

teckcominco



A Diversified Metals & Mining Company

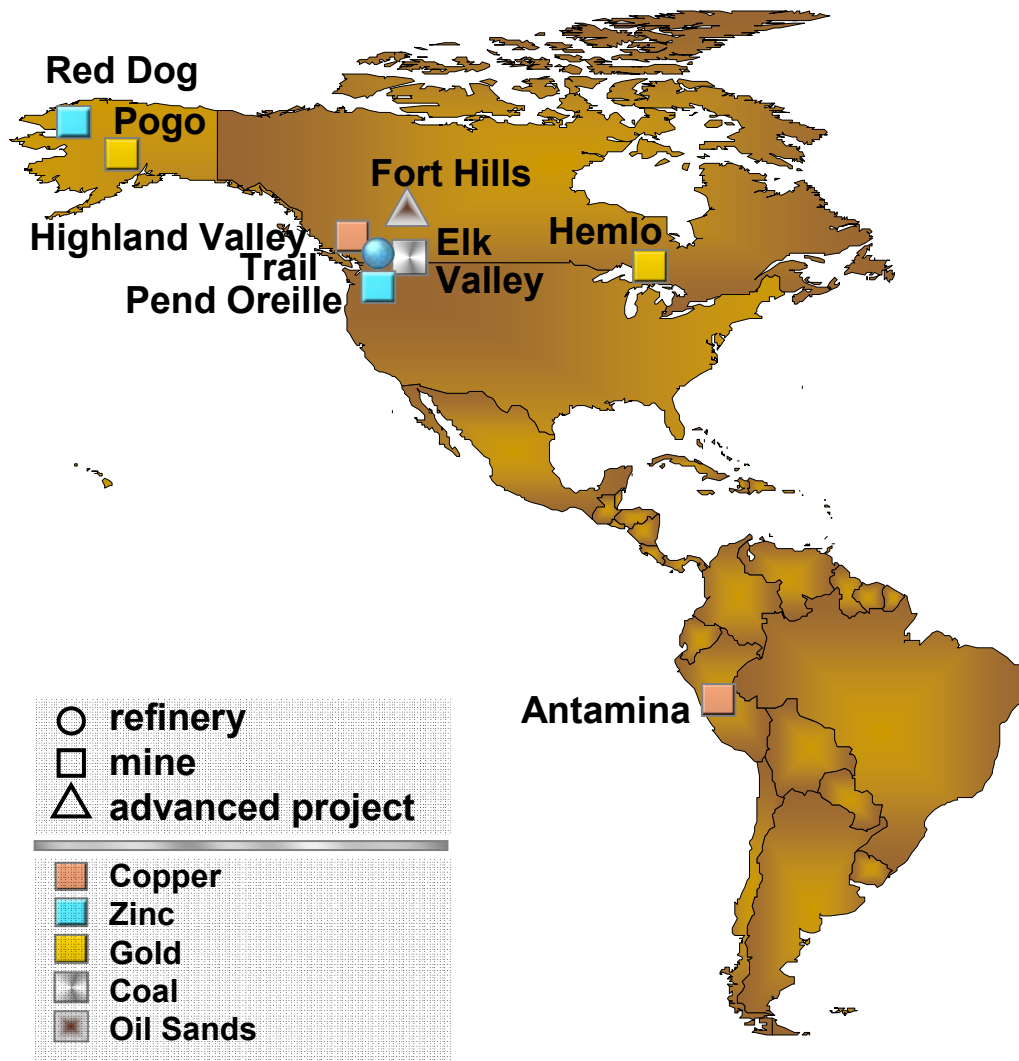
# Feeding the Dragon: Minerals and China

Patricia Dillon

Canada-China Mining Investment Seminar

July 17, 2006

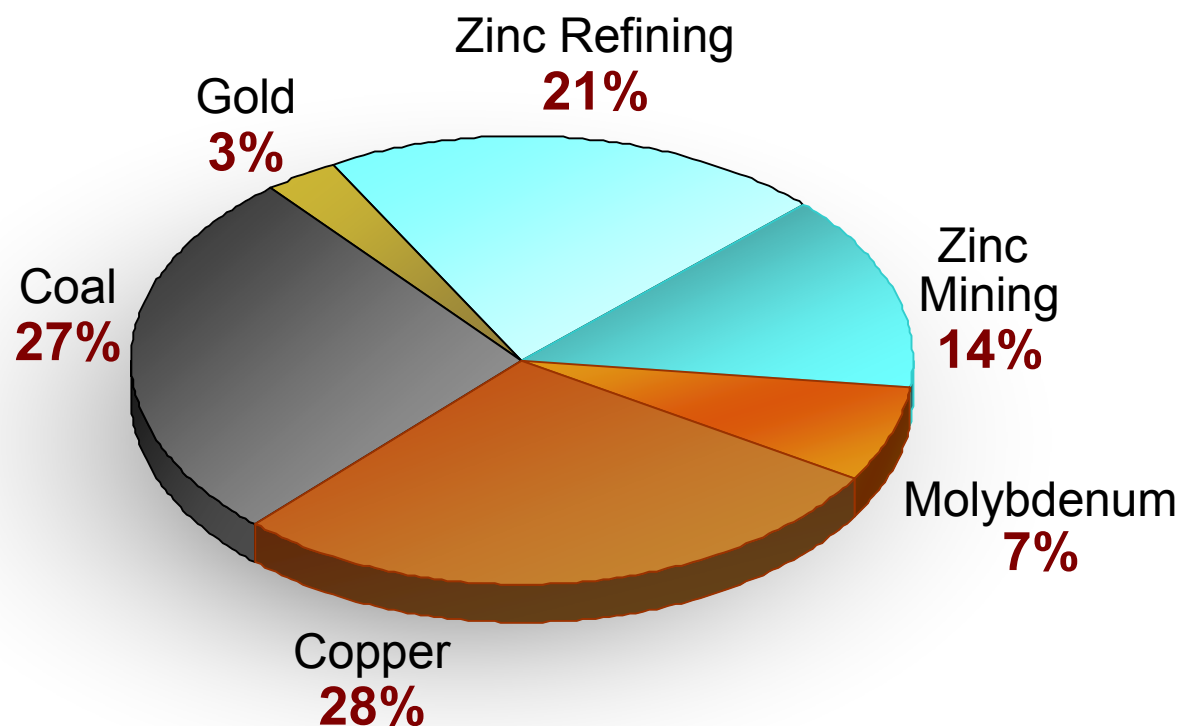
# Teck Cominco Limited



- World's #1 Zinc miner
- World's #2 producer of metallurgical coal
- Diversified across copper, gold, specialty metals and power
- Market capitalization C\$ 14 billion

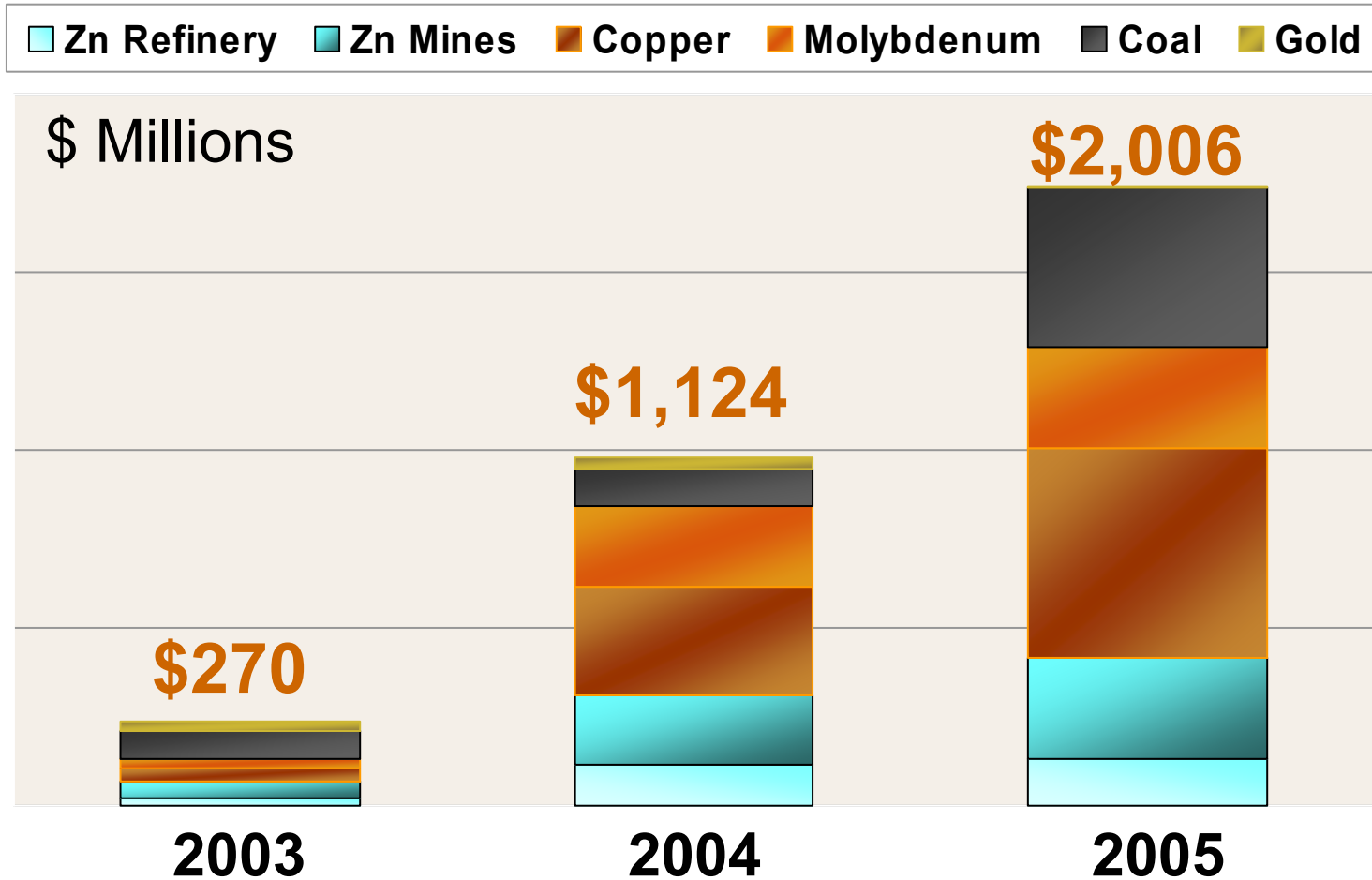
# A Diversified Mining Company

**revenue - \$4.4 Billion**



LTM Dec. 31, 2005

# Strong Operating Profit

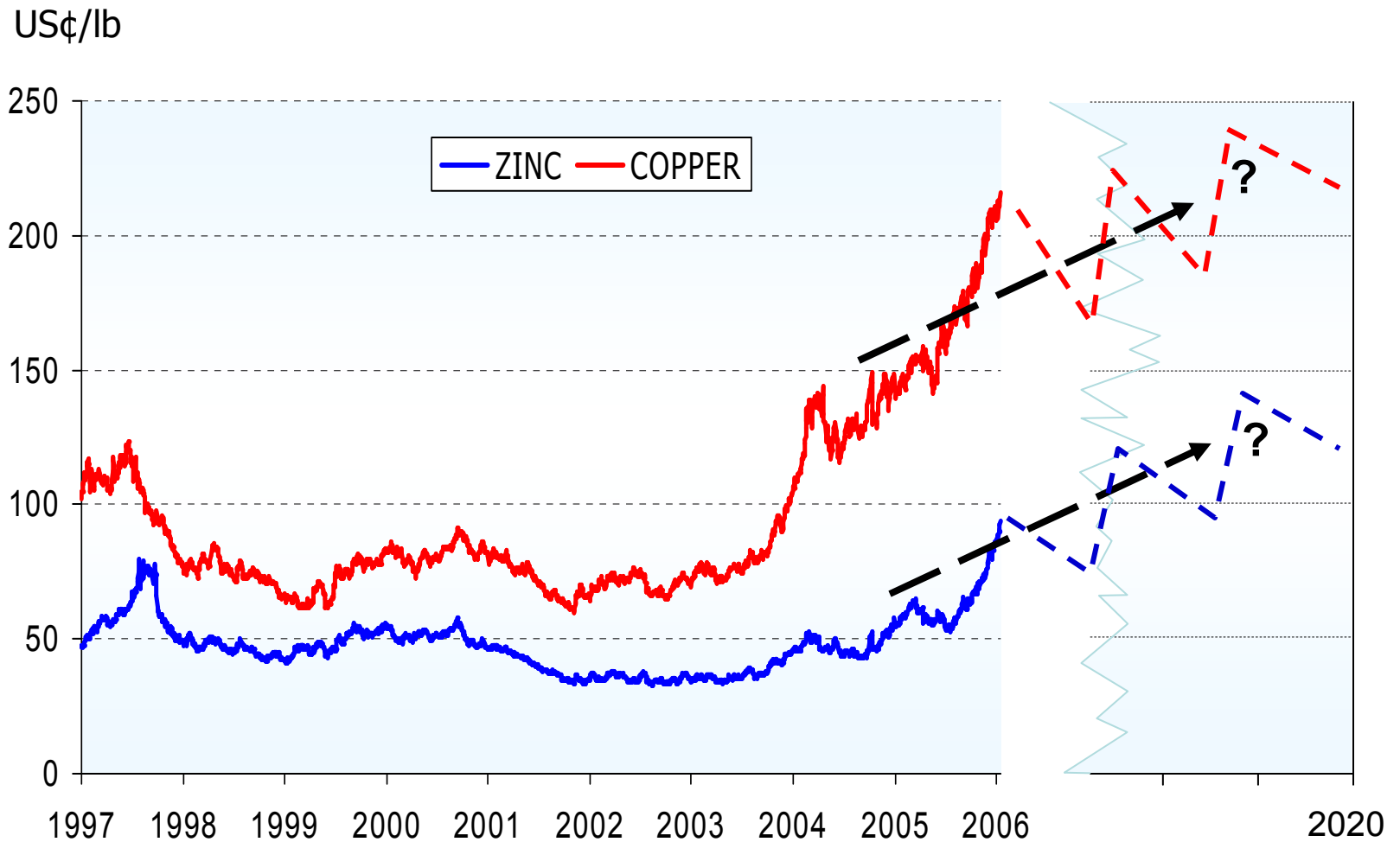


# The metals market is strengthening...

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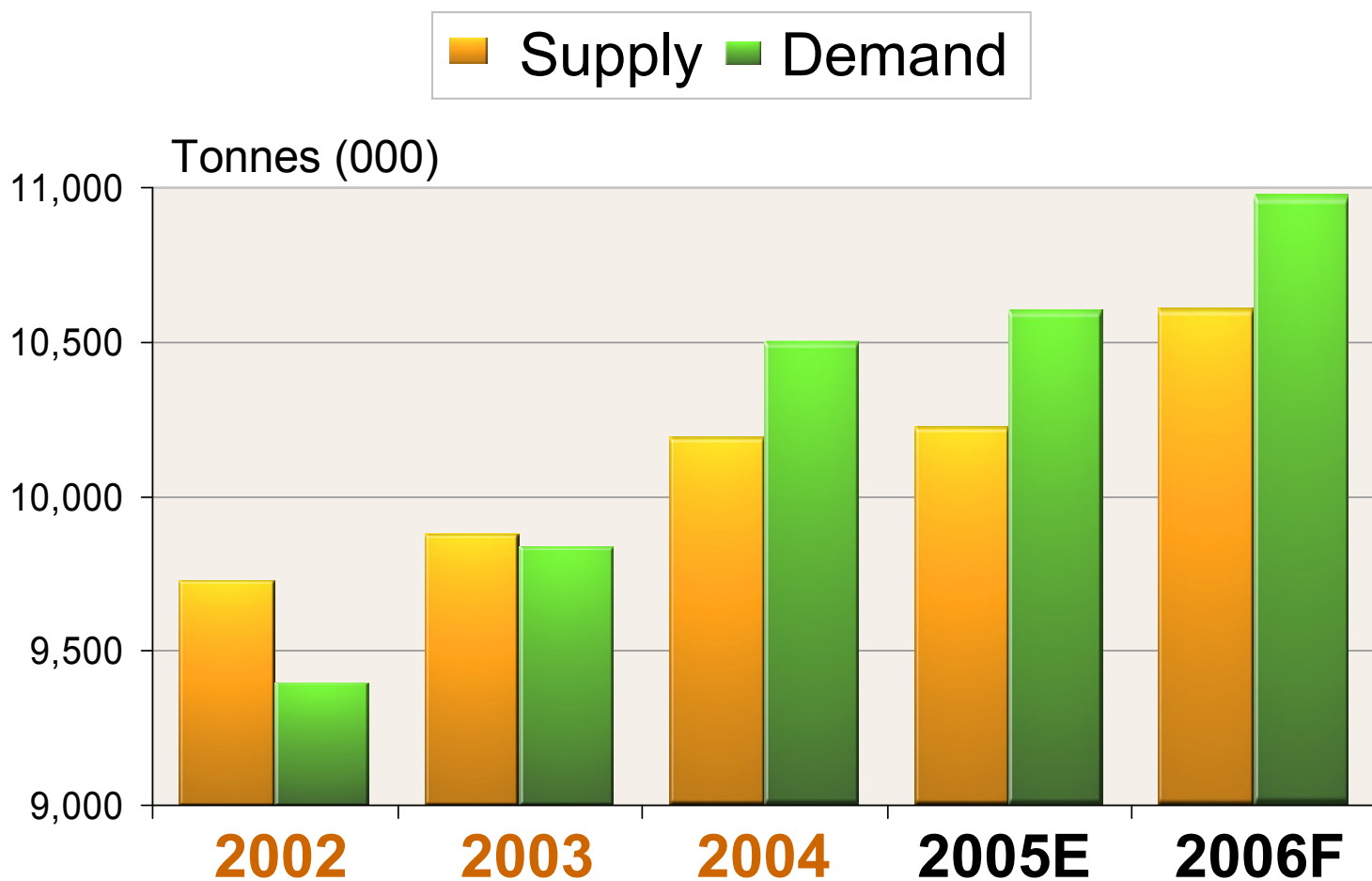
# Zinc & Copper - LME Daily Cash Price



Source : LME

*plotted to January 16, 2006*

# Global Zinc Demand Exceeds Supply



Source : ILZSG, Teck Cominco

# ***China.....***

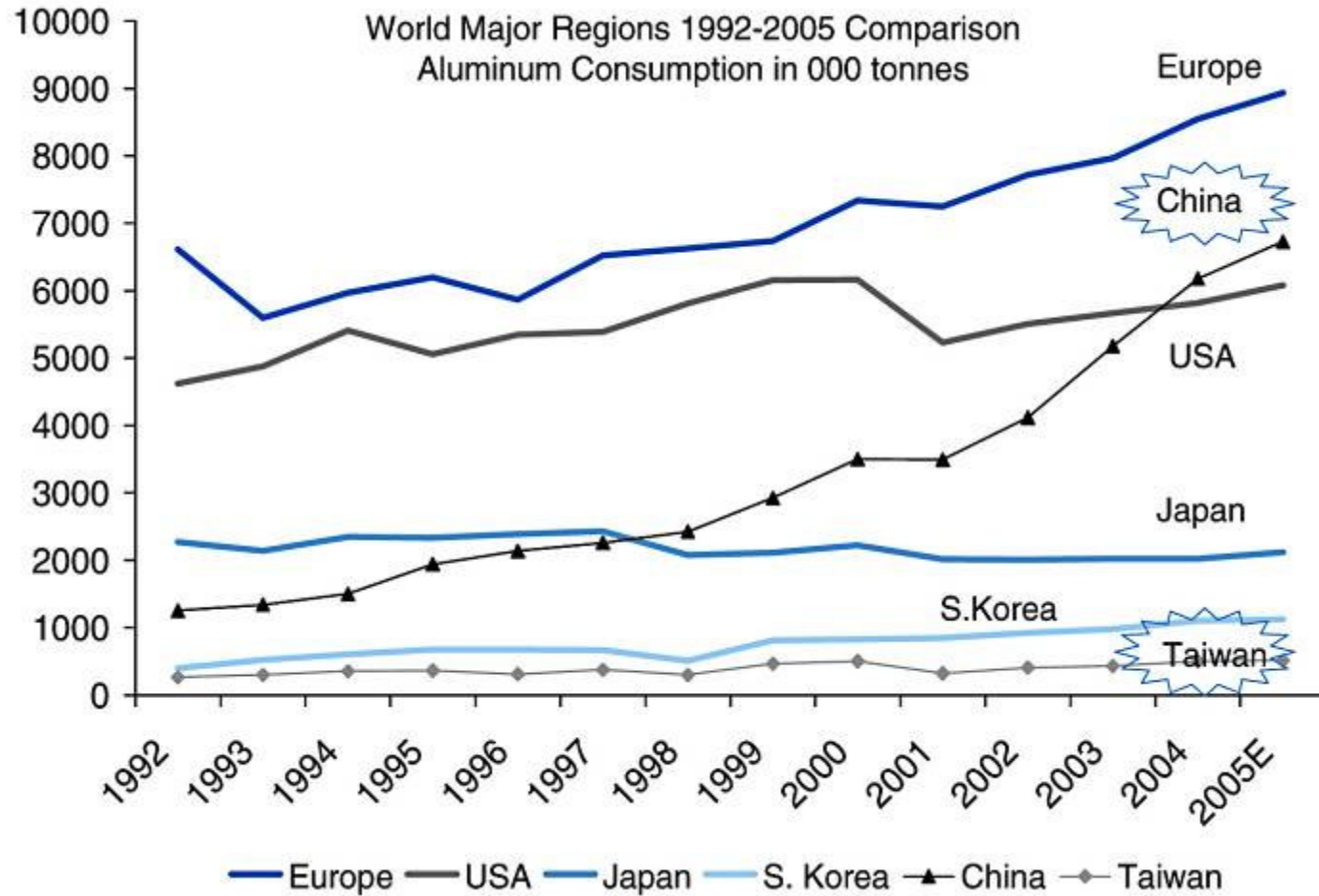


# ***..the driving force***



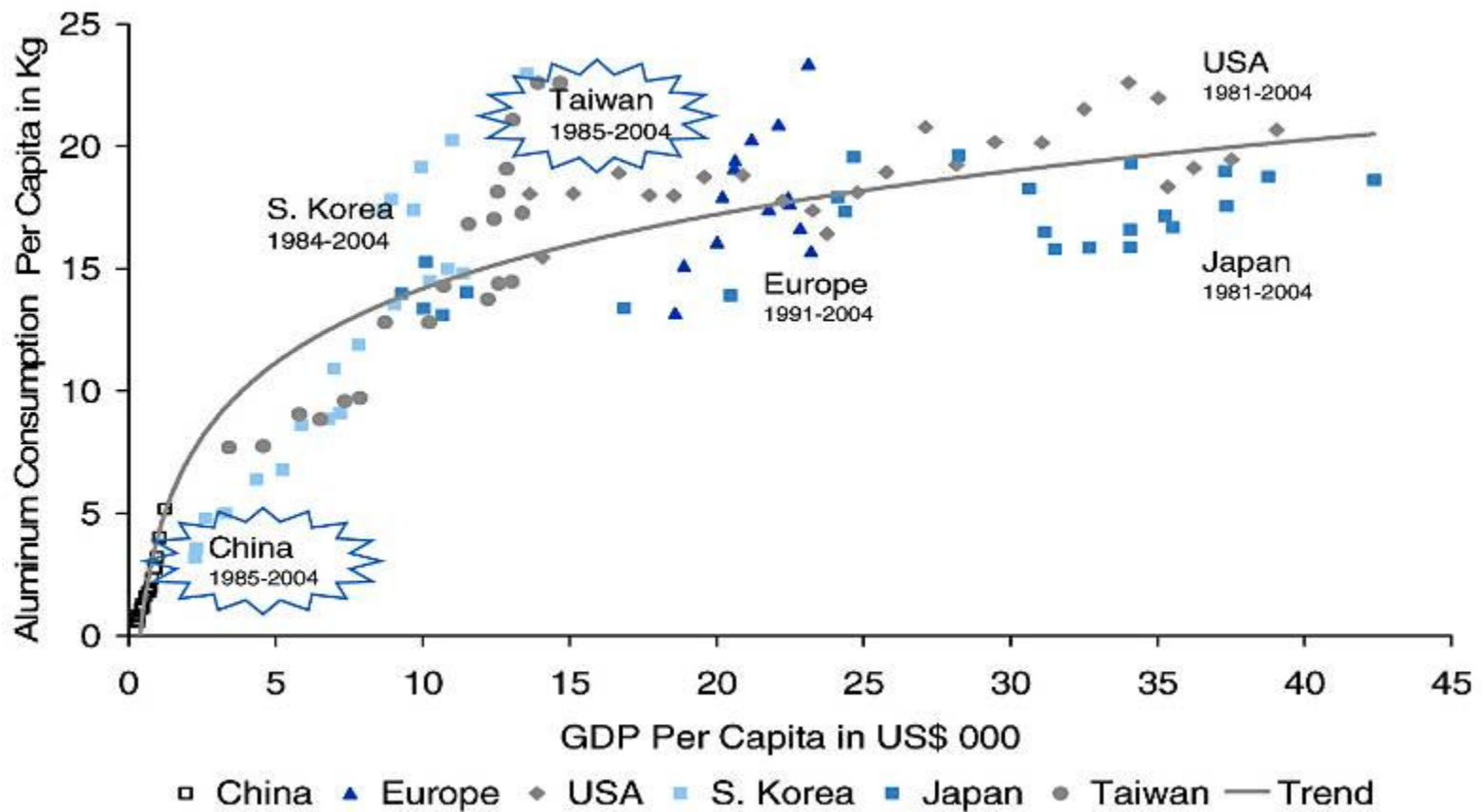


# China Has Become The World's Largest Base Metal Consuming Country



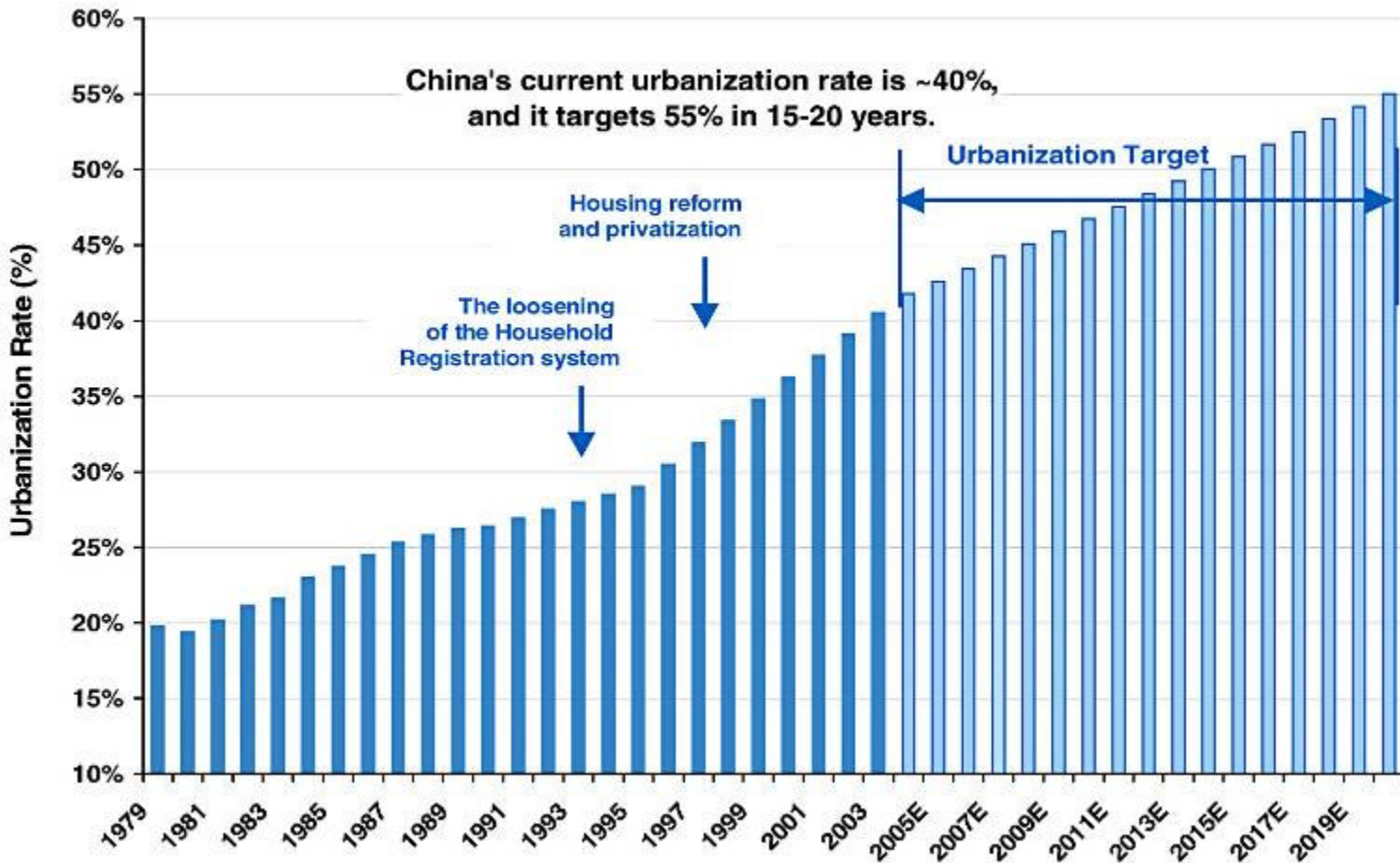
Source: WBMS, Goldman Sachs Research estimates

# China is Still At An Early Stage of a Metal-Intensive Path vs. Other Countries



Source: WBMS, Goldman Sachs Research estimates

# China's Urbanization to Remain Strong – due to the expected migration of 200 million people



Source: National Bureau of Statistics of China, Goldman Sachs Research estimates

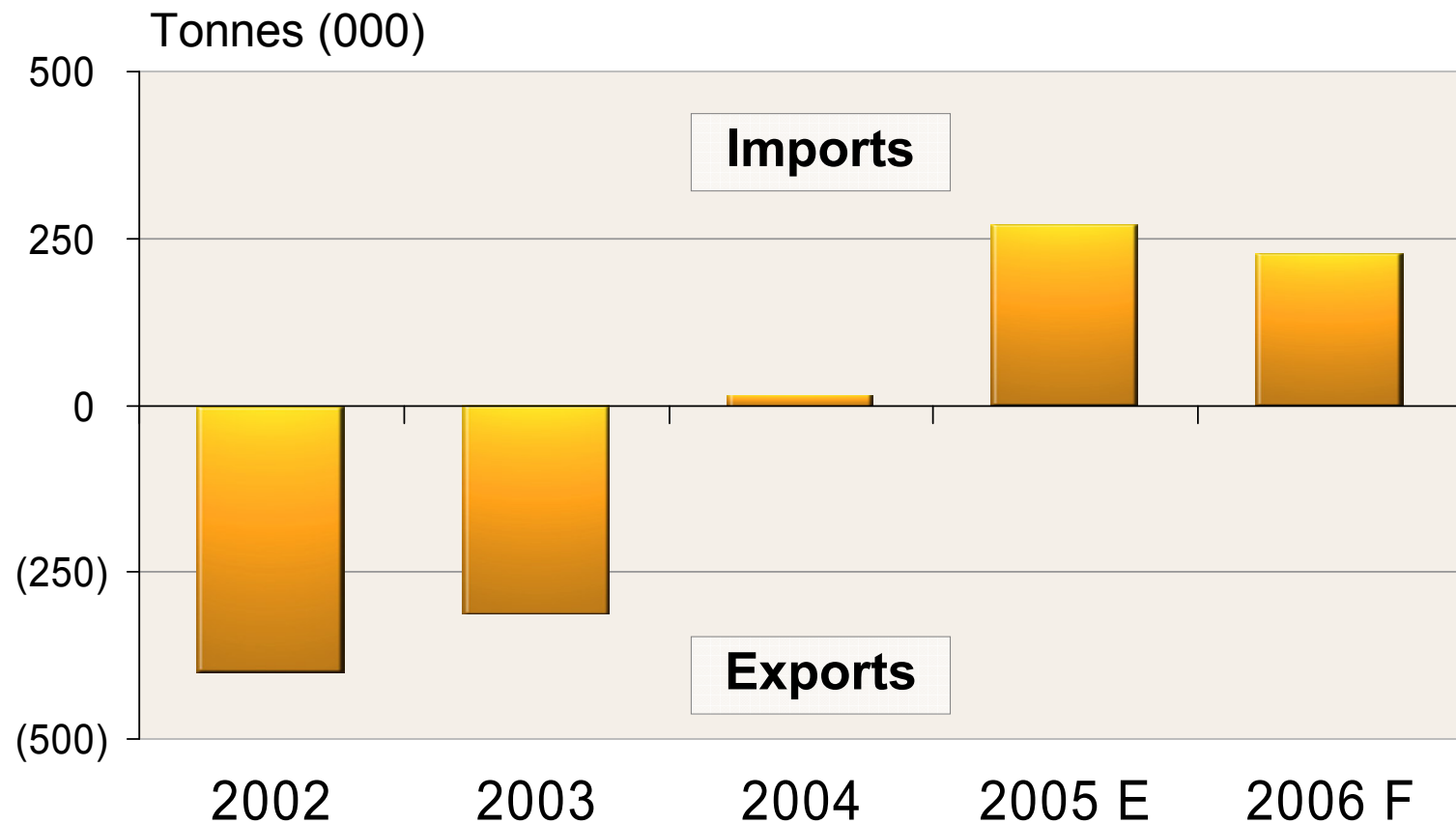
# China's Strong Mineral Endowment...

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With the right investment climate, China can maximize its internal capacity to feed itself

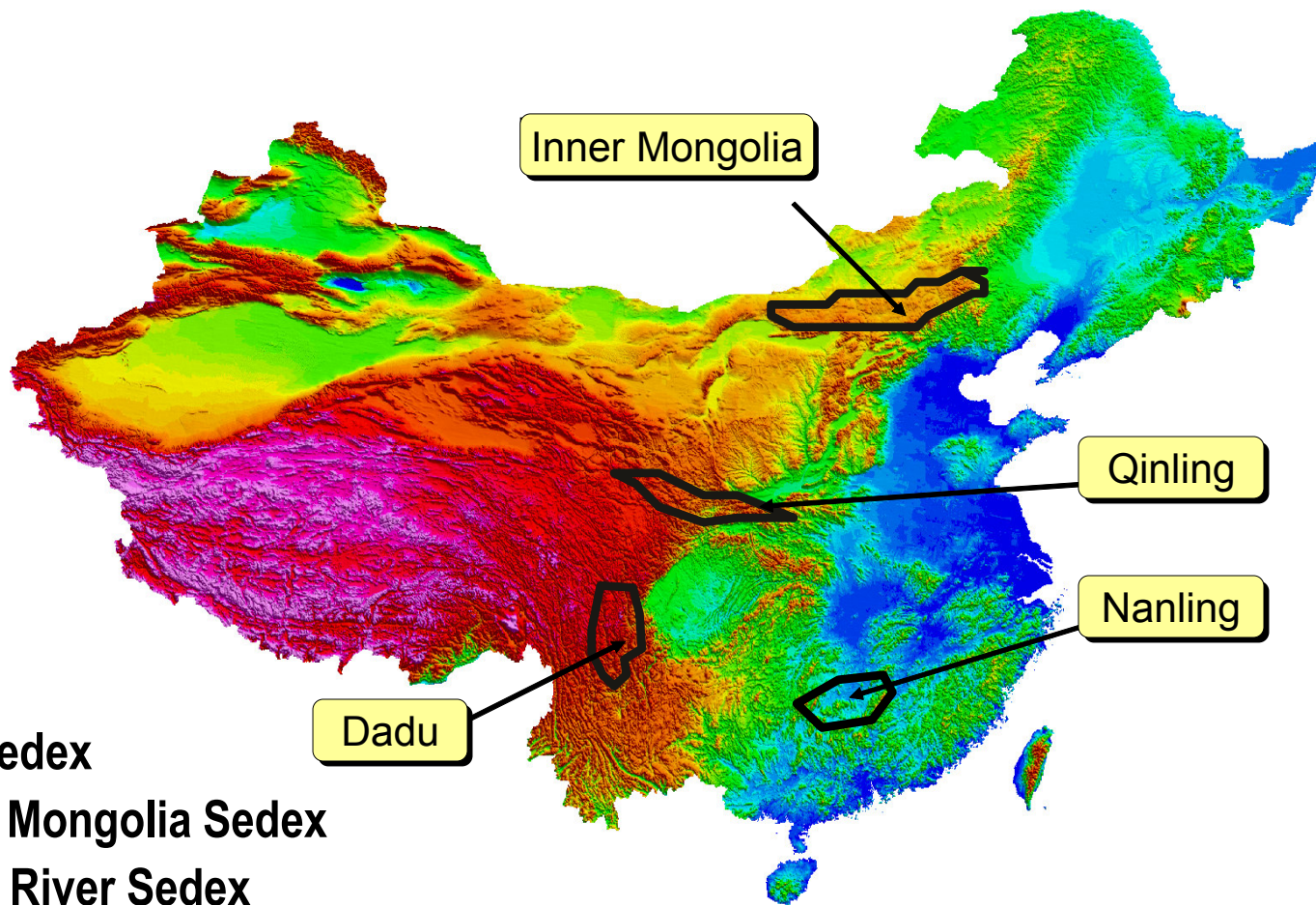


# China: Now Imports Refined Zinc



Source: Antaika, Teck Cominco

# China is Very Prospective for Zinc



- **Qinling Sedex**
  - Inner Mongolia Sedex
  - Dadu River Sedex
  - Nanling CRD

# Western Involvement Will Benefit China

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- China exemplifies benefits from foreign investment: Manufacturing sector
- Western mining companies can bring know-how in technical, environmental and social areas
- Increase exploration spending with large-scale programs using best available technology

# China's Land Tenure Laws and Processes

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- Many advances have facilitated western involvement:
  - Respect for private property rights
  - Process for exploration licenses
  - Delegation of authority
- However, a key issue remains
  - Evolve from current where Explorer has “Priority Right” to a property to a more certain “Guarantee Right” to title for mining on a property



# Other Factors Affecting China's Mining Future

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- Access to geoscientific information
- Capability of China's transportation system
- Availability and cost of energy, water
- Availability of skilled workers, engineers and scientists
- Lack of extensive data on demand and supply trends
- Capability to bridge western and Chinese business cultures

# Lots of Room For Chinese Investment in Canada

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- Exploration spending on the rise
- Many active juniors
- Partner with Teck Cominco on properties in the America's
  - Existing holdings
  - New opportunities

# Successful Chinese/Canadian Partnerships

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- Both sides must bring value to partnership ⇒ Both sides will reap rewards
- Partnerships will require successful blend of eastern and western business models:
  - Founded on “Relationships”
  - Respectful of the rule of law and contract

# Partner of Choice



Richard Mundie

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Fortune Plaza Office Tower  
A Wing

No 7 Dong Sanhuan  
Zhonghu

Chao Yang District, Beijing