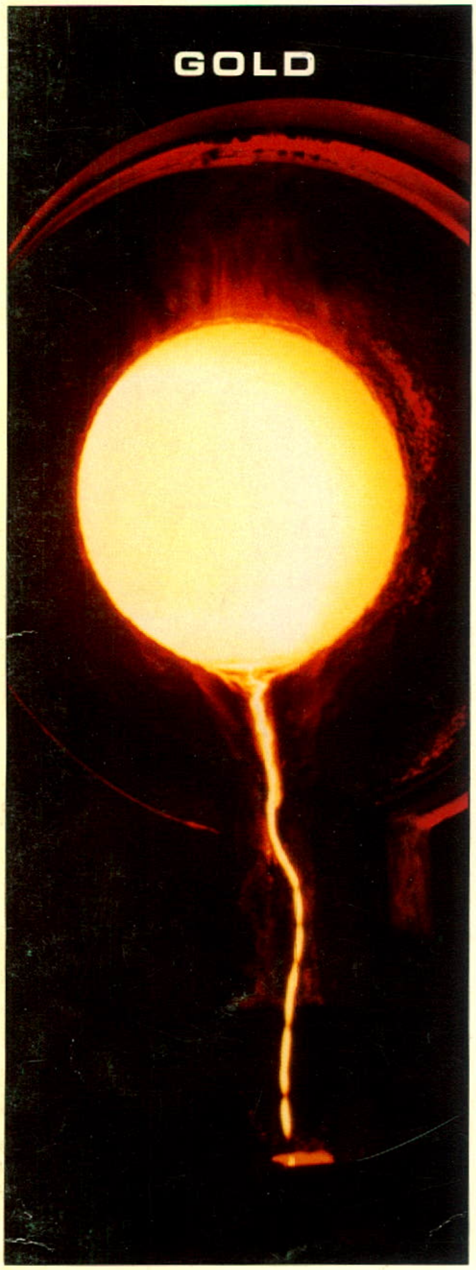
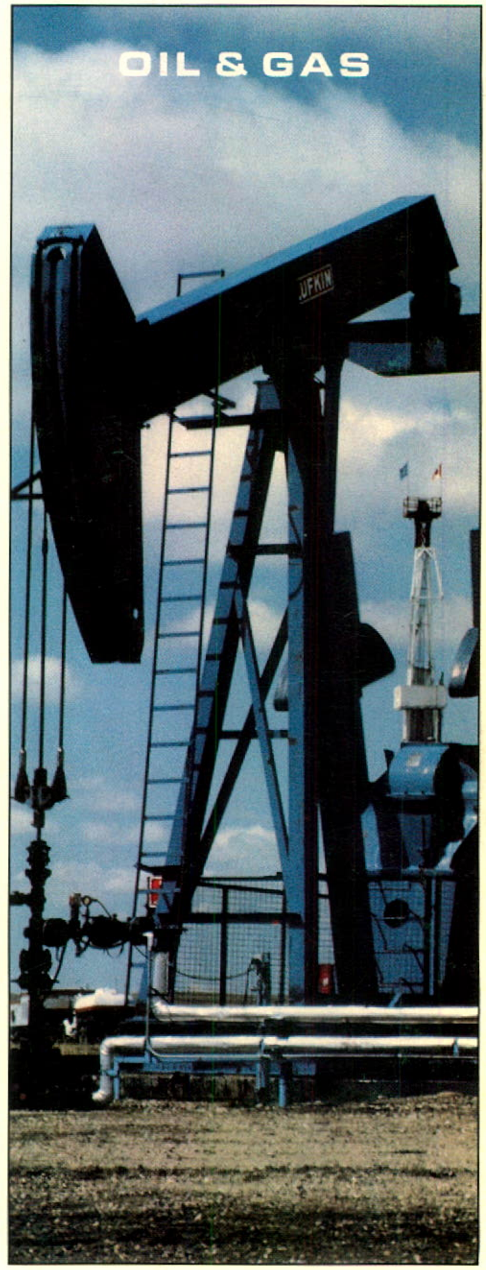
TECK





TECK CORPORATION ANNUAL REPORT 1987

The Company

Teck Corporation is a natural resources company with producing interests in three sectors: Gold; other Metals and Minerals, including copper, zinc, silver, coal and by-product gold; and Oil and Gas.

The company also has strategic investments in each sector; Golden Knight Resources Inc. and Noramco Mining Corporation in Gold; Cominco Ltd. and Lornex Mining Corporation Ltd. in Metals and Minerals; and Trilogy Resource Corporation in Oil and Gas.

Teck is a Canadian company based in Vancouver, with international affiliations based on shareholdings and joint ventures with units of Metallgesellschaft A.G. of West Germany and MIM Holdings of Australia.

PRINCIPAL HOLDINGS

Gold	
David Bell Mine, Hemlo	50%
*Williams Mine, Hemlo	50%
**Lamaque Mine, Val D'Or	100%
Klondike Placer Gold	60%
Golden Knight Resources Inc.	30%
Consolidated Silver Standard	29%
Noramco Mining Corporation	10%
Metals & Minerals	
Afton Mine, (Cu, Au)	73%
Beaverdell Mine (Ag)	100%
Newfoundland Zinc (Zn)	63%
Bullmoose Mine (Coal)	51%
Niobec Mine (Niobium)	50%
**Highmont Mine (Cu,Mo)	50%
Nunachiaq Inc. (which holds 30% of Cominco Ltd.)	50%
Lornex Mining Corporation	23%
Oil & Gas	
Oil Operations	
Gas Operations	
Trilogy Resource Corporation	36%

*Subject to appeal process
**Suspended.

ANNUAL MEETING

The annual meeting of the Shareholders will be held at 10:00 a.m., January 19, 1988 in the Toronto 1 Ballroom of the Hilton International Toronto, 145 Richmond Street West (formerly The Westin).

CONTENTS

David Bell Mine, Hemlo, Ontario.
(Photograph by J. David Keevil)

YEAR AT A GLANCE*
(Dollar amounts in thousands except for per share data.)

Fiscal year ending September 30	**1987**	1986
Revenue	**203,543**	185,249
Earnings before extraordinary items	**33,643**	23,270
Working capital	**47,768**	76,244
Total assets	**632,644**	512,131
Long-term debt	**97,228**	100,223
Shareholders' equity	**422,820**	343,443
Long-term debt as a percentage of shareholders' equity	**23%**	29%
Capital expenditures	**161,044**	52,754
Cash flow from operations	**79,406**	56,775
Per Share		
Earnings before extraordinary items	**$0.70**	$0.42
Cash flow	**$2.37**	$1.86
Dividends	**$0.23**	$0.175
Number of employees	**1,224**	1,220
Number of shareholders (1)	**10,308**	9,206
Shares outstanding at year-end (1)	**33,755,269**	30,869,219

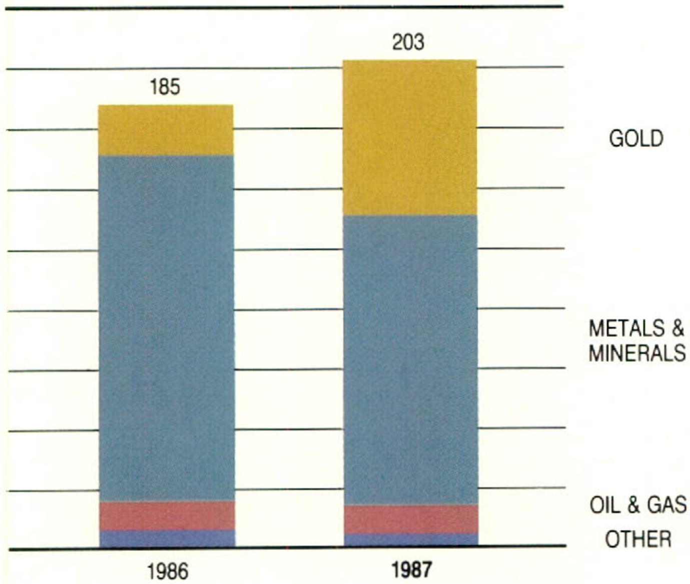
(1) Class A and Class B shares.

Williams Mine

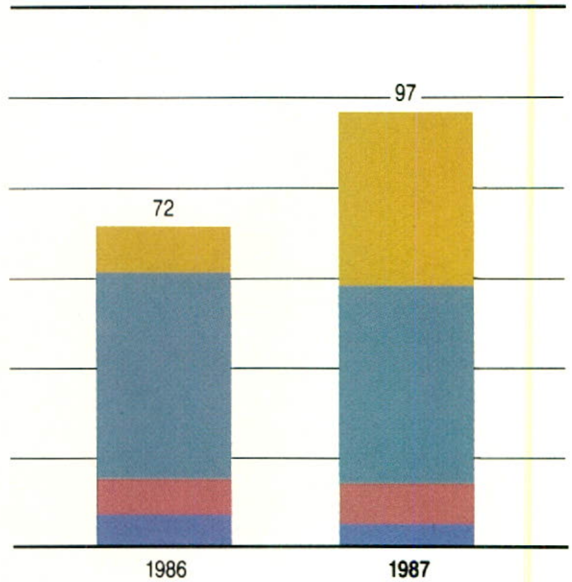
On March 7, 1986 the Supreme Court of Ontario ordered Lac Minerals Ltd. to transfer the Page Williams gold mine, and cash flow net of capital expenditures from the date of commencement of production, to International Corona Resources Ltd. on reimbursement of $154 million plus adjustments for interest. Teck Corporation is entitled to a 50% joint venture interest in the mine and in profits by payment of 50% of this amount. On October 2, 1987 the Ontario Court of Appeal unanimously affirmed the judgment. Lac Minerals Ltd. has applied for leave to appeal to the Supreme Court of Canada. A date of December 7, 1987 has been set for this application to be heard and a decision is expected shortly thereafter.

*The audited financial statements in this report do not include any amounts in respect of the Williams mine, although estimates of production attributable to Teck are referred to in the narrative and elsewhere.

Revenue
$MILLIONS



Operating Profit
$MILLIONS



To the Shareholders

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

Highlights

- Increased gold production from the David Bell mine at Hemlo, as the deeper part of the ore body became accessible; production amounted to 130,122 ounces for the year, with fourth quarter production of 43,700 ounces.
- The Ontario Court of Appeal upheld the award of the adjacent Williams mine to the 50:50 Teck-International Corona joint venture just after the fiscal year end, adding materially to our anticipated future gold production.
- Net earnings increased 40% to $34 million or $0.70 a share, excluding results from the Williams mine which are not included in this year's financial statements.
- Cash flow from operations of $79 million or $2.37 per share, up from $57 million or $1.86 per share.
- Acquisition of a controlling interest in Cominco Ltd., augmenting the company's interest in long life, world class mineral assets.

Teck began as a gold company in 1913, when The Teck-Hughes Gold Mine Limited was incorporated to develop a gold property at Kirkland Lake, Ontario. Subsequently, it also developed the Lamaque mine at Val D'Or, Quebec.

Teck-Hughes and Lamaque each operated for 50 years, producing 3.0 and 4.6 million ounces of gold respectively. To put this in perspective, combined reserves on the David Bell and Williams properties at Hemlo are estimated to exceed 11 million ounces.

After Teck-Hughes finally closed in 1965, with gold pegged at $35 (US) per ounce, Teck diversified into other natural resource products.

Now, with gold once again becoming a substantial part of Teck's business, the company's gold activities are reviewed in this report in a separate gold section, for ease of reference.

This is followed by sections on other Metals and Minerals, including the strategic investment in Cominco, Oil and Gas, and the usual Marketing and overall Financial review.

Gold

The nucleus of Teck's gold activities is the David Bell mine at Hemlo, held jointly with International Corona Resources Ltd.

As noted in the highlights, production for the year was 130,122 ounces of gold, up from 52,888 ounces the previous year, as the deep levels were developed. Production in the fourth quarter was 43,673 ounces.

Teck's share of operating profit was $24 million, plus an additional $3 million from production from the quarter claim being mined by Hemlo Gold Mines Inc.

Production from the adjacent Williams mine is estimated to have been 243,000 ounces in Teck's fiscal year, up from 189,000 ounces in the previous year. Production is scheduled to reach 480,000 ounces by 1989, of which Teck's share would be 240,000 ounces. Audited financial results are not available for inclusion in Teck's financial statements this year.

In addition, Teck's share of gold production from the Afton copper-gold mine amounted to 35,209 ounces, compared with 42,692 ounces the previous year, and from the Klondike placer gold mine was up from 2,414 to 3,346 ounces.

Other gold activities reviewed in the report are underground exploration at the Lamaque mine, the Casa Berardi gold project now under construction, exploration, and our investment in Noramco Mining Corporation, an independent gold exploration company.

Teck's share of gold production, including estimated production from the Williams mine, has increased from 43,000 ounces in 1982 to 230,000 ounces in the current year.

With Williams production projected at 240,000 ounces (Teck's share) by 1989, allowing for a reduction from Afton as mining moves to adjacent properties, and with a contribution from Casa Berardi and possibly Lamaque, Teck's share of annual gold production could be in the neighbourhood of 375,000 ounces by the end of the decade.

Metals and Minerals

Production from the Metals and Minerals group included copper, silver, metallurgical coal, niobium, gold as a by-product of copper mining, and a modest amount of zinc as the Newfoundland Zinc mine was re-opened late in the year.

Combined operating profit (Teck's share) was $55 million, compared with $56 million the previous year.

Arrangements were announced under which the Highmont mill (Teck 50%) would be acquired by the Highland Valley Copper Partnership in return for a 5% net profit interest in the Partnership. With Teck's shareholdings in Cominco and Lornex, Teck's net interest in this important low-cost copper producer will become 20%.

Cominco reported a net profit before extraordinary items of $27 million in its first nine months of 1987, compared with a loss of $48 million in the full previous year.

Cominco's balance sheet improved significantly, with short and long term debt net of cash down from a peak of $1.05 billion at the end of 1985 to approximately $300 million at the end of Teck's fiscal year.

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

Oil and Gas

Teck produced 514,400 barrels of oil and 2.7 bcf (billion cubic feet) of natural gas during the year, with oil production comparable with last year and gas being up from 1.8 bcf.

Oil and gas operating profit was up as the result of the increase in gas sales from $8.2 to $8.5 million, despite lower prices.

Earnings

Net earnings before extraordinary items were up from $23 million ($0.42 per share) to $34 million or $0.70

Niobec Mine and Mill, Chicoutimi Quebec.

a share, as a result of higher copper and gold prices and the commencement of commercial production at the David Bell mine.

Cash flow was up from $57 million to $79 million or $2.37 per share, with 30% attributable to gold, 60% to metals and minerals and 10% to oil and gas.

Financial

Teck's initial cash investment of $102.5 million in Cominco was financed out of cash reserves plus the proceeds from a $62 million share and warrant issue in November, 1986. An additional $37.5 million is due CP Limited in 1990, and Teck acquired a further $19 million in Cominco shares by participating pro rata to its equity in a recent share issue by that company.

Working capital stood at $48 million at year end and total bank indebtedness was $132 million. Cash, marketable securities and long term investments had a market value of $498 million.

Outlook

The metals business is cyclical, as are many other businesses, and the direction of the overall world economy is never entirely clear, except in hindsight. Teck's growth has occurred through the development of new income sources over a number of economic cycles in the past, and there doubtless will be more in the future.

The company's strategy is to maintain a strong balance sheet, both to withstand downturns and to be in a position to take advantage of good opportunities as they occur.

At the same time we have attempted to position ourselves with strong upside potential through participation in orebodies of excellence. These include the Hemlo gold mines, Highland Valley Copper, and the Red Dog zinc mine in Alaska, among others.

Cash flow and earnings are expected to increase in the coming year given reasonable stability in metal prices, and as gold production increases at both the David Bell and Williams mines.

James H. Westell has indicated he will retire as a director at the forthcoming annual meeting. Jim has been an active director of the company for 25 years, as well as being chief financial officer until 1972, and his strong contribution to the success of the company in both areas is gratefully appreciated.

On behalf of the board,

Norman B. Keevil Jr.
President and Chief Executive Officer
Vancouver, B.C. November 28, 1987

Gold

David Bell Mine with the Williams Mine in the background.

The former Teck-Hughes Gold Mines and its successor, Teck Corporation, have been a part of Canada's gold mining industry from early in this century. Companies bearing the Teck name or under its management have mined gold for 75 years, producing over eight million ounces.

Teck diversified into other metals and minerals in recent years. Now, with gold once again becoming a substantial part of the company's business, its gold activities are reviewed separately in this report.

Teck's share of gold production has increased considerably since 1982, as illustrated on page 8. With Williams mine production scheduled to reach 240,000 ounces (Teck's share), annual production by the end of the decade is expected to be in the order of 375,000 ounces.

MINES

David Bell Mine

The David Bell mine was discovered by Corona Resources in 1981, and is named in honour of the consulting geologist responsible for the discovery of the Hemlo orebody, which crosses onto the Williams and Golden Giant properties as well. It is located 25 miles east of the town of Marathon, on the north shore of Lake Superior. Teck Corporation has a 50% joint venture interest, as a result of funding exploration, arranging senior financing and managing the development of the mine.

Gold production from the upper levels began in mid-1985, while shaft-sinking and deep level development continued. By April, 1987, this had progressed to the point where sufficient ore was available to feed the mill at its nominal capacity of 1,000 tonnes per day.

The average milling rate in the fiscal year was 984 tonnes per day. Head grade was 0.38 ounces per tonne and recovery was 96%, to produce 130,122 ounces of gold, up from 53,000 ounces the previous year.

During the fourth quarter, the concentrator treated an average of 1,075 tonnes per day and production was 43,673 ounces of gold.

In addition, Teck and Corona's 50% share of the net proceeds of production from a quarter claim being mined and milled by Hemlo Gold Mines Inc. amounted to 16,345 ounces during the year.

This year's mine development costs were financed from current revenues. Teck's 50% share of operating profit from the David Bell Mine was $24 million, and Teck received $3 million as its share of production from the quarter claim.

In the current year 71% of production came from the upper level cut and fill stopes and 29% from lower level development. In 1988 production is scheduled to emphasize the higher grade lower levels, which should contribute 73% of the tonnage and 84% of the bullion produced.

Mineable reserves at year end were 6,464,000 tonnes grading 0.37 ounces per tonne. This represents a 12% increase over the previous year end and a 6% increase after deducting 1987 production.

The employees of the David Bell mine were the winners in the Thunder Bay District Mine Rescue competition this year, which is a commendable achievement for such a new mine.

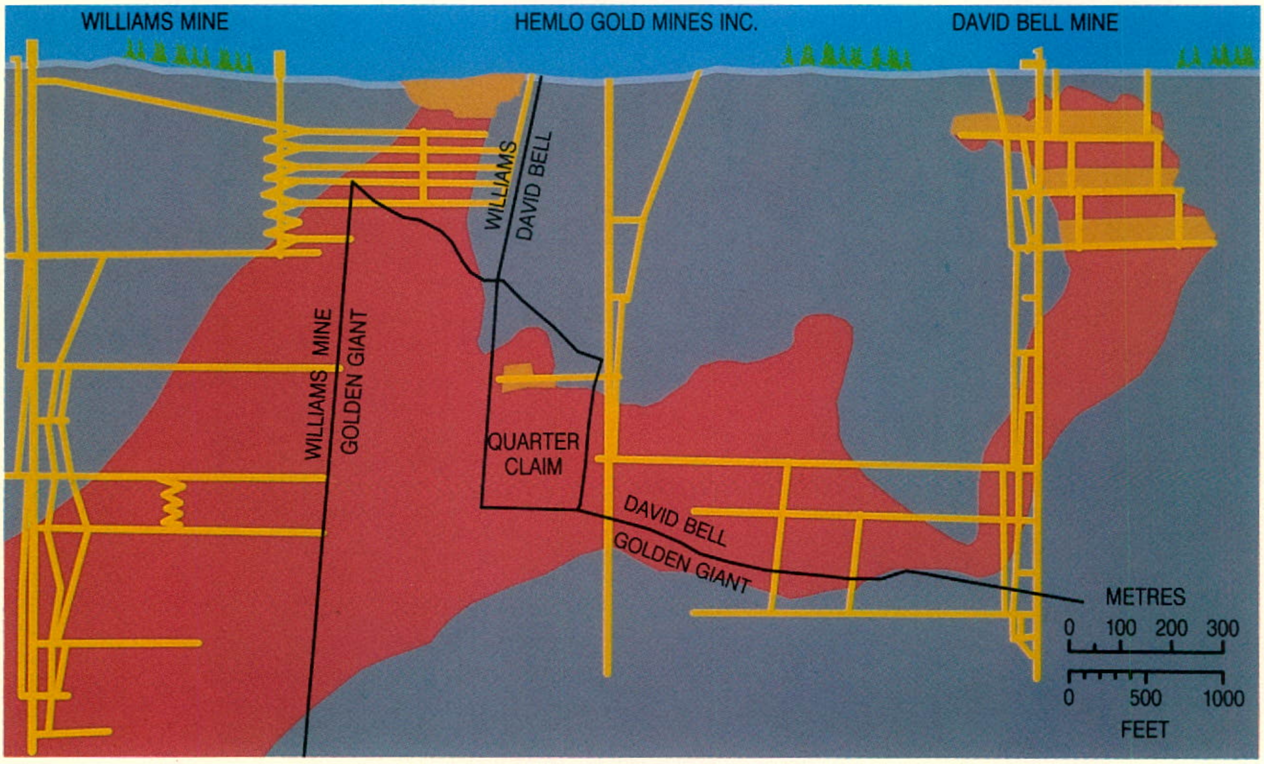
Williams Mine

The Williams property lies west of the David Bell property, and contains the extension of the David Bell orebody. Whereas the latter contains approximately 2.4 million ounces of gold, reserves on the Williams portion of the orebody are estimated to exceed 9 million ounces.

The Williams property was the subject of litigation commenced by Corona Resources in 1981, claiming it had been unlawfully prevented from acquiring that property. Corona's position was upheld by the Supreme Court of Ontario in mid-1986, and unanimously by four judges of The Ontario Court of Appeal in October this year, just after Teck's year end. The defendant has requested leave to appeal to the Supreme Court of Canada, which request will be heard on December 7, 1987.

Hemlo Gold Camp

Longitudinal Section Looking North



The effect of the Court decisions to date is that the property would be returned to and become part of the Teck-Corona joint venture in the Hemlo area, upon payment of $154 million plus interest since January 1, 1986 to the registered holder for improvements to the property.

The judgements provide that cash flow and earnings from the Williams property since production started belong to the Teck-Corona joint venture.

Audited results for the Williams property are not yet available. In any event earnings from the Williams mine will not be reported in Teck's statements until the litigation has concluded, the property transfer has been completed and the financial statements audited.

Teck's share of production in fiscal 1986 and 1987 is estimated to have been 95,000 and 121,000 ounces, respectively. This is expected to grow to approximately 240,000 ounces per year by 1989, according to the present development schedule.

Klondike Placer Gold

Teck has a 60% interest and a 10% royalty in a placer gold mine near Dawson City, Yukon Territory. This mine is a seasonal one, operating only in the summer months.

Operations were moved from Sulphur Creek to Gold Run Creek in 1987, and 133,000 cubic yards of pay-gravel were sluiced to produce 5,570 ounces of fine gold. Teck's share of royalties and operating profit was $1.3 million this year, compared to $486,000 last year.

Afton Mine

The Afton mine (Teck 73%) produced 48,100 ounces of gold during the year, compared with 58,330 ounces the previous year. As a combined copper-gold mine, it is reviewed in the Metals and Minerals section of this report.

EXPLORATION

Lamaque Mine

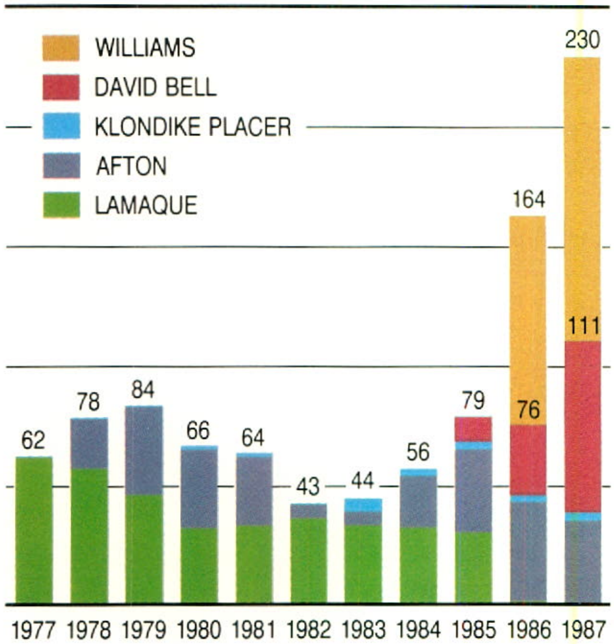
The Lamaque mine at Val D'Or, Quebec suspended operations in 1985 after producing 4.6 million ounces of gold over a span of 50 years.

Parts of the Lamaque property have been farmed out to each of Tundra Gold Mines and Golden Pond Resources, with Teck retaining the main Lamaque mine and the milling facilities.

Tundra is presently engaged in surface and underground exploration in the area of the No. 5 plug, and can earn a 50% interest on completing expenditures of $9 million.

Share of Gold Production By Source

THOUSAND OUNCES



Drifting on the 3,400 and 3,600 levels has indicated two potential ore shoots with mineable grades and widths, and drilling at the 2,000 foot level has encountered excellent grade in the No. 5 plug. Exploration is continuing in each of these areas.

Golden Pond Resources has earned a 50% interest in a separate part of the property, encountering several new veins near surface which will be available if the mine is reopened.

Engineering studies have begun to determine the feasibility of reopening the mine, combining reserves on the Lamaque, Tundra and Golden Pond properties.

Estrades

Teck has the right to earn a 50% interest in the Golden Hope-Estrades property, 20 miles east of Casa Berardi, by matching expenditures at the feasibility study stage. This is a polymetallic gold, silver, zinc, copper deposit. Additional drilling to attempt to enlarge reserves and a possible bulk sampling program are under consideration.

Other Canadian

Three gold prospects in the Stikine-Iskut region of Northwestern British Columbia, have been farmed out to junior exploration companies, and drilling is planned for the coming year.

The original Teck-Hughes property at Kirkland Lake has been farmed out to Newfields Minerals Inc., which can earn a 50% interest on the expenditure of $4 million. The old Leitch mine near Beardmore has been farmed out to another party on similar terms.

United States

Exploration in the United States has been concentrated in the areas of the Carlin Gold Trend in Nevada, where a number of properties are being investigated.

Offshore

Teck provided early financing for Micronesian Mineral Resource Company Ltd., which is exploring for epithermal gold deposits in the Federated States of Micronesia. Teck can earn a 50% interest in and be operator of any discovery.

STRATEGIC INVESTMENTS

Golden Knight Resources Inc. has a 40% interest in a large gold property in the Casa Berardi area of Quebec, with the balance held by Inco Limited. Teck provided early financing for Golden Knight, and presently has a 30% share interest in that company.

Geological reserves in three zones along the Casa Berardi break are estimated to be 9 million tonnes grading 0.24 ounces per tonne. These include the original Golden Pond zone, the East zone currently being prepared for production, and the West zone, discovered a year ago, where underground exploration and bulk sampling will be carried out this winter.

A 1,200 tonnes per day mill is being built at present, and should be processing 800 tonnes per day from the East zone by the end of fiscal 1988. The mill is capable of processing an additional 400 tonnes per day from the West zone, as reserves are developed there, and provision has been made in the design for ultimate capacity of 1,800 tonnes per day if continuing exploration results warrant it.

Golden Knight is a well-financed associated gold vehicle which can be valuable in acquiring and developing other promising gold properties as they become available.

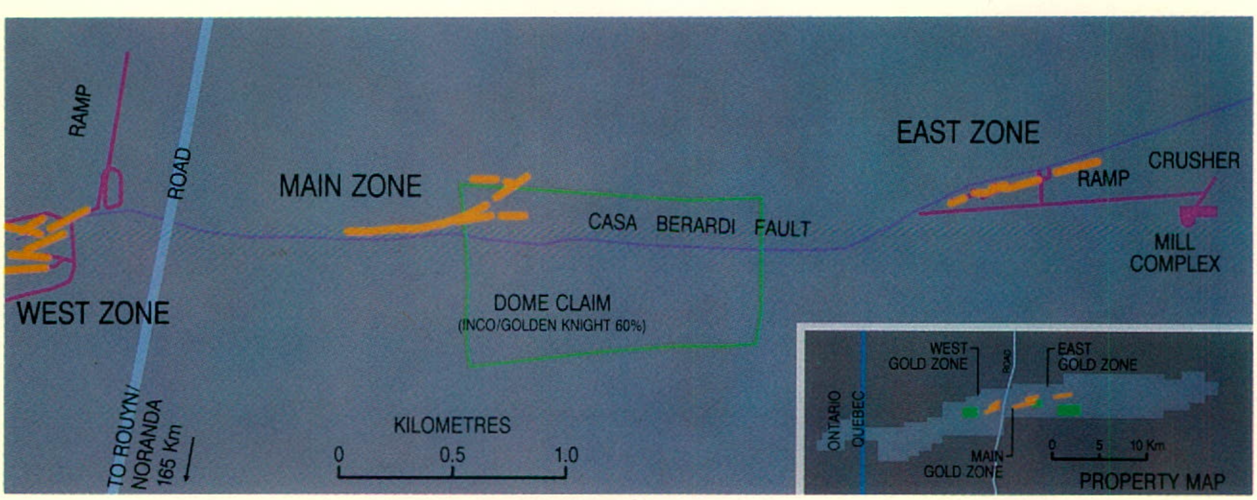
Teck holds a 9.6% share interest in Noramco Mining Corporation, a gold exploration and development company which completed a $45 million initial public offering in April. Noramco is headed by Bruce McDonald, who founded Golden Knight, and is the main vehicle for his extensive exploration financing activities.

Prior to the offering Teck rolled into Noramco its interests in Emerald Lake Resources, which recently opened a small gold mine northeast of Sudbury, and Highland Crow Resources, which is exploring the Pickle Crow property in Ontario.

Noramco has one of the largest exploration budgets in Canada, with funds managed or directly spent in excess of $65 million in 1987. Teck maintains certain rights to participate in the financing and operation of mines that may result from Noramco's activities.

Teck also has a 29% interest in Consolidated Silver Standard Mines Limited, a well-financed junior exploration company with a number of precious metal properties in western Canada.

Casa Berardi Gold Project



Metals and Minerals

Afton Mine, Kamloops, B.C.

As with Gold and Oil and Gas, the Metals and Minerals group includes both direct Teck operations and strategic investments in other companies operating major orebodies with long term reserves.

One of the strengths of the Metals and Minerals group is its diversity of products. Mines operated by the company produce coal, copper, gold, silver, zinc and niobium. Combined operating profit for the year was $55 million compared with $56 million last year.

The companies in which we hold major investments produce many of the same products but add lead, molybdenum, cadmium, bismuth, indium, steel products, fabricated metals, high purity metals, compound semi conductor materials, fertilizers and components for the electronics and high technology industries.

MINES

Afton (Copper, Gold)

The Afton open pit copper mine is located just west of Kamloops, British Columbia and is a joint venture between Teck (73 percent) and an affiliate of Metall Mining Corporation.

Afton produced 43.7 million pounds of copper, 48,100 ounces of gold and 270,000 ounces of silver during the year. Production of all three metals was down from the previous year, as production shifted from the original high grade orebody to the lower grade Pothook deposit. The mill processed an average of 8,642 tons per day at an average grade of 0.81 percent copper.

Diamond drilling on the Ajax copper/gold property, acquired last year under an option agreement with

Cominco, has produced encouraging results. Afton will earn a 70% interest in the property on completion of this $1 million exploration program.

Earlier this year Afton also optioned the Comet-Davenport property, adjacent to and east of the Afton plant. Geochemical sampling has identified two potential areas of copper/gold mineralization, and a follow up diamond drilling program is underway.

Ore reserves on the original Afton property at year end were 1,721,000 tons grading 0.40 percent copper and 0.017 ounces per ton gold in the Pothook open pit and 3,670,000 tons at 0.30 percent copper in the low grade stockpile.

Underground geological reserves remain at 10,500,000 tons of 1.5 percent copper and 0.03 ounces per ton gold. There are no plans to mine these reserves under present economic conditions.

Beaverdell (Silver)

The Beaverdell mine is located 40 miles south of Kelowna, British Columbia, 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.

Silver production in fiscal 1987 was 363,000 ounces, up 15,000 ounces over the previous year. The average price received for silver was $9.27 per ounce, up from the 1986 average of $7.57 per ounce.

Operating profit for the year was $381,000, following small losses in the two previous years.

Exploration partially financed under the B.C. Government F.A.M.E. program was completed in February and successfully outlined additional reserves. In view of this, the B.C. government has agreed to provide an additional $110,000 under the same sponsorship program to encourage further exploration.

Bullmoose (Coal)

The Bullmoose open pit coal mine is located 20 miles northwest of Tumbler Ridge in northeastern British Columbia. Ownership is 51% Teck Corporation, 39% Lornex Mining Corporation and 10% Nissho Iwai Canada Limited. Teck has a 23% share interest in Lornex, so that the company's net interest in Bullmoose is 60%.

Metallurgical coal shipments to nine Japanese steel companies began in January, 1984 and by September 30, 1987 totalled almost 7.0 million tonnes. Coal is sold under long term contracts for 1.7 million tonnes per year, plus or minus 5% at the buyers' option.

An agreement was reached with the buyers for a $14 per tonne price reduction beginning April 1, 1987. This resulted in an average price for Bullmoose coal of $92.93 per tonne for fiscal 1987.

During the last month of the year the 50 millionth bcm (bank cubic meter) of waste rock was moved since the commencement of pit operations in 1983. This is equivalent to about 130 million tonnes of waste rock.

Production levels are being maintained at the same rate as in 1986. During the fiscal year 10.9 million bcm of waste were moved and 2.4 million tonnes of coal were delivered to the wash plant. At year end there were 392 employees on site, a 7% reduction from the same time last year. Reserves of saleable metallurgical coal were 47 million tonnes.

Significant improvements continue to be made in mine and plant efficiency and productivity. This has resulted in higher equipment availability, allowing a portion of the equipment fleet to be parked as spares, and increasing the effective utilization of the remaining operating fleet.

Qualification for Northern zone British Columbia championships was achieved by both the surface mine rescue team and the three-man first aid team in very tough competition.

Newfoundland Zinc (Zinc)

The Newfoundland Zinc mine near Daniel's Harbour is a joint venture in which Teck holds a 63% interest, with the remainder being held by Amax Lead and Zinc Inc. The mine was reopened in September of 1987 following a 16 month shutdown. Resumption of production was possible because of encouragement provided by the Provincial Government and because a satisfactory labour contract was negotiated with the employees.

The Provincial Government has agreed to provide a maintenance loan of $420,000 and a reactivation loan of $2,000,000, both repayable from future profits.

As part of its commitment for the loans, the mine is undertaking a major surface and underground exploration program that will include about 20,000 feet of diamond drilling. Exploration will focus on the area north of the main underground mine workings, where limited surface drilling has provided encouraging results.

Niobec (Niobium)

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

Although both the mine and mill operations were satisfactory, the plant was shut down for 9 days in

October, 1986 for maintenance and from August 28 to November 2, 1987 to reduce inventories.

During the year 754,075 tons of ore grading 0.66% Nb_2O_5 were processed, producing 6,391,000 pounds of niobium oxide with an average recovery of 64.1%.

Ore reserves at year end were 12,067,000 tons grading 0.66% Nb_2O_5.

Highmont (Copper, Molybdenum)

Teck holds a 50% interest in the Highmont property, which was put into production in 1981 as a copper-molybdenum producer. The operation was closed in 1984 after molybdenum prices collapsed.

An agreement in principle was signed in August 1987 to include the Highmont mill in the Highland Valley Copper Partnership. Under this agreement, Highmont would transfer its mill to the partnership in return for a 5% equity interest. Net proceeds of production from mining of the Valley Copper and Lornex orebodies would flow 50% to Cominco, 45% to Lornex and 5% to Highmont.

Teck's net interest in the Highmont Valley Copper Partnership, including that held indirectly through Cominco and Lornex, would be 20%. Partnership production is expected to be 400 million pounds of copper a year, with costs in the lower quartile of world copper producers.

Millright Werner Weig and control room operator Brad Jewell at the Bullmoose plant in Tumbler Ridge, B.C.

Highland Valley Copper — Conveyors and in-pit crushing systems being installed to carry ore from the Highland Valley Copper pit to the mill, formerly operated by Lornex. Each conveyor, 2.5 km in length, will have a capacity of 6,000 tonnes per hour.

STRATEGIC INVESTMENTS

Cominco

Teck led a consortium which purchased a controlling interest in Cominco from CP Limited early in the fiscal year. Nunachiaq Inc., in which Teck holds 50%, MIM Holdings 25% and Metall Mining Corporation 25%, presently has a 30% share interest in Cominco.

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

The Sullivan mine at Kimberley, B.C. has been producing for 78 years. So far about 140 million tons of ore have been mined and current economic reserves are about 28 million tons.

The Red Dog zinc-lead-silver project in Alaska is now being prepared for production. With a grade of 17% zinc and 5% lead and an expected mine life in excess of 50 years, it is one of the world's premier zinc deposits.

The Hellyer zinc mine in Australia is another new producer, which has just announced plans to expand to a capacity of one million tonnes of ore per year.

The Highland Valley Copper project in British Columbia represents a consolidation of the Valley Copper orebody with the existing Bethlehem, Lornex and Teck (Highmont) mills to create a large, low cost producer.

These are important new income sources, which augment the modernized Trail smelter and refinery, the Polaris, Sullivan and other base metal mines, and long life assets in the potash and ammonia businesses.

Cominco did have excessive debt, peaking at $1.05 billion at the end of 1985. The company has made great strides in reducing this, and by Teck's fiscal year end total debt net of cash was down to $300 million. Cominco now has a strong balance sheet and substantially reduced interest costs, along with the growth potential inherent in its new projects.

Cominco earned $27 million before extraordinary items in its first nine months ending September 30, 1987, compared with a loss of $53 million in the comparable period a year earlier.

Cominco is a long term investment, which Teck intends to increase over time.

Lornex

Teck holds a 23% share interest in Lornex Mining Corporation Ltd. Lornex's principal holdings are a 45% partnership interest in Highland Valley Copper and a 39% joint venture interest in the Bullmoose coal mine.

Lornex contributed $7.8 million to Teck's earnings this year.

Mining Statistics

Gold

Metals and Minerals

	DAVID BELL GOLD		AFTON COPPER, GOLD		BEAVERDELL SILVER	
	1987	1986	**1987**	1986	**1987**	1986
Tons milled	**359,046(MT)**	202,942(MT)	**3,154,325**	2,969,389	**40,662**	36,714
Tons per day	**983(MT)**	556(MT)	**8,642**	8,135	**111**	113
Grade (% or oz./ton)	**0.378 oz./MT**	0.271 oz./MT	**0.81**	0.94	**10.00**	10.58
Recovery (%)	**96**	96	**85.36**	86.44	**89.40**	89.67
Production:						
Coal (MT)						
Copper (lbs.)			**43,664,000**	48,178,000		
Gold (oz.)	**130,122**	52,888	**48,107**	58,330		
Zinc (lbs.)						
Silver (oz.)			**269,797**	315,003	**363,419**	348,311
Molybdenum (lbs.)						
Niobium Oxide (lbs.)						
Operating costs per ton ($)			**5.93**	7.41	**63.26**	70.08
Average price main product (Cdn.$)	**580.62**	493.40	**0.88 Cu.**	0.86 Cu.	**9.27**	7.57
Ore reserves (tons)			**(C)**	(C)		
Open pit			**5,391,000**	8,286,000		
Grade (% or oz.)			**0.33 Cu.**	0.52 Cu.		
	(A)	(A)	**0.010 Au.**	0.012 Au.		
Underground	**6,464,000(MT)**	6,100,000(MT)	**10,500,000**	10,500,000		
Grade (% or oz.)	**0.37 oz./MT**	0.36 oz./MT	**1.50 Cu.**	1.50 Cu.		
			0.03 Au.	0.03 Au.		
Teck's interest (%)	**50**	(B)50	**73.19**	73.19	**100**	100
Teck's share of net earnings (loss)	**9,946,000**		**5,912,000**	7,814,000	**109,000**	(161,000)

(A) Not including quarter claim reserves.
(B) Teck's share was 55% up to April 1, 1986 and 50% thereafter.
(C) Reserves include low grade stockpiles and the Pothook deposit.
(D) Operations were suspended August 28, 1987 and resumed November 2, 1987.

Bullmoose Mine, Tumbler Ridge, B.C.

NIOBEC NIOBIUM		BULLMOOSE COAL		NEWFOUNDLAND ZINC ZINC		
1987	1986	**1987**	1986	**1987**	1986	
754,075(D)	846,389	**2,392,000(MT)**	2,721,000(MT)	**16,287(F)**	202,723	Tons milled
2,251	2,319	**6,553(MT)**	7,455(MT)	**1,629**	1,126	Tons per day
0.66	0.72			**5.5**	6.6	Grade (% or oz./ton)
64.10	62.27	**70**	70	**98.1**	97.8	Recovery (%)
						Production:
		1,688,010	1,894,798			Coal (MT)
						Copper (lbs.)
						Gold (oz.)
				1,767,000	26,175,000	Zinc (lbs.)
						Silver (oz.)
						Molybdenum (lbs.)
6,392,000	7,541,000					Niobium Oxide (lbs.)
				–	39.00	Operating costs per ton ($)
				–	0.44	Average price main product (Cdn.$)
		(E)	(E)			Ore reserves (tons)
		47,000,000(MT)	49,000,000(MT)			Open pit
						Grade (% or oz.)
12,067,000	12,230,000			**797,000**	815,000	Underground
0.66	0.66			**7.90**	7.90	Grade (% or oz.)
50	50	**51**	51	**63.44**	63.44	Teck's interest (%)
–	–	**6,440,000**	6,124,000	**(887,000)**	(1,622,000)	Teck's share of net earnings (loss)

(E) Saleable coal.
(F) Operations were suspended in April, 1986 and recommenced in September, 1987.
(TON) Short Ton
(MT) Metric Tonne

Oil and Gas

Roughneck drilling in Saskatchewan.

Teck produces oil and natural gas from a number of fields in western Canada.

Teck also has a 36% share interest in Trilogy Resource Corporation, an independent oil and gas company based in Calgary. Trilogy represents Teck's primary exposure to future petroleum exploration and development.

Production and Operating Profit

Production in 1987 totalled 514,400 barrels of oil and 2.7 bcf of natural gas, compared with 509,400 barrels and 1.8 bcf produced in 1986. The average daily oil production was 1,409 barrels per day and gas production was 7,482 mcf per day, compared with 1,396 barrels per day and 5,040 mcf per day last year.

Natural gas production increased significantly because the expansion of the Monogram Gas unit resulted in increased industrial sales this year. Sales from Edson and North Tsea were also higher throughout the year.

Operating profit increased from $8.2 million to $8.5 million this year. The significant increase in natural gas production had a favourable effect on operating profit despite lower prices. The average price per barrel of oil and per mcf of natural gas received by Teck in 1987 was $21.66 and $1.48 respectively, compared with $23.70 and $2.16 in 1986.

Reserves

Proven and probable reserves (before royalties) as of September 30, 1987 were 3,757,900 barrels of oil and natural gas liquids and 53.2 bcf of natural gas, compared with 4,272,300 barrels and 55.9 bcf of natural gas last year end.

Reserves are located in the following areas:

	Oil and Gas Liquids (Barrels)	Natural Gas (Bcf)
Saskatchewan	3,400,307	2.7
Alberta	351,083	48.8
British Columbia	–	1.7
Manitoba	6,510	–
	3,757,900	53.2

The company also owns land in western Canada totalling 198,126 gross acres (48,946 net) and interests in certain frontier acreage.

Steelman, Saskatchewan

The Steelman area of southeastern Saskatchewan remains Teck's most important oil producing property as it has since 1963. Teck's share of production for 1987 totalled 387,100 barrels of oil compared with 400,400 barrels in 1986.

Four new oil wells were completed during the year, two being Midale unit wells and two being Frobisher non-unit wells. All are in production.

Renewed interest in the elusive, deep Winnipegosis reef plays has increased activity in the area recently. Teck holds the deep rights over some of the area, and exploratory seismic and drilling of deeper prospects is expected in 1988.

Teck acquired an interest in additional acreage at Steelman this year, increasing its holdings to 26,480 gross acres (13,240 net acres).

Southwest Success, Saskatchewan

Teck has an 11.1% interest in the Success unit which consists of ten wells located approximately ten miles northwest of Swift Current. Production from this unit in 1987 was 14,300 barrels net to Teck, compared with 16,100 barrels in 1986.

It is anticipated the unit will produce 143,000 barrels of oil in 1988 of which Teck's share will be 15,900 barrels. No new drilling is planned for 1988.

Battrum/Pennant, Saskatchewan

Teck has a 25% interest in three wells on this prospect located 28 miles northwest of the city of Swift Current. Production is from the Upper Shaunavon formation. Teck's share of this production amounted to 4,600 barrels of oil in 1987, compared with 3,500 barrels in 1986.

East Bantry/Tide Lake, Alberta

Teck holds varying interests in over 47,000 gross acres in this multi-zone shallow gas area of southeastern Alberta.

Teck has a 21.3% interest in the Monogram unit which contains 272 wells. Production from Monogram in 1987 averaged 22,000 mcf per day, with Teck's share of annual production totalling 1.7 bcf compared with 13,300 mcf per day and 1.0 bcf in 1986.

Teck also has an 11% interest in the 95 well Tide Lake gas unit, which produced 0.2 bcf of natural gas net to Teck in 1987 and 1986.

Edson, Alberta

This property covers 40,000 acres and contains 20 wells, of which Teck owns a 12.4% interest.

During the year the Edson field produced 3.1 bcf of gas, of which Teck's share was 0.4 bcf, compared with 0.3 bcf last year. Additional revenues are derived from sales of liquid gas.

Otter Lake, Alberta

In this area directly north of Lesser Slave Lake, Devonian era sandstones continue to yield high grade, easy to produce oil wells, most being in the 150 to 200 barrels per day range.

Two wells were drilled by Teck and partners in fiscal 1987, bringing the total number of Teck interest wells to 32. At least six more wells will be drilled in fiscal 1988.

Teck holds working interests from 6.25% to 40% in some 15,680 acres and has overriding royalty interests in a further 480 acres. Teck's share of production this year was 48,200 barrels compared with 40,800 barrels last year.

North Tsea, British Columbia

Teck has a 15% interest in this 2,920 acre Slave Point prospect located 44 miles northeast of Fort Nelson. Daily average sales over the year were 4.3 million cubic feet. Teck's share of production for the year 1987 amounted to 0.2 bcf compared with 0.1 bcf in 1986.

Exploration and Development

During fiscal 1987 Teck was directly involved in the drilling of seven wells, five in Saskatchewan and two in Alberta. Six were completed as oil wells and one as a gas well.

STRATEGIC INVESTMENTS

Trilogy Resource Corporation

Teck acquired an additional 5.4 million common shares of Trilogy during the year and currently holds 11.2 million shares or approximately 36% of that company.

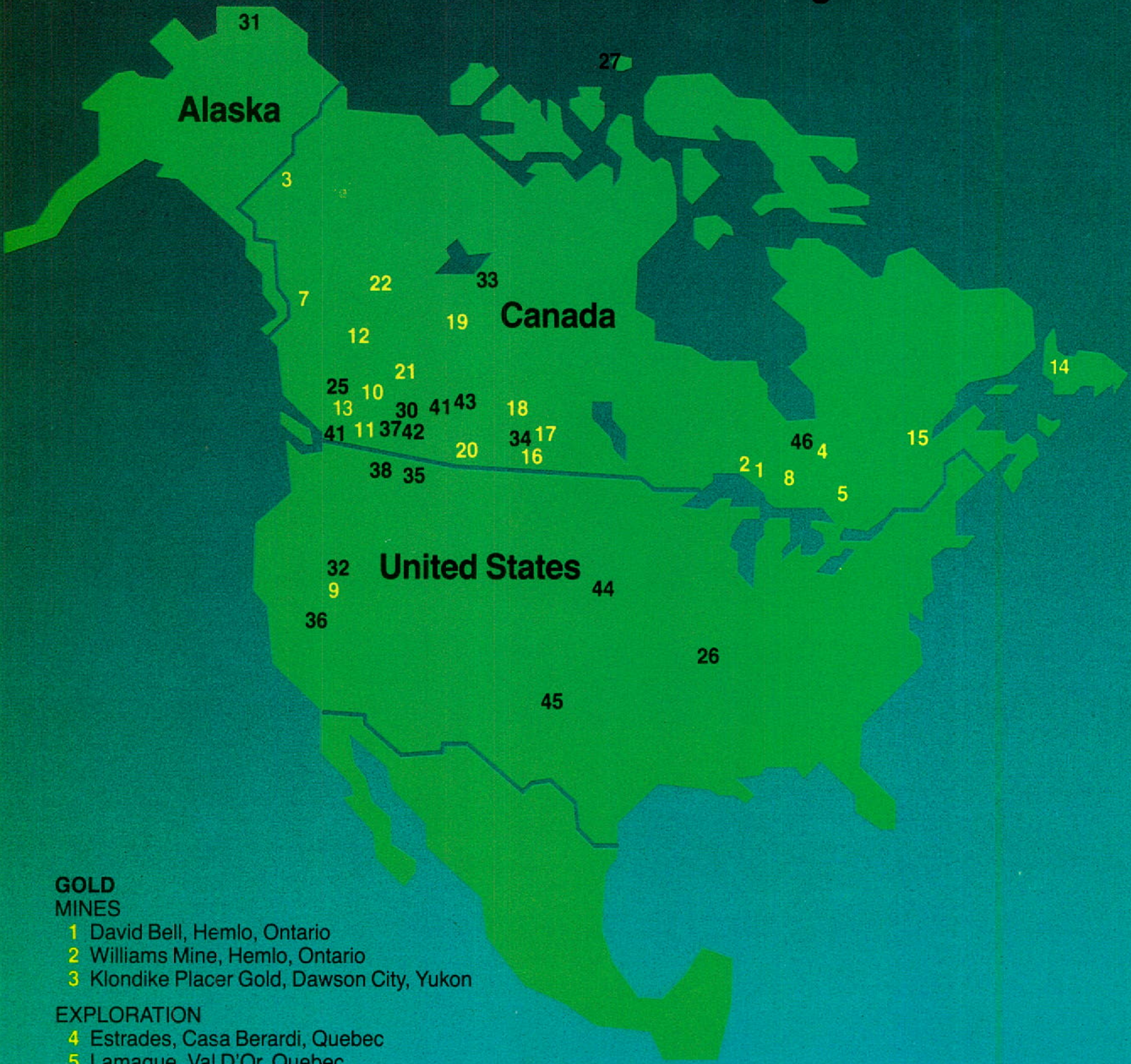
Trilogy's proven and probable reserves as at January 1, 1987 were 4.9 million barrels of oil and natural gas liquids and 102.8 bcf of natural gas. Land holdings at that date totalled 8.7 million gross acres (3.8 million net acres).

Trilogy started an aggressive exploration and development program in 1987, which to date has resulted in the addition of approximately 1,500,000 proven and 2,000,000 probable barrels of oil and 25.0 bcf of proven natural gas to its reserves.

During the six months ended June 30, 1987 cash flow from operations after interest expense amounted to $1.6 million, compared with $1.8 million in the same period in 1986.

Trilogy is now in its strongest financial position since its inception in 1983.

North American Region



GOLD
MINES
1 David Bell, Hemlo, Ontario
2 Williams Mine, Hemlo, Ontario
3 Klondike Placer Gold, Dawson City, Yukon

EXPLORATION
4 Estrades, Casa Berardi, Quebec
5 Lamaque, Val D'Or, Quebec
6 Micronesian, Palau Island, Micronesia
7 Northern B.C.
8 Kirkland Lake, Ontario
9 Nevada, USA

METALS AND MINERALS
MINES
10 Afton Cu,Au, B.C.
11 Beaverdell Ag, B.C.
12 Bullmoose Coal, B.C.
13 Highmont Cu,Mo, B.C.
14 Newfoundland Zinc, Nfld.
15 Niobec Niobium, Quebec

OIL AND GAS
PRODUCING OIL WELLS
16 Steelman, Saskatchewan
17 Southwest Success, Saskatchewan
18 Battrum/Pennant, Saskatchewan
19 Otter Lake, Alberta

PRODUCING GAS WELLS
20 East Bantry/Tide Lake, Alberta
21 Edson, Alberta
22 North Tsea, B.C.
19 Otter Lake, Alberta

Europe

Asia-Pacific Region

STRATEGIC INVESTMENTS

Cominco Ltd.

MINES – METALS AND MINERALS
23 Bardoc, Au, Western Australia
24 Hellyer Pb,Zn, Tasmania
25 Highland Valley Copper, B.C.
26 Magmont Lead, Missouri
27 Polaris Pb,Zn, NWT
28 Rubiales Pb,Zn, Spain
29 Troya Pb,Zn, Spain
30 Sullivan Pb,Zn Kimberley, B.C.
31 Red Dog Zn,Pb, Alaska
32 Buckhorn Au, Nevada
33 Pine Point Pb,Zn, NWT

MINES – FERTILIZER
34 Vade Potash, Saskatchewan
35 Garrison Phosphate, Montana
36 Lake Minerals Soda Ash, California

PLANTS – METALS AND MINERALS
37 Zn,Pb Smelter and Refinery, Trail, B.C.
38 Cominco Electronic Materials, Spokane
39 Hawaiian Western Steel, Hawaii
40 Mitsubishi Cominco Lead Smelter, Japan
41 Western Canada Steel, Calgary and Vancouver

PLANTS – FERTILIZER
42 Cominco Ltd. Trail, B.C.
43 Calgary, Carseland and Joffre, Alberta
44 Cominco American, Beatrice, Nebraska, USA
45 Borger, Texas, USA

Lornex Mining Corporation Ltd.
25 Highland Valley Copper, B.C.
12 Bullmoose Coal, B.C.

Golden Knight Resources Inc.
46 Les Mines Casa Berardi Au, Quebec (under construction)

Trilogy Resource Corporation
43 Oil and gas, Calgary, Alberta

Markets

Gold

Gold prices fell during the first quarter of the fiscal year, with the average for December 1986 dropping to U.S. $390 per ounce. Since then prices have risen substantially, with the average for September 1987 being U.S. $461 per ounce, the highest monthly average price since the first quarter of 1983. A weaker U.S. dollar, the threat of supply disruptions due to political problems in South Africa and the threat of oil delivery interruptions due to military actions in the Middle East and the resultant effect on inflation all contributed to the higher gold prices.

Copper

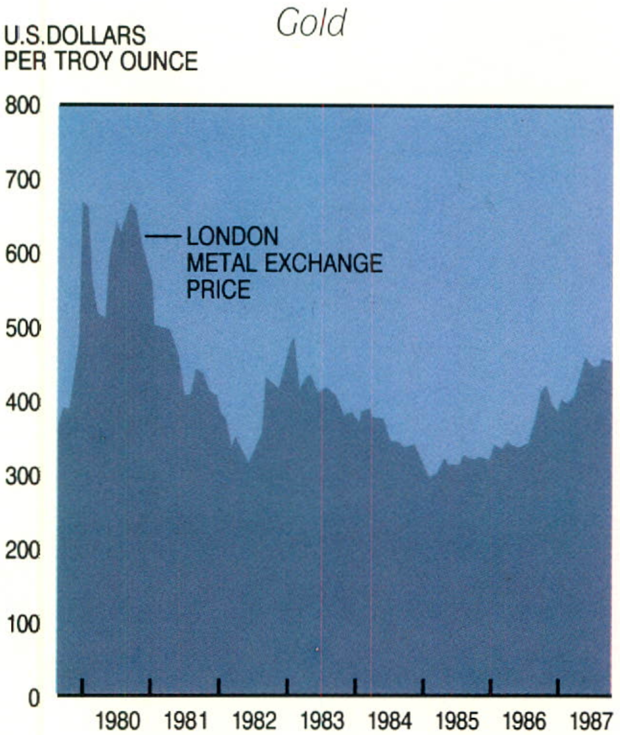
London Metal Exchange copper prices started the fiscal year below U.S. 60 cents per pound but steadily increased and ended the year at U.S. 82 cents per pound, the highest monthly average since April, 1981. Consumption has been steady throughout the year and prices have improved because of the reduction of copper inventories, particularly refined metal. Efforts toward rationalization within the industry are finally having some results.

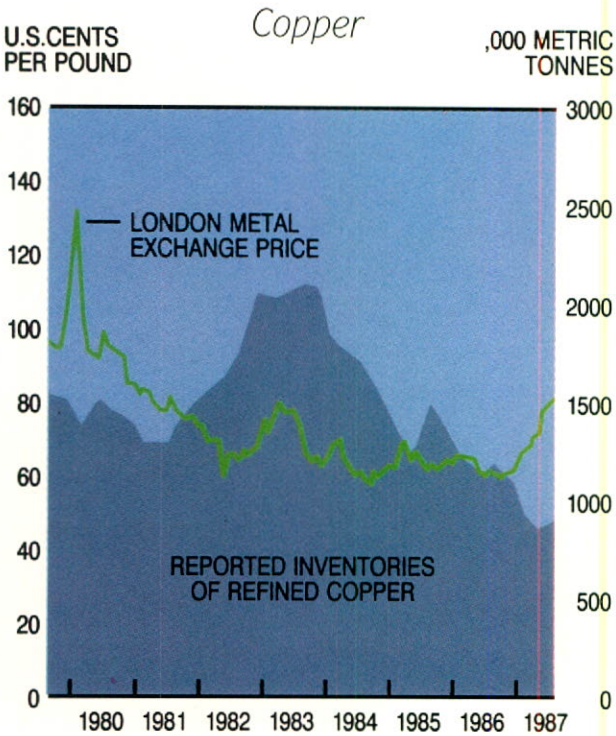
Zinc

European producer prices for zinc started the fiscal year at U.S. 42 cents per pound, reached a low of U.S. 36 cents per pounds in February and were U.S. 37 cents per pound at year end. Despite major supply disruptions caused by prolonged labour strikes at production facilities in Canada, Peru and Australia during the last two years, zinc prices have remained at unsatisfactorily low levels. The zinc industry suffers from a temporary excess of mine production capacity and a fundamental excess of uneconomic smelter capacity. Further rationalization will be necessary before satisfactory prices can be maintained.

Silver

Silver moved from under U.S.$5.70 per ounce at the beginning of the fiscal year to an average of over U.S. $7.60 per ounce in September 1987. Inventories of silver on the major commodity exchanges of approximately 190 million ounces remained steady throughout the year but are still considered excessive.





Niobium

Consumption of niobium has been weak throughout the year, particularly in Europe and Japan. Production capacity and inventories are more than adequate, resulting in continued downward pressure on prices.

Coal

The markets for both metallurgical and thermal coal suffer from a surplus of production capacity, resulting in low prices for sales made during the year.

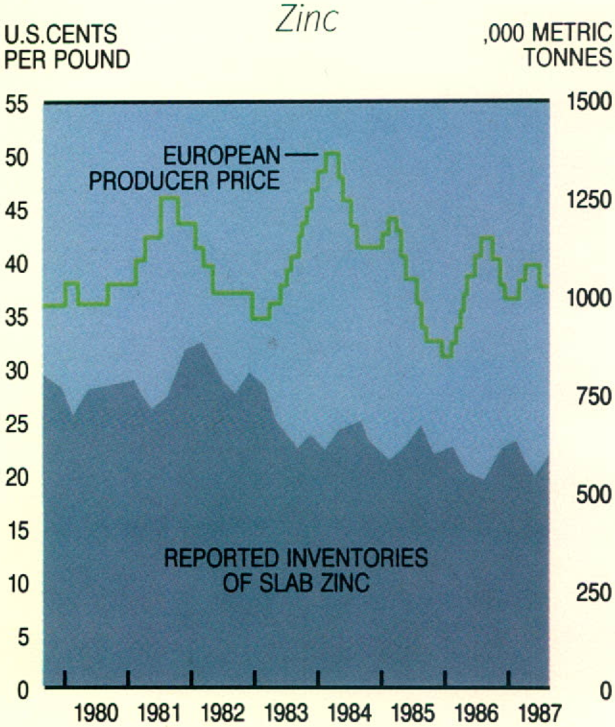
Measures to curtail production have been implemented at higher cost mines in Australia and the United States and additional closures are being considered. Distress sales of South African thermal coal as a result of political sanctions have put further pressure on prices and offset these rationalization efforts.

Oil and Gas

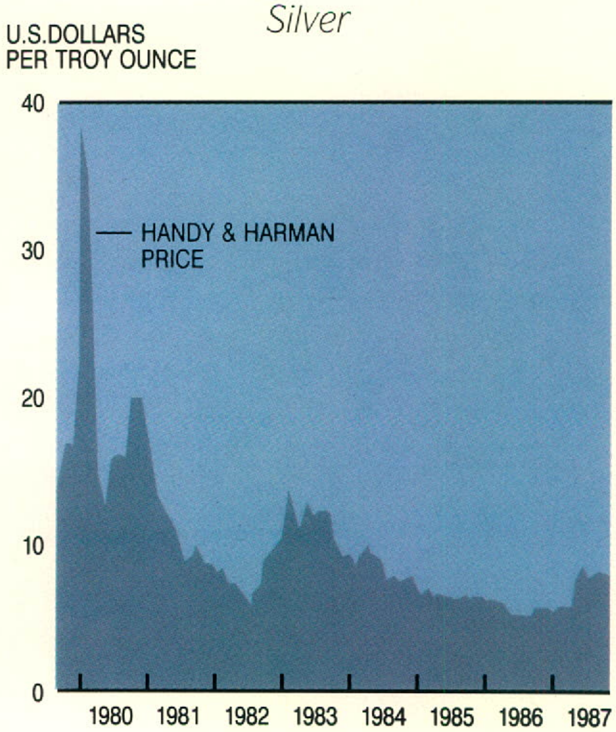
OPEC continued to reassert control over the world market for crude oil. The cartel has been surprisingly successful this year in defending its benchmark price of $18 U.S. a barrel. After a run-up beyond $22 U.S. a barrel, oil prices on spot and futures markets settled into a range of $18 U.S. to $20 U.S. a barrel, which is above OPEC's official quotes and nearly double the 1986 low. OPEC's biggest problem is to maintain discipline over its members to restrain oil output. OPEC production is currently estimated at 18.0 to 19.0 million barrels a day, well above the 16.6 million ceiling set by the cartel for the second half of 1987. Without discipline crude oil prices could weaken in the near term, depending upon what occurs in the Persian Gulf.

Prices for both export and domestic natural gas sales have not matched the performance of crude oil. However, there are signs that natural gas prices have bottomed out. Exports have commenced an upward trend as the U.S. gas bubble shrinks. Demand also appears to be influenced by the strong economic growth of the Canadian economy. In time these influences will result in stronger natural gas prices.

Zinc



Silver



Financial

Highlights

- increased earnings and cash flow.
- equity issue to finance Cominco acquisition.
- gold loan to replace project financing at David Bell mine.
- 23% debt/equity ratio.

1987 was a satisfactory year for Teck Corporation. Earnings and cash flow were substantially higher than in 1986 and the balance sheet remained strong.

On October 2, 1987 the Ontario Court of Appeal unanimously confirmed the trial court judgment awarding International Corona Resources Ltd. and Teck Corporation the Page Williams gold mine in return for a payment of approximately $154 million plus interest. The accounts for the mine have not been included in the audited financial statements pending a decision on a request by the registered owner for leave to appeal to the Supreme Court of Canada.

Earnings and Cash Flow

Earnings rose by 40% in 1987 as a result of the earnings from the David Bell mine, which were included in the Income Statement with effect from October 1, 1986, and the benefits of higher gold and copper prices. Net earnings for the year amounted to $34 million (70¢ per share) compared with $23 million (42¢ per share) in 1986.

Operating profit amounted to $92 million, a $27 million improvement over 1986. The company's share of the operating profits from the David Bell mine including the quarter claim was $27 million. The operating profits from the other mines and oil and gas division were similar to last year.

Equity earnings increased from $5 million to $7 million. These earnings were derived principally from Lornex, which now has a 45% interest in the combined operations of the Highland Valley Partnership.

Cash flow increased to a new record level of $79 million ($2.37 per share). This was 40% higher than that achieved in 1986.

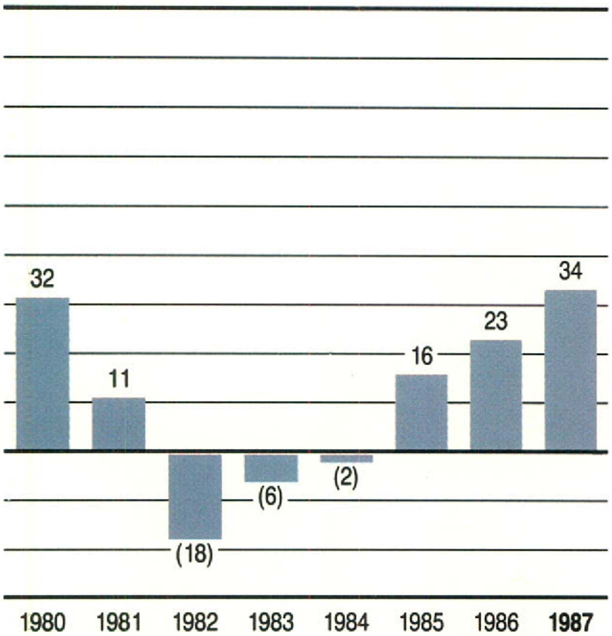
Capital Expenditures and Investments

Capital expenditures excluding investments during the year totalled $15 million, compared with $18 million in 1986. The principal item was $8.3 million which was spent on the company's share of the underground development at the David Bell mine.

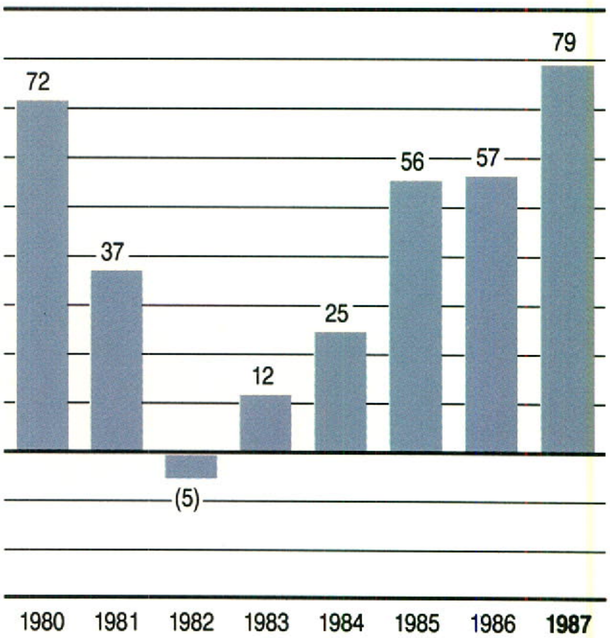
Investments totalling $124 million were made during the year in Nunachiaq Inc. which acquired approximately 30% of the outstanding Cominco stock. Golden Knight Resources Inc. issued 2,797,872 units comprising a share and one half a warrant in August, and the company subscribed for 872,872 shares at a cost of $10 million, maintaining our 30% interest.

The main sources of financing for these investments were an issue of common stock and warrants in November, 1986 which amounted to $62 million, the company's net cash flow from operations which after dividends amounted to $54 million, and the company's existing cash balances.

Earnings $MILLIONS



Cash Flow $MILLIONS



Balance Sheet

Working capital at year end amounted to $48 million compared with $76 million at the end of 1986. Total assets increased during the year from $512 million to $633 million due mainly to the Cominco acquisition. The ratio of long-term debt to equity continued to improve in 1987 and at year end the ratio was 23% as compared with 29% at the end of 1986.

In October, 1987 arrangements were made for the bank project financing for the David Bell mine to be replaced by a US$50 million non-recourse gold loan. This facility, which is being provided by a group of banks led by the Chase Manhattan Bank, is a ten year gold loan with no principal repayments in the first three years.

The average cost of gold borrowed is approximately US$470 per ounce. The proceeds will be used firstly to repay the existing $42 million project loan, with the remaining funds being available to Teck for general corporate purposes.

On October 6, 1987 the company called for redemption of its convertible Preferred Series C and convertible Preferred Series F shares, effective November 6, 1987. Prior to the redemption date substantially all of these shares had been converted into class B subordinate voting shares of the company.

Outlook

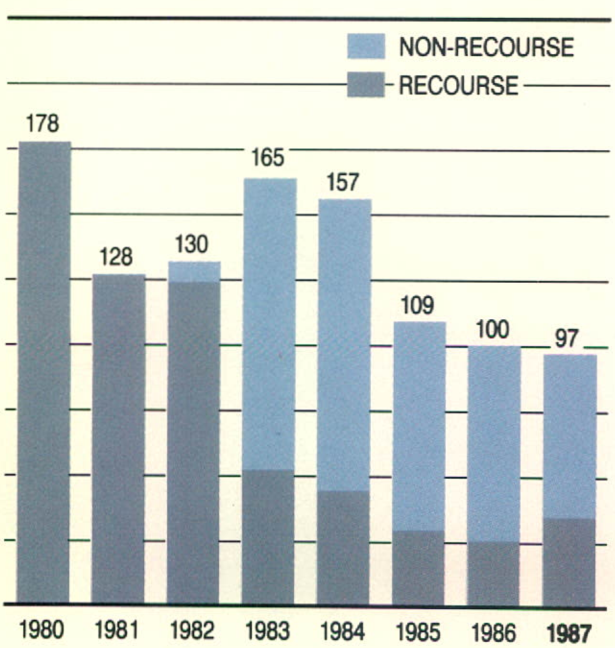
If metal prices are maintained at present levels, earnings should continue to improve in 1988, even before the inclusion of profits from the Williams mine. Gold production is expected to increase at the David Bell mine. At the Newfoundland Zinc mine, which reopened September, 1987 after a 16 month shutdown, production should again contribute to earnings. The integration of the Highmont mine with the Highland Valley Copper Partnership should also produce earnings commencing in the second quarter of 1988.

Equity earnings contributed by Cominco and Lornex should be higher in 1988 as a result of reduced interest costs in Cominco and the participation of both companies in the Highland Valley Copper Partnership.

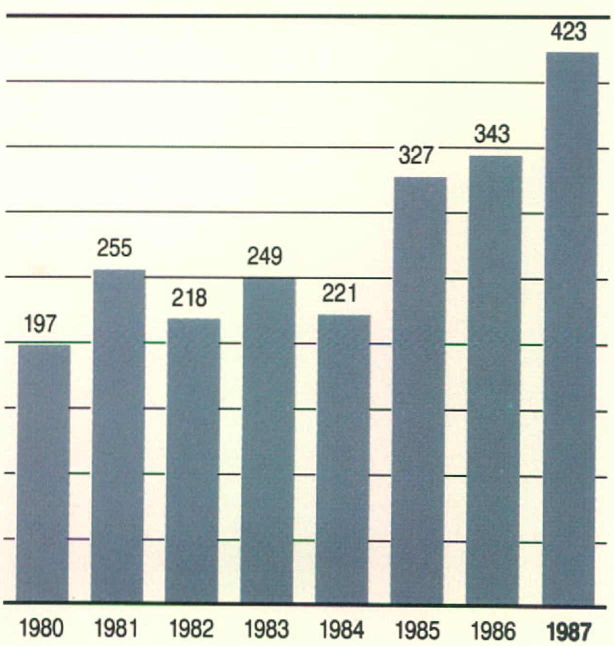
Change of Fiscal Year

Both Cominco and Lornex have a fiscal year that coincides with the calendar year, which makes it impractical to obtain audited financial statements for Teck's September 30 year-end. It is expected that Teck will change its fiscal year-end to December 31, beginning December 31, 1988.

Long Term Debt $MILLIONS



Equity $MILLIONS



David Bell Mine, Hemlo, Ontario.

Consolidated Balance Sheet

as at September 30, 1987

	1987 $	1986 $
	(in thousands)	
ASSETS		
Current Assets		
Cash and short-term investments (Note 2)	**56,932**	75,390
Accounts receivable	**24,226**	13,089
Product inventories and settlements receivable	**14,583**	15,089
Supplies and prepaids	**12,130**	10,334
	107,871	113,902
Investments (Note 2)	**244,438**	103,116
Property, Plant and Equipment (Notes 3 and 4)	**280,335**	295,113
	632,644	512,131
LIABILITIES		
Current Liabilities		
Bank loans	**21,250**	–
Accounts payable and accrued liabilities	**22,879**	18,213
Income and mining taxes payable	**2,554**	1,815
Current portion of long-term debt	**13,420**	17,630
	60,103	37,658
Long-term Debt (Notes 4 and 8(d))		
Recourse loans	**34,363**	25,144
Non-recourse loans	**62,865**	75,079
Deferred Income Taxes	**52,493**	30,807
	209,824	168,688
SHAREHOLDERS' EQUITY		
Capital Stock (Note 5)	**323,205**	259,789
Contributed Surplus	**27,602**	27,602
Retained Earnings	**72,013**	56,052
	422,820	343,443
	632,644	512,131

Approved by the Directors:

Norman B. Keevil, Jr., Director

D. A. Thompson.

David A. Thompson, Director

Consolidated Statement of Earnings

for the year ended September 30, 1987

	1987 $	1986 $
	(in thousands)	
Revenues		
Mining	**185,858**	166,022
Petroleum	**12,257**	12,447
Investment and other income	**5,428**	6,780
	203,543	185,249
Costs and Expenses		
Mining operations	**102,128**	109,381
Petroleum operations	**3,711**	4,277
Administration and general	**6,328**	6,643
Depreciation and amortization	**24,283**	20,406
Exploration	**3,015**	2,898
Interest on long-term debt	**8,927**	6,255
Foreign currency loss	**—**	1,920
	148,392	151,780
	55,151	33,469
Income and Mining Taxes (Note 6)		
Current	**3,043**	1,918
Deferred	**25,666**	13,354
	28,709	15,272
Earnings before the following	**26,442**	18,197
Equity in net earnings of associated companies (Note 2(b))	**7,201**	5,073
Earnings before extraordinary items	**33,643**	23,270
Extraordinary items	**—**	695
Net Earnings	**33,643**	23,965
Earnings per share (after preferred share dividends)		
Before extraordinary items	**$0.70**	$0.42
After extraordinary items	**$0.70**	$0.44

Auditors' Report to the Shareholders

We have examined the consolidated balance sheet of Teck Corporation as at September 30, 1987 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances, except as explained in the following paragraph.

As described in Note 2(b), investments in associated companies and equity in earnings of these companies include net earnings of $5,390,000 which represents the portion of the results of their operations which have not been audited.

In our opinion, except for the effect of adjustments, if any, which might have been required had the audited financial information of the investee companies been available, these consolidated financial statements present fairly the financial position of the company as at September 30, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Vancouver, B.C.
November 6, 1987

Consolidated Statement of Changes in Financial Position

for the year ended September 30, 1987

	1987 $	1986 $
	(in thousands)	
Operations		
Earnings		
Earnings before extraordinary items	**33,643**	23,270
Depreciation and amortization	**24,283**	20,406
Equity in earnings of associated companies	**(7,201)**	(5,073)
Exploration	**3,015**	2,898
Foreign currency loss	**–**	1,920
Deferred income taxes	**25,666**	13,354
	79,406	56,775
Net Change in Non-Cash Working Capital	**(7,434)**	464
Dividends Paid – preferred shares	**(10,043)**	(10,380)
– common shares	**(7,639)**	(5,069)
	54,290	41,790
External Financing		
Long-term debt	**–**	6,747
Repayment of long-term debt	**(7,205)**	(7,520)
Issue of Class B shares	**65,442**	13,014
Conversion of preferred shares	**(3,226)**	(4,862)
	55,011	7,379
Investments		
Petroleum properties	**(1,115)**	(5,453)
Property, plant and equipment	**(11,314)**	(9,714)
Exploration	**(3,015)**	(2,898)
Investments	**(145,600)**	(34,689)
Sale of investments and marketable securities	**12,035**	1,151
Non-current receivables from sale of mineral property	**–**	(8,292)
Sale of mineral properties	**–**	21,542
	(149,009)	(38,353)
Increase (Decrease) in Cash	**(39,708)**	10,816
Cash – Beginning of Year	**75,390**	64,574
Cash – End of Year	**35,682**	75,390

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

Consolidated Statement of Retained Earnings

for the year ended September 30, 1987

	1987 $	1986 $
	(in thousands)	
Balance at Beginning of Year	**56,052**	47,536
Net earnings	**33,643**	23,965
Dividends on preferred shares	**(10,043)**	(10,380)
Dividends on Class A and Class B shares	**(7,639)**	(5,069)
Balance at End of Year	**72,013**	56,052

Notes to Consolidated Financial Statements

for the year ended September 30, 1987

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 from 20% to 50% and over which it exercises significant influence. Under this method the company includes in its earnings its share of the earnings and losses of these associated companies. All of the significant accounting policies followed by the investee companies conform to those of the company. 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 there is reasonable assurance that they will be 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	1987 $	1986 $
		(in thousands)	
Investments carried on an equity basis			
Nunuchiaq Inc. (holds 30% interest in Cominco Ltd.)	50	**124,733**	–
Lornex Mining Corporation Ltd.	23	**50,850**	41,924
Trilogy Resource Corporation	36	**15,069**	10,639
Golden Knight Resources Inc.	30	**22,208**	12,362
		212,860	64,925
Investments and advances at cost			
Other investments – quoted		**18,058**	19,462
Other investments – not quoted		**1,936**	4,710
Advances		**11,584**	14,019
		31,578	38,191
		244,438	103,116

a) At September 30, 1987, investments carried on an equity basis have a quoted market value of $366,892,000 (1986 – $90,169,000) and other quoted investments have a market value of $61,994,000 (1986 – $27,403,000). Cash and short-term investments have a market value of $69,232,000 (1986 – $75,390,000).

b) The company accounts for its investments in Lornex Mining Corporation Ltd., Trilogy Resource Corporation, Golden Knight Resources Inc. and Nunachiaq Inc. on the equity method and includes in earnings the company's share of earnings and losses of these companies net of amortization of any excess of cost of the investment over the underlying value of assets. Since these companies other than Golden Knight Resources Inc. have December 31 year ends, their earnings and losses for the nine months ended September 30, 1987 were unaudited as at the audit report date. Golden Knight Resources Inc. holds mineral properties in Quebec which are still in the exploration and development stage and as a result does not report earnings and losses.

	1987 $	1986 $
	(in thousands)	
Equity in earnings of associated companies		
– audited	**1,811**	1,254
– unaudited	**5,390**	3,819
	7,201	5,073

3. PROPERTY, PLANT AND EQUIPMENT

	1987			1986
	Cost $	Accumulated depreciation and amortization $	Net $	Net $
		(in thousands)		
Oil and Gas				
Western Canada	**31,878**	**14,604**	**17,274**	17,329
Mining				
Mineral properties and deferred costs	**114,461**	**28,026**	**86,435**	62,343
Plant and equipment	**294,085**	**117,459**	**176,626**	172,116
Construction in progress	–	–	–	43,325
	408,546	**145,485**	**263,061**	277,784
	440,424	**160,089**	**280,335**	295,113

4. LONG-TERM DEBT

	1987 $	1986 $
	(in thousands)	
Recourse debt		
Bullmoose mine (a)	**12,846**	13,806
Highmont mine (c)	**20,420**	20,420
Other	**2,147**	2,178
	35,413	36,404
Less: amount due within one year	**1,050**	11,260
	34,363	25,144
Non-recourse debt		
Bullmoose mine (a)	**27,972**	33,805
David Bell mine (b)	**42,000**	42,000
Other	**5,263**	5,644
	75,235	81,449
Less: amount due within one year	**12,370**	6,370
	62,865	75,079
	97,228	100,223

Recourse debt is a general obligation of the company. Non-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 entirely dependent upon cash flow from the particular project.

(a) The Bullmoose bank loan totals $40,818,000 (1986 – $47,611,000) including the current portion. Of this amount $27,972,000 (1986 – $33,805,000) is a non-recourse debt secured only by the company's share of mine assets. Certain petroleum properties have been pledged as additional security for the balance of the loan.

The interest rate is at 1¼% above the U.S. dollar L.I.B.O. rate or ¾% above the bank prime lending rate.

The loan is repayable in semi-annual instalments on June 15 and December 15 with each instalment being the lesser of the company's share of cash flow from the mine for the preceding six month period and fixed amounts calculated by reference to the total advances made. Any unpaid balance of the loan is due on December 15, 1994 unless extended by agreement of the banks.

This credit facility provides that on December 15, 1990 a further $50 million will be advanced on a non-recourse basis to provide funds for the redemption of the Series E preferred shares.

(b) Financing for the Company's share of the construction cost of the David Bell mine is provided by a consortium of banks on a non-recourse basis. (Note 7(a))

Semi-annual repayments commence on December 30, 1987 in the amount of the lesser of cash flow for the preceding six month period and amounts calculated to repay the loan in 14 equal instalments.

The maximum interest rate is ⅞% over the U.S. dollar L.I.B.O. rate or at ⅜% above the bank prime lending rate.

(c) The Highmont bank loan U.S.$14,577,187 is secured by the company's share of mine assets and certain other securities of the company. The interest rate is at ⅞% above the U.S. dollar L.I.B.O. rate. Repayment is scheduled for the 1989 fiscal period.

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

	Recourse Debt	Non-Recourse Debt	Total
	$	$	$
		(in thousands)	
1988	1,050	12,370	13,420
1989	23,766	13,280	37,046
1990	1,349	14,190	15,539
1991	1,349	14,190	15,539
1992	1,349	14,190	15,539
	28,863	68,220	97,083

5. CAPITAL STOCK

(a) *Authorized*

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

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

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

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

(b) *Issued and fully paid*

	1987	1986
	$	$
	(in thousands)	
131,114 Series C 8.36% preferred shares	**7,211**	7,396
249,650 Series D 5.00% preferred shares	**24,965**	25,000
2,000,000 Series E 9.25% preferred shares	**50,000**	50,000
1,879,346 Series F 7.25% preferred shares	**46,984**	49,990
	129,160	132,386
2,341,105 Class A common shares	**6,696**	6,696
31,414,164 Class B subordinate voting shares	**187,349**	120,707
	194,045	127,403
	323,205	259,789

(c) Significant capital stock transactions during the year are as follows:

	Shares	$ (in thousands)
Class B subordinate voting shares		
Balance at September 30, 1986	28,528,101	120,707
Exercise of stock options	149,750	1,198
Conversion of Series C preferred shares	7,905	184
Conversion of Series D preferred shares	1,591	35
Conversion of Series F preferred shares	176,817	3,006
Public share issue	2,550,000	62,219
Balance at September 30, 1987	31,414,164	187,349

(d) In 1984 stock options were granted to senior employees for the acquisition of Class B subordinate voting shares at $8.00 per share up to July 31, 1989. During the year 149,750 of these options were exercised leaving a balance of 139,500 options outstanding at year end. In 1987 additional options were granted to senior employees which may be exercised to acquire 640,500 Class B subordinate voting shares at a minimum price of $29 per share. The options issued in 1987 may be exercised up to June 9, 1992 and none were exercised during the year.

(e) The Series C preferred shares are redeemable at prices between $55.00 and $60.00 per share. Each share may be converted into 2.3 Class B subordinate voting shares on or before December 31, 1991. (Note 7(b))

(f) 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 4.54 Class B subordinate voting shares subject to certain restrictions.

(g) 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 non-recourse advance under the Bullmoose credit facility (Note 4(a)).

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.

(h) The Series F preferred shares are convertible at any time prior to September 1, 1990 on the basis of 1.47 Class B subordinate voting shares for each Series F preferred share.

The Series F preferred shares are redeemable after September 1, 1987. From that date until August 31, 1990, the Series F preferred shares may be redeemed at $26 per share if certain conditions are satisfied relating to the market price of the Class B subordinate voting shares. The Series F preferred shares are redeemable at any time on and after September 1, 1990, at $25 per share plus accrued and unpaid dividends. (Note 7(b))

(i) In November, 1986, 1,275,000 share purchase warrants were issued in conjunction with a public share issue. Each warrant entitles the holder to purchase one Class B subordinate voting share for $28.50 prior to November 21, 1988. No warrants were exercised during the year.

(j) Earnings per share are calculated using the weighted average number of Class A common and Class B subordinate voting shares outstanding during the year of 33,549,643 (1986 – 30,553,478).

6. INCOME TAXES

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

	1987 $	1986 $
	(in thousands)	
Income taxes at statutory rate (52%)	**28,679**	17,404
Tax effect of:		
Resource and depletion allowances, net of non-deductible government royalties	**(10,188)**	(5,190)
Non-taxable dividends	**(765)**	(1,857)
Non-deductible foreign exchange loss	**—**	499
Amortization of non-deductible capital expenditures	**2,600**	1,213
	20,326	12,069
Mining taxes	**8,383**	3,203
Tax provision	**28,709**	15,272

7. SUBSEQUENT EVENTS

a) Gold loan

On October 14, 1987 the company, through its wholly-owned subsidiary Teck-Hemlo Inc., arranged a loan facility with a Canadian chartered bank for the equivalent of U.S.$50,000,000 in fine troy ounces of gold. The proceeds of the loan will be used to refinance the company's share of the David Bell mine project loan and for general corporate purposes. The loan is secured by the company's share of the David Bell mine assets. The term of the loan is ten years with quarterly repayments commencing at the end of the third year. The interest rate may vary with market conditions and at present is estimated to be approximately 1½%. During the initial seven years the interest rate may not exceed 4%.

b) Share redemption

On October 6, 1987 the company gave notice that all outstanding Series C and Series F convertible preferred shares not converted prior to November 3, 1987 would be redeemed on November 6, 1987. During the period from October 1, 1987 to November 3, 1987 substantially all outstanding Series C preferred shares and Series F preferred shares were converted into Class B subordinate voting shares of the company.

8. OTHER INFORMATION

a) Page Williams mine

On March 7, 1986 the Supreme Court of Ontario ordered Lac Minerals Ltd. to convey the Page Williams gold mine and the accrued net cash flow from date of commencement of production to International Corona Resources Ltd. for $154 million plus interest to date of payment. On October 5, 1987 the Ontario Court of Appeal unanimously affirmed the judgement. Lac Minerals Ltd. has applied for leave to appeal to the Supreme Court of Canada. A date of December 7, 1987 has been set to hear this application and a decision is expected shortly thereafter.

The company is entitled to a 50% interest in the mine and accrued cash flow on payment of 50% of the costs incurred by International Corona Resources Ltd. A $100 million credit facility has been arranged to finance this payment when it is required.

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

(b) Related party transactions (Note 8(d))

(i) Metall Mining Corporation and Metallgesellschaft Canada Investments Limited (subsidiaries of Metallgesellschaft AG) own directly and indirectly approximately 11% of the non-preferred share capital of the company.

(ii) Included in accounts receivable is the amount of $854,394 (1986 – $1,639,845) advanced to senior employees to enable them to purchase shares of the company.

(c) 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.

(d) Contingent liability

In prior years customers of the Highmont mine advanced funds by way of price support loans to the mine. The company's share of these advances totalled U.S.$19,113,000 of which U.S.$10,889,000 was advanced by Metallgesellschaft AG, a related party. As a result of the shutdown of the mine in 1984, these advances were reclassified from long-term debt to a contingent liability. These advances are subordinate to the project term loan ($75 million) which is secured by a first mortgage on the company's share of the mine assets. After the project term loan has been repaid in full, the support loans are repayable but only out of cash flow from the project. A wholly-owned subsidiary of the company is the holder of $56 million of the project term loan (which is eliminated in the consolidated accounts of the company) and a Canadian bank holds the balance.

(e) Pension plan

As at September 30, 1987, there was no unfunded past service liability.

(f) Segmented information

The principal classes of business of the company are mining and petroleum. Financial information relating thereto is disclosed in the Consolidated Statement of Segmented Information, which forms part of these financial statements.

Consolidated Statement of Segmented Information

for the year ended September 30, 1987

	1987				1986			
OPERATIONS	Mining $	Petroleum $	Other $	Total $	Mining $	Petroleum $	Other $	Total $
		(in thousands)				(in thousands)		
Revenue								
Export	139,600	–	–	139,600	162,455	–	–	162,455
Domestic	46,258	12,257	5,428	63,943	3,567	12,447	6,780	22,794
	185,858	12,257	5,428	203,543	166,022	12,447	6,780	185,249
Costs and expenses								
Cost of operations	102,128	3,711	–	105,839	109,381	4,277	–	113,658
Administration and general	–	–	6,328	6,328	–	–	6,643	6,643
Depreciation and amortization	23,113	1,170	–	24,283	19,808	598	–	20,406
Exploration	2,959	56	–	3,015	2,764	134	–	2,898
Interest expense	14,143	18	(5,234)	8,927	14,970	11	(6,806)	8,175
	142,343	4,955	1,094	148,392	146,923	5,020	(163)	151,780
Earnings before taxes	43,515	7,302	4,334	55,151	19,099	7,427	6,943	33,469
Income and mining taxes	(24,036)	(3,419)	(1,254)	(28,709)	(8,698)	(3,338)	(3,236)	(15,272)
Earnings after taxes	19,479	3,883	3,080	26,442	10,401	4,089	3,707	18,197
Equity in earnings of associated companies	–	–	7,201	7,201	–	–	5,073	5,073
Net earnings before extraordinary items	19,479	3,883	10,281	33,643	10,401	4,089	8,780	23,270
WORKING CAPITAL	38,906	1,149	7,713	47,768	15,915	1,491	58,838	76,244
INVESTMENTS	–	–	244,438	244,438	–	–	103,116	103,116
PROPERTY, PLANT AND EQUIPMENT	258,194	17,274	4,867	280,335	272,646	17,329	5,138	295,113
CURRENT CAPITAL EXPENDITURES	14,273	1,171	145,600	161,044	12,478	5,587	34,689	52,754

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

Comparative Figures

Year Ended September 30

		1987	1986	1985	1984	1983
		$	$	$	$	$
Balance Sheet				(in thousands)		
Total assets		**632,644**	512,131	489,292	434,099	489,471
Long-term debt		**97,228**	100,223	109,326	157,485	165,052
Shareholders' equity	(1)	**422,820**	343,443	326,775	221,648	249,045
Working capital		**47,768**	76,244	70,522	24,746	28,472
Earnings and cash flow						
Mining revenue		**185,858**	166,022	200,076	187,534	101,824
Petroleum revenue	(2)	**12,257**	12,447	14,771	13,988	20,601
Mining operating profit		**83,730**	56,641	60,975	36,452	9,127
Petroleum operating profit		**8,546**	8,170	9,636	9,321	15,520
Earnings (loss) before extraordinary items		**33,643**	23,270	16,064	(2,039)	(6,025)
Extraordinary items	(3)	**—**	695	—	(23,026)	(10,963)
Net earnings (loss)		**33,643**	23,965	16,064	(25,065)	(16,988)
Cash provided from operations		**79,406**	56,775	55,914	24,960	12,142
Sale of resource properties	(4)	**—**	21,542	—	—	26,874
Sale of investments		**12,035**	1,151	2,014	3,016	2,129
Capital expenditures excluding investments	(5)	**15,444**	18,065	40,345	44,664	105,232
Investments	(6)	**145,600**	34,689	6,514	6,922	3,057
Exploration expense		**3,015**	2,898	6,134	1,296	2,904
Per Share	(7)					
Cash from operations		**$2.37**	$1.86	$1.89	$0.86	$0.44
Earnings (loss) before extraordinary items		**$0.70**	$0.42	$0.30	($0.17)	($0.28)
Net earnings (loss)		**$0.70**	$0.44	$0.30	($0.96)	($0.68)
Dividends		**$0.23**	$0.175	$0.15	$0.15	$0.15

(1) Public issue of $62 million Class B shares and warrants in 1987 and $50 million 9.25% preferred shares and $50 million 7.25% convertible preferred shares in 1985.

(2) In 1983 certain oil and gas properties were sold to Trilogy Resource Corporation.

(3) Includes write-down of investments and sale of 5% of David Bell mine in 1986, write-down of Highmont mine and Teck Frontier in 1984 and Afton smelter in 1983.

(4) Includes sale of 5% interest in David Bell mine in 1986 and sale of oil and gas properties to Trilogy Resource Corporation in 1983.

(5) Primarily on David Bell mine in 1987, 1986 and 1985.

(6) Primarily purchase of Cominco Ltd. shares in 1987 and $17 million of International Corona Resources Ltd. shares and notes and $10 million of Golden Knight Resources Inc. shares in 1986.

(7) The number of shares used in the calculation is the weighted average number of Class A common and Class B subordinate voting shares issued and outstanding during the year.

DIRECTORS

W.R. BENNETT
Businessman (Kelowna)

SIR MICHAEL BUTLER, Bt, Q.C.
Barrister and Solicitor (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
MIM Holdings Limited (Brisbane)

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

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

DIETRICH NATUS, Dr.rer.nat.
Chairman, Metallgesellschaft AG (Frankfurt)

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

*H. SCHIMMELBUSCH, Dr.rer.pol.
Metallgesellschaft AG (Frankfurt)

*K.E. STEEVES, F.C.A.
Vice President of Teck (Vancouver)

*D.A. THOMPSON, B.Sc. (Econ.)
***Vice President of Teck (Vancouver)*

**J.H. WESTELL
Consultant (Orillia)

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

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

*Executive Committee
**Audit Committee

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
Vice President, Finance

Keith E. Steeves
Vice President, Marketing and Governmental Affairs

Richard Drozd
Vice President, Coal Operations

Robert J. Wright
Vice President, General Counsel

W. Brian Keevil
Vice President, Legal and Executive Assistant to the President

John A. Guminski
Vice President, Administration and Assistant Secretary

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)

Mining Exploration:
J.L. May, President
Teck Explorations Limited

Metal Operations:
M.P. Lipkewich, general manager

Gold Operations:
J.M. Anderson, general manager

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

Mining Operations:
W.R. Bergey, consulting geologist

Afton Mine:
J. Lovering, manager

Beaverdell Mine:
B.E. Goetting, manager

Bullmoose Mine:
F. Koch, manager

Klondike Placer Gold:
G.W. Klein, manager

David Bell Mine:
R.A. Ford, manager

Highmont Mine:
B.R. Williams, manager

Lamaque Mine:
E. Godbout, acting manager

Newfoundland Zinc Mine:
J.E. Hewitt, manager

Niobec Mine:
M.R. Rodrigue, manager

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Oil & Gas Division
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815 - 8th Avenue S.W., Calgary, Alberta T2P 1H7
Tel. (403) 266-1016

Stock Exchanges

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

Auditors

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

Transfer Agents

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

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.

Market Value — Toronto Stock Exchange

	Class A common		Class B Shares		Preferred Shares Series E		Preferred Shares Series F	
	High $	Low $	High $	Low $	High $	Low $	High $	Low $
1987 FISCAL PERIOD								
1st Quarter	25½	22	25⅞	22¾	27⅜	26¾	39¼	36⅛
2nd Quarter	36⅛	24⅛	36¾	24	27¾	26⅝	53½	37⅛
3rd Quarter	40⅛	28¾	41¼	28½	27⅝	26	59	42⅞
4th Quarter	37⅛	30½	38	30⅜	27⅛	26⅛	55½	45½

*Dividends	Amount per Share	Payment Date
1987 FISCAL PERIOD		
Class A common and Class B shares	$0.10	December 31, 1986
	$0.13	June 30, 1987
Preferred Shares		
** Series C	$1.15 per quarter	Last day of each quarter
Series D	$5.00	July 30, 1987
Series E	$0.578125 per quarter	First day of each quarter
** Series F	$0.453125 per quarter	Last day of each quarter

*For shareholders registered in the United States, dividend payments are converted into U.S. funds.
**Redeemed November 6, 1987.

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