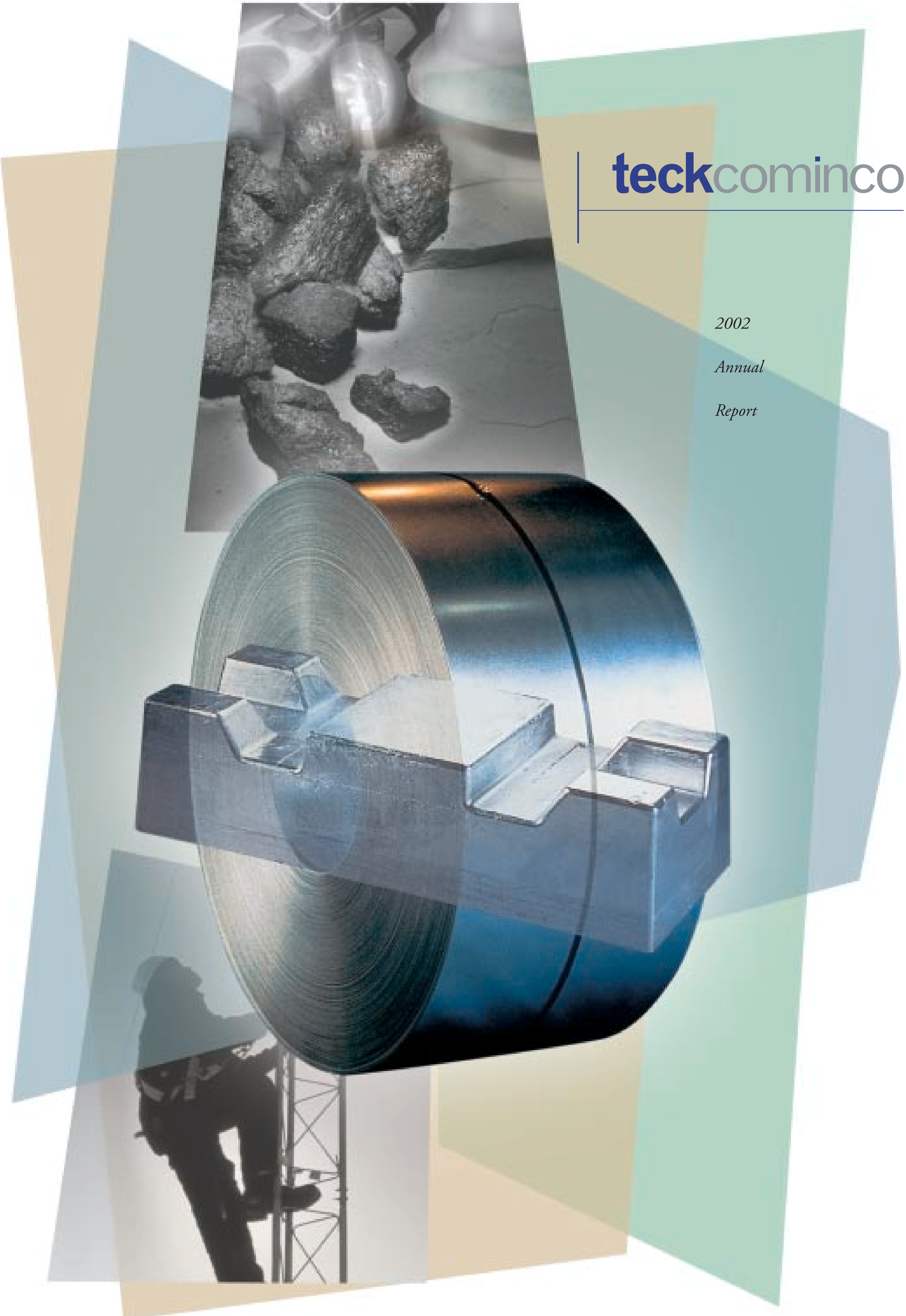
teckcominco

2002 Annual Report



Strength Through Diversity

Zinc
Coal
Copper
Gold

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Annual Meeting

The annual meeting of the shareholders will be held at 11:00 A.M., April 23, 2003 in Waterfront Ballroom C, Fairmont Waterfront Hotel, 900 Canada Place Way, Vancouver, British Columbia.

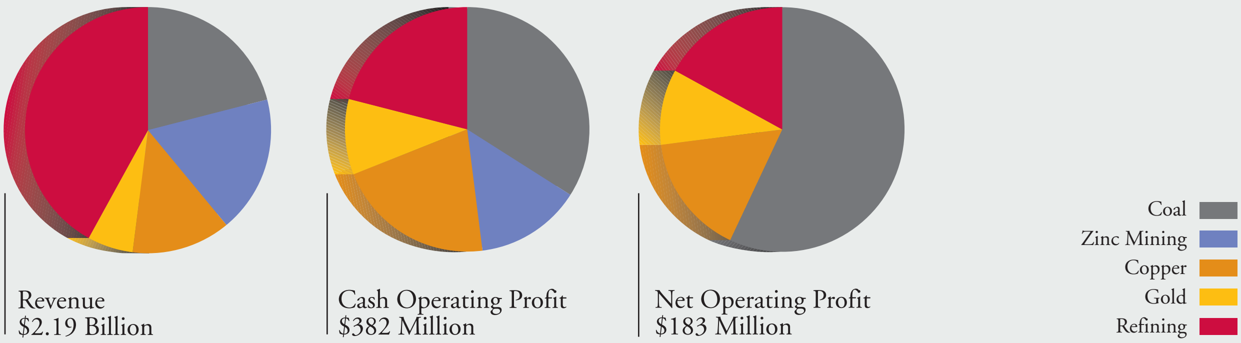
Teck Cominco is a diversified mining and refining company, mining zinc, lead, copper, gold and metallurgical coal, as well as producing zinc, lead and a number of by-product metals and chemicals through its two refining facilities in Canada and Peru.

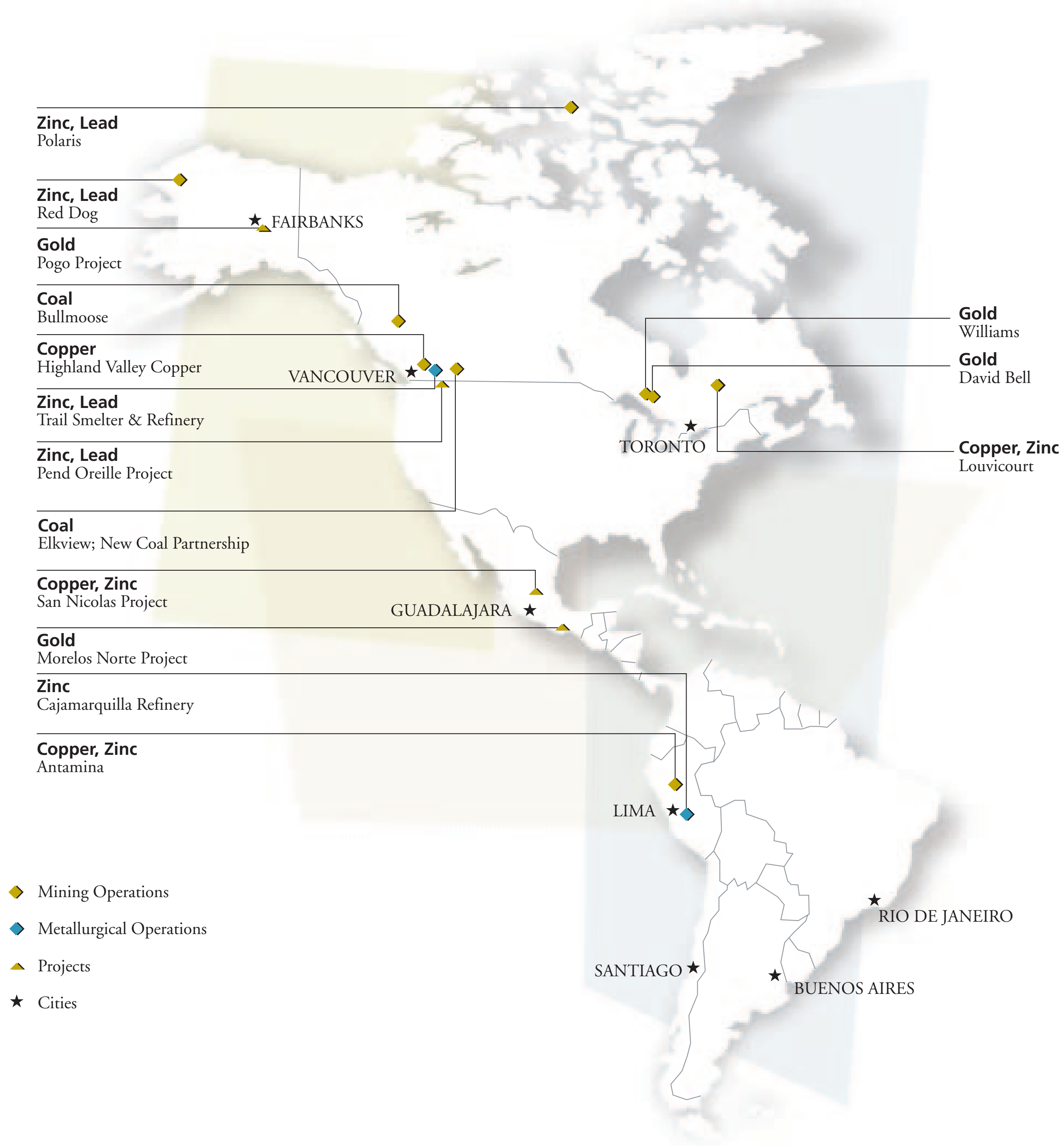
Teck Cominco held interests in eight producing mines in Canada, the U.S. and Peru, including both open-pit and underground operations, at the end of 2002. Early in 2003 this was expanded to include an additional five open-pit coal mines managed by Teck Cominco under a new partnership. Two new underground mines producing zinc and gold are also planned to be in production in 2004 and 2005 respectively.

Teck Cominco's strengths are its diversity, in products as well as balanced mining and refining expertise; its leading position in zinc with interests in the Red Dog and Antamina mines, the largest and third largest zinc mines in the world; and its position as manager of the world's second largest metallurgical coal business.

The company's mission is to build upon these strengths and lead the industry in professional integrity and responsibility, creating value for our shareholders and the communities in which we operate.

2002 Operations at a Glance





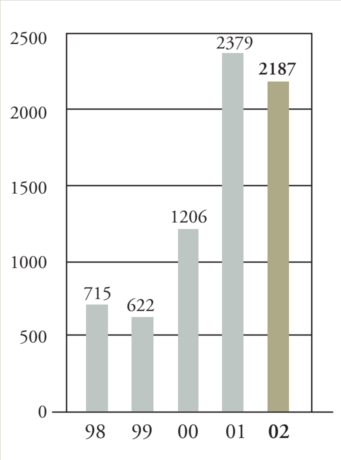
Financial Highlights

($ millions, except per share data)		**2002**		2001
Revenue	$	**2,187**	$	2,379
Cash operating profit:				
Smelting and refining (including power sales)	$	**82**	$	287
Zinc		**50**		87
Copper		**82**		90
Gold		**36**		69
Coal		**128**		98
Other		**4**		(3)
Total	$	**382**	$	628
Net earnings (before asset writedowns)	$	**30**	$	101
Net earnings (loss) (after writedowns)	$	**30**	$	(21)
Earnings per share (before asset writedowns)	$	**0.15**	$	0.69
Earnings (loss) per share (after writedowns)	$	**0.15**	$	(0.17)
Capital expenditures	$	**187**	$	346
Cash flow from operations	$	**201**	$	418
Net debt to net debt plus equity		**26%**		25%

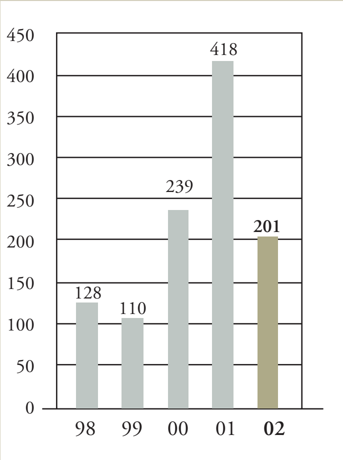
Operating Highlights

- First complete financial year since the merger; company profitable in every quarter and in a strong financial position.
- First full year for Antamina; mine profitable despite low base metal prices.
- Coal the most profitable product, followed by copper, zinc refining and gold.
- New Coal Partnership, managed by Teck Cominco, to be world's second largest producer of metallurgical coal.

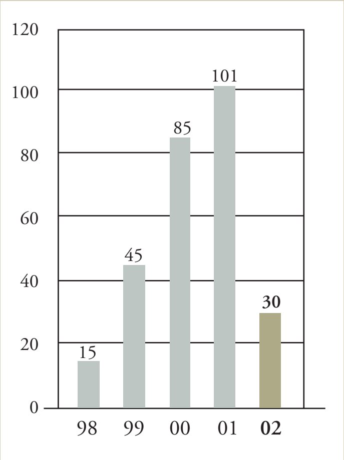
> **Revenue**
$millions



> **Cash Flow**
$millions



> **Net Earnings** (before asset writedowns)
$millions



The past two years have seen significant changes in your company, as our people continue to work to build this into one of the best mining companies in the world.

"Best" is not a matter of being the largest, but rather a combination of professional capacity and the quality of our underlying ore reserve position and how we manage that.

Last year we indicated our intention to build upon two strengths: our leadership position in zinc and our balance, or diversification. We made good progress in the latter respect with our agreement to combine our metallurgical coal assets with those of Fording Inc.

This agreement was expanded early in 2003 to include additional metallurgical coal assets held by Luscar Energy Partnership and Consol Energy Inc. The new partnership will hold all of the producing metallurgical coal mines in Canada, plus a 46% interest in the Neptune coal, grain and potash port, and will have, through the participation of Westshore Terminals as a significant investor, an enhanced relationship with the largest coal port in Canada.

Combined sales from the mines involved amounted to $1.5 billion in 2002, and at 23 million tonnes of coal place the new business at 20% of the world hard metallurgical coal market, second only to the BHP Billiton-Mitsubishi group with 30%. Equally important, the consolidated reserves are substantial and ensure that we will be an important part of the world coal market for many years to come.

Teck Cominco will be the manager of the consolidated business, with the strong support of key managers from the previous Fording Inc. as well as operations people from each of the producing mines. We will hold a 41% net interest in the business initially, with this increasing up to 46% upon achieving targeted operating synergies, as outlined in the box on page 7.

Importantly, the partnership and income trust structure mean that Teck Cominco will receive its share of free cash flow directly. It is thus expected to be accretive both to cash flow and earnings.

If we were successful in achieving improved balance, we were less so in terms of leadership in zinc, and this remains an objective for the coming year.

The zinc business is currently suffering from low metal prices, which in 2002 were the lowest in real terms in 60 years. While demand for zinc increased by 1.6% in 2002 and has increased at an average 2.5% for many years, the weak economic conditions of the last few years coupled with increased productive capacity have resulted in a current surplus refined zinc inventory worldwide of about 400,000 tonnes.

NORMAN B. KEEVIL
Chairman

To put this in perspective, this represents only 6% of annual demand, a surplus that in most businesses would be manageable. Interestingly, the world coal business suffered from similar oversupply a few years ago, but producer discipline including cutbacks and shutdowns corrected this and brought the market essentially into balance.

Zinc needs similar discipline. We have tried to do our part through cutbacks of refined production of 175,000 tonnes over the last two years. Significant improvements in zinc markets will depend on further reductions in supply, which seem probable in light of current prices.

Our strategy in the coming year will be to continue to build upon a balanced base of world-class assets, leading where practical in both coal and zinc.

While gold is relatively less important than it was a few years ago because of the growth in our other products, we plan to build new gold production through the Pogo project once we receive project environmental approvals, expected by the end of this year. We will also look to expand our interests in copper or other products should significant opportunities come available at a price which meets our standards.

Corporate governance has become a major issue, largely as a result of some recent bad examples in the U.S. We have included a letter in this report (page 10) which reviews our principles in this respect and how these relate to recent external guidelines.

In closing, we would like to commend David Thompson, Deputy Chairman and CEO, for his leadership in general and in particular through a difficult negotiation to consolidate the Canadian metallurgical coal business under the new partnership.

We would also like to express our appreciation to Harold Keevil and Kotaro Tomino, who have retired from the Board, for their sound advice during their tenure.

On behalf of the Board we would like to thank all of the Teck Cominco people who worked diligently during the year in their own areas of responsibility toward what is always the ultimate goal: to make this a better company.

On behalf of the Board,

NORMAN B. KEEVIL
Chairman
February 20, 2003

2002 was the first complete financial year since the merger of Teck Corporation and Cominco Ltd. in July 2001. The price of our major product, zinc, was the lowest in 15 years. Despite this, the company was profitable in every quarter and ended the year in a strong financial position.

Net earnings for the year were $30 million. This compares with profits before writedowns in 2001 of $101 million, which reflected the high external power sales from the Waneta Dam. Cash flow before working capital changes at $201 million was sufficient to cover all capital expenditures which totalled $187 million for the year.

OPERATIONS

The Antamina mine enjoyed a successful first year of operation producing 330,000 tonnes of copper and 230,000 tonnes of zinc in concentrate, making it one of the largest base metal mines in the world. After-tax, equity-accounted earnings from our share of Antamina were $17 million in 2002, compared with a loss of $1 million in the previous year, in which commercial production started in the fourth quarter. Highland Valley Copper performed well, with our share of operating profits being $35 million, compared with $42 million in 2001, even though the price of copper at US$0.71 per pound was US$0.02 per pound lower.

The company's coal mines, Elkview and Bullmoose, had an excellent year, increasing operating profits by $29 million. Elkview's operating earnings rose from $70 million in 2001 to $92 million in 2002. Similarly, Bullmoose increased its earnings from $17 million to $24 million.

At Hemlo, the Williams and David Bell gold mines were adversely affected by unstable ground conditions, and as a result operating profits at $20 million were $9 million below 2001 although the average price of gold increased by 11%.

The Trail and Cajamarquilla zinc refineries operated profitably despite the planned shutdowns of one and three months respectively, which reduced the company's total zinc metal production by 55,000 tonnes or 13% of capacity.

The Red Dog mine suffered an operating loss of $28 million, the first such loss since 1994. This was caused by the US$0.05 per pound fall in the zinc price, which has lowered revenues by approximately $38 million. Red Dog did produce an operating cash flow of $35 million in 2002, which compares with $57 million in 2001. The elimination of losses at Red Dog remains a top priority, and it is intended that the mine will be profitable even at US$0.35 zinc by the fourth quarter of 2003.

SAFETY AND ENVIRONMENTAL

The company improved its overall safety performance recording a 35% drop in accident frequency from 1.7 to 1.1 (accidents per 200,000 hours worked) which was a new record. Regretfully this safety record was marred by fatal accidents at Antamina and at Elkview.

The Kyoto Accord committed Canada to reduce greenhouse gas emissions by 2010 to 6% below the level of 1990. The company has already achieved a 25% reduction in greenhouse gases from the levels recorded in 1990.

FINANCING

The company repaid its US$125 million debenture in May 2002 and issued a new 7% 10-year US$200 million debenture in September 2002, the largest public financing in the company's history. A new multi-year US$425 million bank financing was

DAVID A. THOMPSON
Deputy Chairman and Chief Executive Officer

completed to augment credit lines already in place. At the end of the year the company had no short-term borrowings and total unused bank lines of $879 million, providing, with cash on hand, a financing capacity of almost $1 billion.

OBJECTIVES

Teck Cominco's objectives for 2003 are shown on page 9. The most immediate objective will be the successful integration of the metallurgical coal operations and the employees of Fording, Luscar and Teck Cominco into the new Coal Partnership.

The performance of the company in the achievement of its 2002 objectives is shown on page 8. I would like to thank all our employees for the progress they have made in attaining these objectives.

OUTLOOK

The rapidly growing importance of China as a producer and consumer of metals and minerals will be a significant future influence on the world mining industry. China's exports of zinc metal and zinc concentrate had grown to 10% of Western World demand in 1999. In the second half of 2002, as a result of a major increase in China's zinc refining capacity, its imports of zinc in concentrate have exceeded its exports of zinc metal. In four years China has changed from the world's largest exporter to a net importer of zinc.

If China's domestic demand continues to grow at the rate seen in recent years, exports of zinc metal will continue to decline. China's appetite for zinc in concentrate to feed its refining industry has already led to an unprecedented tightness in the world concentrate market. These two developments should eventually lead to a fundamental improvement in the supply and demand balance for zinc and for its price.

The increase in China's manufacturing capability and its investment in infrastructure are having a similar impact on other base metals, including copper, and thus the prospects for the company's base metal interests are improving.

The price of gold in 2003 is expected to exceed last year's average price of US$310. The market for coking coal appears to be balanced despite some current surplus inventory and significant price changes are not expected. The company's coal sales are forecast to increase by 50% as a consequence of the Fording transaction, despite the closure of Bullmoose.

The outlook for 2003 is for an increase in the company's after-tax earnings and cash flow.

In conclusion, I would like to express my appreciation to Mick Henningson, Senior Vice President, Mining, who is retiring after 37 years' service with the company, and to Klaus Zeitler, who retired in November having served as a non-executive director of both Teck Corporation and Cominco Ltd. prior to joining Teck as Senior Vice President in 1996.

D. A. Thompson

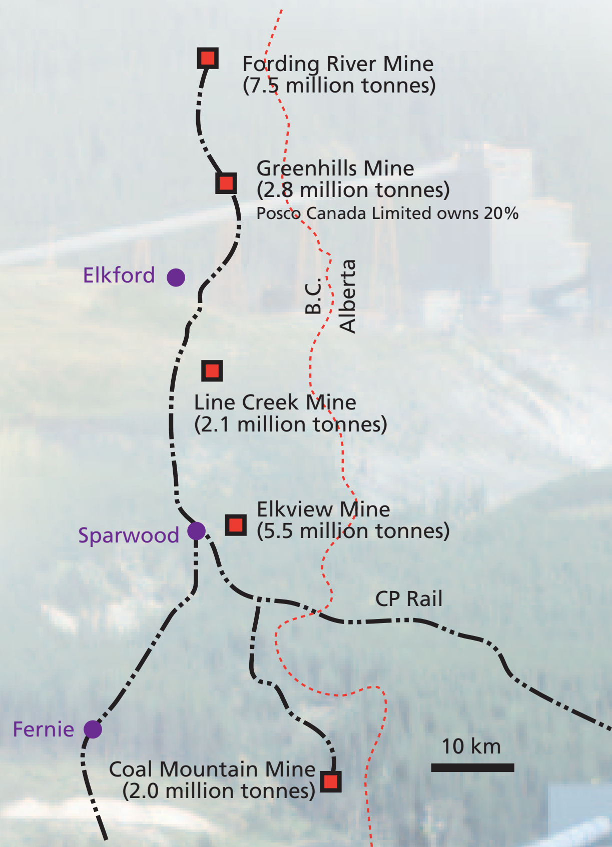
DAVID A. THOMPSON
Deputy Chairman and
Chief Executive Officer
February 20, 2003

Effective February 28, 2003, the Elkview mine and the Canadian metallurgical coal mines previously owned by Fording Inc., Consol Energy Inc. and Luscar Energy Partnership will be consolidated into a single operating entity, the Fording Coal Partnership. The map shows the location of the five southern mines involved and the 2002 sales from each mine. Combined sales from the six mines amounted to 22.6 million tonnes with a total value of $1.6 billion, or approximately 20% of the world seaborne hard metallurgical coal market.

The Partnership is to be owned initially 35% by Teck Cominco and 65% by a public income trust. Teck Cominco will also own 9.1% of the income trust for a net interest of 41%, and can increase this up to 46% over the next four years upon achievement of targeted operating synergies, by 1% for each $10 million of annual operating synergies achieved above a base of $25 million. Teck Cominco is managing partner of the Partnership, which will be administered by professionals drawn from the three predecessor operations, under the leadership of James Gardiner, the previous CEO of Fording Inc.

This consolidation, which had been contemplated by various of the parties for several years, was driven by the importance of improving Canadian competitiveness in the world coal market as well as the potential for significant operating savings. These include the ability to maximize capacity at the most efficient operations, sharing of equipment, optimization of rail transport and port handling, and increased blending of different coals to better service the needs of customers.

Coal Mines in SE British Columbia
(2002 Metallurgical Coal Sales)



Performance in 2002

2002 OBJECTIVES	2002 RESULTS
To ensure operating cash flow, before working capital changes, is sufficient to cover budgeted capital expenditures.	**Achieved** The cash flow for the year at $201 million was sufficient to fund the actual capital expenditures of $187 million.
To institute profit improvement programs at Red Dog which will achieve profitable operations at an LME price of US$0.35 per pound of zinc.	**Not Achieved** Costs at Red Dog were reduced in the fourth quarter of 2002, but this was not yet sufficient to produce an operating profit at a zinc price of US$0.35 per pound.
To institute profit improvement programs at Trail which will achieve profitable operations at an LME price of US$0.35 per pound of zinc.	**Achieved** Trail operated profitably at US$0.35 zinc during the year, achieving an operating profit of $13 million in the fourth quarter of 2002.
To increase operating profit at Elkview to $100 million in 2002.	**Not Achieved** Operating profits at Elkview increased by $22 million to a record level of $92 million. However, a slowdown in customer offtake in the final quarter of the year prevented the mine from achieving its goal of $100 million.
To continue to improve on costs, safety and delivery of social programs at Antamina.	**Achieved** Operating costs, accident frequency rates and the implementation of social programs were all improved at Antamina during 2002.
To commence installation of new turbines at the Waneta Dam. Together with the Sullivan closure, this will increase the normal surplus power for sale by 50% by 2004.	**Achieved** The second replacement turbine was installed on budget in 2002.
To use the company's financial capacity to acquire or develop additional sources of income in 2002.	**Achieved** The company's financial capacity was enhanced by the facilities put in place during the year. This will be used in part to finance the investment in the metallurgical coal partnership.
To implement the new "Zero Incident" Safety and Health Program at all mines and refineries.	**Achieved** The major emphasis on safety has resulted in a 50% improvement in lost-time accident rates since the year 2000.

2003 Objectives

Metallurgical Coal

To generate synergies of at least $35 million in the first year of the Coal Partnership.

Zinc

At a price of US$0.35 per pound of zinc, Red Dog to generate an operating profit of $10 million per quarter by the fourth quarter of 2003, and Trail to achieve an operating profit of $40 million for the year.

Projects

Construction of the Pend Oreille zinc mine to be completed by the end of the fourth quarter of 2003 at a capital cost of US$74 million. Successful completion of permitting on the Pogo gold project and a construction decision to be made in 2003.

Financing

To reduce the balance outstanding on the $275 million loan incurred to purchase the investment in the Fording Canadian Coal Trust and Coal Partnership to not more than $150 million by the end of 2003.

Safety and Environmental

To achieve company-wide lost-time accident frequency of less than 1.0 per 200,000 hours worked with no fatalities, no environmental enforcement actions and no significant environmental incidents, and to complete the implementation of environmental management systems that conform with ISO 14001 at all major sites.

ROBERT J. WRIGHT
Deputy Chairman and Chairman of Corporate Governance Committee

The recent regulatory and legislative investigations into the failures of large public companies, particularly in the United States with companies such as Enron and Adelphia, resulted in a number of authorities proposing guidelines or legislative requirements to ensure that public corporations undertake more rigorous corporate governance practices.

In Canada, the Toronto Stock Exchange (TSX) published governance guidelines in April 2002, and then on November 28, 2002 it issued revised rules and guidelines for comment by professional bodies and the public at large. We understand that these proposals will be finalized after input from interested parties and input from the Ontario Securities Commission. In the United States, Congress passed the *Sarbanes-Oxley Act* and other securities regulators such as the American Stock Exchange (AMEX) have proposed new governance rules to the Securities Exchange Commission.

The TSX proposals as well as the requirements of the *Sarbanes-Oxley Act* and the proposed AMEX requirements define, among other things, standards to be adopted by boards, board committees and management. It is anticipated that public corporations, including Teck Cominco, which are intent on maintaining their corporate governance rules in compliance with the best practices available will endeavour to enact changes to their policies to reflect these regulatory requirements and guidelines when they are finalized or otherwise become effective in 2003.

In the interim, Teck Cominco's Corporate Governance Committee has reviewed a number of the company's policies in light of the draft rules and guidelines and in some cases the Board has taken immediate steps to update its policies or expand the company's disclosure of governance matters. In other cases it has determined that the company must collect and codify practices which are already operative in order to evidence compliance with the new rules and guidelines. In 2002 the Corporate Governance Committee reviewed the company's Charter of Corporate Responsibility and the Board reformulated this Charter as well as other practice codes and standards of ethics which Teck Cominco provides to its employees. Copies of these are posted on our website, www.teckcominco.com.

A majority of the company's directors are unrelated and independent, and brief biographies of each are included in this report and in our Information Circular.

At its first meeting in 2003 the Board made further amendments to its governance documentation, including the Mandate of the Audit Committee, and also changed the composition of some of the Board committees to reflect a greater participation by independent or unrelated directors. The Audit Committee is now composed entirely of independent and unrelated directors, three of whom are Financial Experts as defined in the *Sarbanes-Oxley Act.* A summary of our practices compared with TSX guidelines can be found in our Information Circular.

These changes reflect a number of the proposals under review by the TSX, notwithstanding that such proposals have yet to be finalized. The judgment of the Board was that, with particular regard to the Audit Committee, its Mandate should reflect current best practices even if based on proposals awaiting finalization by regulatory or other authorities. A copy of the revised Audit Committee Mandate is posted on Teck Cominco's website at www.teckcominco.com.

As soon as the rules are finalized by the authorities involved, additional draft documentation will be presented to the Board. In the event that there is any undue delay in the finalization of these matters, the Board will proceed to effect changes based on its determination of best practices and, of course, upon enactment of any formal regulatory requirements, the Board will make any further changes to remain in compliance. Such documentation will be posted on the Teck Cominco website at www.teckcominco.com.

The Corporate Governance Committee continually monitors the company's policies and standards in addition to simply responding to industry or regulatory initiatives. In the words of the Teck Cominco Charter of Corporate Responsibility, we take our Charter commitments seriously, and management and the Board make every effort to foster a culture at Teck Cominco to support and honour such commitments. One such commitment includes the promise "*to conform to the spirit and intent, as well as the technical requirements, of all…laws, regulations and rules which govern us.*" I believe that it is this promise that makes Teck Cominco's corporate governance principles meaningful and effective.

ROBERT J. WRIGHT
Deputy Chairman and
Chairman, Corporate Governance Committee
February 20, 2003

Teck Cominco produces gold, base metals and coal from both underground and open-pit mines, as well as refined metals from its two metallurgical facilities. The company is committed to training, team-building and goal-setting at all of its operations, to develop and maintain the best in professional talent.

Low base metal prices continued to put pressure on our mining and refining operations in 2002, underscoring the value of maintaining a program of continuous performance improvement at each site. This program has been extended to include strategic sourcing of major consumables, common environment, health and safety standards and integration of technical expertise.

2002 was the first full year of production at the new Antamina mine, completed successfully in a challenging environment. Our challenges for the coming year will include completion of the new Pend Oreille zinc mine, conclusion of the permitting process on the Pogo gold project, the integration of the six coal mines now operated by the new Coal Partnership, and continued improvement at our refining operations.

MICHAEL P. LIPKEWICH
Senior Vice President, Mining

ROGER A. BRAIN
Senior Vice President, Marketing & Refining

Five-Year Production Record and Forecast

	Units (000's)	1998	1999	2000	2001	2002	2003 PLAN
Smelter and Refineries							
Zinc	tonnes	388	411	394	290	362	410
Lead	tonnes	64	76	91	55	81	90
Mine Operations							
Zinc	tonnes	687	765	763	731	714	680
Lead	tonnes	159	164	151	157	126	105
Copper	tonnes	178	142	176	150	202	185
Gold	ounces	453	542	503	553	285	280
Metallurgical coal	tonnes	4,300	3,440	4,926	6,671	6,889	Note 2

Notes:

(1) Production is pro forma for combined Teck and Cominco operations in the period prior to the merger of the two companies in 2001. Base metal production from mining operations refers to metals contained in concentrate.

(2) Planned coal production for 2003 will be set following completion of an integrated operating plan for the assets of the new Coal Partnership.

Elkview Mine (100%)

Coal production was up slightly for the third consecutive year, although it was less than the 6.0 million tonne capacity as production was held back to match sales contracts.

A number of initiatives were undertaken during the year to maintain long-term competitiveness, including the purchase of a new production drill ($3.0 million). This allowed decommissioning of two older, higher cost units. Modifications in the coal plant ($2.1 million) enhanced coal recovery and reduced maintenance costs.

Technical personnel continued to improve product quality while reducing coal fines. This has ensured market acceptance of Elkview coal as a premium product.

The collective agreement with the United Steelworkers of America was extended by two years to 2005.

Elkview is well positioned to continue to add shareholder value as a key component of the new Coal Partnership.

Elkview Mine, B.C., Canada					
100%	1998	1999	2000	2001	2002
Waste mined (000's tonnes)	73,725	51,733	74,310	100,672	110,970
Raw coal mined (000's tonnes)	4,586	3,800	5,700	8,127	8,319
Waste to coal ratio	23.0	19.2	18.3	18.2	20.0
Plant yield (%)	70.5	71.6	70.7	70.0	69.8
Coal production (000's tonnes)	3,212	2,693	4,063	5,517	5,547
Capital expenditures ($ millions)	8	1	21	14	11
Operating profit ($ millions)	25	2	12	70	92


Bullmoose Mine

Bullmoose Mine (61%)

Coal production was accelerated by mid-year to optimize utilization of manpower and equipment as the strip ratio declined. This plan moves completion of coal production and closure of the mine to the spring of 2003.

On closure, Bullmoose will have operated continuously for 20 years and will have produced 34 million tonnes of high quality metallurgical coal for export to the Japanese market. This will bring to an end an important facet of resource development in northern British Columbia. However, a legacy with respect to long-term sustainability will remain, with the community of Tumbler Ridge having emerged as the centre for development of natural gas fields in the surrounding areas, as well as supporting forestry and tourism.

The provincial Minister of Mines awarded the operation a citation for excellence in mine reclamation in 2002.

Bullmoose Mine, B.C., Canada					
100%	1998	1999	2000	2001	2002
Waste mined (000's tonnes)	29,579	22,560	20,813	22,815	20,896
Raw coal mined (000's tonnes)	2,697	1,954	2,196	2,621	2,782
Waste to coal ratio	16.5	18.4	14.7	12.0	9.5
Plant yield (%)	68.3	66.1	69.5	78.9	85.2
Coal production (000's tonnes)	1,787	1,225	1,416	1,894	2,203
Company's share (61%) of operating profit ($ millions)	7	(6)	4	17	24

Williams Mine (50%)

The Williams mine is one of two mines operated jointly with Barrick Gold Corporation in the Hemlo gold camp. The central mill facility at Williams treats ores from the open-pit and underground mines at Williams and from the David Bell underground mine.

Underground operations at Williams were affected by unstable ground conditions which required a different mining sequence than originally planned. This resequencing resulted in lower gold production than planned. The situation improved by the fourth quarter and the ground conditions have been stabilized. The use of paste backfill was evaluated as an alternative to cemented rock fill for underground stopes at Williams. This resulted in a decision to proceed with design and construction of a 5,000 tonnes per day paste backfill system in July 2002. The $13 million project is scheduled for commissioning in May 2003. This will increase flexibility for accessing ore and significantly reduce overall backfilling costs in the mine, enabling the operation to maintain current mining rates.

In the mill, a new tertiary grinding circuit was commissioned successfully in the first quarter. This increased the fineness of grind and allowed gold recovery to return to historic levels at the current milling rate. The $8 million project was completed in 26 weeks, ahead of schedule and under budget.

Williams Mine, Ontario, Canada

100%	1998	1999	2000	2001	2002
Tonnes milled (000's)	2,468	2,432	2,497	3,038	3,029
Tonnes per day	6,761	6,664	6,821	8,322	8,298
Grade (g/t)	5.2	5.7	5.4	4.9	4.4
Mill recovery (%)	94.7	95.2	95.0	93.1	94.6
Production (000's ozs)	390	424	414	446	405
Capital expenditures ($ millions)	7	10	12	16	18
Cash operating cost per oz (US$)	212	200	192	187	219
Company's share (50%) of operating profit ($ millions)	25	21	19	21	16

Williams Mine

David Bell Mine (50%)

The David Bell mine is located one kilometre east of the Williams mine in the Hemlo gold camp and is co-owned and operated with Barrick Gold Corporation.

Decreasing underground mining productivity was addressed in 2002. Crews were reorganized according to their mining activities rather than by their areas of work, resulting in a significant improvement in productivity by year-end.

Replacement of scoop trams and the installation of a mine-wide seismic monitoring system were the major capital expenditures in 2002, with additional work including overhaul of existing loading equipment and the main production hoist.

David Bell Mine, Ontario, Canada

100%	1998	1999	2000	2001	2002
Tonnes milled (000's)	425	444	448	455	430
Tonnes per day	1,165	1,216	1,225	1,247	1,177
Grade (g/t)	12.1	11.8	12.7	11.2	10.2
Mill recovery (%)	95.8	94.3	93.9	93.2	94.6
Production (000's ozs)	182	186	196	169	133
Capital expenditures ($ millions)	2	4	2	2	2
Cash operating cost per oz (US$)	189	188	178	189	230
Company's share (50%) of operating profit ($ millions)	14	12	12	8	4

Red Dog Mine (100%)

The Red Dog mine in northwest Alaska is the largest zinc mine in the world and is operated by Teck Cominco under a development agreement with the NANA Regional Corporation, Inc., a native Alaskan corporation.

The mill expansion completed in 2001 resulted in record production of both zinc and lead concentrates. It also improved the overall quality of the zinc concentrate and increased the zinc recovery by 4.2%.

Major capital expenditures in 2002 included $7.5 million for fugitive dust control measures at the port and $4.5 million for hard-surfacing four miles of the port haul road.

Red Dog embarked on the development of a comprehensive Environmental Management System (EMS) in 2002. This should allow the mine to become certified under ISO 14001 in early 2004.

Red Dog Mine

Red Dog Mine, Alaska, USA					
100%	1998	1999	2000	2001	2002
Tonnes mined (000's)	3,697	5,220	6,591	7,294	7,257
Tonnes milled (000's)	2,497	2,978	3,045	3,211	3,166
Zinc grade (%)	21.4	20.8	21.0	19.9	21.1
Lead grade (%)	5.2	5.2	4.7	5.1	5.4
Zinc recovery (%)	84.9	84.0	83.1	80.9	85.1
Lead recovery (%)	57.4	59.1	57.9	59.0	60.2
Zinc production (000's tonnes)	445.0	520.7	531.2	517.7	578.4
Lead production (000's tonnes)	72.6	88.9	83.0	95.3	107.9
Capital expenditures ($ millions)	34	9	109	74	16
100% Operating profit (loss)* ($ millions)	54	117	121	4	(28)

* *Pro forma numbers assuming Cominco was consolidated for the period prior to the fourth quarter of 2000.*

Polaris Mine (100%)

Polaris, the most northerly base metal mine in the world, ceased production in September after 21 years of operation. The 2002 production and profits were lower than previous years due to the curtailed operating period, but productivity and results remained good. A new collective agreement was successfully negotiated early in the year, allowing a smooth, orderly downsizing throughout the year while achieving a good safety record.

A contract for the decommissioning and reclamation was awarded in April. Following several months of logistical and design groundwork, the contractor assumed custody of the site in October. The two-year, $53 million project is scheduled to conclude in the third quarter of 2004. There is ongoing close collaboration with neighbouring communities to pass on useful, but non-salvageable, materials and equipment.

Polaris Mine, Nunavut, Canada					
100%	1998	1999	2000	2001	2002
Tonnes milled (000's)	1,031	1,050	1,052	1,019	694
Zinc grade (%)	14.0	14.5	13.3	12.4	11.6
Lead grade (%)	4.0	4.0	3.6	3.3	2.8
Zinc recovery (%)	96.5	96.9	96.7	97.3	97.6
Lead recovery (%)	91.4	91.5	90.3	91.0	89.9
Zinc production (000's tonnes)	139.7	147.4	135.2	123.1	78.6
Lead production (000's tonnes)	37.6	38.6	34.0	30.6	17.6
100% Operating profit* ($ millions)	27	43	32	11	2

* *Pro forma numbers assuming Cominco was consolidated for the period prior to the fourth quarter of 2000.*

Antamina Mine

Antamina Mine (22.5%)

Antamina (22.5% Teck Cominco) is a joint venture with Noranda (33.75%), BHP Billiton (33.75%) and Mitsubishi (10%), and completed its first full year of production in 2002. The mine and mill are in a remote location at an elevation of over 4,000 metres in the Peruvian Andes. Copper and zinc concentrates produced at the site are transported 302 kilometres to the Pacific coast in a slurry pipeline. A dedicated port facility at the coast is used to dewater and load the concentrates onto ships for export to smelters around the world.

Since beginning full-scale production in October 2001, the mine and concentrator have consistently operated at higher than design rates. The open-pit mine moved an average of 289,000 tonnes per day (tpd) of ore and waste during the year.

In November 2002, while mining the sediments left at the bottom of a lake, a mud flow occurred that resulted in a fatality. The equipment is being repaired and property losses will be cushioned by insurance recoveries. We cannot, however, restore the life of Santos Leonardo Tantarico, the driver of the bulldozer buried in the mud flow. We can only extend our deepest sympathies to his family and undertake to learn from this tragic accident. The cause of the incident was fully investigated by management at Antamina and procedures have been adopted to prevent a recurrence.

Mill throughput averaged 73,283 tpd in 2002, with peak tonnages of over 120,000 tpd achieved on softer ores. The concentrator is designed to treat copper-only and copper-zinc ores in distinct campaigns.

Throughput of the softer copper-only ores averaged 86,340 tpd in 2002, with recovery averaging 92.6%. The copper-zinc ores are harder to grind and throughput averaged 60,359 tpd on this material; recoveries averaged 75.2% for copper and 82.7% for zinc.

The cash operating cost per pound of copper, net of by-product credits, was US$0.40 in 2002. This compares with the cost estimate in the feasibility study of US$0.39 per pound, based upon the realized zinc price of US$0.36 per pound.

A total of 1.62 million tonnes of copper and zinc concentrates were pumped to the port through the slurry pipeline. The pipeline operated reliably with over 98% availability.

Antamina Mine, Ancash, Peru

100%	2002
Tonnes mined (000's)	127,037
Tonnes milled (000's)	26,748
Copper grade (%)	1.37
Zinc grade (%)	1.19
Copper recovery (%)	88.1
Zinc recovery (%)	82.7
Copper production (000's tonnes)	331
Zinc production (000's tonnes)	231
Capital expenditures ($ millions)	78
22.5% Operating profit* ($ millions)	36

* *The company's share of operating profit had the mine operating results been consolidated instead of equity-accounted.*

Louvicourt Mine (25%)

The Louvicourt copper, zinc mine (Teck Cominco 25%) is a joint venture with Aur Resources (30%) and Novicourt (45%).

Mill throughput in 2002 was slightly lower than the previous year and will continue to be reduced in an orderly fashion through early 2005 as the known ore reserves are mined out.

Louvicourt Mine, Quebec, Canada					
100%	1998	1999	2000	2001	2002
Tonnes milled (000's)	1,601	1,612	1,586	1,571	1,485
Copper grade (%)	3.60	4.16	3.31	3.40	3.13
Zinc grade (%)	1.44	1.35	1.41	1.38	1.61
Copper recovery (%)	96.9	96.9	96.8	96.9	96.8
Zinc recovery (%)	80.4	77.9	81.4	82.3	83.8
Copper production (000's tonnes)	55.8	64.9	50.8	51.8	45.0
Zinc production (000's tonnes)	18.6	16.8	18.2	17.9	20.0
Capital expenditures ($ millions)	4	4	4	4	–
Company's share (25%) of operating profit ($ millions)	(1)	5	6	(3)	(3)

Highland Valley Copper Mine (63.9%)

Teck Cominco has a 63.9% interest, BHP Billiton holds 33.6%, and others hold 2.5% in the Highland Valley mine.

The Highland Valley mill is one of the world's largest copper operations and, despite being over 20 years old, achieved record throughput of 50 million tonnes or 137,000 tonnes per day in 2002. Mill availability was a record 94.2%.

Copper production was similar to that of the previous year. As a consequence of a planned three-year period of lower ore grades, annual production of contained copper is projected to decrease to approximately 360 million pounds (164,000 tonnes) before returning to normal levels in the last three years of the mine plan.

Operating and safety performance was excellent. The cost per tonne milled at $5.16 was consistent with 2001. Capital expenditures decreased to $8 million and are forecast to decline significantly beginning in 2004.

The existing five-year collective agreement with the United Steelworkers of America expires September 2003. Bargaining for a new agreement will be initiated in mid-2003.

Highland Valley Copper Mine

Highland Valley Copper Mine, B.C., Canada					
100%	1998	1999	2000	2001	2002
Tonnes mined (000's)	98,421	57,303	85,012	78,886	75,982
Tonnes milled (000's)	48,964	30,165	49,694	48,892	49,868
Copper grade (%)	0.393	0.405	0.426	0.427	0.410
Copper recovery (%)	89.6	89.8	90.1	89.4	88.7
Copper production (000's tonnes)	166.9	106.1	184.6	186.6	181.3
Capital expenditures ($ millions)	24	2	24	25	8
64% Operating profit* ($ millions)	21	11	47	42	35

* *Pro forma numbers assuming Cominco was consolidated for the period prior to the fourth quarter of 2000.*

Trail Smelter and Refineries

The metallurgical operations at Trail, British Columbia constitute one of the world's largest fully integrated zinc and lead smelting and refining complexes. Eighteen other metal and chemical products are also produced.

The year's operating strategy was governed in part by low metal prices. Zinc production was curtailed by 25,000 tonnes in August, as part of the company's initiative to reduce overall production of the metal by 55,000 tonnes in response to the global increase in zinc inventories.

Through the diligent efforts of all employees, a record safety performance of over 140 days without a lost-time accident had been achieved by year-end.

Fourth quarter results included record production of 75,086 tonnes of zinc and silver production of over six million ounces.

Two ongoing initiatives related to production performance integrity are Maintenance Management, which enhances equipment reliability and the effective planning of work, and Integrated Process Management, which ensures production process reliability and stability. The improved equipment and process stability provided through these systems, along with gains resulting from the Environment Management System, have contributed to the facility's best-ever environmental performance in terms of compliance of sulphur dioxide and effluent discharge requirements.

Trail Smelter and Refineries

Trail Smelter and Refineries, B.C., Canada

100%	1998	1999	2000	2001	2002
Zinc (tonnes)	274,300	288,700	272,900	168,100	269,000
Lead (tonnes)	63,900	75,700	91,300	55,200	80,700
Silver (000's ozs)	12,215	11,382	12,212	9,182	17,690
Gold (000's ozs)	86	46	56	48	127
Fertilizer (tonnes)	273,000	240,700	220,300	167,500	225,000
Capital expenditures ($ millions)	27	49	42	55	65
100% Operating profit*, including power sales ($ millions)	30	71	229	222	23

* *Pro forma numbers assuming Cominco was consolidated for the period prior to the fourth quarter of 2000.*

Cajamarquilla Refinery

The Cajamarquilla refinery near Lima, Peru is one of the lowest cost facilities of its type in the world. It is owned by Teck Cominco (82%), Marubeni (17%) and the employees (1%).

In October, the refinery was once again awarded the John T. Ryan Trophy for its safety record.

Production in 2002 was impacted by a three-month shutdown taken as part of an overall Teck Cominco market strategy. During the shutdown, the entire roaster roof was replaced after more than 20 years of service. For the nine months of operation, the refinery ran above design capacity.

Cajamarquilla continues to support financially excavation and research into a nearby pre-Inca archaeological site. This project is receiving international recognition. A range of artifacts discovered at the site was displayed at the National Museum.

Zinc Refining

Cajamarquilla Refinery, Lima, Peru					
100%	1998	1999	2000	2001	2002
Concentrate treated (tonnes)	238,300	244,600	238,300	238,500	192,100
Zinc (tonnes)	113,300	122,400	121,400	122,100	92,900
Sulphuric acid (tonnes)	196,500	202,500	198,700	190,400	150,500
Capital expenditures ($ millions)	55	25	16	20	10
100% Operating profit* ($ millions)	23	31	36	22	12

* *Pro forma numbers assuming Cominco was consolidated for the period prior to the fourth quarter of 2000.*

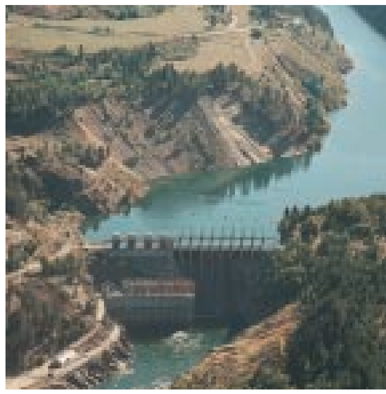
Power Sales

Trail Power

Teck Cominco owns the Waneta hydroelectric dam, built in 1954 ten kilometres south of Trail and one of several hydroelectric generating plants in the region. The company also owns a 15 kilometre transmission line from Waneta to the United States power distribution system. The operation of these plants is coordinated through contractual arrangements with B.C. Hydro under which Teck Cominco receives approximately 2,500 GW.h per year of power, even during low water years, and has the right to sell any surplus power.

A $41 million three-year project to upgrade three of the generating units at the Waneta Dam began in 2002. On completion, this will result in an increase in surplus power sales to approximately 825 GW.h per year. Work on the first of the three units was completed during the year. In 2003 a $40 million modernization of the company's interconnection to the provincial transmission grid will also be completed. This involves the replacement of two major switching stations with a single new one and the replacement and reduction of the number of transmission lines.

Power prices were unusually low during the spring and summer of 2002 because of very high runoff into the reservoir systems. Prices have since improved.



Waneta Dam

Trail Power, B.C., Canada					
100%	1998	1999	2000	2001	2002
Surplus power sold* (gigawatt hrs)	790	674	698	1,159	683
Price per MW.h (Cdn$)	32	35	236	269	37

* *Pro forma numbers assuming Cominco was consolidated for the period prior to the fourth quarter of 2000.*

Mineral Reserves (100%) [1]

		Proven		Probable		Total		
		tonnes (000's)	grade (g/t) [2]	tonnes (000's)	grade (g/t)	tonnes (000's)	grade (g/t)	Teck Cominco Interest (%)
Gold	Williams							50
	Underground	6,640	5.43	6,440	4.95	13,080	5.19	
	Open-pit	11,560	1.67	7,940	1.83	19,500	1.74	
	David Bell	2,750	10.11			2,750	10.11	50
	Pogo			7,000	16.12	7,000	16.12	40 [4]
			grade (%)		grade (%)		grade (%)	
Copper	Antamina	287,000	1.28	243,000	1.15	530,000	1.22	22.5
	Highland Valley	246,200	0.42	49,600	0.42	295,800	0.42	63.9
	Louvicourt	2,600	3.00	30	0.14	2,630	2.97	25
Zinc	Antamina	287,000	1.04	243,000	0.97	530,000	1.01	22.5
	Red Dog	28,900	21.4	56,100	16.5	85,000	18.2	100
	Louvicourt	2,600	1.9	30	7.2	2,630	1.9	25
	Pend Oreille			5,700	7.7	5,700	7.7	100
Lead	Red Dog	28,900	5.7	56,100	4.1	85,000	4.6	100
	Pend Oreille			5,700	1.4	5,700	1.4	100
Coal [3]	Elkview	162,400		92,200		254,600		100

(1) Mineral reserves are mine and property totals and are not limited to Teck Cominco's interest.
(2) g/t = grams per tonne
(3) Coal reserves expressed as tonnes of clean coal
(4) The company has the right to earn a 40% interest under a development agreement

The classification of mineral reserve and resource estimates is consistent with the classification system prescribed by the Canadian Securities Administrators in National Instrument 43-101, "Standards of Disclosure for Mineral Products". The mineral reserve estimates are reported separately from and are not aggregated with estimated mineral resources. Mineral resources do not have demonstrated economic viability. Mineral reserve and resource estimates are based on various assumptions relating to operating matters, including with respect to production costs, metal recoveries and mining dilution, as well as assumptions relating to long-term metal prices and, in certain cases, exchange rates. Assumptions with respect to operating matters are based on historical experience at the relevant operation and current mine plans, or, in the case of development properties, on feasibility study estimates. Methodologies for reserve and resource estimation vary from property to property depending on the style of mineralization, the local geology and other factors. Geostatistical estimation methods are used at the company's material base metal properties.

Mineral reserve and resource estimates may be materially affected by a number of risks and uncertainties, including with respect to environmental, permitting, legal, title and other issues. These risks and uncertainties are discussed under the heading " Risks and Uncertainties" in the company's most recent Annual Information Form on file with Canadian Securities regulators.

Mineral reserves at Williams and David Bell have been estimated on the basis of an assumed gold price of US$300 per ounce. Mineral resources at these properties have been estimated at various assumed gold prices at the different operations, depending on the expected life of the relevant operation. Mineral resources at Williams and David Bell have been estimated on the basis of assumed gold prices of US$350 and US$400 per ounce. Mineral reserves at Pogo have been estimated on the basis of US$ 300 per ounce. Mineral resources at Pogo have been estimated using an assumed gold price of US$400 per ounce. Copper reserves at Highland Valley Copper are estimated on the basis of an assumed copper price of US$0.72/lb while those at Antamina have been estimated using an assumed copper price of US $0.90/lb. Zinc reserves at Antamina and Red Dog have been estimated on the basis of US$0.50 and US$0.55/lb zinc, respectively, whereas at the development properties, assumed prices of US$0.45 to US$0.60/lb zinc have been used in the estimation of reserves and resources.

Mineral Resources (100%) [1]

		Measured		Indicated		Inferred		
		tonnes (000's)	grade (g/t) [2]	tonnes (000's)	grade (g/t)	tonnes (000's)	grade (g/t)	Teck Cominco Interest (%)
Gold	Williams							50
	Underground	340	3.22	670	3.39	6,900	5.11	
	Open-pit	1,140	1.90	1,900	1.84	1,410	1.89	
	David Bell	140	9.37	680	3.77			50
	Pogo			770	8.92	1,230	16.90	40 [4]
	Los Filos	5,200	2.24	16,900	1.96	5,900	2.00	70
	Lobo-Marte							60
	Lobo			64,210	1.79	5,660	1.70	
	Marte			33,470	1.58	3,590	1.35	
	El Limon					13,400	3.53	78.8
	Kudz Ze Kayah			11,300	1.30	1,500	2.00	100
			grade (%)		grade (%)		grade (%)	
Copper	Antamina	25,000	0.50	35,000	0.47	33,000	0.78	22.5
	San Nicolas	1,880	0.73	78,080	1.34	7,020	1.28	79
	Kudz Ze Kayah			11,300	0.90	1,500	0.14	100
Zinc	Antamina	25,000	0.20	35,000	0.29	33,000	0.99	22.5
	Red Dog			9,000	17.4	37,100	13.8	100
	San Nicolas	1,880	3.6	78,080	1.8	7,020	1.4	79
	Pend Oreille					3,300	6.6	100
	Kudz Ze Kayah			11,300	5.9	1,500	6.4	100
	Sä Dena Hes			2,190	10.4			50
Lead	Red Dog			9,000	5.2	37,100	4.3	100
	Pend Oreille					3,300	1.3	100
	Kudz Ze Kayah			11,300	1.5	1,500	3.1	100
	Sä Dena Hes			2,190	2.6			50
Titanium	White Earth [3]			428,000	11	1,031,000	10	100
Coal [5]	Elkview	20,500				880,000		100

(1) Mineral resources are mine and property totals and are not limited to Teck Cominco's interest
(2) g/t = grams per tonne
(3) Grade reported as % TiO_2
(4) The company has the right to earn a 40% interest under a development agreement
(5) Coal resources expressed as tonnes of clean coal

Estimates of the mineral reserves and resources for the company's material properties have been prepared under the general supervision of William P. Armstrong, P.Eng., who is an employee of Teck Cominco. Mineral reserve and resource estimates for Antamina have been prepared under the supervision of qualified person Gordon Stothart, P.Eng., who is an employee of Compañia Minera Antamina. Messrs. Armstrong and Stothart are Qualified Persons for the purposes of National Instrument 43 - 101. Mineral reserve estimates for Louvicourt have been provided to the company by the project operator.

Mineral reserves and resources at Polaris were depleted during the year and the operation has been closed; reserves at Bullmoose were largely exhausted during the year and the mine will close in the spring of 2003.

ZINC

After a significant fall in 2001, zinc consumption in the Western World rose moderately by 1.6% in 2002. Consumption in the U.S. was down 2%, due to reduced use of galvanized steel in commercial construction, which overshadowed increased usage in auto production.

Inventory levels at the London Metal Exchange (LME) rose steadily throughout 2002, increasing by 218,000 tonnes. Total refined inventories (LME, producer, consumer and merchant stocks) at year-end had risen to 7.9 weeks of Western World consumption, above the five-week level traditionally considered to be normal.

Prices traded in a US$0.05 per pound range in 2002, ending the year at US$0.34 per pound, a 15-year low. The price averaged US$0.35 per pound, down from US$0.40 per pound in 2001.

Due to a fall in Chinese mine production, China continued to be a major net importer of concentrates in 2002. This action was a major factor in moving the concentrate market in the West into deficit. As a result of decreased availability of concentrates, Chinese production of refined zinc was lower and its net exports of refined zinc fell by 25%.

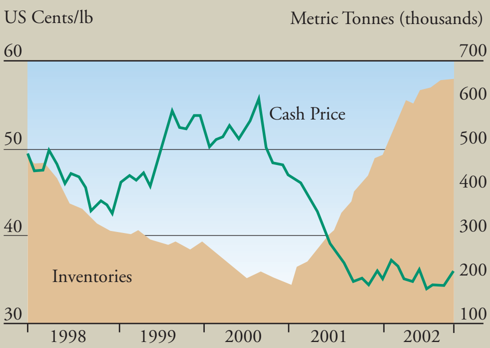
Zinc mine production was lower elsewhere in the world as well, as a result of cutbacks and mine closures. The shortage of concentrate put downward pressure on treatment charges and this is expected to lead to cutbacks in refined production in 2003.

Teck Cominco's Product Technology Centre supports the markets for our refined metal products with a variety of value-added technology solutions and services. The Centre was successful in introducing a new appearance-enhancing alloy, BritePlus™, to the galvanizing market, and maintained its industry leading position in lead acid battery plate manufacturing technology. Significant progress was realized toward the development of a zinc reactant used in zinc-air fuel cells now being commercialized by Metallic Power Inc.

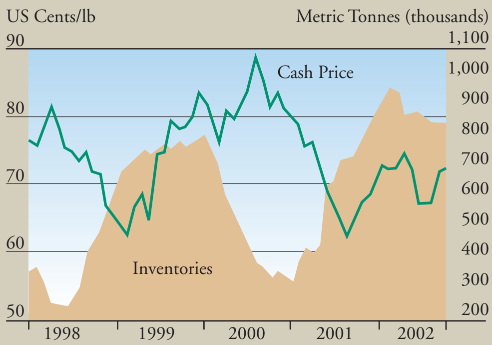
COPPER

Western World refined consumption fell by 2% in 2002 as a slowdown in global economic activity affected all sectors of copper consumption. Copper consumption in the U.S., the world's largest copper consuming area, fell by almost 8% in 2002.

> LME Zinc Price and Inventories



> LME Copper Price and Inventories



Inventory levels on the LME and COMEX rose by 180,000 tonnes, ending at a combined level of 1,218,000 tonnes. Total refined inventories (LME, COMEX, producer, consumer and merchant stocks) rose slightly to 1.7 times normal at the end of 2002 (normal level being five weeks of Western World consumption).

Prices started 2002 at US$0.65 per pound, rose to US$0.76 per pound in June, and ended the year at US$0.70 per pound. The price averaged US$0.71 per pound in 2002, down from US$0.72 per pound in 2001.

As with zinc, mine production cuts initiated in late 2001 and continued in 2002 will help to reduce the oversupply in the marketplace and provide for an improved market outlook for 2003.

METALLURGICAL COAL

Seaborne trade in metallurgical coal is estimated to have been 193 million tonnes in 2002, up 0.7% from the previous year.

Australia dominates the metallurgical coal market, exporting an estimated 108 million tonnes in 2002, up 4% from 2001. Canadian exports are estimated to have fallen 8% to 24 million tonnes, U.S. exports are estimated to have fallen 13% to 20 million tonnes, and China's exports rose marginally to 12 million tonnes.

Global pig iron production rose by 6% in 2002, aiding the metallurgical coal market. The tight market in 2002 translated into a 12% improvement in coal prices over 2001.

Inventories increased in the second half of the year as a result of increases in production. A number of producers have announced plans to reduce production as a result of these inventory increases.

GOLD

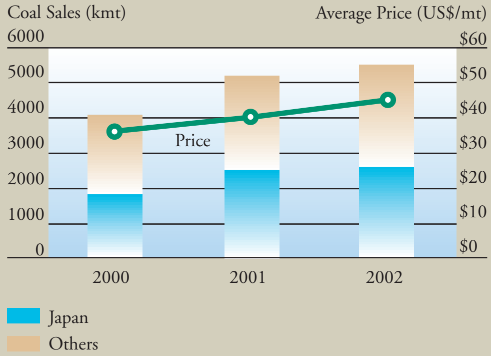
2002 was a good year for gold. The price started the year at US$274 per ounce and finished up 27% at US$347 per ounce. The average for 2002 was US$310 per ounce, compared with 2001's average of US$271 per ounce.

The price in 2002 was supported by falling U.S. interest rates, declining stock markets, a weakening U.S. dollar and geopolitical uncertainty.

Mine production, mainly in North America and South Africa, fell by 2% to 2,543 tonnes, the first drop since 1995. Further reduction in supply came from the continued liquidation of hedging positions by producers that started in 2001.

Consumption in the jewellery sector fell by 12% while overall fabrication fell by 11% primarily due to weak GDP growth.

> **Elkview Coal Sales**



In Mexico, exploration at Morelos Norte Reserve in 2002 targeted gold skarn mineralization associated with the margins of a Cretaceous granodiorite stock. Work included mapping, prospecting and geochemical sampling around the margins of the stock, 30 kilometres of geophysics (IP) over the west side of the stock, and 7,700 metres of diamond drilling in 52 holes. The latter included infill and step-out drilling on the El Limon prospect, including definition of a surface oxide zone on the northwest end of the prospect, as well as testing of IP targets in the Los Guajes and Amarilla areas west of El Limon. Highlights of the drilling program include:

Exploration Camp, Peru

Hole #	From (m)	To (m)	Length (m)	Grade (g/t)	Location
DLIM-53	198.0	244.5	46.5	6.1	El Limon South
DLIM-56	181.5	198.5	17.0	5.5	El Limon South
DLIM-61	0.0	23.0	23.0	5.0	El Limon Oxide
DLIM-68	0.0	12.9	12.9	23.7	El Limon Oxide
DLIM-76	49.9	102.1	52.2	7.2	Los Guajes

Preliminary resource estimates are presently being calculated for the above zones.

In Canada, highlights included the identification of several kimberlite boulder trains on Rhonda Corporation's Inulik diamond property, in which Teck Cominco has the option to earn up to a 70% interest; a promising new gold target on Freewest Resources Canada Inc.'s property 100 kilometres east of Hemlo, in which Teck Cominco can earn up to a 65% interest; and drill intersections of massive sulphides on Wolfden Resources Inc.'s High Lake property in Nunavut, including 5.6% copper over 17.5 metres and 5.3% copper over 47.8 metres. Teck Cominco entered into an agreement with Wolfden to help fund continued exploration and evaluation of High Lake.

In Turkey, several new zinc oxide prospects were discovered, on which significant surface showings will be followed up in 2003.

In Argentina, several new gold prospects were discovered during a regional exploration program. Initial assays from grab samples of quartz veins were up to 3 grams per tonne of gold and 250 grams per tonne of silver.

With offices in nine countries throughout the Americas, Australia, Turkey and Namibia, the company continues its aggressive exploration for copper, gold and zinc.

POGO (GOLD)

Teck Cominco is earning a 40% interest in the Pogo gold property in Alaska under a development contract with members of the Sumitomo group of companies. Pogo is a high-grade gold deposit which will be developed as an underground mine with a 2,500 tonnes per day mill.

The principal work carried out in 2002 related to permitting, including consultation with local native groups, Alaska State agencies and the Environmental Protection Agency (EPA). An Environmental Impact Study (EIS) is being prepared by a third party contractor on behalf of the EPA. A Preliminary Draft Environmental Impact Statement was issued in August and following consultation with various interested groups is being revised, to be issued as a Draft EIS, which will trigger a formal 60-day public review process. A final EIS is expected to be issued together with permits late in 2003, allowing construction to proceed in 2004.

PEND OREILLE (ZINC, LEAD)

Mine development included completion of a 1,330-foot internal shaft, as well as a 2,000-foot ramp extension providing access to the Yellowhead zone. Electrical power distribution upgrades to the site, and ultimately underground, were completed. Refurbishment of the underground crusher and conveyor system, the surface concentrator and the installation of the tailings pond liner and development of orebody access drifts will occur in 2003.

Starting in early 2004, the Pend Oreille Mine will produce a high-quality zinc concentrate that will be trucked 80 kilometres from the site at Metaline Falls, Washington to Trail, B.C. The capital cost forecast remains on target at US$74million.

Teck Cominco's strong ongoing focus on developing new process technologies in support of existing operating units and business development initiatives continued in 2002.

The Corporate Research Group, located in Trail, in addition to providing support for production activities, successfully completed a three-year program to develop a breakthrough technology for heap-leaching zinc from sulphide ores. The process, for which patent applications have been filed and which is termed HydroZinc™, produces cathode zinc directly from run-of-mine ore and was operated at a pilot scale of 1 tonne per day of refined zinc throughout 2002. This work complements an earlier parallel program that successfully produced refined zinc from oxide ores.

The company's CESL unit continued the development of its proprietary copper and nickel technologies. Extensive work was carried out in support of the company's Mesaba copper, nickel, cobalt project in Minnesota in 2002. New processes were developed to simultaneously treat copper concentrate and high arsenic-bearing by-products so as to stabilize arsenic, and a new approach to precious metals recovery from copper concentrates was discovered. Commercialization of the CESL Copper Process was advanced through detailed discussions with several major copper producers.

Pogo Gold Property, Alaska

CESL Plant, Vancouver, B.C.

Revegetation on inactive waste dump, Bullmoose Mine

Teck Cominco is committed to sound and responsible business practices in every aspect of its activities. A detailed description of the company's progress in the environment, health, safety and community fields can be found in the Sustainability Report available at www.teckcominco.com/environment/sustain.htm.

The Board's Environment, Health and Safety Committee sets policies and oversees management of environmental, social and safety performance for the company. Management, through a committee chaired by the CEO, establishes priorities and directions for the environmental, health and safety programs.

In 2002, Teck Cominco received recognition from a number of agencies. The company won the British Columbia Mine Reclamation award for its voluntary cleanup work at the site of the old Bluebell mine. The company also won the annual British Columbia citation for excellence for the reclamation work under way at the Bullmoose coal mine.

At the international level, Compañia Minera Antamina (jointly owned by Teck Cominco, Noranda, BHP Billiton and Mitsubishi) was ranked by an independent survey as the best mining company in Peru with respect to social and environmental responsibility. Refinería de Cajamarquilla received special recognition for its support of a major archaeological excavation in the vicinity of the refinery.

Teck Cominco Health & Safety Statistics

	1999	2000	2001	2002
Lost Time Accidents	193	186	105	89
Fatalities	-	1	2	2
Frequency*	2.1	2.4	1.7	1.1
Severity**	63.7	137.3	240.5	186.7

* *Frequency = Lost Time Accidents per 200,000 Hours Worked*

** *Severity = Days Lost per 200,000 Hours Worked (Contractors not included)*

The State of Oregon recognized Teck Cominco's reclamation of the Glenbrook Nickel site in Riddle, Oregon, awarding the company a special citation of excellence. The U.S. Coast Guard offered a public commendation to Foss Maritime and the Red Dog mine for their excellent efforts to secure and recover, without environmental incident, a barge which broke loose during a storm at the Red Dog port on the Chukchi Sea.

During the year, the company had to deal with some very difficult situations. At Antamina an incident involving the collapse of a large pile of sediments from Lake Antamina led to a fatality and considerable damage to equipment. This incident was fully investigated and new procedures have been put in place to reinforce the importance of working in a safe and responsible manner.

A committee from the community of Kivalina near the Red Dog mine brought proceedings against Teck Cominco Alaska alleging violations of the *Clean Water Act* and the mine's water discharge permits. The vast majority of the alleged incidents were permitted through Compliance Orders issued by the EPA, and Teck Cominco Alaska has worked closely with the regulatory authorities and NANA to meet the concerns of the community of Kivalina.

Continual improvement in environment, health and safety performance remains the company's key goal. Our objectives for 2003, which are set out in the Sustainability Report, are based on this goal.

FINANCIAL SUMMARY

Net earnings for the year ended December 31, 2002 were $30 million, or $0.15 per share, compared with a loss of $21 million or $0.17 per share in 2001. The loss in 2001 was due to the recording of asset valuation writedowns of $122 million on an after-tax basis. Net earnings before the writedowns were $101 million or $0.69 per share in 2001.

Earnings in 2002 were affected by extremely low zinc and copper prices, which averaged US$0.35 and US$0.71 per pound respectively compared with US$0.40 and US$0.73 per pound in 2001. Offsetting the effects of low zinc and copper prices were higher realized gold prices, which averaged US$314 per ounce compared with US$282 per ounce in 2001, and higher coal prices which at an average price of US$44 per tonne were 10% higher than a year ago.

Net earnings in 2001 of $101 million before writedowns included significant profits from power sales, with a realized power price of US$174 per MW.h in 2001 compared with US$23 per MW.h in 2002.

Excluding Trail, which benefitted from significant power profits in 2001, operating profit from all other operations in 2002 of $160 million was 11% lower than the $180 million in 2001, with higher coal profits partially offsetting the lower profits from zinc, copper and gold operations. The results from the Antamina copper, zinc mine were included in equity earnings, and would have added $36 million to operating profit for the year had the operation been consolidated.

Cash flow from operations, before changes to non-cash working capital items, was $201 million compared with $418 million in 2001. The higher cash flow in 2001 was due mainly to the significant profits from power sales, when Trail shut down its metals operations from July to September to maximize power sales opportunities.

FINANCIAL DATA

($ millions, except per share data)	2002	2001
Earnings and Cash Flow		
Revenue	$ 2,187	$ 2,379
Operating profit (after depreciation)	$ 183	$ 402
Earnings before asset writedowns	$ 30	$ 101
Net earnings (loss)	$ 30	$ (21)
Cash flow from operations	$ 201	$ 418
Earnings (loss) per share	$ 0.15	$ (0.17)
Capital Expenditures and Investments		
Capital expenditures	$ 187	$ 346
Investments	$ 18	$ 36
Balance Sheet		
Cash	$ 91	$ 101
Working capital	$ 635	$ 609
Total assets	$ 4,958	$ 5,133
Long-term debt	$ 933	$ 1,005
Shareholders' equity	$ 2,520	$ 2,540
Net debt to net debt plus equity	26%	25%
Shares outstanding (millions)	184.5	184.5

Year-end working capital was $635 million, compared with $609 million at the end of 2001. The cash balance at December 31 was $91 million compared with $101 million a year ago. Net debt (long-term debt less cash), excluding the exchangeable debentures relating to Inco shares, was $868 million or 26% of net debt plus equity, compared with net debt of $864 million or 25% of net debt plus equity at the end of 2001.

JOHN G. TAYLOR
Senior Vice President, Finance and Chief Financial Officer

RONALD A. MILLOS
Vice President, Corporate Finance

RESULTS OF OPERATIONS

Revenues

Revenues are affected by sales volumes, commodity prices and currency exchange rates. Comparative data for each operation on production and sales as well as revenues and operating profits are presented in the tables on pages 29 and 30. Commodity prices and the Canadian/U.S. dollar exchange rate are presented in the table on this page.

Revenues from operations were $2.2 billion in 2002 compared with $2.4 billion in 2001. Major decreases from 2001 included $49 million from the Cajamarquilla zinc refinery which had a three-month shutdown in 2002, $34 million from the Sullivan mine which closed in December 2001, and $93 million from gold operations with the sale of the two Australian gold mines in October 2001.

Smelting and Refining

Trail operated under a number of adverse conditions in 2002, with lower treatment charges received on its smelting and refinery operations and lower zinc premiums realized due to market conditions. Prices also declined for certain specialty metals such as indium and germanium. Refined zinc production was 269,000 tonnes compared with 168,100 tonnes in 2001 when operations were shut down in the third quarter to maximize power sales opportunities. Trail realized substantial profits from unusally high power prices in the previous year, selling 1,159,000 MW.h at an average price of US$174 compared with sales of 683,000 MW.h at an average price of US$23 in 2002. Operating profit from Trail was $23 million in 2002, down significantly from $222 million in 2001 due mainly to the reduced power profits.

Realized Metal Prices	2002	2001
Zinc (US$/pound)	0.35	0.40
Copper (US$/pound)	0.71	0.73
Lead (US$/pound)	0.20	0.22
Gold (US$/ounce)	314	282
Coal (US$/tonne)	44	40
Canadian/U.S. exchange rate (US$1 = Cdn$)	1.57	1.55

Refined zinc output at Cajamarquilla was 92,900 tonnes in 2002 compared with 122,100 tonnes in 2001. The lower production was due to a three-month shutdown of its operations from June to August of 2002 to help reduce market inventory. Despite the reduction in output and sales and the operating losses incurred during the shutdown, Cajamarquilla generated an operating profit of $12 million compared with $22 million the year before.

Zinc Mining

The Red Dog mine produced 578,400 tonnes of zinc in concentrate in 2002 compared with 517,700 tonnes in 2001. The higher production was mainly a result of higher ore grades, as well as improved recovery rates as a result of the Value Improvement Program completed in late 2001. The Red Dog mine recorded an operating loss of $28 million in the year compared with a profit of $4 million in 2001, mainly due to the lower zinc price which averaged US$0.35 per pound compared with US$0.40 per pound in the previous year.

The Polaris mine shut down in early September after depleting its ore reserves, and reclamation work is now being carried out. Production in 2002 was 78,600 tonnes of zinc in concentrate compared with 123,100 in 2001. The mine recorded an operating profit of $2 million compared with $11 million in 2001 as a result of the lower production and zinc price.

PRODUCTION AND SALES STATISTICS

For the years ended December 31		Production 2002	Production 2001	Sales 2002	Sales 2001
REFINED METALS					
Zinc	Trail	**269,000**	168,100	**275,300**	156,000
(Tonnes)	Cajamarquilla	**92,900**	122,100	**98,000**	122,300
		361,900	290,200	**373,300**	278,300
Lead	Trail	**80,700**	55,200	**78,400**	45,900
(Tonnes)					
Surplus Power					
(MW.h)	Trail			**683,000**	1,159,000
MINE OPERATIONS					
Zinc	Red Dog	**578,400**	517,700	**586,300**	531,700
(Tonnes)	Antamina	**51,900**	12,600	**56,300**	7,000
	Polaris	**78,600**	123,100	**105,700**	128,400
	Louvicourt	**5,000**	4,500	**5,000**	4,500
	Sullivan	**–**	72,600	**–**	48,100
		713,900	730,500	**753,300**	719,700
Copper	Highland Valley	**115,900**	119,300	**114,900**	133,800
(Tonnes)	Antamina	**74,400**	18,100	**78,800**	19,800
	Louvicourt	**11,200**	12,900	**11,200**	12,900
		201,500	150,300	**204,900**	166,500
Lead	Red Dog	**107,900**	95,300	**113,000**	83,100
(Tonnes)	Polaris	**17,600**	30,600	**27,900**	30,600
	Sullivan	**–**	31,600	**–**	24,200
		125,500	157,500	**140,900**	137,900
Gold	Williams	**202,554**	222,894	**202,554**	222,894
(Ounces)	David Bell	**66,503**	84,618	**66,503**	84,618
	Tarmoola	**–**	143,290	**–**	143,290
	Carosue Dam	**–**	84,746	**–**	84,746
	By-product	**16,142**	17,559	**16,420**	17,559
		285,199	553,107	**285,477**	553,107
Coal	Elkview	**5,547**	5,517	**5,517**	5,399
(000's Tonnes)	Bullmoose	**1,342**	1,154	**1,100**	1,154
		6,889	6,671	**6,617**	6,553

Note: The above production and sales volumes refer to the company's share. Production and sales volumes of base metal mines refer to metals contained in concentrate.

SEGMENTED REVENUE AND OPERATING PROFIT AFTER DEPRECIATION		Revenue		Operating Profit	
($ in millions)		**2002**	2001	**2002**	2001
Zinc	Trail (including power sales)	**$ 769**	$ 785	**$ 23**	$222
	Cajamarquilla	**145**	194	**12**	22
	Red Dog	**382**	376	**(28)**	4
	Polaris	**80**	106	**2**	11
	Sullivan	**–**	34	**–**	(18)
	Inter-segment sales	**(75)**	(77)	**2**	4
		1,301	1,418	**11**	245
Copper	Highland Valley	**251**	282	**35**	42
	Louvicourt	**26**	26	**(3)**	(3)
		277	308	**32**	39
Gold	Williams	**100**	98	**16**	21
	David Bell	**33**	36	**4**	8
	Tarmoola	**–**	58	**–**	2
	Carosue Dam	**–**	35	**–**	4
		133	227	**20**	35
Coal	Elkview	**387**	337	**92**	70
	Bullmoose	**76**	75	**24**	17
		463	412	**116**	87
Other		**13**	14	**4**	(4)
TOTAL		**$2,187**	$2,379	**$183**	$402

Copper Mining

The Highland Valley Copper mine (Teck Cominco 63.9%) produced 181,300 tonnes of copper in concentrate in 2002 compared with 186,600 tonnes the previous year. The mine contributed an operating profit of $35 million compared with $42 million in 2001, as a result of lower copper prices and a 14% reduction in sales. The lower sales were due mainly to the timing of shipments and not market-related.

The company's 22.5% share of Antamina's production was 74,400 tonnes of copper production in 2002. The mine is currently equity-accounted and equity earnings in 2002 were $17 million on an after-tax basis. Its results will be reflected in operating profit and cash flow in 2003 when it achieves completion as defined in the project loan agreement.

Gold Mining

Gold production at both the Williams and the David Bell mines at Hemlo was adversely affected by ground conditions in 2002 beginning early in the year. The mines have taken measures to address the stability problems and had made significant improvements by the end of the year. Combined gold production from the two mines was 538,112 ounces compared with 597,878 ounces in 2001, of which the company's share is 50%.

The average cash operating cost was US$222 per ounce compared with US$187 per ounce a year ago, due to the lower production. The average realized gold price, including hedging gains, was US$314 per ounce compared with US$282 per ounce in 2001. Operating profit from gold operations of $20 million was down from $35 million in 2001, due to the lower production caused by ground problems and the sale of the Tarmoola and Carosue Dam gold mines in October 2001.

Coal Mining

Metallurgical coal production from the Elkview mine was 5,547,000 tonnes compared with 5,517,000 tonnes in the previous year. With higher sales and a higher average coal price of US$44 per tonne compared with US$40 per tonne a year ago, operating profit from Elkview operations was $92 million, compared with $70 million in 2001.

The Bullmoose mine produced 2,203,000 tonnes of coal in 2002 compared with 1,894,000 tonnes in 2001, of which the company's share was 61%. The increase was due mainly to an acceleration of the production rate as the mine is scheduled to mine out its coal reserve at the end of the first quarter in 2003. The company's share of operating profit in 2002 was $24 million compared with $17 million in 2001 as a result of a higher coal price and lower operating costs.

OTHER EXPENSES

General, administration and marketing expense of $53 million decreased from $58 million in 2001 mainly as a result of reduced overhead costs following the merger with Cominco.

Interest expense was $67 million in 2002 compared with $77 million in the previous year. The lower interest expense was due mainly to lower interest rates in the current year. In September 2002 the company issued US$200 million of debentures due 2012 bearing an interest rate of 7%, replacing some lower interest-rate revolving bank debts and resulting in a higher interest expense in the fourth quarter compared with the first three quarters.

Exploration expense was $34 million in 2002, down significantly from $59 million in 2001. The 2001 expense included the ongoing exploration programs of the two pre-merger companies. Following the merger with Cominco, the exploration activities were reorganized resulting in major reductions in 2002.

Included in the net amount of $7 million of other income were interest and investment income totalling $29 million, including interest received on tax refunds, offset by a reduction in the carrying value of investments of $22 million recorded at year-end. The latter relates to the company's holding of 17.4 million shares in Sons of Gwalia Limited, the carrying value of which was reduced from $86 million to $64 million.

Income tax expense of $5 million represents a net number for provisions of taxes and recovery on losses in different jurisdictions. A reconciliation between taxes calculated at the statutory rates and the actual tax provision as well as other tax information is provided in note 13 of the financial statements.

EQUITY EARNINGS

The company accounts for its 22.5% investment in the Antamina project, which commenced commercial production in the fourth quarter of 2001, on an equity basis. Upon the project achieving "completion" as defined in the senior project debt agreement, expected in the second quarter of 2003, the company will account for the investment on a proportionate consolidation basis, presenting its share of operating profit and cash flow on the same basis as other operations. Equity earnings from the Antamina mine in 2002 were $17 million compared with an equity loss of $1 million in the fourth quarter of 2001.

FINANCIAL POSITION AND LIQUIDITY

Operating Cash Flow

Cash flow from operations, before changes to non-cash working capital items, was $201 million in 2002 compared with $418 million in 2001. The higher operating cash flow in 2001 was due mainly to the significant profits from power sales, when Trail shut down its metals operations from July to September of 2001 to maximize power sales at high prices.

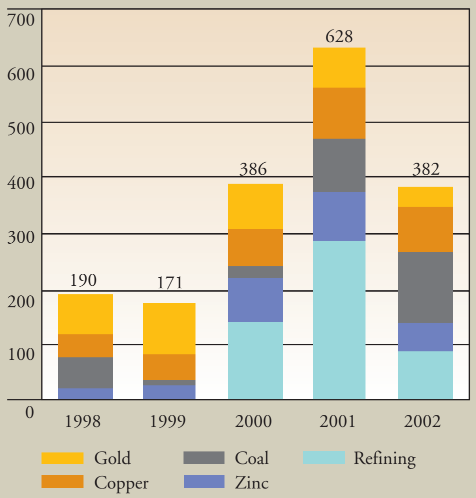
Operating cash flow of $70 million in the fourth quarter was the highest of the four quarters in the year, with low gold production at Hemlo in the first two quarters, the shutdown of Cajamarquilla from June to August and the maintenance shutdown of Trail in August affecting the cash flow in the first three quarters.

Cash flow from operations, after allowing for the effect of changes in non-cash working capital items, was $252 million. The reduction to non-cash working capital items of $51 million was due mainly to inventory reductions.

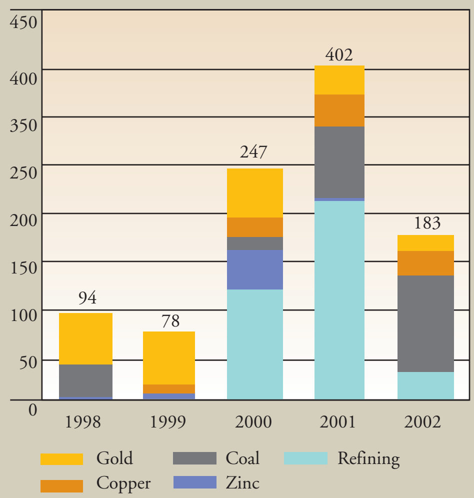
Investing Activities

Capital expenditures in 2002 were $187 million. Major expenditures included $65 million at Trail and $33 million on the Pend Oreille zinc project. The company completed its funding of the construction of the Antamina project in 2002 with capital expenditures of $26 million, which included the final payment made to the Peruvian government. Other capital expenditures included $16 million at Red Dog, $11 million at Elkview, $10 million at Cajamarquilla and $8 million on the Pogo gold project.

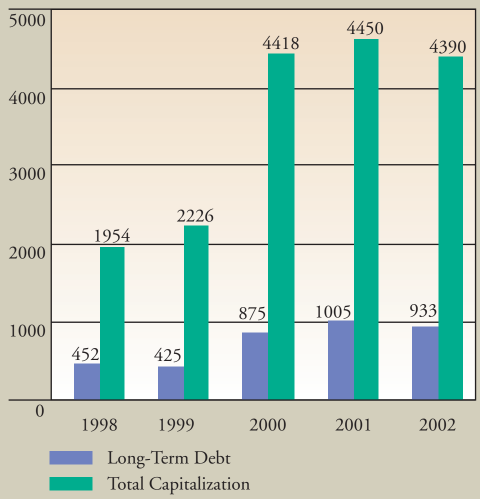
> Operating Profit Before Depreciation
$millions



> Operating Profit After Depreciation
$millions



> Long-Term Debt & Total Capitalization
$millions



Financing Activities

In May 2002, the company repaid the US$125 million debenture on maturity by drawing down the company's long-term credit facilities. In September, the company issued US$200 million of 10-year 7% debentures. The net proceeds were used to repay shorter-term revolving bank loans.

In April 2001 the company drew the remaining US$103 million (Cdn$165 million) of the Cajamarquilla term loan facility. The funds, which were placed in a restricted account, were repaid to the banks in May 2002 as a decision was made not to proceed with the plant expansion in the near term.

The $80 million of short-term bank borrowings outstanding at the end of 2001 were repaid in the year.

Cash Resources and Liquidity

At December 31, 2002, the company had a cash balance of $91 million and no short-term bank borrowings. Net debt (total debt less cash), excluding the Inco exchangeable debentures, was $868 million or 26% of net debt plus equity, compared with net debt of $864 million or 25% of net debt plus equity at the end of 2001.

When the investment in Antamina is proportionately consolidated, expected in the second quarter of 2003, the company's share of the Antamina project debt of US$281 million will be included in long-term debt.

At the year-end, the company had bank credit facilities aggregating $939 million in total commitments, 90% of which mature in 2005 and beyond. Unused credit lines under these facilities amounted to $879 million as the company has issued $60 million of letters of credit.

OUTLOOK

Earnings and Cash Flow

Metal production forecasts for 2003 are summarized in the table on page 12. In 2003, the smelter and refineries at Trail and Cajamarquilla plan to operate at full production rates. Zinc concentrate production from the mines will decrease in 2003 due to the closure of the Polaris mine in September 2002. This reduction is expected to be offset by an increase in zinc production planned at Antamina. The Red Dog mine is expected to produce at full production rates. Copper production from the Highland Valley Copper mine is expected to decrease slightly in 2003 due to lower ore grades, while copper production from Antamina in 2003 is expected to be similar to 2002. Gold production from the Hemlo mines is expected to be at a level similar to 2002. Despite the scheduled closure of the Bullmoose mine at the end of the first quarter in 2003, the formation of the newly announced Coal Partnership is expected to result in an increase to the company's share of metallurgical coal production in 2003.

As discussed earlier, the results of Antamina will be proportionately consolidated when the mine achieves completion, as defined in the senior project debt agreement, which is expected in the second quarter of 2003. The new accounting treatment will have no effect on net earnings, but the company's share of revenues, operating profit, interest expense and cash flow in the Antamina project will be added to the company's respective accounts. The Antamina mine at current metal prices is expected to generate cash flow more than sufficient to cover its senior debt repayments.

Unfavourable financial market conditions have resulted in reductions in pension plan asset values in 2002 for the company's defined benefit pension plans. As disclosed in the pension note (Note 16) of the financial statements, there was a negative return of $18 million on plan assets in 2002 instead of an expected return of $50 million based on actuarial assumptions. The reduction in pension asset values will result in an increase in the company's funding and pension expense with respect to the company's defined benefit plans in 2003, estimated to be $9 million and $6 million respectively.

The company's earnings and cash flow are especially sensitive to zinc, copper, gold and coal prices, and the Canadian/U.S. dollar exchange rate. The accompanying table shows the impact on the company's earnings due to fluctuations in metal prices and the Canadian/U.S. dollar exchange rate.

EARNINGS SENSITIVITY
(Based on 2003 plan, and before the effect of hedging)

	Change	Impact on After-tax Earnings (Cdn$ millions)
ZINC	US$0.01/lb	$ 13
COPPER	US$0.01/lb	$ 3
GOLD	US$10/oz	$ 4
COAL	US$1/mt	$ 7
CDN$/US$	CDN$0.01	$ 8

Zinc and copper prices are expected to improve over 2002 levels due to improving market fundamentals. There are no significant changes expected in metallurgical coal markets in 2003.

To manage the risks of changing metal prices and the U.S. dollar exchange rate, the company regularly reviews market movements and from time to time conducts hedging transactions. The company's forward sales positions are summarized in Note 17(a) of the financial statements.

Development Projects and Capital Expenditures

On January 13, 2003, the company announced jointly with Fording Inc., Westshore Terminals Income Fund, Sherritt International Corporation and Ontario Teachers Pension Plan Board that an agreement was reached to combine the metallurgical coal assets of Teck Cominco, Fording and Luscar Energy Partnership under a plan of arrangement to form a new Coal Partnership (see page 7). Teck Cominco will contribute $125 million and its metallurgical coal assets, including the Elkview mine, for a 35% interest in the partnership and will be the managing partner. Teck Cominco's interest in the partnership will increase by up to 5% if the partnership achieves certain levels of operating synergies by March 31, 2007. In addition, the company will invest $150 million for a 9.1% interest in the Fording Canadian Coal Trust which will own the remaining 65% of the partnership. Accordingly, the company's direct and indirect interest in the Coal Partnership is 41% with the potential of increasing to approximately 46%. The new Coal Partnership will be the world's second largest producer of seaborne metallurgical coal with 25 million tonnes of annual capacity.

Construction of the Pend Oreille mine in Washington State is continuing with start-up scheduled in the first quarter of 2004 (see page 25). Capital expenditures in 2003 are estimated to be US$34 million and total project costs remain on plan at US$74 million.

At the Pogo gold project in Alaska, the Preliminary Draft Environmental Impact Statement issued by the EPA on August 29, 2002 is being reviewed by federal and state regulatory agencies and native groups. It is anticipated that public hearings will take place in the spring of 2003 with the final permits expected to be issued in the fourth quarter of 2003. The project feasibility study is being updated, and will be finalized on receiving the key permits. If permitting and development remain on schedule, the mine could commence gold production in late 2005 (see page 25).

The company's 2003 capital expenditures are estimated to be $180 million, excluding the company's share of capital expenditures in the new Coal Partnership. Major expenditures include $34 million upgrading Trail's power generation facilities, $31 million at Red Dog and $51 million on the Pend Oreille project.

The company expects to finance the $275 million investment in the new Coal Partnership with cash on hand and revolving bank credit facilities. The budgeted capital expenditures will be funded by cash flow from operations.

CAUTION ON FORWARD-LOOKING INFORMATION

This annual report contains certain forward-looking statements within the meaning of the *United States Private Securities Litigation Reform Act of 1995*. These forward-looking statements include estimates, forecasts, and statements as to management's expectations with respect to, among other things, the size and quality of the company's mineral reserves and mineral resources, future production, capital and mine production costs, demand and market outlook for commodities, and the financial results of the company. These forward-looking statements involve numerous assumptions, risks and uncertainties and actual results may vary.

Factors that may cause actual results to vary include, but are not limited to, changes in commodity and power prices, changes in interest and currency exchange rates, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, delays in the receipt of government approvals, industrial disturbances or other job action, and unanticipated events related to health, safety and environmental matters), political risk, social unrest, and changes in general economic conditions or conditions in the financial markets.

These risks are described in more detail in the Annual Information Form of the company. The company does not assume the obligation to revise or update these forward-looking statements after the date of this document, or to revise them to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

Management's Responsibility for Financial Reporting

The financial statements and the information contained in the annual report have been prepared by the management of the company. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and, where appropriate, reflect management's best estimates and judgements based on currently available information.

The Audit Committee of the Board of Directors, consisting of five members, meets periodically with management and the independent auditors to review the scope and result of the annual audit, and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board for approval.

The company's independent auditors, who are appointed by the shareholders, conduct an audit in accordance with Canadian generally accepted auditing standards to allow them to express an opinion on the financial statements.

A system of internal control is maintained to provide reasonable assurance that financial information is accurate and reliable. The internal audit department of the company conducts ongoing reviews and evaluation of these controls and reports on its findings to management and the Audit Committee.

D. A. Thompson

DAVID A. THOMPSON
Deputy Chairman and
Chief Executive Officer

John Taylor

JOHN G. TAYLOR
Senior Vice President, Finance and
Chief Financial Officer

Auditors' Report to the Shareholders

We have audited the consolidated balance sheets of Teck Cominco Limited as at December 31, 2002 and 2001 and the consolidated statements of earnings, retained earnings and cash flows for each of the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2002 and 2001 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants

Vancouver, B.C.
February 7, 2003

Consolidated Balance Sheets

As at December 31

($ in millions)	2002	2001
ASSETS		
Current Assets		
Cash	$ 91	$ 101
Accounts and settlements receivable	235	242
Production inventories	495	540
Supplies and prepaid expenses	134	161
	955	1,044
Investments (Note 4)	414	606
Property, Plant and Equipment (Note 5)	3,393	3,298
Other Assets (Note 6)	196	185
	$4,958	$5,133
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 294	$ 310
Short-term bank loans	–	80
Current portion of long-term debt (Note 7)	26	45
	320	435
Long-Term Debt (Notes 5 and 7)	933	1,005
Other Liabilities (Note 8)	351	365
Future Income and Resource Taxes (Note 13)	556	509
Debentures Exchangeable for Inco Shares (Note 9)	248	248
Minority Interests (Note 10)	30	31
Shareholders' Equity (Note 11)	2,520	2,540
	$4,958	$5,133
Commitments and Contingencies (Notes 5 and 17)		

The accompanying notes are an integral part of the financial statements.

Approved by the Directors

D. A. Thompson

DAVID A. THOMPSON

K. E. Steeves

KEITH E. STEEVES

Consolidated Statements of Earnings and Retained Earnings

Years ended December 31

($ in millions, except per share data)	2002	2001
Revenues	$ 2,187	$ 2,379
Cost of operations	(1,805)	(1,751)
Depreciation and amortization	(199)	(226)
Operating Profit	183	402
Other Expenses		
General, administration and marketing	(53)	(58)
Interest on long-term debt	(67)	(77)
Exploration	(34)	(59)
Research and development	(19)	(15)
Other income and expense (net)	7	62
	17	255
Asset valuation writedowns (Note 12)	–	(169)
Income and resource taxes (Note 13)		
On earnings from operations	(5)	(103)
On asset valuation writedowns (Note 12)	–	47
Minority interests	1	(50)
Equity earnings (loss)	17	(1)
Net Earnings (Loss)	$ 30	$ (21)
Basic and Diluted Earnings (Loss) Per Share	$ 0.15	$ (0.17)

($ in millions)	2002	2001
Retained Earnings at the Beginning of the Year	$502	$572
Adjustment on adoption of new accounting standard for foreign exchange currency translation (Note 1)	(20)	(20)
Retained earnings at the beginning of the year as restated	482	552
Net earnings (loss)	30	(21)
Dividends	(37)	(29)
Interest on exchangeable debentures, net of tax (Note 11(a))	(3)	(3)
Shares issued to Class A common shareholders (Note 11(g))	–	(10)
Reduction on purchase and cancellation of Class B Subordinate Voting Shares (Note 11(f))	–	(7)
Retained Earnings at the End of the Year	$472	$482

The accompanying notes are an integral part of the financial statements.

Consolidated Statements of Cash Flows

Years ended December 31

($ in millions)	2002	2001
OPERATING ACTIVITIES		
Net earnings (loss)	$ 30	$ (21)
Items not affecting cash:		
Depreciation and amortization	199	226
Future income and resource taxes	(22)	48
Equity (earnings) loss	(17)	1
Minority interests	(1)	50
Asset valuation writedowns (Note 12)	–	122
Other	12	(8)
	201	418
Net change in non-cash working capital items (Note 15(a))	51	(119)
	252	299
FINANCING ACTIVITIES		
Short-term bank loans	(80)	75
Long-term debt	345	219
Repayment of long-term debt	(439)	(53)
Decrease (increase) in funds held on deposit (Note 7(b))	157	(157)
Reduction of other liabilities	(27)	–
Interest on exchangeable debentures (Note 11(a))	(5)	(5)
Issuance (purchase and cancellation) of Class B Subordinate Voting Shares	1	(20)
Dividends paid	(37)	(29)
Shares of subsidiary issued	–	19
Dividends of subsidiary paid to minority shareholders	–	(6)
	(85)	43
INVESTING ACTIVITIES		
Property, plant and equipment	(187)	(346)
Cominco shares acquired on merger	–	(277)
Partial redemption of Cominco exchangeable debentures	–	(38)
Investments	(18)	(36)
Proceeds from sale of investments and mining assets (Note 3)	28	131
Refund of tax deposit	–	57
	(177)	(509)
Effect of exchange rate changes on cash	–	2
Increase (Decrease) in Cash	(10)	(165)
Cash at the Beginning of the Year	101	266
Cash at the End of the Year	$ 91	$ 101
See also Note 15		

The accompanying notes are an integral part of the financial statements.

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Teck Cominco Limited (the company) is engaged in mining and refining businesses including exploration, development, mining, processing, smelting and refining. The company's major products are zinc, metallurgical coal, copper, gold, lead and specialty metals.

The consolidated financial statements of the company are prepared using accounting principles generally accepted in Canada. Note 19 reconciles the company's earnings and shareholders' equity to results that would have been obtained had the company's consolidated financial statements been prepared in accordance with accounting principles generally accepted in the United States.

BASIS OF PRESENTATION

These consolidated financial statements include the accounts of the company and all of its subsidiaries. Many of the company's mining activities are conducted through interests in joint ventures where the company shares joint control. These joint ventures are accounted for using the proportionate consolidation method. Inter-company accounts and transactions have been eliminated on consolidation.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and related notes. Significant areas where management's judgment is applied are asset and investment valuations, contingent liabilities, future income tax valuation reserves, environment and post-closure obligations and pension liabilities. Actual results could differ from these estimates.

TRANSLATION OF FOREIGN CURRENCIES

Except as described in the paragraph below, monetary assets and liabilities are translated at year-end exchange rates, and other assets and liabilities are translated at historical rates.

Effective January 1, 2002 the company adopted new accounting standards recommended by the Canadian Institute of Chartered Accountants for the translation of foreign currencies. Foreign exchange gains and losses on long-term debt not associated with self-sustaining foreign operations are no longer deferred and amortized over the term of the debt, but charged to earnings in the period they arise. The company recorded an adjustment to reduce opening retained earnings by $20 million, the amount of unamortized foreign exchange loss on long-term debt as at December 31, 2001.

The assets and liabilities of self-sustaining foreign operations are translated at year-end exchange rates, and revenues and expenses are translated at monthly average exchange rates. Differences arising from these foreign currency restatements are recorded in shareholders' equity as a cumulative translation adjustment until they are realized by a reduction in the investment. In addition, exchange differences on long-term monetary liabilities, which have been designated as a hedge against self-sustaining foreign operations, are included in the cumulative translation adjustment.

CASH

Cash includes cash on account, demand deposits and short-term investments with maturities of three months or less.

INVESTMENTS

Investments comprise marketable and non-marketable securities. Investments in other companies are carried at cost or at cost less amounts written off to reflect an impairment in value which is other than temporary.

PROPERTY, PLANT AND EQUIPMENT

(a) Plant and equipment

Plant and equipment are depreciated over the estimated lives of the assets on a unit-of-production or straight-line basis as appropriate.

(b) Mineral properties and deferred costs

Exploration costs and costs of acquiring mineral properties are charged to earnings in the year in which they are incurred, except where these costs relate to specific properties for which economically recoverable reserves are believed to exist, in which case they are deferred.

Deferred costs include interest and 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. Interest and financing costs are capitalized only for those projects for which funds have been borrowed.

Mineral properties and deferred costs are, upon commencement of production, amortized over the estimated life of the orebody to which they relate or are written off if the property is abandoned or if there is considered to be a permanent impairment in value.

(c) Investments in mining properties

Investments in mining properties over which the company has significant influence but not joint control are accounted for using the equity method.

REVENUE RECOGNITION AND INVENTORIES

Revenues are recorded at the time of sale, when the rights and obligations of ownership pass to the customer, except in the case of Bullmoose Coal, where revenues related to coal produced under the terms of a long-term sales contract are recorded at the time of production. Coal production in excess of contracted sales is inventoried at cost. Finished goods, raw materials and in-process inventories are valued at the lower of cost and net realizable value.

INCOME AND RESOURCE TAXES

Future income tax assets and liabilities are determined based on the difference between the tax basis of the company's assets and liabilities and the respective amounts reported in the financial statements. The future tax assets or liabilities are calculated using the tax rates for the periods in which the differences are expected to be settled. Future tax assets are recognized to the extent that they are considered more likely than not to be realized.

EMPLOYEE FUTURE BENEFITS

Pension and other employee future benefit expenses are based on actuarial determinations of current service costs. Certain actuarial assumptions used in the determination of future benefits and plan liabilities are based upon management's best estimates, including expected plan performance, salary escalation and retirement dates of employees. The discount rate used to determine the accrued benefit obligation is determined by reference to market interest rates at the measurement date of high quality debt instruments. Differences between the actuarial liabilities and the amounts recorded in financial statements will arise from changes in plan assumptions, changes in benefits, or through experience as results differ from actuarial assumptions. Differences which are greater than 10% of the plan's assets or liabilities are taken into the determination of income over the average remaining service life of the related employees. Non-pension retirement benefits are accrued and are funded by the company as they become due.

SHARE OPTION PLAN

The company has a share option plan as described in note 11(d). Effective January 1, 2002, the company adopted the new accounting standard for stock based compensation. The company has elected not to follow the fair value method of accounting for share options granted to employees and directors. Accordingly, no compensation expense is recorded on the grant of share options to employees and directors as the exercise price is equal to the market price at the date of grant. Pro forma disclosure of the compensation expense which would have been recorded under the fair value method is disclosed in note 11(d).

RESEARCH AND DEVELOPMENT

Research and product development costs are expensed as incurred.

SITE RESTORATION AND POST CLOSURE COSTS

Expenditures related to ongoing environmental and reclamation activities are expensed as incurred unless previously accrued.

Provisions for future site restoration and reclamation and other post closure costs in respect of operating sites are charged to earnings over the estimated life of the assets, commencing when a reasonably definitive estimate of the cost can be made.

EARNINGS PER SHARE

The company follows the 'treasury stock' method in the calculation of diluted earnings per share. Under this method, dilution is calculated based upon the net number of common shares issued should 'in the money' options be exercised and the proceeds used to repurchase common shares at the weighted average market price in the period.

HEDGING TRANSACTIONS

The company uses future foreign exchange and commodity futures and option contracts and interest rate swaps to manage its exposure to fluctuating interest rates, prices and exchange rates for the commodities it sells. Gains and losses relating to such instruments are taken into revenue at the time the commodities to which they are matched are sold.

2. MERGER WITH COMINCO LTD.

The company began acquiring shares of Cominco Ltd. (Cominco) in 1986 and in September 2000 the company acquired 5,176,700 shares of Cominco at a cost of $127 million, increasing the company's shareholding to just over 50%. Until September 30, 2000 the company had been accounting for the investment as an equity investment which had an accumulated value on an equity accounting basis of $898 million. Since that date the results of Cominco have been consolidated with those of the company.

On July 19, 2001 shareholders of Cominco approved an arrangement to merge Cominco with the company. Under the terms of the arrangement Cominco shareholders received 1.8 Class B Subordinate Voting Shares of Teck and $6 in cash for each Cominco share held. Holders of the exchangeable debenture due 2024 received $6 in respect of each underlying Cominco share, reducing the face value of each $1000 debenture to $745 (note 11 (a)). The merger was accounted for using the purchase method as follows:

	Merger in 2001	Shares Acquired in 2000
	($ in millions)	
Purchase price		
Cash	$ 262	$ 127
Shares issued (Note 11(c))	913	–
Merger costs	15	–
Carrying value of investment accumulated in prior periods	–	771
Total cost of the acquisition	$1,190	$ 898
Assets acquired		
Cash	$ –	$ 24
Other current assets	–	830
Mineral and resource properties	301	2,392
Other assets	–	178
Purchase of remaining minority interest in net assets	1,006	–
	1,307	3,424
Liabilities assumed		
Current liabilities	–	320
Long-term debt	–	1,263
Other liabilities	117	–
Outstanding minority interest in net assets	–	943
	117	2,526
Net assets acquired	$1,190	$ 898

3. DISPOSITIONS

(a) Sale of PacMin Mining Corporation (PacMin)

In November 2001, the company disposed of its interest in PacMin which owned the Tarmoola and Carosue Dam gold mines in Western Australia and realized no gain or loss on the sale. The company received cash proceeds of $52 million and 17.4 million shares of the purchaser, Sons of Gwalia Ltd. In addition the purchaser assumed $89 million of PacMin debt.

(b) Sale of Niobec

In March 2001, the company sold its 50% interest in the Niobec mine in Quebec to Mazarin Inc. The company received cash proceeds of $43 million and a note in the amount of $5 million due March 2004. An after-tax gain of $11 million was recorded on the sale.

4. INVESTMENTS

	2002	2001
	($ in millions)	
Investments and advances		
Inco Limited common shares (Note 9)	$246	$246
Cajamarquilla funds held on deposit (Note 7(b))	–	165
Loans receivable and other investments	80	87
Investment in Sons of Gwalia Ltd. (Notes 3(a) and 12)	64	85
Investment in other exploration companies	24	23
	$414	$606

Included in the above are marketable securities carried at a cost of $97 million (2001 - $108 million) that had a quoted market value of $95 million (2001 - $133 million). Inco common shares are excluded from marketable securities for the reasons discussed in Note 9.

5. PROPERTY, PLANT AND EQUIPMENT

	2002	2001
		($ in millions)
Mines and processing facilities	$3,949	$3,779
Accumulated depreciation and depletion	(1,191)	(1,042)
	2,758	2,737
Development properties	287	253
Investment in Antamina	348	308
	$3,393	$3,298

Investment in Antamina

The company accounts for its 22.5% investment in Compañia Minera Antamina S.A. (CMA), the company holding the Antamina project, on an equity basis. In connection with the senior debt financing of the project the company has provided the lenders with a guarantee of its 22.5% share of the debt during the pre-completion period. The guarantee will be removed when the project meets certain completion tests which are expected to take place in the second quarter of 2003. At December 31, 2002 the senior project debt outstanding was US$1.25 billion in respect of which the company is responsible for and has guaranteed US$281 million.

The project commenced commercial production in the fourth quarter of 2001. Upon the project meeting the completion tests as defined in the senior debt project financing agreement, certain voting restrictions of the company in relation to the management of CMA will be removed. The company will then account for the investment on a proportionate consolidation basis, reflecting its share of the assets and liabilities of CMA on its balance sheet including its share of the senior project debt, which would then be non-recourse.

6. OTHER ASSETS

	2002	2001
		($ in millions)
Future tax benefits and investment tax credits (Note 13)	$139	$146
Prepaid pensions	10	–
Other	47	39
	$196	$185

7. LONG-TERM DEBT (See also Note 5)

	2002	2001
		($ in millions)
Convertible debenture due 2006 (a)	$241	$ 236
6.875% debenture due February 2006 (US$150 million)	237	239
7% debenture due September 2012 (US$200 million) (c)	312	–
8.7% debenture (US$125 million)	–	199
Cajamarquilla financing agreement (2002 - US$88 million; 2001 - US$190 million) (b)	138	303
Other	31	73
	959	1,050
Less current portion (d)	(26)	(45)
	$933	$1,005

(a) In 1994 the company received net proceeds of $186 million on the issue of US$137 million deep discount convertible subordinated debentures, with a stated amount of US$170 million, due in 2006. The debentures bear interest on the issue price at 6% per annum, computed on a semi-annual basis. The cash interest payment is 3.75% of the stated value, with the balance deferred to maturity in 2006. Conversion is at the option of the holder at any time on or prior to maturity into Class B Subordinate Voting Shares at a conversion rate of 46.551 shares per US$1,000 of stated amount at maturity. The debentures are redeemable at any time at the option of the company. In December 2001, the company entered into interest rate swaps with respect to US$100 million of this debt. The 3.75% cash portion of the interest rate has been exchanged for a floating interest rate of LIBOR less 1.0%.

(b) In 1998 Cajamarquilla completed a US$250 million financing agreement for its expansion program and ongoing operating requirements. This facility consisted of term loans totalling US$200 million from a syndicate of banks, repayable over 10 to 12.5 years, and a US$50 million working capital loan. As a result of the deferral of the Cajamarquilla expansion project, the term loan was prepaid by US$103 million during 2002 from funds held in trust. The interest rates on these loans are based on LIBOR plus a variable spread and semi-annual principal payments of US$4 million are being made on the term loans. The working capital loan is due in April 2003 and discussions are underway to extend the facility.

The assets of Cajamarquilla and the common shares of Cajamarquilla held by the company and Marubeni Caja Investments Limited are pledged as security for the oustanding term and working capital loans. The company has guaranteed its 83% share of the loans.

(c) In September 2002, the company issued debentures in the amount of US$200 million, bearing interest at 7% and due September 15, 2012.

(d) Scheduled repayments on long-term debt are $26 million in 2003, $12 million in 2004, $12 million in 2005, $490 million in 2006, $43 million in 2007, and $376 million thereafter. Included in the current portion of long-term debt are $12 million of term loan and $14 million of working capital loan of Cajamarquilla.

(e) At December 31, 2002, the company had bank credit facilities aggregating $939 million, 90% of which mature in 2005 and beyond. Unused credit lines under these facilities amount to $879 million as the company has issued $60 million of letters of credit.

8. OTHER LIABILITIES

	2002	2001
	($ in millions)	
Accrued post-closure costs		
Site restoration costs	$143	$170
Other post-closure costs	17	20
Accrued employee future benefits (Note 16(a))	148	121
Other	43	54
	$351	$365

9. DEBENTURES EXCHANGEABLE FOR INCO SHARES

	2002	2001
	($ in millions)	
Exchangeable debentures due 2021	$172	$139
Deferred gain	76	109
	$248	$248

In September 1996, the company issued $248 million of 3% exchangeable debentures due September 30, 2021. Each $1,000 principal amount of the exchangeable debentures is exchangeable at the option of the holder for 20.7254 common shares of Inco Limited (subject to adjustment if certain events occur), without payment of accrued interest.

The exchangeable debentures are redeemable at the option of the company on or after September 12, 2006. Redemption may be satisfied by delivery of the Inco common shares, or delivery of the cash equivalent of the market value of the Inco common shares at the time of redemption.

The Inco common shares held by the company have been pledged as security for the exchangeable debentures. As this underlying security can be delivered at the option of the company in satisfaction of the liability, hedge accounting is applied such that any gains and losses on the Inco common shares are offset by corresponding gains and losses on the exchangeable debentures.

10. MINORITY INTERESTS

	2002	2001
	($ in millions)	
Cajamarquilla (83% owned)	$30	$31

11. SHAREHOLDERS' EQUITY

	2002		2001	
($ in millions)	Shares (in 000's)	Amount	Shares (in 000's)	Amount
Exchangeable debentures due 2024 (a)		$ 107		$ 107
Capital stock				
Class A common shares	4,682	7	4,682	7
Class B Subordinate Voting Shares	179,855	1,779	179,796	1,779
		1,786		1,786
Contributed surplus		50		50
Cumulative translation adjustment (j)		105		115
Retained earnings		472		482
		$2,520		$2,540

(a) Exchangeable debentures due 2024

In April 1999 the company issued $150 million of 25-year debentures with each $1,000 debenture exchangeable, at a reference price of $23.50 per share, into 42.5532 shares of Cominco. At the time of the merger with Cominco in 2001, holders of these debentures were paid $6 in respect of each underlying Cominco share as a partial repayment. The face value of each $1,000 debenture was reduced to $745 and each debenture became convertible into 76.596 Class B Subordinate Voting Shares for a total, if exchanged, of 11,489,000 Class B Subordinate Voting Shares. Interest is at 2% above the company's dividend yield based on a reference price of $9.72.

The debentures are exchangeable by the holder or redeemable by the company at any time. If redeemed by the company within seven years of issue, the company will pay a premium per debenture of $112 declining to $19 in year seven.

By virtue of the company's option to deliver Class B Subordinate Voting Shares to satisfy the principal payments, the debentures net of issue costs are classified as a component of shareholders' equity. The interest, net of taxes, is charged directly to retained earnings.

(b) Authorized share capital

The company's authorized share capital consists of an unlimited number of Class A common shares (Class A shares) without par value, an unlimited number of Class B Subordinate Voting Shares without par value and an unlimited number of preferred shares without par value issuable in series.

The Class A shares carry the right to 100 votes per share and the Class B Subordinate Voting Shares carry the right to one vote per share. In all other respects the Class A and Class B Subordinate Voting Shares rank equally. Subject to certain exceptions, if a take-over bid is made in respect of the Class A shares and is not made concurrently with an offer to purchase Class B Subordinate Voting Shares on identical terms, each outstanding Class B Subordinate Voting Share will be convertible into a new common share. New common shares will have rights identical to the Class A shares, except that each new common share will be convertible, at any time, at the option of the holder into one Class B Subordinate Voting Share. See note 11(g).

(c) Class B Subordinate Voting Shares issued

	Shares Issued (in 000's)	Amount ($ in millions)
At December 31, 2000	101,802	$ 868
Issued in respect of Cominco merger	78,482	913
Options exercised (d)	67	1
Purchased and cancelled (f)	(1,495)	(13)
Issued in respect of an amendment to the Articles of the company (g)	938	10
Issued to holders of shares of predecessor companies merged with the company	2	–
At December 31, 2001	179,796	1,779
Options exercised (d)	59	–
At December 31, 2002	179,855	$1,779

At December 31, 2002 there were 391,204 Class B Subordinate Voting Shares (2001 – 392,366 shares) reserved for issuance to the former shareholders of certain companies that amalgamated with the company in prior years.

(d) Share options

In the year ended December 31, 2002, the company granted to directors and employees 1,671,000 Class B Subordinate Voting Share options at market with a weighted average exercise price of $13.76 per share. These share options have a term of six years and expire in 2008. At December 31, 2002, outstanding director and employee share options totalled 8,254,000 (4.5% of issued share capital) with exercise prices ranging between $6.40 and $29.30 per share.

As described in note 1, the company does not use the fair value method of accounting for share options granted to employees and directors. Had the company followed the fair value method of accounting, the company would have recorded a compensation expense of $5 million in respect of its employee and director share options. Pro forma earnings for 2002 determined under the fair value method of accounting for stock options are as follows:

	($ in millions)
Net earnings	
As reported	$ 30
Compensation expense	5
Pro forma	$ 25
Basic and diluted earnings per share	
As reported	$0.15
Pro forma	$0.12

The average fair value of Class B Subordinate Voting Share options was estimated as $3.07 per share option at the grant date based on the Black-Scholes option-pricing model using the following assumptions:

Dividend yield	1.5%
Risk free interest rate	4.42%
Expected life (based on recent experience)	3.7 years
Expected volatility	25%

Outstanding share options:

	2002		2001	
	Shares (in 000's)	Weighted Average Exercise Price	Shares (in 000's)	Weighted Average Exercise Price
Outstanding at beginning of year	6,779	$14.68	3,320	$16.87
Granted under plan	1,671	13.76	816	15.24
Issued to Cominco employees at the time of merger	–	–	3,128	12.47
Exercised	(59)	9.56	(67)	12.35
SARs exercised	(36)	11.54	(183)	12.35
Expired	(63)	17.68	(152)	23.57
Forfeited	(38)	16.63	(83)	15.34
Outstanding at end of year	8,254	$14.51	6,779	$14.68
Options vested and exercisable at year-end	7,996	$14.48	6,205	$14.81

Information relating to share options outstanding at December 31, 2002:

Shares (in 000's)	Price Range	Weighted Average Exercise Price	Weighted Average Remaining Life (months)
379	$ 6.40 – $ 9.50	$ 7.56	59
3,497	$10.00 – $13.00	11.56	55
1,668	$13.50 – $14.50	13.76	62
1,525	$15.50 – $17.85	16.55	57
444	$18.00 – $19.80	19.33	14
741	$26.00 – $29.30	26.57	8
8,254		$14.51	51

(e) As at January 1, 2002, 3.7 million outstanding employee and director share options had attached Share Appreciation Rights (SARs) allowing the holder to receive the cash value of the appreciation of the value of the shares over the exercise price of the options in lieu of exercising the share options. Effective January 1, 2002, the new accounting standard for stock based compensation requires the cash settlement value of SARs to be recorded on the balance sheet by adjusting the opening retained earnings and recording the change in the liability for the period as a charge to earnings.

Prior to June 30, 2002, the company made arrangements with directors and employees to waive the SARs on outstanding share options. At December 31, 2002, there were 443,000 outstanding share options (with a weighted average remaining life of six months) belonging to former directors and employees that continue to have SARs attached. In accordance with provisions of the new accounting standard the company has recorded an adjustment to reduce opening retained earnings by $0.4 million and a recovery for the year ended December 31, 2002 of $0.3 million in respect of these remaining SARs.

(f) During 2001, the company purchased and cancelled 1,495,100 Class B Subordinate Voting Shares pursuant to a normal course issuer bid. In November 2001 a new normal course issuer bid was accepted by the Toronto Stock Exchange which entitled the company to purchase and cancel up to ten million of its outstanding Class B Subordinate Voting Shares on or before November 13, 2002. No shares have been repurchased pursuant to this new bid which expired in November.

(g) On September 10, 2001, the shareholders at a special meeting approved an amendment to the Articles of the company to adopt certain take-over bid protections (referred to as "coattails") for holders of Class B Subordinate Voting Shares. As a result of the implementation of the "coattails" protection, holders of Class A shares of record on September 25, 2001 received one new Class A share plus 0.2 of a Class B Subordinate Voting Share in exchange for each Class A share previously held. There were 938,372 Class B Subordinate Voting Shares issued in relation to the amendment.

(h) Convertible debenture included in long-term debt – see Note 7(a).

(i) In April 1999 the company completed the issue of 10,000,000 units, each comprising one Class B Subordinate Voting Share and one-half of a warrant, at an issue price of $15.00 per unit. Each whole warrant entitles the holder to purchase a Class B Subordinate Voting Share at a price of $18.00 at any time prior to May 26, 2004. If the average trading price of the Class B Subordinate Voting Shares is not less than $22.50 per share during 20 consecutive trading days prior to the notice date, the company has the right to give notice after May 25, 2001 requiring that the exercise price of the warrant be adjusted so that its value will not increase or decrease following the 30th day from the date of notice.

(j) The cumulative translation adjustment represents the net unrealized foreign exchange gain on translation of the accounts of self-sustaining foreign subsidiaries, net of foreign exchange losses on US dollar denominated debt designated as hedges against these investments.

	2002	2001
	($ in millions)	
Cumulative translation adjustment - beginning of year	$115	$ 53
Net effect of exchange rate changes	(10)	77
Losses (gains) realized	–	(15)
Balance end of year	$105	$115

12. ASSET VALUATION WRITEDOWNS

The company performs periodic assessments of the carrying value of its mineral properties and investments in exploration companies. As a result of one of these assessments in 2001, the company recorded a writedown of $169 million ($122 million on an after-tax basis), primarily related to non-operating mineral properties. In 2002, included in other income and expense was a writedown of an investment of $22 million.

13. INCOME AND RESOURCE TAXES

(a) Income and resource tax expense

	2002	2001
	($ in millions)	
Current		
Income tax	$14	$19
Resource tax	14	16
Large corporation tax	3	4
	31	39
Future		
Income tax	8	11
Resource tax	(34)	6
	(26)	17
	$ 5	$56

(b) Reconciliation of income and resource taxes calculated at the statutory rates to the actual tax provision

	2002	2001
	($ in millions)	
Tax expense at the statutory rate of 42% (2001 - 44%)	$ 7	$ 37
Tax effect of		
Resource and depletion allowances, net of resource taxes	5	6
Difference in foreign tax rate	(17)	(14)
Benefit of current tax loss not recognized	20	50
Reduction in statutory rates	–	(21)
Large corporation tax	3	4
Other	(13)	(6)
	$ 5	$ 56

(c) Temporary differences giving rise to future income tax assets and liabilities

	2002	2001
	($ in millions)	
Future income tax asset		
Investment tax credits	$ 74	$ 106
Net operating loss carry-forwards	327	275
Property, plant and equipment	(95)	(101)
Inventory adjustments	–	3
Other	15	30
Valuation allowance	(175)	(145)
	146	168
Less current portion	(7)	(22)
	$139	$146

	2002	2001
	($ in millions)	
Future income tax liability		
Property, plant and equipment	$(507)	$(498)
Net operating loss carry-forwards	13	34
Other	(62)	(45)
	$(556)	$(509)

For income tax purposes, certain U.S. subsidiaries of the company have regular tax net operating loss carry-forwards of US$440 million and alternative minimum tax net operating loss carry-forwards of US$187 million, which expire in the years 2004 through 2021. Also available to offset future regular taxes are US$16 million of investment tax credits and to offset alternative minimum taxes are US$4 million of investment tax credits, which expire in various years through 2006.

14. JOINT VENTURES

The principal operations of the company which are conducted as joint ventures are the Bullmoose, Highland Valley, Louvicourt and Hemlo mines. The company's share of the assets and liabilities, revenues and expenses and cash flows of these joint ventures is as follows:

	2002	2001
	($ in millions)	
Cash	$ (3)	$ 5
Other current assets	117	106
Mineral properties, plant and equipment	283	317
Assets	$397	$428
Current liabilities	$ 53	$ 57
Long-term liabilities	94	41
Equity	250	330
Liabilities	$397	$428
Revenue	$485	$515
Expenses	442	434
Share of earnings	$ 43	$ 81
Cash flow		
Operating activities	$102	$126
Financing activities	$ (5)	$ 5
Investing activities	$ (17)	$ (25)

15. SUPPLEMENTARY CASH FLOW INFORMATION

	2002	2001
	($ in millions)	
(a) Changes to non-cash working capital items		
Accounts and settlements receivable	$(15)	$ 54
Production inventories	47	(85)
Supplies and prepaid expenses	27	4
Accounts payable and accrued liabilities	(26)	(17)
Current income and resource taxes	17	(47)
Other	1	(28)
	$ 51	$(119)

	2002	2001
	($ in millions)	
(b) Non-cash investing and financing transactions		
Shares issued in merger with Cominco (Note 2)	$ –	$ 913
(c) Other information		
Interest paid	$55	$ 68
Income and resource taxes paid	$15	$ 42

16. EMPLOYEE FUTURE BENEFITS

Substantially all of the company's employees participate in either defined benefit or defined contribution pension plans.

The defined benefit plans provide for pensions based principally on years of service and compensation rates near retirement. Annual contributions to these plans, which are based on actuarial cost methods, are made at or in excess of the minimum requirements prescribed by legislation.

(a) Actuarial valuation of funding surplus (deficit)

	2002		2001	
($ in millions)	Pension benefit plans	Other employee benefit plans	Pension benefit plans	Other employee benefit plans
Accrued benefit obligation				
Balance at beginning of year	$814	$ 142	$751	$ 125
Changes in methodology and assumptions	13	–	–	–
Actuarial revaluation	11	24	48	8
Current service cost	14	3	15	4
Benefits paid	(72)	(7)	(56)	(6)
Interest cost	53	10	48	8
Impact of new discount rate at year-end	2	1	–	1
Plan improvements	–	–	19	–
Foreign currency exchange rate changes	–	–	5	2
Transfers to other plans	–	–	(16)	–
Other	–	(1)	–	–
Balance at end of year	835	172	814	142
Plan assets				
Fair value at beginning of year	752	–	790	–
Actual return on plan assets	(18)	–	–	–
Benefits paid	(72)	–	(56)	(4)
Foreign currency exchange rate changes	–	–	5	4
Contributions	31	–	30	–
Transfer to other plans	–	–	(17)	–
Fair value at end of year	693	–	752	–
Funding surplus (deficit)	(142)	(172)	(62)	(142)
Unaccrued deficiency	131	45	66	17
Total accrued (liability) asset (Notes 6 and 8)	$ (11)	$(127)	$ 4	$(125)

(b) Employee future benefits expense

($ in millions)	2002 Pension benefit plans	2002 Other employee benefit plans	2001 Pension benefit plans	2001 Other employee benefit plans
Current service cost	$ 14	$ 3	$ 15	$ 4
Interest cost	53	10	48	8
Expected return on assets	(50)	–	(51)	–
Early retirement window	–	–	4	–
Amortization of unaccrued deficiency	2	1	–	–
Net expense for the year	$ 19	$ 14	$ 16	$ 12

(c) Significant assumptions used

Discount rate	6.5%–7.0%	6.5%–7.0%	6.5%–7.0%	6.5%–7.0%
Expected long-term rate of return on plan assets	7.5%	7.5%	7.5%	7.5%
Rate of compensation increase	1.0%–4.5%	1.0%–4.5%	1.0%–4.5%	1.0%–4.5%

17. COMMITMENTS and CONTINGENCIES

(a) The company's hedging commitments at December 31, 2002 consist of the following:

	2003	2004	2005	2006	2007 and after	Total	Market Value Gain (Loss) ($ millions)
Gold (000's ounces)							
Forward sales contracts	16	13	–	–	131	160	US$(4)
Average price (US$/oz)	US$340	US$350	–	–	US$350	US$349	
Forward sales contracts	92	40	34	31	8	205	US$(8)
Average price (Cdn$/oz)	Cdn$489	Cdn$509	Cdn$515	Cdn$519	Cdn$520	Cdn$503	
Zinc (millions of pounds)							
Forward sales contracts	20	–	–	–	–	20	NIL
Average price (US$/lb)	US$0.37	–	–	–	–	US$0.37	
Power (MW.h)							
Forward sales contracts	350,000	–	–	–	–	350,000	NIL
Average price (US$/MW.h)	US$36	–	–	–	–	US$36	
US dollars (millions)							
Forward sales contracts	42	30	–	–	–	72	NIL
Average exchange rate	1.59	1.60	–	–	–	1.59	
US dollars (millions)							
Forward collars	147	117	10	–	–	274	US$(2)
Average upper limit	1.54	1.56	1.60	–	–	1.55	
Average lower limit	1.60	1.61	1.64	–	–	1.60	

Interest Rate Swaps

Principal Amount ($ millions)	Rate Swapped	Rate Obtained	Maturing Date	Unrealized Gain ($ millions)
US$100	3.75%	LIBOR minus 0.96%	July 2006	US$7
US$50	7%	LIBOR plus 2.43%	September 2012	US$1

In addition to the above hedging commitments, the company has forward purchase commitments on 186 million pounds of zinc at US$0.41 per pound, maturing in 2003 to 2004, and 31 million pounds of lead averaging US$0.22 per pound maturing in 2003, to match fixed price sales commitments to customers.

Included in the gold hedge position are 259,000 ounces of floating lease rate contracts having a built-in gold lease rate allowance of 2%. At December 31, 2002 the one-year lease rate was 0.65%.

(b) Teck Cominco Alaska Incorporated (TCAK), a subsidiary company, has a royalty agreement with NANA Regional Corporation (NANA) on whose land the Red Dog mine is situated. Under the terms of the agreement, NANA receives an annual advance royalty equal to the greater of 4.5% of Red Dog's net smelter return or US$1 million. After TCAK recovers certain capital expenditures including an interest factor and all advance royalties, the royalty will be 25% of net proceeds of production from the Red Dog mine increasing in 5% increments every fifth year to a maximum of 50%.

TCAK leases road and port facilities from the Alaska Industrial Development and Export Authority through which it ships substantially all ore concentrate produced at the Red Dog mine. The lease requires TCAK to pay a minimum annual user fee of US$18 million, with fee escalation provisions based on zinc price and annual tonnage.

TCAK has also entered into agreements for the transportation and handling of concentrates from the millsite. These agreements have varying terms expiring at various dates through 2010 and include provisions for extensions. There are minimum tonnage requirements and the annual fees amount to approximately US$8 million, with adjustment provisions based on variable cost factors.

(c) See also note 5 which discusses the company's guarantee of its share of the Antamina project debt.

(d) In October 1999, the Supreme Court of British Columbia dismissed a lawsuit brought against Cominco and the trustees of its pension funds. In the lawsuit, the plaintiffs claimed that a reorganization of pension plans in 1986 was improper and $78 million (based on the December 31, 1996 valuation; current valuation $120 million) should be transferred back to Cominco's original pension plan from various successor plans. The Court held that certain of the transfers were proper and that the plaintiffs suffered no loss of benefits due to the transfers. In January 2000, the plaintiffs appealed the decision. The appeal was heard in June 2002. The court reserved judgment on the appeal and it is not known when the court will render a decision.

(e) The company's operations are affected by federal, provincial, state and local laws and regulations concerning environmental protection. The company's provisions for future reclamation and site restoration are based on known requirements. It is not possible to estimate the impact on operating results, if any, of future legislative or regulatory developments.

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts and settlements receivable, long-term receivables and deposits, other investments, accounts payable and other liabilities represent their fair value. The carrying amounts and the quoted market value of the company's equity investments and marketable securities are disclosed in note 4.

The carrying amounts and estimated fair values of the company's other financial instruments at December 31 are summarized as follows:

	2002		2001	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value ($ in millions)
Convertible debentures	$241	$228	$236	$230
Exchangeable debentures due 2024	107	153	107	161
8.7% debenture	–	–	199	199
6.875% debenture	237	245	239	235
Medium-term notes	31	31	44	45
7% debentures due 2012	312	310	–	–
Hedging commitments (Note 17(a))	–	(9)	–	(1)

The fair value estimates for the convertible debentures, the exchangeable debentures due in 2024, the 8.7% debentures and the 6.875% debentures and medium-term notes are based on quoted market prices at year-end. For forward sale commitments, the estimated fair value is based on the market value for the hedge instruments at the reporting date.

19. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CANADA AND THE UNITED STATES

The effect of the material measurement differences between generally accepted accounting principles (GAAP) in Canada and the United States on the company's net earnings and shareholders' equity is summarized as follows:

	2002	2001
	($ in millions, except per share data)	
Net earnings (loss) under Canadian GAAP	$ 30	$(21)
Add (deduct)		
Inventory valuation (a)	(6)	(2)
Future income and resource taxes (b)	–	7
Exchangeable debentures due 2024 and convertible debentures (c)	(1)	(1)
Share of earnings (losses) in Antamina project (d)	1	(12)
Unrealized holding gains (losses) on investments (e)	–	4
Deferred start-up costs (f)	2	3
Stock compensation expense (g)	5	(5)
Derivative instruments (h)	19	20
Net earnings (loss) before change in accounting principle	50	(7)

	2002	2001
	($ in millions, except per share data)	
Net earnings (loss) before change in accounting principle	50	(7)
Derivative instruments– cumulative adjustment to opening balances (h)	–	(26)
Net earnings (loss) under US GAAP before comprehensive income adjustments	50	(33)
Derivative instruments – cumulative adjustment to opening balances (h)	–	(17)
Adjustments to arrive at comprehensive income (i)		
Unrealized holding gains (losses) on investments (e)	(26)	24
Cumulative translation adjustment	(8)	51
Minimum pension liability (i)	(28)	(35)
Comprehensive income (i)	$(12)	$(10)
Earnings (loss) per share, before change in accounting principle and comprehensive income adjustments		
Basic	$0.26	$(0.11)
Fully diluted	$0.26	$(0.11)

	2002	2001
		($ in millions)
Shareholders' equity under Canadian GAAP	$2,520	$2,540
Cumulative adjustments to shareholders' equity		
Inventory valuation (a)	(9)	(3)
Exchangeable debentures due 2024 and convertible debentures (c)	(115)	(117)
Share of losses in Antamina project (d)	(11)	(12)
Unrealized holdings gains (losses) on investments (e)	(2)	24
Deferred start-up costs (f)	(8)	(10)
Stock compensation expense (g)	–	(5)
Derivative instruments (h)	(4)	(23)
Minimum pension liability (i)	(63)	(35)
Shareholders' equity under US GAAP	$2,308	$2,359

(a) Coal Inventory Valuation at Bullmoose Mine

Under Canadian GAAP, production inventories may be recorded at net realizable value where there is a long-term contract for sale. US GAAP requires such inventory to be valued at the lower of cost and market.

(b) Future Income and Resource Taxes

Under Canadian GAAP changes in tax rates are reflected in future income taxes when they are "substantively enacted". Under US GAAP such changes in rates are not reflected until enacted. As certain Canadian rate reductions were not enacted at December 31, 2000, the impact of using the substantively enacted rates has been excluded in the determination of income under US GAAP, and has been included in income in 2001 when the new rates were enacted.

(c) Exchangeable Debentures due 2024 and Convertible Debentures

Canadian GAAP requires that a portion of the convertible debentures be classified as equity. The difference between the carrying amount of the debentures and the contractual liability is amortized to earnings. Similarly, the exchangeable debentures due 2024 have been classified as equity with related interest being charged directly to retained earnings. US GAAP would classify both debentures as liabilities and interest would be charged against current period earnings.

(d) Share of Earnings (Losses) in Antamina Project and Commencement of Commercial Production

US GAAP adjustments in respect of the company's share of earnings in the Antamina project (note 5) arise mainly as US GAAP requires the project to record operating profits and losses from newly commissioned operations at the time the first product is shipped. Canadian GAAP records gains and losses from the date commercial production commences.

(e) Unrealized Holding Gains (Losses) on Investments

For US GAAP purposes, portfolio investments and marketable securities are recorded on the balance sheet at fair values with unrealized gains and losses for trading securities being included in income and for available-for-sale securities in other comprehensive income. Portfolio investments are reported at cost for Canadian GAAP purposes.

(f) Deferred Start-Up Costs

In Canada, certain mine start-up costs are deferred until the mine reaches commercial levels of production and amortized over the life of the project. Under US GAAP, these costs are expensed as incurred.

(g) Stock Compensation Expense

US GAAP requires that the change in value of Stock Appreciation Rights be included in income. Canadian GAAP was aligned with US GAAP effective January 1, 2002.

(h) Derivative Instruments

Under the supervision of its Risk Management Committee, the company enters into forward sales contracts and other derivative instruments for sale of its principal products and the currencies in which it deals. The effect of these contracts is to reduce financial risk by fixing the future price for these products and currencies. Under US GAAP, such contracts, which do not result in the physical delivery of the products, require any unrealized gains or losses on the instruments at the statement date to be taken into income.

(i) Comprehensive Income

US GAAP requires disclosure of comprehensive income which is intended to reflect all changes in equity except those resulting from contributions by and distributions to shareholders. As a result, the company is required to recognize a minimum pension liability in the amount of the excess of the company's unfunded accrued benefit obligation over the recorded pension liability; an offsetting intangible asset is recorded equal to any unrecognized past service costs, with any difference recorded as a change in other comprehensive income.

(j) Financial Accounting Standards Board (FASB) Standards

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. This Statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. It requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it occurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The company is analyzing the impact of SFAS No. 143 and will adopt the standard for the purposes of the U.S. GAAP reconciliation note on January 1, 2003.

20. SEGMENTED INFORMATION

The company has six reportable segments: gold, zinc mines, zinc smelters, copper, coal, and corporate. The corporate segment includes the company's investment, exploration and development activities and the elimination of inter-segment sales which are recorded at arm's length prices. Segments include operations based upon the principal product produced.

	2002							
($ in millions)	Zinc Smelters	Zinc Mines	Copper	Gold	Coal	Corporate and Other	Inter-Segment	Total
Revenues	$ 914	$ 462	$277	$133	$463	$ 13	$(75)	$2,187
Operating profit after depreciation	35	(26)	32	20	116	4	2	183
Interest on long-term debt	–	–	–	–	–	(67)	–	(67)
Depreciation and amortization	(47)	(74)	(50)	(16)	(12)	–	–	(199)
Equity earnings	–	–	17	–	–	–	–	17
Property, plant and equipment	1,299	1,044	534	85	144	287	–	3,393
Total assets	1,606	1,533	603	100	243	873	–	4,958
Capital expenditures	75	50	31	18	11	2	–	187

($ in millions)	Zinc Smelters	Zinc Mines	Copper	Gold	Coal	Corporate and Other	Inter-Segment	Total
	2001							
Revenues	$ 979	$ 516	$308	$227	$412	$ 14	$(77)	$2,379
Operating profit after depreciation	244	(3)	39	35	87	(4)	4	402
Interest on long-term debt	–	–	–	–	–	(77)	–	(77)
Depreciation and amortization	(43)	(86)	(51)	(34)	(11)	(1)	–	(226)
Asset valuation writedowns	–	–	–	–	–	(169)	–	(169)
Equity earnings (loss)	–	–	(1)	–	–	–	–	(1)
Property, plant and equipment	1,240	1,141	556	90	157	114	–	3,298
Total assets	1,719	1,576	621	100	204	913	–	5,133
Capital expenditures	75	102	96	53	14	6	–	346

The geographic distribution of the company's property, plant and equipment and external sales revenue is as follows, with revenues attributed to regions based on the location of the customer:

	Property, Plant & Equipment		Revenues	
($ in millions)	2002	2001	2002	2001
Canada	$1,475	$1,451	$ 337	$ 375
Australia	–	–	16	109
Latin America	642	576	128	187
United States	1,265	1,260	651	623
Asia	–	–	678	701
Europe	–	–	377	367
Other	11	11	–	17
	$3,393	$3,298	$2,187	$2,379

21. SUBSEQUENT EVENT

Subsequent to December 31, 2002, the company entered into an agreement with Fording Inc. (Fording), Westshore Terminals Income Fund, Sherritt International Corporation and Ontario Teachers Pension Plan Board to combine the metallurgical coal assets of Fording, Luscar Energy Partnership and the company. The company will contribute its Elkview mine, which has a net book value of $171 million, and $125 million in cash to obtain a 35% interest in the resulting partnership. This interest may be increased to 40% should the partnership meet certain earnings and efficiency targets by March 31, 2007. The company will also pay $150 million for a 9.1% interest in the Fording Canadian Coal Trust (FCCT), formed by the reorganization of Fording into an income trust. FCCT will own the remainder of the partnership and other assets. Accordingly, on closing, the company's direct and indirect interest in the coal partnership will be 41% with the potential of increasing to approximately 46%. Completion of the transaction is subject to Fording shareholder approval and other conditions, including receipt of regulatory approvals.

Comparative Figures

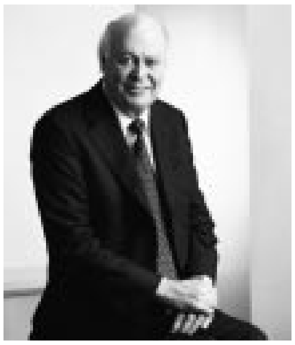
($ in millions, except per share information)	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Balance Sheet										
Working capital	635	609	760	249	268	324	430	171	139	267
Total assets	4,958	5,153	5,102	2,662	2,340	2,359	2,580	1,990	1,801	1,477
Long-term debt	933	1,005	875	425	452	416	351	377	452	242
Shareholders' equity	2,520	2,540	1,695	1,613	1,275	1,344	1,530	1,288	1,057	976
Earnings and Cash Flow										
Revenue	2,187	2,379	1,206	622	715	720	732	714	551	492
Operating profit	183	402	247	78	94	106	137	161	130	118
Depreciation and amortization	199	226	139	93	96	94	89	80	55	50
Interest	67	77	57	49	44	42	34	31	12	5
Exploration	34	59	32	27	30	39	36	33	27	19
Earnings before unusual items	30	101	85	45	15	50	64	89	69	29
Unusual items, net of taxes	–	(122)	–	–	(64)	(225)	191	–	–	–
Net earnings (loss)	30	(21)	85	45	(49)	(175)	255	89	69	29
Cash flow from operations	201	418	239	110	128	140	158	155	122	115
Sale of investments	28	43	13	38	20	16	121	10	1	48
Capital expenditures	187	346	211	237	146	202	154	90	132	185
Investments	18	36	148	192	20	70	60	135	272	6
Per Share										
Net earnings (loss) before writedowns and unusual items	$0.15	$ 0.69	$0.77	$0.42	$ 0.15	$ 0.51	$0.66	$0.97	$0.77	$0.35
Net earnings (loss)	$0.15	$(0.17)	$0.77	$0.42	$(0.51)	$(1.81)	$2.65	$0.97	$0.77	$0.35
Dividends										
Class A and Class B shares	$0.20	$ 0.20	$0.20	$0.20	$ 0.20	$ 0.20	$0.20	$0.20	$0.20	$0.20

Note: *The company accounted for its investment in Cominco on an equity basis, with its interest in Cominco shown as an investment on the balance sheet and its share of earnings as equity earnings on the earnings statement, until it increased its ownership to 50% in October 2000. Commencing the fourth quarter of 2000, the Cominco accounts were consolidated, resulting in major increases to the balance sheet and earnings statement numbers offset by a provision for the 50% minority interest. In July 2001, the company acquired the remaining 50% through a merger with Cominco, eliminating the minority interest provisions.*

Quarterly Data

($ in millions, except per share information)	2002				2001			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	625	540	521	501	527	598	582	672
Operating profit	60	40	49	34	33	90	95	184
Net earnings (loss)	15	5	8	2	6	(105)	23	55
Earnings (loss) per share	$0.08	$0.02	$0.04	$0.01	$0.03	$(0.62)	$0.22	$0.51
Cash flow from operations	70	46	46	39	53	75	99	191

Directors



Norman B. Keevil joined the Board of Teck Corporation in 1963 and was a member of the Board of Cominco from 1986 to the date of the merger. He is a graduate of the University of Toronto (B.A. Sc.) and the University of California at Berkeley (Ph. D.). He received an honourary LL.D from the University of B.C. in May 1993. He was Vice-President Exploration at Teck Corporation from 1962 to 1968, Executive Vice-President from 1968, President and CEO from 1981 to 2001 and is presently non-executive Chairman of the Board of Teck Cominco. He is a Director of Fording Inc. and Aur Resources Inc. and a Lifetime Director of the Mining Association of Canada. Dr. Keevil is 65. [1]

Robert J. Wright served as Chairman of the Board of Teck Corporation from 1994 to 2000 and has been Deputy Chairman since 2000. He was a member of the Board of Cominco from 1994 to the date of the merger. He is currently Lead Director and Chairman of the Corporate Governance & Nominating Committee of Teck Cominco. Mr. Wright is a graduate of Trinity College, University of Toronto (B.A.) and Osgoode Hall Law School (LL.B.). He was a partner with Lang Michener from 1964 to 1989 and the Chairman of the Ontario Securities Commission from 1989 to 1993. He is a Trustee of the Fording Canadian Coal Trust, a Director of the Mutual Fund Dealers Association, the AARC Foundation and is a member of the Investment Committee of the Workplace Safety and Insurance Board of Ontario. Mr. Wright was appointed a Member of the Order of Canada in April, 1997. Mr. Wright is 70. [1, 2, 3, 4, 5, 6]

David A. Thompson became Deputy Chairman and Chief Executive Officer in August 2001, having been a director of Teck Corporation since 1980 and Cominco since 1986. He is a graduate of the London School of Economics and Harvard Business School (Advanced Management Program). He was Co-Managing Director of Messina (Transvaal) prior to joining Teck in 1980 and has held a variety of senior management positions, including President and Chief Executive Officer of Cominco from 1995 to 2001. He is a Director of Fording Inc.

Mr. Thompson is 63. [1]

J. Brian Aune joined the Board of Teck Corporation in February 1995 and was a member of the Board of Cominco from 1997 to the date of the merger. Mr. Aune, a chartered accountant, joined Nesbitt Thomson Inc. in 1966 and served as Chairman and Chief Executive Officer from 1980 to 1990 when he left to become Chairman of St. James Financial Corporation, a private investment company. He is a director of a number of Canadian public and private corporations including BMO Nesbitt Burns Corporation Limited, Constellation Software Inc., The CSL Group Inc., Investors Group Corporate Class Inc. and Taiga Forest Products Ltd. Mr. Aune is 63. [1, 3, 4, 5]

Lloyd I. Barber has served on the Board of Cominco since 1986 and the Board of Teck Cominco since 2001. He is a graduate of the University of Saskatchewan (B.A. / B. Com.), the University of California in Berkeley (M.B.A.), and the University of Washington (Ph. D.). He has been President Emeritus of the University of Regina since 1990. He is a Trustee of the Fording Canadian Coal Trust, a Director of the Bank of Nova Scotia, CanWest Global, Molson Inc., and Greystone Capital Management. Dr. Barber was appointed a Companion, Order of Canada in April 1993.

Dr. Barber is 70. [3, 4, 6]

Hugh J. Bolton joined the Board of Cominco in 1998 and the Board of Teck Cominco in 2001. He is a graduate of the University of Alberta (B.A. Economics). Mr. Bolton was managing partner of Coopers & Lybrand Canada from 1984 to 1990 and Chairman and CEO from 1991 to 1998. He is presently Chairman of Epcor Utilities Inc., Director of Matrikon Inc. and Director of the Canadian Diabetes Association.

Mr. Bolton is 64. [2]

James W. Gill joined the Board of Teck Corporation in 1990. He graduated from McGill University (B.A. Sc.) with Honours in Geology in 1971 and a Master of Science degree in Economic Geology in 1976. In 1977 he received a Ph. D. degree in Economic Geology from Carleton University in Ottawa. Since founding Aur Resources in 1981, Dr. Gill has served as its President and CEO. In 1997, Dr. Gill was appointed a member of the Mining Standards Task Force formed by The Toronto Stock Exchange and the Ontario Securities Commission. He is also the Chairman and a Director of Thundermin Resources Inc. and a Director of the Mining Association of Canada. Dr. Gill is 53. [6]

Masayuki Hisatsune was elected a Director of Teck Cominco in 2002. He graduated from the University of Tokyo with a degree in (B.A. Sc.) Metallurgical Engineering. Mr. Hisatsune is a Vice-President and Director of Sumitomo Metal Mining America Inc., as well as a Director in several other companies which are subsidiaries of Sumitomo Metal Mining Co.

Mr. Hisatsune is 54. [5]

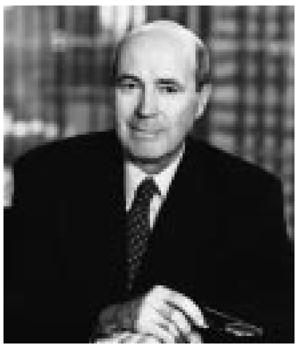
Directors

Harold B. Keevil joined the Board of Teck Corporation in 1992 and the Board of Teck Cominco in 2001. He was a registered representative of Wills, Bickle and Co. from 1975 to 1985 and served at Canaccord Capital from 1985 to 1993. He was the CEO of Teck Financial Corporation in Bermuda from 1993 to 1994, and has been a financial consultant to Sharp Rock Financial since 1995. Mr. Keevil is 57.

Norman B. Keevil III joined the Board of Teck Corporation in 1997. He graduated from the University of British Columbia (B.A. Sc.) with a Mechanical Engineering degree. He has been involved with several BC based technology companies, including RSI Research Ltd. from 1989 to 1996. Mr. Keevil is currently the President of Pyramid Automation Ltd. and is a director of the Vancouver Island Advanced Technology Centre. Mr. Keevil is 39. [(6)]

Takuro Mochihara joined the Board of Teck Corporation in 2000. He is a graduate of the University of Tokyo, Faculty of Law. Mr. Mochihara held managerial positions with Mitsubishi Canada Ltd. and Mitsubishi Corporation from 1986 to 2000 when he joined Sumitomo Metal Mining. Mr. Mochihara is 57. [(1)]

Kotaro Tomino joined the Board of Teck Corporation in 2000. He is a graduate of Tokyo University of Foreign Studies, and of the William E. Simon School of the University of Rochester (M.B.A.). He joined Sumitomo Metal Mining Co. Ltd. in 1972 where he has held several executive positions and has been the General Manager of Copper & Precious Metals Business Unit since 2001. Mr. Tomino is 54. [(2)]



Warren S.R. Seyffert joined the Board of Teck Corporation in 1989 and was a member of the Board of Cominco from 2000 to the date of the merger. He is a graduate of the University of Toronto Law School (LL.B.) and York University, Osgoode Hall (LL.M). He has been a member of the law firm Lang Michener since 1969 and has served as Chair of the partnership, Chair of the executive committee and national managing partner. He taught "Law of Corporate Management" for over 12 years at Osgoode Hall Law School. He is a director of various public and private corporations including Allstate Insurance Company of Canada, Pembridge Insurance Company, The Kensington Health Centre, and St Andrew Goldfields Ltd., and is an Honorary Trustee of the Royal Ontario Museum. Mr. Seyffert is 62. [(6)]

David R. Sinclair joined the Board of Cominco in 1993. He was Chairman of the Independent Committee of the Board of Directors of Cominco Ltd., advising minority shareholders on the terms of the merger with Teck Corporation in 2001. He joined the Board of Teck Cominco in 2001 on the completion of the merger. He is a chartered accountant and from 1955-1990 he was a senior partner of Coopers & Lybrand. Active in community affairs, he has served on the boards of the B.C. Cancer Foundation, the B.C. Cancer Agency, the Canadian Cancer Agency, the TRIUMF Nuclear Research Facility at U.B.C., the Victoria Commonwealth Games Society and the University of Victoria. He was Chairman of Vista Gold Corporation from 1995-2001. He is a financial consultant and corporate Director. Mr. Sinclair is 73. [(1), (2), (4)]

Keith E. Steeves joined the Board of Teck Corporation in 1981. He received his Chartered Accountant certification in 1963 in Alberta and in 1964 in British Columbia. Mr. Steeves was Senior Vice-President Finance and Administration at Bethlehem Copper Corporation until 1981 and an officer of Teck Corporation from 1981-1996. He is a Director of Cross Lake Minerals Ltd. and a member of the British Columbia and the Canadian Institutes of Chartered Accountants. Mr. Steeves is 70. [(2), (5)]

R. Michael Butler has been a director of the Teck group from 1958. He joined the Board of Teck Cominco in 2001 as an Honorary Director. He is a graduate of the University of British Columbia (B.A.) and the Osgoode Hall Law School (honours). He was appointed to the Queen's Counsel in 1966. Baronetcy (England): Butler of Old Park. Sir Michael is 74.

Notes:

(1) Member of the Executive Committee of the Board.
(2) Member of the Audit Committee of the Board.
(3) Member of the Compensation Committee of the Board.
(4) Member of the Pension Committee of the Board.
(5) Member of the Corporate Governance & Nominating Committee of the Board.
(6) Member of the Environment, Health & Safety Committee of the Board.

Market Value on the Toronto Stock Exchange

2002	High	Low	Close	Volume
Class A Shares				
Q1	$16.75	$12.85	$16.00	44,737
Q2	17.00	14.01	12.00	45,118
Q3	15.75	11.90	15.00	29,623
Q4	14.00	11.40	12.50	32,384
				151,862
Class B Shares				
Q1	$15.30	$12.50	$14.95	52,055,892
Q2	15.40	12.60	13.75	46,019,383
Q3	14.08	9.85	10.15	32,189,610
Q4	12.19	10.05	11.60	34,997,416
				165,262,301

Stock Exchanges

The Class A and Class B shares and Class B warrants are listed on the Toronto Stock Exchange. The convertible subordinated debentures are listed on the American Stock Exchange. The Inco exchangeable debentures are listed on the Toronto Stock Exchange.

Dividends, Class A & B Shares

Amount per Share	Payment Date
$0.10	June 28, 2002
$0.10	December 31, 2002

Common Shares Outstanding End of 2002

Class A	4,681,478
Class B	179,855,017

Number of Shareholders 8,183

Number of Employees 5,631

Annual Information Form

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 on request or at the company's website, www.teckcominco.com.

Shareholder Relations

Karen L. Dunfee, Corporate Secretary
Tom Merinsky, Director, Investor Relations

Transfer Agents

Inquiries regarding change of address, stock transfer, registered shareholdings, dividends or lost certificates should be directed to the Company's Registrar and Transfer Agent:

CIBC Mellon Trust Company
1600 - 1066 West Hastings Street
Vancouver, British Columbia
V6E 3X1

CIBC Mellon Trust Company provides an Answerline Service for the convenience of shareholders:

Toll-free in Canada and the U.S.
1-800-387-0825

Outside Canada and the U.S.
(416) 643-5500

Email: inquiries@cibcmellon.com

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Chartered Accountants
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Vancouver, British Columbia
V6C 3S7

Officers

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Chairman

DAVID A. THOMPSON
Deputy Chairman of the Board and Chief Executive Officer

ROBERT J. WRIGHT
Deputy Chairman of the Board and Chairman, Corporate Governance Committee

ROGER A. BRAIN
Senior Vice President, Marketing & Refining

DOUGLAS H. HORSWILL
Senior Vice President, Environment and Corporate Affairs

MICHAEL P. LIPKEWICH
Senior Vice President, Mining

JOHN G. TAYLOR
Senior Vice President, Finance and Chief Financial Officer

MICHAEL J. ALLAN
Vice President, Engineering

JON A. COLLINS
Vice President, Exploration Business Development

FRED S. DALEY
Vice President, Exploration

MICHEL P. FILION
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Vice President, Human Resources

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Chief Geoscientist

KAREN L. DUNFEE
Corporate Secretary

HOWARD C. CHU
Controller

LAWRENCE A. MACKWOOD
Treasurer

ANTHONY A. ZOOBKOFF
Assistant Secretary

teckcominco

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