Letter from the CEO

Donald R. Lindsay
President and Chief Executive Officer

To the Shareholders

2015 saw a continuation of the challenges that have faced the mining sector for the past several years — oversupply and persistent low commodity prices, coupled with the ongoing slowdown of growth in China and emerging markets. Faced with this prolonged period of depressed prices, we have remained diligently focused on the essentials — productivity and financial strength, while striving for the highest standards in safety and sustainability.

Global market conditions continued to weigh on the price of our key commodities. In steelmaking coal, our average realized price fell by 19% to US$93 per tonne. Copper and zinc prices were at their lowest levels since 2009. In copper, average prices fell by 20% to US$2.49 per pound. In zinc, despite declining inventories, average prices fell by 11% to US$0.87 per pound. But the commodity price is only one data point. Far more important than the commodity price as an indicator of industry conditions is the margin available and, in this regard, we are experiencing some of the worst business conditions in our lifetime. In 2015, the EBITDA margin of the global mining industry was by far the lowest it has been in the 30 years that EBITDA margin has been tracked. Most of our major competitors in the steelmaking coal business in North America are now bankrupt, while over a third of Australian and 85% of Chinese competitors are cash negative. A zinc producer in the United States has recently filed for bankruptcy and major shutdowns have been announced by a number of our peers in both the zinc and copper industries.

Against this backdrop, our operations continue to perform very well. We achieved or exceeded all of our guidance for production and costs in 2015. Our operating successes during the year included record annual production of zinc and silver at our Trail Operations, and the successful completion of the crusher relocation project at Highland Valley Copper. Cost reduction remained a major focus in 2015 as we cut operating costs across our entire business and reduced cash costs per unit of production at all of our operations. We intend to build on that success in 2016 by implementing measures to further reduce total spending, conserve capital and maintain financial flexibility with the objective that all mines generate positive cash flow in the year ahead.

Our gross profit before depreciation and amortization for 2015 was $2.6 billion (2014 $2.9 billion). However, we recorded impairment charges totalling $2.7 billion on an after-tax basis, reflecting lower market expectations for commodity prices. Given the substantial decline in commodity prices, we took action to maintain balance sheet strength. We completed precious metal streaming transactions related to our Antamina and Carmen de Andacollo operations, which together provided approximately $1.0 billion of cash. We extended our main US$3.0 billion credit facility to 2020. We also put in place a two-year, US$1.2 billion facility in anticipation of the need for letters of credit related to our pipeline commitments in Alberta and our power purchase commitments in Chile, and we continue to consider alternatives to further improve liquidity. We repaid a US$300 million note in October and there are no notes due until early 2017. As a result, we ended the year with over $6 billion of liquidity, including a cash balance of $1.9 billion and a US$3.0 billion credit facility.

Construction of the Fort Hills oil sands project remains on schedule and is now over 50% complete. While oil prices have experienced a significant decline since mid-2014, it is important to remember that Fort Hills has an expected mine life of approximately 50 years and will operate through multiple price cycles. Until Fort Hills comes into production in late 2017, as a significant consumer of fuel in its mining operations, Teck benefits significantly from low oil prices and associated weakness of the Canadian dollar.

We reached an agreement with Goldcorp Inc. in 2015 to combine their El Morro project and our Relincho project into a single joint venture named Project Corridor. This is a common sense approach that allows us to consolidate infrastructure to reduce costs, reduce the environmental footprint and provide greater returns in comparison to either standalone project. Project Corridor will now only require a single desalination plant, a single port, a single transmission line, a single concentrator and a common tailings facility.

Across every aspect of our business we remain focused on our core value of safety. In 2015, we achieved a 25% reduction in our High Potential Incident frequency compared to the previous year and had no fatalities. Despite this success in reducing our most serious incidents, our total reportable injury and lost-time injury frequencies edged upwards, reinforcing that we must continue working towards achieving our goal of everyone going home safe and healthy every day.

Our progress in sustainability in 2015 was recognized by a number of prominent international ranking institutes. We were named to the Dow Jones Sustainability World Index (DJSI) for the sixth consecutive year, the Global 100 Most Sustainable Corporations list by Corporate Knights for the fourth consecutive year, and the FTSE4Good Global Index for the first time.

Recognizing our responsibility to help address climate change, we continue to focus on reducing greenhouse gas emissions by improving our energy efficiency and implementing low-carbon technologies. To date, across our operations we have achieved approximately 200,000 tonnes in emissions reductions annually. An example of this work in 2015 was the launch of a pilot to test the use of liquefied natural gas as a fuel source in haul trucks at our steelmaking coal operations to reduce costs and emissions.

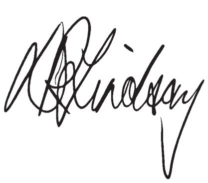
Looking ahead, we expect to again meet or exceed our production and cost targets for each of our steelmaking coal, copper and zinc operations in 2016. We will also continue to work to reduce total spending and increase our additional margins through operating excellence.

We will continue to work to strengthen our balance sheet and ensure access to multiple potential sources of capital. We will also work to realize additional free cash flow through reduced capital spending and to supplement liquidity through non-core asset sales. We aim to end 2016 without recourse to additional borrowing to fund our planned capital spending.

We will strengthen our portfolio by advancing permitting and engineering for our Quebrada Blanca Phase 2 project, while achieving material capital cost reductions, and we will advance Project Corridor with an emphasis on community relations. We will also continue to contribute to the successful execution of the Fort Hills oil sands project.

In early 2016, we announced the retirement of a number of senior executives and the consequent reorganization of senior management to streamline reporting relationships and further align the organizational structure with the current business environment. I want to thank these individuals for their outstanding commitment to the company and the industry over the course of their careers: Ian Kilgour, Executive Vice President and Chief Operating Officer; Rob Scott, Senior Vice President, Zinc; Ray Reipas, Senior Vice President, Energy; and Tim Watson, Senior Vice President, Project Development. I would also like to acknowledge Bob Kelly, Vice President, Health and Safety, who retired in 2015 and was succeeded by Lawrence Watkins.

Teck's people are as resilient as ever and we are taking advantage of the opportunities that adversity provides to improve our performance. Our disciplined focus on the essentials of our business — productivity, financial strength, safety and sustainability — will ensure we emerge stronger from these challenging times.



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Vancouver, B.C., Canada
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