustion of ore reserves. Most of these have been farmed out to junior mining companies in exchange for commitments to finance significant exploration programs to determine the potential for further mineable reserves. In addition to the Lamaque property, these include the Leitch Gold Mines property, the Teck-Hughes property, the Howey Red Lake Gold Mines property and property in the vicinity of the Newfoundland Zinc mine. In total, in excess of $12 million has been spent by the junior companies reassessing these assets.



The Hon. Marcel Masse pouring the first gold bar from the Golden Knight-Inco mine in the Casa Berardi region of Quebec.

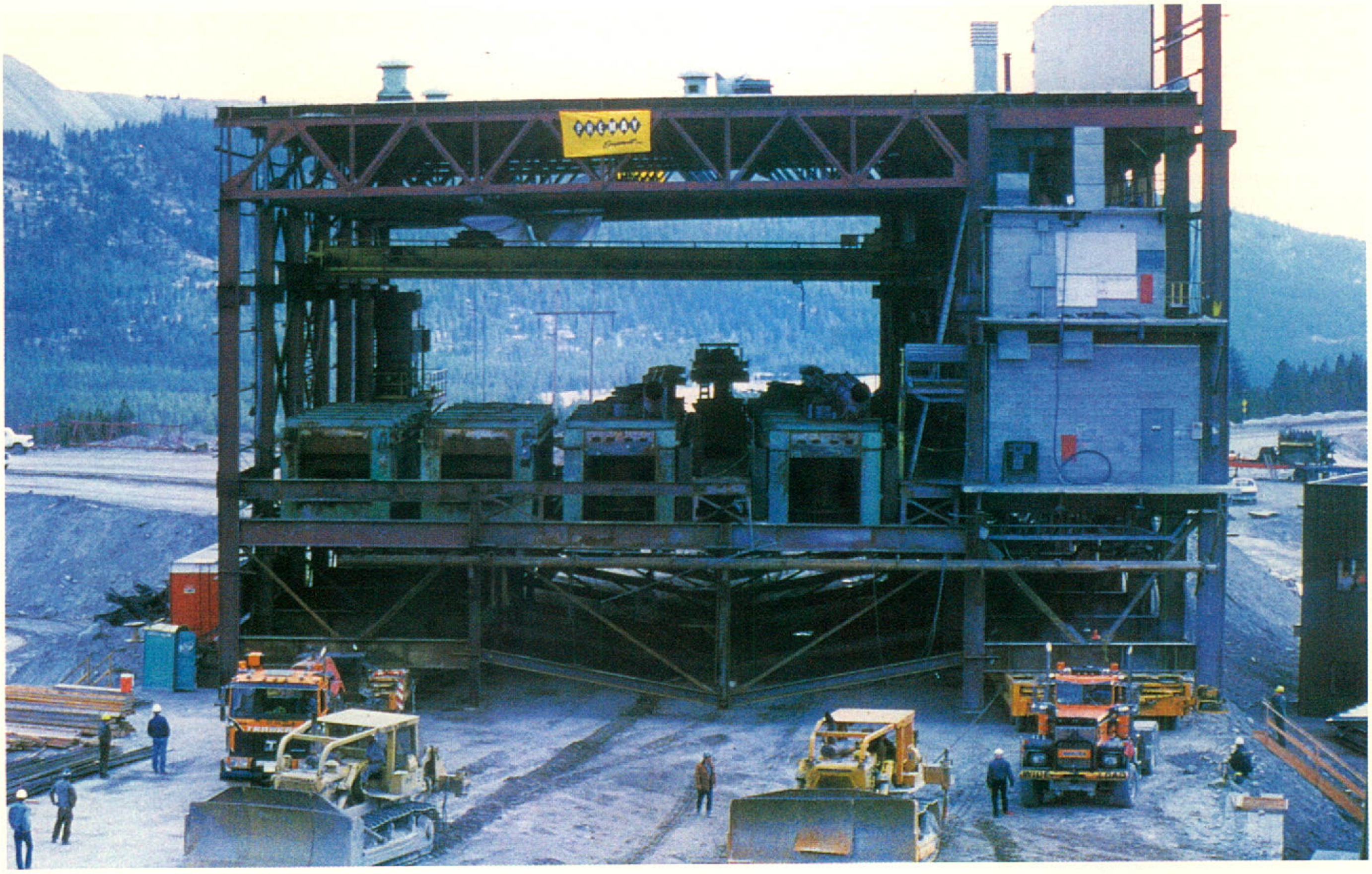
U.S. PROPERTIES

Exploration in the United States has concentrated on disseminated gold prospects in Nevada and Utah, where Teck is actively exploring seven properties. Two properties controlled by Teck in the Carlin Gold Belt of Nevada have shallow, low grade oxidized gold reserves and are being evaluated as potential open pit, heap-leach gold producers. Pre-feasibility drilling and metallurgical testing programs are in progress.

CONSOLIDATED SILVER STANDARD MINES LIMITED

Teck also has a 28% share interest in Consolidated Silver Standard Mines Limited, a junior exploration company which has interests in a number of precious and base metal properties throughout Canada and the western United States.

Metals and Coal



1,500 tonne flotation section of the Highmont concentrator, being transported for reassembly at the Lornex mill site in the Highland Valley, B.C.

As with its other divisions, Teck's Metals and Coal group includes both direct operations and indirect interests through strategic investments in other companies.

Teck's direct operations produce coal, copper, gold, silver, zinc and niobium. Through its investments, Teck has further interests in many of the same products and, in addition, gains interests in lead, molybdenum, cadmium, bismuth, indium, germanium and fertilizers.

The wide diversity of products in which Teck has an interest is one of the company's major strengths. Teck's continuing strategy will be to pursue direct and indirect investments in quality orebodies with particular emphasis on longevity and low-cost production.

In the Metals and Coal group, the combined operating profit for calendar 1988 was $57 million, compared with $55 million in fiscal 1987.

HIGHLAND VALLEY COPPER

The Highland Valley Copper project, located approximately 50 kilometres south of Kamloops, B.C., is the result of a consolidation of Cominco's large Valley Copper orebody with the existing Bethlehem, Lornex and Teck (Highmont) mills. The consolidation, together with a $70 million capital expansion, has resulted in Highland Valley becoming one of the largest copper producers in the world, as well as one of the lowest cost producers.

In 1988, the Highmont partnership (Teck 50%) acquired a direct 5% interest in the Highland Valley partnership upon the transfer of the Highmont mill to that project. The other partners were Cominco and Lornex. Also, the reorganization of Lornex as of the year end has resulted in an increase in Teck's direct interest in the Highland Valley project to 14% (24% including the indirect interest held through Cominco). These interests will provide an important source of base metals earnings and cash flow to Teck for many years to come. By way of example, Teck's net 2.5% interest in the project contributed $6.5 million to Teck's operating profits during calendar 1988.

During the calendar year, Highland Valley Copper produced 374 million pounds of copper, 4.3 million pounds of molybdenum, 2.1 million ounces of silver and 13,435 ounces of gold from 44.1 million tonnes of ore. During this period, the mill processed an average of 120,500 tonnes per day.

The Highmont mill is currently being reassembled adjacent to the Lornex milling complex. Upon completion of this expansion program in the first half of 1989, the rated daily milling capacity of the expanded Lornex complex will be increased from 91,000 to 131,000 tonnes per day. As this expanded plant becomes fully operational, the older Bethlehem mill, currently producing at a rate of 29,000 tonnes per day, may be phased out.

At year end, ore reserves at Highland Valley Copper were estimated to be 768 million tonnes grading 0.4% copper and 0.0065% molybdenum. With copper prices remaining strong, this project promises to contribute substantially to Teck's earnings and cash flow in 1989.

BULLMOOSE (COAL)

The Bullmoose open pit coal mine is located in northeastern British Columbia, approximately 30 kilometres northwest of Tumbler Ridge. The project was developed in 1984 at a cost of $275 million by a joint venture consisting of Teck (51%), Lornex Mining Corporation (39%) and Nissho Iwai Canada Ltd. (10%). As a result of the reorganization of Lornex, Teck's direct interest in Bullmoose has increased to 61%, with Rio Algom Ltd. now holding a direct 29% interest in the project.

Since shipments started in January 1984, more than 9 million tonnes of metallurgical coal have been sold to nine Japanese steel companies under long term contracts, which provide for shipments of 1.7 million tonnes per year (plus or minus 5% at the buyers' option).

During the 12 months ended December 31, 1988, 2.2 million tonnes of raw coal were fed to the plant, resulting in clean metallurgical coal production of 1.7 million tonnes, the same as the number recovered the previous year. In addition, 60,000 tonnes of thermal coal were produced during calendar 1988.

At year end, reserves of saleable metallurgical coal were estimated to be 45 million tonnes.

AFTON (COPPER, GOLD)

The Afton open pit copper mine is located just west of Kamloops, B.C. and is a partnership between Teck (73%) and an affiliate of Metall Mining Corporation.

During calendar 1988 Afton produced 14.9 million pounds of copper, 27,721 ounces of gold and 86,241 ounces of silver. Production of all three metals was down substantially from the previous year, as production came from the relatively low grade Pothook and Crescent deposits, as well as the low grade stockpiles. The mill processed an average of 8,479 tonnes per day at an average grade of 0.32% copper.

The original Afton and Pothook open pits have now been mined out, with ore reserves in the Pothook pit having been exhausted in September. However, the Afton mill will continue to be used in the

Left to right: Brian Keevil, Vice President, Legal & Corporate Affairs; John May, Vice President, Exploration; and Mike Lipkewich, Vice President, Mining.

coming years to process ore mined from nearby properties, under a series of agreements. The most important of these is the Ajax property, 10 kilometres from the Afton mill, which has estimated reserves of 24.7 million tonnes averaging 0.46% copper and 0.011 ounces of gold per tonne.

The Ajax property will be operated by Teck. It is owned by the Afton partnership, subject to a 30% net profits royalty interest in favour of Cominco and Imperial Metals Corporation. The cost of placing the property into production is estimated to be $12 million, with production to commence by mid-1989. The Ajax mine should extend the operating life of the Afton mill by at least eight years.

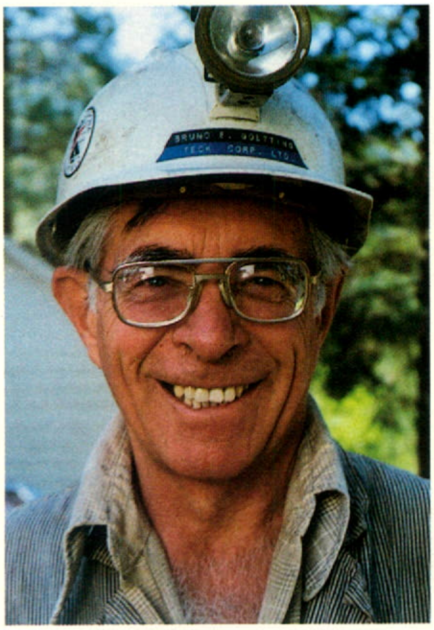
Pending commencement of production from the Ajax deposit, low grade stockpile ore and ore from the nearby Comet-Davenport Crescent deposit are being used to feed the Afton mill and should be sufficient to maintain production levels throughout that period.

Underground geological reserves at Afton remain at 9.5 million tonnes of 1.5% copper and 0.033 ounces of gold per tonne. There are no plans to mine these reserves at this time.

BEAVERDELL (SILVER)

The Beaverdell mine is located 60 kilometres south of Kelowna, B.C., on the West Kettle River. The mine is a small underground operation which first produced ore in 1898 and since 1900 has a history of continuous production. Beaverdell is wholly-owned by Teck.

Silver production during calendar 1988 was 356,362 ounces, down slightly from the 363,419 ounces produced in fiscal 1987.



Bruno Goetting, who retired as Mine Manager in 1988 after 36 years of service with Beaverdell.

The average price received for silver was $8.21 per ounce, down from the 1987 average of $9.27 per ounce. The mine realized only a modest operating profit during the fiscal period.

With the retirement of Bruno Goetting in 1988, the company would like to acknowledge and express its deep appreciation for Bruno's 36 years of diligent and faithful service, the last 22 years as Manager of the Beaverdell mine.

NEWFOUNDLAND ZINC

The Newfoundland Zinc mine near Daniel's Harbour is a joint venture in which Teck holds a 63% interest, with Amax holding the remaining 37%.

Following a 16 month shutdown, the mine was reopened in September of 1987, with the assistance of a loan from the Provincial Government, which will soon be repaid. As part of its commitment to the Government, the mine undertook a major surface and underground exploration program, as a result of which new reserves of approximately 180,000 tonnes were discovered.

During calendar 1988 the mine produced 75 million pounds of zinc from 435,500 tonnes of ore averaging 8.0% zinc. During the period, average mill throughput was 1,193 tonnes per day.

Ore reserves, including reserves from pillar recovery, are currently estimated to be 431,000 tonnes grading 8.4% zinc, and will be exhausted by the end of 1989. With areas of favourable geology becoming limited, it now appears that there is little potential for developing further new reserves.

Exploration to the west of the minesite area, under a joint venture agreement with Newfields Minerals, included 27,000 metres of diamond drilling. However, no encouraging results were obtained.

NIOBEC (NIOBIUM)

The Niobec underground mine near Chicoutimi, Quebec is operated by Teck as a joint venture with Cambior Inc., each participant having a 50% interest.

During the 12 months ended December 31, 1988, 787,000 tonnes of ore averaging 0.71% Nb_2O_5 were processed to produce 7.4 million pounds of niobium oxide. Average recovery for the period was 61%.

Concentrate inventories decreased from 1.6 million pounds of contained niobium oxide to 182,000 pounds by the end of the year, primarily due to increased demand from a buoyant specialty steel market.

The major earthquake which occurred on November 25, 1988, with its epicentre only a few miles from the Niobec mine, fortunately resulted in no injuries or damage to the facilities.

As a result of ongoing exploration, ore reserves at year end were maintained at essentially the same level as the prior year end. These were estimated to be 11 million tonnes grading 0.65% Nb_2O_5.

STRATEGIC INVESTMENTS

COMINCO

Teck led a consortium which purchased a controlling 30% interest in Cominco from CP Limited in October 1986, through Nunachiaq Inc. Shareholders in Nunachiaq are Teck (50%), MIM Holdings of Australia (25%) and Metall Mining Corporation (25%). During the past fiscal year the Nunachiaq Group increased its holding in Cominco to approximately 40% through purchases on the open market at an average price of $17 a share.

The acquisition broadened Teck's base metals interests to include a number of excellent producing operations and development projects, and the company intends to continue increasing its equity in Cominco over time. Robert E. Hallbauer, a Senior Vice President of Teck, is President and Chief Executive Officer of Cominco.

Cominco is a zinc, lead and copper company with interests in potash and ammonia, as well as germanium, indium and molybdenum. Its portfolio of producing operations and new mine development projects ranks as one of the best in the world.

Cominco's Trail metallurgical complex is the largest producer of zinc metal in the world, with 1988 output being a record 283,000 tonnes. The zinc refinery was modernized in the early 1980's and a new lead smelter is presently being built which will bring that part of the complex up to state-of-the-art status as well.

Cominco's lead and zinc mining operations include the Sullivan mine in British Columbia, the Polaris mine in the Arctic, the Troya and Rubiales mines in Spain, and the Magmont lead mine in Missouri.

Cominco produces gold from the Buckhorn mine in Nevada through a subsidiary, Cominco Resources, which is also participating in the development of a heap-leach gold mine in Chile. Cominco itself is developing an underground gold mine in northern British Columbia.

A twin-boom jumbo drill, driving an underground development heading at the Niobec mine near Chicoutimi, Quebec.

High-noon in Alaska, November 1988, as the Red Dog mill site is readied for plant construction.

Cominco has a 50% interest in Highland Valley Copper, which operates a major copper mine in British Columbia, covered earlier in this report.

An Australian affiliate, 46% owned Aberfoyle Resources, operates a small gold mine in Western Australia and is developing the 1 million tonnes per year Hellyer lead-zinc mine in Tasmania, due for full production in early 1989.

Cominco's current major development project is the Red Dog lead and zinc property in Alaska, scheduled for start-up in late 1989. It will produce 315,000 tonnes of zinc and 100,000 tonnes of lead a year, and will be the world's largest zinc producer, as well as one of the world's largest lead producers. About half of the concentrates will be processed at Trail, and the balance at a number of custom smelters.

Cominco is also active in the fertilizer business, with the Vanscoy potash mine in Saskatchewan and ammonia plants in Alberta and Texas being the most important operations.

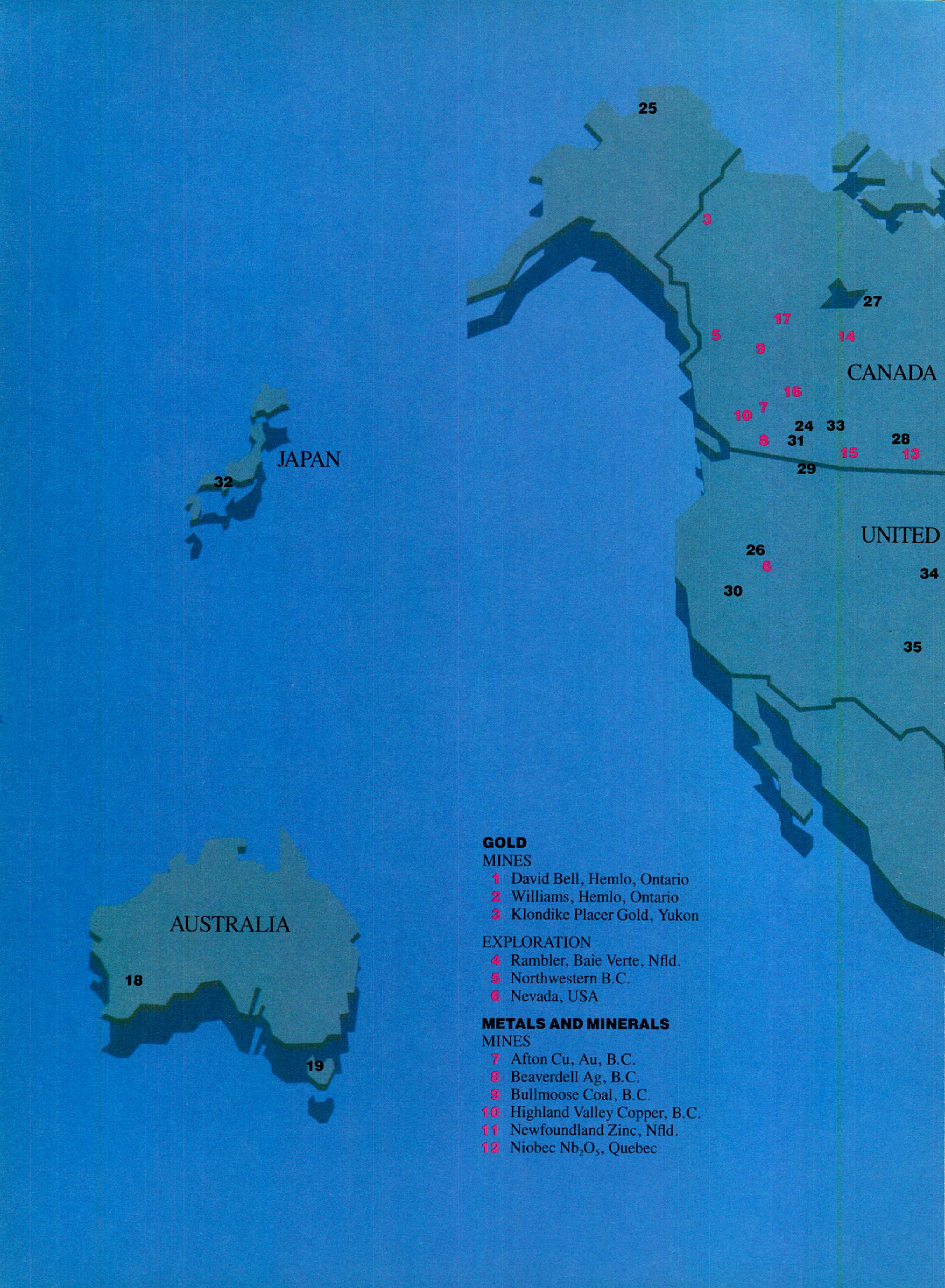
Cominco earned $214 million before extraordinary items in calendar 1988. After deducting preferred share dividends, earnings per common share were $2.56, compared with $81 million and $0.89 in 1987. Cominco contributed $32 million or 37% of Teck's calendar 1988 earnings before extraordinary items, with the 1987 contribution having been negligible.

LORNEX

Teck held a 24% share interest in Lornex Mining Corporation during the year, and reported equity earnings of $18 million from that company for calendar 1988.

Lornex was wound up at the year end and Teck received a direct 25.4% interest in Lornex's assets, which prior to the windup consisted of a 45% interest in Highland Valley Copper, a 39% interest in the Bullmoose coal mine and $173 million in cash, as well as limited recourse bank liabilities of $44 million.

While this transaction will not immediately affect earnings, which were already equity-accounted, it will give Teck direct access to its share of cash flow from these operations in the future.



GOLD

MINES

1 David Bell, Hemlo, Ontario
2 Williams, Hemlo, Ontario
3 Klondike Placer Gold, Yukon

EXPLORATION

4 Rambler, Baie Verte, Nfld.
5 Northwestern B.C.
6 Nevada, USA

METALS AND MINERALS

MINES

7 Afton Cu, Au, B.C.
8 Beaverdell Ag, B.C.
9 Bullmoose Coal, B.C.
10 Highland Valley Copper, B.C.
11 Newfoundland Zinc, Nfld.
12 Niobec Nb_2O_5, Quebec

OIL AND GAS

PRODUCING OIL UNITS

13 Steelman, Saskatchewan
14 Otter Lake, Alberta

PRODUCING GAS UNITS

15 Monogram/Tide Lake, Alberta
16 Edson, Alberta
17 North Tsea, B.C.

STRATEGIC INVESTMENTS

Cominco Ltd.

MINES — METALS AND MINERALS

18 Bardoc Au, Western Australia
19 Hellyer Pb, Zn, Tasmania
10 Highland Valley Copper, B.C.
20 Magmont Pb, Missouri
21 Polaris Pb, Zn, NWT
22 Rubiales Pb, Zn, Spain
23 Troya Pb, Zn, Spain
24 Sullivan Pb, Zn, B.C.
25 Red Dog Zn, Pb, Alaska
26 Buckhorn Au, Nevada
27 Pine Point Pb, Zn, NWT

MINES — FERTILIZER

28 Vanscoy Potash, Saskatchewan
29 Warm Springs Phosphate, Montana
30 Lake Minerals Soda Ash, California

PLANTS — METALS AND MINERALS

31 Zn, Pb Smelter and Refinery, Trail, B.C.
32 Mitsubishi Cominco Lead Smelter, Japan

PLANTS — FERTILIZER

33 Calgary, Carseland and Joffre Nitrogen, Alberta
34 Homestead Nitrogen, Nebraska
35 Borger Nitrogen, Texas

Golden Knight Resources Inc.

36 Les Mines Casa Berardi Au, Quebec

Trilogy Resource Corporation

33 Oil and gas, Calgary, Alberta

Mining Statistics

DAVID BELL (Gold)

	Fiscal 1988		
	12 months ended Dec. 31, **1988**	3 months ended Dec. 31, 1987	Year ended Sept. 30, 1987
Tonnes milled	**392,556**	87,690	359,046
Tonnes per day	**1,073**	963	953
Grade (oz./tonne)	**0.572**	0.506	0.378
Recovery (%)	**97**	97	96
Production:			
Gold (oz.)	**218,333**	43,105	130,122
Operating costs (Cdn.$)	**$147/oz.**	$146/oz.	$188/oz.
Average price (Cdn.$)	**$529/oz.**	$619/oz.	$581/oz.
Ore reserves (tonnes)	**7,323,061**		6,464,000
Grade (oz./tonne)	**0.41**		0.37
Teck's interest	**50%**	50%	50%
Teck's share of net earnings	**$20,237,000**	$4,303,000	$9,946,000

A "cast" blast at the Bullmoose coal mine, December 1988. Over 400,000 tonnes of waste rock were thrown a distance of up to 200 metres from the coal seam, reducing the need for more costly truck loading and haulage.

	HIGHLAND VALLEY COPPER (Copper)	BULLMOOSE (Coal)			AFTON (Copper, Gold)		
	1988	Fiscal 1988			Fiscal 1988		
	12 months ended Dec. 31, **1988**	12 months ended Dec. 31, **1988**	3 months ended Dec. 31, 1987	Year ended Sept. 30, 1987	12 months ended Dec. 31, **1988**	3 months ended Dec. 31, 1987	Year ended Sept. 30, 1987
Tonnes milled	**44,109,000**	**2,197,000**	606,310	2,392,000	**3,111,330**	746,242	2,861,066
Tonnes per day	**120,516**				**8,479**	8,200	7,839
Grade (% or oz./tonne)	**0.471% Cu**				**0.32% Cu**	0.33% Cu	0.81% Cu
Recovery (%)	**85**	**76**	71	70	**68**	76	85
Production:							
Coal (tonnes)		**1,658,915**	431,808	1,688,010			
Copper (lbs.)	**374,340,000**				**14,872,045**	3,792,843	43,664,000
Gold (oz.)	**13,435**				**27,721**	8,823	48,107
Zinc (lbs.)							
Silver (oz.)	**2,065,000**				**86,241**	22,134	269,797
Molybdenum (lbs.)	**4,275,000**						
Niobium Oxide (lbs.)							
Operating costs (Cdn.$)	**$4.49/tonne**				**$5.77/tonne**	$6.23/tonne	$6.54/tonne
Average price main product (Cdn.$)	**$1.44/lb.**				**$1.42/lb.**	$1.44/lb.	$0.88/lb.
Ore reserves (tonnes)							
Open pit	**768,000,000**	**45,000,000**(B)		47,000,000(B)	**26,375,000**		4,890,000
Grade (% or oz./tonne)	**0.40% Cu** **0.006% Mo**				**0.46% Cu** **0.01 oz. Au**		0.33% Cu 0.010 oz. Au
Underground					**9,500,000**		9,500,000
Grade (% or oz./tonne)					**1.50% Cu** **0.03 oz. Au**		1.50% Cu 0.03 oz. Au
Teck's interest	**13.9%**(A)	**61%**(C)	51%	51%	**73.19%**	73.19%	73.19%
Teck's share of net earnings (loss)	**$1,533,000**	**$10,622,000**	$2,468,000	$6,440,000	**$2,614,000**	$1,485,000	$5,912,000

(A) 2.5% from January 4, 1988 to December 28, 1988, 13.9% effective December 29, 1988.
(B) Saleable coal.
(C) Increased from 51% to 61% effective December 29, 1988.

TECK-HUGHES GOLD MINES, LIMITED

(NO PERSONAL LIABILITY)

REPORT

FOR THE YEAR ENDING APRIL 30TH, 1914

Your Directors beg to report as follows:—

1. We beg to submit herewith for your consideration the Financial Statement of the Company for the period ending April 30th, 1914, at which date the Company had a cash balance on hand of $20,957.17.

2. Your Directors are pleased to report that in March, 1913, after a careful examination by two experienced Mining Engineers, they purchased the Hughes property in the Kirkland Lake District, consisting of three 40-acre claims situated in the Township of Teck, about four miles in a north-easterly direction from the Swastika Railway Station, on the T. & N. O. Railway, which district has since become so well known through the operations on the "Tough-Oakes" gold mine, situated at the east end of Kirkland Lake.

3. In view of the excellent and very complete report of the Company's Engineer, Mr. Alexander H. Smith, a summary of which is printed herewith, the Directors feel that nothing more can be said, except to congratulate the shareholders on having acquired an interest in a gold property of such excellent promise.

4. The Financial Statement of the Company, which is herewith submitted, has been duly audited by the Company's auditor, Mr. Sydney H. Jones.

All of which is respectfully submitted.

Dated at Toronto, July 12th, 1914.

A. D. CROOKS,
President.

SUMMARY OF ENGINEER'S REPORT

Kirkland Lake, July 1, 1914.

To the Directors of the Teck-Hughes Gold Mines, Limited,
Toronto.

Gentlemen:—

Underground exploration was started on the "Teck-Hughes Gold Mines, Limited," in March, 1913, and from that time up to date, June 30th, 1914, sinking, drifting, cross-cutting and up-raising was done at four points, resulting in the completion of approximately 1,600 feet of work, details of which are furnished herewith. (Appendix I.).

DESCRIPTION OF WORKINGS:

The four workings are all situated in the South-East claim, L-1238, as shown on the sketch. No. 1 was sunk on a promising vein close to the contact, between the porphyry and conglomerate. Drifting was done to the East, at the 100-foot level, but not far enough to get under a promising ore shoot located on the surface. No. 3 shaft was sunk on a vein in the porphyry that gave phenomenal values at the surface. It has been suggested that No. 1 and No. 3 are one and the same vein, but certain data collected from underground work does not bear this out. If No. 3 continues its present strike, it runs South of No. 1 workings by a considerable margin. On account of the overburden, the territory south of No. 1 has not been explored. Underground in No. 1, cross-cutting to the South from the West end of the workings, exposed a narrow vein that showed considerable free gold and indicates the possibility of a new vein at that point, and also that No. 3 lies still farther to the South. Again, the values in the two veins differ. A shipment of over 4 tons of ore from No. 1 vein at the surface gave $38.00 in gold and 102 ozs. in silver. Very little silver is found in No. 3 vein,—an assay giving 2 ozs. in gold, gives only a fraction of an ounce in silver. These characteristics indicate that promising territory lies to the South from No. 1, also the unexplored territory (over 300 feet) between Nos. 1 and 3.

NOS. 2 AND 4 WORKINGS.

Nos. 2 and 4 workings lie North of No. 3 workings and are in the conglomerate. Both shafts were sunk on what is called No. 2 vein, but results were not as promising as what were found in No. 3 vein.

NO. 3 WORKINGS.

No. 3 workings are at present the most important and are described in detail. A shaft was sunk on the vein to a depth of 80 feet. At the 75-foot level drifting was started to the East, in a direction roughly North 63 degrees East. Fifty feet in, cross-cuts were run North and South. Again, at 100 feet a main cross-cut was run to the North, to cut the contact between the porphyry and conglomerate. This contact was encountered at a point 30 feet to the North. Continuing to the North, a vein called No. 4 was cut at a point 70 feet in and at 100 feet No. 2 vein was encountered. Returning to the main East drift at a point 150 feet from the shaft, a cross-cut was run 10 feet to the South and rich ore encountered. Immediately drifting to the East and also to the West was commenced. In drifting to the West, the workings broke through the main drift at a point 75 feet from the shaft and is called for the time being, the "Bonanza Drift." In continuing drifting to the East, good values were obtained for a considerable distance, and it is calculated that at this one point, a rich ore shoot 120 feet long has been definitely located with good possibilities of being lengthened by further exploration.

The main East drift was extended to a point in a straight line 344 feet from the shaft. At a point 205 feet from the shaft, a cross-cut to the South 20 feet, cut a narrow vein, which parallels the main vein. This vein, though narrow, produced some very high assays, but was irregular, and no estimation of the values could be given. However, for 45 feet in length the ore will average 9 inches wide, running $31.50 per ton. The main East drift, which is 344 feet long, exposes ore for the first 175 feet, from that point to the face. Although the vein is regular and strong, values were low. When values dropped a streak of greywacke appeared, extending along the vein for a considerable distance. Again, 83 feet from the face, lamprophyre came in, which was drifted on for 72 feet, being replaced by porphyry.

No. 4 vein in the conglomerate was drifted on 66 feet to the East and 84 feet to the West, with results running from traces to as high as $400.00 per ton, but the vein was narrow and values so erratic, that it cannot be classed as ore. The same holds good for No. 2 vein, which was drifted on to the East for 45 feet, and an up-raise of 26 feet to connect with No. 4 workings, which gives an extra outlet to the mine, as required by the Mining Act, and also much-needed ventilation. Both the East and West faces of No. 4 vein are considered promising, the East face gives 15 inches wide of ore running $8.50 per ton.

During this exploration work quite a good tonnage of ore was extracted and placed on the dump, with an estimated gross value as follows:

SINKING SHAFT.		
10 feet long x 80 feet deep, vein averaging 1.9 inches wide; average value $32.09	108 tons	
108 tons @ $32.09		$3,465.00
DRIFTING EAST.		
135 feet, 6 feet high, 42 inches wide	202 tons	
Average value $6.52		1,317.00
BONANZA DRIFT.		
109 feet long, 7 feet high, 38 inches wide	172 tons	
Average value $48.90. (For details, see Appendix II.)		8,410.00
Total tonnage,	482 tons	
Total gross value,		$13,192.00

Besides this ore, low grade ore was added from No. 4 and the South-east drift, bringing up the total tonnage considerably, but diluting the value per ton.

A glance at the assay map will show where the values were encountered, but no estimation of the ore can be given, as it is only opened up on two sides at best. It is interesting, however, to consider the possibilities of what is called for the time being, The Bonanza. Allowing a continuous ore shoot 120 feet long, allowing 100 feet vertical, and taking the average value and width, a block of ore of this description (14 cubic feet per ton in place) would give 2,714 tons gross value of $132,714.

Another way of arriving at the result of the exploration work in our No. 3 workings, is to combine the Bonanza drift, 109 feet, with the Main East drift, 135 feet, making a total length of 244 feet and an average width of 3.3 feet, which gives an average value per ton of $24.41.

No. 1 WORKINGS.

No. 1 workings was abandoned in favor of No. 3 workings, on account of the excellent surface showing of the latter. Work in No. 3 justified this amply, and also has placed No. 1 in a more important position than at first thought. It is believed No. 1 workings have never cut No. 3 vein, which is supposed to lie farther South and parallel to it. Reasons have been given for this. Again, from No. 1 shaft to the Eastern boundary only 62 feet out of 260 feet have been explored. The Eastern drift has not got under the promising vein already exposed on surface, where high values were encountered, and there is room in that direction for a valuable ore body to exist. The possibilities of encountering No. 3 to the South and drifting both East and West, in the latter direction connecting with No. 3 workings, place No. 1 in a promising position to do future work, with indications of picking up just as good an ore body as was found in No. 3 and at a greater depth.

TRENCHING.

Up to date 3,094 feet of trenching has been completed—1,232 feet on Claim L-1239 and 1,862 feet on Claim L-1238.

As most of the veins in Kirkland Lake strike roughly North 70 degrees East, trenches were laid out to cut the formation at right angles, or North 20 degrees West. Again, it was designed to get a cross section of all the claims from North to South. Advantage, however, was taken of the topography of the claims to avoid heavy overburden where possible. A glance at the accompanying map will show this clearly, and it will be seen that although there is not one continuous trench, they are run in such a manner that one trench overlaps the other. Up to date, five veins have been located in the porphyry on the West claim. Each place has been sampled, but results from three most recent and promising veins are not yet to hand. Practically, trenching has only been started, so it is a little too soon to say much about it. The North Claim, L-1240, and a most promising one at that, has not been touched, and promising ground on L-1238 is still unexplored.

SURFACE.

About forty acres has been cleared to the West, giving what is considered safe protection from fire for the buildings and surface plant. In making this clearing, considerable cord wood was cut, which was hauled and piled at convenient points, close to the power plant and kitchen, where it is used for fuel.

CONCLUSION.

In spite of a necessary heavy overhead cost being levied on underground operations, work here has progressed at a rapid rate, and also at a low cost per foot. Taking everything into consideration, $30.00 per foot would cover everything and it is doubtful if any small mine in this district, working under similar conditions, can show as good results.

Exploration work has also exposed a valuable ore shoot. It is difficult to estimate the value, but the fact of putting over $13,000 gross on the surface from exploration work, and the splendid assay sheet accompanying this report, should give satisfaction to the Directors and Shareholders of the "Teck-Hughes Gold Mines, Limited."

Respectfully submitted,

(signed) ALEXANDER H. SMITH,
Manager.

APPENDIX I.

No. 1 WORKINGS:

Vertical Shaft.....	120 feet	
Drifting and Cross-cutting, 100-foot level...........	203 feet	
Total............		323 feet

No. 2 WORKINGS:

Inclined Shaft	48 feet	
Drifting and Cross-cutting.........	41 feet	89 feet

No. 3 WORKINGS:

75-foot level Shaft..	80 feet	
Main Drift East...	344 feet	
Bonanza Drift.....	75 feet	
South-East Drift...	102 feet	
No. 4 Vein East....	66 feet	
No. 4 Vein West...	84 feet	
No. 2 Vein East....	45 feet	
Main Cross-cut North...........	137 feet	
Cross-cuts.........	123 feet	
Upraises..........	33 feet	1089 feet

No. 4 WORKINGS:

Shaft.............	36 feet	36 feet
Total....................		1537 feet

APPENDIX II.

SAMPLING RESULTS BETWEEN STATIONS C. AND H., 75-FOOT LEVEL.
No. 3 WORKINGS.

No.	Width Inches.	Value. per Ton.	No.	Width Inches.	Value. per Ton.
213	20	$ 11.00	170	5	21.20
212	18	109.40	169	15	27.20
210	26	10.80	166	12	.40
209	21	12.80	165	12	.40
204	39	92.00	164	15	24.00
203	28	63.00	163	9	13.60
202	12	5.60	162	13	12.80
201	20	347.80	161	..	56.00
200	30	210.40	160	10	16.40
199	17	14.00	159	30	2.00
198	31	45.60	158	12	1.20
197	19	16.20	157	12	48.00
196	22	68.20	156	12	.80
195	18	49.20	155	18	100.80
191	40	31.20	154	25	46.00
190	16	7.60	153	19	62.40
189	9	6.20	149	10	191.20
188	16	99.20	148	17	35.20
187	20	26.80	147	22	45.60
186	18	43.40	135	12	23.60
185	20	37.80	134	18	40.00
184	20	19.80	133	37	29.60
181	20	60.40	132	7	24.80
180	18	36.80	131	19	$80.00
179	28	92.40	126	18	25.20
178	20	52.80	125	4	27.20
177	12	62.00	124	15	41.60
176	20	45.00	123	8	34.00
175	10	3.60	122	24	.80
173	24	6.80	118	24	11.60
171	20	11.60	115	34	7.20

No.	Width inches	Value per ton
114	12	50.00
113	30	65.20
112	22	1.60
111	20	80.00
110	14	220.40
102	12	17.20
101	14	2.00
100	18	28.60
99	15	115.20
98	6	21.60
97	16	8.00
109	20	11.20
106	24	1.20
105	20	15.20
104	24	4.40
103	18	9.60
1500	4	2.00
1499	10	200.40
89	18	15.20
90	12	50.80

No.	Width inches	Value per ton
1501	13	113.60
79	30	7.50
78	10	16.50
91	8	38.40
1504	12	6.40
1503	4	36.00
1502	43	10.40

21 samples up to $10.00
17 " from 10.00 to $20.00
11 " from 20.00 to 30.00
17 " from 30.00 to 50.00
9 " from 50.00 to 75.00
5 " from 75.00 to 100.00
4 " from 100.00 to 150.00
5 " from 150.00 to above.

Total, 89 samples

Length of Ore Shoot 109 feet.

Average width, 38 inches or 3 ft. 2 in.

Average value, $48.90 per ton.

ASSETS AND LIABILITIES, 30TH APRIL, 1914.

ASSETS.

Mining Properties	$1,691,687.20
Buildings	3,402.46
Plant, Machinery and Equipment	11,231.82
Stores	618.99
Cash on hand and in Bank	20,957.17
Accounts Receivable	434.02
Fuel	1,503.91
Freight paid in advance	42.02
Income and Expenditure Account	44,378.28
	$1,774,255.87

LIABILITIES.

Capital	$2,000,000.00	
Stock in Treasury	270,284.00	$1,729,716.00
Development Account		40,500.00
Accounts Payable		1,572.28
Wages Account		2,124.00
Salaries Account		335.00
Express Charges Account		8.59
		$1,774,255.87

I certify that I have examined the books,accounts and vouchers of this Company, and the above statement conforms therewith.

Dated at Toronto, June 10th, 1914. (Sgd.) SYDNEY H. JONES, Auditor.

INCOME AND EXPENDITURE ACCOUNT FOR YEAR ENDING 30TH APRIL, 1914.

To Administration Expenses	$ 2,125.55
" Assaying Expenses	485.59
" Accidents Expenses	.30
" Blacksmith Shop Expenses	391.18
" Boarding Expenses	3,692.26
" Bagging and Sorting Ore	158.49
" Drill Sharpening	1,924.03
" Exchange	22.15
" Fire Protection Expenses	3.10
" Interest and Discount	6.11
" Insurance	132.00
" Lodging	669.58
" Mining	23,959.78
" Office Expenses	894.11
" Office Lodging Expenses	332.78
" Repairs to Plant	470.19
" Repairs to Buildings	1,048.15
" Stable Expense	1,135.64
" Surface Expense	862.68
" Surveying and Drafting	251.80
" Salaries	3,968.50
" Sampling	256.27
" Teaming	711.66
" Telegraph and Telephone	249.03
" Travelling Expenses	649.85
	$44,400.78
By Rents	$ 22.50
" Balance	44,378.28
	$44,400.78

Examined with the ledger and vouchers and certified correct.

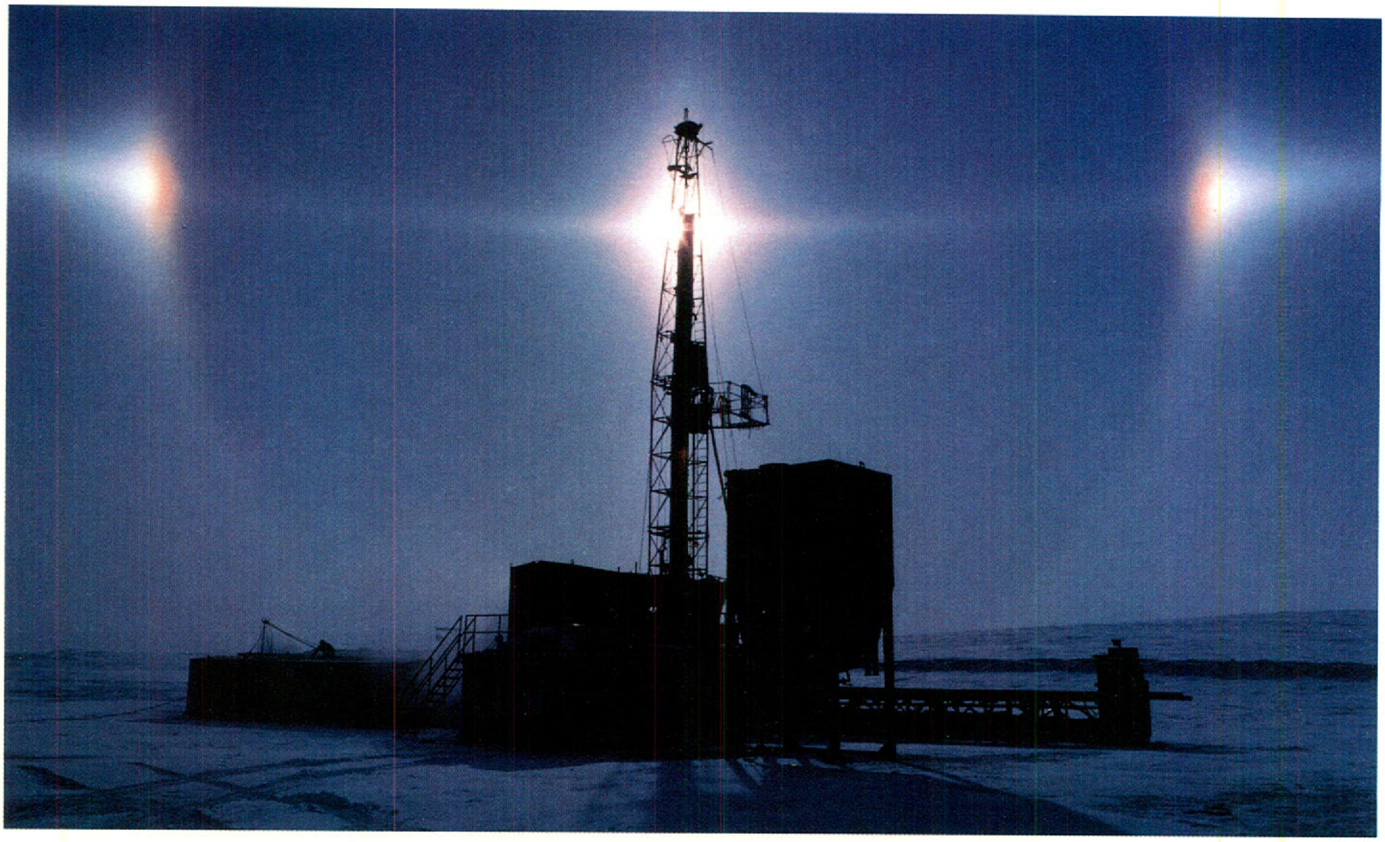
Toronto, June 10th, 1914.

(Sgd.) SYDNEY H. JONES, Auditor.

BEAVERDELL (Silver)			NEWFOUNDLAND (Zinc)			NIOBEC (Niobium)		
Fiscal 1988			Fiscal 1988			Fiscal 1988		
12 months ended Dec. 31, 1988	3 months ended Dec. 31, 1987	Year ended Sept. 30, 1987	12 months ended Dec. 31, 1988	3 months ended Dec. 31, 1987	Year ended Sept. 30, 1987	12 months ended Dec. 31, 1988	3 months ended Dec. 31, 1987	Year ended Sept. 30, 1987
37,259	8,928	36,887	435,540	115,826	14,773(D)	787,204	124,873(E)	683,968(E)
102	98	101	1,193	1,260	1,478	2,158	2,048	2,251
10.94 oz.	8.77 oz.	11.02 oz.	7.96%	6.90%	5.50%	0.71%	0.76%	0.66%
87	87	89	98	98	98	61	66	64
			75,185,000	17,183,100	1,767,000			
356,362	68,208	363,419						
						7,422,409	1,244,116	6,392,000
$69.18/tonne	$68.60/tonne	$69.74/tonne	$36.44/tonne	$30.04/tonne				
$8.21/oz.	$9.47/oz.	$9.27/oz.						
			431,000		728,000	11,031,000		10,950,078
			8.40%		7.90%	0.65%		0.66%
100%	100%	100%	63.44%	63.44%	63.44%	50%	50%	50%
($108,000)	$42,000	$109,000	$2,274,000	($58,000)	($887,000)			

(D) Operations were suspended for most of fiscal 1987.
(E) Operations were suspended in September and October 1987.

Oil and Gas



Drilling for heavy oil near Medicine Hat, Alberta. The halo effect, "Sun Dogs", is a common occurrence in the Prairies.

Teck produces oil and natural gas from several fields in western Canada and has a 39% share interest in Trilogy Resource Corporation.

PRODUCTION AND OPERATING PROFIT

Operating profit decreased in the 12 months ended December 31, 1988 because of a significant decline in petroleum prices, which more than offset a modest increase in production.

Oil and natural gas production and operating profit for the fiscal periods ended December 31, 1988 and September 30, 1987 were as follows:

	Fiscal 1988		
	12 Months Ended Dec. 31, **1988**	3 Months Ended Dec. 31, 1987	12 Months Ended Sept. 30, 1987
Production			
Oil (Bbls.)	**522,461**	133,319	514,400
Natural Gas (Bcf)	**2.9**	1.1	2.7
Operating Profit	**$**	$ (in thousands)	$
Oil	**4,093**	1,316	5,514
Natural Gas	**2,734**	1,034	3,032
	6,827	2,350	8,546

The average daily oil production was 1,427 barrels and gas production was 7,839 million cubic feet (mcf) per day in the 12 month period ended December 31, 1988, compared with 1,409 barrels per day and 7,482 mcf per day during the year ended September 30, 1987.

The average price per barrel of oil and per mcf of natural gas received by Teck in the 12 month period ended December 31, 1988 was $17.24 and $1.35 respectively, compared with $21.66 and $1.48 in 1987.

RESERVES

Proven and probable reserves (before royalties) at December 31, 1988 were 4.5 million barrels of oil and natural gas liquids and 48.0

billion cubic feet (Bcf) of natural gas, compared with 3.8 million barrels of oil and 53.2 Bcf of natural gas at September 30, 1987.

Land holdings in western Canada totalled 197,007 gross acres (49,153 net) as of December 31, 1988, excluding certain frontier acreage.

The Steelman area of southeastern Saskatchewan continues to be Teck's most prolific oil producing area, with Teck's share of production being 375,000 barrels in calendar 1988.

Teck has a 21% interest in the Monogram gas unit, which includes 272 producing wells, and an 11% interest in the 95 well Tide Lake gas unit. Both are located in a shallow gas area in southeastern Alberta and cover over 47,000 gross acres.

Teck has working interests of from 6.25% to 40% in 15,680 acres and has overriding royalty interests in a further 480 acres in the Otter Lake oil area of Alberta. It also owns a 12.8% interest in 14 producing gas wells situated in the Edson area of west central Alberta, in addition to a 7.25% interest in the 2,920 acre Slave Point gas property located in northeastern British Columbia.

EXPLORATION AND DEVELOPMENT

During the 15 month period ended December 31, 1988, Teck was directly involved in the drilling of 22 wells; 16 in Saskatchewan and six in Alberta. Fifteen were completed as oil wells, two as gas wells, three as service wells and two were dry and abandoned.

TRILOGY RESOURCE CORPORATION

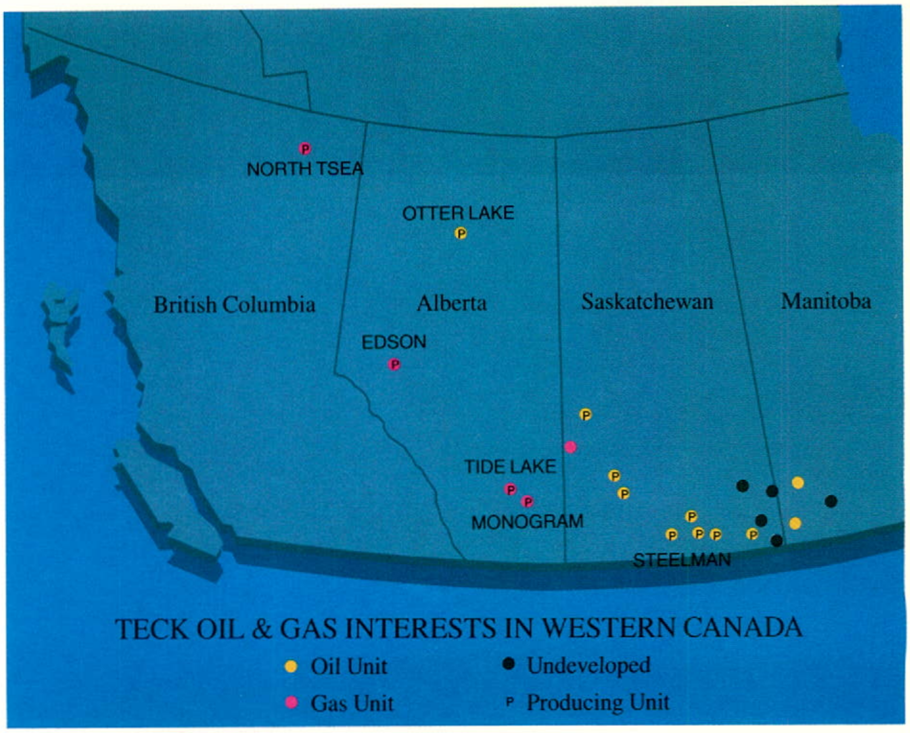
Teck has been relatively inactive in direct oil and gas exploration since 1983, when it became the largest shareholder of Trilogy Resource Corporation. Teck's exposure to growth in the oil and gas sector is now primarily through Trilogy, an independent company based in Calgary and managed by professional oil and gas people.

Teck purchased an additional 1.5 million common shares of Trilogy since September 30, 1987 and currently holds 12.7 million shares or approximately 39% of that company.

Trilogy's proven and probable reserves as of January 1, 1988 were 4.7 million barrels of oil and natural gas liquids and 146.3 Bcf of natural gas. Land holdings at that date totalled 10.6 million gross acres (9.4 million net).

During the first nine months of 1988, Trilogy expended $9.0 million on exploration and development activities. Trilogy's engineering estimates indicate that this capital expenditure program has added 24 Bcf of proven gas, 640,000 barrels of proven oil, 20 Bcf of probable gas and 500,000 barrels of probable oil to its reserves.

Trilogy has also entered into a joint venture agreement with Nissho Iwai, effective September 1, 1988, under which Nissho Iwai will be spending a minimum of $5 million on development activities on Trilogy properties during the following 12 months.



Markets

Mineral revenues from mines operated by Teck Corporation are generated from the sale of gold, coal, copper, zinc, silver and niobium. Teck also produces oil and natural gas.

MARKETING

Gold with minor quantities of silver in the form of dore bars is produced by the David Bell mine and delivered to Canadian refineries to be converted into high purity gold and silver. The refined metals are sold to international companies dealing in these products.

Metallurgical coal produced by the Bullmoose mine is sold to the Japanese steel industry under long term contracts. Thermal coal is sold on a spot basis to utilities and cement companies as it is produced.

Copper concentrates produced at the Afton mine are sold internationally on both a long term and spot basis.

Terms for the sale of zinc concentrates produced at Teck's Newfoundland Zinc mine are agreed upon on an annual basis through negotiation with smelters and metal traders located throughout the world.

Silver concentrates produced at the Beaverdell mine are sold to Cominco for processing through the Trail smelter.

The major portion of the niobium concentrates produced by the Niobec mine are sold to three customers under term contracts. One customer services the North American market, another Europe and the third certain Pacific Rim countries. Small quantities of niobium concentrates are sold to customers in other parts of the world.

Left to right: Dick Drozd, Vice President, Coal Operations; Keith Steeves, Vice President, Marketing & Government Affairs; and Neil Vigar, Marketing Manager.

A committee of senior executives is responsible for the company's hedging operations. The committee protects prices by selling forward a portion of the company's production of gold, copper, zinc and silver when warranted.

COPPER

Western world consumption of refined copper in 1988 increased by more than 5% to 8.2 million tonnes, with strong demand evident in North America, Europe and Asia.

Refined copper production increased to 7.9 million tonnes in 1988, from 7.6 million tonnes in 1987. Inventories of copper remained at low levels throughout the year. Production targets were not achieved in major producing countries in Africa and South America and labour disruptions in Peru and North America further reduced available supplies.

The price of copper at the beginning of 1988 was U.S.$1.45 a pound. Uncertainty regarding the ability of the market to sustain high rates of consumption caused the price to drift lower during the first quarter. Prices strengthened during the second quarter, due primarily to actual and threatened labour disruptions in North America. The announcement of a major new mine development in Chile caused the price to drop in the third quarter, with the year's lowest monthly average being $1.00 a pound in August. Prices strengthened during the balance of the year with the year end price being $1.54 a pound.

ZINC

Zinc prices, which began strengthening during the last quarter of 1987, continued to increase during the first half of 1988, with the European Producer Price moving from U.S. 39¢ a pound at the beginning of the year to 61¢ a pound by June.

The settlement of a strike at a major North American mine and some minor increases in stock levels caused prices to weaken temporarily during the third quarter to 54¢ a pound.

Zinc prices increased during the balance of the year on the strength of increasing demand, low stocks and labour disruptions in Peru. The European Producer Price ended the year at 68¢ a pound.

Western world consumption of zinc during 1988 was 5.3 million tonnes compared with 5.0 million tonnes in 1987. Production totalled 5.2 million tonnes which was a 4% increase over the 5 million tonnes produced in 1987. Inventories were at extremely low levels throughout the year.

GOLD

Gold prices declined during 1988 in spite of strong buying in Taiwan, Japan and other Far Eastern countries.

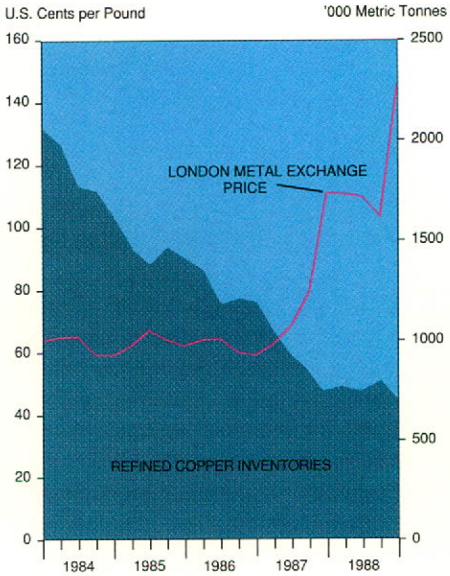
The average London price for gold for 1988 was U.S.$437 per ounce compared with $447 per ounce in 1987. The price was over $480 per ounce at the beginning of 1988 and averaged over $450 per ounce during the first 6 months. Prices declined during the second half to finish the year at U.S. $410 per ounce.

SILVER

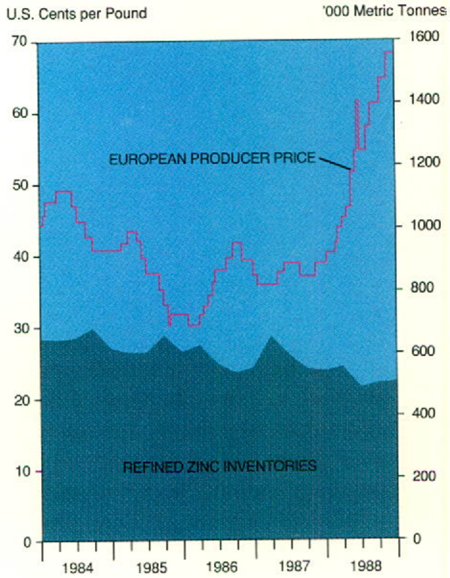
The price of silver, which averaged U.S.$7.01 per ounce in 1987, averaged only U.S.$6.53 in 1988.

In spite of high levels of industrial demand and strikes which seriously reduced production in Peru, a major producing country, stocks of silver increased by approximately 10% during the year.

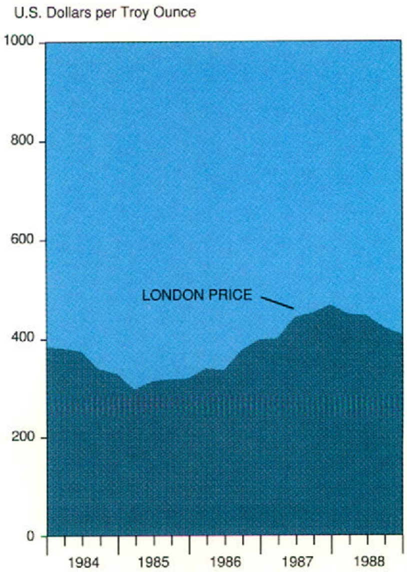
COPPER



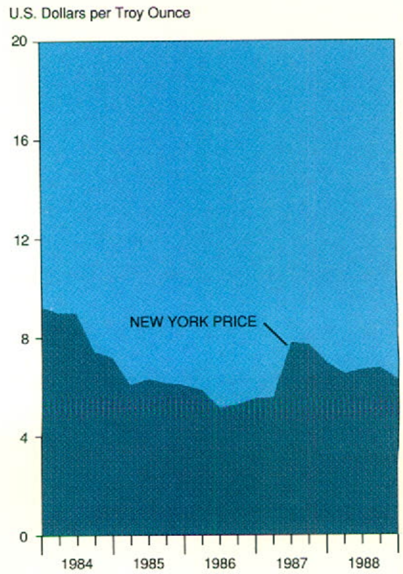
ZINC

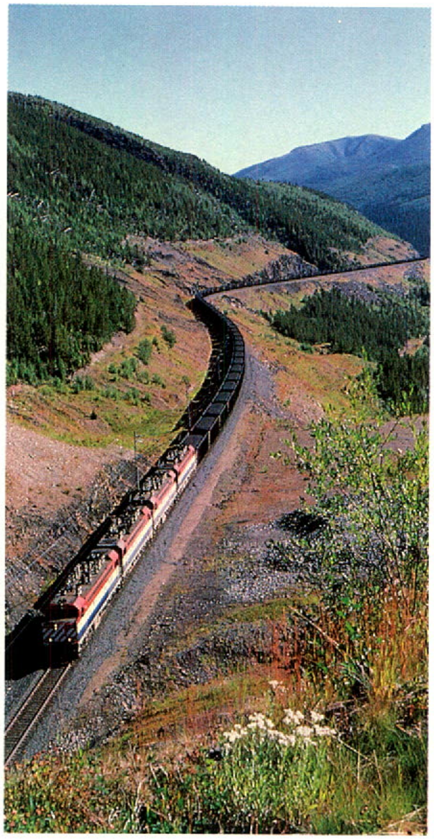


GOLD



SILVER





A 98-car unit train of Bullmoose metallurgical coal en route to the port at Prince Rupert.

COAL

The growth in production and consumption of steel that started in 1987 continued throughout 1988 and resulted in increased demand for metallurgical coal. Labour problems at Australian coal mines caused shortages of metallurgical coal, particularly during the first half of the year. Canadian coal producers required to annually negotiate sales to the Japanese steel industry were successful in obtaining higher prices and volumes for coal in 1988.

Bullmoose coal sales are made under long term contracts where volumes are fixed and prices are determined in accordance with a formula in the contracts. The contracts provide for periodic review of the sales price at the request of either the buyer or the seller. The steel mills have asked for such a review and discussions are now underway.

NIOBIUM

The primary use for niobium is as a hardening agent in the production of steel. The strong demand for steel in 1988 resulted in increased consumption of niobium. Prices were raised approximately 10% at the end of the second quarter. However, production capacity continues to exceed current demand and prices are maintained only by the discipline exercised by the producers in the market.

OIL AND GAS

Disarray among members of OPEC brought chaos to the supply/demand balance of world oil markets again this year. Early in 1988, free market conditions existed and crude prices plummeted.

In November 1988, prompted by an Iran-Iraq agreement, OPEC achieved a new accord, setting production quotas at 18.5 million barrels a day and a target price of U.S.$18 a barrel. The effect was to firm up oil prices, with the result that oil prices are expected to settle into a range of U.S.$15 to $18 a barrel during 1989, subject to OPEC's ability to maintain discipline over its members.

Export and domestic natural gas prices showed signs of bottoming out in 1988. Producer volumes have increased significantly and this trend should accelerate as a result of the recent adoption of the U.S./Canada Free Trade Agreement. In time, natural gas supplies will tighten, and price improvement can be anticipated. However, in 1989 only marginal price increases to the range of $1.50 per mcf are expected.

Financial

Teck achieved record earnings and cash flow in 1988. In the 15 month period, earnings before extraordinary items amounted to $105 million or $1.31 per share, while in the calendar year ended December 31, 1988, ordinary earnings amounted to $88 million or $1.10 per share. These results are more than double the previous record earnings of $34 million or $0.35 per share in the fiscal year ended September 30, 1987.

EARNINGS AND CASH FLOW

The rapid growth in earnings during 1988 was derived from two major sources. These were the David Bell mine at Hemlo, where increased production and lower operating costs per ounce increased operating profits to $48 million for the 15 months from $24 million in the previous financial year, and the rise in base metal prices which benefitted Teck's own mines and equity accounted earnings derived from both Cominco and Lornex.

Cominco made a positive contribution to Teck's earnings for the first time in 1988. For the 15 months, earnings from Cominco amounted to $38 million or 36% of total profit. In the last 12 months, Cominco contributed $32 million (37%). Average prices received by Cominco in 1988 for zinc and copper were 36% higher than those of 1987.

Lornex also benefitted from the substantial rise in the copper price. Teck's share of Lornex earnings in the 1988 calendar year amounted to $18 million as compared with $8 million in fiscal 1987.

Seated: David Thompson, Senior Vice President and Chief Financial Officer. Standing, left to right: Bob Shipley, Treasurer; John Taylor, Controller; Norm Rudden, Manager, Oil & Gas Division; and Howard Chu, Assistant Controller.

Cash flow rose from $79 million in 1987 to $121 million in the 15 months to December 1988. Increased cash flow from David Bell, Highland Valley Copper, Newfoundland Zinc and Bullmoose more than offset the decline in cash flow from lower grades milled at Afton.

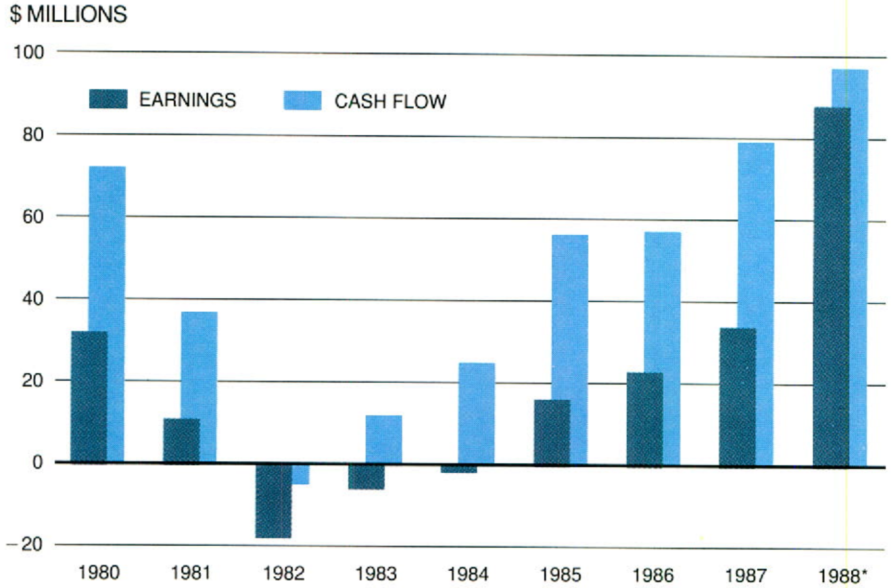
Until the Lornex reorganization was completed at the end of 1988, the only cash flow derived from Lornex was in the form of dividends. However, if the reorganization had been in effect for the 15 month period, cash flow would have increased from $121 million to $165 million.

The audited financial statements do not take into account any contribution from the Williams mine, pending the conclusion of litigation. However, operating earnings at the Williams mine for the calendar year of 1988 were $100 million of which, assuming the Ontario Supreme Court and Court of Appeal judgements are upheld, Teck's share would be $50 million.

CAPITAL EXPENDITURES AND INVESTMENTS

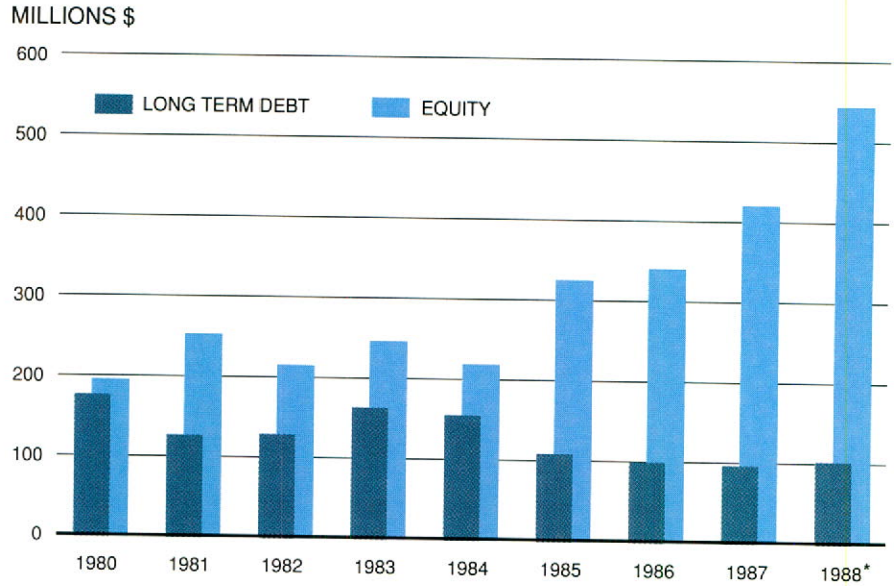
Capital expenditures by Teck Corporation for the 15 months amounted to $24 million. These expenditures were concentrated in the David Bell mine.

EARNINGS &
CASH FLOW



* FOR 12 MONTHS TO DECEMBER 31, 1988

LONG TERM DEBT
& EQUITY



*DEBT INCLUDES DEFERRED REVENUE OF $64 MILLION

Cominco's capital expenditures rose from $147 million in 1987 to $354 million in 1988 as a result of the construction of the Red Dog mine, the new lead smelter, and the rationalization of Highland Valley Copper.

During 1988 the first phase of the Casa Berardi mine owned by Inco and Golden Knight was completed. Golden Knight has contributed $41 million to this project.

Investments by Teck amounted to $135 million in the 15 months to December 1988. The major investment was the purchase of 4.5 million Cominco shares at a cost of $77 million. Investments of $7 million were also made in the shares of Golden Knight and $17 million in Lornex, the latter principally as part of the reorganization of that company at year end.

Capital expenditures by Teck in 1989 are expected to be $21 million. This includes the development of the Ajax property and further expenditures at David Bell.

BALANCE SHEET

The balance sheet was further strengthened in 1988. Total assets increased from $633 million to $833 million. This increase was due to the investments listed above, together with an increase of $62 million in working capital and property, plant and equipment as a result of the Lornex reorganization. Shareholders' funds rose from $423 million to $547 million, of which $472 million is attributable to common shareholders, compared with $294 million at September 30, 1987. This was due not only to a high level of profit retention but also to the exercise of the outstanding share purchase warrants in November 1988 which resulted in an increase in shareholder funds of $36 million.

A reorganization of Lornex was completed just prior to the year end. Teck purchased an additional 156,000 shares of Lornex at a cost of $12 million. Teck then exchanged its total share position of 25.4% of Lornex for its proportionate share of the assets and liabilities of that company. As a result, Teck increased its direct interest in Highland Valley Copper from 2.5% to 13.9% and its interest in Bullmoose from 51% to 60.9%. In addition, Teck's share of the Lornex cash distribution was $43 million.

Arrangements for a U.S.$50 million gold loan were completed in December 1987 and the proceeds were partially used to repay the $42 million David Bell mine construction loan and the balance applied to working capital. In December 1988, $17 million of the original Highmont construction loan was repaid by having a subsidiary corporation purchase a portion of the loan from Bank of Montreal. Repayments on the Bullmoose loan amounted to $15 million during the 15 month period.

Long term debt, including the gold loan, amounted to $103 million at December 31, 1988. This represents 13% of total capitalization comprising shareholders' equity, deferred tax and long term debt.

Working capital increased from $48 million to $77 million and the current ratio improved from 1.8:1 in September 1987 to 2.2:1 at the end of 1988.

SHARE CAPITAL

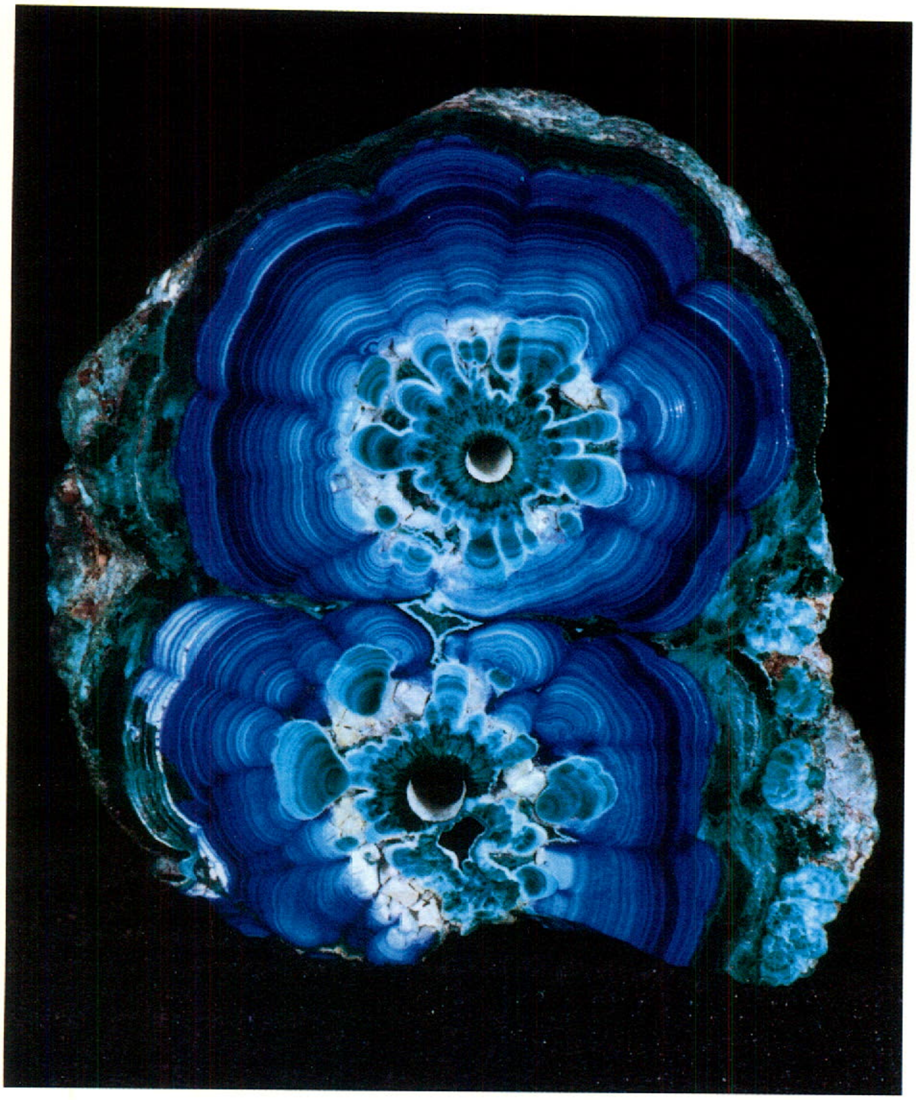
The Annual General Meeting in January 1988 approved the split of the Class A and B shares on a two for one basis. The common shares outstanding at year end totalled 76.3 million, up from 67.5 million (adjusted for the split) at September 30, 1987. The increase during the period resulted mainly from the conversion of the Series C and F convertible preferred shares into 6.1 million Class B shares and the issue of 2.5 million Class B shares on the exercise of share purchase warrants in November 1988.

During the 15 months ended December 31, 1988, the company paid dividends of $0.205 per share to holders of its Class A and Class B shares ($0.14 per share in calendar 1988).

OUTLOOK

There should be further growth in both profits and cash flow if metal prices are maintained at present levels. The outlook for base metal prices is for continuing strength, as world demand remains strong at the beginning of 1989.

With a strong balance sheet, the company is well positioned to take advantage of any opportunities that may arise.



Azurite and malachite from the Copper Queen mine at Bisbee, Arizona; part of the William Pinch Mineral Collection.

Teck Corporation and many other companies and individuals within or close to the mining industry have contributed to a campaign to acquire this collection for the National Museum of Natural Sciences.

Teck's support is dedicated specifically to a touring subcollection, which will be exhibited in towns and cities across the country. This will be a valuable educational and motivational tool, particularly for young Canadians at the stage when they are choosing a career.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Teck Corporation as at December 31, 1988 and the consolidated statements of earnings, retained earnings and changes in financial position for the year ended December 31, 1988 and the three months ended December 31, 1987. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1988 and the results of its operations and the changes in its financial position for the year ended December 31, 1988 and the three months ended December 31, 1987 in accordance with generally accepted accounting principles applied on a consistent basis.

Coopers & Lybrand
CHARTERED ACCOUNTANTS

Vancouver, B.C.
February 10, 1989

Consolidated Balance Sheet

as at December 31, 1988

	December 31, 1988 $	September 30, 1987 $
	(in thousands)	
ASSETS		
Current Assets		
Cash and short-term investments	**66,606**	56,932
Accounts receivable	**29,715**	24,226
Product inventories and settlements receivable	**28,621**	14,583
Supplies and prepaids	**15,162**	12,130
	140,104	107,871
Investments (Note 2)	**344,550**	244,438
Property, Plant and Equipment (Notes 3, 4 and 5)	**348,381**	280,335
	833,035	632,644
LIABILITIES		
Current Liabilities		
Bank loans	**6,250**	21,250
Accounts payable and accrued liabilities	**38,107**	22,879
Income and mining taxes payable	**10,877**	2,554
Current portion of long-term debt	**7,474**	13,420
	62,708	60,103
Long-term Debt (Notes 4 and 9(c))		
Recourse loans	**14,081**	34,363
Limited recourse loans	**24,381**	62,865
Deferred Revenue (Note 5)	**64,452**	—
Deferred Income Taxes	**121,042**	52,493
	286,664	209,824
SHAREHOLDERS' EQUITY		
Capital Stock (Note 6)	**359,886**	323,205
Contributed Surplus	**27,602**	27,602
Retained Earnings	**158,883**	72,013
	546,371	422,820
	833,035	632,644

Approved by the Directors:

Norman B. Keevil Jr., Director

D. A. Thompson.

David A. Thompson, Director

Consolidated Statement of Earnings

for the fifteen month period ended December 31, 1988

	12 months ended December 31, 1988 $	3 months ended December 31, 1987 $ (in thousands)	12 months ended September 30, 1987 $
Revenues			
Mining	**231,539**	50,429	185,858
Petroleum	**10,777**	3,608	12,257
Investment and other income	**5,731**	885	5,428
	248,047	54,922	203,543
Costs and Expenses			
Mining operations	**130,115**	27,118	102,128
Petroleum operations	**3,950**	1,258	3,711
Administration and general	**7,775**	1,374	6,328
Depreciation and amortization	**23,104**	4,721	24,283
Exploration	**5,809**	784	3,015
Interest	**4,941**	2,083	8,927
	175,694	37,338	148,392
	72,353	17,584	55,151
Income and Mining Taxes (Note 7)			
Current	**11,600**	622	3,043
Deferred	**22,243**	8,415	25,666
	33,843	9,037	28,709
Earnings before the following	**38,510**	8,547	26,442
Equity in net earnings of associated companies	**49,079**	8,616	7,201
Earnings before extraordinary items	**87,589**	17,163	33,643
Extraordinary items (Note 8)	**5,026**	(56)	—
Net Earnings	**92,615**	17,107	33,643
Earnings per share (after preferred share dividends)			
Before extraordinary items	**$1.10**	$0.21	$0.35
After extraordinary items	**$1.16**	$0.21	$0.35

Consolidated Statement of Retained Earnings

for the fifteen month period ended December 31, 1988

	12 months ended December 31, 1988 $	3 months ended December 31, 1987 $ (in thousands)	12 months ended September 30, 1987 $
Balance at beginning of period	**82,888**	72,013	56,052
Net earnings	**92,615**	17,107	33,643
Dividends on preferred shares	**(6,201)**	(1,478)	(10,043)
Dividends on Class A and Class B shares	**(10,419)**	(4,754)	(7,639)
Balance at end of period	**158,883**	82,888	72,013

Consolidated Statement of Changes in Financial Position

for the fifteen month period ended December 31, 1988

	12 months ended December 31, **1988** **$**	3 months ended December 31, 1987 $	12 months ended September 30, 1987 $
		(in thousands)	
Operations			
Earnings before extraordinary items	**87,589**	17,163	33,643
Depreciation and amortization	**23,104**	4,721	24,283
Deferred income taxes	**22,243**	8,415	25,666
Equity in earnings of associated companies	**(49,079)**	(8,616)	(7,201)
Exploration	**5,809**	784	3,015
Dividends from associated companies	**7,765**	1,489	—
	97,431	23,956	79,406
Net change in non-cash working capital	**7,914**	(7,696)	(7,434)
Dividends paid — preferred shares	**(6,201)**	(1,478)	(10,043)
— common shares	**(10,419)**	(4,754)	(7,639)
	88,725	10,028	54,290
External Financing			
Repayment of long-term debt	**(22,927)**	(50,912)	(7,205)
Gold loan	**—**	64,452	—
Issue of Class B shares	**36,597**	54,494	65,442
Conversion of preferred shares	**(215)**	(54,195)	(3,226)
	13,455	13,839	55,011
Investments			
Petroleum properties	**(1,539)**	(385)	(1,115)
Property, plant and equipment	**(18,190)**	(3,782)	(11,314)
Exploration	**(5,809)**	(784)	(3,015)
Investments	**(117,627)**	(17,648)	(145,600)
Sale of investments	**8,093**	13,450	12,035
Acquisition of mining property (Note 9(b))	**(37,405)**	—	—
Sale of mining property	**37,613**	—	—
Cash received from reorganization of investment (Note 2(b))	**42,640**	—	—
	(92,224)	(9,149)	(149,009)
Increase (decrease) in cash	**9,956**	14,718	(39,708)
Cash — beginning of period	**50,400**	35,682	75,390
Cash — end of period	**60,356**	50,400	35,682

Note: "Cash" comprises cash and short-term investments less short-term bank borrowings.

Notes to Consolidated Financial Statements

for the fifteen month period ended December 31, 1988

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-Hemlo Inc., Teck Explorations Limited and Teck Mining Group Limited.

Investments in Associated Companies

The company follows the equity method of accounting for its investments in companies in which it owns less than 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 in all material respects to those of the company. The excess costs of the investments over the related underlying equity in the net assets of the investee companies relate to specific resource 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.

Product Inventories and Settlements Receivable

Product inventories 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.

Net realizable value is based upon current metal prices less provision for possible adverse changes in metal prices and foreign exchange rates.

Property, Plant and Equipment

(a) *Oil and gas properties*

The costs of producing properties are amortized on a unit of production method based on estimated recoverable reserves.

(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 properties having indicated economically recoverable reserves, in which case they are deferred.

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

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

(c) *Plant and equipment*

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

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 amortization of property, plant and equipment costs. Tax savings from investment tax credits are recognized when realized and are deducted from the related asset costs.

Translation of Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into Canadian dollars at the year end rates of exchange. Exchange gains and losses are included in determining current earnings except those arising from the translation of long-term debt which are deferred and amortized over the term of the debt.

2. INVESTMENTS

	% Ownership	December 31, **1988** **$**	September 30, 1987 $
		(in thousands)	
Investments carried on an equity basis			
Cominco Ltd. (the company has a direct 6% interest and owns 50% of Nunachiaq Inc. which has a 28% interest in Cominco Ltd.)	20	**237,740**	124,733
Trilogy Resource Corporation	39	**15,037**	15,069
Golden Knight Resources Inc.	36	**29,456**	22,208
Lornex Mining Corporation Ltd. (Note 2(b))		**—**	50,850
		282,233	212,860
Investments and advances at cost			
Other investments — quoted		**49,474**	18,058
Other investments — not quoted		**2,878**	1,936
Advances		**9,965**	11,584
		62,317	31,578
		344,550	244,438

a) At December 31, 1988, investments carried on an equity basis have a quoted market value of $396,785,000 (1987 — $366,892,000) and other quoted investments have a market value of $67,303,000 (1987 — $61,994,000).

b) During the year the company increased its investment in Lornex Mining Corporation Ltd. (Lornex) to a 25.41% share interest. On December 29, 1988 this shareholding was exchanged for a pro rata direct interest in the net assets of Lornex, whose principal mining assets were a 39% interest in the Bullmoose coal mine and a 45% interest in the Highland Valley Copper Partnership. The carrying value of the investment in Lornex was allocated as follows:

	$ (in thousands)
Cash	42,640
Other current assets	16,353
Property, plant and equipment	91,225
Current liabilities	(14,647)
Long-term debt	(9,745)
Deferred taxes	(38,925)
	86,901

3. PROPERTY, PLANT AND EQUIPMENT

	December 31, 1988			September 30, 1987
	Cost **$**	**Accumulated depreciation and amortization** **$**	**Net** **$**	Net $
		(in thousands)		
Oil and Gas	**31,369**	**13,947**	**17,422**	17,274
Mining				
Mineral properties and deferred costs	**212,206**	**49,916**	**162,290**	86,435
Plant and equipment	**269,828**	**101,159**	**168,669**	176,626
	513,403	**165,022**	**348,381**	280,335

4. LONG-TERM DEBT

	December 31, **1988** **$**	September 30, 1987 $
	(in thousands)	
Recourse debt		
Bullmoose mine		
— bank loan at ½% above the bank prime rate repayable 1989-1994	**11,530**	12,846
Highmont mine	**—**	20,420
Other	**3,900**	2,147
	15,430	35,413
Less: amount due within one year	**1,349**	1,050
	14,081	34,363
Limited recourse debt		
Bullmoose mine		
— bank loan at ¾% above the bank prime rate repayable 1989-1994	**14,435**	27,972
— bank loan at ¾% above the bank prime rate repayable 1989-1995	**11,231**	—
David Bell mine	**—**	42,000
Other	**4,840**	5,263
	30,506	75,235
Less: amount due within one year	**6,125**	12,370
	24,381	62,865
	38,462	97,228

Recourse debt is a general obligation of the company. Limited recourse debt represents loans made in respect of specific projects and is secured only by project assets and the payment of interest and principal is dependent upon cash flow from the particular project.

The Bullmoose bank loans totalling $25,965,000 include $14,435,000 of a limited recourse debt secured only by the company's original 51% share of mine assets. Certain petroleum properties have been pledged as additional security for the balance of the loan. This credit facility provides that on December 15, 1990 a further $50 million will be advanced on a limited recourse basis to provide funds for the redemption of the Series E preferred shares.

The Bullmoose bank loan of $11,231,000 was assumed by the company as a result of the acquisition of a 9.9% interest in the Bullmoose mine from Lornex Mining Corporation Ltd. (Note 2(b)).

The amounts estimated to meet repayment provisions in each of the next five fiscal years are:

	Recourse Debt	Limited Recourse Debt	Total
	$	$ (in thousands)	$
1989	1,349	6,125	7,474
1990	4,949	3,165	8,114
1991	1,349	3,330	4,679
1992	1,349	3,495	4,844
1993	1,649	2,146	3,795
	10,645	18,261	28,906

5. DEFERRED REVENUE

On December 17, 1987 the company, through its wholly-owned subsidiary Teck-Hemlo Inc., sold 106,000 oz. of gold at U.S.$470/oz. by way of a U.S.$50,000,000 gold loan facility. The loan facility is secured by the company's share of the David Bell mine assets. The interest rate varies with market conditions and during 1988 the interest rate averaged 1.8%. At the time repayments are made from future gold production, revenue will be recorded at U.S.$470/oz., reducing the deferred revenue balance accordingly. Repayments are scheduled during the period 1990 through 1996.

6. 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 common and Class B subordinate voting shares rank equally.

(b) *Issued and fully paid*

		December 31, **1988** **$**	September 30, 1987 $
		(in thousands)	
—	Series C 8.36% preferred shares	**—**	7,211
247,500	Series D 5.00% preferred shares	**24,750**	24,965
2,000,000	Series E 9.25% preferred shares	**50,000**	50,000
—	Series F 7.25% preferred shares	**—**	46,984
		74,750	129,160
4,682,078	Class A common shares	**6,696**	6,696
71,583,800	Class B subordinate voting shares	**278,440**	187,349
		285,136	194,045
		359,886	323,205

(c) On October 6, 1987 the company gave notice that all outstanding Series C and Series F convertible preferred shares would be redeemed on November 6, 1987. Prior to the redemption substantially all outstanding Series C preferred shares and Series F preferred shares were converted into Class B subordinate voting shares of the company.

(d) Effective February 5, 1988, the Class A common shares and Class B subordinate voting shares were split on a two for one basis.

(e) Significant capital stock transactions during the year after taking into account the stock split are as follows:

	Shares	$ (in thousands)
Class B subordinate voting shares		
Balance at September 30, 1987	62,828,328	187,349
Exercise of stock options	71,700	547
Conversion of Series C preferred shares	597,074	7,139
Conversion of Series D preferred shares	19,546	215
Conversion of Series F preferred shares	5,524,652	46,959
Exercise of share purchase warrants	2,542,500	36,231
Balance at December 31, 1988	71,583,800	278,440

(f) During the 1988 fiscal period no additional employee stock options were granted. At December 31, 1988 there were 1,486,300 stock options outstanding to purchase Class B subordinate voting shares at prices varying between $4.00 and $16.125 per share during the period up to June 9, 1992.

(g) The Series D preferred shares are to be redeemed for $100 per share in four equal annual amounts commencing July 31, 1992. The dividend rate is subject to increase by a maximum of 6% if molybdenum and copper prices exceed U.S.$7.50 and U.S.$0.90 per pound respectively. Each share may be converted into 9.08 Class B subordinate voting shares subject to certain restrictions.

(h) The Series E preferred shares are to be redeemed for $25 each on December 15, 1990. Funds required for the redemption will be provided as a limited recourse advance under the Bullmoose credit facility (Note 4). In the event that the company fails to pay a dividend or to redeem the shares, a Canadian bank will offer to purchase the shares for $26 each plus 133% of any accrued and unpaid dividends to the date of purchase.

(i) Earnings per share are calculated using the weighted average number of Class A common and Class B subordinate voting shares outstanding of 73,451,142 (1987 — 67,099,286) for the fifteen months to December 31, 1988.

7. INCOME TAXES

The reconciliation of income taxes calculated at the statutory rate to the actual tax provision is as follows:

	12 months ended December 31, **1988**	3 months ended December 31, 1987	12 months ended September 30, 1987
Statutory Rate	**46%**	50%	52%
	$	$ (in thousands)	$
Income taxes at statutory rate	**33,282**	8,792	28,679
Tax effect of:			
Resource and depletion allowances, net of non-deductible government royalties	**(10,833)**	(2,710)	(10,188)
Non-taxable dividends	**—**	—	(765)
Amortization of non-deductible capital expenditures	**1,613**	461	2,600
Mining taxes	**9,781**	2,494	8,383
Tax provision	**33,843**	9,037	28,709

8. EXTRAORDINARY ITEMS

	12 months ended December 31, **1988** **$**	3 months ended December 31, 1987 $
	(in thousands)	
Gain on sale of investments (net of provisions for taxes of $2,047,000 for the twelve month period and $2,981,000 for the three month period).	**5,026**	9,744
Write down of assets in respect of the Highmont mine which was shut down in 1984 (net of provision for tax recovery of $4,200,000).	**—**	(9,800)
	5,026	(56)

9. OTHER INFORMATION

(a) *Williams mine*

On March 7, 1986 the Supreme Court of Ontario ordered Lac Minerals Ltd. to convey the Williams gold mine and the accrued net cash flow from date of commencement of production to Corona Corporation for $154 million plus interest to date of payment. The company is entitled to a 50% interest in the mine and accrued cash flow on payment of 50% of the costs incurred by Corona Corporation. On October 5, 1987 the Ontario Court of Appeal unanimously affirmed the judgement. Lac Minerals Ltd. appealed to the Supreme Court of

Canada and the appeal was heard in October 1988. A decision from the Supreme Court of Canada is expected in 1989.

These financial statements do not include any amounts in respect of this mine pending completion of the judicial process.

(b) *Highmont mine reorganization*

On January 20, 1988, the Highmont Partnership, of which the company is a 50% partner, transferred the Highmont mine and mill to the Highland Valley Copper Partnership (HVC) in exchange for a 5% cash flow interest. Cominco Ltd. and Lornex Mining Corporation Ltd., both related parties, were the partners of HVC at the time of the transfer.

(c) *Contingent liability*

In prior years customers of the Highmont mine advanced funds to the Highmont Partnership by way of price support loans secured by support loan debentures. The company's share of these advances, including accrued interest, totals U.S.$25 million of which U.S.$13,204,841 was advanced by Metallgesellschaft AG, a related party. With the shutdown of the mine in 1984, these advances were reclassified from long-term debt to a contingent liability. As a result of the reorganization of the Highmont mine (Note 9(b)), the company has agreed that, in the event the Highmont Partnership receives $125 million of net cash distributions in respect of its 5% interest in the Highland Valley Copper Partnership, 37% of the company's share of future cash flow from the Highmont Partnership will be applied to reduce these advances.

(d) *Related party transactions* (Notes 9(b) and 9(c))

In October 1988, the Afton partnership in which the company has a 73% interest exercised an option to place the adjacent Ajax property into production. The Ajax property was acquired subject to a 30% net profits royalty payable in part to Cominco Ltd., a related party.

(e) *Product inventories*

As stated in the significant accounting policies (Note 1), product inventories covered by sales contracts are recorded at estimated net realizable value. Accounting for inventories on this basis instead of the basis of the lower of cost and net realizable value has no material effect on revenue or earnings.

(f) *Pension plan*

The defined benefits pension plan is funded by the company based on actuarial valuations. As at December 31, 1988, the present value of the accrued pension benefits as established by the actuary was $7.2 million and the market value of the net assets available to provide for these benefits was $9.1 million.

(g) *Change of year end*

The company has changed its year end from September 30 to December 31 with the result that the current fiscal year ending December 31, 1988 is a fifteen month period commencing October 1, 1987.

(h) *Segmented information*

During the twelve months ended December 31, 1988, export sales amounted to $165,000,000 (1987 — $139,600,000).

COMPARATIVE FIGURES

	Fiscal 1988					
	12 months ended December 31, **1988**	3 months ended December 31, 1987	1987	12 months ended September 30, 1986	1985	1984
			(in thousands of dollars)			
BALANCE SHEET						
Total assets	**833,035**	641,114	632,644	512,131	489,292	434,099
Long-term debt and deferred revenue	**102,914**	96,348	97,228	100,223	109,326	157,485
Shareholders' equity	**546,371**	433,994	422,820	343,443	326,775	221,648
Working capital	**77,396**	55,244	47,768	76,244	70,522	24,746
EARNINGS AND CASH FLOW						
Mining revenue	**231,539**	50,429	185,858	166,022	200,076	187,534
Petroleum revenue	**10,777**	3,608	12,257	12,447	14,771	13,988
Mining operating profit	**101,424**	23,311	83,730	56,641	60,975	36,452
Petroleum operating profit	**6,827**	2,350	8,546	8,170	9,636	9,321
Earnings (loss) before extraordinary items	**87,589**	17,163	33,643	23,270	16,064	(2,039)
Extraordinary items	**5,026**	(56)	—	695	—	(23,026)
Net earnings (loss)	**92,615**	17,107	33,643	23,965	16,064	(25,065)
Cash provided from operations	**97,431**	23,956	79,406	56,775	55,914	24,960
Sale of investments	**8,093**	13,450	12,035	1,151	2,014	3,016
Capital expenditures	**19,729**	4,167	12,429	14,641	33,928	42,554
Investments	**117,627**	17,648	145,600	34,689	6,514	6,922
Exploration expense	**5,809**	784	3,015	2,898	6,134	1,296
PER SHARE						
Cash from operations	**$1.33**	$0.33	$1,18	$0.93	$0.95	$0.43
Earnings (loss) before extraordinary items	**$1.10**	$0.21	$0.35	$0.21	$0.15	($0.08)
Net earnings (loss)	**$1.16**	$0.21	$0.35	$0.22	$0.15	($0.48)
Dividends	**$0.14**	$0.065	$0.115	$0.0875	$0.077	$0.075

(Per share amounts have been adjusted where applicable to take into account a 2 for 1 share split in February 1988.)

Rt. Hon. D.R. Michener, Honorary Chairman, with Dr. N.B. Keevil, Chairman of the Board.

BOARD OF DIRECTORS

Front: Rt. Hon. D.R. Michener (Honorary Chairman). Seated behind, left to right: Sir M. Butler, K.E. Steeves, N.B. Keevil Jr., R.E. Hallbauer, D.A. Thompson and N.B. Keevil. Standing, left to right: R.F. Mossman (Corporate Secretary), C.F. Kaiser, J.H. Westell (Honorary Director), K. Zeitler, W.B. Keevil and Hon. W.R. Bennett. (Not present: R.J. Wright, D. Natus, H. Schimmelbusch and I.F. Rushbrook.)

DIRECTORS

** Hon. W.R. Bennett
Businessman (Kelowna)

Sir Michael Butler, Bt., Q.C.
Executive (Victoria)

* R.E. Hallbauer, B.A.Sc., P.Eng.
Senior Vice President of Teck and President and Chief Executive Officer of Cominco Ltd. (Vancouver)

C.F. Kaiser
Executive General Manager of MIM Holdings Limited (Brisbane)

* N.B. Keevil, O.C., Ph.D.
Chairman of Teck (Vancouver)

* N.B. Keevil Jr., Ph.D., P.Eng.
President and Chief Executive Officer of Teck and Chairman of the Board of Cominco Ltd. (Vancouver)

W.B. Keevil, B.A., LL.B., M.B.A.
Vice President, Legal and Corporate Affairs of Teck (Vancouver)

D. Natus, Dr.rer.nat.
Chairman of Metallgesellschaft AG (Frankfurt)

I.F. Rushbrook, B.Sc., D.A.E., M.Sc.
Deputy Chairman of Ivory & Sime PLC (Edinburgh)

* H. Schimmelbusch, Dr.rer.pol.
Deputy Chairman of Metallgesellschaft AG (Frankfurt)

* K.E. Steeves, F.C.A.
Vice President , Marketing and Government Affairs of Teck (Vancouver)

* D.A. Thompson, B.Sc. (Econ.)
** *Senior Vice President and Chief Financial Officer of Teck (Vancouver)*

* R.J. Wright, Q.C.
Barrister and Solicitor (Toronto)

** K. Zeitler, Dr.rer.pol.
President and Chief Executive Officer of Metall Mining Corporation (Toronto)

* *Executive Committee member*
** *Audit Committee member*

OFFICERS

Rt. Hon. Roland Michener, P.C., C.C.
Honorary Chairman

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

Norman B. Keevil Jr.
President and Chief Executive Officer

Robert E. Hallbauer
Senior Vice President

David A. Thompson
Senior Vice President and Chief Financial Officer

Keith E. Steeves
Vice President, Marketing and Government Affairs

W. Brian Keevil
Vice President, Legal and Corporate Affairs

Michael P. Lipkewich
Vice President, Mining

Richard Drozd
Vice President, Coal Operations

John L. May
Vice President, Exploration

Robert J. Wright
Vice President, General Counsel

John A. Guminski
Vice President, Administration

Ronald F. Mossman
Secretary

G. Robert Shipley
Treasurer

John G. Taylor
Controller

Walter H. Bowles
Assistant Secretary

Howard Chu
Assistant Controller

MANAGERS

Oil & Gas Division:
N.B. Rudden (Vancouver)
W.H. Bowles (Calgary)

Gold Operations:
J.M. Anderson, general manager

Eastern Mining Operations:
K.I. Hymas, general manager

Mining Operations:
C.V. Sibbald, manager of engineering
W.R. Bergey, consulting geologist

Afton Mine:
W.P. Nickel, manager

Beaverdell Mine:
J.W. Murton, manager

Bullmoose Mine:
F. Koch, manager

David Bell Mine:
R.A. Ford, manager

Klondike Placer Gold:
G.W. Klein, manager

Lamaque Mine:
E. Godbout, acting manager

Newfoundland Zinc Mine:
J.E. Hewitt, manager

Niobec Mine:
M.M. Robinson, manager

Shareholder Information

PRINCIPAL OFFICES

Executive Office
1199 West Hastings Street
Vancouver, British Columbia V6E 2K5
Tel. (604) 687-1117

Eastern Office
P.O. Box 170
7000, 1 First Canadian Place
Toronto, Ontario M5X 1G9
Tel. (416) 862-7102

Oil & Gas Division
910 Panarctic Plaza
815-8th Avenue S.W.
Calgary, Alberta T2P 3P2
Tel. (403) 266-1016

TRANSFER AGENTS

National Trust Company Vancouver, Calgary, Winnipeg, Toronto, Montreal	Class A common and Class B shares
Montreal Trust Company of Canada Vancouver, Calgary, Winnipeg, Toronto, Montreal and Regina	Series E Preferred Shares
First Fidelity Bank N.A., New Jersey Newark, New Jersey, U.S.A.	Class A common and Class B shares
Bankers Trust Company 69 Old Broad Street London, England EC2 T2EB	Class B shares

STOCK EXCHANGES

The Class A common and Class B shares are listed on the Toronto, Vancouver and Montreal stock exchanges. The Series E Preferred shares are listed on the Toronto and Montreal stock exchanges.

CORPORATE INFORMATION

The company prepares an Annual Information Form (AIF) which is filed with the securities commissions or similar bodies in all the provinces of Canada. Copies of the AIF and Annual and Quarterly reports are available to shareholders and other interested parties on request.

AUDITORS

Coopers & Lybrand, Chartered Accountants
1111 West Hastings Street
Vancouver, British Columbia V6E 3R2

ANNUAL MEETING

The annual meeting of the Shareholders will be held at 10:00 a.m., May 10, 1989 in the Park Ballroom of the Four Seasons Hotel, 791 West Georgia Street, Vancouver, British Columbia.

MARKET VALUE* — Toronto Stock Exchange

		Class A common		Class B Shares		Series E Preferred Shares	
		High $	Low $	High $	Low $	High $	Low $
1987	4th Quarter	22⅝	15	24¼	15	26⅝	25⅛
1988	1st Quarter	18	13½	17¾	13½	26½	25⅛
	2nd Quarter	18¾	15½	17½	14½	26½	25¾
	3rd Quarter	18	14⅛	16½	13	26⅜	25⅛
	4th Quarter	18⅜	14½	16⅞	13½	26⅛	25⅛

DIVIDENDS*	Amount per Share	Payment Date
Class A common and Class B shares	$0.065	December 31, 1987
	$0.07	June 30, 1988
	$0.07	December 31, 1988
Series E Preferred Shares	$0.578 per quarter	First day of each quarter

*Adjusted for the 2 for 1 share split in February 1988.

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